

**MINUTES OF THE SA OLIVE ANNUAL GENERAL MEETING
TUESDAY 8 MARCH 2022
KLEIN JOOSTENBERG CONFERENCE VENUE, MULDERSVLEI**

Opening and Welcome

Ms Jooste welcomed all attendees and thanked guest speakers and sponsors.

Challenges and opportunities in South African agriculture towards 2030 - Prof. Johann Kirsten (Director, *Bureau for Economic Research, Stellenbosch*)

Prof. Kirsten gave an overview of the NDP and the seven priorities feeding into the Economic Reconstruction and Delivery Plan. Some salient points follow:

- Typical 'v-shaped' recovery post-COVID; economy will only return to its 2019 size in 2023
- NDP aim: eliminate poverty and reduce inequality by 2030
- South Africa is more unequal than Brazil and India: 10% of the population earn 68% of all income; 0,1% are taxed on revenue above R1,5m
- High-value, labour-intensive crops targeted for expansion in NDP
- Macadamia, citrus, grapes have achieved more than double the expected growth
- Incorrect numbers were used/reported by Government in respect of land reform
 - 1,6m ha have been transferred privately to PDIs
 - A total of 16m ha (6m over Gov't figure) has been redistributed, which is 70% of NDP target. This figure is ignored by Government
- Impact of Russia- Ukraine conflict
 - Ukraine is the largest country in Europe after Russia
 - Russia+Ukraine contribute to 30% global wheat, 62% sunflower
 - Supply routes disrupted; wheat prices up by +50%; oil price over \$125/barrel – impact on fertilisers, fuel, chemicals
- Farming costs in South Africa: 25% fertilizer; 15% fuel; 8% agchem
- Inflation will rapidly increase
- Provision of health, infrastructure and basic services
 - electricity only at 65% availability
 - 34 doctors per 100,000 people
 - SA is 83rd out of 130 in ICT use
- Impact of COVID on formal employment has been disastrous; informal sector has rebounded
- Agriculture and Agro-Processing Master Plan will be out soon
 - Improving registration of new products must be a priority (Act 36): one Registrar; one person evaluating dossiers
 - Improved guidelines for Agricultural Products Standards (Act 119): e.g. organic, extra virgin
 - Fragmented development funds for agriculture need to be consolidated.

The evolution of global olive oil production - Prof. Juan Vilar (CEO & Founder, *Juan Vilar Consultores Estratégicos, Jaén, Spain*)

Prof. Vilar delivered a presentation via Zoom on a recent survey conducted across 66 olive oil producing countries and 198 countries where OO is consumed.

Some salient points:

- Olive cultivated surface is 11,6m ha in 66 countries: 70% traditional (decreasing); 10% superintensive.

- 92% of OO produced in 10 countries. A single olive mill from one of these countries produces more OO than each of the other 56 countries
- Over 100,000 ha/yr moving to superintensive
- Estimated 1m ha under organic cultivation. Tunisia is the largest
- Largest orchards in the world: 17000 ha in Tunisia (traditional); 7300 ha in Saudi Arabia (intensive)
- Strategies: efficiency, differentiation, optimization of resources
- 87% of 11,6M ha destined to olive oil
- Portugal climbed to 4th producer: 11ha/yr new plantings, superintensive. Set to become second producer in the world thanks to technology – ‘Silicon Valley of OO’
- Nominal world OO production: 4,4 Mt
- Global consumption: 4 Mt
 - OO consumed in 198 countries: 75% consumed in 10 countries
 - Over 83% consumed in producing countries
 - Consumption decreasing in traditional countries: young generations are not consuming OO
 - Age and level of education correlate with consumption: 67% OO consumed by over-49
 - Consumption: Italy > Spain > US
 - New Zealand only consumes EVOO
- All producing countries need to promote consumption of OO
- New cultivation strategies: organic, regenerative biological

AGM Proceedings

1. Attendance & Apologies

The Chairman, Mr Wilkinson, referred to apologies received from SA Olive Directors and indicated that the complete list of apologies would be in the minutes. There being a quorum, the meeting could proceed.

44 people attended the meeting in person and 3 via Zoom.

Apologies were received from:

Richard Allen; Venishree Mayer; Pieter du Toit; Willie Duminy; Linda Costa; Peter Unite; John Scrimgeour; Perry Chaloner; Emy Mathews; Craig Rippon; Paul van Eyssen; Brett Archibald; Hennie Volschenk; Derek van der Riet; Arthur Bailey; Marietjie Stander; Colin Coetzee; Alinda van Dyk; James Jeffery; Ansie Vlok; André Reyneke; Lourika Vermooten; René Diedericks; Piet Laubscher.

A registration form signed by all attendees will be kept on file.

2. Approval of previous minutes

The minutes of the AGM held on 9 March 2021 were approved without corrections.

Proposer: Philip King

Secunder: Reni Hildenbrand

3. Additions to the Agenda

There were no additions to the Agenda.

4. Financial report and 2021/2022 budget

Mr Clayton Scott from Wildner & Co. presented the financial report.

Highlights for the 2020-21 period:

- Decreased revenue owing to reduced levy collections
- Above has resulted in a deficit of R889k

- Generally aiming to break even
- Surplus in 2020 due to reduced levels of activity during COVID
- Expenditure largely on par with budget
- Assets exceed liabilities by R2,3m
- Entity is liquid and solvent

The Financial Statements carry a qualification, as is common practice with NPCs, since there is no way of knowing with certainty who should be paying levies. The same qualification has been in place for the last few years.

Mr Scott presented the Income Statement as follows:

- Following the pandemic many organisations have seen a drop in their revenue and SA Olive has not been spared
- We would like levies to be above the R2m mark, which was reached in 2017
- Administration fees were down due to reallocations to the activity they relate to
- Advertising was down, whereas awards and competitions were up, reflecting an effort to rejuvenate the process and generate more presence in the marketplace following the pandemic. There was also a carry-over from the previous year as well as a VAT refund in respect of a supplier invoice
- Auditors' fees have decreased due to more of the accounting work being done as part of Financial Services
- Compliance costs reflect a survey conducted by a third party to help us identify entities who are non-compliant with levy payments
- Other costs include office rental, which was not applicable in the past
- CTC and meeting expenses were down
- THRIP and ACF under expenditure was due to a delay in the completion of research projects which will reflect in the new financial year
- The elevated increase in spend in Transformation and Training will be compensated by a reduced expenditure in the 2021-22 year
- Computer and software expenses that were not in the budget relate to scaling up the efficiency of the operation as a standalone entity

On the Balance Sheet, Mr Scott highlighted that trade and other receivables have decreased due to improved collections and timing of payments.

Improvements introduced in 2021 were:

- Digitisation of SA Olive process – cloud accounting system implemented; benefits of new management metrics will be realised once a full year has been completed.
- Payment terms are being normalised to 30 days across all suppliers;
- Proposal for levies to be billed quarterly across all members.

Approval of the 2020-2021 Annual Financial Statements was requested.

Proposer: Louise Rabie

Secunder: Arend Hofmeyr

Mr Scott proceeded to present the 2021-22 Budget:

- Anticipating improved revenue from Awards & Competitions.

- Targeting R2m in levy income generation.
- Administration fees are not yet allocated to different line items and include some additional costs for levy compliance.
- Advertising and marketing are up in anticipation of increased levels of activity to promote olive oil and table olives, increase understanding of the SA Olive 'brand' and add more value to SA Olive members.
- Awards & Competition expenditure will be down on the previous year.
- Compliance costs are anticipated to be much lower than in 2021, due to there being no provisions for third party surveys.
- Office rental has been separated from Other costs as a new line item.
- Total expenses reflect the increase in administration efforts to support growth of the organisation. A deficit is forecast for 2022, in view of creating a stronger base to build on from 2023. If levy collection is not improved, we will have to cut costs in a few months' time.

Approval for the 2021-22 Budget was requested.

Proposer: Arend Hofmeyr

Secunder: Kelly White

5. Approval of auditors

Mr Scott reported that the work by the current auditors, Brodryk Kotzé, had been satisfactory and proposed that they be retained for another year.

Approval of the auditors was requested.

Proposer: Nick Wilkinson

Secunder: Louise Rabie

6. CEO's report

Ms Jooste opened by explaining that her title had changed in alignment to the equivalent role in similar organisations. She reminded the audience of the allocation of levy income as agreed with government and proceeded to give an update on each of the groups of activities.

Communications, Consumer Education and Market Development

- One service provider coordinating communications and marketing across all platforms
- Integrated, consistent messaging
- Members Dashboard on website is operational and content will be populated
- Downloadable fact sheet about the industry
- List of producers on website to promote contact details
- e-commerce platform is being considered for the future; feedback from the survey too limited
- Ambassadors working with us to fly the flag and amplify SA Olive messages in their networks

Transformation & Training

- 20% of levies must be split according to the 5 'pillars' in the NAMC guidelines
- IOC harmonization is a global calibration exercise among tasting panels
- Changes in Mentorship programme: governance introduced in the process. Producer takes ownership, submits motivation and proposal and reports on utilization of funding
- Group training sessions on Skills Development will be organised from September onwards

Admin, Statistics & Information

- First full year of SA Olive functioning entirely outside of Hortgro
- Marita Bussack is the go-to person for anything SA Olive related

- SADRIN database migrated to SA Olive, however modernization is required but the IP does not belong to SA Olive. A new cloud-based system with a web-based user interface is being designed to be available before the next Tree Census season.

Technical Research, Development & Transfer

- THRIP-funded project on management of olive trunk diseases delayed by administrative inefficiencies, finally at close-out stage
- Two ACF-funded projects to be completed in 2022
- First Field Day after COVID was held in November was very well attended

Quality Control & Certification

- CTC seal: wording changed in 2021 to be more explanatory
- Plea to submit CTC samples as early as possible, to avoid July rush
- Tasting Panel training is ongoing; IOC accreditation tests around mid-year
- CTC cannot become certification until Tasting Panel is accredited
- Food Safety: working with NSF to develop a tailored solution for SA Olive
 - Considering entry-level self-assessment based on GFSI guidelines as an option for smaller producers who have nothing in place
 - More stringent protocols as business grows, eventually moving to accredited audits
- Monitoring of quality of EVOO bought off the shelf continues. A set of samples will be submitted to IOC, as part of their global programme
- 'Join the rEVOOlution' strapline coined
- Looking at introducing UV analytical tests in 2023, to complement FFA and PV
- Re-introducing production information in the CTC form
- Two types of CTC report: tank samples and final packaged samples
- Random checks will be performed by SA Olive
- One-stop concept for CTC sample delivery: both laboratory and tasting samples dropped off at Klein Joostenberg,
 - Laboratory to collect from KJ
 - Reduced courier costs, simpler logistics
 - Very limited response to survey: will be circulated again to members
- Promoting quality in Table Olives with a seal, similarly to CTC.
- New 'T.A.S.T.E.' acronym introduced to promote TO.
- No support for a Table Olive competition.

2021 SA Olive Awards

- More entries from slightly fewer producers than in 2020
- Spread of medals was in line with previous years
- Value of Bronze medal questioned. Only 50% of Bronze seals sold, compared to over 80% of others. Missed opportunity: Bronze is a medal. More communication required

Statutory Levies

- Greater effort to be directed at identifying non-compliance and collecting levies
- SARS statistics for olive oil imports indicate 6,2m litres = R 2,5m in levies
- Many factors at play, however we will soon be able to have an entire year of data in our financial system and look for trends and comparisons

Tree Census

- Returns are only at 61%; this is not allowing for meaningful analysis
- Every grower must submit a Tree Census in terms of the Statutory Measures
- Plea to return Tree Census information to Marita

Olive Trees and the Environment

In conclusion, Ms Jooste referred to the exceptional ability of olive trees to fix carbon from the atmosphere and quoted some statistics to support this. Trading of carbon credits may become viable for the industry, as well as access to climate change funding, if the right channels are found.

7. Chairman's Report

Mr Wilkinson opened by thanking Ms Jooste, Ms Bussack, Ms Hildenbrand and the SA Olive Directors for their efforts and contributions towards professionalising the organisation.

A recent international survey by Olive Oil Times reported that one of producers' top concerns is the continued lack of public knowledge concerning olive oil quality and value, which opens the way to low-quality bottlers and major retailers who sell substandard products at prices below the cost of ethical production.

The business impact of COVID was felt mostly through closures of hotels and restaurants and problems in shipping and logistics.

Greatest challenges in the past harvest season were related to climate change and global warming, as seen also in South Africa.

Forecasting the year ahead is particularly challenging, however there is an opportunity: the risk in reliance on imported products (unreliability, lead times, overstocking) may urge retailers to consider buying more local product.

Mr Wilinon highlighted the following points:

- Competition is not among producers, but with imports.
- Continued differentiation and consumer education are the only way to succeed.
- Collaboration among smaller producers should be considered.
- Olive oil production has tripled in the last 60 years.
- Consumption is expected to double again by 2030.
- The presentation by Prof Vilar showed that the more educated the populus, the more they will worry about their diet, the more they change to premium products.
- Globally, stock levels are down for both OO and TO.
- Production costs are increasing, to the point that many producers are unprofitable.
- If the price increase had to be passed on, what would be the effect on the volumes?
- We'll need to see which way things are going in the next six months.
- The move to super-high density, mechanized growing will result in more 'standardised' olive oils.
- There's always a niche for hand-picked, high-quality, premium EVOO.
- Mixed international price trends make it impossible to forecast future changes.

[the generator went down and Mr Wilkinson's slides were no longer visible to the audience].

Mr Wilkinson continued by stressing the importance of building agility and sustainability in our structure to best navigate the uncertainty ahead. He referred to King IV principles of governance for Non-Profit Companies, including responsibilities of Directors, separation of governance and management duties and the role of the CEO and then illustrated the current governance structures in SA Olive. Progress made to date and developments since the separation from Hortgro and the appointment of an independent CEO responsible for the day-to-day running of the organisation prompted a reassessment of the make-up of the Board. Mr Wilkinson stated that there is an opportunity to establish a Board of non-executive Directors with the necessary mix of skills to further develop our industry.

Mr Wilkinson proceeded to illustrate a new set of six Board Portfolios which would be better aligned to the present requirements of the organisation. He then opened the floor for discussion prompting the audience to voice their response to the proposed Portfolios, however discussion was not forthcoming. There being insufficient support for new Portfolios to be adopted at the AGM, it was agreed to proceed with the election of Directors and address the Portfolios within the newly constituted Board.

8. Election of board members

Mr Wilkinson reported that two Directors had resigned from the Board of SA Olive with effect from 8 March: Venishree Mayer and Pieter Vorster. Five nominations had been received for new Directors' appointments: Francois Cilliers from Willow Creek, Gerhard du Toit from PG Fruit, Mike-Alec Kearney from Lapithos, Philip King from Mardouw and Nicolaas Roodt from Willow Creek.

New nominees were given the opportunity to briefly introduce themselves and outline the value they would bring to SA Olive.

The four Directors stepping down and available for re-election were also given the opportunity to re-introduce themselves to the audience, i.e. Jason de Beer, Louise Rabie, Nick Wilkinson and Steve Wilson. Members present were requested to vote for six Directors to fill the Board vacancies. Voting papers were distributed to eligible members and proxy holders. Votes were counted by Mr Clayton Scott and checked by Ms Marita Bussack. The results of the voting were communicated to those present after lunch.

Five individuals were voted in as new Directors - Gerhard du Toit, Mike-Alec Kearney, Philip King, Nicolaas Roodt and Jason de Beer - while three individuals were tied for the sixth vacant position.

After a brief discussion it was decided that all SA Olive voting members would be requested to vote electronically for the re-appointment to the Board of one more Director among Louise Rabie, Nick Wilkinson or Steve Wilson. The electronic voting would be managed by Mr Clayton Scott.

The Chair and Vice-Chair would only be elected once a new Board had been constituted.

9. General Discussion

There being no further matters to discuss, the meeting was closed at 14.30.

WE THANK OUR SPONSORS

