ATTACHMENT C

Lot Size Recommendations and Requirements

For the purpose of this License Agreement, a "lot" is a homogenous batch of oil, contained in one or more vessels and is of uniform composition throughout. In determining submissions to the COOC Seal Certification Program, utilize the following guidelines on distinguishing lots. **In no case may a lot be larger than 200,000 gallons. This is a requirement.**

- Uniform characteristics could include but, not limited to:
  - Containers - drums, tank, tote
  - Varietal - Arbequina, Picual, Coratina
  - Date of harvest (within the same harvest year) - October 9 / 10 / 12, 2019
  - Grove location - Carmel Valley grove and San Benito County grove
  - Milling operation
- A Licensee who has obtained approval to use the Marks on one lot of oil is not authorized to use the Marks on another lot that has not been tested and approved; provided however, that if a lot consists solely of a blend of other lots that have been tested and approved, then the blend shall be deemed approved, and the Marks may be used. Licensee nevertheless agrees to make such a blend available for retesting at the COOC's request, and further agrees not to use the Marks or any Intellectual Property in connection with any blend that fails to meet the COOC Standards upon retesting.

Example of benefits to utilizing lots

1) COOC feedback assists in determining characteristics for blending purposes.
   a. 3 Varietals - 3 Lots: A producer has for sale, a blend of three varietals; however, wants to ascertain both the individual characteristics of the three varieties they produce and ensure each variety passes the standard for extra virgin grade before blending. Therefore, the member submits each variety as a single lot and will receive 3 individual reports, one for each varietal but, will only sell one final blended product.
2) Allows for flexibility when selling bulk oil.
   a. 5 Varietals - 7 Lots: A producer with five different varietals on one grove and two of the five also on a second grove, intends on blending the like varietals with a percentage being for bulk sales. Seven submissions are made to the COOC prior to blending. By doing so, the producer can later sell any of the five varieties as a Seal certified lot adding value to their olive oil. It also allows greater flexibility to the producer with either blending the lots or maintaining a single varietal product. Any custom blends produced from the individually certified varietals will in turn qualify for use of the COOC Seal.
3) Potential problems are isolated.
   a. 2 Grove Locations - 2 Lots: A producer has a field blend of varietals from groves in 2 different locations. The grower suspects fruit fly damage in one of the groves. The oil is submitted as 2 lots, one sample from each location. Should the oil from one location be found to not qualify as extra virgin, it will be isolated and not adversely affect the oil from the other grove.
4) Large quantities of oil are assessed separately to provide for greater traceability.
   a. 900,000 Gallons - 7 Lots: A large producer mills almost one million gallons from three varietals. 900,000 gallons of the oil is from a single varietal. To ensure that no single lot exceeds the maximum of 200,000 gallons, the producer will submit this varietal as 5 lots. Additionally, they will submit one lot each of the 2 other small quantity varietals. Alternatively, the producer could segregate by containers.

The most important factor to remember when dividing into lots is that the **lots must be uniform.** All lots must be coded. Please note that producers who make more than 5,000 gallons must comply with FDA and Olive Oil Commission of California regulations. Noted below is the 21 CFR Part 101 Food Labeling section 101.9.

> A collection of primary containers or units of the same size, type, and style produced under conditions as nearly uniform as possible, designated by a common container code or marking, or in the absence of any common container code or marking, a day's production, constitutes a "lot."

Information from http://www.accessdata.fda.gov/scripts/cdrh/cfdocs/cfcfr/cfrsearch.cfm?fr=101.9