



# AUGA GROUP: VERTICALLY-INTEGRATED ORGANIC FOOD COMPANY

## AUTHOR

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## HIGHLIGHTS

- *AUGA Group leads organic farming and sustainability efforts in Lithuania.*
- *AUGA Group exemplifies a closed-loop agricultural model and commitment to sustainability.*
- *AUGA Group pioneers technologies to diminish green gas emissions in agriculture.*

## ABOUT THE CIRCULAR PRACTICE

AUGA Group is the largest vertically integrated organic food company in Lithuania. Operating on an extensive 39-thousand-hectare expanse of fertile land, it holds a prominent position in sustainability initiatives.

AUGA Group operates within four primary business segments: Crop growing, Dairy, Mushroom growing, and Fast-moving consumer goods (FMCG). Additionally, they are actively developing a fifth segment focused on cutting-edge technologies. AUGA Group is currently developing three technologies aimed at addressing climate change and promoting sustainable land cultivation: (i) implementation of a biogas cycle infrastructure and biogas-powered vehicles, with the goal of eliminating fossil fuel reliance by using manure for biofuel production; (ii) specialized feed technology designed to enhance milk yield and reduce methane emissions from cattle and (iii) regenerative crop rotation, incorporating carbon sequestration and nitrogen fixation capabilities by replacing a portion of cereal crops with leguminous grasses. AUGA Group's commitment to sustainability is further evident through their closed-loop agricultural model, which interconnects various business segments.

## BUSINESS MODEL

Auga Group employs a comprehensive business strategy to manage its diverse product portfolio and to generate revenue across multiple markets.

**Crop production:** Auga Group is cultivating a variety of organic crops, including wheat, spelt, oats, barley, rapeseed, peas, fava beans, soybeans, and corn. Some are sold in their raw form, generating revenue through sales to traders or processors. Others are transformed into various end-consumer products, adding value along the production chain. Auga Group maximizes crop utility by repurposing them to produce organic feed for cattle, compost, and biomethane, creating additional revenue streams and reducing waste.

**Dairy production:** Auga Group produces organic milk and rears cattle. The integration of dairy and crop farming ensures a mutually beneficial relationship. Cattle consume crops, used in crop rotation, reducing the need for external inputs and optimizing resource use. Organic waste generated by the cattle is repurposed as valuable resources—serving as both fertilizer for crops and compost for mushroom production.

**Mushroom Cultivation:** Auga Group's subsidiary, Baltic Champs, specializes in the production of mushroom. Compost used for



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## ABOUT CIRCLE

*The CIRCLE project aims to develop an interdisciplinary perspective on the circular economy in the Baltic-Nordic region by integrating insights from sociology, economics, philosophy, political science, and environmental science. The emphasis is placed on the use of by-products (bio-resources) generated as part of primary production in agriculture, forestry, and aquaculture and across the sectoral boundaries to explore the underlying models of socially- and commercially-driven collaborations, and the factors facilitating and hindering the development and wider use of circular practices and collaborative arrangements thereof.*

*More about CIRCLE:  
<https://circle-eea.eu>*

*More about Auga Group:  
<https://auga.lt>*



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mushroom cultivation is derived from straw and manure, establishing a closed-loop system. After its use in mushroom production, compost is returned to the fields as fertilizer.

Fast-Moving Consumer Goods (FMCG): these encompass a wide range of end-consumer products, such as ready-to-eat soups, oatmeals, preserved mushrooms, packaged fresh and preserved vegetables. FMCG products are distributed through various channels, including retail chains, via wholesalers or distributors. FMCG diversifies the company's product portfolio and allows it to meet evolving consumer preferences, thereby capturing additional value.

In a recent development, Auga Group announced a strategic shift to reduce its reliance on external bioresources. This decision aligns with the company's overarching objectives, focusing on advancing agricultural technologies and supplying everyday products with a reduced environmental footprint.

## OPPORTUNITIES AND CHALLENGES

Several contextual factors have enabled Auga Group to become a prominent player in the sustainable agriculture sector. Growing global awareness about environmental sustainability means that also consumers increasingly seek eco-friendly and sustainable products. Auga Group's expansion into international markets has provided access to a broader consumer base and allowed it to scale its operations and diversify its revenue streams. Auga Group's sustainability-focused business model has attracted interest from investors and stakeholders who prioritize environmental criteria. Public regulations and policies supporting organic farming and sustainable agriculture have provided a conducive regulatory environment for Auga Group's operations. Advances in agricultural technologies, such as precision farming, biogas production, and sustainable crop rotation, have facilitated Auga Group's ability to innovate and optimize its operations while minimizing environmental impact. Finally, the leadership of Kęstutis Juščius, the CEO of Auga Group, has championed the company's sustainability initiatives.

Auga Group faces several potential challenges. It operates in a competitive global market where other companies also offer organic and sustainable products. Climate change-related events, extreme weather conditions, and natural disasters can affect crop yields and livestock production. New technologies can be costly and require significant training and investments. Balancing the costs of sustainability initiatives with profitability is an ongoing challenge.