



**FOOD AND
BEVERAGE REPORT**

**THE
FUTURE
OF FOOD:
MEETING
CONSUMER
DEMANDS WITH
SUSTAINABLE
RESOURCES**





**IN TODAY'S WORLD, EVERYTHING IS SO
TRANSPARENT AND MOST WEBSITES, BLOGS,
AND OTHER SOCIAL MEDIA SOURCES HAVE
READILY AVAILABLE INFORMATION ON SOCIAL
RESPONSIBILITY AND SUSTAINABILITY.
THERE IS NOWHERE TO HIDE.**



DONALD SNYDER
Partner
and Food
and Beverage
Practice Leader,
Green Hasson Janks

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WELCOME



You cannot effectively run any company without sustainability standards these days. A company's strategy should reflect its values, customer expectations, and a point of view on where the environment is going.

But for food companies, the issue is even more critical. I have found that almost all our food and beverage clients have a level of commitment to their values. They want a message that resonates in the marketplace to appeal to consumers, who are increasingly looking to buy products that are sustainable and healthy.

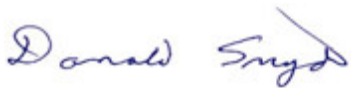
This year's Green Hasson Janks Food and Beverage Survey asked a cross-section of food industry executives about their views on social responsibility and sustainability. In our industry, social responsibility is clearly perceived as an important value, with 77 percent of our survey respondents reporting that they have changed or added products based on consumer sustainability concerns.

In addition, our subject matter experts, quoted throughout this whitepaper, overwhelmingly felt that those companies with a commitment to social responsibility do better in the marketplace.

I hope you hear some practical advice and some new ideas from our survey respondents and subject matter experts on the impact of social responsibility and sustainability strategies by food and beverage companies. There is no doubt that the industry is ahead of the curve, and we hope these important concepts will spread even further within the industry and to many more industries in the future.

This year's survey and subject matter experts agree: People want to do business with organizations that do well by doing good. Socially responsible organizations are role models, and they are in the right position to attract the best customers and talent.

Thank you,



DONALD SNYDER

Partner and Food and Beverage Practice Leader
Green Hasson Janks



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ON CONSUMER
SUSTAINABILITY
CONCERNS.

PRINCIPAL AUTHORS



DONALD SNYDER
Partner and Food and Beverage Practice Leader,
Green Hasson Janks



RICK WEIS
Manager,
Green Hasson Janks

INTERNAL SUBJECT MATTER EXPERTS



DAVID HORWICH
Managing Director, Transaction Advisory Services
Green Hasson Janks



MARI-ANNE KEHLER
Chief Strategy Officer,
Green Hasson Janks



AKASH SEHGAL
Tax Partner,
Green Hasson Janks



FRANCES ELLINGTON
Tax Senior Manager,
Green Hasson Janks

EXTERNAL SUBJECT MATTER EXPERTS



RAMONA CAPPELLO
Chief Executive Officer,
Sun Harvest Salt



SHEENA DEBELLIS
Director of Quality and Sustainability,
Earth Island/Follow Your Heart



JEFF DURBIN
Chief Financial Officer,
Gavina Coffee



KEVIN FAIST
Program Director of the Sustainable
Life Project, Tender Greens



AARON HICKS
Vice President of Finance,
Beyond Meat



LOGAN KOCK
Chief Sustainability Officer,
Santa Monica Seafood



CHRIS MANN
Chief Executive Officer,
Guayakí Sustainable Rainforest Products, Inc.



ERIK OBERHOLTZER
Co-Founder and Chief Executive Officer,
Tender Greens



GREG STELTENPOHL
Co-Founder and Chief Executive Officer,
Califia Farms



CAUE SUP LIC Y
Founder and Chief Executive Officer,
Barnana



AMELIA WINSLOW
Director of Operations and Project
Management, Health-Ade Kombucha



DAVID WIMMER
Partner,
Swerdlow Florence Sanchez Swerdlow and Wimmer

BY THE NUMBERS:

INSIGHTS FROM THE 2017

GREEN HASSON JANKS FOOD AND BEVERAGE SURVEY

WASTE REDUCTION

is the #1 social responsibility program for food and beverage companies



61%



said that customers would choose one product over another if they see some type of corporate social responsibility practices on the **packaging**

63%

of survey respondents have established a **formal corporate responsibility strategy**

TOP 2 BENEFITS

of corporate responsibility programs/strategies

MARKETING
•
CONSUMER PREFERENCE

83%

of survey respondents reported **revenue growth** over the past year



77%

reported that they have changed or added products based on **consumer concerns**

TOP 3 LABOR CONCERNS

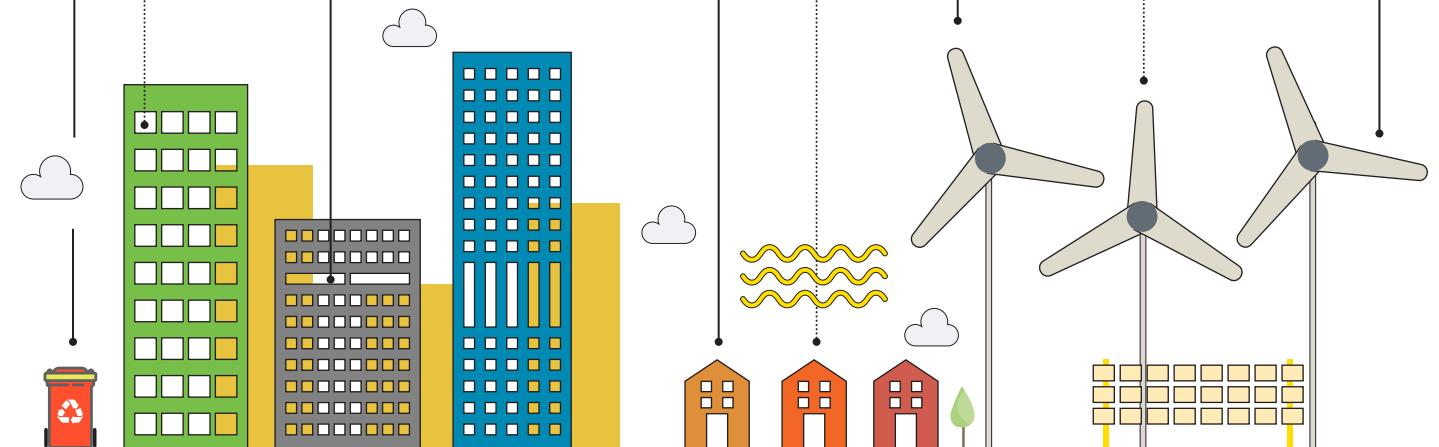
for food and beverage companies are

LABOR EXPENSES
GOVERNMENT REGULATIONS
SHORTAGE OF SKILLED LABOR

TOP 5

social responsibility programs that impact revenue

- 1 SUSTAINABLE SOURCING
- 2 WASTE REDUCTION
- 3 FOOD PRODUCTION
- 4 USING ECO-FRIENDLY OR BIODEGRADABLE PACKAGING
- 5 RECYCLING PROGRAMS





**CONSUMERS
AND THEIR ROLE**

In a very real sense, consumers are driving sustainability and corporate responsibility. A recent study showed that 81 percent of farmers and ranchers agree that customers of U.S. crops and meat are growing more concerned about environmental sustainability.¹

Remember Adelle Davis or Rachel Carson? Davis was a natural foods activist and author from the 1940s into the 1970s. Carson wrote *Silent Spring*, a pioneering book that documented the harmful effects of widespread pesticide use on the environment. Both were early proponents of sustainability in an era when not much was known about harmful food production methods.

Consumers are Driving Major Food and Beverage Trends

Today many consumers are passionate about their health, and it is none too soon. As a nation, the U.S. has become progressively less healthy, and the food and beverage industry has been a major contributor. From high-fructose corn syrup to highly refined carbohydrates, the U.S. has literally made itself sick. Consumers have woken up, however, and are creating major change in the industry. Food and beverage companies that want to keep growing and serving their customers are listening to their customers.

“Consumers are my salespeople,” Logan Kock, Chief Sustainability Officer at Santa Monica Seafood says when explaining how word of mouth is a big part of how new customers are finding out about Santa Monica Seafood.

Another great example is Earth Island/Follow Your Heart, which counts delicious egg-free, vegan mayonnaise Vegenaïse® among their successful product lines. Sheena DeBellis, the company’s Director of Quality and Sustainability, explains how consumers have been a major part of the company’s success.

“Consumer demands have given us a platform to tell our story and an opportunity to fill a void in the market,” DeBellis says. “Our strategy is to continue to innovate both

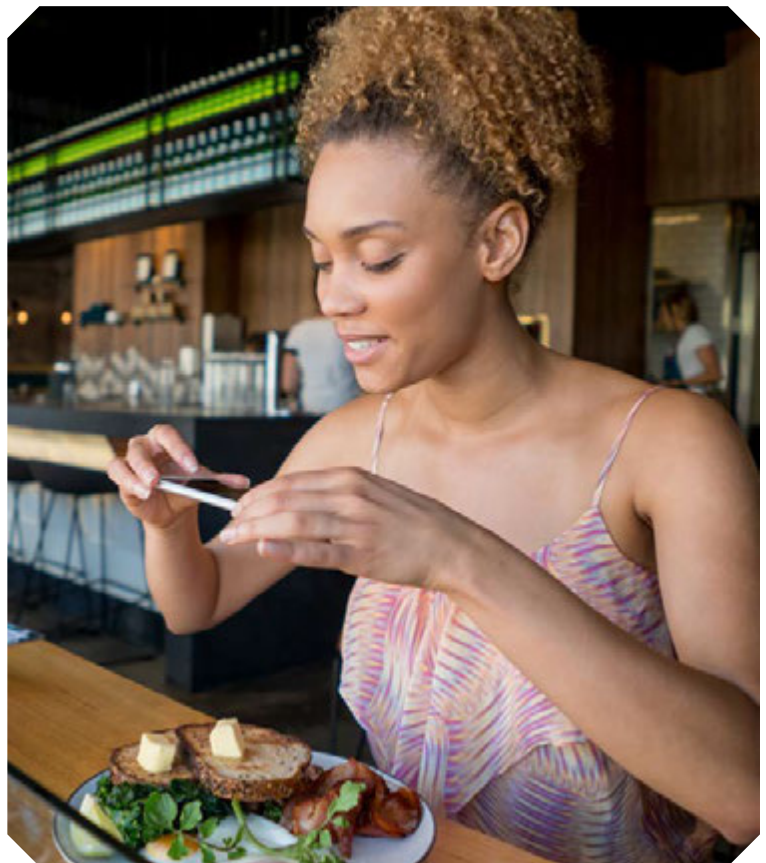
in product offerings and business practices to raise the bar and continue to provide value to consumers.”

DeBellis notes that the truly innovative market leaders in food and beverage are not just talking sustainability but backing it up with actions by redesigning packaging, pursuing sustainable manufacturing practices, and innovating with new product offerings.

Director of Operations Amelia Winslow makes sure Health-Ade’s policies reflect its consumers’ values.

“Consumers are becoming increasingly savvy, and choosing to buy from companies that share their values,” Winslow says. “We are transparent about our ingredients, our practices and our values — and our product is something consumers want and need. In fact, our founders created this product as consumers who wanted something they could not find.”

Consumers are demanding that food and beverage companies also look at where they are sourcing materials



“**CONSUMERS ARE MY SALESPEOPLE**”

LOGAN KOCK
Chief Sustainability Officer,
Santa Monica Seafood

and pushing for the use of raw materials that are certified by a reputable body.

“We are purchasing more coffee beans that are certified because wholesale customers are requesting it, and end-

¹<http://www.potatogrower.com/2017/06/bayer-launches-sustainability-initiative-for>

use channels like grocery stores are getting consumer requests for it,” notes **Jeff Durbin, Chief Financial Officer at Gavina Coffee.**

With another view on coffee, Califa Farms is currently sourcing the coffee for its Ready-to-Drink Cold Brews through Rainforest Alliance Certified™ farms, which means that farmers follow sustainable agricultural practices that protect forests, rivers, soils and wildlife while being good community neighbors. The certification also ensures that workers have just wages and improved access to dignified living conditions, healthcare and education for their children. (See www.rainforest-alliance.org for more information.)

Another area where consumers are increasingly getting involved is in minimizing food and beverage companies’ environmental footprint. Some companies such as Earth Island/Follow Your Heart have become zero-waste, energy-positive facilities (or are working to become such) through various techniques, including the use of solar panels. Others work at reducing their footprint by outsourcing operations, such as at Sun Harvest Salt.

“We look for the most efficient ways to ship and store our products,” **Chief Executive Officer and Founder Ramona Cappello of Sun Harvest Salt** explains. “We max out each truck, which results in no wasted space or excess gas use. Our competitors often use just-in-time order fulfillment and order by pallet, which reflects how their customers do business, but they spend much more in freight due to inefficient shipping.”

Ultimately, the growth of consumers’ personal values has made the biggest difference. **Chris Mann, Chief Executive Officer of Guayakí Sustainable Rainforest Products, Inc.,** notes that his company is committed to preserving the rainforest and that has led to increased consumer demand.

“Customer demand has driven us to develop new products, then consumers want more — it is a virtuous circle,” Mann expands. “We look at it as Steve Jobs looked at it. Customer research only goes so far — you have to create it and put it out there and explain why customers want it and then it expands. That is disruption.”

Corporate Social Responsibility Policies are Coming of Age

More and more food and beverage companies are establishing formal social responsibility policies. Sixty-three

WE LOOK AT IT AS STEVE JOBS LOOKED AT IT. CUSTOMER RESEARCH ONLY GOES SO FAR — YOU HAVE TO CREATE IT AND PUT IT OUT THERE AND EXPLAIN WHY CUSTOMERS WANT IT AND WHEN IT EXPANDS. THAT IS DISRUPTION.

CHRIS MANN
Chief Executive
Officer,
Guayakí
Sustainable
Rainforest
Products, Inc.

percent of the survey respondents reported that they have a social responsibility strategy, and 44 percent use their policies in their marketing.

The whitepaper subject matter experts have a variety of different types of policies in place. **Sheena DeBellis, Director of Quality and Sustainability at Earth Island/Follow Your Heart,** believes that companies have a responsibility to be ethical, sustainable and conscious of externalized costs that are not captured by profit margins.

“We focus on sustainability out of a desire to be the best version of ourselves, so it is built into nearly every business decision that we make because it is the right thing to do,” DeBellis says.

Aaron Hicks, Vice President of Finance at Beyond Meat, notes that his company is mission-based and social responsibility is integral to the operating philosophy. Beyond Meat’s Four Pillars of Social Responsibility reflect why they chose to create meat from plants:

1. Improving human health
2. Addressing global resource constraints
3. Positively impacting climate change
4. Improving animal welfare

Santa Monica Seafood has formalized a Supplier Code of



SMALLER FOOD AND BEVERAGE COMPANIES LEAD THE WAY

There is no doubt that smaller food and beverage companies are leading the way. Larger companies must make huge investments in developing a national product. Because of this economy of scale issue, larger companies have lagged, but are being pushed by consumers.

“Traditional food and beverage companies are acquiring natural food brands, and a number of them are putting together venture funds (for example, Kellogg’s, Campbell Soup, and General Foods) to invest in natural food companies,” notes Chris Mann, Chief Executive Officer, Guayakí Sustainable Rainforest Products, Inc. “That way they can quickly enter an established market. They are also bringing in talent that is knowledgeable about water usage and reducing carbon footprints.”

Another reason larger food and beverage companies may lag is that smaller companies are nimble and may be able to more easily focus on more expensive ingredients, passing along that cost to conscious consumers.

“Acquisition is the road to revenue expansion for large companies,” Mann explains. “One reason for that is climate change. There may be big swings in raw materials costs due to climate change, which could really affect a big company.”

He also notes that the world faces major environment challenges like deforestation.

“At Guayakí, we saw that our raw materials grew in the rainforest, and protecting that was going to take us wherever we wanted to go,” Mann says. “We have been at this for 21 years, and we have grown from selling loose tea in bags to a ready-to-drink product.”

Large companies may also take longer to jump into sustainable products due to the cost of developing the necessary supply chain to deliver the right products. There is no doubt that General Mills spent a major amount of time on figuring out how to incorporate whole grains into their cereals.

“The grocery space is changing,” Beyond Meat’s Vice President of Finance Aaron Hicks adds. “Consumers have sustainability demands and are raising their voices via social media. We are listening to what our customers and other consumers are interested in, which is that they care about what they are putting in their mouths. That is a catalyst for continuing innovation at Beyond Meat.”

Conduct that includes expectations on human rights, labor, traceability, and legal fishing and general business ethic.

“We require our suppliers to acknowledge and agree to these conditions,” says **Logan Kock, the company’s Chief Sustainability Officer**. “We also want assurances about where they are sourcing from as well.”

How Food and Beverage Companies Are Changing Their Practices

The growth of consumer interest and action means the industry must be more responsive to their needs and requests. This can be a complex set of actions.

“Sustainability involves many different initiatives,” **Co-founder and Chief Executive Officer of Tender Greens Erik Oberholtzer** notes. “It is about ingredient selection, soil health, environmental health, water, the carbon footprint on logistics solutions, employee health and wellness, lighting systems, energy usage, equipment efficiency and the elimination of bottles.”

Co-founder and Chief Executive Officer of Califa Farms Greg Steltenpohl notes that sustainability in the age of global unrest means committing to a social message and social equality in business practices.

“The first thing people think of is packaging, but that is only a small portion of the environmental impact,” Steltenpohl explains. “We have 100 percent recyclable drink containers that have minimal toxic byproducts. We also follow strict water and electricity standards, we use rail vs. overland trucking, and we plan to install solar panels at our plant in 2018. We have developed a whole series of key performance indicators that are tracked across all parts of the company. We do not have a giant sustainability department, but everyone is involved.”

Risks of not Embracing Sustainability

Green Hesson Janks Partner Donald Snyder feels that as the social responsibility movement continues to attract consumers, there is a real threat to food and beverage companies that do not champion sustainability strategies.

“Customers will likely stop buying their products — especially in California — where awareness is high and consumers take action to support their values,” Snyder expands. “If they stop buying, revenues will drop, and companies that do not make a commitment to social responsibility will start to go out of business.”

Snyder adds that the real risk for food and beverage companies is in not having a social responsibility policy.

“In effect, they risk becoming the minority,” Snyder notes. “In today’s world, everything is so transparent and most websites, blogs, and other social media sources have readily available information on social responsibility and sustainability. There is nowhere to hide.”

Green Hesson Janks Manager Rick Weis sees social responsibility as a key part of a food and beverage business’ mission.

“Without responsibility as part of your mission, you risk the perception that you do not care, and the consumer wants to buy products from companies that care,” Weis explains. “The truth is that either you will have one or you will be forced to have one.”

McDonald’s, Nestlé USA, Hershey and Costco are just a few examples of this. Their consumers demanded healthier ingredients, and the companies have complied. McDonald’s now offers organic chicken and hamburgers. Nestlé USA removed artificial flavors and colors from more



WE FOCUS ON SUSTAINABILITY OUT OF A DESIRE TO BE THE BEST VERSION OF OURSELVES, SO IT IS BUILT INTO NEARLY EVERY BUSINESS DECISION THAT WE MAKE BECAUSE IT IS THE RIGHT THING TO DO.



SHEENA DEBELLIS
Director of Quality and Sustainability, Earth Island/Follow Your Heart

than 250 chocolate products, and Hershey followed suit. Costco is working with suppliers to restrict antibiotics in chicken and meat.

“The business risk is about falling behind in the marketplace, because if you do not innovate then someone else will,” says **Sheena DeBellis, Director of Quality and Sustainability at Earth Island/Follow Your Heart**. “The

ethical risk is much more consequential. We are all on the same planet with limited resources, and if sustainability does not become a social mandate, we are severely jeopardizing our ability to continue to function as a society.”

Similar to DeBellis, **Amelia Winslow, Director of Operations at Health-Ade Kombucha**, believes that the biggest risk of not having a sustainability policy is the negative impact on the environment.

“We are a manufacturing business, so the reality is that the more we produce and the more people consume, the more waste is generated from that consumption,” Winslow explains. “But this also gives us the opportunity to reduce waste and increase environmental impact by considering sustainability in every step of our production. Even small tweaks to operating practices can have a significant positive effect on waste output, energy consumption, and thus global warming. What we do now really matters.”

Current Sustainability Trends

As food and beverage companies continue to swiftly move more and more toward sustainability, some interesting trends have taken hold.

Locally Sourced Ingredients

Food and beverage companies looking to reduce their supply chain’s impact on the environment are turning to locally sourced ingredients that take just a short drive to deliver, save the fuel, and reduce the carbon footprint.

“One of our core sustainability aspirations is to improve value for our farmer-partners through direct-sourcing partnerships,” says **Califia Farms Chief Executive Officer Greg Steltenpohl**. “By shortening the supply chain, we can bring consumers the highest quality ingredients while ensuring that the stewards of our land benefit from our business.”

Co-founder and Chief Executive Officer Erik

Oberholtzer extolls the extensive use of hydroponics by his company Tender Greens.

“Hydroponics uses 90 percent less water than field growing and eliminates the need for the food to travel and radically reduces exposure to chemicals,” Oberholtzer explains. “By growing raw materials close to the manufacturing facility, the number of trucks on the road is also reduced. Especially important is the fact that fresher food can be delivered to restaurants, retaining more nutrient value.”

Stamp of Approval

With consumer emphasis on supply chain and sustainability, many companies have taken it a step further by getting certified for their sustainable practices. Chief Sustainability Officer Logan Kock notes that Santa Monica

Seafood has gotten ISO 14001: 2015 certified, which is an operational, sustainable, and environmental management system that provides a framework to establish metrics and goals that get reviewed annually by a third party. Monitored are such things as effluence, packaging waste, recycling, fuel efficiency and carbon footprints.

PROPOSITION 65

Green Hasson Janks Partner Akash Sehgal discusses Proposition 65, also called the Safe Drinking Water and Toxic Enforcement Act, which was enacted in 1986.

“Proposition 65 is intended to help Californians make informed decisions about protecting themselves from chemicals known to cause cancer, birth defects, or other reproductive harm,” Sehgal explains. “This proposition requires the State to publish a list of chemicals known to cause cancer or birth defects or other reproductive harm. This list, which must be updated at least once a year, has grown to include approximately 800 chemicals since it was first published in 1987. The Office of Environmental Health Hazard Assessment (OEHHA) administers the Proposition 65 program. OEHHA, which is part of the California Environmental Protection Agency, also evaluates all currently available scientific information on substances considered for placement on the Proposition 65 list.”

Similarly, Earth Island/Follow Your Heart became Zero Waste Certified. **Director of Quality and Sustainability Sheena DeBellis** points out that these certifications only build on a firm culture that is already there, however. “Every employee in our company was a critical resource in achieving zero waste certification, and those employees take those learnings to their homes, their families and their communities to continue to spread the message,” DeBellis explains.

Labels Sell

Attention to labeling and packaging is not a new concept, however. It is more an extension of the paradigm shift occurring with consumers who are now expanding from not

HOW ONE SEAFOOD COMPANY INCORPORATES SUSTAINABILITY INTO EVERYTHING THEY DO

EXCERPTS FROM SANTA MONICA SEAFOOD'S SUPPLIER CODE OF CONDUCT

Santa Monica Seafood's guiding principles embody our company's commitment to protect the environment and respect universal human rights. These principles address environmental responsibility, fair labor, transparency, traceability, and ethical business practices in our supply chain.

Santa Monica Seafood's goal is to source products that are consistent with our principles and only from suppliers who share our values, particularly with regards to international guidelines for responsible labor practices, legal fishing practices, and traceability back to the point of harvest.

We will only work with suppliers that agree to comply with our Supplier Code of Conduct (SCoC) and who will readily share information about their operations and supply chains when asked. In addition, we require our suppliers to be responsible for monitoring the compliance of their suppliers.

This SCoC establishes the non-negotiable minimum expectations that we have around the safe and fair treatment of workers and environmental responsibility. We have drafted this Supplier Code of Conduct, SCoC in order to share these principles with our business partners and confirm their understanding.

Human Rights Commitment

Santa Monica Seafood embraces and complies with international guidelines on human rights. These guidelines include the Universal Declaration of Human Rights, Fundamental International Labor Organization Conventions, and Voluntary Principles on Security and Human Rights. We are committed to developing an organizational culture of support for internationally recognized human rights and seek to avoid complicity in human rights abuses.

Labor Expectations

Santa Monica Seafood maintains a high standard of business conduct for our employees and suppliers with regard to compliance with international labor laws. This SCoC was created to ensure that our suppliers and their suppliers also enforce safe working conditions, that their workers are treated with respect and dignity, and that their harvesting and production processes are legal and transparent.





CONSUMERS WANT ORGANIC, NATURAL, FAIR TRADE, AND GMO-FREE FOOD



**RICK WEIS,
MANAGER AT
GREEN HASSON
JANKS, EXPLAINS
CURRENT
SUSTAINABILITY
TERMS BEING USED
BY CONSUMERS:**



ORGANIC FOOD

Organic food is produced through organic farming methods. Standards vary worldwide, but organic farming in general features practices that strive to cycle resources, promote ecological balance, and conserve biodiversity. Organizations regulating organic products restrict the use of certain pesticides and fertilizers in farming. In general, organic foods are also usually not processed using irradiation, industrial solvents, or synthetic food additives. Currently, the European Union, the United States, Canada, Mexico, Japan, and many other countries require producers to obtain special certification in order to market food as organic within their borders. In the context of these regulations, organic food is produced in a way that complies with organic standards set by regional organizations, national governments, and international organizations.



GENETICALLY MODIFIED ORGANISM (GMO)

A genetically modified organism (GMO) is any organism whose genetic material has been altered using genetic engineering techniques. GMOs are used to produce many foods, also known as genetically engineered foods or bioengineered foods. Genetic engineering techniques allow for the introduction of new traits as well as greater control over existing traits. Most food modifications have primarily focused on crops in high demand by farmers like soybeans, corn, canola, and cotton. Genetically engineered crops have been engineered for resistance to pathogens and herbicides and for better nutrient profiles. Although there are few proven cases of GMO foods being harmful, consumers have concerns related to food safety, regulation, labeling, environmental impact, and research methods.



ORGANICALLY RAISED ANIMALS

Organically raised animals are not given genetically modified organisms (GMOs) or genetically engineered (GE) foods, antibiotics, or growth hormones, nor are they fed animal byproducts.



ALL NATURAL

All natural is defined by Merriam-Webster as existing in nature and not made or caused by people or not having any extra substances or chemicals added. On its website, the Food and Drug Administration (FDA) defines the term “natural” to mean that nothing artificial or synthetic has been included or added to the food, but there is no mention about the use of pesticides, food processing, or manufacturing methods such as pasteurization. Based on the simple dictionary definition noted above, the only food items that should be called natural would be those naturally existing and not made by people. This would limit natural-labeled items to such foods as fruits, nuts, and greens. However, if you take the definition literally, this would be only those foods without extra substances or chemicals — so only those that are GMO free and are organic would be considered natural. The FDA has been fielding comments from the public for the past two years about what they think the definition is in terms of food labeling.



FAIR TRADE

Fair trade is a social movement whose stated goal is to help producers in developing countries achieve better trading conditions and to promote sustainable farming. Members of the movement advocate the payment of higher prices to exporters, as well as improved social and environmental standards. The movement focuses in particular on commodities, or products which are typically exported from developing countries to developed countries, but also consumed in domestic markets like Brazil, India, and Bangladesh — most notably coffee, cocoa, wine, sugar, fresh fruit, and chocolate, plus commodities like handicrafts, flowers, and gold. The movement promotes sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers in developing countries.

just caring about their food being healthy and/or organic to also caring where it is produced/sourced and even what their food is wrapped in.

“Our food and beverage clients have values and are producing something they can be proud of,” applauds **Green Hasson Janks Partner Donald Snyder**. “If a consumer has a choice of two products and the label on one says their package is zero-waste vs. another product, they will choose the conscious one. Consumers want to contribute to future generations.”

As consumers become more educated about certifications as sustainability practices, package labeling has become a key component of marketing.

“Consumers are becoming much more aware and knowledgeable about packaged food labels,” **Vice President of Finance for Beyond Meat Aaron Hicks** says. “We are conscious about packaging and labeling at Beyond Meat, and we see it as a way for consumers to know exactly what is in our products and to see how we source our ingredients. Transparency is critical.”

Green Hasson Janks 2017 Food and Beverage Survey respondents took a similar position, with 61 percent saying they would choose one product over another if they note some type of corporate social responsibility practices on the packaging.

CALIFIA FARMS: A PRACTICAL ORGANIC APPROACH

The word “organic” is a buzzword for many consumers. Califia Farms, known for their almond milk and other healthy products, has a product line that includes organic and non-organic products, delivering mindful nourishment through their beverages.

“Today’s natural consumer is looking for non-GMO products and non-GMO labeling, which is why our products are GMO-free,” Chief Executive Officer Greg Steltenpohl explains. “While our full line is not organic, all Califia Farms products are 100 percent plant-based, non-GMO, carrageenan-free, gluten-free, vegan, and made with no artificial ingredients. Some of our consumers want an organic option, so that is why we also have a line of USDA Certified Organic Homestyle Nutmilks. These nutmilks are made with only four ingredients — organic nuts, water, oat fiber, and a dash of sea salt.”

Recycling and Reducing Packaging Waste

While recycling is not a new sustainability trend, the focus on becoming a zero-waste, sustainable business has gained a lot of traction in recent years. This is especially true when it comes to product packaging.

“For years there has been focus on sustainable ingredients, rightly so, and that continues with increased focus on organic, non-GMO, fair trade, etc.,” says **Sheena DeBellis, Director of Quality and Sustainability at Earth Island/ Follow Your Heart**. “More recently, the focus has been on sustainable packaging, and there is still so much work to do in that area to create cost-effective and environmentally responsible packaging.”

DeBellis also singles out the widespread use of multi-layer laminate packaging, which is great for maintaining product freshness, is inexpensive, and minimally impacts the environment when it is produced but also has been shown to have drawbacks when it comes to recycling.

“The problem is that it is not recyclable because it is a mixed material and therefore just goes into landfill and will never biodegrade,” DeBellis explains. “The most innovative companies are looking at moving away from these multi-layer films or switching to bioplastics, which are becoming more widely available, though are still significantly more expensive.”

Director of Operations Amelia Winslow notes that Health-Ade Kombucha manufactures its kombucha product exclusively in glass, to avoid the harmful leaching and environmental impact associated with plastic containers. Her company even helps consumers find creative ways to reuse their glass containers.

“We recently collaborated with a company that produces bulk soap,” Winslow explains. “We had an event where consumers could fill their used kombucha bottles with bulk hand soap or all-purpose cleaner. The event was a huge success: consumers walked away with more awareness about reducing landfill waste and also got a pretty, reusable soap dispenser.”

Use of Technology

Another way to become more sustainable is to find new ways to use technology to improve manufacturing. **Co-Founder and Chief Executive Officer Erik Oberholtzer** and his colleagues at Tender Greens have looked at this trend and taken innovative action.

“This came about from looking at tomorrow’s problems and innovating now to solve them,” Oberholtzer says. “We had

L.A. SHARES:

The Los Angeles Rescue Program You Should Know About

Green Hasson Janks Senior Manager Frances Ellington wants organizations in the city to take note of an innovative program:

“L.A. SHARES is a nonprofit materials reuse program, which takes donations from the local business community of reusable goods and materials (both new and used) and redistributes these items free of charge to nonprofits and schools throughout Los Angeles County. Since 1991, L.A. SHARES has worked with 4,000+ local companies to give away more than \$180 million worth of goods and materials to over 4,000 nonprofit organizations and schools throughout the City of Los Angeles. This successful public/private partnership has made an ongoing commitment to increase the amount of reuse opportunities available to the citizens of Los Angeles through this innovative effort to reduce the amount of goods and materials that are being sent unnecessarily to already overburdened landfills.”

For more information, go to www.lashares.org

the desire to deliver from a shorter distance, even in the cold months or in urban settings. Of course, we can ship from California or Mexico, we could ship frozen items, or we could bring parts of California with us and leverage new technology that is evolving on a daily basis.”

Tender Greens thinks outside the box, even using technology developed in the marijuana growing businesses. The company uses LED lighting that can mimic plant characteristics — for example, blue light brings out spiciness, according to Oberholtzer.

As noted earlier, the company also extensively uses hydroponics, which means it can grow healthy food in old factories or warehouses fashioned as urban farms and use more robotics and automation.

“The truth is that robots do not have bad days,” Oberholtzer explains. “Hydroponics maximize the amount of food that can be grown per square foot and creates high-tech jobs, since hydroponics is dependent upon algorithms and light technology. Another advantage is that we can grow in clean-room conditions, and we do not have to worry about pests or animals that destroy crops. There are algorithms being written every day to improve things like airflow, light exposure, light quality, taste, texture and more. This is a fascinating topic, and we are fully embracing it.”

Tender Greens’ use of hydroponics is a great example of how technology is helping companies become more sustainable, but the possibilities are endless.

“Technology is accelerating quickly,” Green Hasson Janks Senior Manager Frances Ellington says. “The mindset for

sustainability has also progressed quickly, and to keep up you need to be aware of how technology can contribute and then implement the most up-to-date strategies.”

The Effects of Sustainability Policies on Marketing and Revenue

Donald Snyder, Partner and Leader of the Food and Beverage Practice at Green Hasson Janks, says that the evidence is mostly anecdotal on whether a social responsibility policy directly impacts revenue.

“There is one exception, though — companies that are founded on a sustainability strategy owe ALL their revenues to being socially conscious by definition,” Snyder explains. “For the rest, while there might not be a direct link to revenue, it makes sense that companies that embrace social responsibility will do well in the marketplace, even if their appeal shifts to socially conscious consumers, a growing segment, especially in California.”

Snyder counts Barnana and Santa Monica Seafood as good examples.

“Sustainability is Barnana’s business plan, so their revenues are directly related to sustainability,” Snyder explains. “Another example is a company like Santa Monica Seafood that has a sustainability department and they ask vendors/customers to give money to a sustainability fund. This philosophy is indirectly increasing their revenues. It helps the seafood industry and helps with overfishing and species survival, plus it makes their products renewable.”

In fact, survey respondents felt that sustainable sourcing, waste reduction, food production processes, eco-friendly or biodegradable packaging and recycling programs all have an impact on revenue.

Snyder sees another indirect advantage for food and beverage companies.

“One thing that companies might not see immediately is that certain sustainability measures like water reclamation, solar or wind power, and/or a reduced carbon footprint have advantages beyond attracting conscious consumers — these measures will reduce expenses, which could translate to higher profits,” Snyder says. “Logically, there is a perception in the market that sustainability might be costly, however, and customers will still want a decent price within their buying parameters.”


A sustainability story is a plus for marketing, but **Chief Executive Officer Ramona Cappello of Sun Harvest Salts** emphasizes a unique upside her company offers.

“Our production site is close to the U.S., so if they are not buying from us, the product must be coming from farther away, and the logistics may be adding hidden costs,” Cappello explains.

One of the reasons sustainability practices are paying off is because of the shift in consumer demographics. Millennials are becoming a higher and higher percentage of the consumer market and are driving a significant portion of the revenues for health-conscious food and beverage products.

“This is really on trend — Millennials are consuming meat alternatives at a higher rate,” **Beyond Meat’s Vice President of Finance Aaron Hicks** notes. “The population is changing and some of the

larger companies are coming up short on their offerings. As a smaller company, we are able to be nimble and continually innovate. We aim to provide the best tasting product to the mainstream consumer, and we will continue creating new center of the plate, plant-based options.” With this evolution is consumer population, companies must evolve to meet the changing values of their target consumer groups, and a big part of the Millennial value system focuses on sustainability.



**SOCIALLY RESPONSIBLE
FOOD AND BEVERAGE
COMPANIES ATTRACT
CUSTOMERS THAT EXPECT
TO PAY A HIGHER PRICE FOR
SKUS THAT ARE HEALTHIER
OR BETTER FOR THE EARTH.**

DONALD SNYDER
Partner and
Food and
Beverage
Practice Leader,
Green Hasson
Janks

CONSIDERING SUSTAINABILITY IN A TRANSACTION



Green Hasson Janks Growth Strategy and Value Planning Managing Director David

Horwich sees sustainability and social responsibility practices as a potential enhancement to a company's profitability. This can lead to a higher sales price and greater buyer confidence in a transaction.

"In terms of conserving scarce resources, solid sustainability practices always help the bottom line if done well," Horwich says. "That translates into higher profitability and a more valuable business."

Sustainable practices may or may not drive a deal, but they are definitely an added bonus.

"If given two alternatives where one engages in sustainable practices, the buyer may 'better view' the acquisition or merger target that engages in sustainable practices," Horwich explains.

Horwich also feels that beyond sustainability, there is currently heightened awareness in the food and beverage industry regarding transactions.

"The Amazon/Whole Foods deal is a catalyst for a lot of companies looking at themselves," Horwich expands. "They are now asking: How am I going to compete with a new, disruptive business model? Do I need to change my business model? Do I need to consider a merger or acquisition to enhance my business model? Is this the time to consider selling? Are there opportunities that are presented by this disruption that I might be able to take advantage of and how do I organize my company in order to do so?"

Horwich gave an example of the types of inquiries Green Hasson Janks is getting from food and beverage companies on this topic.

"We heard from a company that supplies products to grocery stores," Horwich says. "This company's executives are concerned about how the Amazon/Whole Foods merger will affect them. With the potential consolidation in the grocery business, they are worried that bigger buyers will create a demand for better pricing deals, which will lower their margins."

So what should food and beverage companies be doing to prepare for potential changes in the industry as a result of the Amazon/Whole Foods deal or other systemic changes?

"Every company, whether they are thinking of a deal or not, should be looking at their business model and

their sales strategy and thinking about whether they are working in practice or just on paper," Horwich notes. "They should be getting timely information and reports that are providing accurate visibility into the future. They should be looking at their management team and whether it will take them where they need to be. These are hard conversations to have, but they are necessary as you consider the company's future."

Another important consideration is getting an independent, unvarnished assessment of a company, its business model, management, systems, reporting and sales strategies.

"Our team looks at a business model through the lens of 'if I bought this business, how would I make it better? What products, practices, and processes would I continue to enhance and what would I fix?'" Horwich explains about providing these assessments.

The basic deal building blocks to a successful food and beverage deal are:

- Have the books and records in shape
- Have them reviewed by an independent accounting firm
- Have a management team that will show well in a process
- Have forward-looking projections that are both enticing to parties but realistic in nature

"The worst conversation to have mid-transaction is the one that begins with 'we missed our numbers last month,'" Horwich adds. "Buyers get full value from having credible forward-looking financial projections, but it's a balancing act — you want the buyer to be excited about the deal, but you must have credibility in the financial projections. It is an art, and it takes strong experience from a deal advisor. That is what we provide at Green Hasson Janks."

“There is revenue risk for those who do not take sustainability into account,” **Chief Executive Officer of Guayakí Sustainable Rainforest Products, Inc. Chris Mann** pushes. “Guayakí has built sustainability into the brand and those revenues directly drive more demand for rainforest products. The consumers and the revenue have followed.”

Many Consumers are Willing to Pay a Higher Price for Sustainable Products

One clear advantage to being sustainable is that socially responsible food and beverage companies attract customers that expect to pay a higher price for items that are healthier or better for the earth. Companies such as Whole Foods have taken this approach and have had tremendous success.

Tender Greens Chief Executive Officer Erik Oberholtzer sees this as an opportunity.

“It is our belief that wherever Whole Foods is successful, then Tender Greens will be too,” Oberholtzer explains. “They have established a working supply chain in many places across the U.S. We start by looking at where they are successful and then develop a value proposition that reflects their customers’ views and tastes and whether they want to trade up to a high quality, highly sustainable concept. We see our business as being like a farmers market where they can get the right products without spending the time to shop — we chop it, cook it and clean it. Ultimately, we take the opportunities for failure or waste out of their hands for about the same price.”

Large food and beverage companies, often pushed by consumers, are a key to a seismic industry shift. McDonald’s is an example. Gavina Coffee supplies McDonald’s with organic certified fair trade coffee beans.

“Customers relate greater health benefits with organic and are willing to pay more for that,” **Chief Financial Officer Jeff Durbin** says.

How Sustainability Strategies Can Help Marketing Efforts

While business culture can be a big driver, consumer demand is obviously a huge part of why companies are looking to incorporate sustainability strategies. With that comes the ability to market these practices to those buying the products. Green Hasson Janks 2017 Food and Beverage Survey respondents agree with 44 percent reporting that they use their social responsibility policies in marketing.

“Sustainability is an important differentiator for market leaders and is becoming more prominent in marketing messages from brands,” **Director of Quality and**

Sustainability at Earth Island/Follow Your Heart Sheena DeBellis confirms.

Mari-Anne Kehler, Green Hasson Janks Chief Marketing and Strategy Officer, believes social responsibility is an important marketing tool and how it can help define a company’s messaging.

“A social responsibility initiative is how businesses give back and make reinvestments in the planet,” Kehler explains. “It benefits the environment AND humanity. It is important to have a marketing message that reflects those beliefs and your status as a value-based organization. For example, when partnering with other organizations, craft alliances that do good.”

Sustainable Sourcing

Many food and beverage companies pay special attention to their sourcing practices to help their marketing efforts. **Santa Monica Seafood’s Chief Sustainability Officer Logan Kock** notes that their approach to sustainable sourcing was developed by their salespeople more than 10 years ago.

“It is not about marketing,” Kock explained. “We want to be the solution. It is an honorable approach, and we educate our staff and customers. We use Monterey Bay Aquarium risk ratings for each seafood species and we communicate that to our customers on their invoices. That way they can see the level of sustainability in their purchases. We also use the scores internally to improve our purchasing. The risk ratings are metrics that can be understood. We also travel quite a bit and see where we are buying.”

“**A SOCIAL RESPONSIBILITY INITIATIVE IS HOW BUSINESSES GIVE BACK AND MAKE REINVESTMENTS IN THE PLANET. IT BENEFITS THE ENVIRONMENT AND HUMANITY.**”

MARI-ANNE KEHLER
Chief Marketing
and Strategy Officer,
Green Hasson Janks



**RESOURCE
SUSTAINABILITY**

More and more companies have social responsibility policies. In fact, 63 percent of the survey respondents have established a formal corporate responsibility strategy. Most of those that do not have a formal policy have informal policies. All have values that are a part of how they do business.

Many of the whitepaper subject matter experts have developed forward-thinking strategies on preserving the environment. Each business has developed its own strategy based on the values it considers most important. Those values translate to a social responsibility approach that is unique.

Reducing Food Waste

In the survey, 57 percent of respondents reported they have a waste reduction program. Consumers simply do not want to spend money on food that ends up being wasted, but an enormous amount of food is being wasted now throughout the supply chain. Consumers are increasingly aware, and they are willing to take action.

Green Hasson Janks Partner Donald Snyder feels strongly about food waste.

“Forty percent of food is being wasted now — that does not sit well with me or consumers,” Snyder explains. “Buying the right amount of food is one issue — wasted food adds up to \$120 billion a year throughout the consumer chain. Consumers need to continue getting smarter about how to shop.”

Snyder also feels reducing waste helps grows the business.

“The waste consists of 16 percent from farms, 2 percent from the manufacturers, 40 percent from consumer-facing businesses and 42 percent from consumers,” Snyder says. “Waste reduction should be driven at all levels of the business because wasted food goes against gross profit margins. It just wastes MONEY and results in a reduction of the bottom line for companies and for consumers.”

In 2015, the value of food waste across the entire supply chain from homes, businesses, farms, and manufacturers in the U.S. alone was \$218 billion. This does not take into consideration the resources wasted to produce the food, such as water, soil, and labor. Some estimates suggest that roughly one-third of all food produced globally goes to waste. People produce too much, people put too much on their plates and people are too quick to throw away food.

Snyder likes the idea of using excess food in other ways.

“We have a client, Fantasy Cookie, that sells broken cookies to ice cream makers, for example,” Snyder expands. “Growers can move into areas like branded, white label, mulch, or compost. For a seafood company, salmon that does not get used could be turned into salmon burgers or soup — that way they use most of the fish.”

Health-Ade’s Director of Operations Amelia Winslow notes that composting manufacturing byproducts is one great way to reduce waste and simultaneously nourish the earth.

“**DIVERTING WASTE FROM LANDFILLS SIGNIFICANTLY REDUCES METHANE AND CO2 EMISSIONS, WHICH ARE HUGE CONTRIBUTORS TO GLOBAL WARMING.**”

AMELIA WINSLOW
Director of Operations
and Project Management,
Health-Ade Kombucha



“Diverting waste from landfills — which is one benefit of composting — significantly reduces methane and Co2 emissions, both big contributors to global warming,” Winslow explains. “Composting is one pretty easy way to make an impact.”

Green Hasson Janks Manager Rick Weis notes that a movement that has caught his eye centers on “ugly food,” the practice of wasting food before it reaches supermarkets or restaurants. This includes produce that is unusually shaped or curved, too big, too small or even slightly discolored.

“This food is unsightly, yet perfectly good to eat. Businesses like Imperfect Produce (www.imperfectproduce.com) and Hungry Harvest (www.hungryharvest.net) are sprouting up and taking on the task of delivering naturally imperfect foods to customers,” Weis explains. “In 2016, Imperfect Produce partnered with Whole Foods to sell the aesthetically challenged produce at several California locations.”

Califa Farms thinks of sustainability in all parts of its production process and has reduced the water and water by-products used in production significantly.

“The small amount of organic food waste left over after production is given to local farmers to be repurposed,” **Califa Farms Chief Executive Officer Greg Steltenpohl** notes. “We are also a zero waste facility with 97 percent of facility waste diverted from landfill to recycling, including shrink wrap, pallets, cardboard and paper.”

Green Hasson Janks Partner Donald Snyder sees reducing food waste as an imperative for the planet.

“We must reduce waste so we can literally survive,” Snyder emphasizes.

Practicing Conservation to Enhance Sustainability

Working to preserve the environment is more imperative than ever, especially for companies that are directly impacting the soil, water, and air — like food and beverage companies. Positive environmental change can be made, but doing nothing is not an alternative that keeps things the way they are. In many cases, doing nothing causes a great deal of harm.

Many food and beverage companies are preserving natural resources in innovative ways. For example, Guayaki Sustainable Rainforest Products, Inc. is another company that built sustainability and regeneration into their business model from the start. Yerba Mate natively grows in the rain forest and is ubiquitous in the southern cone of South America.

“We partner with rain forest suppliers who annually prune the tree, setting up a virtuous circle where the tree then regenerates in time to be harvested again the next year,” says **Chris Mann, Guayaki’s Chief Executive Officer**. “Any energy expended in transportation and manufacturing is offset by the natural process where greenhouse gases are absorbed in the rain forest at a rate of three times those being used in the entire supply chain.”

UPCYCLING UGLY BANANAS: THE BARNANA STORY

Caue Suplicy is the Founder and Chief Executive Officer of Barnana, a company that produces and sells dehydrated banana products:

Our whole brand is about ugly food and sustainability. All the bananas we use are those that do not qualify to be exported. We did not plan it that way — as I was starting the brand, I visited a lot of banana farms and discovered the waste. There was nothing wrong with them. They did not qualify for export for a variety of reasons like not being green enough, too large, or too small.

Brazil has 220 million people, and in my youth those bananas did not go to waste as they do in the U.S. There is a lack of a market for them, though — the alternative is to use them for compost, trash, or animal feed. In fact, 55 percent of ALL food goes to waste at various points in the supply chain. This had created a real need — bananas are probably the #1 biggest grocery store seller, but it is perceived as too expensive for farmers to pick and ship ugly products. We did not tell anyone we used ugly food when we started, but we found that people wanted to hear about it. We added it to our branding and tried to educate consumers.

At one point, the *Wall Street Journal* wanted to write an article about upcycling, but they pulled out because we were the ONLY company doing it at the time. I am proud to say this has changed — ugly food has become one of the top trends in the industry. Now that this is moving forward, we see the most important part of our branding as generating awareness, to help people stop and think.

Similarly, Califia Farms not only thinks about the sustainability of the ingredients that go into its products, but also invest in improving the impact of its production processes and reducing its total water usage.

“Califia Farms repurposes more than 90 percent of our post-production byproduct, which is mainly water solution,” explains **Chief Executive Officer Greg Steltenpohl**. “Of that, 100 percent is repurposed for irrigation on farms near our facility. From 2015 to 2016, we reduced water usage at our plant by more than 64 percent on a per unit-produced basis.”

Much like water conservation, energy conservation has the potential to make a real difference.

“Wind and solar are the only energy we use to produce Sun Harvest Salt,” reports **Chief Executive Officer of Sun Harvest Salt Ramona Cappello**. “Our product’s source is a UNESCO World Heritage Site and a wildlife refuge. We are committed to preserving those natural resources and our process depends solely on wind and solar evaporation. We do not mechanically push the water through the condensation process. Normally, salt harvesting and production is incredibly corrosive for the environment, but our process uses no energy and causes no harm to the environment.”

Caue Suplicy, Chief Executive Officer of Barnana, has most recently found an additional way to be sustainable by using the one agricultural byproduct Barnana was not originally utilizing: banana peels.

“We can process them into fuel pellets for bio-ovens, which means there is zero waste in our process,” Suplicy explains.

Responding to Changing Water Cycles

Much has been said about the long-term drought from which California recently emerged. The environment is changing, and the state can expect volatility to continue.

“As a California-based company, we at Califia Farms are very concerned about water use and the recent extended period of drought in our home state,” comments **Califia**

Farms Co-founder and Chief Executive Officer Greg Steltenpohl. “It takes significant amounts of water to grow all the food we put into our bodies. Each and every grocery item requires significant labor, resources, and water to produce and bring to the kitchen table. We strongly believe that sustainable water practices are critical to our State’s ongoing success in agriculture, and can effectively be targeted to mitigate the misuse of water that is causing shortages.”

Califia Farms also upholds strict agricultural and technological standards. According to the California Department of Water Resources’ Statewide Irrigation Survey, a significant portion of Californian agriculture, particularly alfalfa (raised primarily for animal feed), relies on flood irrigation (also known as gravity irrigation), an imprecise method that uses relatively large amounts of fresh water and represents a huge opportunity for water conservation.

“We have partnered with almond growers that use the more methodical, more precise, and more efficient drip-irrigation method (or low-volume method) that is quickly becoming the standard in the California almond industry,” Steltenpohl expands. “Additionally, our growers are leaders in the application of live weather and soil monitoring technologies, so their orchards are only watered exactly where, and when, necessary. We have also been working to limit the use of water in our own manufacturing. In 2016, we reduced water usage at our plant by more than 16 percent on a per-unit-produced basis.”

FIFTY-FIVE PERCENT OF ALL FOOD GOES TO WASTE AT VARIOUS POINTS IN THE SUPPLY CHAIN.”

CAUE SUP LIC Y
Founder and Chief Executive Officer,
Barnana

Environmental Concerns

Parts of the food and beverage industry have been harmful to the environment for many years. Feeding the planet is a primary concern, of course, but as better and faster production methods emerge, there is a real opportunity to focus on doing what is right for everyone.

Global Warming

Much has been said about global warming in recent years as politics has sometimes attempted to negate science. The truth is that climate-related threats to global food production include risks to grain, vegetable, fruit crops, livestock, and fisheries. According to the Union of Concerned Scientists², the threats of global warming include:

²<http://www.climatehotmap.org/global-warming-effects/food.html>



FORMER TRADER JOE'S PRESIDENT DELIVERS HEALTHY, UGLY FOOD TO INNER CITY RESIDENTS

Doug Rauch is the founder of Daily Table and the former President of Trader Joe's.

Daily Table is a grocery store that sells nutritious food, both produce and prepared foods, to inner city Boston and Dorchester residents at costs that compete with those of unhealthier, fast food options. Rauch notes that Daily Table serves a dual purpose of providing hunger relief while cutting food waste:

"When most perishable goods only have several months code life on it, you cannot ship it to a grocery chain. They cannot move it through the system fast enough for a customer to buy it. So we are approaching manufacturers saying, 'Hey, we will take your short code product.' About 20 percent of what we sell is donated and probably 80 percent we buy, often at deep discounts. Food is a precious resource. Let's not waste it. I think generations from now will look back and say, 'What were they thinking wasting 30 to 40 percent of everything they grew?'" (From <http://www.millergroupmarketing.com/news/changing-hunger-relief/>)

For more information on Daily Table, go to www.DailyTable.org.

SONOMA CLEAN POWER

Sonoma Clean Power (SCP) is the public electricity provider for Sonoma and Mendocino counties in California, providing cleaner electricity at competitive rates from sources like solar, wind, geothermal, and hydropower.

SCP is a nonprofit public agency, independently run by the participating cities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits, Windsor and the counties of Sonoma and Mendocino. SCP invests locally to support Sonoma and Mendocino County renewable power and local jobs and also around California to get the most affordable sources of clean power.

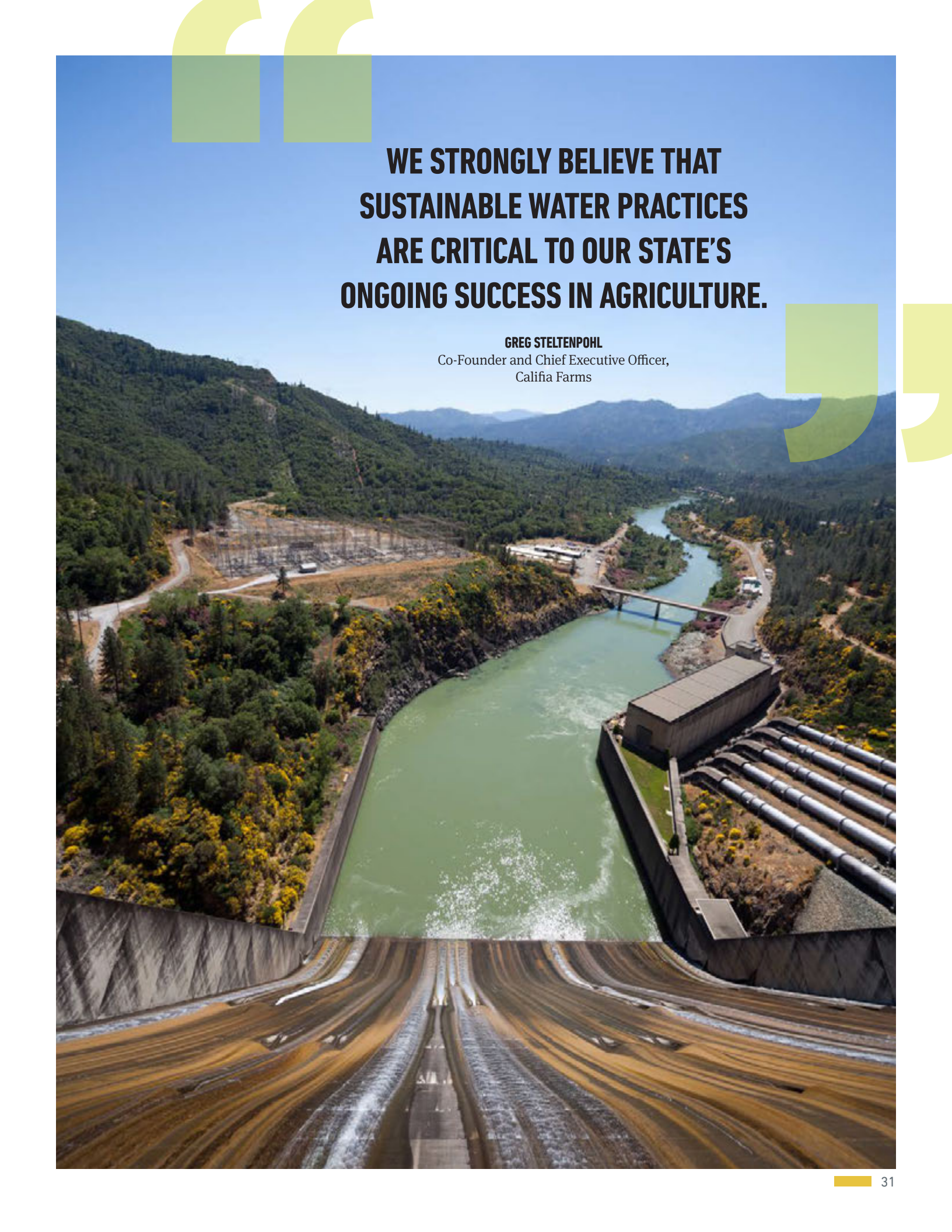
Community choice programs like Sonoma Clean Power are serving communities throughout California by negotiating competitive pricing for electricity and providing an alternative to the for-profit, investor-owned utilities, while also providing higher percentages of renewable energy from sources like solar, wind and geothermal, reducing greenhouse gas emissions to help solve the climate crisis, and investing in the development of more local renewable energy projects, so that more of the renewable energy Sonoma and Mendocino Counties consume is made locally.

- **REDUCED YIELDS.** The productivity of crops and livestock, including milk yields, may decline because of high temperatures and drought-related stress.
- **INCREASED IRRIGATION.** Regions of the world that now depend on rain-fed agriculture may require irrigation, bringing higher costs and conflict over access to water.
- **PLANTING AND HARVESTING CHANGES.** Shifting seasonal rainfall patterns and more severe precipitation events — and related flooding — may delay planting and harvesting.
- **DECREASED ARABILITY.** Prime growing temperatures may shift to higher latitudes, where soil and nutrients may not be as suitable for producing crops, leaving lower-latitude areas less productive.
- **MORE PESTS.** Insect and plant pests may survive or even reproduce more often each year if cold winters no longer keep them in check. New pests may also invade each region as temperature and humidity conditions change. Lower-latitude pests may move to higher latitudes, for example.
- **RISKS TO FISHERIES.** Shifts in the abundance and types of fish and other seafood may hurt commercial fisheries while warmer waters may pose threats to human consumption, such as increasing the risk of infectious diseases. Extreme ocean temperatures and ocean acidification place coral reefs — the foundations of many of the world's fisheries — at risk.

As with health risks, nations and individuals do not bear threats to the global food supply equally. Nations that lose arable land and critical fisheries may not have the resources or climate to pursue reasonable-cost options for maintaining food security. Some nations are also more vulnerable to unfavorable international trade agreements and regional strife that may interrupt food distribution.

The Effects of Animal Byproducts and Food Production Plants

According to SkepticalScience.com³, one of the main ways the livestock sector contributes to global warming is through deforestation caused by expansion of pastureland and arable land used to grow feed crops. Overall, animal agriculture is responsible for about nine percent of human-caused carbon dioxide emissions globally. Animal agriculture is also a significant source of other greenhouse gases. For example, ruminant animals like cattle produce methane, which is a greenhouse gas about 20 times more potent than carbon dioxide. The livestock sector is responsible for about 37 percent of human-caused methane emissions and about 65 percent of human nitrous oxide emissions (mainly from manure) globally.

An aerial photograph of a dam and river system in a mountainous region. The river flows through a valley, with a dam structure visible in the foreground. The surrounding landscape is lush with green trees and vegetation. The sky is clear and blue. Large green quotation marks are overlaid on the top and right sides of the image.

**WE STRONGLY BELIEVE THAT
SUSTAINABLE WATER PRACTICES
ARE CRITICAL TO OUR STATE'S
ONGOING SUCCESS IN AGRICULTURE.**

GREG STELTENPOHL

Co-Founder and Chief Executive Officer,
Califia Farms

“Raising livestock is incredibly inefficient,” **Beyond Meat’s Vice President of Finance Aaron Hicks** elaborates. “We at Beyond Meat believe it is unnecessary — we are taking the animal out of the equation, which takes that massive footprint of livestock and water usage out of the equation. Further, more than 50 percent of crops around the globe are consumed by livestock. The bottom line is that the land use and feed use needed to raise animals for slaughter consumes too many resources.”

Califia Farms is another company that is extremely proactive in this respect.

“From an environmental impact standpoint, the food industry roughly follows an 80/20 rule,” notes **Greg Steltenpohl, Co-Founder and Chief Executive Officer of Califia Farms**. “80 percent of the environmental footprint comes from production and logistics, so we look at the supply chain closely. The major impact is how far away, how they are grown, and how that impacts a food choice. One of the chief premises for us was being an alternative to dairy because of the environmental imperative — that footprint is many times larger from a water and CO2 standpoint. In a competitive market, it is important to make our nut milks taste great and have good packaging. We think carefully about the impact on the environment — are we producing something that improves the overall world situation. There will be more than 10 billion people in our world in a few years — we simply cannot continue with an animal protein-based food supply.”

**THE BOTTOM LINE IS THAT
THE LAND USE AND FEED USE
NEEDED TO RAISE ANIMALS
FOR SLAUGHTER CONSUMES
TOO MANY RESOURCES.**

AARON HICKS
Vice President of Finance,
Beyond Meat



A photograph of a smiling male barista with a beard, wearing a black hat and dark overalls over a white t-shirt. He is standing behind a bar counter in a cafe. The background features a white brick wall, shelves with various bottles and plants, and two hanging pendant lamps. The lighting is warm and yellowish. A semi-transparent dark blue banner with a yellow horizontal line is overlaid on the upper part of the image, containing the text.

EMPLOYEES AS SUSTAINABLE RESOURCES

People and the labor they provide are critical components of a successful food and beverage company. They also play an important part in developing and implementing sustainability initiatives. The Green Hasson Janks 2017 Food and Beverage Survey found that the top three labor concerns for food and beverage companies are labor expenses, government regulations and the shortage of skilled labor. So how are food and beverage companies supporting their employees?

Supporting Employee Health

Employees are the most important sustainable resources, and many food and beverage companies are supporting them with health and wellness initiatives. At Tender Greens, employees have access to better food and get a highly nutritious free meal daily. Their restaurants also have partnerships with local gyms, and the results have been significant — some team members have experienced dramatic weight loss through better eating habits and fitness access.

“They get physical wellness and a transformation of self-esteem and a new lease on life in a sense,” **Tender Greens Chief Executive Officer Erik Oberholtzer** notes. “We support the weight loss and sometimes facilitate it, but

most importantly, we inspire it. The customers see it, and it is contagious.”

Oberholtzer see this as sustainability in action.

“People who have limited ambitions can transform,” Oberholtzer expands. “We move people from high fructose drinks and unhealthy snacks to salad and good water. It has a long-lasting impact. We also work with our people on things like emotional intelligence, which helps them better navigate the world, and we offer things like meditation, group discussions and individual mentorship. Everything we do is through the lens of making a positive impact for individuals, communities, our stakeholders and the environment.”

Director of Quality and Sustainability Sheena DeBellis notes that Earth Island/Follow Your Heart provides employees discounted healthy meals from its restaurant, financial incentives for hybrid and electric plug-in vehicles, free charging of those vehicles at the office, and volunteer outreach opportunities for employees to have a positive impact in their local communities.

Similarly, Beyond Meat provides employees with weekly



WE CONSIDER IT A BIG WIN WHEN AN EMPLOYEE EMBRACES SUSTAINABILITY — THEY TAKE IT TO THEIR FAMILIES AND FRIENDS AND IT SPREADS.

AMELIA WINSLOW
Director of Operations
and Project Management,
Health-Ade Kombucha

yoga and activities like basketball and softball to promote health and wellness, and also provide employees with the company's products.

Health-Ade's Director of Operations Amelia Winslow encourages food and beverage companies to integrate sustainability into the company culture.

"At Health-Ade we have a diverse group of employees with varying interests, yet we weave the theme of sustainability into everything we do," Winslow notes. "We consider it a big win when an employee embraces sustainability — they take it to their families and friends and it spreads."

Lawyer David Wimmer, Partner at Swerdlow Florence Sanchez Swerdlow and Wimmer, adds a legal perspective, saying that social responsibility includes appropriate compensation and benefit packages, compliant wage and hour practices and a dynamic, engaged human resources staff.

"All of these components will help with recruitment and retention and lower litigation risk," Wimmer says.

Green Hasson Janks Senior Manager Frances Ellington sees wellness as a way to build a reputation in the marketplace.

"We walk the talk at Green Hasson Janks," Ellington says. "It is more than gym memberships and other typical wellness initiatives. We want to be known in the marketplace for our health and wellness philosophy, and we want to align with clients who feel the same way."

Current Changes

Issues like the minimum wage and the possibility of fewer workers are top of mind for many in the food and beverage industry. The challenges are likely to keep coming.

Navigating the Higher Minimum Wage

California's minimum wage is rising to \$15 an hour in the year 2022 for employers with 26 or more employees, and by 2023 for smaller employers. Interestingly, many California cities and municipalities are racing to implement increases that are ever higher and faster. The State has also implemented paid sick leave for all employees, and various cities and municipalities are racing to put in place an even higher number of paid sick days. On top of that, there are predictive scheduling rules in cities like San Jose and San Francisco that are trying to lock in advance scheduling of employees and impose penalties if employers do not give enough notice before changing employees' schedules. Additionally, in some locations, job openings need to first be offered to current

GREEN HASSON JANKS CREATES CULTURE OF SUSTAINABILITY

*Green Hasson Janks strongly believes that if people enjoy what they do, the revenue will follow. **Its people are sustainable resources.** This is why Green Hasson Janks launched its #BeMore campaign.*

The firm believes every day is a chance to #BeMore. Not do more. Not work more. Instead, employees encourage one another to be the best they can be and enjoy life to the fullest. Family, friends and personal passions all make people who they are. The work they do is an extension of that. Having a rich, full, balanced life allows Green Hasson Janks employees to bring their best to their clients.

Green Hasson Janks lives out this philosophy in its firm culture through offering employees benefits that help them #BeMore, such as having a flexible work anywhere/anytime environment, casual office dress and a commitment to giving back through an annual Community Day when the firm volunteers together. There is also a passion for health and wellness programs such as in-office health challenges, gym membership reimbursements and healthy office snacks.

Green Hasson Janks is proud to say that it is a diverse firm made up of athletes, parents, artists, yogis, travel-enthusiasts, community volunteers and more. Green Hasson Janks believe this makes it a firm that can #BeMore. And that is the firm it wants to be.

#BeMore

FOR ONESELF • FAMILY • FIRM

employees, enabling them to work more hours and become eligible for group medical insurance.

“It will cost more to employ someone because of higher wages and benefit costs, along with reduced flexibility,” notes **Lawyer David Wimmer**. “That, in turn, may cause companies to consider more automation because food and beverage companies would have a problem moving out of state due to the location of growers and the large number of customers here in California.”

Green Hasson Janks

Senior Manager Frances Ellington served on the Audit Subcommittee of the Santa Monica City Council through June 2017 and describes the controversy the city experienced over minimum wage hikes.

“When the city moved to increase the minimum wage even earlier than was required, they left out employees covered under certain hotel collective bargaining agreements (including food and beverage workers),” Ellington says. “Members of a union whose mission is to bargain for better pay actually ended up creating a situation where non-union hotel employees got an hourly rate that is 46 percent higher than union members holding the same types of jobs. Cities need to carefully examine all the ramifications of moves like this.”

Immigration Legislation

Immigration has become a hot topic for the current administration. Bringing in labor from out of the country is a common practice in the food and beverage industry, and while this still can be done legally, the key is to be careful about using undocumented labor. The IRS and the State of California are spending a significant amount of resources to identify undocumented workers that are performing services.

“There are a host of visa programs, guest worker programs and other lawful ways for people to come and work in the U.S.,” **Lawyer David Wimmer** expands. “However, because undocumented and/or misclassified employees are not paying taxes and because their employers are not paying

“**IT WILL COST MORE TO EMPLOY SOMEONE BECAUSE OF HIGHER WAGES AND BENEFIT COSTS, ALONG WITH REDUCED FLEXIBILITY. THAT IN TURN MAY CAUSE COMPANIES TO CONSIDER MORE AUTOMATION.**”

DAVID WIMMER
Partner,
Swerdlow
Florence Sanchez
Swerdlow and
Wimmer

taxes on these persons, the government is cracking down.”

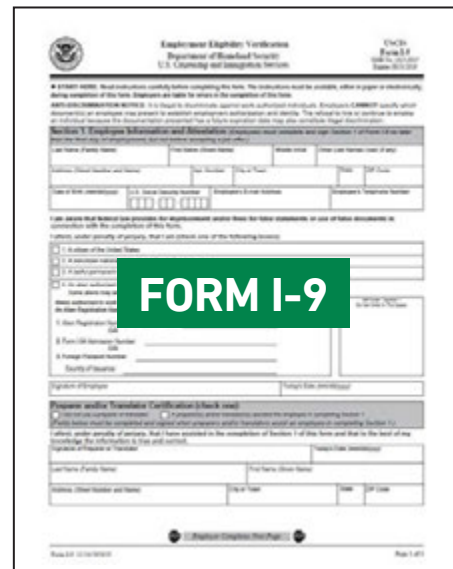
Using undocumented workers has come under increased scrutiny because, on top of other issues, companies are not paying taxes on those individuals.

“It is a significant burden on the state and federal governments and is one of the top areas of focus for both,” **Green Hasson Janks Partner Akash Sehgal** notes. “These types of situations can stem from paying workers in cash or from paying

them as independent contractors rather than employees to avoid payroll taxes.”

The bottom line for Wimmer is that if an employer employs anyone, that person must be lawfully able to work in the U.S. and must provide the appropriate documentation to prove it.

Despite all the political talk, the law remains the same. A Form I-9 is essential for all employees hired in the U.S., whether citizen or non-citizen,” Wimmer says. “Nevertheless, some undocumented workers may be deterred from coming to the U.S. by the political rhetoric, while others may voluntarily leave the U.S. to avoid the heightened enforcement threat.”





Tender Greens has established a major initiative that supports emancipated foster youth and gives them the potential to build a career in the food and beverage industry. The Sustainable Life Project (SLP) provides a structured working and learning environment to these young adults with the goal of guiding and supporting them through a critical transitional period in order to help them become empowered, self-sufficient adults.

Kevin Faist, Program Director of the Sustainable Life Project at the company, describes Tender Greens' commitments as a "belief in the power of food to bring nourishment, healing and opportunity to young lives, and the Sustainable Life Project delivers this to the individuals who need it most."

SLP partners with local organizations to recruit young adults aging out of the foster care system to participate in paid six-month culinary internships.

"Our interns experience working in a fun, fast-paced environment while learning about the production and preparation of healthy, sustainable food," Faist says.

The SLP internship consists of work experience at a Tender Greens restaurant, field trips to the company's farms and markets, cooking and nutrition classes, and life skills and employment workshops. Students develop culinary arts skills in the classroom, put them to use while working at Tender Greens, and learn about where the food comes from during field trips to Tender Greens' partners, including Scarborough Farms, Point Loma Farms, Alegría Fresh and Stumptown Coffee Roasters, to name a few. Upon completion of the program, interested students are given an opportunity to apply for a full-time job at Tender Greens.

For more information, visit www.tendergreens.com/sustainable-life-project.





**CONCLUSION:
HOLDING OURSELVES ACCOUNTABLE**

The best food and beverage companies have values around doing what is right for the Earth. They incorporate this into a value proposition that serves as a True North for their company, their people, and the industry.

Green Hasson Janks Food and Beverage Practice Leader Donald Snyder wants food and beverage companies to have clearly defined value propositions around social responsibility.

“The best companies have a value proposition that they do not veer from,” Snyder says. “One that is a guide but evolves as circumstances change. Many Green Hasson Janks clients and other industry leaders are looking at key metrics like reduced waste, eco-friendly packaging, and/or reduced landfill usage. For example, there are more meat and fish companies sourcing their product from certified sustainable farms, ranches, growers, or fishermen.”

Sustainability is mainstream, and it is here to stay. In California, it is a baseline expectation now — companies are either participating or slowly dying.

“Much of the country is behind California, and we intend to go to the east coast and other areas and serve as an example that they can do this and still be a successful and profitable business,” **Tender Greens Co-founder and Chief Executive Officer Erik Oberholtzer** notes. “Our place in this mission is to democratize it, spread it, take it out of the coasts and take it to the middle of the country.”

Redefining Accountability

Companies must hold themselves accountable to improving the Earth through sustainable business practices first and foremost. But it is a good idea to take more formal accountability measures as well.

Green Hasson Janks Partner Donald Snyder sees a trend developing in the accounting practices of food and beverage companies.

“Companies are getting involved with annual sustainability reports now, which is a step that goes beyond regular reporting, like their 10Ks,” Snyder says. “These reports help customers understand the company’s sustainability practices and also provides accountability.”

Green Hasson Janks Manager Rick Weis believes sustainability accounting can provide applicable metrics for measuring material issues.

“This can help managers and management accountants influence the sustainability issues that matter to both the company’s performance and its reputation,” Weis says.

“Sustainability accounting also helps both these groups communicate internally and externally about meaningful topics in a consistent way. Accounting is the language of business, and sustainability accounting adds to that language by identifying and defining key terms.”



CORPORATE SOCIAL RESPONSIBILITY REPORTS

Consumers might be driving a large part of the sustainability movement, but investors are also getting very interested. Many give this type of nonfinancial information on their websites or as 10-K or 20-F notes, but Corporate Social Responsibility (CSR) reports are gaining in prominence.

In a March 2015⁴ working paper, *Corporate Sustainability: First Evidence of Materiality*, Harvard Business School professors Mozaffar Khan, George Serafeim and Aaron Yoon reported that the risk-adjusted stock returns of firms with good ratings on material sustainability issues significantly surpass those of firms with good ratings on immaterial sustainability issues and those of firms with poor performance on either type of issue. The paper also found the same effect on return on sales, sales growth, return on assets, and return on equity. Using historical data, the study tracked the performance of 2,307 unique firms over 13,397 unique firm-years across six sectors and 45 industries and discovered that firms enjoyed significantly higher accounting and market returns when they addressed material sustainability factors and significantly higher returns still when they efficiently concentrated on material sustainability factors to the exclusion of immaterial sustainability factors.

⁴<http://hbs.me/22mbGwo>

BENEFIT CORPORATIONS

Certified Benefit Corporations (B Corps) meet high standards of verified social and environmental performance, public transparency and legal accountability and aspire to use the power of markets to solve social and environmental problems.

Notable B Corps including Ben and Jerry's, Patagonia, Seventh Generation, Etsy and Warby Parker all have built brands that were known for doing environmental or social good, but the B Corps designation gives them the added value that comes from meeting a third-party, independent standard.

Any business in the U.S., regardless of its legal structure, can be certified as a B Corp by meeting standards of transparency, accountability, and performance. It is analogous to the way the nonprofit U.S. Green Building Council certifies buildings that meet Leadership in Energy and Environmental Design (LEED) standards.

Go to www.bcorporation.net to find out more.

Wrapping it up

Overall, everyone — including food and beverage companies — has a responsibility to take care of the environment so there are resources for the next generation.

“If companies do not take the initiative, we are hurting our children and their children,” Green Hasson Janks Partner Donald Snyder emphasizes. “More and more people are being born, and the lack of food is alarming. We must reduce waste so we can literally survive. It is about a healthy approach to the food and beverage business, and it is about living healthy.”

CALIFORNIA TAX LAWS

Green Hasson Janks Partner Akash Sehgal sees tax changes in the works for California.



SUGAR TAX

“One of the major potential changes from a state and local tax standpoint is various sugar or beverage taxes that states and localities have implemented or are looking at implementing,” Sehgal says. “Examples would be the beverage taxes recently implemented in Philadelphia and in Cook County, Illinois. In most cases, the taxes are imposed on the seller of the product, and the additional cost is passed along to the consumer. In some cases, the consumer may not be willing to pay a higher price, in which case the manufacturer or retailer would have to pay.”



GREEN CREDITS

“California in particular is looking at the food and beverage industry, since agriculture is such a large part of the State’s economy,” Sehgal adds. “For farmers, income tax and sales tax measures currently being considered include green credits relating to water reduction and solar credits. The State is performing a study right now to determine the size of farms that would be eligible. If these measures proceed, they would go into effect in 2019 or 2020.”



R&D CREDITS

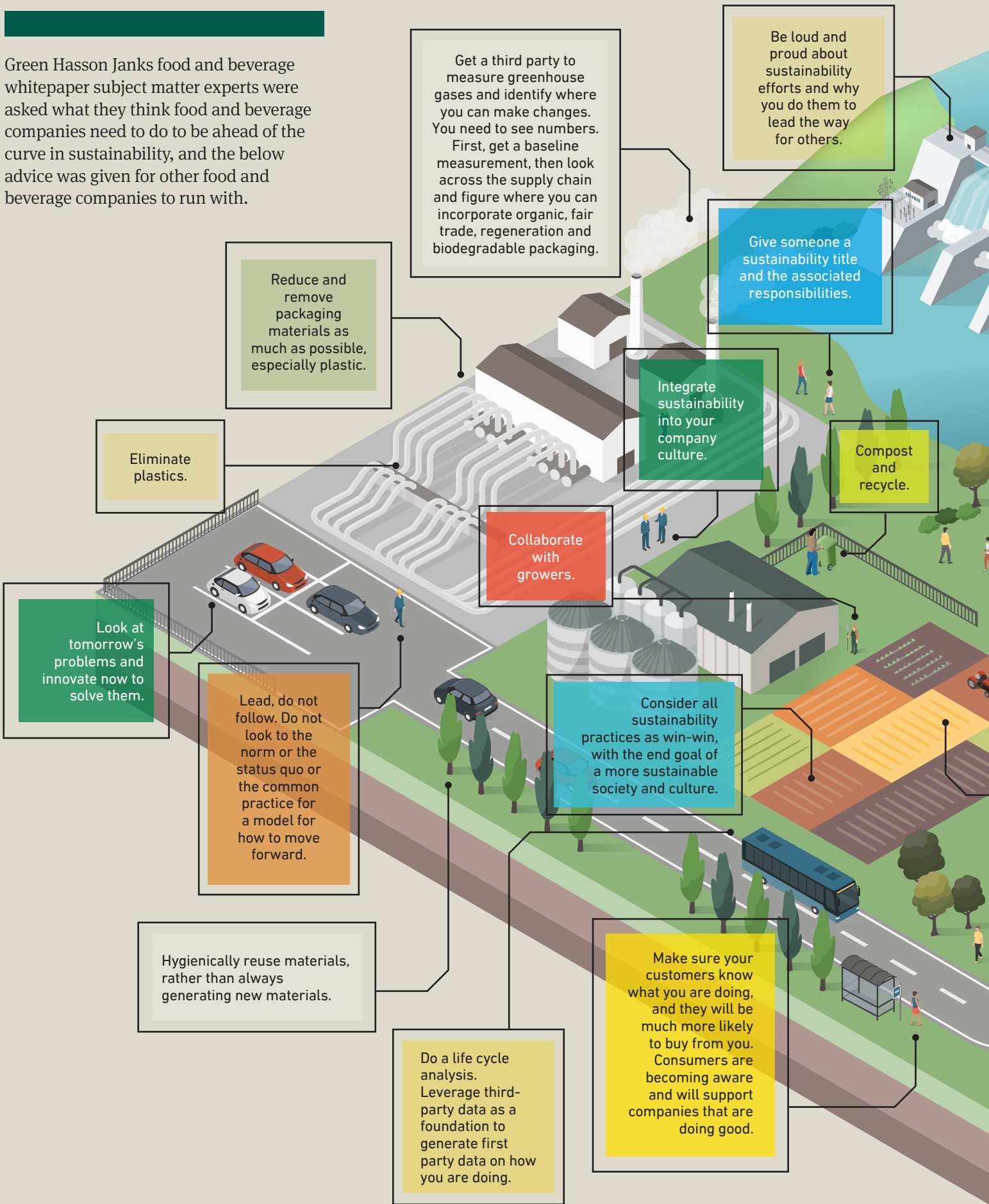
Frances Ellington, Senior Manager at Green Hasson Janks, notes that another key tax consideration for food and beverage companies are R&D tax credits.

“Companies may have an opportunity to use R&D tax credits when developing sustainable processes or products,” Ellington says. “As the green movement continues to gain momentum, many more food and beverage companies will be doing research and development to develop sustainable products and can take advantage of these credits.”



**A ROADMAP FOR THE FUTURE:
NEXT STEPS EVERYONE CAN TAKE**

Green Hasson Janks food and beverage whitepaper subject matter experts were asked what they think food and beverage companies need to do to be ahead of the curve in sustainability, and the below advice was given for other food and beverage companies to run with.



You have to operate in a responsible manner first and foremost. Most importantly, the motivation has to be true and not marketing-driven.

Be reactive to what your customers are asking for.

Make direct impact investments and help growers get educated.

Reduce or eliminate animal products and by-products as ingredients.

Donate food waste to local charities.

Re-evaluate practices, designs and policies to recreate them in the best way for the environment and consumers.

It is never too late to implement new sustainability ideas.

Find and use new technologies.

Always be forward-thinking and advocating for a healthier food system.

Install solar panels.

Everyone faces the same problems — what differentiates a business is how they innovate and turn that into a new business model. That will be an advantage in the marketplace.

We are all in this together, and the burden of change is on manufacturers, not on consumers.

Get zero-waste certified.

Purchase raw materials that are sensitive to the needs of the growers.

Look throughout your supply chain to uncover opportunities to improve.

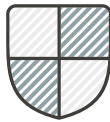
KEY TAKEAWAYS FROM THE GREEN HASSON JANKS

SUSTAINABILITY STRATEGIES

The Green Hasson Janks Food and Beverage Survey and interviews with industry experts found that a strong percentage of respondents' companies have sustainability strategies:



57%
Waste
Reduction



54%
Supplier
standards
and
accountability
measures



51%
Sustainable
ingredient
sourcing



43%
Employee
health and
wellness
programs



40%
Water
conservation



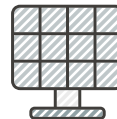
31%
Production
changes that
increase
sustainability



26%
Carbon
footprint
reduction



23%
Eco-
friendly
packaging



20%
LEED-certified
buildings
or similar
environmentally
friendly buildings



17%
Renewable
energy
sources



6%
Consumer
advisory
panels

SURVEY RESPONDENTS

The survey results were gathered from industry executives that represented mostly mid-market and smaller food and beverage companies, with **88 percent of survey respondents' companies reporting gross revenues of under \$100 million.** The past year has been good to the survey respondents and interviewees — in fact, **83 percent reported revenue growth.**

Respondents came from a wide range of industry sectors, with larger representation from baked goods, beverages (non-dairy), food services (restaurant/caterer), general distribution, meat/poultry/seafood, produce, retail/supermarkets, snack foods and confectionery.

INDUSTRY GROWTH

Respondents were enthusiastic about industry growth and reported that **83 percent of their companies saw an increase in gross annual sales over the last calendar year. Only 11 percent saw a decline, and no decline was more than 10 percent.** In addition, **89 percent of respondents expect to keep growing in 2017.**

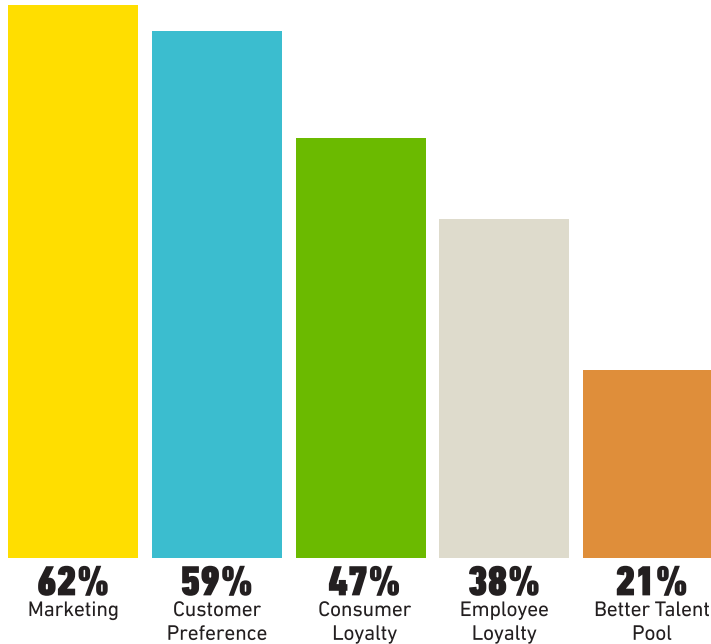
CONSUMER CONCERNS PLAY MAJOR ROLE

Those taking the survey reported that consumers are playing a major role in their social responsibility policies, with **29 percent reporting they have made changes to their operating policies based on consumer demands, 39 percent reporting that they have strengthened corporate social responsibility policy/activities based on consumer demands, 77 percent reporting that they have changed or added products based on consumer ethical or environmental concerns, and 23 percent reporting that they have discontinued products based on consumer social responsibility or environmental concerns.**

FOOD AND BEVERAGE SURVEY

SOCIAL RESPONSIBILITY PROGRAM BENEFITS

Respondents saw numerous benefits of corporate responsibility programs/strategies on their businesses:



HOW FOOD AND BEVERAGE COMPANIES ARE PROFITING FROM SOCIAL RESPONSIBILITY

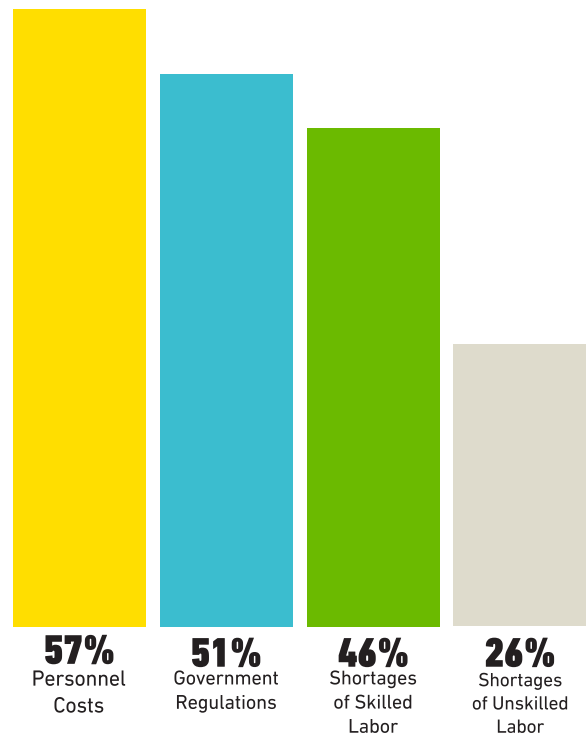
Food and beverage companies see social responsibility as being good for sales, with **67 percent of respondents reporting that they feel it is good public relations**, **61 percent saying that customers will choose one product over another if they note some type of corporate social responsibility practices on the packaging**, and **33 percent saying that it allows them to charge a premium price**.

Respondents saw numerous benefits of corporate responsibility programs/strategies on their businesses:

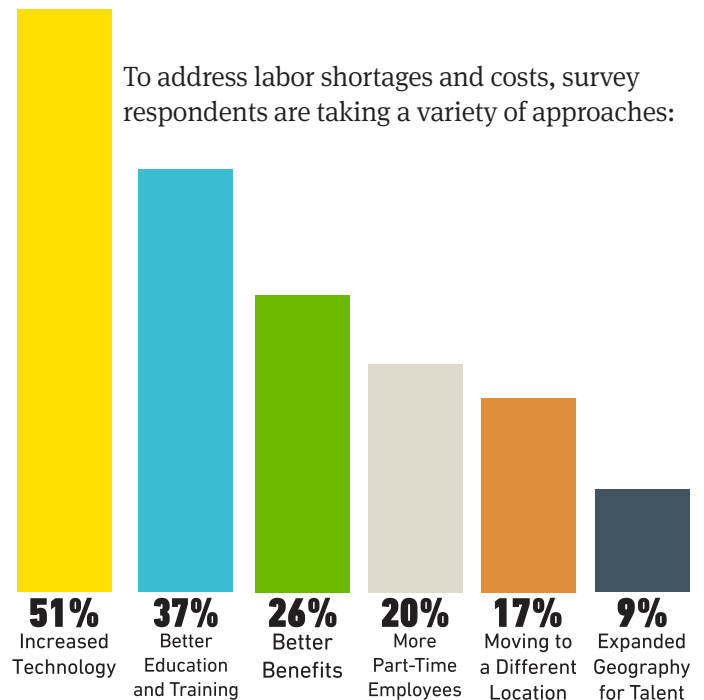
49% Sustainable sourcing	20% Recycling programs
43% Waste reduction	14% Renewable resources
40% Food production	9% Using "ugly food" (re-purposing into viable products)
31% Using eco-friendly or biodegradable packaging	6% Drought tolerant production
	3% Methane reduction in meat production

LABOR ISSUES

The biggest labor issues for survey respondents were:



To address labor shortages and costs, survey respondents are taking a variety of approaches:



BIOGRAPHIES

ABOUT THIS REPORT'S PRINCIPAL AUTHORS



DONALD SNYDER

Partner and Food and Beverage Practice Leader,
Green Hasson Janks

dsnyder@greenhassonjanks.com
310-873-1607

Donald Snyder is a Partner at Green Hasson Janks and heads the firm's Food and Beverage Practice. Snyder has more than 25 years of experience in public accounting and chairs the firm's Accounting and Auditing Department, as well as the Quality Control Department. He provides audit, accounting, and consulting services and is a well-known business consultant in the food distribution, food processing, and manufacturing industries.

A popular industry speaker, Snyder also writes for the Firm's CPA Food Bites blog, hosts a number of food and beverage networking groups, and organizes and leads food executive roundtables. Snyder is involved in assisting clients with designing and assessing their internal accounting controls and has written several articles on the subject of fraud prevention and detection. He has been nominated for a San Fernando Valley Business Journal award as one of the "Valley's Most Trusted Advisors."

Snyder holds a Bachelor of Science degree in Administration with emphasis in Accounting from the University of Colorado. He is a member of the California Society of Certified Public Accountants and the American Institute of CPAs.



RICK WEIS

Manager,
Green Hasson Janks

rweis@greenhassonjanks.com
310-873-1621

Rick Weis is a Manager within the firm's Audit practice and is a co-author of the firm's 2016 Food and Beverage whitepaper, Beyond Startup: Whetting the Appetite for Growth. Weis provides auditing services for clients in a variety of industries with a specialized focus on food and beverage. In addition to performing audits and reviews, Weis assists clients with process improvements and best business practices. He also provides ongoing training, mentoring, and evaluations for firm employees and assists with on-campus recruiting.

Prior to joining the firm, Weis worked for 10 years in advertising. He graduated from the University of Southern California with a Masters of Accounting after receiving a Certificate of Accounting from the University of Washington — Seattle and a Bachelor of Science in Business Administration from the University of Arizona.

INTERNAL SUBJECT MATTER EXPERTS



AKASH SEHGAL
Tax Partner,
Green Hasson Janks

Akash Sehgal leads the firm's State and Local Tax practice with a focus on multistate income and franchise tax, sales and use tax and credits, and incentives. He has over 20 years of state and local tax experience with two Big Four firms in Los Angeles and Seattle. Sehgal assists his clients on complex state and local tax issues related to transactional planning, mergers and acquisitions, general day-to-day consulting, and compliance. He is a state tax specialist in California, Idaho, and Oregon tax matters. He has managed large engagement teams on multiple Fortune 500 and private company restructurings in the retail/consumer, manufacturing, service, technology, and financial services sectors. His experience includes handling state tax issues in California, Oregon, Idaho, and Washington, and local city taxes including the Los Angeles City Business Tax. He is a frequent speaker for a variety of tax associations, including the Tax Executive Institute (TEI) and the Council on State Taxation (COST).



DAVID HORWICH
Managing Director, Transaction Advisory Services
Green Hasson Janks

David Horwich has almost 30 years of experience as an investment banker and transaction advisor to both public and privately held businesses. He provides his clients with a focused, integrative, and transparent approach. David has advised clients in all facets of transactional activity, including raising capital and buying and selling their businesses. Over the course of his career, he has analyzed more than 2,500 companies of various sizes and industries. As a banker, David worked with middle market companies that were undergoing capital events, such as an Initial Public Offering, a private placement of capital, or follow-on offerings and representing both buyers and sellers of companies. He chaired the Fairness Opinion committee for five years at Van Kasper & Co. David holds an MBA from the University of California, Berkeley and a BA in economics from the University of California, San Diego.



MARI-ANNE KEHLER
Chief Strategy Officer,
Green Hasson Janks

Mari-Anne Kehler leads the firm's strategy, business development, and marketing. She has over 30 years of experience and has experience in professional services, finance, consumer business, entertainment, and media industries. Prior to joining Green Hasson Janks, Kehler held sales, marketing, and business development leadership roles at top organizations, including the Big Four, where she held a number of positions on leadership teams both regionally and nationally. In addition to serving on numerous nonprofit boards supporting children, education, and the special needs community, she is also a speaker at universities and conferences on the topic of disabilities awareness, transition to adulthood, and the impact on families. Kehler has been a featured speaker at conferences on topics such as social media and marketing strategy. Her book, *Putting the Profit in Nonprofit: 5 Power Success Strategies for Nonprofits*, was a #1 e-book bestseller on Amazon.



FRANCES ELLINGTON
Tax Senior Manager,
Green Hasson Janks

Frances Ellington is part of the firm's State and Local Tax practice, with a focus on multistate income and franchise tax, indirect tax, and credits and incentives. She has over eight years of state and local tax experience with the Big Four and multinational corporations in Los Angeles and Charlotte, North Carolina. Ellington assists her clients on state and local tax issues related to tax audit controversy, nexus and reporting requirements, and various state tax planning initiatives. She has provided tax compliance and industry-specific consulting for Fortune 500 corporate and operating flow-through entities. She is an adjunct lecturer of taxation at UNC Kenan-Flagler Business School and subject matter expert for The Knowledge Group and Strafford Webinars. Ellington's outside community involvement includes the Audit Subcommittee of City Council for the City of Santa Monica and serving as a career advocate for Fulfillment Fund Destination College.

EXTERNAL SUBJECT MATTER EXPERTS



RAMONA CAPPELLO

Chief Executive Officer,
Sun Harvest Salt

Ramona Cappello has a 30+ year track record of delivering excellent business results for a variety of companies by leveraging strong brands or creating new ones. At Corazonas Foods, her vision was to put joy back into the lives of those who are living with high cholesterol by offering great tasting, heart healthy snacks. Most recently, Cappello founded Sun Harvest Salts, LLC, a unique company that has the exclusive rights to distribute patented all natural and low sodium sea salts from a UNESCO World Heritage Site in Baja California, Mexico. She also serves on the local board and international committees of the Young Presidents Organization, serves on the Board of Trustees for the University Southern California and as a member of USC Associates and USC Marshall Partners. She also serves as Chairman of the Board of True Drinks, Inc. and on the Boards of Luxco, Inc., Nielsen-Massey Vanillas, and Intelligent Protein Snacks.



SHEENA DEBELLIS

Director of Quality and Sustainability,
Earth Island/Follow Your Heart

Sheena DeBellis is the Director of Quality and Sustainability at Earth Island/Follow Your Heart, the zero-waste certified manufacturing plant for Follow Your Heart brand products. Sheena is responsible for ensuring the safety and quality of the natural foods that Earth Island/Follow Your Heart manufactures and distributes to over 15,000 stores in over 23 countries worldwide, in addition to leading the sustainability efforts that are a core component of the Follow Your Heart mission. DeBellis works to continuously improve Earth Island/Follow Your Heart food safety and quality systems to address changing legislation, customer requirements, and new products. In sustainability, she is prioritizing packaging solutions for new and existing products to ensure Follow Your Heart product packaging is the most environmentally friendly while preserving the quality and shelf life of their products. In addition to working at Earth Island/Follow Your Heart since 2004, DeBellis was a lecturer at California State University, Northridge from 2007 to 2014.



JEFF DURBIN

Chief Financial Officer,
Gavina Coffee

Jeff Durbin has more than 30 years of finance and accounting experience in both large and smaller companies with progressive levels of responsibility. He has worked with McKinsey & Associates and J. Alix Partners consultants as well as with three different private equity firms, with a focus on senior financial management, expense rationalization, prepackaged financial reorganization, acquisitions and divestitures, and shared services separation. Prior to joining Gavina Coffee, Durbin served as the financial leader for a region with over 2,000 employees under the leadership of the Regional Vice President at DIRECTV. He previously was with firms including Eastman Kodak, First Interstate Bank, and McLeodUSA. He earned his MBA in Finance and Economics at the University of Rochester and his BSBA in Accounting and Finance from Creighton University.



KEVIN FAIST

Program Director of the Sustainable
Life Project, Tender Greens

Kevin Faist spent a decade in the music industry as an executive for Priority and then Capitol Records. During this time, he volunteered with incarcerated youth in probation camps. Since leaving the music industry eight years ago, he has worked at the gang intervention and prevention agency Homeboy Industries, where he managed the Homeboy Bakery and then worked as a case manager for high schoolers who were young parents or trying to leave gang life. He is thrilled to bring his young people to the Sustainable Life Program, which provides a structured working and learning environment to emancipated foster youth with the goal of guiding and supporting them through a critical transitional period in order to help them become empowered, self-sufficient adults.



AARON HICKS

Vice President of Finance,
Beyond Meat

Beyond Meat’s mission is to create mass-market solutions that perfectly replace animal protein with plant protein. At Beyond Meat, Aaron Hicks leads Finance, Accounting, and Information Technology. His main focus is on financial planning and analysis, equity financing, information security, and financial reporting. Prior to Beyond Meat, Hicks spent seven years providing finance transformation consulting services that cater to the chief financial officer and controller. His experience includes financial close and reporting acceleration, financial modeling, budgeting and forecasting, standard cost implementations, inventory and costing assessments, enabling technology system selections, accounting process improvement, and finance operating model design. Early in his career, Hicks provided audit support services, primarily focused on the testing of internal controls over financial reporting.



LOGAN KOCK

Chief Sustainability Officer,
Santa Monica Seafood

Logan Kock has developed a reputation as one of the most respected and trusted experts on responsible sourcing and food safety in the seafood industry. He started his seafood career nearly 40 years ago as seafood restaurant waiter in Kittery Maine. He worked for eight years as a fishery biologist on fishing boats, organizing a fisheries cooperative, deploying fish aggregating devices and making artificial reefs. Kock has spent the past 16 years as Chief Sustainability Officer for Santa Monica Seafood. In this role, he oversaw the company’s Monterey Bay, Marine Stewardship Certification and Responsible Sourcing Vendor Partner programs. He travels to farms and production sites all over the world validating the integrity of Santa Monica Seafood’s suppliers as well as qualifying prospects.



CHRIS MANN

Chief Executive Officer,
Guayakí Sustainable Rainforest Products, Inc.

Chris Mann is the Chief Executive Officer and Chairman of the Board of Guayakí Sustainable Rainforest Products. Guayakí is the U.S.-based importer and marketer of Guayakí Yerba Mate, an energizing beverage brewed from the leaves of the yerba mate tree. Guayakí’s Market-Driven Restoration business model proves that a for-profit business can drive rainforest restoration and community development, proving that money does grow on trees — yerba mate trees. Mann believes that conventional economics models exclude or “externalize” many important societal costs such as pollution, climate balance, and social injustice. The Guayakí model is designed to include or “internalize” these costs by partnering with growing communities so they can create health within their communities, earn living wages, and protect and restore the rainforest in which they live. Mann also serves on the board of OSC2, Sonoma County GoLocal, and the Yerba Mate Co.



ERIK OBERHOLTZER

Co-Founder and Chief Executive Officer,
Tender Greens

Erik Oberholtzer co-founded Tender Greens in 2006 in Culver City, California. Tender Greens is a fast-casual restaurant concept with 24 locations and growing. Himself a chef, Erik manages a growing team of talent along with some exciting new brands. He is the founder of the Tender Greens Sustainable Life Project, a program aimed to assist at-risk youth develop new skills and career intentions through structured culinary training and farm exposure. Oberholtzer is also co-founder of P. Balistreri Salumi Company, the first of more chef legacy companies he has helped incubate and bring to market through Tender Greens. Prior to co-founding Tender Greens, he spent over a decade working as a chef in some of the best restaurants in the world, including The Lark Creek Inn, Chez Pansse, Aqua, Left Bank, Campton Place Hotel, and the historic Mandarin Oriental Hotel in Hawaii. He did his undergraduate degree in Psychology at Temple University in Pennsylvania and studied Culinary Arts at Johnson & Wales in Providence, Rhode Island.



GREG STELTENPOHL

Co-Founder and Chief Executive Officer,
Califia Farms

Greg Steltenpohl is the Co-founder and Chief Executive Officer of Califia Farms, one of the fastest growing plant-based beverage companies in the world. He has led the company's rapid growth as an innovative leader of premium, natural beverages that make it easy for consumers to go "plant-powered" and live a dairy-free lifestyle. From its iconic bottles to the delicious tasting beverages like Almondmilk, Aguardiente, and Cold Brew Coffee inside them, Steltenpohl's disruptive approach has made Califia Farms the top selling ready-to-drink coffee and almond milk brand in the U.S. natural channel, as well as the top selling specialty citrus brand. Previously, he founded Odwalla Inc., which was acquired by Coca-Cola in 2001. In addition to his work with Odwalla, Steltenpohl co-founded the Interra Project in 2000, Adina for Life in 2004, and Califia Farms in 2010. He has also served on the board of numerous organizations, including Slow Money Alliance, Social Venture Network, Frontier Natural Products, and has been a long time member of the Institute of Food Technologists. Greg holds a degree from Stanford University in Environmental Science.



CAUE SUPLICY

Founder and Chief Executive Officer,
Barnana

Caue Suplicy is the Founder and Chief Executive Officer of Barnana, "The Super Potassium Snack." After a career competing professionally in triathlons and producing self-designed road bikes aptly named Suplicy Bicycles, Suplicy turned his attention to the healthy snack food category. The two premiere products of Barnana are the raw organic Chewy Banana Bites and the organic Chewy Chocolate Banana Bites. Both are gluten free, kosher, and vegan, making them a delicious and nutritional healthy snack that everyone can enjoy. Unlike recycling, upcycling takes an item that otherwise would be considered waste and rather than breaking it down to extract the raw ingredients the product is either kept in its natural form or turned into something better. The concept of upcycling food has recently been gaining mainstream popularity. It is estimated that one-third of the world's food supply is either lost or wasted, with fruits and vegetables having the highest waste rate of any food produced.



AMELIA WINSLOW

Director of Operations and Project
Management, Health-Ade Kombucha

As Director of Operations at Health-Ade Kombucha, Amelia Winslow is whole-heartedly committed to producing the best-tasting, highest quality kombucha in the most sustainable way possible. She is constantly working to refine processes to support the health of people, the business, and the planet. Before joining Health-Ade, Winslow worked as a content creator and consultant for natural and organic food companies, and was the founding editor of the blog Eating Made Easy, where busy people can get reliable information about nutrition and food that is easy to put into practice. The blog includes information on debunked nutrition myths, guides to better buying, answered food questions, easy recipes, and more. Winslow holds master's degrees in Nutrition and Public Health from Tufts University in Boston.



DAVID WIMMER

Partner,
Swerdlow Florence Sanchez Swerdlow and Wimmer

David Wimmer has been honored for 12 consecutive years by The Best Lawyers in America for the categories of Labor Law-Management and Labor and Employment-Litigation. In addition, Wimmer has been included for 11 years in a row in the Southern California Super Lawyers Magazine and was featured as being one of "L.A.'s Top 100 Lawyers" in the Los Angeles Business Journal. On the employment law front, Wimmer represents companies in state and federal court litigation, arbitration, and mediation, where he defends employers in single-plaintiff through class-action wrongful termination, harassment, discrimination, and wage-and-hour matters and in criminal investigations and prosecutions. He also has represented clients in numerous administrative proceedings involving the California Division of Labor Standards Enforcement, California Department of Fair Employment and Housing, California Division of Occupational Safety and Health, California Occupational Safety and Health Appeals Board, Federal Occupational Safety and Health Administration, Federal Mine Safety and Health Administration and United States Equal Employment Opportunity Commission.



**WE WALK THE TALK AT
GREEN HASSON JANKS.**

***IT IS MORE THAN GYM MEMBERSHIPS AND OTHER
TYPICAL WELLNESS INITIATIVES. WE WANT TO BE
KNOWN IN THE MARKETPLACE FOR OUR HEALTH
AND WELLNESS PHILOSOPHY, AND WE WANT TO
ALIGN WITH CLIENTS WHO FEEL THE SAME WAY.***



FRANCES ELLINGTON
Tax Senior Manager,
Green Hasson Janks





At Green Hasson Janks, we are passionate about helping our clients and our people #BeMore by focusing on building thriving businesses and creating a better future. The firm works as a business advocate for its clients — providing personalized service and building long-term relationships to help position our clients for the future. Ranked as a top-20 largest accounting firm on the Los Angeles Business Journal’s Book of Lists, the firm has 14 partners and approximately 150 staff members that serve over 3,000 clients. The firm is a member of the American Institute of Certified Public Accountants (AICPA), the AICPA Governmental Audit Quality Center (GAQC), the Public Company Accounting Oversight Board (PCAOB), the California Society of CPAs and the California Association of Nonprofits (CAN).

Green Hasson Janks is also an independent member of HLB International, a worldwide organization of professional accounting firms and business advisors represented in over 100 countries. This affiliation provides access to the subject matter experts of other member firms in most major cities around the world. Green Hasson Janks is the exclusive member firm of HLBI in Los Angeles County.

VISION

At Green Hasson Janks, we foster a flexible, entrepreneurial environment so our people achieve their personal and professional goals.

Our success is driven by retaining the best, diverse talent. We invest in our people and technology to deepen firm expertise and fuel sustainable growth. We partner with our clients locally and globally to deliver innovative solutions.

WE TRANSFORM VISION INTO REALITY BY SERVING:

- Organizations that improve our world
- Food and beverage companies that nourish us
- Media companies that capture our imagination
- Businesses that enhance our health and wellness

THE GREEN HASSON JANKS FOOD AND BEVERAGE INDUSTRY PRACTICE

For over 20 years, Green Hasson Janks has worked with privately owned businesses in the food and beverage industry. We provide learned and proven practices to help you meet your business objectives. Green Hasson Janks is a firm that is big enough to get it right but personalized enough to care about your needs.

Food and beverage companies can benefit by partnering with an accounting firm that understands the unique inventory, processes and transactional issues facing the industry. Our goal is to leverage our industry expertise so you can gain a competitive advantage and maximize revenues through proactive accounting and strategic planning.

Additionally, at Green Hasson Janks, we are often engaged to provide benchmarking, articles, consulting and best practice to help food and beverage companies prepare for the future. We look forward to the opportunity to leverage our expertise to help your company grow through strategic planning.