

SINCE 1985
Organic
 trade association™

There are **18,513** certified U.S. organic operations and **3,240** farms transitioning to organic

81% of organic production goes into the wholesale value chain

Organic farm sales grew **82%** in 5 years

The organic market grew by over **11%** last year

\$4.9 BILLION organic dairy category is the second largest after fruits and vegetables

23% of carrots and **21%** of salad sold in grocery stores are organic

Organic snack foods, like cookies, crackers, chips, and nuts grew **15%**

The market share of organic sheets, cosmetics, flowers, dog treats, and other non-food items has **ALMOST DOUBLED** over the past decade

Nearly **NINE IN TEN** parents who buy baby food choose organic

74% of daycares offer organic options for children



The "USDA Organic" label ranks among the **TOP 3** seals for consumer recognition

3 international organic trade arrangements in **5 YEARS**

U.S. consumer sales of organic products topped **\$35 BILLION**

The Organic Trade Association (OTA), the leading voice for the organic sector in North America, represents over 7,000 organic businesses. Its members include farmers, ranchers, handlers, processors, distributors, and retailers across the organic supply chain. OTA's Board of Directors is democratically elected by its membership.

OTA'S VISION: Grow ORGANIC to achieve excellence in agriculture and commerce, protect the environment and enhance community well-being.

OTA'S MISSION: Promote and protect ORGANIC with a unifying voice that serves and engages its diverse members from farm to marketplace.

Looking ahead in 2015, OTA will...

... move the idea of an Organic Check-off program closer to reality by submitting a formal application to USDA on behalf of the sector.

... advocate for implementation of Farm Bill wins by proactively engaging with policymakers and USDA officials.

... partner with members and expand digital and social marketing to deepen engagement with media and thought leaders.

... boost organic exports with far-reaching strategy to grow U.S. organic acres and sales using USDA grant funding.

... problem-solve with the organic sector to address supply constraints, and work with the National Organic Standards Board on Sunset material review.

The membership dues and financial contributions of companies who support OTA's mission and work make our work possible. In 2015, OTA will continue to raise the profile of organic agriculture and products among policymakers and the public.



MEMBERSHIP

Member Networking

OTA has reinstated a sector council system to build community among groups of members. OTA sector councils provide ongoing opportunities for networking, leadership development, and education, and will communicate sector issues, ideas, and concerns to OTA staff and Board.

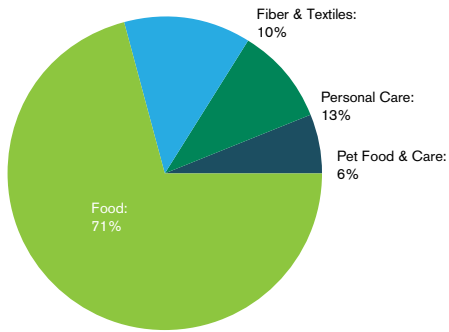
Also, to build opportunities for members to network and to encourage others to

join OTA, the trade association has begun holding regional roundtable discussions and networking events. These have included events in California (Monterrey), Pennsylvania (State College), New England (Brattleboro, VT), and Colorado (Boulder).



Member of the Year Award

Steve Crider, Liaison for Government and Industry Affairs at Amy's Kitchen, received OTA's first-ever Member of the Year Award. This special recognition honors and recognizes engaged members who actively serve on OTA task forces and standing committees, participate in OTA events, and serve as overall ambassadors for OTA and the industry.



OTA MEMBERSHIP BY BUSINESS SECTOR



Honoring organic visionaries

A pioneer and tireless teacher of the organic way for more than 40 years, an organic farmer dedicated to making his farming operation a compelling example of a better way to farm, and an environmental engineer who triggered an organic revolution in the mattress and bedding industry were honored by OTA with Leadership Awards for their visionary work that is transforming organic farming and trade. In 2014, OTA recognized

Marty Mesh, Executive Director of Florida Certified Organic Growers & Consumers Inc. with the Growing the Organic Industry Award, Doug Crabtree of Vilicus Farms with the Organic Farmer of the Year Award, and Barry A. Cik, Founder of Naturepedic Organic Mattresses, with the Rising Star Award.

"Today more than ever, advocating for organic is critical for our families, farms and food. Organic isn't just a consumer lifestyle, it's the future of farming. We've made much progress in recent years, and yet there's more work to be done educating and demystifying organic."
—MELISSA HUGHES of Organic Valley

New CEO/Executive Director

Originally hired as OTA's Marketing and Public Relations Director, Laura Batcha became Chief of Policy and External Relations, and subsequently served as Executive Vice President prior to her appointment as CEO/Executive Director in 2014. Under her leadership, OTA has established its Farmers Advisory Council, brought back sector councils, and developed OTA's voice in Washington through Organic PAC. She brings 20 years of direct experience as a certified organic producer and handler, and more than 10 years of hands-on experience in the private organic sector.

"An engaged OTA membership of farmers, ranchers, handlers, manufacturers and retailers—large and small—can achieve great things when working together."
—LAURA BATCHA of Organic Trade Association

"The deeper I get involved in this work, the more I see a need for people from our side to be outspoken, tenacious, tireless activists for organic. In the current political climate, it is no longer enough just to 'support' organic – we need to really engage with the political arena to help direct the systemic changes we need and want to see happen."
— STEVE CRIDER of Amy's Kitchen

LEADERSHIP

New OTA Board President

Serving as an OTA Director since 2013, Melissa Hughes, General Counsel and Director of Government Affairs for Organic Valley/CROPP Cooperative, was selected Board President in September. Melody Meyer of UNFI, Board President from September 2013 to September 2014, is now Board Secretary.

Staff capacity and expertise

OTA added the new positions of Director of Media Relations and Senior Crops and Livestock Specialist. It also hired a new Senior International Trade Manager. These positions expand OTA's press coverage and visibility, provide technical expertise on producer issues, and enhance international opportunities for U.S. organic growers.

REGULATORY

OTA files petitions

Acting on extensive member feedback and input, OTA in November filed two petitions with the National Organic Program to amend the National List of substances that can be used in organic production and processing. OTA has petitioned to revise the current rules that allow natural flavors in organic processed products to require organic flavors when commercially available. OTA also petitioned to remove lignin sulfonate from the list as an allowed flotation agent in post-harvest handling of organic produce. OTA submitted its petitions after determining commercially viable alternatives are now available for both materials.

NOSB Resource Booklet

In preparation for the Fall 2014 National Organic Standards Board (NOSB) meeting, OTA developed a comprehensive resource booklet for attendees. This booklet includes a "Know Your National List" feature explaining how materials allowed in organic processed foods compare to those allowed in all other foods. Other contents include an overview of NOSB, OTA's detailed comments and a tally sheet to track Board votes. OTA will continue producing this resource twice a year prior to each NOSB meeting.



Food Safety

Actively engaged in U.S. Food and Drug Administration efforts to finalize rules to implement the Food Safety Modernization Act (FSMA) approved by Congress, OTA, with the support of a member task force, developed comments proposing solutions to align the rules with organic regulations without reducing food safety. FDA released revised proposed rules reflecting feedback from organic producers and handlers. OTA submitted final comments on the supplemental proposed Produce Safety and Preventive Controls for Human Food rules, guided by three critical factors: 1) to establish science-based and risk-based minimum standards to minimize the risk of serious adverse health consequences or death; 2) to not duplicate or conflict with existing organic regulations; and 3) to create a flexible regulation to accommodate future changes in science and technology, and local growing conditions and commodities. FDA is reviewing all comments to make final changes to meet 2015 court-mandated deadlines. OTA will



* Supplemental proposals published September 2014

** The definition of a "Small Business" and a "Very Small Business" will be included in the final rule

continue to ensure that food safety regulations take into account organic practices, and avoid prescriptive requirements conflicting with organic standards.

LEGISLATIVE

Farm Bill success

It took more than two full years for legislators to draft and finalize the Farm Bill, but OTA's advocacy paid off! The final bill includes increased cost-share funding for certification, funding for USDA's Market Access Program, funding for organic research and data collection, and increased funding for the National Organic Program to enforce organic standards, improve technology, and negotiate international trade agreements. Additional provisions authorize USDA to consider an application from the organic sector for its own check-off program, and allow USDA to extend the current exemption from conventional check-off programs to all certified organic operations.

"After multiple years of advocacy in D.C. on a new Farm Bill, OTA is pleased to see the outcome for organic priorities in this strong Farm Bill. We applaud such provisions as increased funding for the National Organic Program, the development of organic price elections for crop insurance, and expanded exemptions for organic operations from conventional check-off programs."
—MELODY MEYER of UNFI and incumbent 2014 OTA Board President



OTA's Policy Conference

Nearly 200 individuals from 100 district organizations representing the organic value chain took part in OTA's 2014 Policy Conference and Hill Visit Days in Washington, D.C. The conference featured a robust program, including U.S. Secretary of Agriculture Tom Vilsack, other policy-makers and thought leaders, and a preview of OTA's Organic Industry Survey findings about the sector's impressive size and scope. During Hill Visits, OTA members

advocated for organic at the offices of more than 130 Members of Congress. In conjunction, OTA's Farmers Advisory Council hosted its first Summit. During the activities, Senate Agriculture Committee Chair Debbie Stabenow (D-MI) received OTA's Public Servant Award for her outstanding and critical support of the organic industry throughout her career.

"We want you to be successful and we want you to grow the economy as well as grow your products and make your product. I believe we will have a strong economy with the success of your industry."

—SENATOR DEBBIE STABENOW of Michigan

ORGANIC CHECK-OFF

Outreach and Framework

The Organic Research and Promotion Program Steering Committee continued to reach out to organic stakeholders to share and refine the framework of a possible organic check-off program. The issue received a boost following passage of the 2014 Farm Bill authorizing USDA to consider an application for an organic check-off program should the organic industry agree to pursue such an initiative.

Board decision

The OTA Board of Directors ultimately voted to move forward in pursuit of an organic research and promotion check-off to promote the benefits of organic and meet the needs of the diverse sector based on extensive feedback from a survey of organic certificate holders and widespread outreach to organic producers, processors and the entire organic supply chain. The Board believes that a properly designed organic research and promotion program will support the transition to more organic acreage and promote the benefits of organic agriculture and its contribution to more healthy food, a greener environment and a more sustainable agricultural system through research projects, education programs, and communication initiatives. OTA continues to reach out to certified organic operators to fine-tune the best possible framework, and will submit an application in 2015 to USDA to initiate an industry referendum for an organic research and promotion program.



Exemption progress

In December, USDA announced a proposed rule to exempt more organic farmers and handlers from paying into conventional commodity check-off programs. This would extend the exemption for organic farmers, handlers, marketers, or importers from just the 100 percent organic label to the primary organic label (95 percent organic), and would pertain to farmers or handlers who work solely with organic products and those who produce, process, handle and import both organic and conventional products. USDA estimates that not having to contribute to conventional check-offs will free up an extra \$13.6 million for organic stakeholders to invest in the organic industry.

INTERNATIONAL

U.S.–Korea agreement

OTA welcomed a new organic equivalency arrangement between the United States and Korea, reopening a critically important Asian market for U.S. organic processed food products, creating jobs and opportunity for the American organic food and farming sector. As a result, it is estimated that American exports of organic processed foods and beverages to Korea, which were valued at around \$35 million in 2013, will more than double over the next five years. The understanding, which covers organic condiments, cereal, baby food, frozen meals, milk, alcoholic beverages and other processed products, allows processed organic products certified in Korea or in the United States to be sold as organic in either country.

Market Access Program funds

With the new equivalence agreement with Japan in place, OTA held two seminars in Japan to boost organic exports. It also attended more international trade shows. With the award of \$784,902 from USDA's Market Access Program (MAP), OTA in 2015 will showcase the U.S. organic brand in the largest food shows in the world, conduct international seminars on organic regulatory issues, host trade missions to connect foreign buyers and domestic suppliers, help retailers in the world's biggest markets sell the value of organic, and continue to assist U.S. organic exporters with OTA's online U.S. Organic Export Directory and its Global Organic Trade Guide.



HS codes

Until there were harmonized system (HS) codes to track organic commodities, there was no way of measuring U.S. organic imports or exports or the success and growth of the global organic industry. OTA's most recent submission requesting additional organic HS codes resulted in 11 new codes, effective Jan. 1, 2015. These cover organic salad mixes, carrots reduced in size and baby carrots, beets, peas, asparagus, limes, watermelons, peaches and berries. OTA continues to promote equivalency arrangements with major trading partners, and will seek more HS codes for organic products.

MEDIA



Story placements

OTA is in daily contact with reporters and writers, promoting stories about organic and activities of OTA and its members, and giving accurate information to create balanced stories about organic issues. Our efforts have produced stories on organic in newspapers of all sizes, on national wire services, in major food industry

and agribusiness publications. OTA's annual industry and household surveys garnered much attention, including by the *Los Angeles Times*, *Time Magazine*, *Dow Jones*, *Food Processing*, and *Fox News*. A story on the *Agri-Pulse* news site put OTA at the center of finding a solution for organic supply issues. AP turns to OTA regularly, yielding well-written stories carried by thousands of subscriber newspapers and media clients. Other notable placements have included *Business Week*, *The Des Moines Register*, and *NPR*.

Crisis communications

OTA acts quickly to counter misinformation about organic food and farming when negative stories appear. We help to protect and positively impact the reputation of organic with fact-based responses and demands for fair and accurate press coverage. OTA members faced with their own crisis PR issues can lean on OTA for support. In 2014, OTA's responses have included Letters to the Editor, article corrections, and Op-eds published in such influential media as *The Washington Post*, *The Des Moines Register*, and *The Wall Street Journal*.

Relationship building

OTA strives to be the go-to place for reporters and writers seeking accurate information on organic, the latest news on organic issues, and story ideas that appeal to their readers. In addition to holding press events and desk-side media tours, OTA held a media breakfast in D.C. for leading writers and editors in the nation's capital who cover the agriculture and food industry beats.

EDUCATION

Non-GMO Plus

OTA convened an Organic + Non-GMO Plus Task Force to actively call out the need to communicate to retailers and shoppers the fact that organic products are not only non-GMO, but also offer many other benefits that consumers are seeking. OTA created communications resources to help suppliers, retailers and consumers further understand the organic label and GMO prevention practices required under national organic standards.

Consumer Survey

OTA's *U.S. Families' Organic Attitudes & Beliefs 2014 Tracking Study* of more than 1,200 U.S. households showed eight out of ten American families purchased organic products at least once in the past two years. In nearly half of those families, concern about their children's health is a driving force behind that decision. Parents purchasing baby food are quite committed to organic, with more than a third saying they always choose organic for their infant or toddler. Meanwhile, 74 percent of daycare operations reported they offer organic options for the children they serve.

Organic-Palooza

LINEUP

ORGANIC AFFORDABILITY - WHERE IS ORGANIC? - IS ORGANIC TRUSTWORTHY? - NON-GMO AND SO MUCH MORE - ORGANIC FOR KIDS - A TASTE OF ORGANIC - SCIENCE SUNDAY - CLIMATE CHANGE MYTH-BUSTING MONDAY - TEXTILE TUESDAY - WHO IS ORGANIC?

OPEN TO ALL - JOIN US ONLINE

Featuring Prizes, Activities and Twitter Parties

Organic Trade Association

OTA and over 50 member companies hosted Organic-Palooza, a 10-day social media festival reaching more than 15 million individual social media users with the organic message. Organic-Palooza's hashtags garnered more than 109 million social media impressions, and more than 4,300 Organic-Palooza posts were shared by users on Facebook. Topics ranged from organic affordability, to its trustworthiness, climate change, and a myth-busting Monday. OTA's Organic-Palooza won recognition in the social media category in the annual AssociationTRENDS All Media Contest.

Market Survey Sales of organic products in the United States jumped to \$35.1 billion in 2013, up 11.5 percent from the previous year's \$31.5 billion and reflecting the fastest growth rate in five years, according to OTA's 2014 *Organic Industry Survey*. The survey projected growth rates for 2014 and 2015 to at least keep pace with the 2013 clip and even slightly exceed it. Organic food sales totaled \$32.3 billion, while non-food organic sales reached nearly \$2.8 billion.

FIBER

Category growth

Despite grappling with tight seed supplies, persistent weeds and a shortage of seasonal labor, U.S. organic cotton growers are estimated to have planted the most acreage to organic cotton in 2014 since 1995, according to the 2013 and Preliminary 2014 *U.S. Organic Cotton Production & Marketing Trends* report published by OTA. OTA is committed to promoting the growth of the organic cotton industry and the organic fiber sector. A key factor in that growth is consumer trust in the organic label. OTA is working with government officials to develop an enforcement policy on the use of organic claims on textiles, and is a member of the International Working Group of the Global Organic Textile Standard (GOTS), the international textile processing standard for organic fibers established to give consumers assurance of the validity of the organic claim.

GOTS Webinar

OTA and Textile Exchange hosted a webinar on the revised Global Organic Textile Standard (GOTS Version 4.0). Over 130 registrants from 40 countries signed on to hear about revisions to GOTS, a voluntary standard covering the processing, manufacturing, packaging, labeling, trade, and distribution of all textiles made from at least 70 percent certified organic fibers such as cotton, wool, and silk.

Organic T-shirts

In a new partnership with sustainable fashion manufacturer MetaWear, OTA encourages its members to promote their businesses, brands and causes on custom-printed organic, eco-friendly T-shirts, and support their trade association at the same time. Under the partnership, OTA members get a 10 percent discount on screen-printed organic cotton T-shirts produced by MetaWear that meet the rigorous requirements of the Global Organic Textile Standard (GOTS).

OTA'S UMBRELLA



The Organic Center, an independent non-profit educational and research organization operating under the administrative auspices of OTA, collaborated with several major universities and the U.S.

Department of Agriculture on a number of significant projects in 2014. The Center's work includes studies on holistic fire blight solutions, pollinator health, arsenic uptake in organic rice, organic controls for citrus greening disease, methods for protecting organic agriculture from inadvertent pesticide residue contamination, health effects of dietary pesticide exposure, antibiotic resistance and agricultural antibiotic use, soil health on organic farms, and the effect of organic farming practices on nitrogen pollution. More information on the work of The Center is available in its 2014 Annual Report, available on Organic-Center.org.

"The Organic Center is tackling research that not only protects the organic industry, organic businesses, and the future of organic, but can benefit all of agriculture" —TODD LINSKY of Grimmway Farms/Cal-Organic and Chairman of the Board of Trustees of The Center

OTA's Farmers Advisory Council (FAC) continued to grow during the year, outlining its work plan and accomplishments in its first annual report. FAC brings farmer voices to the attention of OTA's Board of Directors with its strategic alliances with farmer-driven organizations. OTA's FAC serves as a forum



for organic producers from all corners of the organic sector. To elevate the voice of the western organic grain farmer and better connect the organic sector with key organic grain growers and handlers, the 230-member Montana Organic Association (MOA) voted unanimously to join FAC in 2014. Other FAC members include CCOF Inc., Organic Egg Farmers of America, Oregon Tilth Certified Organic, Western Organic Dairy Producers Association, and CROPP Cooperative. FAC held its first Summit in conjunction with OTA's Policy Conference to address increasing concerns over short supplies.

"With the demand for organic food so high, especially for grains, MOA thinks this partnership will help us to better serve our membership, cultivate new organic farmers and ranchers, and expand organic acreage in our region."
— NATE BROWN, MOA Board Chairman and an organic dairy farmer

"Every good cause or movement needs to have an influence base within the political spectrum. OTA members cannot create influence without cultivating the attention of politicians."

—Organic PAC donor and 2015 committee member

JAY FISHMAN of High Quality Organics

OTA's Organic Political Action Committee (Organic PAC) is actively working to support candidates who understand the value of organic. Organic PAC has evolved into a vehicle for OTA and its members to support political candidates aligned with the goals of the organic business community regardless of their political party to strengthen organic's voice in D.C. In the mid-year election cycle, Organic PAC provided financial support to incumbent Senators and Representatives, including 12 House Democrats, 13 House Republicans, 5 Senate Democrats, and 4 Senate Republicans.



The Canada Organic Trade Association (COTA) played an instrumental role in brokering the Canada-Japan Organic Equivalency Arrangement, Canada's fifth such trade deal. COTA also successfully led the Canadian organic sector in lobbying for new legislation to protect

farmers' ability to save seed after the Government made amendments to the final bill following COTA's testimony at committee and Parliament Hill conference. COTA also made tremendous strides in consumer education and marketing through Organic Week and the launch of The Think Canada Organic brand campaign.

"The United States, European Union, Switzerland, Costa Rica and Japan formally recognize Canada's organic standards. These markets equal 95% of the world's \$64 billion in annual organic sales. This recognition reaffirms that Canada's organic standards are among the most-recognized and widely respected in the world."

—MATTHEW HOLMES of Canada Organic Trade Association

Board Members

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Organic Valley

Sarah Bird
VICE PRESIDENT,
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Ecologic Brands, Inc.

Dag Falck
VICE PRESIDENT,
CANADA
Nature's Path Foods

Melody Meyer
SECRETARY
UNFI

Tony Bedard
TREASURER
Frontier Co-op

Ryan Benn
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Earthbound Farm

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Pleasantview Farm

Nicole Dawes
Late July Organic
Snacks

Kim Dietz
Smucker Natural
Foods, Inc.

Christopher Ely
Applegate Farms, LLC

Jesse LaFlamme
Pete & Gerry's
Organics, LLC

Kelly Shea
WhiteWave Foods

Marci Zaroff
Under the Canopy/
Portico Brands

Leslie Zuck
Pennsylvania Certified
Organic (PCO)

Comprehensive Online Resources

In 2014, OTA re-launched OTA.com with a fresh new design and simple navigation optimized for mobile devices. The site provides go-to information on facts about organic agriculture and trade, with industry, event and OTA programming news updated daily.

Organic Trade Association:
OTA.com

Organic Check-off:
GROorganic.net

International Trade Resource Guide:
GlobalOrganicTrade.com

Directory of U.S. organic exporters:
USOrganicProducts.com

U.S. consumer education:
OrganicIsWorthIt.org

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