



**AFM Annual Board Meeting
Minutes
September 13, 2022**

Place:

AFM Headquarters
Las Colinas, TX

**Board of Directors:
(All Present)**

Jose Luis Gallardo	Chairman
Gary Caloroso	Treasurer
David Ruiz	Director
Jimmy Rivas	Director
Ricardo Vega Jr.	Director
Peter Shore	Vice Chair
Armando Lopez	Director (ex-officio)
Ron Campbell	Director (ex-officio)

AMS:

Katie Cook

Officially Present:

Alvaro Luque	Dolora Sillman	Kevin Brosch
Pilar Osorio-Goday	Ana Ambrosi	Brad Barker
Miguel Molina	Ivonne Kinser	David Spirito
Gina Widja	Stephanie Bazan	Mitzy Cordero
Ron Lopez		

APEAM and MHAIA Members and Guests

Jon Ullrich	Jesus Domingo	Ricardo Vega Jr.
Aaron Acosta	Rigo Perez	Miguel Barcena
Jorge Hernandez	Gahl Crane	Gustavo Rivas
John McGuigan	Emiliano Escobedo	Jacqueline Solares
Jorge Vallero Esquivel	Dave Billings	Hector Soltero
Ivan Alejandro Oseguera	Dr. Antonio Ortiz	Stephan Klinge
Gahl Crane	Jeffery Onstot	Ileri Villicana
Alfonso Delgado		

Roll Call and Minutes:

Chairman Gallardo called the meeting to order, took the roll call, established a quorum and introduced Kevin Brosch to read the antitrust policy to the board.

Jaime Rivas motioned to approve the minutes from our May board meeting and the motion was seconded by Gary Caloroso. There was no objection.

Treasurers Report

Miguel M. presented the financial statements for AFM for the period ending Aug 31, 2022.

- **Contributions:** Total YTD funding is \$34,686 under budget. MHAIA is listing a favorable variance as MHAIA has not hired one position.
- **Spending:**
 - **Marketing:** Total spending is under Budget by \$2.25 Million. It is early in the fiscal year, and AFM expects to catch up on expenses in the coming months. Marketing Direct drives most of the favorable balance, followed by Marketing Admin.
 - **General Administrative:** Total administrative expenses are under Budget by \$134,457.
- **Change in Net Assets:** Due to AFM spending at a lower rate than our Budget, AFM Change in net assets presents a favorable \$6.91 million balance.
- **Financial Position:** AFM has a strong balance sheet.
 - **Assets:** AFM presents a lower than budget Cash and Equivalents balance. This unfavorable balance is due to a MHAIA accounts receivable balance.
 - **Liabilities and Equity:** AFM lists an increase in Total Equity as AFM is spending at a lower rate than the 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 -	\$ Change- Act vs Budget	Actual-YTD	\$ Change- Act vs PY	Spending	Actual-YTD	Budget-August	\$ Change- Act vs Budget	Actual-YTD	\$ Change- Act vs PY
	August 31,2022	August 31,2022		August 31,2021			August 31,2022	August 31,2021		August 31,2021	
MHAIA	\$ 7,400,000	\$ 7,400,000	\$ -	\$ 6,620,000	\$ 780,000	AFM Marketing	\$ 1,718,089	\$ 3,906,348	\$ (2,188,259)	\$ 1,311,958	\$ 406,131
APEAM	\$ 3,016,666	\$ 3,016,666	\$ -	\$ 976,666	\$ 2,040,000	AFM Marketing Admin	\$ 1,301,358	\$ 1,326,153	\$ (24,795)	\$ 1,020,271	\$ 281,087
MHAIA Com/Analytics	\$ 24,588	\$ 58,994	\$ (34,406)	\$ 23,991	\$ 598	MHAIA Analytics	\$ 24,588	\$ 58,994	\$ (34,406)	\$	\$ 24,588
Other income (Interest)	\$ 620	\$ 900	\$ (280)	\$ 1,005	\$ (385)	Total Marketing	\$ 3,044,036	\$ 5,291,495	\$ (2,247,459)	\$ 2,332,229	\$ 711,807
Total contribution	\$10,441,874	\$10,476,560	\$ (34,686)	\$ 7,621,662	\$ 2,820,212	General Admin	\$ 487,473	\$ 621,930	\$ (134,457)	\$ 508,336	\$ (20,863)
% Variance			-0.3%		37.0%	Total Expenses	\$ 3,531,509	\$ 5,913,425	\$ (2,381,916)	\$ 2,840,566	\$ 690,943
						% Variance			-40.3%		24.3%
Change in Net Assets	Actual-YTD	Budget -	\$ Change- Act vs Budget	Actual-YTD	\$ Change- Act vs PY	Financial Position	Actual-YTD	Budget-August	\$ Change- Act vs Budget	Actual-YTD	\$ Change- Act vs PY
	August 31,2022	August 31,2022		August 31,2021			August 31,2021	August 31,2021			
Net Change in Assets-CY	\$ 6,910,365	\$ 4,563,135	\$ 2,347,230	4,757,105	2,153,260	Cash & Cash	\$ 5,436,936	\$ 8,224,051	\$ (2,787,115)	\$ 5,391,884	\$ 45,051
Retained Earnings	\$ 527,853	\$ 351,157	\$ 176,696	5,057,053	(4,529,200)	Equivalents	\$ 6,165,867	\$ 2,291,521	\$ 3,874,346	\$ 4,283,519	\$ 1,882,348
						Other Assets (AR/FA)	\$ 4,164,584	\$ 5,601,280	\$ (1,436,696)	\$ 4,618,350	\$ (453,766)
Total Equity	\$ 7,438,218	\$ 4,914,292	\$ 2,523,926	\$ 9,814,159	\$ (2,375,941)	Total Assets	\$ 11,602,803	\$ 10,515,572	\$ 1,087,231	\$ 9,675,403	\$ 1,927,399
						Total Liabilities	\$ 4,164,584	\$ 5,601,280	\$ (1,436,696)	\$ 4,618,350	\$ (453,766)
						Total Equity	\$ 7,438,218	\$ 4,914,292	\$ 2,523,926	\$ 5,057,053	\$ 2,381,055
						Total Net Assets/Liabilities	\$ 11,602,803	\$ 10,515,572	\$ 1,087,231	\$ 9,675,403	\$ 1,927,399

Funding allocation	Actual-YTD	Budget -	Actual-YTD	%-Actual-	%-Budget-YTD	%-PY -YTD
	August 31,2022	August 31,2022	August 31,2021	YTD July 31 22	July 31 22	June 31 21
MHAIA to AFM	\$ 7,400,000	\$ 7,400,000	\$ 6,620,000	85.28%	64.98%	63.39%
APEAM to AFM	\$ 3,016,666	\$ 3,016,666	\$ 976,666	26.6%	26.49%	9.35%
APEAM to MHAIA	\$ 185,085	\$ 238,220	\$ 179,505	10%	2.09%	17.2%
APEAM Special Project	\$ 733,333	\$ 733,333	\$ 2,666,667	6.5%	6.44%	25.54%
Total	\$11,335,084	\$11,388,219	\$ 10,442,838	100.0%	100.0%	100.0%
MHAIA						

Admin Plan FY23

Miguel M. presented an update on the accounting and administrative programs:

- **Operational Excellence**
 - The accounting team reviewed the full Procure to pay cycle and is implementing a plan to automate its review and accounting cycle further and establish a business review with the marketing team in January and July 2023.
 - The accounting team completed its IT customer service application transition to Microsoft Dynamics 365. The goal is to maximize AFM's technology investments under the same Microsoft Software applications.
 - The accounting team is implementing an employee "horizontal growth" program and cross training all accounting employees on critical operational applications, such as Concur for Expense Reports and the Microsoft Power Platform for system automation.
- **Financial Audit**
 - AFM completed its annual financial audit with no observations.
 - Miguel presented a summary of activities performed by the accounting team during the audit: 29 main tasks with a sample of 263 invoices, 92 contracts for FY22, and 22 contracts for FY23. Over 100 payroll items and over 52 follow-up emails.
- **Office Expansion**
 - The office expansion is in progress with the upcoming milestones:
 - **September 2022:** Complete the Architect, Mechanical, Electrical, and plumbing drawings.
 - **October 2022:** The building will initiate a bidding process to select a General Contractor and apply for construction permits.
 - **November 2022:** The building plans to relocate the current tenant to a new office.

HR

Alvaro Luque presented Allison Hamm as the new HR lead for AFM, substituting Ivon Pearce. Allison was promoted to a Senior Manager role, will report directly to the CEO and will have a direct report that will be hired in the coming weeks. Allison presented the Employee Handbook update and ask for board approval to confirm the recent changes and have the book ready and printed for the company Open Enrollment event in December.

Gary Caloroso **motioned** to approve the changes to the Employee Handbook and the motion was seconded by Jaime Rivas. There was no objection.

The Handbook will be sent to AMS for final approval.

Alvaro presented the next steps in the Culture consultancy project With Gallup that includes the following:

- *Culture Map (in process)*
- *Clifton Strengths (done/ Workshop Oct)*
- *Boss to Coach (done)*
- *Exceptional Workplace (Oct)*
- *Culture & Innovation Roadmap (Nov)*

Final outcomes of this consultancy project and final Culture Map will be presented in the next board meeting in February 2023.

Corporate Communications & Crisis

Ana Ambrosi presented the new plan to promote the Avocado Institute in FY23 that will include two hero moments:

ECONOMIC REPORT: September 2022	EARTH MONTH: April 2023
Release new economic report	Include pulses for water day + earth day
Tap into university experts for media credibility	Distribute mat release
Pitch local, Hispanic and national media with win-win story	Showcase new data from the industry
	Leverage hero video to showcase the story

Ana presented the launch of the new Corporate Library and the Annual Report for FY22.

Research & Analytics

Steve Klingele presented the updated Research & Analytics plan for FY23:

FY23 RESEARCH & ANALYTICS PROGRAMS

FOUNDATIONAL PROGRAMS

- Universal Consumer Demand Landscape*
- Food Service Demand Landscape*

CUSTOM PROJECTS*

- Health & Wellness / Good Fats
- Avocado & Guac Consumption Trends
- World Cup Fandom
- Bulk & Bag Deep Dive

BASE RESEARCH PROGRAMS

- FS Menu Trends, Operator Tracking, Volumetric Analysis
- H&P Brand Tracker
- Ad Testing - AceMetrix, Phoenix, Millward Brown
- BrandFormance*
- Continuous Market Tracker*
- Agile Research Service*

BASE ANALYTIC PROVIDERS

- NielsenIQ
- Numerator
- 84.51 LLC (Kroger)
- Datassential
- TABS Analytics

*New for FY23

Avocados MEXICO

Steve explained the process and goals of the new Universal Segmentation project for AFM that will redefine the consumer target segments for Hispanics, Non-Hispanics and Foodservice Patrons for the future. The study is through the company Material+ and will be ready to present in January 2023.

Steve presented the new Brandformance methodology that AFM is using to pre-test creative campaigns and be sure that they have a positive impact in brand building and short-term sales vs pre-defined success KPI's and benchmarks. With

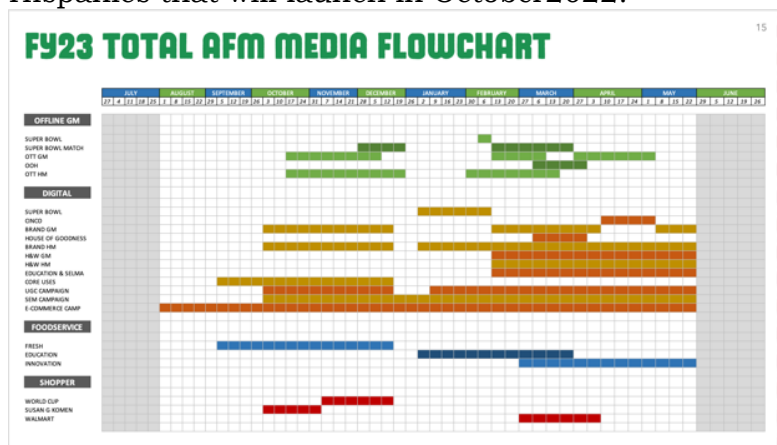
this process the company will be able to re-define and optimize campaigns before they are launched.

Marketing Update

MARKETING

Ivonne Kinser presented the AFM brand strategy and building pillars, including the new Pantone color and the Sonic Branding project with the agency AMP that will define the music elements that will be used to continue building the brand. Both projects will be ready to launch in January 2023 with the new Super Bowl campaign.

Ivonne presented the new TV and digital media plan for Hispanics and Non-Hispanics that will launch in October 2022:



Ivonne presented the new ads that will be used in the FY23 campaign:

Renaissance Cinco and Wild West Reveal for the fall. Both ads are aligned to the new brand campaign that launched with the Colosseum Super Bowl ad and tested very well with consumers.

Ivonne also presented the status of the experiential program for SXSW where AFM will present the House of Goodness experience to consumers and media on March 13th and 14th in Austin Texas. The program includes a strong media and PR plan to amplify impressions up to 2.5 billion for that week.

CORE USES:

- To support AFM core uses program, Ivonne presented the new uses digital campaign that will be reinforced with Clinch, a technology with advanced personalization capabilities to improve ad engagement.
- David Spirito presented the uses program including the launch of the Handheld innovation catalogue in the fall and the Bowl innovation catalogue in the Spring.
- Stephanie Bazan presented the core uses shopper promotion Guac & Tacos that will be in market in September and October 2022 with close to 18,000 equivalent displays in store. Promotion will focus on clients like Albertsons, Food Lion and Southeastern Grocers. At the same time, AFM will activate 5,480 stores with in-store signage on core uses including clients like Kroger, Publix, Albertsons and others.

- Stephanie presented HEB Avoworthy program that will dedicate two weeks at the end of October to promote avocados including special displays, coupons, in-store signage and employee branded t-shirts.

SUPER BOWL:

- Ivonne Kinser presented the final Super Bowl negotiation with FOX that was 7% below the initial goal in terms of total ad cost. Also, the agency was able to negotiate 15% less than expected investment in the Super Bowl match and an unprecedented 92% negotiation for the match in digital properties that will give AFM a lot of flexibility on how to use these dollars towards the right consumer target. The Super Bowl ad will air in the 2nd quarter, first ad break.
- Ivonne presented the production timeline for the Super Bowl ad including the consumer testing on the creative ideas to be sure the selected ad has the expected impact and successfully delivers the brand message. Ad will be ready at the end of January 2023.
- Stephanie Bazan presented the Super Bowl shopper promotion Tasty Good vs Good Fats Delish that includes the celebrity integration with Deion Sanders and Tracy Edmonds. The promotion will be in market in Jan 2nd and will include dedicated merchandising, coupon offers, consumer prizing and branded bags.
- To support the shopper promotion, Ivonne presented the digital program for the Super Bowl through the Goodness Hotel platform that will include several consumer experiences and a strong integration with the Super Bowl shopper celebrities to promote their guacamole recipes and support the competition between healthy and tasty recipes.
- Ana Ambrosi presented the super Bowl PR program that includes a special announcement in January to support the new Pantone color Avocado Glow. The announcement will come with the development and launch of a special edition of an Avocado Glow line of kitchen accessories.

CINCO:

- Ivonne Kinser presented the new Cinco company creative concept “Cinco de Weekend” that is focused on extending the Cinco celebration to the whole weekend. To support this idea, Ana Ambrosi presented the PR program to support Cinco that will be focused on the Kentucky Derby race that will happen one day after Cinco and could be a great opportunity to build up the Cinco AFM concept in a line of special edition hats for the race.
- Stephanie Bazan presented the Cinco shopper program with the new partnership with Coke Zero. Stephanie presented the rationale on why Coca Cola is a good partner for AFM:



EDUCATION:

- Stephanie Bazan presented the education program for AFM including the following initiatives:
 - o Walmart Universal Bag and education site + paid media
 - o Walmart Single Sample program running October through March with 1,000 stores per wave.
 - o Always on in-store signage program with Neptune. Four waves from October to January impacting 7,400 stores.
 - o National education coupon with media in October with a circulation of 1 MM units
 - o Digital paid media program
 - o Education bag programs with Costco (3 waves) and Aldi (2 waves)
 - o Stop & Shop education bin program. Post Super Bowl with 2,750 units.
- David presented the launch of Rouxbe as the new educational platform for foodservice.

HEALTH & WELLNESS:

- Stephanie Bazan presented the H&W Shopper programs for FY23 that include:
 - o Susan G Komen in October supporting the breast cancer cause. This program will run in Walmart for the second year and for the first time Kroger will be included taking bins for the store.
 - o Always on in-store signage program through Neptune impacting 7,500 stores in February and March concentrated in top accounts like Publix, Ahold and Kroger.
 - o Thalia H&W merchandising program for Hispanic stores.
 - o The new H&W Seasonal program that will be launched in March 2023 to substitute the March Madness promotion. The program will communicate the new H&W company concept that is in development.
- Steve Klingele presented the new learning plan for Health & Wellness conformed of three phases: Anthropologic research to unveil

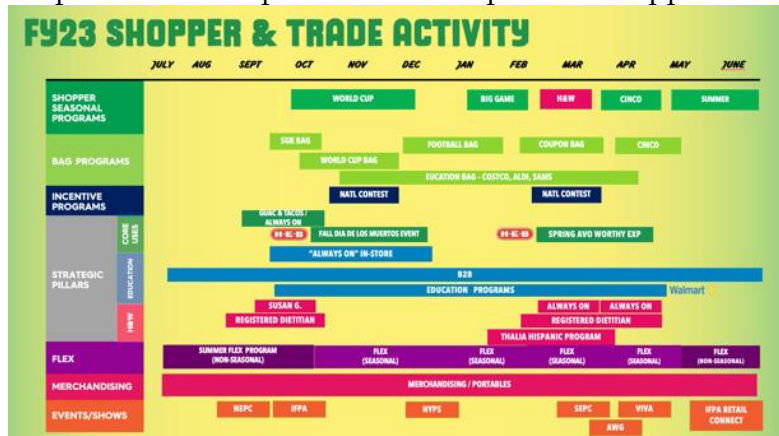
Healthy Fats territories and the role of avocados in each one of them, Qualitative research to understand the selected territories and refine concepts and a final Quantitative phase to select the final creative concept and the possible impact in the brand and business.

- Steve presented the six creative concepts that will go into Phase 2 and 3 using the three selected Fat Territories from Phase 1 (Fats as Energy/ Managing Full Body Health/ Tasting Rich Flavors):



TRADE & SHOPPER

Stephanie Bazan presented the updated Shopper & Trade calendar for FY23:



Stephanie presented an analysis of the promotional activity of the category during the summer months, including the results of a recent audit on Peruvian fruit to understand how it penetrated top accounts and different regions in the U.S. Based on this situation, Stephanie presented a strong promotional plan for AFM during the Fall that includes the following programs:

- September:
 - o Reactivation coupon plan for top accounts including Kroger, Publix, HEB and others. (4.2 million units)
 - o Guac n' Tacos seasonal program (18,000 sold in displays)
 - o Always On in store signage for Guac n' Tacos on 5,300 stores across the U.S.
- October:
 - o Susan G Komen bags in Walmart & Kroger with dedicated displays.
 - o Education DFSI Coupon through Coupons.com (1 million units)

- AvoWorthy program with HEB
- Single Sample program with Walmart in 1,000 stores
- Reactivation coupon plan for top accounts including Kroger, Food Lion, Ahold and others. (3.2 million units)
- November/ December:
 - OND World Cup Program with Takis
 - National Incentive Plan (35 accounts)
 - Always On in store signage for OND on 7,500 stores across the U.S.
 - Manager Feature bag Program with Albertsons (1 month)
 - Rollback bag program with Walmart (2 weeks)
 - Education bag with Costco (1.5 million units)
 - Education bag with Aldi (1 million units)

Stephanie presented the details on the World Cup OND promotion in partnership with Landon Donovan and Rafa Marquez. Promotion will run from Oct 24th to December 18th and it will include displays, coupons, dedicated packaging bags and a consumer digital program with Takis.

Stephanie presented the annual coupon calendar for FY23 adding up to 48 million coupons (a 4% below FY22)

Stephanie presented the details on the Shopper Assessment project with The Partnering Group that will be ready to present in December 2022. The project has the following objectives:

CPG Trends & Best Practices in Shopper Mktg <i>(15% of Scope)</i>	Shopper Opportunity Strategic Assessment <i>(75% of Scope)</i>	Capabilities & Ways of Working <i>(10% of Scope)</i>
1	2	3
<ul style="list-style-type: none"> ✓ Top trends impacting Shopper Marketing & Retail Landscape ✓ Explore best-in-class shopper marketing practices and how CPGs are driving innovation ✓ Benchmark assessment against top CPGs (Retail Media, E-Com, In-store Marketing, Merchandising, etc.) 	<ul style="list-style-type: none"> ✓ Current AFM Shopper & Trade Strategy Assessment ✓ Barriers & Opportunities to Shape Future Capabilities ✓ Identify areas of strength & gaps (Seasonal, Shopper Power Accts, Coupons, etc.) ✓ Share of Wallet - Actionable Ideas & Recommendations 	<ul style="list-style-type: none"> ✓ Capabilities Assessment to identify gaps & opportunities ✓ POV compared to top CPG companies and optimization to support strategies and key initiatives where applicable

FOODSERVICE

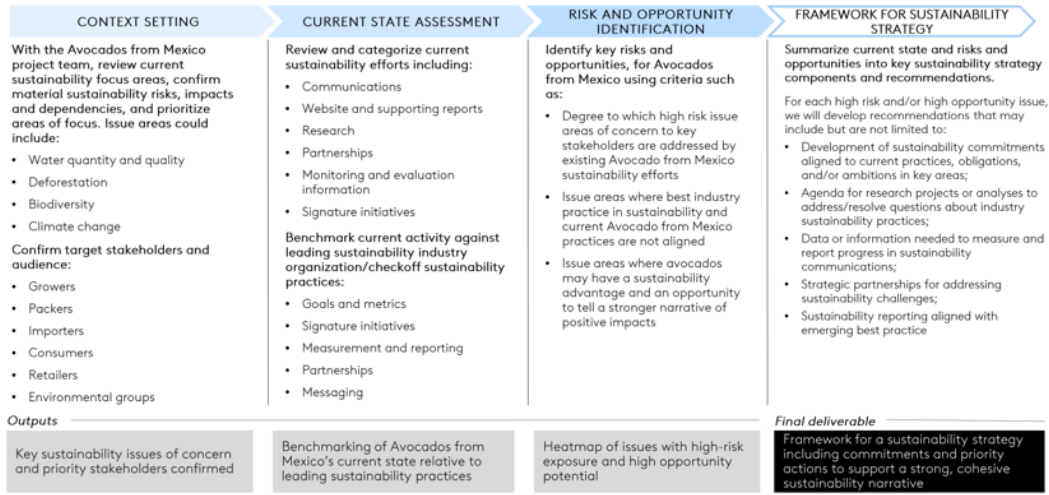
David Spirito presented the details of the Foodservice media campaign and the upcoming LTO programs including partnerships with Jason's Deli, Another Broken Egg, Uncle Julio's, Del Taco, Cinopolis, Sysco and PFG. David also presented the new Made in Mexico trip that is scheduled for the last week of November.

Sustainability

Ana Ambrosi introduced Dr. Jane Carter Ingram from the company Pollination that presented a proposal to the board to conduct a general Assessment of the sustainability efforts of the Mexican Industry and present a roadmap to reinforce this area moving forward. The board approved moving forward with a formal proposal that will be presented to the AFM board for final approval. This is Pollination Gap Analysis proposal:

Gap Analysis and Sustainability Framework

A Gap Analysis and development of a Sustainability Framework can help Avocados from Mexico 1) identify key areas where sustainability messaging and programming can be strengthened and 2) develop commitments and prioritize actions that can support a focused sustainability strategy and a strong narrative for the industry. The Gap Analysis and Framework development will consist of four steps outlined below.



New Business:

There being no additional business David Ruiz motioned to adjourn until the following day to seat the new board and officers. The motion was seconded by Gary Caloroso. There was no objection.

On the following day, upon conclusion of the MHAIA Annual Meeting, the AFM readjourned to seat the new board and officers.

The AFM Board consists of APEAM and MHAIA Chairmen, Treasurers Marketing Specialists and two ex-officio Executive Directors. In total the Board is comprised of 8 officers. Based upon the results of the MHAIA annual election, the 22 / 23 AFM Board is:

Jose Luis Gallardo	Director
Gary Caloroso	Director
David Ruiz	Director
Jaime Rivas	Director
Ricardo Vega	Director
Peter Shore	Director
Armando Lopez	Director (ex-officio)
Ron Campbell	Director (ex-officio)

Ron Campbell requested nominations for Chairman. Jaime Rivas nominated David Ruiz as Chairman. Gary Caloroso seconded the nomination. All were in favor.

David Ruiz requested nominations for Vice Chair. Peter Shore nominated Gary Caloroso which was seconded by Jaime Rivas. All were in favor.

David Ruiz requested nominations for Treasurer. Jaime Rivas nominated Ricardo Vega which was seconded by David. All were in favor.

Therefor the new AFM Board and officers is below:

Jose Luis Gallardo	Director
Gary Caloroso	Director (Vice Chair)
David Ruiz	Director (Chairman)
Jaime Rivas	Director
Ricardo Vega	Director (Treasurer)
Peter Shore	Director
Armando Lopez	Director (ex-officio)
Ron Campbell	Director (ex-officio – Secretary)

There being no additional new business, David Motioned to adjourn which was seconded by Jaime Rivas. There was no objection.

I certify that the above is a true and accurate statement of the September 13 /14, 2022 AFM Board of Directors Meeting.

Respectfully Submitted

Ron Campbell
Secretary, AFM