



**AFM Board Meeting
Minutes
May 22, 2024**

Place:
AFM Headquarters
Las Colinas, TX

Board of Directors:
(All Present)

Jaime Rivas
Julio Shagun (Vice Chair)
Gary Caloroso
Rigoberto Pardo
Peter Shore (Chair)
Ricardo Vega (Treasurer)
Armando Lopez (ex-officio)
Ron Campbell (ex-officio - Secretary)

AMS:
Mathew Collins
George Webster

Officially Present:

Armando Lopez	Ramon Paz Vega	Julio Sahagun
Dolora Sillman	Stephanie Bazan	Miguel Molina
Ilse Manaña	Ana Ambrosi	Steve Klinge
Ron Campbell	Miguel Barcena	Alfonso Delgado
Alvaro Luque	Kevin Brosch	Brad Barker
Stephany Browder	Rafael Herrera	Miguel Barcena
Grizel Perez	Jovanny Martinez	Emiliano Escobedo
Casey Stoops	Gina Widjaja	John McGuigan
Steve dry	Jim Eckels	Rigoberto Pardo

Members and Guests

Dave Billings	Casey Beltran	Ben Van Der Kar	Gabriel Villaseñor
Jose Pardo	Monica Robles	George Henderson	Jorge Hernandez
Marco Hernandez	Elizabeth Ayala	Gahl Crane	David Ruiz
Giovanni Cavaletto	Ireri Villicaña	Aaron Acosta	George Henderson
Sergio Chavez	Mario Gomez	Rigo Perez	Dave Billings
Carlos Genel	Monica Robles	Jacqueline Solares	Jennifer Zendejas
Hillary DeCarl	Doug O'Hare		

Roll Call and Minutes:

Chairman Peter Shore called the meeting to order, took the roll call, established a quorum and introduced Brad Barker to provide the antitrust policy to the board that is also incorporated into the agenda.

Jaime Rivas motioned to approve the minutes from the September board meeting and the motion was seconded by Julio Sahagun. There was no objection.

Chairman Shore introduced Alvaro and the team to initiate the presentations.

Treasurers Report

Miguel M. presented the financial statements for AFM for the period ending April 30, 2024.

- **Cash Position:** Total YTD May 17, 2024, cash in the bank is \$5,718,489.
- **Contributions:** Total, YTD April 2024, funding is \$24,755 under budget, as MHAIA has not hired an analytics position.
- **Spending:**
 - **Marketing:** Total spending is under budget by \$4.601 Million or 8.4%. Marketing Direct Shopper and Trade programs drive most of the favorable balance, followed by Marketing Admin, as Marketing has multiple open positions.
 - **General Administrative:** Total administrative expenses are under Budget by \$365.036K or 9.2%. Reduced operating expenses mainly explain the variance, and AFM is expecting some cost-avoidance savings.
- **Change in Net Assets:** Due to AFM spending at a lower rate than our Budget, AFM Change in net assets presents a favorable \$4.994 million balance.
- **Financial Position:** AFM has a strong balance sheet.
 - **Assets:** AFM presents a higher-than-budget Cash and Equivalents balance. This favorable balance is due to reduced expenses compared to the Budget and increased Total Liabilities.
 - **Liabilities and Equity:** AFM lists an increase in Total Equity as AFM spends less than budget.
- **Funding Allocation:** Generally, the funding allocation matches the agreed 2/3 MHAIA and 1/3 APEAM allocation rates. Any difference will be reconciled and adjusted during our year-end review.

Contribution	Actual-YTD	Budget-YTD April	\$ Change- Act vs Budget	Actual-YTD April	\$ Change- Act vs PY	Spending	Actual-YTD	Budget-YTD	\$ Change- Act vs Budget	Actual-YTD	\$ Change- Act vs PY
	April 30, 2024	30, 2024		30, 2023			April 30, 2024	April 30, 2024		April 30, 2023	
MHAIA	\$41,199,609	\$ 41,199,609	\$ -	\$ 39,658,744	\$ 1540,865	AFM Marketing	\$ 44,926,175	\$ 49,058,432	\$ (4,022,257)	\$ 44,974,568	\$ (48,383)
APEAM	\$18,525,623	\$ 18,525,623	\$ (0)	\$ 18,394,752	\$ 130,871	AFM Marketing Admin	\$ 6,207,097	\$ 6,651,206	\$ (444,688)	\$ 6,578,821	\$ (371,724)
MHAIA.Com/Analytics	\$ -	\$ 24,965	\$ (24,965)	\$ 101,961	\$ (101,961)	MHAIA Analytics	\$ -	\$ 24,965	\$ (24,965)	\$ 101,961	\$ (101,961)
Other income (Interest)	\$ 3,413	\$ 3,203	\$ 210	\$ 4,795	\$ (1382)	Total Marketing	\$ 51,133,272	\$ 55,734,603	\$ (4,601,330)	\$ 51,655,350	\$ (522,077)
Total contribution	\$59,728,645	\$ 59,753,400	\$ (24,755)	\$ 58,160,252	\$ 1,568,393	General Admin	\$ 3,600,572	\$ 3,965,608	\$ (365,036)	\$ 3,126,487	\$ 474,084
% Variance			0.0%		2.7%	Total Expenses	\$ 54,733,844	\$ 59,700,210	\$ (4,966,366)	\$ 54,781,837	\$ (47,993)
						% Variance			-8.3%		-0.1%

Change in Net Assets	Actual-YTD	Budget-YTD April	\$ Change- Act vs Budget	Actual-YTD April	\$ Change- Act vs PY	Financial Position	Actual-YTD	Budget-YTD	\$ Change- Act vs Budget	Actual-YTD	\$ Change- Act vs PY
	April 30, 2024	30, 2024		30, 2023			April 30, 2024	April 30, 2024		April 30, 2023	
Net Change in Assets-CY	\$ 4,994,801	\$ 53,190	\$ 4,941,612	\$ 3,378,415	\$ 1,613,200	Cash & Cash	\$ 6,688,991	\$ 4,164,694	\$ 2,524,298	\$ 5,468,857	\$ 1,220,134
Retained Earnings	\$ 635,782	\$ 635,782	\$ (0)	\$ 527,853	\$ 107,929	Equivalents	\$ 11,295,389	\$ 10,367,880	\$ 927,509	\$ 10,646,841	\$ 648,548
						Other Assets (AR/FA)	\$ 17,984,381	\$ 14,532,574	\$ 3,451,807	\$ 16,115,698	\$ 1,868,683
Total Equity	\$ 5,630,583	\$ 688,971	\$ 4,941,612	\$ 3,906,268	\$ 1,724,315	Total Assets	\$ 12,353,798	\$ 13,843,603	\$ (1,489,805)	\$ 12,209,430	\$ 144,368
						Total Liabilities	\$ 5,630,583	\$ 688,971	\$ 4,941,612	\$ 3,906,268	\$ 1,724,315
						Total Net Assets/Liabilities	\$ 17,984,381	\$ 14,532,574	\$ 3,451,807	\$ 16,115,698	\$ 1,868,683

FY24 Admin Budget Assumptions

Miguel presented the Assumptions for the Fiscal Year 2023:

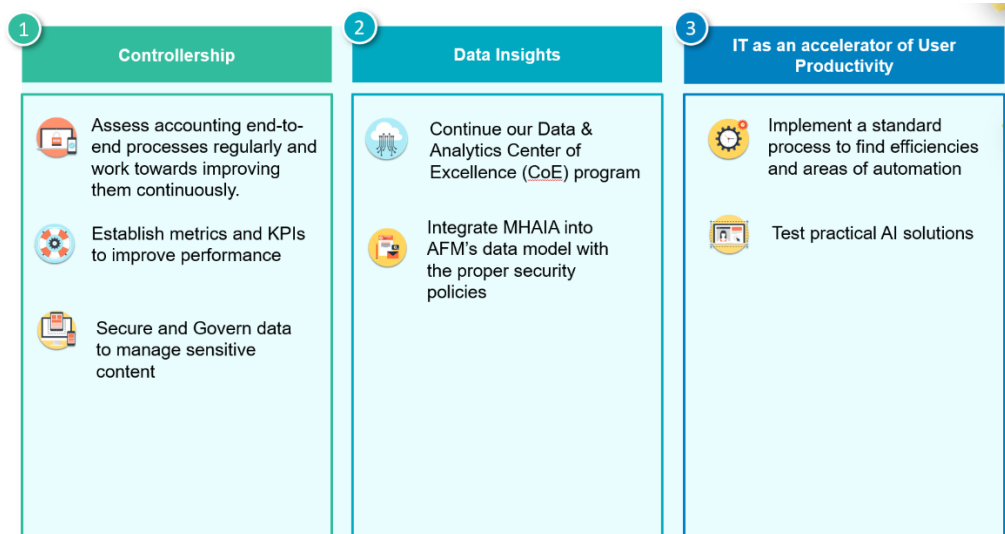
- **Salary and Wages Budget Assumptions**
 - AFM-Marketing was restructured significantly in Fiscal Year 2024. For Fiscal Year 2025, AFM has no plans to create new positions, and it has budgeted four promotions: Allison Hamm to Associate HR director, Tiffany Burns to Sr. Manager, Steve Kingele, and Ana Ambrosi to Sr. Directors.
 - AFM has allocated a budget for a 4% merit increase for qualified employees. It should be noted that historically, the overall increase has not reached 4% because it depends on the individual annual performance of each employee.
 - The AFM budget also includes a salary market adjustment for Jovanny Martinez.
 - The FY25 budget covers a full year of salaries and benefits for all new positions hired during FY24.
- **Medical and Health Benefits**
 - AFM budget includes a 10% increase in Medical, Dental, and Vision benefits. Last year's increase was 7.7%.
 - The structure and design of the medical benefits package, including the High Deductible plan offerings, remain unchanged.
- **Retirement and Executive Retention Program**
 - The FY25 Budget includes a 7% match contribution to the 401K plan and an executive retention program for eligible employees.
- **Marketing Admin and Operating Expenses**
 - Travel expenses are 3% higher than the FY24 budget. This is because of rising costs and more travel by the Shopper and Food Service department to run promotional activities with retailers and Food Service operators.

- The administrative expenses show a net drop of \$292K. This is due to less spending on recruiting services and a one-off 10th-anniversary expense in FY24 that is not included in FY25. Operating expenses for FY24 to FY25 increased by \$40K for Taxes - Exec Retention Program; \$23K for software licenses; \$14K for Insurance Super Bowl Policy; \$37K for annual rent increase; and \$30K for seminar and training support for staff.

Avocados From Mexico FY25 Admin Budget	FY24 Amendment	FY2025 (B) Budget	FY25(B) VS FY24(A) Variance		FY24 (B) Budget	FY25(B) VS FY24(B) Variance	
Marketing Administrative	8,307,931	9,427,697	1,119,766	13%	9,021,074	406,623	5%
Marketing Admin	7,337,733	8,435,247	1,097,514	15%	8,050,876	384,371	5%
Travel Expenses	694,698	716,950	22,252	3%	694,698	22,252	3%
Marketing Admin Others	275,500	275,500	0	0%	275,500	0	0%
Total Administrative	5,660,078	5,547,865	-112,212	-2%	5,510,454	37,412	1%
Salaries Wages & Benefits	1,557,346	1,737,687	180,342	12%	1,816,379	-78,691	-4%
Operating Expenses	4,102,732	3,810,178	-292,554	-7%	3,694,075	116,103	3%
Total Adjustments	-239,091	-255,453	-16,361	7%	-338,650	83,197	-25%
Depreciation_RoU Lease	-344,091	-336,453	7,639	-2%	-427,650	91,197	-21%
(+) Actual Capex	105,000	81,000	-24,000	-23%	89,000	-8,000	-9%
Net Admin	13,728,918	14,720,110	991,192	7%	14,192,878	527,231	4%

Administrative Plan for FY25

During his presentation, Miguel highlighted the main objectives for his department in FY25. These objectives include strengthening controllership, continuing support for AFM's Business Intelligence initiative, and improving our IT systems to enhance user productivity.



HR

Alvaro Luque presented the AFM budget for FY25 using the following assumptions:

- Import volume budget 2024- 2025: **2.55 billion lbs. (gross)**
- Total AFM budget 2024- 2025: **\$74.4 million** (\$3.9 million/ 4% over vs projected FY24)

- FY25 Carry Over: **\$1.1 million**
- Net Admin budget 2024- 2025: **\$14.7 million** (\$1.8 million / 14.7% over vs projected FY24).
 - Net admin cost is **19.8% of total budget**.
 - Net Admin budget is **flat** to FY24 budget.
- Marketing budget 2024- 2025: **\$59.7 million** (\$2.1 MM/ 3.6% over vs projected FY24).
 - Marketing & Trade investments represents **80.2% of our budget**

Alvaro presented an open version of the budget by department to explain the main differences vs prior fiscal years:

AFM BUDGET FY24 VRS FY23									
	BUDGET		PROJECTED		REAL		VS FY24		VS FY23
	FY25	MIK	FY24	MIK	FY23	MIK	DIFF 25-24	%	%
MARKETING	\$25,790,000	43.1%	\$21,732,639	37.7%	\$24,511,370	43.9%	\$ 4,057,361	11.8%	5.2%
FOODSERVICE	\$ 5,240,000	8.8%	\$ 5,315,265	9.2%	\$ 4,498,528	8.1%	\$ (75,265)	(1.4%)	16.4%
SHOPPER	\$13,620,563	22.8%	\$15,207,742	26.4%	\$12,611,600	22.6%	\$ (1,587,206)	(10.4%)	8.0%
TRADE	\$9,283,000	15.5%	\$ 9,876,600	17.1%	\$ 9,346,518	16.7%	\$ (593,600)	5.3%	(6.0%)
CC&C	\$ 2,450,000	4.1%	\$ 2,285,614	3.9%	\$ 1,724,286	3.1%	\$ 164,386	7.2%	42.1%
RESEARCH	\$ 3,371,000	5.6%	\$ 3,247,048	5.6%	\$ 3,045,807	5.5%	\$ 123,952	3.8%	10.6%
TOTAL	\$59,754,563	100%	\$57,664,908	100%	\$55,738,109	100%	\$ 2,089,655	3.6%	7.2%

MARKETING	SHOPPER & TRADE	FOODSERVICE	CCC & PR
\$4.05 MM VS YA +\$3.45 M OFFLINE MEDIA (SUPER BOWL + COLLEGE FOOTBALL MEDIA) +1.81 M PRODUCTION (SUPER BOWL AD, CELEBRITY AND GM FOOTBALL AD) +213K NEW WEBSITE (RE-LAUNCH) +\$200K AVOSTORE (LAUNCH/ INVENTORY) +\$195K GOOD SHORTS (NEW DIGITAL CAMPAIGN) +150K CINCO DIGITAL MEDIA PLUS UP +\$570K SUPER BOWL DIGITAL MEDIA +500K FOOTBALL DIGITAL MEDIA (ESPN + X) +\$290K EDUCATION (PLUS UP DIGITAL BUY) -\$800K DIGITAL AUDIO (NEW MEDIA MIX) -\$400K HISPANIC MEDIA (NO TV ONLY DIGITAL) -\$610K GM DIGITAL MEDIA (NEW MEDIA MIX/ JINGLE CHALLENGE) -\$160K ANALYTICS (DIGITAL PROJECTS) -\$250K DIGITAL AUDIT (FY24 PROJECT) -\$180K CINCO STRATEGY (FY24 PROJECT) -\$200K HISPANIC CONTENT (OLV CAMPAIGN) -\$200K H&W CAMPAIGN (DIGITAL BUY) -\$150K KIZANIA (CANCEL PARTNERSHIP)	(\$2.18 MM VS YA) +\$200K WALMART (FOOTBALL PROGRAM) +\$270K COUPONS (ON PACK) +\$380K H&W (3 KEY ACCOUNTS SPAS) +\$200K EDUCATION (IN-STORE RADIO) +\$174K PERIMETER (SPA PROGRAM) +\$171K TRADE INCENTIVES (IMPROVED PLAN) -\$536K OND (CURE BOWL/ LESS DISPLAYS/ MORE OFFERS) -\$966K EDUCATION (NEPTUNE PROGRAMS AND CATALINA COUPON) -\$897K MERCHANDISING (PORTABLES) -\$133K MERCHANDISERS (LESS BINS) -\$954K FLEX FUNDS (SPA SHOPPER FOCUS) -\$75K CONSULTANCY (TPG PROJECT) -\$84K IFPA (GUAC HEAVEN SAVINGS) -\$140K RESERVE	(\$75K VS YA) +\$440K PROMOTIONS (LTD REINFORCEMENT/ MONSTER ACCOUNT) +\$112K INNOVATION (RIPE SESSIONS) +\$113K EMERGING CHANNELS (REINFORCE NON-COMMERCIAL) +\$124K EVENTS (GUAC HEAVEN ON THE GO) -\$139K AGENCY FEES (SRG) -\$515K GUAC HEAVEN (YEAR 1 PRODUCTION) -\$115K CONCESSIONS (BASEBALL PARTNERSHIPS) -\$85K ADVERTISING (NEW CONSOLIDATED CAMPAIGN)	+\$164K VS YA +\$480K SUPERBOWL (BIGGER PR PROGRAM) +\$255K CINCO (PR PROGRAM NEW STRATEGY) +\$229K WHITE SPACE (NEW PR LEAD PROGRAMS) -\$180K SUSTAINABILITY (POLLINATION COST + WEBER) -\$390K OND (SUPERGOOD RALLY) -\$88K FOODSERVICE (VARIOUS PROJECTS) -\$72K CORPORATE COMMS (VARIOUS PROJECTS)
			RESEARCH & ANALYTICS +\$124K VS YA +\$181K COPY TESTING SUPER BOWL +60K MARKETCAST SUPER BOWL +\$118K DISQO RESEARCH +\$154K NEURO TESTING FRESH VS PROCESSED +\$250K DEMAND LANDSCAPE -\$110K DATA & SERVICES (NIELSEN, CIRCANA) -\$183K HALL & PARTNERS TRACKER -\$170K HISPANIC DEEP DIVE -\$140K CONTRACTOR

HR

Allison Hamm presented the main areas that drive the People & Culture budget for FY25 and explained 10 key initiatives from the new business plan that will be led by her area:

- Rebrand company kiosk as a culture map for visitors.
- Update the careers page to further engage candidates.
- Create a values behavior how-to-guide for AFM managers.
- Create a new hire engagement survey and renew the new hire training videos in AMBO.
- Launch a mentorship program to guide rising leaders through professional development.
- Update the company Strengths Map and conduct a Strengths coaching assessment for each company team.
- Develop an AFM interactive library for self-paced employee development.
- Enhance AMBO by adding Baseball Cards to the platform.
- Impulse AFM Culture Pride through branded swag day and special events.
- Formalize exit data from ex-employees to track trends and create action plans for the organization.

Corporate Communications & Crisis

Ana Ambrosi presented the Communications & Crisis plan for FY25 that included the following programs to generate positive earned coverage:

- Name Pati Jinich as AFM's Avo Culinary Officer to create earned coverage and special branded integrations with the celebrity chef.
- Launch the second edition of the Hispanic Heritage Month program Spark The Good that gives culinary grants to Hispanic Chefs in the U.S.

As part of the plan to reinforce Avocado Institute for FY25, Ana explained that the company will be launching the remaining articles from Triple Pundit and a strong campaign to support the new Economic Report that will be ready in November 2024.

FY25 will also be the year where the company will have ready their Sustainability Framework that is still on the works and will develop the communication plan to launch this initiative in the market.

Research & Analytics

Steve Klingele presented the Research & Analytics plan for FY25 that includes the new leadership of the business intelligence practice for AFM that will work to integrate in the company's Power BI hub, all the critical information coming from key partners like Nielsen, Circana, Numerator, Datassentials and Placer ai.

For the Research programs, Steve presented the following plan:

- Eliminate the Hall & Partners Brand Tracker. AFM CMT will take over tracking brand KPI's.
- Transition Numerator's promo insights module to brand insights.
- Take over Disqo ad testing program in coordination with Havas and the marketing team.
- Maintain key research & intelligence partners: Nielsen, Circana (Retail & Foodservice), Datassentials, Prodege (CMT & Produce Tracker), Bloomfire (The Grove), Quantilope, Zappi, Kantar and Ace Metrix.
- Expand the partnership with Placer ai integrating retail sales and direct connection to Power Bi.

- Add MarketCast for Super Bowl post evaluation and Neurons as a test of a new AI research platform.

For custom research programs, Steve presented the following:

- In-store effectiveness study that will complement the merchandising test from FY24. The new plan included a new Display Audit and a shopper impact study in FY25.
- Segment Persona development to complement the new media targeting approach and reinforce effective creative development for the brand.
- Neurotasting avocado experience
- Launch second edition of AFM's Demand Landscape to determine key growth opportunities for the future.

Steve presented the results of the merchandising study that confirms the sales lift impact of AFM merchandising units in different parts of the store:

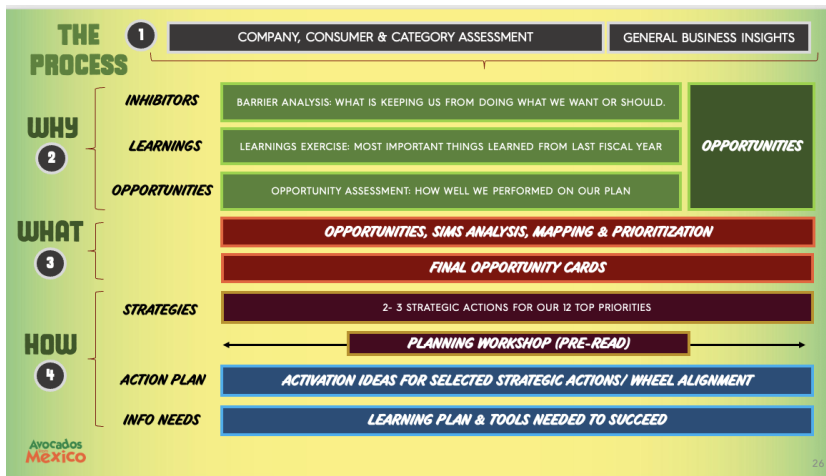


Planning Process

Alvaro Luque presented the updated planning process for AFM highlighting the most important changes that were implemented in this year's process that started in December 2023 and ended up in May 2024:

- Reinforce Planning Kickoff session and initial general Insights. No opportunities were presented at this at this stage.
- Focus on fewer planning exercises and go deeper on previous year analysis.
- Launch cross functional planning teams for key company pillars & tentpoles.
- AFM teams will pre-define Strategic Actions before workshop.
- Present Brand Communication Grid by early January
- Concentrate company workshop on activation ideas only.
- Align final business plan to The Wheel process.

Alvaro presented action grid for the whole planning process:



AFM Business Plan FY25

Foodservice

Stephanie Bazan presented the Foodservice plan for FY25 driven by the following opportunities and actions:

- Reinforce handheld strategy with a new recipe innovation pipeline, a focused promotional program in South Atlantic and the sponsorship of Burger Bash in Florida.
- Reinvigorate guacamole through the extended support of the recent concept launched in NRA: Guac Heaven and generate a new innovative recipes and uses of guacamole that can extend outside of the Mexican cuisine.
- Defend fresh avocado usage against processed through a media campaign that reinforces the benefits and consumer preference of fresh avocados.
- Leverage top tier accounts through promotional LTO's and key partnerships. Stephanie presented the segmentation process to identify the 71 key operator target accounts for FY25. As a support of this initiative, Stephanie presented the confirmed AFM LTO's in market or to launch in the following months with clients like Velvet Taco, Cava, Jason's Deli, Saladworks, Potbelly, and Modern Market. As part of this fresh development opportunity, Stephanie presented the launch of key programs like RIPE sessions, Fresh Rewards for waitstaff, Trend Tours in three key cities in the U.S and the new version of the Made in Mexico tour in December.
- Elevate the distributor and broadliner partnerships through education programs and incentive plans in key avocado tentpoles.
- Reinforce Avocados concession program with new partnerships and extend the concept to all experiential programming for the brand.

OND

Stephanie Bazan presented the main wins of the FY24 college football program including:

- 5.2 billion impressions generated across all campaign components.
- 6% brand lift for linear and CTV campaigns
- AFM was the #1 most searched brand amongst CFP linear advertisers, with users 10x more likely to search during Tailgate Week.
- Initial PR results surpassed estimates by a total of 600 million impressions, generating 3.1B total impressions throughout the College Football Playoffs and Cure Bowl.

Stephanie confirmed that AFM will partner again with the CFP as the first and only produce brand to sponsor this National event. Stephanie explained that college football represents a big opportunity for AFM because there is more than 1,600 games in the season, the viewership is growing +18% YOY, 50% of the fans are female and now with the new format, there will be 12 more Bowl and playoff games in January that will build up consumption towards the Super Bowl season.

Stephanie presented the new concept “Always a Good Play” that will drive all AFM programming for the OND season. To support this from the shopper perspective, Stephanie presented a two-prong approach that will include a National promotional program and account specific partnerships with key clients like Walmart and HEB. The promotional program will have two waves, one in October- December with in-store bins, TPG couponing and on-pack IRC’s for thematic packaging. The second wave will run in December- January and will be a volume driving programs through aki with a game blitz offer in key South Atlantic clients like Kroger, Food Lion and Publix. To complement all this, AFM will launch an incentive program for clerks and manager in two waves that will include attractive prizes and a consumer sweep to take fans to the Champions Party before the CFP game.

Gisela Saenz presented the marketing plan for OND including the launch of a National digital campaign anchored in the football phrase “It’s Good” when a field goal is scored tied to the Always Good brand concept for AFM.

Jovanny Martinez presented the media support for the college football season that doubles up the efforts from FY24. The campaign includes an expanded partnership with ESPN, a new sponsorship with the SEC Network and new presence in FOX college football programming. The college football campaign will run from September to December 2024.

Super Bowl

Jovanny Martinez presented the early negotiations for the Super Bowl ad in 2025. The initial ask from FOX is \$11,9 million including a 30-second ad and a 100% match investment. Based in the media agency experience and initial discussions, the target will be to offer \$7.8 million for the ad and a \$1.85 million match. This will represent a 30% discount versus ask.

Stephanie Bazan presented the new Super Bowl concept “Always a Good Bowl” with the possible partnership with Rob Gronkowski as the celebrity football player for the program. Negotiations with the player are advanced but not confirmed yet. The program will include a set of special merchandising units, consumer offers and national thematic packaging. Gisela Saenz presented the Super Bowl digital program including Gronk and Ana Ambrosi presented the PR Super Bowl cadence to earn coverage from October to February.

Cinco

Gisela Saenz explained that the company is working with California agency 72 & Sunny on a long-term Cinco strategy to own the holiday from a food perspective. The new strategy will be ready in Fall 2024 and the company will plan the seasonal event based on this new strategic direction.

PR White Space

Ana Ambrosi presented a PR program to support National Guacamole Day through a National partnership with Poppi to create a unique Guac recipe using Poppi Ginger Lime soda. The partnership will include a sample kit to media outlets, a partnership with digital creators and media support to expand the communication efforts. Partnership will launch mid-July 2024.

Health & Wellness

Stephanie Bazan presented the new Susan G Komen promotional program for FY25 that includes a strong merchandising and thematic bag integration and a digital campaign to support the program throughout October.

To complement the SGK wave in Fall, AFM is preparing to launch a new partnership with the American Heart Association to launch a similar shopper and digital integration for the Spring. Gisela Saenz presented the digital campaign for AHA based on the concept of a daily "Avocadose".

Stephanie Bazan presented a possible Kroger partnership to launch the AHA campaign during National Nutrition Month in March 2025.

To complement the whole H&W program, Ana Ambrosi presented a special dinner event on Healthy Fats Day in March with Alex Snodgrass at the AFM AvoLab with H&W influencers

Education

Gisela Saenz presented the new digital Education program called "The Avocado Gameshow" where an AFM host will take the streets to surprise strangers with an Avocado From Mexico quiz designed to test the limits of popular avocado knowledge and win some prizes. The content generated with the videos will be the base for the digital campaign. This effort will be complemented by a regular digital media support showcasing the main education messages that AFM has been building and reinforcing through the years on picking, ripening and preserving the fruit.

Dianne Le presented the shopper plan to support education that includes a partnership with the National Audio Network to use in-store radio messaging in key stores like Kroger and Ahold. Also, AFM will sustain the national education partnership with Walmart through an omnichannel approach that includes self checkout screen ads, channels strips, custom education bags and ecomm support.

Finally Dianne Le presented the education merchandising bins that will be deployed in Albertsons and Stop & Shop, plus the national education bag program that will be launched in Costco and Aldi with multiple waves throughout the year.

Marketing

Gisela Saenz presented the general brand campaign for AFM that will be supported by the two ads produced the previous year (Benched and Water Main) To support this TV/ CTV campaign, the company will launch a digital campaign called “Always Good Shorts” with a comedy group that will create related situations where they will use the AFM jingle to deliver bad news and be in line with the TV campaign. On top of that, Gisela explained that the company will launch a reaction video using an AFM interactive billboard that will encourage people to sing the jingle and be surprised. The content coming out of that reaction videos will be used and amplified online.

Jovanny Martinez presented the foundational media plan for the brand that will complement the college football buy in the Fall. The campaign is anchored in streaming partners like Disney +, Hulu, Tubi and a complementary programmatic buy. It also includes a digital audio buy with Sirius XM that for the first time will let AFM air a 5 second buy of just the jingle with an important frequency from October to December.

The total media buy for non-Hispanics is a \$11.8 million investment that will generate a 76% reach and a 6.5 frequency with 491 GRP’s.

This is the whole media calendar for non- Hispanics for FY25:

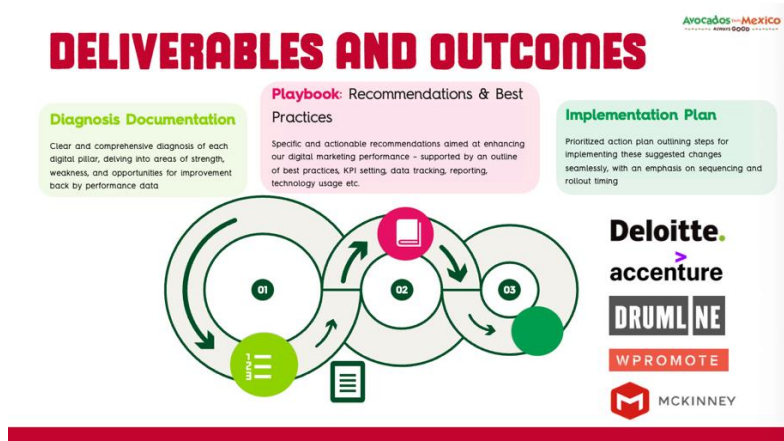


Kyle Knox presented a new idea to launch an AFM Merch Store. The program is still pending in details on how it will work but Kyle explained that initial conversations with the USDA showed a positive outcome on how a program like this could work from the operations point of view. The general idea is to utilize partners to collect funds and fulfill merch. Collaborate with established fashion brands for limited run lines to create a splash and/or collaborate with small businesses to offer handmade goods.

Some board members were a little concerned with this program due to the negative experience that the California Avocado Commission had with a similar program. Alvaro Luque explained that AFM’s approach is different but committed to present the full details of how it would work to the board before launching.

Gisela Saenz presented the Hispanic Market strategy that will focus the communication campaign for the first time exclusively in digital. Gisela explained that AFM is working on a

new Hispanic communication strategy with the agency that is in consumer testing now. The objective is to have it ready to launch in October with a new set of digital assets. Kyle Knox presented an overview and status of the digital audit that AFM will launch in the following weeks with a designated partner between five digital experts: Deloitte, Accenture, Drumline, WPromote and McKinney. AFM put out and RFP with the audit and will be awarding the project very soon.



The audit will be ready in the fall and will drive the digital improvement plan for the future, that includes the relaunch of a new smaller and more dynamic website for AFM at the end of FY25.

Shopper & Trade

Stephanie Bazan presented a recap of the Summer Program for 2024 that made AFM recuperate a leadership position in the season and gain +7 market share points. Stephanie presented the September reactivation plan that includes 3.4 million coupons in key accounts:

SEPTEMBER REACTIVATION 3.4M COUPONS

1 LOYALTY OFFERS
Albertsons, Kroger, H-E-B, SPROUTS FARMERS MARKET, Publix, Southeastern Grocers, FOOD LION, Harrie Teeter, WinCo FOODS

2 RETAIL COMBO PKGS
StopsShop, Giant, The GIANT Company, Save Mart, Bristol Farms, GIANT, MARTINS, FOOD LION

3 AFM CIRCULAR ADS
Albertsons, Sedano's, FOOD CITY, EL RANCHO, SUPERIOR GROCERS, BIG SAVER FOODS, BROOKSHIRE'S GROCERY, CAPUTO'S FRESH MARKET, DIERBERG'S, LA BONITA, LA SUPERIOR, LOLA'S MARKETS, MARC'S, MARIANA'S, MARKETON, MOLLIE STONE'S, RANCHO MARKETS, SANTA FE FOODS, STEW LEONARD'S, SUPER KING, WOODMAN'S

Alfonso Delgado presented the updated trade segmentation plan to identify the different client tiers and levels of support for FY25. The plan is led by 11 Power Accounts and 9 Tier 2 High Potentials that represent the vast majority of the retail avocado volume in the U.S.

Alfonso presented a full view of the trade national plan that includes the deployment of more than 35 million coupons throughout the year:



Stephanie Bazan and her team presented the rest of the shopper and trade programs for the year that include:

- Geographical focus program to support the South Atlantic region.
- New shopper digital coupon partnerships with TPG Rewards and Walmart Cash, plus an improved activation of Aisle. Total coupon program through shopper will have a circulation of more than 60 million units throughout the year.
- Thematic packaging plan for Seasonal Programs and account specific programming with an estimated sell-in of more than 23 million bags.
- Perimeter program to promote avocados in bakery including partnerships with key brand like Dave Killers Bread.
- Full merchandising program including seasonal and permanent avocado solutions for key stores.

Stephanie Bazan ended up the marketing presentation with the new concept ideas that AFM will launch in the IFPA show in Atlanta in October 2024.

Final Budget Consideration

Alvaro Luque explained to the board that the company is facing a challenging year based on the volume projections. The team was able to develop a plan that included a reinforcement of the college football investment and the possibility of returning to the Super Bowl as it was promised in the meeting in February 2024. Alvaro explained that if the volume will be tight, his recommendation will be to sacrifice the Super Bowl for this year and don't compromise the college football plan. Alvaro explained to the board the importance of coming back to the Super Bowl in 2026 and not lose the good impact that an event like that has on the brand and business. He explained that a year without the Super Bowl is very effective in terms of media but does not carry the impact that an event like this has to create the billions of paid and earned impressions that the business gets every time AFM has an ad in game. The recommendation is to alternate and be back at the Super Bowl every 2-3 years.

Alvaro presented the possible savings that the company could have if the volume is confirmed at 2.5 billion lbs. and AFM doesn't participate in the Super Bowl:

SAVINGS EXERCISE

• SUPER BOWL PRODUCTION	\$1,500,000
• SUPER BOWL MEDIA	\$ 750,000
• SUPER BOWL AGENCY FEE	\$ 150,000
• COPY TESTING & MARKETCAST	\$ 150,000
• SUPER BOWL PR	\$ 100,000
• SAVINGS TO DOLORA	\$1,850,000
• MOVE TO TRADE & SHOPPER	\$ 650,000
• RESERVE	\$ 150,000

249

The board agreed with Alvaro in his recommendation.

Sustainability

Ana Ambrosi presented an overview of the importance of having a Sustainability story for the industry and shared a slide with the Sustainability Journey for AFM since 2020:



Ana explained that the company hired Pollination as a sustainability partner and created a Sustainability Committee that had a Workshop in January 2024 and an alignment meeting in April 2024 to solidify parts of the company's sustainability framework that includes the following agreements:

- **STRATEGIC VISION:** Committed to sustainable practices, the avocado industry, its members, and its success depend on addressing climate change and the conservation of the natural environment, soil, forests, and water, as well as the economic security of its fundamental communities in avocado - producing regions in Mexico.
- **ENVIRONMENTAL COMMITMENT AREAS:** Climate Change, Deforestation, Biodiversity and Water Management.

Ana presented to the board some preliminary language for the goals in each one of the commitment areas and explained that the committee decided to create a Sustainability Task Force conformed of three members, one from each parent organization: Ramon Paz

from MHAIA, Armando Lopez from APEAM and Ana Ambrosi from AFM. These are the main objectives of the task force:

- Identify next-step actions, assess current programs, and prioritize resources.
- Work to finalize the Strategic Framework: actionable goals, metrics and initiatives, in alignment with goals.
- Work to understand carbon and water footprints APEAM worked on (peer review)
- Create roadmap, implementation strategy and recommended actions for achieving goals in each focus area (Next phase: Pollination group/or alternative advisor)
- Coordinate the development of a communication plan and initial commitment announcement with the PR agency.
- Coordinate the internal communications plan for stakeholders.

Ana presented the next steps for this important initiative:

NEXT STEPS: APPROACH

Avocados—Mexico
SINCE 2009

Next steps include identifying a vendor who can design a work plan that will enable the Mexican avocado industry to achieve its commitments and generate positive environmental impacts.

1. **PRIORITIZATION, DESIGN AND ENHANCE INITIATIVES NEEDED TO MEET EACH COMMITMENT**
 - Assess current strengths and gaps for achieving each new sustainability commitment/goal
 - Identify actions, prioritize and design strategic initiatives to achieve each commitment
2. **IMPACT MEASUREMENT AND REPORTING OF INITIATIVES THAT ALLOWS THE INDUSTRY TO UNDERSTAND AND CREDIBLY COMMUNICATE EFFORTS AND PROGRESS**
 - Develop actions to support the industry with measuring impacts and reporting progress for each commitment
 - Identify metrics that the industry can use to track progress over time
3. **LAUNCH THE WORK PROGRAM: ACTIVATION OF PATHWAYS FOR ACHIEVING COMMITMENTS THROUGH COLLABORATIVE PARTNERSHIPS, POTENTIAL FUNDING OPPORTUNITIES, AND IMPACT MEASUREMENT AND MANAGEMENT PROCESSES**
 - Engage and facilitate partnerships needed to reach commitments
 - Map potential funding opportunities to support initiatives
 - Launch impact measurement, management and reporting

26

Gary Caloroso motioned to accept the marketing plan as presented pending review of the crop report numbers during MHAIA's meeting the following day. The motion was seconded by Jaime Rivas. The motion passed without objection.

New Business:

There being no additional business Jaime Rivas motioned to adjourn. The motion was seconded by Gary Caloroso. There was no objection.

I certify that the above is a true and accurate statement of the May 24-25, 2023 AFM Board of Directors Meeting.

Respectfully Submitted

Ron Campbell
Secretary, AFM