








# Assessment of Professional Competence December 2020 Pre-released information Botala Khauta (Pty) Ltd

December 2020						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

## Inbox Financial Analyst

 <b>Mail</b>  <b>Calendar</b>  <b>Contacts</b>  <b>Tasks</b>	 <b>INBOX</b>				
	<i>Doc</i>	<i>From</i>	<i>Subject</i>	<i>Attachment</i>	<i>Received</i>
	1	Charles Lancome	Welcome	Botala Khauta (Pty) Ltd – Background information	01/12/2020
	2	Charles Lancome	Various matters		11/12/2020
	3	Charles Lancome	FW: Trade union concerns	AAWU – Association of Avocado Workers Union	11/12/2020
	4	Charles Lancome	Guacamole		11/12/2020
	5	Charles Lancome	FW: Some random thoughts		12/12/2020

Botala Khauta (Pty) Ltd is a fictitious company, and all events as well as the names of all persons associated with this company, as mentioned in this Assessment of Professional Competence, are purely fictitious in nature and any resemblance to real persons, living or dead, or to an actual business entity, is purely coincidental.

## DOCUMENT 1

### EMAIL FROM CHIEF FINANCIAL OFFICER TO FINANCIAL ANALYST

**From:** Charles Lancome  
**Sent:** Tuesday 1 December 2020, 7:59 AM  
**To:** Financial Analyst  
**CC:** Katleho Mokoena  
**Subject:** Welcome  
**Attachment:**  Botala Khauta (Pty) Ltd – Background information.docx  
12 KB

Hi there,

Welcome to you on your first day at Botala Khauta ('BK'). I am sure you are going to enjoy your career development here. BK is a dynamic and evolving business that has grown from two employees 20 years ago to now being one of South Africa's largest exporters of avocados. Pop quiz – is avocado a fruit or a vegetable? Just kidding.

As I mentioned during our interviews, Katleho and I studied at the same university many years ago. Katleho studied horticulture while I followed the CA stream. We had a dream of starting our own business and to make a difference in our families and in the community. Katleho and I were raised in farming areas and grew up surrounded by farms, so I guess it was inevitable that we would lean towards farming. Avocado farming was not that popular 25 years ago, but it is now a lucrative enterprise which is fitting in nicely with the trend towards healthy eating globally. As you well know, avocados are rich in monounsaturated fats and full of vitamins and minerals. It really is a 'super fruit'!

We employed you to assist in the finance department with accounting, taxation and auditing queries but we would also like you to play a wider role. Katleho and I would value your inputs and insights into strategy, finance and governance and hope that you grow into an integral part of the management team at BK. I have attached a confidential document that I compiled some years ago and update annually. This document should provide you with enough background information about BK to enable you to get started immediately. Enjoy the read, and again welcome!

Kind regards  
Charles

**CFO: Botala Khauta (Pty) Ltd**

---

NOTICE: Please note that this email and the contents thereof are subject to the standard Botala Khauta email disclaimer. See <http://www.botalakhauta.co.za/disclaimer/email.htm> for more details.

## ATTACHMENT TO EMAIL

### **Botala Khauta (Pty) Ltd – Background information**

#### **1. Avocado farming operations**

BK currently has 420 hectares of avocado trees under cultivation at its farm near Tzaneen in the Limpopo Province. The region is well suited for avocado production given its high annual rainfall and subtropical climate. The company produces two varieties of avocados, namely Hass and Fuerte. Hass avocados have a dark-green, bumpy skin which is usually firm. The Hass typically has a nutty flavour. Fuerte avocados generally have a thin, lighter green and waxy skin. The Fuerte has a rich creamy texture. The focus is on producing Hass avocados as this is the variety that European customers prefer. Fuerte avocados are harvested annually between March and July while Hass avocados are harvested later, between May and October.

BK exports a sizeable percentage of its harvested avocados to Europe. Avocados are generally produced in Europe between December and May annually, and hence it makes sense to import from the southern hemisphere producers during the remaining months of the year.

BK has been expanding its orchards of trees by 20 hectares per annum in recent years. BK purchases young trees from growers and nurtures them for approximately one year in its nurseries on the farm. The young trees are then replanted in the orchards and allowed to grow to maturity. Avocado trees begin to bear fruit between three and four years after planting and can continue producing for over 40 years. Mature trees produce flowers of which a minuscule portion are pollinated. After pollination, the fruit hang on the trees for between 8 and 12 months prior to harvesting. Avocados do not ripen on trees but only after they have been picked. BK has ripening rooms on site in which some avocados are ripened for sale as 'ripe and ready' avocados.

The timing of picking is determined after the fruit is tested. The harvesting process is labour intensive. BK full-time employees and temporary labourers use long poles and secateurs (pruning shears) to cut fruit from the trees. Harvested avocados need to be treated with care to ensure they are not damaged en route to the packing sheds and during grading and packing. BK has its own packing sheds where fruit is inspected for defects and then separated according to size and graded.

A significant portion of harvested avocados are not suitable for export or local sales due to defects, referred to as 'packouts'. Defects may be caused by damage during harvesting, lenticel damage (small brown spots that develop on the skin, particularly during the rainy season, that can increase in size till they form larger black areas, known as spotting) or damage from wind, lack of water, sunburn, diseases (fungi and viruses) and / or pests (rats, bugs and fruit flies).

Harvested avocados are either exported or sold on the domestic market. BK attempts to sell produce at best prices, which tend to be from European markets. However, BK is aware that it also needs to meet demand for avocados in South Africa and therefore it also sells directly to major supermarket chains.

BK regards its full-time employees, particularly the farm labourers, as key stakeholders in the business. All farm labourers receive accommodation for themselves and their families in a village on the farm. The village includes a primary school and playground areas for children.

## 2. Avocado export markets

Avocados are packed into 4kg cartons prior to export and clearly labelled, including the address of the exporter, country of origin, pack house code and food safety accreditation number. Cartons are then palletised and stored at temperatures of around 5,5° C. Pallets of fruit are transported by refrigerated trucks to Cape Town for shipping to Europe. Road transportation is outsourced to reputable logistics companies.

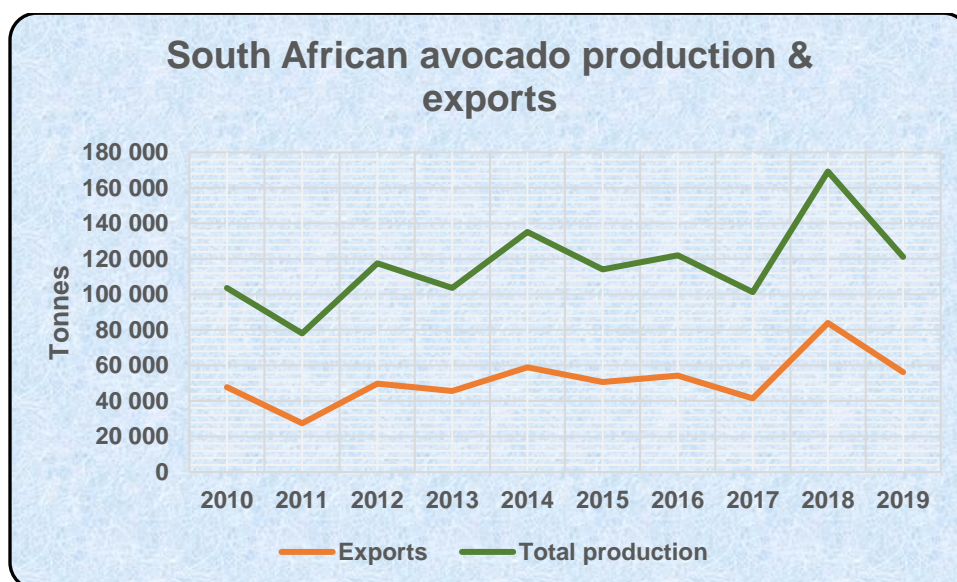
Pallets are loaded into containers for shipment from the Cape Town port to Europe. These containers are refrigerated at the appropriate temperature throughout the process at the port and on the shipping vessels. The sea journey to Europe takes between 14 and 16 days.

BK sells its export produce to importers (distributors) in Europe who then on-sell to retailers. The shipping terms are generally cost, insurance and freight (CIF), in terms of which risk and title of the goods pass at the point of loading but the seller has the responsibility to arrange for and pay the costs and freight necessary to bring the goods to the port of destination. The seller is also responsible for taking out and paying insurance on the buyer's behalf to cover the risk of loss or damage during carriage.

The major importers of South African avocados in Europe are the Netherlands ( $\pm 75\%$ ) and the United Kingdom (UK) ( $\pm 20\%$ ). There have been threats in recent times by UK restaurants to ban the use of avocados in meals served due to the ethical and environmental concerns regarding avocado production. Avocado is a water-intensive crop and activists are concerned that avocado production may be contributing to climate change.

Peru is the largest exporter to Europe, followed by South Africa. Mexico is the largest avocado producer globally (it produced an estimated 2,2 million tonnes in 2018) followed by the Dominican Republic (0,64 million tonnes) and Peru (0,5 million tonnes). Total global production in 2018 was an estimated 5,9 million tonnes. Mexico and the Dominican Republic focus on supplying the USA market.

The South African avocado production and export statistics over the past ten years are depicted in the chart below.



Source: [www.avocado.co.za](http://www.avocado.co.za)

South Africa had a bumper crop in 2018, but this was followed by a poor season in 2019 due to an unseasonal heat wave in late 2018.

### 3. How we create value

BK's value creation process takes place within the following strategic context:



Figure 1: Strategic context (source: BK website)

BK follows a sustainable farming model that promotes the efficient use of water, limited application of synthetic fertilisers and pesticides and implementation of drainage systems to minimise soil erosion. During the 2020 financial year BK started investing in implementation of a fertigation system. This entails making use of probes to measure the composition of the soil to allow BK to determine the exact mix of fertilisers and water required for the individual trees in the plantation. This approach allows for the optimal mix of fertilisers, pesticides and irrigation to be applied to rows of trees in the orchards.

BK also adopts an inclusive business model which embraces the communities in which we operate and gives them access to our value chain.

We strive to produce high quality fruit on a consistent basis and meet the needs of our customers. A number of our European customers have become increasingly aware of the importance of their supplies being ethically sourced. Of late, BK has started labelling all of its local and export avocado sales with the following stickers placed on packaging to express the stance of the company: 'Proudly South African' and 'Grown to perfection with a ♥ (heart) for the planet in processes that are pesticide-free and plucked by the sons and daughters of the local soil'.

BK continually strives to improve its farming methods, logistics networks and supply chain. We have embraced the fourth industrial revolution (4IR) and use data analytics to monitor crop health and to improve production yields. BK maintains strict quality control to ensure consistently high standards of fruit production and to deliver fruit in optimal condition at destination markets.

Although BK embraces the opportunities presented by adopting 4IR innovations, the Board of BK has also been mindful of the impact of the increased use of technology on the orchards and going forward potentially even on the picking activities. As a result, the Board has decided to embark on a project to develop the skills set of the seasonal pickers.

We regard each of our stakeholders (customers, employees, suppliers, communities, government, financiers, labour unions, shareholders and the general public) as an integral part of our operations.

#### 4. Governance and shareholding

The shareholders of BK:

Ms Katleho Mokoena	35,0%
Mr Charles Lancome	25,0%
African Development Corporation	20,0%
BK Employees Trust	20,0%

The African Development Corporation acquired its 20% shareholding interest in BK in 2012 by subscribing for shares and it also advanced a significant loan to the company to expand operations. The loan has subsequently been repaid in full.

BK Employees Trust was created at BK's inception to provide employees with a meaningful stake in BK and to share wealth creation with them. Only full-time employees of BK are beneficiaries of the Trust. Employees who resign or retire are required to sell their interests back to the Trust. All employees are equal beneficiaries of the Trust – there is no distinction based on seniority.

The directors of BK:

Ms Katleho Mokoena	Chief Executive Officer (CEO)
Mr Charles Lancome	Chief Financial Officer (CFO)
Ms Bokang Makwetla	Non-executive director
Prof. Andile Bitana	Non-executive director
Mr Pieter-Steph Etsebeth	Non-executive director
Mr Simon Ruiters	Non-executive director

Ms Makwetla is a retired former employee of BK and was nominated by the BK Employees Trust to represent its interests on the Board of Directors of BK. Prof. Bitana is a highly regarded academic at the University of Pretoria. Mr Etsebeth is a retired executive who previously worked for numerous listed agribusinesses. Mr Ruiters is an advocate based in Polokwane.

In an attempt to further improve BK's governance practices, the Board took the decision to engage Thabane Inc., a firm that specialises in the internal audit field, to render these services to BK, in 2018. The engagement contract is for a three-year period, and the contract value is R50 000 per annum (excluding VAT).

## 5. Salient financial and other information

BK has a September year end. Extracts from its 2018 and 2019 audited annual financial statements (AFS) and the draft AFS for the 2020 financial year are set out in the table below. There are also extracts regarding crop yields and other relevant information from the management accounts for the aforementioned financial years.

	FY2018	FY2019	FY2020
Area under cultivation (hectares)	380	400	420
Yield post packout (tonnes per hectare)	11,3	9,0	11,0
Local sales quantities/total sales quantities	47%	51%	53%
Export sales quantities/total sales quantities	53%	49%	47%
Average price per 4kg carton exported	€9,45	€14,50	€13,50
Average ZAR:€ exchange rate	15,54	16,18	19,00
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Revenue</b>	146 116	159 250	210 006
Cost of sales	(94 391)	(98 098)	(129 993)
<b>Gross profit</b>	51 725	61 152	80 013
Selling expenses	(16 511)	(16 721)	(21 421)
Administrative overheads	(12 447)	(13 331)	(14 197)
<b>Operating profit</b>	22 767	31 100	44 395
Finance costs	(1 547)	(1 882)	(2 202)
Finance income	493	442	200
<b>Profit before taxation</b>	21 713	29 660	42 393
Current taxation	(4 820)	(7 000)	(10 047)
Deferred taxation	(1 281)	(1 364)	(1 865)
<b>Profit for the year</b>	15 612	21 296	30 481
<b>Non-current assets</b>			
Property, plant and equipment	36 469	38 368	40 382
Bearer plants	76 064	81 078	86 277
Loans receivable	1 800	1 800	1 800
<b>Current assets</b>			
Bearer plant produce	7 523	8 019	8 553
Inventories	5 689	6 450	9 972
Trade and other receivables	28 823	29 669	42 576
Cash and cash equivalents	7 589	6 007	160
<b>Total equity</b>	131 397	132 693	143 174
<b>Non-current liabilities</b>			
Interest-bearing borrowings	15 000	20 000	22 000
Deferred taxation	9 548	10 912	12 778
<b>Current liabilities</b>			
Interest-bearing borrowings	2 858	1 756	2 600
Trade and other payables	4 914	5 644	8 548
Taxation payable	240	386	620

Avocado trees are regarded as bearer plants in terms of *IAS 16 Property, plant and equipment*. BK accounts for bearer plants on the cost model and trees are depreciated over their expected useful lives of 40 years.

Total depreciation (bearer plants and other property, plant and equipment) totalled R6 064k in FY2020 (FY2019: R5 737k).

The unpicked avocados still on trees at the financial year end are presented as 'bearer plant produce'. These are biological assets in terms of *IAS 41 Agriculture*. Because of the inability to measure the fair value of partially grown avocados reliably, bearer plant produce is correctly measured at cost.

Bearer plant development and maintenance consist of three phases:

- *Establishment of the bearer plants:* Examples of costs incurred in this initial development phase include the purchase of trees, land preparation, irrigation development and related labour costs.
- *The growth phase:* During this phase, costs of growing the tree are capitalised to the bearer plant until the tree reaches full maturity, which usually occurs when the tree is approximately five years old. Budgeted growth and orchard maintenance costs are allocated to the growing bearer plants based on their size relative to the size of mature trees. Examples of orchard maintenance costs are weed control, fertilisation, irrigation and composting (including related labour costs).
- *The mature phase:* In this phase, the trees are in the condition intended by management and are depreciated over their useful lives. The costs to produce avocados (such as fertilisation and irrigation) are capitalised to bearer plant produce.

BK has declared and paid dividends of R20 million in each of the past three financial years.

Interest-bearing borrowings represent various term loans obtained from the Land and Agricultural Development Bank of South Africa.

BK follows a strict policy of not applying hedge accounting, that is, any derivative financial instruments are accounted for in accordance with normal accounting requirements.



## 6. SWOT analysis

<b>Strengths</b> <ul style="list-style-type: none"><li>• Well-established relationships with European importers</li><li>• Excellent reputation for producing high-quality fruit</li><li>• Earns hard currency</li></ul>	<b>Weaknesses</b> <ul style="list-style-type: none"><li>• Volatile avocado prices due to global supply and demand</li><li>• Exchange rate volatility</li><li>• Crop yield susceptible to weather conditions</li></ul>
<b>Opportunities</b> <ul style="list-style-type: none"><li>• Keep expanding hectares under cultivation</li><li>• Acquisition opportunities in Africa and South America</li></ul>	<b>Threats</b> <ul style="list-style-type: none"><li>• Avocados are contaminated somewhere in the supply chain between the orchards and customers (food safety)</li><li>• Loss of farm land due to land restitution</li><li>• Climate change activists tarnishing the reputation of the avocado industry</li><li>• Increasing competition from Mexico, Peru and Kenya in the European markets</li></ul>

## DOCUMENT 2

### EMAIL FROM CHIEF FINANCIAL OFFICER TO FINANCIAL ANALYST

**From:** Charles Lancome  
**Sent:** Friday 11 December 2020, 9:47 AM  
**To:** Financial Analyst  
**Subject:** Various matters

Good day

Hope you are keeping well on this lovely morning.

I will require your assistance with a few matters, so it's time to put your thinking cap on! I have highlighted some of our issues below – I need to run to a meeting soon, but please ponder these in the meantime and let's discuss after the weekend? I will provide more detail then.

#### **Matter 1: New external auditors**

As you probably know already, we recently appointed Luthuli and Associates as our new external auditors based on our recently approved policy to rotate our external auditors every five years. They will be responsible for auditing our FY2020 financial statements.

I just got off the phone with Geoff Smith, the engagement partner at Luthuli. In preparation for the audit, he asked that we prepare a schedule of the general journal entries that we processed during FY2020. It sounds as if they will be focusing on our expenditure related to bearer plants, bearer plant produce and the avocado inventory.

#### **Matter 2: New sales agreement**

During October 2018 Supreme Brands, a major European distributor and one of our biggest customers, came to us with a deal that was quite interesting. They offered to purchase the following volumes in various months in 2019 at pre-agreed prices, subject to BK's normal shipping terms:

Month in 2019	Number of 4kg cartons	Committed price per carton	Total purchase commitment
April	45 900	€10,45	€479 655
May	49 200	€8,20	€403 440
June	53 940	€10,00	€539 400
July	58 830	€11,50	€676 545
August	49 680	€12,80	€635 904
September	21 960	€12,40	€272 304
October	8 490	€15,00	€127 350

Essentially they were offering to purchase  $\pm 60\%$  of our expected crop in the various months based on a slight discount to what imported avocado prices were in 2018. It was an attractive proposition because the distributor offered to pay 50% of the total purchase commitment, namely €1 567 299, on 31 October 2018 and the balance a year later on 31 October 2019.

Anyway, we declined the offer and took our chances on the market. What actually transpired was that we sold our crop for the following average prices per 4kg carton in 2019:

Month in 2019	Actual price received per carton	Average ZAR:€ exchange rate
April	€11,60	15,89
May	€9,10	16,13
June	€11,10	16,46
July	€13,00	15,76
August	€14,30	16,89
September	€13,80	16,35
October	€16,60	16,50

I guess we got lucky by not entering into the forward purchase agreement with Supreme Brands?

However, I have always wondered whether BK should enter into these types of agreements. I guess sometimes it would work in our favour and other times not. Katleho also mentioned at the last board meeting that other buyers are likely to come with similar requests in the near future. I'm sure there will also be some interesting accounting implications (particularly around the 5-step revenue recognition model) to consider if we ever were to enter into a forward sale agreement with Supreme Brands or any other party?

Chat next week!

Regards  
Charles

**CFO: Botala Khauta (Pty) Ltd**

---

NOTICE: Please note that this email and the contents thereof are subject to the standard Botala Khauta email disclaimer. See <http://www.botalakhauta.co.za/disclaimer/email.htm> for more details.

## DOCUMENT 3

### EMAIL FROM CHIEF FINANCIAL OFFICER TO FINANCIAL ANALYST

**From:** Charles Lancome  
**Sent:** Friday 11 December 2020, 10:29 AM  
**To:** Financial Analyst  
**Subject:** FW: Trade union concerns

Sorry to be bombarding you with emails today! However, I urgently require your assistance in preparing for the meeting called by the CEO (see her email below).

I have known for some time that BK's salaries and wages system requires improvement, both from an internal control perspective and the need to embrace new technologies. So far the system has worked, probably largely as a result of the experience and integrity of the staff responsible for salaries and wages. However, a number of staff members has recently retired, so I am unsure whether the system is still fit for purpose.

Therefore I would like you to review the salaries and wages system as soon as possible: please advise whether there are control or other deficiencies which could result in the type of allegations made by the trade union. We will try to get specifics from them, but having this information in advance of the meeting will be most helpful. Also, please determine if there are specific examples which support the union's allegations, and forward them to me.

I'm particularly concerned that we might not be correctly treating the PAYE on some employee fringe benefits and this could validate the union's concerns that amounts are being deducted incorrectly from our employees' salaries and wages. I am unsure whether our payroll administrator, Sandy Oliphant, understands the workings of PAYE: she previously said that there are no PAYE implications on certain benefits and contributions, for example certain amounts paid to 'so-called' independent contractors and also the contributions that Katleho and I made to the Solidarity Fund (which was established to help with government's response to the Corona virus pandemic). Am I correct in stating that this can't be right? I will draft an email to you next week outlining other employee-related financial assistance and fringe benefits on which I need clarity regarding the PAYE treatment.

'Garnishee orders' may also feature in our discussions. As there have been some legislative changes regarding this in recent years, please research what is currently permitted so that we are ready to answer the union's questions.

I will keep you informed of developments!

Regards  
Charles

**CFO:** Botala Khauta (Pty) Ltd

---

<< forwarded email >>

**From:** *Katleho Mokoena*  
**Sent:** *Friday 11 December 2020, 9:15 AM*  
**To:** *Charles Lancome*  
**Subject:** *Trade union concerns*  
**Attachment:**



Dear Charles

I just received the attached letter from AAWU.

Even though this trade union represents a small number of our workers, they are very vocal and influential and we need to be adequately prepared. I would therefore appreciate that we gather the necessary information so that we can be informed when we meet with them during the course of next week to respond to their demands.

I will ask my PA, Portia, to diarise a meeting for us to discuss this matter before then.

Kind regards

Katleho

**CEO: Botala Khauta (Pty) Ltd**

---

NOTICE: Please note that this email and the contents thereof are subject to the standard Botala Khauta email disclaimer. See <http://www.botalakhauta.co.za/disclaimer/email.htm> for more details.

ATTACHMENT TO EMAIL

**AAWU – ASSOCIATION OF AVOCADO WORKERS UNION**

Fighting for workers' rights since 2000

PO Box 100  
Polokwane  
0700

10 December 2020

The CEO  
Botala Khauta (Pty) Ltd  
Tzaneen  
0850

Dear Sir

LETTER OF DEMAND – BY HAND

We write this letter to you with sincere and extreme urgency, with the hope and belief you would be able to address, with the same urgency, our concerns and demands.

We bring to your attention gross abuses being perpetrated by Botala Khauta. Specifically, we have had reports from our members that the following exploitative practices are taking place on your farm:

- Illegal immigrants are being used as casual labourers on your farm – depriving the local community of employment opportunities; and
- Amounts are being incorrectly deducted from the meagre wages of workers.

Despite this, your company has the audacity to claim that you put your employees first in all your decisions, and attempt to support this by making disclosure of how you have developed and uplifted your workers in your 'integrated report' for the 2019 financial year (a copy of which we have just obtained from one of our members).

AAWU rejects this information as false and mere propaganda to justify the fact that Botala Khauta earns ever-increasing profits despite the plight of the average worker.

We therefore demand that you refrain from such publicity stunts, and rather invest your efforts in paying your workers a living wage. If we do not get a satisfactory response within seven days, we will have no choice but to embark on appropriate legitimate action to protect the interests of our members.

We await your most urgent response.

Sincerely

J Joseph

**Executive President:** Association of Avocado Workers Union (AAWU)

## DOCUMENT 4

### EMAIL FROM CHIEF FINANCIAL OFFICER TO FINANCIAL ANALYST

**From:** Charles Lancome  
**Sent:** Friday 11 December 2020, 12:32 PM  
**To:** Financial Analyst  
**Subject:** Guacamole

Hi

Avocados have become a standard product for international retailers. The demand for avocados is strong and keeps rising but, with more suppliers from new countries, oversupply will be unavoidable. If BK is to remain relevant, we must remain cognisant of changes in the industry.

Internationally, guacamole, a by-product of avocado production, is growing in popularity. The integration of guacamole production into BK's existing operations would enable BK to expand its earnings base, diversify its existing product lines and provide us with an opportunity to efficiently utilise sub-standard avocados and thereby minimise waste.

At a shareholders' meeting held last year a number of key stakeholders asked whether it would be possible to integrate downstream industries into BK's existing operations. Following this, the board constituted a steering committee to determine if it would be beneficial for BK to enter into the production of guacamole.

The Steering Committee has identified the following two ways in which BK could enter into the guacamole manufacturing environment:

1. Entering into an offtake agreement with an external guacamole producer, whereby BK would supply all waste avocados to this third party for further processing at an agreed-upon price; or
2. Adopting an organic growth strategy whereby BK would expand its existing operations to incorporate a guacamole processing plant.

We may be required to assist the Steering Committee, but I will wait for the Committee to contact me next week should it have any specific requirements.

I will provide you with further information next Thursday.

Regards  
Charles

**CFO:** Botala Khauta (Pty) Ltd

---

NOTICE: Please note that this email and the contents thereof are subject to the standard Botala Khauta email disclaimer. See <http://www.botalakhauta.co.za/disclaimer/email.htm> for more details.

## DOCUMENT 5

### EMAIL FROM CHIEF FINANCIAL OFFICER TO FINANCIAL ANALYST

**From:** Charles Lancome  
**Sent:** Saturday 12 December 2020, 7:50 AM  
**To:** Financial Analyst  
**Subject:** FW: Some random thoughts

Hi

At this rate you must be exhausted! Trust me, this is the last email for the week, I promise😊

I saw the mail I am forwarding to you in my inbox when I got up this morning. I thought it might be good to rope you in on the matter.

Regards  
Charles

**CFO:** Botala Khauta (Pty) Ltd

---



<< forwarded email >>

**From:** *Katleho Mokoena*  
**Sent:** *Friday 11 December 2020, 11:46 PM*  
**To:** *Charles Lancome, Bokang Makwetla, Andile Bitana, Pieter-Steph Etsebeth, Simon Ruiters*  
**Subject:** *Some random thoughts*

Lumelang ☺

If there is one thing that I have learnt from this evil pandemic, it is that capitalism sucks! For months now I have been in a reflective mode – has capitalism not arrived at a crossroads? Has the time for a more sustainable form of capitalism not dawned? As South Africans, we need to remind ourselves of where we as a nation have come from and the many challenges we still face. In my opinion the need for sound sustainable agricultural practices and good corporate citizenship has never been as important as it is now.

We might need to revisit our strategic objectives and values as well – that we can do at our next strategy think-tank. But one thing is sure, BK needs to reaffirm its commitment to the United Nations Sustainable Development Goals (something I notice SAICA keeps talking about). Let us not fall prey to the fallacy of someone else bringing about change. Let us be a force for change!

I am going to get Portia to check your diaries to arrange a meeting for Thursday next week – I thought we could have a Zoom meeting – save petrol, the planet and your time ☺ – we can share thoughts. Friends, the time has come to walk the talk!

Robala hantle

Katleho

---

NOTICE: Please note that this email and the contents thereof are subject to the standard Botlala Khauta email disclaimer. See <http://www.botlakhauta.co.za/disclaimer/email.htm> for more details.