

CONSTITUTION OF THE SOUTHERN AFRICAN PISTACHIO GROWERS' ASSOCIATION

As amended at the PGA AGM held on 24 January 2019

1 NAME

The name of the Association shall be "THE SOUTHERN AFRICAN PISTACHIO GROWERS' ASSOCIATION".

2 HEADQUARTERS OF THE ASSOCIATION

The Board shall decide from time to time as to where the association's headquarters will be located.

3 CORPORATE STATUS

The Association shall be a body corporate having an existence independent of its members, with perpetual succession and with power to own and hold movable and immovable property, and all its assets shall be registered or held in the name of the Association; the individual members of the Association shall not be liable to meet the debts, engagements or liabilities of the Association, which shall be incurred in the name of the Association and the liability of the members shall be limited to the amounts due by them in respect of their annual fees or in respect of other monies payable by them in terms of the Constitution. No member has any rights, by reason of its membership, to the property of the Association.

4 AIMS AND OBJECTIVES

The aims and objectives of the Association shall be:

- 4.1 the collection, collation and distribution of information concerning the marketing, production and quality of pistachios;
- 4.2 to facilitate and promote co-ordination amongst export and local marketers of pistachios and to assist in the distribution of information to exporters;
- 4.3 to make provision for the necessary quality requirements for pistachios and the application thereof in conjunction with the relevant State bodies;
- 4.4 to make recommendations concerning the handling and distribution of pistachios;
- 4.5 to carry out research, to have research carried out and to co-ordinate such research concerning the marketing and production of pistachios;
- 4.6 to increase the demand for pistachios locally and overseas by advertising, promoting and by such other means as the Association shall deem fit;

POWERS

The Association shall, with Board approval, have plenary powers, including the specific powers set out hereinafter, to enable it to realise its purpose and objects, all powers however

subject thereto that they will be executed only in accordance with the aims and objectives of the Association:

5.1 to purchase or acquire in any way land, buildings, shares and every other kind or description of movable, immovable and incorporeal property;

5.2 to manage, insure, sell, lease, mortgage, dispose of, give in exchange, work, develop, build on, improve, turn to account or in any way otherwise deal with its undertaking or all or any part of its property and assets;

5.3 to apply for, purchase or by any other means acquire, protect prolong and renew any patents, patent rights, licences, trademarks, concessions or other rights and to deal with and alienate them as provided in paragraph 5.2 above;

5.4 to borrow money;

5.5 to secure the payment of moneys borrowed in any manner including the mortgaging and pledging of property and, without detracting from the generality thereof, in particular by the issue of any kind of debenture or debenture stock, with or without security;

5.6 to lend money to any person or other association with objectives similar to those of the Association;

5.7 to invest money in any manner;

5.8 to open and operate banking accounts and to overdraw such accounts;

5.9 to make, draw, issue, execute, accept, endorse and discount promissory notes, bills of exchange and any other kind of negotiable or transferable instruments;

5.10 to enter into indemnities, guarantees and suretyships and to secure payment thereunder in any way;

5.11 to form and have an interest in any company(ies) or association(s) of a similar nature having the same or similar objects to the Association, provided that such other company(ies) or association(s) are themselves non-profit organisations and exempt from the payment of income tax. This is for the purpose of acquiring the undertaking of all or any of the assets or liabilities of such association or companies or for any other purpose which may seem directly or indirectly, calculated to benefit the Association, and to transfer to any such association or companies the undertaking of all or any of the assets or liabilities of the Association;

5.12 To amalgamate with any association(s) having the same or similar objects to the Association; provided that such other companies are within the Republic of South Africa and are themselves non-profit organisations and exempt from the payment of income tax;

5.13 To take part in the management, supervision and control of the business or operations of any other association or business having the same or similar objects as the Association, and to enter into partnerships or joint ventures; provided that such other associations or businesses are within the Republic of South Africa and are themselves non-profit organisations and exempt from the payment of income tax;

5.14 To reasonably remunerate any person or persons in cash or in any other way for services rendered in the formation of the Association and/or the development of its business;

5.15 To make donations to other non-profit organisations, provided that the board is satisfied that such donations will be used to advance the aims and objectives of the Association and provided further that no donations may be made to members or office bearers of the Association which donations will only be made in accordance with the main object of the association; and to receive donations, provided that no donations may be made to members or office bearers of the Association, and that all donations to the Association must be irrevocable;

5.16 to receive donations provided that all donations to the Association must be irrevocable.

5.17 to establish any Trust;

5.18 to act as principals, agents, contractors or trustees;

5.19 To pay salaries, gratuities and pensions and establish pension schemes in respect of its bona fide employees;

5.20 to enter into contracts outside the Republic and to execute any contracts, deeds and documents in any foreign country; and

5.21 to have a seal and to use such seal for any purpose in the Republic or in any foreign country.

5.22 to do all such other things as may be deemed incidental or conducive to the attainment of the objectives paragraphs 4.1 to 4.6.

6 INCOME, PROPERTIES AND MONIES

6.1 The income, properties and monies of the Association from whatsoever source derived, shall be applied solely towards the promotion of the objectives of the Association as herein set forth and no portion thereof shall be paid or transferred directly or indirectly by way of a dividend, bonus or otherwise by way of profit to the persons who are at the time or have been members of the Association or to any other persons claiming through them, provided, however, that nothing herein contained shall prevent the payment in good faith of the out-of-pocket expenses of any officials, employees or members of the Association or the payment in good faith of remuneration to any person whomsoever in return for any services actually rendered to the Association.

6.2 An asset register shall be drawn up by the secretariat and at all times maintained, to be recorded accurately.

7 MEMBERSHIP

There shall be six (6) classes of members namely:

7.1 Grower Members:

Grower members shall be Southern African enterprises whether private or corporate actively engaged in growing pistachios.

7.2 Handler Members:

Handler Members shall be Southern African enterprises that process and and/or consolidate pistachios for sale as nut in shell or kernals.

7.3 Associate members

Associate members shall be Southern African individuals and enterprises that have an interest in the industry including but not limited to: nurserymen, agricultural advisors, roasters, packagers, wholesalers, retailers, exporters, marketers, input and equipment suppliers, researchers and educators.

7.4 International members

International members shall be individuals or enterprises situated outside of Southern Africa.

7.5 Special Members:

Special members shall be any persons who, in the sole discretion of the Board of Directors, merit membership by virtue of special qualifications or experience, of value to the pistachio industry.

7.6 Honorary Life Members:

Honorary life members shall be members who in recognition of special or extraordinary services rendered to the pistachio industry, are appointed Honorary life members.

8 APPLICATION FOR MEMBERSHIP

8.1 Applications for membership shall be made in writing on the prescribed form accompanied by the entrance fee provided for in the Rules of the Association, to the Board of Directors who in their sole discretion shall be entitled to accept or reject any such application, without obligation to supply reasons.

8.2 A register of members shall be kept by the Executive Director or offices of the Association.

9 VOTING RIGHTS OF MEMBERS

Only grower, handler, associate and international members, in good standing (i.e. members who have paid their annual fees and levies in respect of the current period) shall be eligible to hold any office in the Association or vote at general meetings of the Association. Each such member shall be entitled to one vote only. Each member shall in addition be entitled to vote on behalf of other members if duly authorised thereto by written proxy, provided that no member will be entitled so to vote on behalf of more than two proxies.

10 TERMINATION OF MEMBERSHIP

The board shall be entitled, subject to compliance with applicable provisions of clause 11 hereunder,

to terminate the membership of any member who ceases to meet the qualifications for any class of membership as set out in clause 6 above or who fails to pay on due date any sum of

money due and owing by that member to the Association. Upon such termination the name of the member concerned will be deleted from the register of members.

11 MEMBERSHIP FEES ANNUAL FEES AND LEVIES

11.1 All members – with the exception of special and honorary members – shall pay annual membership dues and/ or levies as determined by the board and approved at a general meeting.

11.2 Non-producing members shall pay an annual fee which may be determined by the Board and prescribed in the Rules of the Association.

12 RESIGNATION, SUSPENSION AND/OR EXPULSION OF MEMBERS

12.1 A member shall be entitled to resign at any time provided that he shall have notified the Association in writing of his intention to do so.

12.2 The Board of Directors shall be entitled to suspend or expel and remove from the register of members, any member who, without good cause:

12.2.1 breaches any of the provisions of this Constitution and/or the Rules of the Association

12.2.2 fails to discharge his liability in respect of any monies due by him in terms of the Constitution

12.3 Any suspension of membership, may be instituted without obligation to provide reasons by the board. During the said period of suspension, the member affected shall not be entitled to exercise his voting rights, attend Association meetings, receive publications or information as provided by the Association.

12.4 Any such resignation, suspension or expulsion shall not thereby release such defaulting member from his financial liability be they statutory or otherwise to the Association and neither shall such resignation and/or defaulting member be entitled to any refund of his entrance or annual fee, or any part thereof.

13 BOARD OF DIRECTORS

The Board of Directors shall consist of not more than 20 (TWENTY) Directors, who are members of the Association and who shall be elected as follows:

13.1 By the grower members, a maximum of 10 (ten) Directors, pro-rata from provincial growing regions based on hectares planted . Such Directors shall be nominated by the growers in the respective regions at their general meetings.

13.2 By the Handler Members, three (3) Directors.

13.3 The Board of Directors may appoint additional directors to represent members outside the Republic of South Africa. A maximum of 1 (one) director per country may be appointed.

13.4 Confirmation of the appointment as Directors of the individuals so nominated will be by means of ratification at the Association's Annual General Meeting.

13.5 The Board of Directors shall be entitled to appoint a maximum of 2 (two) Additional Directors to represent research, marketing or any other specialist function as deemed necessary.

13.6 The Board of Directors shall at its first meeting choose one of the Directors nominated by the Grower Members to serve as Chairman of the Board and such nomination must be ratified by the Association's Annual General Meeting.

13.7 The Past Chairman will be required to serve on the Board for the same period as the newly elected Chairman.

13.8 The Board of Directors will in addition be entitled to appoint an Executive Director if deemed necessary.

13.9 The Directors will serve for 2 (two) years. Outgoing Directors may make themselves available for re-election.

13.10 Every Director shall, before assuming office, lodge with the Board a declaration of interest in the form prescribed and shall update it at least annually.

14 TERMS OF OFFICE OF THE CHAIRMAN AND EXECUTIVE DIRECTOR

14.1 The Chairman's term of office shall be 2 (two) years provided that upon expiry of that period the Board may extend his tenure for a maximum period of 1 (one) further year. Such extension may be approved prior to expiry of the initial 2 (two) year period only on special request by the Board of Directors if such extension is deemed to be in the interest of the Association.

14.2 The Executive Director, who shall be a paid employee of the Association, shall hold office for such period as the Board of Directors may decide.

15 VOTING RIGHTS OF DIRECTORS

15.1 Directors shall each have 1 (one) vote at meetings of the Board of Directors and shall be entitled to empower in writing any serving Director who must be present at the meeting to vote at meetings of the Board on his behalf.

15.2 A quorum at a Board meeting is deemed necessary. A quorum shall consist of half the total number of serving Directors, plus one, present in person.

15.3 Board decisions can be passed without a physical meeting of directors, through a vote by email. This excludes any other electronic form of voting, and a vote can only be cast through an email. For a vote to be valid and binding, every board member must respond to the call for a vote, secondly the vote must be unanimous (less any legitimate recusals or abstentions, such as conflict of interest), allowing the board chairman to declare the motion passed by unanimous written consent. Finally, the board should affirm the email vote at your next meeting, so it is recorded in the minutes.

16 PROCEEDINGS AT MEETINGS OF THE BOARD

16.1 The Board shall meet or confer at least one time per year and additionally as often and at such times as the Board may deem necessary for the despatch of business and may adjourn or otherwise conduct its proceedings in such a manner as it may determine. A member of the Board duly seconded may and the secretary shall on the written requisition of at least one half of members of the Board summon a meeting of the Board.

16.2 A 2/3 (two thirds) majority of the Directors present in person at a meeting shall be required in respect of all fiscal matters to be decided upon by the Board. All other matters will be decided upon a majority vote and in the case of equality of votes, the Chairman shall have a casting vote.

16.3 The Board shall ensure that proper minutes of all meetings are kept and the minutes of each meeting are submitted for approval to the next meeting of the Board, and thereafter be signed by the Chairman.

16.4 The Board shall in addition ensure that accurate records are kept of all financial and contractual transactions.

16.5 The Board shall be entitled to expel from the Board of Directors any Director who without good cause is absent from 2 (two) consecutive meetings of the Board.

17 POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall have the following powers:

17.1 The business of the Association shall be administered by the board who may exercise all such powers of the Association as are not by these presents required to be exercised by the Association in general meeting, subject nevertheless, to such directions as may from time to time be given to the Board by the Association in general meeting. No direction by the Association in general meeting shall invalidate any prior act of the Board which would have been valid if such direction had not been given.

17.2 The Board may appoint an Executive Director and other permanent staff for such period as the Board may deem necessary to administer and manage the day to day affairs of the Association.

17.3 The Board may delegate any of its powers to sub-committees, consisting of such members or member or such other persons as it may deem fit. Any sub-committee, shall in the exercise of the powers also delegated, conform to any directions that may have been given to it by the Board and shall, subject to such directions, conduct its proceedings in such manner as it may itself determine.

17.4 The Board shall have power to frame the Rules in terms of this Constitution providing for the election and qualifications of members and Directors of the Association, the amounts of monies payable, the qualifications for membership, the use of the Association's property and facilities, the formation, control and management of the business and affairs of the Association generally and make amendments and additions thereto from time to time.

17.5 An Executive Committee comprising the:

Chairman

Vice-Chairman

Executive Director and

Two other members elected by the Board

shall be responsible for the detailed administration of the affairs of the Association. The Executive Committee shall meet at least 3 times per year and on an ad-hoc basis as and when necessary and is empowered to make decisions in the name of the Board. The Executive Director shall ensure that proper minutes of Executive Committee meetings are kept and circulated to both Executive Committee and Board Members prior to their next meetings.

18 ANNUAL GENERAL & SPECIAL MEETINGS

Annual General Meetings and Special Meetings of the Association shall, subject to clauses 19 and 23 below, be convened by notice in writing to each member at least 14 (fourteen) days prior to the date of the meeting, specifying the date, place, time and agenda of the meeting. The Secretary will assume the normal responsibility of convening notice for the Annual General Meetings and Special Meetings.

18.1 The Annual General Meeting shall be held once in every year at such time and place as may be determined by the Board, provided that every Annual General Meeting shall be held not more than nine months after the end of every financial year of the Association and not more than 15 (fifteen) months after the date of the previous Annual General Meeting. A quorum shall constitute all those members present at the Annual General Meeting. The presiding officer of the meeting shall be the Chairman of the Board of Directors. The purpose of the meeting will be:

18.1.1 To receive and consider the annual report of the Chairman of the Board.

18.1.2 To receive and approve the annual audit report of the previous financial year.

18.1.3 To receive and approve current financial statements.

18.1.4 To appoint auditors for the ensuing year.

18.1.5 To discuss any proposals put forward by any member of the Association, and to officially record any votes, should voting be required on any issue.

18.1.6 To confirm the appointment of Directors of the Board as provided for in Clause 13.

18.1.7 To confirm the appointment of the Chairman of the Board of Directors as provided for in Clause 13.5.

18.1.8 To approve changes to the Constitution if necessary.

18.1.9 To consider matters of general interest.

18.1.10 To ensure that an attendance register is completed.

18.1.11 To record proceedings by the taking of minutes for permanent safekeeping.

18.2 Special General Meetings may be called by the Chairman and one member of the Board or at the request of 10 (ten) members who shall deliver such a request to the Chairman or Executive Director or duly appointed official in writing and the Special Meeting so called for shall only deal with the specific matter or matters for which the meeting was called or requested.

18.3 Should there not be a quorum for Annual General Meetings, further notice of 14 (FOURTEEN) days shall be given of a general meeting and if within 1 (ONE) half hour of the time appointed for such meeting a quorum is not presented, the members then present shall form a quorum.

18.3.1 Any member present shall be entitled to request a secret ballot.

18.3.2 In the case of an equality of votes whether on a show of hands or on a poll, the Chairman of the meeting at which the voting takes place shall be entitled to a second or casting vote.

19 AMENDMENT OF THE CONSTITUTION

No alteration to the Constitution shall be made, except at an Annual General Meeting, of which at least 21 (TWENTY ONE) days notice in writing specifying the proposed amendment to the Constitution, has been sent to all members and unless the amendment be approved by a majority of $\frac{2}{3}$ (TWO THIRDS) of those present in person and voting at the meeting.

20 BOOKS OF ACCOUNT

The Association shall keep proper books of account which shall, during business hours, be available, to any member who shall be entitled to make copies of or extracts there from. The financial year of the Association shall commence on the 1st day of MARCH in each year. The books of account of the Association shall be audited by the independent auditors appointed by the Board and confirmed at the Annual General Meeting prior to the start of the new financial year.

21 GUARANTEE

21.1 The liability of members is limited to the amount referred to in paragraph 21.2

21.2 Each member undertakes to contribute to the assets of the Association in the event of its being wound up while he is a member or within one year afterwards for the purpose of payment of the debts and liabilities of the Association contracted before he ceased to be a member, and of the costs, charges and expenses of the winding-up and for adjustment of the rights of the contributories among themselves, an amount of R5.00 (Five Rand).

22 GENERAL PROVISIONS

22.1 All acts done by the Board in good faith, or by any person bona fide acting as a director or a member of a committee, shall, notwithstanding that it afterwards be discovered that there was some defect in the appointment of such directors or persons acting as aforesaid, or that they or any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director or member of such committee.

22.2 The members of the Board, accounting officers, secretary and other officers for the time being of the Association, and every one of their executors and administrators, shall be indemnified and be held harmless out of the assets of the Association from and against all actions, costs, charges, losses, damages and expenses which they or any of them, and/or their executors or administrators shall or may incur or sustain or by reason of any act done, concurred in or admitted in or about the execution of their duty, in their respective offices, except such (if any) as they shall incur or sustain by or through their own wilful neglect, dishonesty or default. None of them shall be answerable for the acts, neglects, dishonesty, defaults or receipts of any other of them, unless they knowingly participated or associated therein.

DISSOLUTION OF THE ASSOCIATION

The Association shall be dissolved if at least $\frac{2}{3}$ (TWO THIRDS) of those entitled to vote at the Annual General Meeting, or special meeting convened for such purpose, vote in favour of such dissolution. No motion for dissolution of the Association, shall be considered unless all members are advised thereof at least 3 (THREE) months prior to the consideration of the motion.

23.1 If upon liquidation or dissolution of the Association, there remains any property whatsoever, after the satisfaction of all the debts and liabilities of the Association, it shall NOT be paid to or distributed amongst the members of the Association, but shall be given or transferred to some other institution or institutions having objectives similar to those of the Association to be determined by the members of the Association at or before the time of dissolution.

RULES OF THE SOUTHERN AFRICAN PISTACHIO GROWERS' ASSOCIATION

As ratified in January 2019

MEMBERSHIP FEES

Associate members will be liable for an annual membership fee of R2500.00 excl. VAT (TWO THOUSAND FIVE HUNDRED RANDS ONLY).

Grower members will be liable for an annual fee of R500.00 excl. VAT (FIVE HUNDRED RANDS ONLY).

International Members resident outside South Africa (international members) will be liable for an annual membership fee of US\$ 250.00 (TWO HUNDRED AND FIFTY US DOLLARS ONLY).

Special and Honorary Life Members shall not be required to pay an annual membership fee.

The membership fees may be revised by the Board from time to time provided that changes shall only take effect after approval at a General Meeting.

Membership fees shall become payable on approval of membership and thereafter within 30 (THIRTY) days of the commencement of the new financial year of the Association and on receipt of invoice.

Any member intending to resign shall notify the Chairman in writing before the date on which such fees become due and failing which shall be liable to pay one half of the fees due.

Members that have resigned after 30 June 2012 and wish to rejoin the association, may, at the discretion of the Board, be requested to pay upon rejoining, an amount equivalent to membership fees and / or levies not paid from resignation to rejoining.

LEVIES:

Members shall be liable to pay to the Association a levy, decided upon by the Board of Directors and approved at a General Meeting.

The amount of the levy payable by grower members shall be R0.23/kg plus VAT for Dry-in-Shell nuts, as determined by the processor's scales. Grower levies due shall be deducted by Handlers on behalf of growers and handed over to the Association within 120 (one hundred & twenty) days following the month in which the levies were determined.

The Association may call on Handlers to produce such documentation or evidence as it may deem necessary to support the delivery of mass as described.

APPLICATION FOR MEMBERSHIP:

The proposal of a new member shall be on an application form prescribed by the board and signed by the candidate. The proposal form shall be submitted to the PGA Office together with the prescribed fees and membership of a candidate will become effective on approval by the Board.

The signed application form for membership shall constitute an acknowledgement by the member that he agrees to be bound by the Constitution and the Rules of the Association.

SUSPENSION AND/OR EXPULSION OF MEMBER

Any member who breaches any of the provisions of the Constitution or these Rules may have his membership of the Association suspended for such a period as the Board of Directors may deem fit or be expelled from the Association and have his name removed from the register of members.

Any member whose membership is suspended or who is expelled and his name removed from the register of members and who is a member of the Board of Directors, shall automatically on the date of such suspension or expulsion, cease to be a member of the Board of Directors.

In the event of such suspension and/or expulsion as described in 4.1 and 4.2, the member shall nevertheless remain liable to the Association for any levies and/or debts outstanding by such member of the Association.

Those members whose membership has lapsed or suspended will not receive any newsletters or technical publications.

DIRECTORS ALLOWANCE

In accordance with clause 5.14 of the Constitution, directors may claim reasonable out of pocket expenses incurred in order to attend board meetings. Should there be any shortage in the funds of the Association in any given financial year, this provision will immediately fall away.