

The logo for SunOpta Foods, featuring the company name in white, sans-serif capital letters on a solid blue rectangular background. The background of the entire page is a close-up, black and white photograph of sunflower seeds.

SUNOPTA FOODS

SunOpta's mission is to deliver organic, healthy, and sustainable food solutions that improve lives, maintain the purity of its products and be the market leader in organic integrity. The company wants to drive the future of food and beverage by providing products that are better for consumers, better for the planet and better for all. SunOpta operates within 3 product categories: plant-based milks, organic ingredients, and fruit-based snacks and ingredients. The company focuses on organic products and goes to market through private label, co-manufacturing, and their own brands. Through its global network of growers, processors, and traders of organic and non-GMO ingredients, SunOpta works to leverage its farm-to-table capabilities to drive innovation and value.

The global organic food and beverage market has experienced rapid growth and is expected to grow at about a 15% CAGR over the next five years. Plant based foods that directly replace animal products have grown 29% over the last two years into a \$5Bn market. Plant-based beverages now make up 15% of the total milk beverage market, with growth driven by numerous factors. One significant driver is consumers' belief in the health benefits of plant-based beverages. Dairy allergies and sensitivities affect about 30% of US consumers, and 65% of the world's population is lactose intolerant. These sensitivities have the potential to impact entire household consumption, leading families to switch to plant-based beverages. Other reasons for the shift towards plant-based beverages include taste preferences as well as environmental and animal welfare concerns. An increase in plant-based consumption can make a meaningful impact on the environment as animal farming uses significant water resources and generates greenhouse gas emissions and hazardous waste. Making a single gallon of milk takes 1,000 gallons of water, and that gallon of milk creates 17.6 lbs. of carbon emissions.

SunOpta's focus is consistent throughout its supply chain with the company committed to sourcing its ingredients and packaging materials from suppliers committed to sustainability. The company's suppliers are subject to numerous certifications including USDA Organic, Non-GMO, and Rainforest Alliance to ensure sustainability within the company's supply chain. SunOpta's management team has also used sustainability to focus on cost reduction and margin improvement. The company has seen meaningful reductions in water usage, electricity and carbon emissions due to a focus on increased automation and greater efficiency within in its manufacturing facilities. SunOpta is making healthier eating more affordable and accessible for everyone as a low-cost producer of plant-based and organic foods.

SunOpta's role in improving the environment and providing an alternative to animal-based consumption extends beyond its own efforts. Starbucks, SunOpta's largest customer of plant-based beverages, has made expanding its plant-based and environmentally friendly menu a key initiative in achieving a 50% reduction in carbon emissions, water usage and waste sent to landfills. Given Starbucks' commitment and overall strong demand for plant-based beverages, SunOpta has invested in expanding its plant extraction capacity by 300%, which translates into an incremental \$100MM of revenue. Through its innovation, low-cost operations and product quality, SunOpta is poised to partner with the largest brands and leading retailers to create healthier food, a healthier planet, and a healthier bottom line.

Important Disclosure Information

Past performance is not indicative of future performance. This Company was not selected for performance-based reasons, and was instead selected to emphasize the types of issuers that Zeo Capital Advisors, LLC (“Zeo”) seeks to invest in based on its sustainability mandate.

The methodology for initially preparing a Sustainability Profile for an issuer requires the issue to be among the Sustainable Credit Strategy’s largest holdings as of quarter-end. As of September 30, 2020, Zeo’s clients owned securities issued by this Company. Sustainability Profiles are shared to provide information about the sustainability selection process and may be used even after an issue is no longer one of the largest holdings in the strategy.

Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Zeo, or any non-investment related content, made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this commentary serves as the receipt of, or as a substitute for, personalized investment advice from Zeo.

A copy of the Zeo’s current Form ADV Part 2A and Form CRS are available upon request.

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