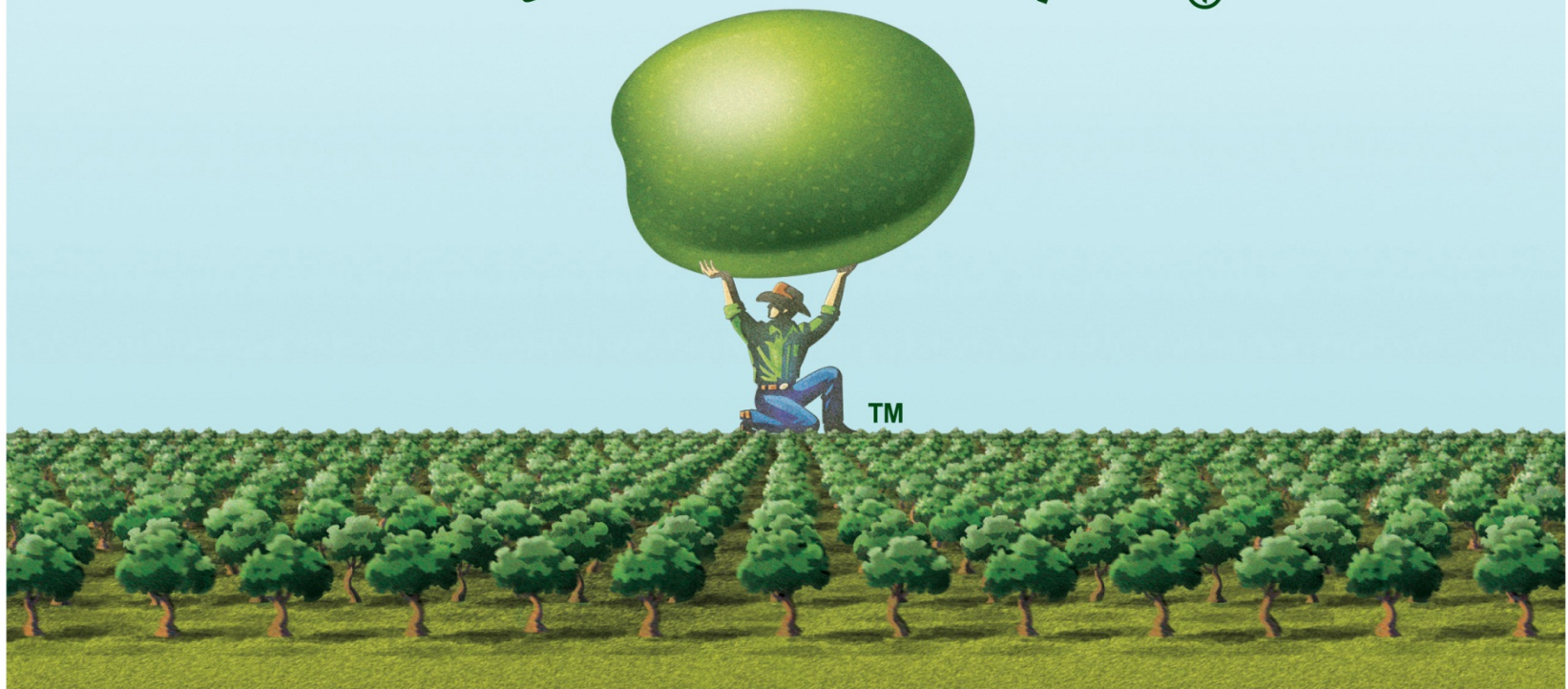


CALIFORNIA[®]

OLIVE RANCH



CA Specialty Crop Council 2014 MRL Harmonization Workshop

June 18th & 19th
San Francisco, CA

Brian Mori
Grower/Field Representative
California Olive Ranch



Brief Background

- California Olive Ranch is the largest grower, processor, and marketer of premium extra virgin grade olive oil in the United States
- CA leading producer in emerging domestic commercial olive oil industry (GA, TX, FL, AZ)
- Company prides itself on innovation through research and practical applications
- In addition to company ranches COR contracts with growers throughout the San Joaquin and Sacramento Valleys
- Utilizes Super High Density method of growing to facilitate mechanical harvest
- Ensures a consistent quality product every season
- Primary focus on retail and food service branded markets



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U.S. OLIVE OIL INDUSTRY

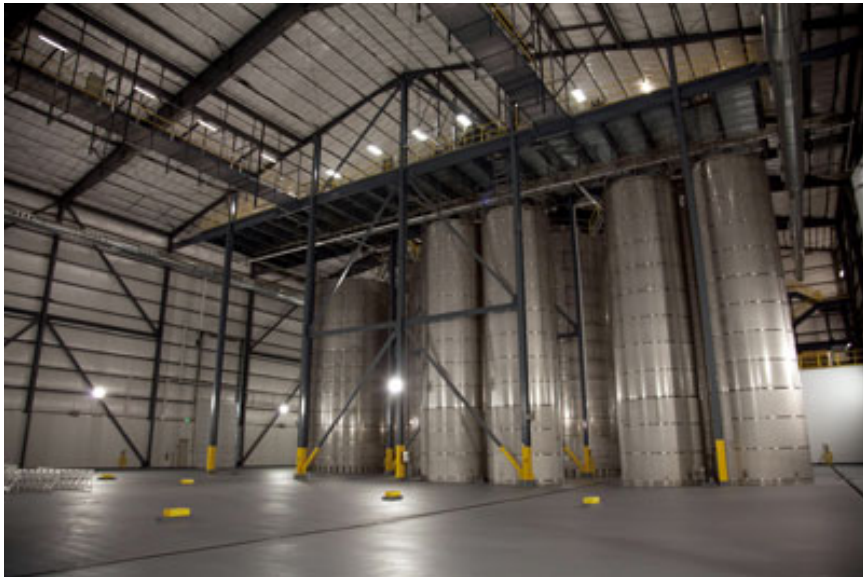
| California | Texas | Georgia | Florida |
|---|---|--|---|
| <ul style="list-style-type: none"> • More than 30,000 planted acres • Acreage expected to expand 10% annually • Approximately 40 mills • 3.5m gallons of olive oil produced | <ul style="list-style-type: none"> • Approximately 2,500 planted acres • Acreage expected to double next 12 months • 4 mills with a new mill planned to be developed in 2014 | <ul style="list-style-type: none"> • More than 250 planted acres • Acreage expected to double in the next 12 months • Produced the first EVOO on the east coast in over 100 years in 2011 • New commercial mill and storage facility | <ul style="list-style-type: none"> • Approximately 300 planted acres • 30% Increase since 2012 • Additional acreage expansion anticipated • Several research projects |

Additional Olive Oil Plantings and Production

- Arizona has more than 1,800 acres of olive trees for oil production and a milling facility
- Oregon has at least 101,000 trees planted and milling facilities since 2008
- Maui has several 1,000 trees planted and has 50-75 growers; first milling facility developed 2013
- Alabama has 1000 trees planted



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Recent MRL Issue:

- 2012 Grower Contract Renewal
 - Upgraded quality criteria
 - Included a new MRL standard for growers
 - Need to define MRL standard to present to retailers including emerging Asian markets (Korea, China, & Japan)
- Issues
 - MRL standards mostly geared towards CA table olive market
 - Lack of research on residual levels for olive oil
 - What was the right amount of info to publish to retailers?
 - European standards not applicable to US production
 - Import oil in mainstream news for failure of MRL standards, focus from retailers on issue



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Recent MRL Issue: Continued

- Initial Mistakes
 - Attempted to publish an all encompassing MRL standard combining EU, Japanese, Korean, and US levels
 - Utilized the most stringent standard for each
 - Published it as the standard to our retailers
- Unintended Consequences
 - Some standards proved to be unachievable in conventional agriculture
 - Increased testing costs substantially
 - Burdens QA department and created artificial issues with retailers



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Recent MRL Issue: Continued

- Solutions
 - Grower contract allows COR to modify MRL standard on a yearly basis
 - 2014 COR revised and simplified MRL standards for growers for the upcoming season
 - Began an effort to harmonize internally messaging to retailers and customers regarding MRL standards for COR product



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2014 Fruit & Quality Standards and Specifications Revisions

California Olive Ranch Inc.
Maximum Residual Level Pesticides (MRL) Positive List
Published April 2014, Effective 2014 Harvest

| US Trade Name | Pesticide Name | COR Standard |
|--------------------------|----------------------------------|--------------|
| Alion, Esplanade | Indaziflam | <0.01* |
| Edict, Vida | Pyraflufen-ethyl | <0.01* |
| Blackhawk, Entrust | Spinosad | <0.02 |
| Surflan | Oryzalin | <0.05* |
| Supracide | Methidathion | <0.05 |
| Firestorm, Gramoxone | Paraquat | <0.05 |
| Goal, Galigan, Pindar | Oxyfluorfen | <0.05 |
| Aim, Shark | Carfentrazone-ethyl | <0.1 |
| Prowl, Pendulum | Pendimethalin | <0.1 |
| Simazine 4L, Princep | Simazine | <0.2 |
| Roundup, GlyStar, Accord | Glyphosate | <0.2 |
| Esteem, Seize | Pyriproxyfen | <1 |
| Diuron 4L, Determine | Diuron | <1 |
| Beseige, Altacor | Chlorantraniliprole (DPX E-2Y45) | <4 |
| Danitol, Tame | Fenpropathrin | <5 |
| Carbaryl 4L, Sevin | Carbaryl | <10 |
| Appland, Centaur | Buprofezin | <3.5 |

- Reduced the list from 91 to 17.
- More in line with California MRL's.
- To export to EU Carbaryl is zero tolerance, Japan is 25, but customers in Japan require <0.01, China does not have a requirement



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Current Issues- USA

- Lack of a harmonized US quality standard for oil
 - Most MRL thresholds applicable to fresh market olives
 - Includes a MRL standard for US OLIVE OIL
- Indaziflam, Pyraflufen-ethyl, oryzalin- all approved pesticides for olives but no labs that can test on a fatty matrices to a low enough level
- Paraquat, Carfentrazone-ethyl- no lab in the USA that can test these on a fatty matrices
 - Working with labs to try and get the testing done in the USA but it takes time to develop the method
- Testing alternatives in harvest/washing of fruit before milling to determine if it aids in removal of pesticides to eliminate any risk of detection in final processed product
- Increasing concern by USA consumers on pesticide use in fields, desire to be able to say “pesticide free” or organic



Current Issues- Exporting

- Country specific testing that is irrelevant for what is able to use on olives in USA or specifically CA
 - China- regulates 5 pesticides specific to olive oil in their olive oil standard, all are not approved chemicals for use in olives in the USA
 - No uniformity in country MRL values, Codex, etc. Burdensome amount of irrelevant chemicals tested for default values
- Customer specific testing- primarily with Exporting (Japan/China) customers are requesting even lower MRL values than what is regulated by our EPA and Cali government
 - No labs to test low enough level for some pesticides
 - Diquat, Rogor- export customers require testing, however they are not available to use in USA and not compatible with fatty matrices thus give false positive results
- Need for domestic olive oil industry representation in trade talks relating to MRL



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