December 13, 2021

Dear Congressman Welch:

In August, Horizon Organic made the difficult decision to not renew our supply contracts with a number of farms in the Northeast due to the extraordinary circumstances in the region. When we made this announcement, we offered each of the impacted farmers the opportunity to enter into a new agreement for us to purchase their milk until August 31, 2022, to provide additional time and support.

Since this time, we have engaged in many conversations with the impacted producers, numerous stakeholders, and various government officials to discuss additional and meaningful support for the affected farmers and the region.

I'm reaching out today to share the additional support we are providing, given the extraordinary conditions of the Northeast region.

Below, please find details regarding our four-part Northeast organic dairy transition plan. We have connected with the impacted farmers directly to relay the details of this four-part plan as well.

1. We have decided to provide affected producers the option to extend their current contract an additional six months, for a total of 18-months, ending on February 28, 2023.
2. In conversations with farmers, we heard that additional financial support would be meaningful during this period. We are providing a transition payment of an additional amount per hundredweight on the milk we purchase from these producers (during the last six-months of our agreement). We are also providing this additional financial support to the Northeast farmers who have already exited our network after receiving the non-renewal notification, by providing such transition payment for the milk purchased in the last six months of our relationship with them.
3. We are providing access (at no cost to the farmer), to farm financial consultants that specialize in providing support for the agriculture community. We hope this is a resource producers can utilize as they create a plan that is best for their family and farm.
4. Given the infrastructure, hauling and processing issues in the Northeast, we are offering to work with regional stakeholders, including state and federal governments, to explore co-investment solutions that will address some of the systemic challenges related to Northeast organic dairy infrastructure. We are exploring, for example, the possibility of a co-op to address the hauling and transportation challenges we have experienced, and are also considering how low to zero interest loans (with state and federal partnership) may drive solutions. We intend to provide more details as we engage in further discussions with interested stakeholders. While there are many challenges, we are hopeful that our conversations with local, state and federal agencies will yield not only improvement, but will encourage others in the industry to assist in progressing initiatives that will improve these challenges.

This support is designed to ease the impact of our transition on the organic dairy community and is motivated by a genuine desire to create a greater window of opportunity for the farms, industry, and governments to address the systemic challenges facing organic dairy in the Northeast. We will continue to work with state and federal agencies, along with like-minded organizations, to see how some of the systemic challenges that face the region can be improved.

Thank you for your continued dialogue. We will continue to keep the lines of communication open as we progress through this transition period.

Sincerely,



Chris Adamo
Vice President, Government Relations, Policy & Partnerships, Danone North America