

Performance and strategy in focus at the Annual Meeting

Zespri held its 2018 Annual Meeting in Mount Maunganui on 26 July, with the Chairman Peter McBride and CEO Dan Mathieson reporting on the 2017/18 season and on Zespri's strategy and direction.

In his address, Peter McBride spoke about the changes Zespri has made in strengthening the foundations of the company, accelerating SunGold licencing in response to strong demand, and investing in the Zespri organisation to support growth. "The 2017 season was a year of change and progress for Zespri," he said. "What hasn't changed is Zespri's fundamental purpose: to deliver long term value to growers and shareholders by helping more consumers live healthy and delicious lives."

During the 2017/18 season, Zespri delivered an increase in value to growers and shareholders, despite lower sales volume than in 2016. The volume of New Zealand kiwifruit sold fell by 11 percent. However, the total fruit and service payment to growers increased by 6 percent to \$1.47 billion.

In his first Annual Meeting as CEO, Dan spoke about Zespri's strategy, discussing the company's core focus on driving a brand-led strategy, supported by excellence in marketing and strong relationships with distribution and retail partners.

A significant component is investing in capability across sales and marketing while deepening our presence in key markets. Dan commented, "Zespri is rapidly evolving its distribution model from one of simply selling our product to distributors, to developing closer and more direct relationships with retailers and consumers. This is the right approach. It gives us the opportunity to maximise the return on our marketing and market development investment and drive demand through consumer and customer understanding.

Dan discussed Zespri's strategic priorities over the next three years – the transformational changes needed to ensure Zespri has the foundations in place to maximise value from a growing business. These are what Zespri calls its four 'Must Wins' of Culture, its Operating Model, Zespri Global Supply and Sustainability.

Dan also provided an update on the 2018 season. "Zespri has delivered an uplift in value during the 2017 season. We now have the challenge of delivering both record volume and value growth in 2018, while continuing progress on the long term changes needed to support a much stronger industry in the future. For myself and everybody in the Zespri team, we are focused on building stronger partnerships and communicating clearer signals between and across our ecosystem, with growers, post-harvest operators, customers and consumers, to realise the significant opportunities."

Tony Hawken elected to the Board

Among the resolutions voted on at the meeting was the election of a director to replace long-serving Board member Tony de Farias. Peter McBride noted: "Prior to and since joining the Board in 2007, Tony has made a significant contribution to the kiwifruit industry. We sincerely thank him for his service."

There were three candidates for the vacant position and Tony Hawken was elected to join the Board. "We congratulate Tony Hawken on his election and welcome him to the Board," says Peter. "Tony brings a wealth of experience to the role through his decades of involvement in the kiwifruit industry and we look forward to working with him."

A summary of the preliminary results for the seven resolutions voted on at the meeting is provided below.

RESOLUTION	RESOLUTION DESCRIPTION	% VOTES FOR
1	Approval of the Company's 2017/18 Annual Report	98.5%
2	Election of Director (Vacancy 1) – Bruce Cameron	94.5%
3	Election of Independent Director (Vacancy 2) – Teresa Ciprian	94.5%
4	Election of Director (Vacancy 3 – poll vote) <ul style="list-style-type: none">• Tony Hawken• Barry O'Neil• Jamie Tuuta	60% 30.1% 9.9%
5	Election of shareholder member of Director Remuneration Committee (Vacancy 1) – John Cook	96.7%
6	Appointment of auditor – KPMG	97%
7	Increase to Director remuneration	75.7%



Clockwise from top left: Chairman Peter McBride, CEO Dan Mathieson and new director Tony Hawken.

Zespri Chairman awarded horticulture's Bledisloe Cup

Zespri Chairman Peter McBride was recognised as an outstanding leader in the kiwifruit industry by being awarded horticulture's premier award, the Bledisloe Cup, at the Horticulture Conference 2018 held in July.

Very similar to the famous rugby Bledisloe Cup, horticulture's version was one of three cups Lord Bledisloe presented to New Zealand in 1931.

The Cup was presented at an awards dinner by Agriculture Minister Damien O'Connor to Peter, whose involvement with the kiwifruit industry spans 40 years.

"The Bledisloe Cup celebrates a person who has made an outstanding and meritorious contribution to the New Zealand horticulture industry, and Peter McBride certainly epitomises that," Horticulture New Zealand President Julian Raine says.

"In 1978, Peter was first exposed to the New Zealand kiwifruit industry through his family's orchard in Te Puke, in the Bay of Plenty. He went on to purchase his first kiwifruit orchard in 1989, and today he has responsibility for several large farming companies and is the Chairman of Zespri's Board.

"He has fought hard for horticulture and is a key interface between growers, industry and the

Government. He is focused on innovation and also represents Zespri International as a Director on the New Zealand International Business Forum, and as a member of the New Zealand-China Council."

Along with his work for the kiwifruit industry, Peter has had an equally long history of service to charitable organisations. He was a former director of Longview Charitable Trust Board (Dairy) in the Waikato and was also a Director of Centrefarm Aboriginal Horticulture.



Chairman Peter McBride and wife Linda McBride with horticulture's premier award, the Bledisloe cup, which was awarded to Peter during a ceremony held in late July.

Innovative spray notification system recognised

The prestigious annual New Zealand Kiwifruit Innovation Award was presented yesterday to Vicky Smith, the creative force behind a community notification and spray management system. The award was set up three years ago by former Kiwifruit New Zealand Chairman Sir Brian Elwood to recognise people who have solved a problem or created value for the industry through great innovation.

Vicky's contribution certainly does that with her company Seespray helping people manage spray requirements across 1,000 kiwifruit and other orchards while automatically sharing spray activity information with the local community. Vicky was motivated by her concern about the need for people living close to orchards to be informed before spray operations start. "Once I started working with orchardists and sprayers, I saw first-hand that they genuinely care, they just needed an economic and efficient way to keep their communities informed."

"It's a great use of technology because it helps orchardists to care for and talk with their communities," Zespri chairman and judging panel member Peter McBride says. "Our growers have certainly embraced it and if other horticultural industries can take and use it, even better.

"It's huge, it's exciting and quite overwhelming," Vicky says of her award win. "It's a validation that the work myself and my team are doing really is making a difference."



Vicky Smith from Seespray.

From the markets

Malaysia

Always on the go and missing meals? Kick-starting a healthier lifestyle? Zespri Malaysia has just launched a five-week campaign, called Feel Alive On-the-Go based around just that.

According to the Malaysia team, the campaign will build brand value through Zespri's nutrition superiority, and introduce fun ways of eating kiwifruit. The campaign will focus on one kiwifruit a day providing all your vitamin C for the day. There are portable blenders to win, and contest packs with fun packaging to buy. Newspaper front covers, YouTube, social media, online ads and influencer marketing are all part of the campaign, along with more store shelf-space, mini roadshows and creative sampling sessions nation-wide.

Since the campaign started, weekly kiwifruit sales rates have increased by about 30 percent. More details about the campaign can be found here, <http://zespri.com.my/FeelAlive/>.



A campaign for people on the go.

Europe

In among the road shows, trade markets, social media campaigns, smoothie bikes, supermarket displays and tastings, there are a whole host of other creative approaches. A recipe book for greengrocers, TV game sponsorship, biking tours, flash-mobs, and re-usable Zespri coffee cups are all on the cards this season.

In Belgium and Luxembourg, a Zespri newspaper was launched providing key Zespri Kiwifruit information to store managers. This season children can colour in a Zespri postcard, post it in the special Zespri mailbox for the card to go to their relatives and friends – an awareness-building exercise. In England a kiwifruit cut-out selfie stand featured as part of a Zespri display at a flower show. These are all examples of the scores of activities organised to promote Zespri Kiwifruit in Europe.



Zespri Benelux's grocer newspaper.

Russia

Our kiwifruit is stealing the limelight in all corners of the world.


In-store sampling has just been held in Vladivostok in the Russian Far East. The promotion involved both Green and SunGold, with sales into Vladivostok managed by Zespri's collaborative marketing partner, Hawkes Bay-based Mr Apple.

Collaborative Marketing Manager Warren Young says the recent promotion saw more than 2,000 consumers buy 10,155 kilos of kiwifruit, to the satisfaction of participating stores.

Warren says promoters explained Zespri Kiwifruit's health benefits and high quality standards as well as sharing storage and ripening advice. Promoters emphasised our "absolutely natural" product growing conditions. Information on the enzyme actinidin was of interest and many men wanted to know about using kiwifruit as a meat marinade.




It's thumbs up for our kiwifruit in Russian stores.



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Top 5 PAGES



1. Quality Manual
2. Up-2-Date
3. Winter Canopies
4. OPC Events
5. The Month Ahead: July

Checking out undercover operations

Kiwifruit growing under cover was the focus of a grower and post-harvest tour in France this month.

Zespri SunGold Kiwifruit grows under plastic covers in more than 14 percent of the French orchards. Orchard Productivity and Grower Services Manager Séverine Brun says the first half-hectare structure was established in 2014 with the grower KingKiwi and supplier Sikig, as well as Zespri Innovation. It has triggered interest ever since because of the faster establishment, the higher yield and protection against Psa, Séverine says.

However, it doesn't come without agronomical challenges, she says, which is why Zespri's Orchard Productivity Centre France joined with French suppliers, growers and Zespri Innovation on a tour of three structures built over the last two years in the Garonne Valley.

The day of visits was followed by a workshop, where suppliers could connect and growers could come together and think about investments.



The long lines of kiwifruit, grown undercover.

Extreme weather creating challenges in Northern Hemisphere

Extreme weather has been playing havoc with Northern Hemisphere production, reports Global Production Manager Shane Max.

Unseasonal late frosts hit the Asian production regions in late April, with China's Henan and Shaanxi provinces among the worst affected. In Shaanxi – the largest green growing province – 20,000 of the 60,000 hectares were badly affected. It is the first time frosts this late in the season have been experienced by growers.

There were further weather challenges in store. In early July, severe rain saw many of the Sichuan growing districts seriously flooded, with some areas 1.2 metres under water. More than 30,000 hectares of red cultivars are grown in this district.

Typhoon Maria added to China's woes after beating up areas of Japan with serious flooding and wind. Some younger SunGold plantings, with less than ideal wind protection, suffered defoliation.

In Europe, a cold wet winter and spring conditions saw Psa infection increase. The French growers had it particularly bad, with not only cold and wet conditions but then some orchards affected by flooding and hail. This has culminated in serious Psa infection in some French SunGold orchards. Psa woes extended beyond Europe to include Korea where several young SunGold plantings were seriously impacted. The harsh conditions experienced

in the Northern Hemisphere growing districts has seen much higher levels of Psa expression even in Psa-tolerant varieties like SunGold.

"This provides a timely reminder for New Zealand growers that environmental conditions play a major role in the levels of infection. Constant vigilance to prevent inoculum buildup is essential for long term control," Shane says.



Flood damaged orchards in France.



China production update

Zespri's China production trials are continuing with a goal of assessing whether Zespri can confidently produce, pack and deliver Zespri-quality kiwifruit in China.

China Supply Programme Director Nick Kirton explains work is continuing with local growers and post-harvest facilities to provide quality fruit for the trials, also to provide assurances around the quality, traceability and food safety of the fruit.

"While producing quality fruit is key to the success of this year's trial, we also need to know we can confidently tell Chinese consumers, and also New Zealand growers and shareholders, that this fruit is sourced and processed to Zespri's standards. We are very clear that there will be no compromise on the Zespri brand in achieving our China production objectives".

"A key focus for the China Supply team is to put in place systems that

provide these assurances. This is why we are working closely with the New Zealand Quality team to audit our partnering orchards and post-harvest facilities, and also to ensure we have robust residue testing and traceability processes".

The supply chain trials this year will further explore consumer acceptance of a Chinese-grown Zespri kiwifruit, along with their willingness to pay a premium for this fruit.

While the supply chain trials will not include Zespri varieties, work is continuing to build greater protection for our Plant Variety Rights in China. China's first Plant Variety Right Protection Committee was formed in early June.

"Being a part of this committee means that Zespri will play a key part in working with the Chinese Government to develop their PVR protection framework," says Nick.

Plant Variety Rights protected in China

A committee has been set up to protect Plant Variety Rights (PVR) in China.

This committee provides advice on PVR protection rights to the China Ministry of Agriculture and Rural Affairs. The committee comprises representatives from the China Fruit and Vegetable Association, the Ministry of Agriculture and Rural Affairs and a range of large corporates.

While foreign companies are not allowed to join, Zespri's General Manager China Supply Qunfei Yue and China Supply Programme Director Nick Kirton have been appointed as advisors to the group to make sure the New Zealand kiwifruit industry's voice is a part of this work programme. Nick says the forum will provide a great opportunity for Zespri to continue to push for protection of its PVR rights in China.

Ambassador checks out Korean fruit

Philip Turner, New Zealand's new ambassador to South Korea, has paid Zespri's Korea operations in Jeju a visit.

Philip and New Zealand Trade and Enterprise

Trade Commissioner Jack Stenhouse visited grower orchards and a packhouse, and learnt more about Zespri's Korea operations and sales and marketing activities.



Jeju Zespri Grower Myong Il Oh with NZ ambassador to Korea Philip Turner.

Sunny day as icy ship farewelled

It was a beautiful blue-sky day in Mt Maunganui when the *Ice Ranger* headed off for warmer Mediterranean climates laden with kiwifruit. Ice Ranger is making her way to Tarragona in Spain, due to arrive any day now (4 August) before heading to Vado Ligure in Italy. The vessel is carrying 5,992 pallets of Zespri Kiwifruit.



Reefer ship Ice Ranger leaving the Port of Tauranga for Spain last month.

Zespri's Grower Liaison team is hosting its annual Grower Engagement Seminar

This two-day seminar, will give a comprehensive overview of the Zespri system, and be held on Wednesday 7 and Thursday 8 November.

This is targeted at a broad range of people from new growers, industry grower representatives and growers who would like to refresh their industry knowledge.

In addition, a one-day seminar will be held on **Friday 9 November** for industry stakeholders who took part in the two-day seminar last November. It is also for those with in-depth industry knowledge to get up to speed on Zespri marketing and Zespri's payment system.

Those attending will get:

- An advanced understanding of both the industry and Zespri corporate
- First-hand in-market experience of the integrated Zespri system in key markets
- Understanding the capability and value of the Zespri marketing system
- An opportunity to meet other growers
- An understanding of the Zespri payment system.

To register for this year's seminar, please contact Lindsay Crea by **Wednesday 3 October** on lindsay.crea@zespri.com or 027 628 8651. There will be further education and development opportunities for those who have completed both

days of the seminar. This will involve short in-market experiences (partially funded by Zespri) in our key markets.

A group of 16, who completed the seminar last year, was hosted on an offshore visit by Zespri Grower Liaison Manager Sue Groenewald earlier this month. All were growers and post-harvest representatives.

The group visited the key Zespri markets of Shanghai and Tokyo, to experience first-hand the potential, dynamics and expansion of our China and Japan markets.

"One of the highlights was the enthusiasm of the Japan market team and the excellent work with the Kiwi Brothers campaign and seeing an in store campaign with fruit tasting. The biggest learning the group took home from both markets was consistency and quality," Sue says.

Grower Bridgett Crawford from Pongakawa says the trip was "outstanding and interesting".

"It was fantastic to see the logistics in action – to see how our fruit is distributed in the Chinese and Japanese markets. All growers should go on this trip, it definitely adds value to what we are doing back here in our orchards," she says.



Touring through Swire coolstore in China.



Seminar participants with Zespri's Japan Team.



New Zealand kiwifruit grower, Gary Singh found his fruit in the Good Farmer Market, in China.

Licence repayments due end of August

Zespri will send out a statement to all growers who previously took a deferred payment option. A copy of the original invoice was sent at the time of the licence issue and was included in the licence pack.

The statements will be sent out at the beginning of August and are issued to the legal entity that owns the licence. If you have multiple KPINs with multiple licenses, then you should receive one statement with all licence repayments summarised into one account. The amount showing at the bottom righthand corner in the remittance section is the amount payable and has a due date of the 31 August. If you are paying by cheque, please cut off the remittance section and return with the cheque.

Payments:

Please either pay by direct credit:

Account name: Zespri Group Limited

Bank name: ANZ Bank New Zealand Ltd

Account number: 06-0101-0674071-00

Ref: (your **customer number** on your statement)

Ref: (the **invoice number** on your statement)

Or send a cheque payable to:

Zespri Group Limited

PO Box 4043

Mt Maunganui 3149

Ref: (write on back of the cheque your **customer number** found on your statement)

Ref: (write on back of the cheque the **invoice number** found on your statement)

To ensure that payments are paid to the correct accounts, it is extremely important that the customer number which is highlighted in red on your statement, and invoice number on your statement are included as payment reference details.

Non-payment of licence fees by the due date may result in Zespri recovering money by offsetting other grower payments and/or forfeiture of the licence and forfeiture of any monies paid up to the date of default. Zespri will also charge penalty interest at the interest rate of nine percent per annum, calculated daily for any overdue monies. Naturally, if there is a dispute with your statement, this will be taken into account. But you must contact us immediately if you have a query with the amounts due. All disputes must be written or emailed to the Zespri licence team. If you have not received a statement and believe you are due a payment, please call Zespri Grower Support Service on 0800 155 355 or email new.cultivars@zespri.com.

For more information please call us on 0800 155 355 Monday to Friday 8.00 am to 5.00 pm or email us at new.cultivars@zespri.com

REMITTANCE ADVICE

PAY BY CHEQUE

Zespri Group Limited
PO Box 4043
Mount Maunganui 3149, New Zealand
Please write customer number on back of cheque:

PAY ONLINE

Zespri Group Limited
ANZ Bank New Zealand Ltd
06-0101-0674071-00
Please use payment reference:

PAYMENT DUE \$

Zespri Grower Roadshows begin August

Zespri's grower roadshows are an opportunity to meet and hear from CEO Dan Mathieson on the season and the outlook for our industry and an update on the August forecast for the 2018/19 season. These roadshows will also focus on the planned targeted share offer and upcoming producer vote.

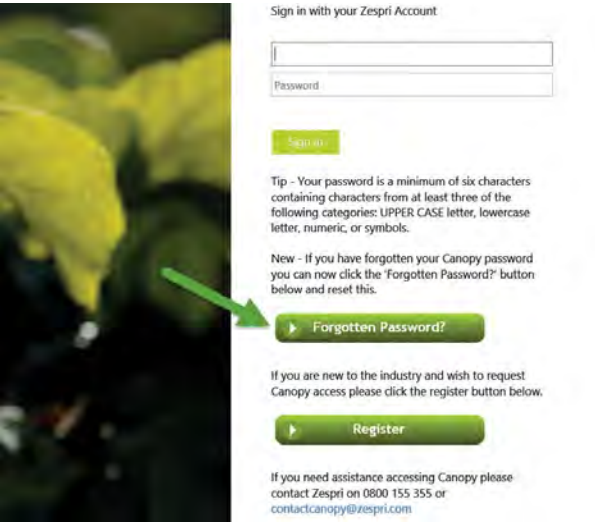
Date	Venue	Time
Monday 27 August	Hawke's Bay The Duke of Gloucester, 389 Gloucester Street, Taradale	10:15am – 12:15pm
	Gisborne Bushmere Arms Hotel, Main Road, Waerenga-a-Hika	5pm – 7pm
Tuesday 28 August	Opotiki Opotiki Golf Club, Fromow Road, Opotiki	10am – 12pm
	Edgecumbe Awakeri Events Centre, Edgecumbe	2pm – 4pm
Wednesday 29 August	Katikati Katikati Rugby Club, Moore Park, Fairview Road, Katikati	10am – 12pm
	Te Puke The Orchard, 20 MacLoughlin Drive, Te Puke	2pm – 4pm
	Tauranga Tauranga Racecourse, Cameron Road, Greerton, Tauranga	6pm – 8pm
Thursday 30 August	Kerikeri The Centre, 43 Cobham Road, Kerikeri	9:45am – 11:45am
	Whangarei A'Fare, 197 Lower Dent Street, Whangarei	1:30pm – 3:30pm
Friday 31 August	Auckland Pukekohe Park Raceway, 222-250 Manukau Road, Pukekohe	10am – 12pm
	Waikato Mighty River Domain, Lake Karapiro, 601 Maungatautari Road, Cambridge	2:30pm – 4:30pm
Monday 3 September	Nelson Top 10 Holiday Park, 10 Fearon Street, Motueka	11am – 1pm

New Canopy website password reset feature

Do you often forget your Canopy password? The Canopy now has a new feature – a ‘Forgotten Password’ button. This button allows you to reset your Canopy password 24 hours a day, seven days a week.

To reset your Canopy password you can now follow these simple steps:

1. Select the ‘Forgotten Password?’ button from the Canopy login screen.



2. Enter your Canopy username (eg joe.bloggs), answer the equation and select next:



3. This will send a unique code to the email address recorded on your Zespri account. If you have not received an email in your inbox, please check your junk folder. If you have not advised us of your email address, please contact Zespri Grower Support Services on 0800 155 355 or contactcanopy@zespri.com to do so. This will allow you to successfully use this function in future.

4. Enter the unique code (from your email) and select next.

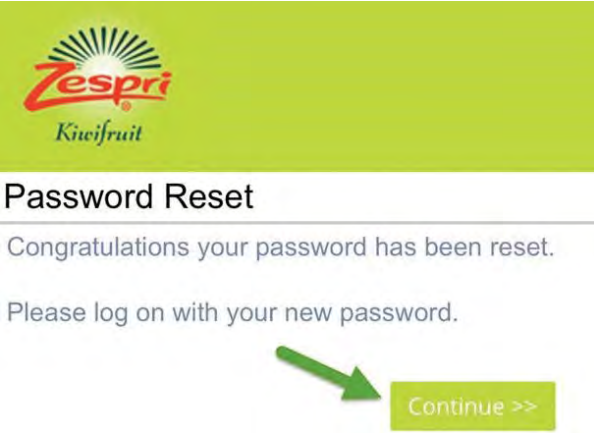


5. Enter a new password, which meets the criteria outlined. Confirm your password and select reset.



6. Your password has now been reset and you can continue to log onto Canopy.

If you need any more help, please contact Zespri Grower Support Services on 0800 155 355 or contactcanopy@zespri.com for assistance.



GROWSAFE registered calibrator certificate courses

GROWSAFE are running Calibration courses in August and registrations are now open. The course is suitable for both existing or newly registered calibrators, as well as growers and contract sprayers wanting to calibrate and set up their own spray equipment. Delivered by specialist trainers the course comprises of a mix of classroom and practical training. The cost of the course is \$495 plus GST. This includes resources, assessment grading and on successful completion of the course, the certification.

Courses are being run on the following dates and locations;

Region	Venue	Date
Hawkes Bay	Green Shed, Hastings	14 August
Bay of Plenty	The Orchard, Te Puke	15 August
Auckland/Waikato	TBA, Pukekohe	16 August
South Island	Kono Horticulture, Motueka	17 August

For more information about the course or to register for the courses above visit the GROWSAFE website at www.growsafe.co.nz. For registrations, please download the registration form and return by email to; info@growsafe.co.nz.

If you have any questions about the course, or are interested in attending a calibration course in another location, please contact GROWSAFE on email info@growsafe.co.nz or call 0508 GROWSAFE (0508 476 9723).

Zespri Red trial in Singapore

Earlier this year, Zespri's team tasked with assessing pre-commercial cultivars joined forces with Zespri Singapore to run a small sales-trial featuring Zespri's newest red cultivar. The purpose of the trial was to better understand how the cultivar handled through the supply chain and secondly, to find out what kind of premium it could achieve in the market.

The Singapore team created tailored retail packaging and a special press kit which was sent out to top media and key Influencers.

Social media came alive with positive comments about this new and exciting cultivar. Fruit sold out fast, with customers eagerly looking forward to the next trial.

Zespri Red will continue to be part of Zespri's pre-commercial trial programme until all the data is reviewed and a recommendation is made.

A thank you to everyone who helped make this trial a success.



Zespri growers see the opportunity for organics in the US.



Zespri Influencers get creative sharing Zespri Red with their online followers.

North America Organic market tour

Strong consumer demand for organic produce is evident in North America's retail environment according to a group of Zespri growers who have recently traveled to California.

Zespri's North American team hosted the organic-focussed group, with the tour including a visit to the dedicated Zespri Maruzen distribution centre and supermarkets including CostCo, WholeFoods and H-Mart, to see Zespri Organic Kiwifruit being sold alongside other organic produce.

The group also attended the third annual Organic Produce Summit held in Monterey, which provided an opportunity for growers to speak directly to media, retailers and distribution partners, as well as taking on the role of promoting Organic SunGold with sampling activity during the trade show portion of the event.

Kiwifruit grower Andrew Wood from Ngai Tukairangi commented, "The conference was so positive and clearly demonstrated the opportunities that exist for the organic category growth."

2018/19 Season Return Analysis

Class 1 - Approved Progress Payment 15 August 2018	Average on Net Submit	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.09	\$0.05	\$0.10	\$0.10	\$0.10	\$0.10	no payment
Zespri Organic Green	\$0.67	\$0.60	\$0.65	\$0.65	\$0.75	\$0.75	\$0.30
Zespri Gold3 and Organic Gold3	\$0.48	\$0.35	\$0.45	\$0.55	\$0.90	\$0.40	no supply
Zespri Green14	\$0.65	\$0.40	\$0.75	\$0.75	\$0.75	\$0.75	no payment

Class 1 - Indicative Progress Payment 14 September 2018	Average on Net Submit	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.05
Zespri Organic Green	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
Zespri Gold3 and Organic Gold3	\$0.52	\$0.40	\$0.50	\$0.60	\$0.70	\$0.55	no supply
Zespri Green14	\$0.62	\$0.65	\$0.80	\$0.80	\$0.60	\$0.60	\$0.20

- Notes
1. Progress payments are paid on submitted trays and reversed for onshore fruit loss.

2. Net submit trays = gross submitted trays less onshore fruit loss trays.

Board approves a final and interim dividend

The Zespri Broad has approved the payment of a 2017/18 final dividend and the payment of a 2018/19 interim dividend to shareholders.

The **2017/18 final dividend is 18 cents per share**, authorised for payment on 17 August 2018. It brings the total dividend paid for 2017/18 to 76 cents per share.

A **2018/19 interim dividend of 98 cents per share** is authorised for payment on 17 August 2018.

This interim dividend payment is being made to distribute the majority of funds generated through licence revenue from the 2018 SunGold licence issue. Please note that this is in addition

to the interim dividend that is normally paid in December.

Both the final dividend and the interim dividend are payable to all holders of fully paid ordinary shares in Zespri Group Limited who are registered as holders of such shares in the share register of the Company on 10 August 2018. If you intend to trade shares

within a week prior to 10 August, please seek advice from your share broker as to your eligibility for these dividend payments.

The final and interim dividends will be fully imputed. A supplementary dividend will be paid to all non-resident shareholders who do not receive the benefit of imputation credits.

Financial Commentary

Progress payments

Progress payments have been calculated to ensure cash is returned to the grower as quickly as possible and fairly across all sizes. Payments have been set so that the percentage of total fruit and service payments across the sizes are equal where possible. The rates have been set without direct reference to the size ratios.

Sizes will not receive a progress payment where the percentage of total fruit and service payments paid to date are higher than the other sizes in the same pool.

Share Briefs

As at **24 July 2018** the last Zespri share price trade was **\$8.80** traded on **24 July 2018**. There were seven buyers at **\$8.22, \$8.30, \$8.63, \$8.65, \$8.68, \$8.70 and \$8.75**. There were four sellers at **\$8.80, \$8.85, \$8.90 and \$9.20**.

To trade Zespri shares please contact one of the registered USX brokers – See <https://canopy.zespri.com/EN/grow/zenspri/Shares> for more information.

For all other general shareholder enquiries, please contact Zespri Grower Support Services on 0800 155 355.

The graph below shows the price per share that has been traded with USX and the corresponding number of shares for each trade.

Below is the current Market Depth information as at **24 July 2018**.

Quote Line at Tuesday 24 July as at 9:50am						
Code	Bid (\$)	Offer (\$)	Last (\$)	High (\$)	Low (\$)	Volume
ZGL	8.750	8.800	8.800	8.800	8.800	3,100

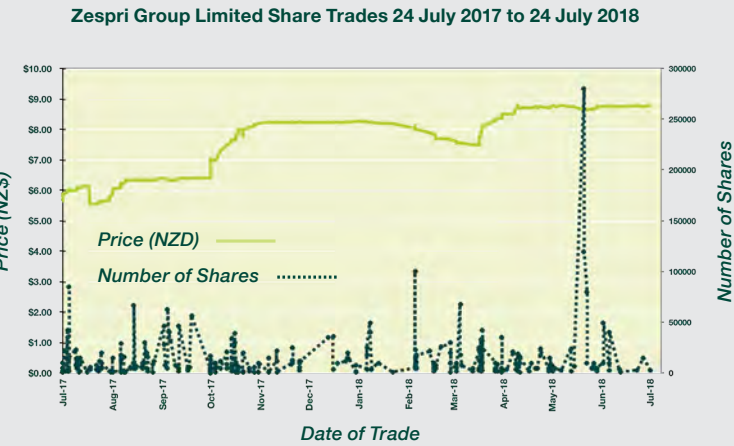
Market Depth					
BIDS			OFFERS		
Orders	Quantity	Price (\$)	Price (\$)	Quantity	Orders
1	10,000	8.750	8.800	17,560	1
1	3,000	8.700	8.850	5,000	1
1	3,000	8.680	8.900	4,000	1
1	540	8.650	9.200	10,000	1
1	5,000	8.630			
1	6,000	8.300			
1	5,000	8.220			

Last 10 Trades			
Date/Time	Quantity	Price (\$)	Value (\$)
24/07/18	3,100	8.800	27280.000
20/07/18	1,500	8.750	13125.000
16/07/18	3,000	8.800	26400.000
6/07/18	1,000	8.750	8750.000
5/07/18	4,000	8.750	35000.000
29/06/18	40,000	8.750	350000.000
29/06/18	10,000	8.800	88000.000
29/06/18	2,275	8.750	19906.250
28/06/18	4,000	8.800	35200.000
28/06/18	3,000	8.780	26340.000

Director share trading

For the month of July (as at **24 July**), there were no shares traded by entities associated with Zespri Directors. See the Canopy for details: Canopy > Growing Zespri Kiwifruit > Working with Zespri > Shares. Alternatively search for ‘Director Shares’ using the search function.

All Zespri Directors have been on a share trading halt since mid-March 2018 due to their involvement with the targeted share offer and buy-back process. Directors will remain on halt until soon after information regarding the targeted share offer and buy-back process is released to all shareholders.



- Want to see current buyers and sellers?**
- To get a list of the price for current buyers and sellers and the associated shares go to <http://www.usx.co.nz>. The Zespri Group Limited listing code is ‘ZGL’. The USX website shows:
- Latest prices
 - Market depth – to see the parcels of shares for sale and the parcels and price that buyers are seeking
 - Last 10 trades
 - Market announcements

August 2018 average approved progress payments on net submit trays
Approved per tray progress payments for 15 August 2018:

Class 1	
Zespri Green	\$0.09
Zespri Organic Green	\$0.67
Zespri Gold3 and Organic Gold3	\$0.48
Zespri Green14	\$0.65

September 2018 average indicative progress payments on net submit trays
Indicative per tray progress payments for 14 September 2018:

Class 1	
Zespri Green	\$0.10
Zespri Organic Green	\$0.10
Zespri Gold3 and Organic Gold3	\$0.52
Zespri Green14	\$0.62

Use hydrogen cyanamide responsibly

As we come into the season for spraying hydrogen cyanamide, often called by the brand name HiCane, it is imperative that spray applicators follow good practice spraying guidelines. It is the orchard owner’s responsibility to make sure these guidelines are followed.

Leaflets have again been distributed to rural households in kiwifruit-growing areas to let them know the guidelines for spraying hydrogen cyanamide and to contact Jemma Pryor, Crop Protection Adviser at jemma.pryor@zespri.com with any spray-related queries. Before spraying starts, use the yellow plastic bag delivered with the leaflet, to cover the letterbox of the property being sprayed so that Rural Post know spraying is underway.

Good practice spraying for hydrogen cyanamide means:

- **Put up spray signs** at least 24 hours before spraying starts.
- **Notify neighbours** of your intention to spray at least 12 hours before spraying.
- **Notify contractors and visitors** who may be on your orchard for various other work activities.
- **Check wind conditions** before spraying. Do not spray if wind conditions are more than a light breeze towards neighbours (wind felt on exposed skin, leaves rustle).
- If there is no shelter, or the shelter is incomplete, use a no-spray buffer of 30 metres to minimise drift onto neighbouring properties, including roads.

- Take **special care** before spraying in areas where **school children** may be walking by or waiting for the bus, where dogs are being exercised, or where your rural postie may be driving up the road.
- **Set up sprayers correctly**, as poor coverage on canes can lead to poor budbreak. Make sure sprayers are accurately calibrated before the spraying season starts.
- AI (air inclusion) nozzles must be used along with adjuvants (or spray additives) to reduce spray drift. AI nozzles reduce drift and recent research which compared HiCane application with AI nozzles to standard hollow cone nozzles found no significant difference in their biological efficacy including budbreak, flower numbers and fruit.

For more information, check out KiwiTech Bulletin 39 Best Practice Spraying Guide, Kiwitech Bulletin 98: Dormant and Early Spring Spray Application and other spray resources on the Canopy > Zespri & The Kiwifruit Industry > Publications > Kiwitech Bulletins > Spraying.

There is also a great Hydrogen Cyanamide Application infographic made by our OPC team. This is located on the Canopy > Growing Kiwifruit > Orchard Productivity > Infographics.

Ensure the future of your orchard: crop protection forums

Zespri’s Pre-harvest Assurance Team is running forums to coincide with the release of the 2018/19 Grower Manual including the Crop Protection Standard.

All growers, orchard personnel including contractors, advisors and managers, and agrichemical retailers are encouraged to attend the forums which run from Monday 3 September to Friday 14 September. Hosted by the Zespri Pre-harvest Assurance team, the meeting agenda will focus on understanding your role as the grower, meeting your on-orchard compliance requirements whilst achieving maximum returns from your business:

- A review of the previous season and trends of agrichemical use

- Managing pests and disease on your orchard
- Key changes to the Crop Protection Standard
- Changes to GlobalG.A.P
- Emerging food safety compliance
- Updates to Contractor Compliance.

The schedule is below and registrations are open through the Zespri Events booking system at www.zesprievents.co.nz.

Date	Venue	Time
Monday 3 September	Edgecumbe Awakeri Events Centre, State Highway 30	9am – 10.30am
	Opotiki Opotiki Golf Club, Fromow Road, Hospital Hill	1pm – 2.30pm
Tuesday 4 September	Gisborne Bushmere Arms, Main Road, Waerenga-a-Hika	8.30am – 10am
	Hawkes Bay The Duke of Gloucester, 389 Gloucester Street, Taradale	2pm – 3.30pm
Wednesday 5 September	Kerikeri Kerikeri Plant & Food, 121 Keri Downs Road, Kerikeri	9am – 10.30am
	Whangarei Barge Showgrounds (Members room), Maunu Road, Maunu	1pm – 2.30pm
Thursday 6 September	Katikati 2 Wedgewood, Street Katikati (Katikati community church)	9am – 10.30am
	Tauranga Tauranga Golf Club (Trophy Lounge), Racecourse Reserve, Cameron Road	1pm – 2.30pm
Friday 7 September	Te Puke Te Puke Sports and Recreation Club, Atuaroa Avenue, Te Puke	9am – 10.30am
	Te Puke Te Puke Sports and Recreation Club, Atuaroa Avenue Te Puke	1pm – 2.30pm
Thursday 13 September	Waikato Hamilton Airport Hotel, Airport Road, Hamilton	9am – 10.30am
	Auckland Counties Function Centre, Fulton Lounge Pukekohe Park, 242 Manukau Road	1.30pm – 3pm
Friday 14 September	Motueka Top 10 Holiday Park, Motueka	9.30am – 11am



Zespri Grower Manual

This season there are a number of updates to the Grower Manual. These will be mailed to every Management System Owner in early August.

It is essential that the updates are opened and reviewed before your GAP inspection for the 2018 supply year. Detailed information on the changes included will be given at the Crop Protection Forums. Please refer to above for dates and times.

- Included in the mail out are:**
- Zespri policies
 - On-orchard food safety
 - Updated GRASP guidelines for kiwifruit growers
 - Zespri Crop Protection Standard (CPS) and Allowed Other Compounds (AOC) list.

Crop Protection Standard update

We have reviewed the Zespri Crop Protection Standard (CPS) to reassess how agrichemical products are used on-orchard.

The Zespri CPS outlines the most appropriate use of agrichemicals so they are effective on-orchard and acceptable to our customers and consumers. The CPS specifies the products that can be applied to vines, when they can be applied, their appropriate application rates and pre-harvest Intervals. The primary aim of the CPS is to ensure the fruit we produce meets the regulatory requirements of the markets we sell to and to also meet the increasing demands of our customers and consumers. This season there are a number of changes to the CPS, due primarily to the changing requirements of our

markets, customers’ compliance requirements and the ever-increasing awareness of our consumers around chemical residues in their food. We remind growers, managers, spray applicators and contractors to refer to the latest CPS before applying an agrichemical. Do not rely solely on the advice from retailers, sales agents and post-harvest representatives. All agrichemicals used on kiwifruit in New Zealand must be approved and registered by the Agricultural Compounds and Veterinary Medicines group (ACVM) within MPI before they can

legally be used. Products without this registration cannot be included in the Zespri CPS.

Do not assume that last season’s practices are still current or acceptable for this season.

All applications including those to orchard surrounds and shelter belts must be recorded in your spray diary in a timely manner.

For an updated version of the CPS, see Canopy>Kiwifruit Supply Chain> Crop Protection Standard.

- There are a number of changes to this season’s CPS:**
- Addition of new bird repellent, called Flock Off
 - Removal of iprodione
 - Addition of Timorex Gold (for sclerotinia control)
 - Maximum of one application of streptomycin (under justified approval only).
- All applications of agricultural compounds must be recorded in your spray diary, including applications to orchard areas and shelter.
- To discuss further, please contact Jemma Pryor, Crop Protection Adviser at jemma.pryor@zespri.com.



FOCUSING ON WATER EFFICIENCY MAKES SENSE FOR YOUR BUDGET AND THE ENVIRONMENT



8 AUGUST 2018 | **ASB ARENA**
TRUMAN LANE,
MT MAUNGANUI
UPSTAIRS SUITES

9AM - 4PM. REGISTRATIONS FROM 8:30AM



Craig Mackenzie

George Moss

Dr. Steve Green

Pim De Monchy

Dr Sonia Whiteman

Whether you are thinking about developing an orchard or you have been in the game for 30 years, this Spotlight on Water event is for you.

- The secret to wise water application is targeting where and when it is required. Precision application technology now makes this possible. We will hear from other primary industries who are ahead of the game, sharing the tactics they have implemented to improve efficient and accurate water usage.
- We will help you to identify your site's needs and what will make the biggest impact to ensure you can sustain and grow your business.
- We will also address your current responsibilities and what is likely to be coming in the future. Evidence of your responsible water use is important to our customers and regulators so this cannot be overlooked.

SMART WATER USE – THE ROLE OF PRECISION TECHNOLOGY TO HELP IMPROVE WATER EFFICIENCY

As water becomes more precious, management practices will have to become ever more precise. A great deal of progress in irrigation and water management has been made, yet there is still room for improvement and evolving practices and technologies continue to emerge. Going forward, data collection and data management will be critical to “real time” water and energy management. We have invited a panel of producers from other industries who are at the top of their game, managing water in their own business operations. We will also identify what questions you should be considering when investing in precision technology, getting advice from the experts.

For growers outside the BOP – While our first event is being hosted in the Bay of Plenty, the content is applicable for all kiwifruit growing regions. A video recording and resources will be available post-event. Future events will be planned for growers in other regions.

We will hear from:

- **Craig Mackenzie** - 2016 International Precision Ag farmer of the year
- **Dan Bloomer** - LandWise/Precision Ag NZ
- **George Moss** - Dairy Farmer - Waikato
- **Phillipa Wright** - Kiwifruit Grower, Katikati

KIWIFRUIT PLANT WATER REQUIREMENTS - FROM DAILY TO SEASONAL WATER ALLOCATION

Steve is part of the Sustainable Production group at Plant and Food Research. Steve's current experimental work with Zespri is aimed at improved understanding, through measurement and modelling, of the dynamics of water and nutrient flows in orchard systems. Steve has developed the general-purpose model called SPASMO (Soil Plant Atmosphere System Model) that predicts the environmental fate of water, nutrients (N & P), pesticides under productive lands. Steve has also developed tools to measure sap flow in the trunks and roots of plants, and to capture drainage water moving downwards through the soil profile.

**WE WILL HEAR FROM OTHER SPEAKERS
THROUGHOUT THE DAY. INCLUDING:**

- **Pim De Monchy** the Kaituna Catchments Manager for the Bay of Plenty Regional Council
- **Dr Sonia Whiteman** – Zespri Innovation leader

Visit the Month Ahead pages on Canopy for a more detailed summary of all the important tasks you need to cover off, and links to useful resources.



Winter pruning

The key to getting a good job from your winter pruning crew is having clear, simple instructions and achievable targets, along with a good monitoring and feedback system. We've got two new videos on Canopy that can help you teach new staff which wood they should choose from the selection that's in the canopy. See [Growing Kiwifruit> Orchard productivity> videos](#). Don't forget to double-mulch prunings to kill those cicada eggs.

Manage sap flow in grafts

Hopefully grafting is almost done and dusted – but keep an eye on stumps for the start of sap flow. Excessive sap flow can damage grafts by pushing scions out of alignment so ensure you have a plan to manage it.

Budbreak strategy

Getting good budbreak is, for most growers, something that requires effort. You'll need

to develop a strategy that's suitable for your growing system, site and resources.

Assess your budbreak enhancer

If you apply a budbreak enhancer, no matter what it is, you need to know if it's worked. The simplest way to do this is a budbreak assessment. An article in the latest Journal (June/July) outlines how to do this and there are lots of great resources and videos on Canopy to help you.

Oil + copper for scale control (organic)

Scale levels in both conventional and organic systems are of particular concern this season. Good scale management needs an integrated approach. Recent research shows that copper + oil in winter and spring is effective in winter and spring without damaging leaves and buds - another useful tool in the scale management toolbox. Check the 'Month Ahead' page on Canopy for details.

Plant & Food Research has recently reported on a two-year budrot trial (Hayward and Green¹⁴) that underscores the importance of a robust spraying programme to protect new growth during spring.

This research shows Psa can effectively overwinter in vegetative buds and act as a source of inoculum for new growth in spring. However, until now, we have not known whether flower infection develops because of internal vine infection, or because of external spring infection of the buds.

Recent research shows that flower buds are forming without internal contamination of *Psa*. Rather it appears early flower buds are mainly contaminated externally, which drives an external infection of the sepals (observed as sepal staining) with an internal infection following. This theory is supported by the observation that as buds develop sepal staining, *Psa* detection is initially highest in sepals and then begins to be detected in the inner parts of the flower such as petals, anthers and ovaries.

These findings highlight that we can protect flowers from infection by using a

Psa pre-flowering girdle and pre-flowering sprays to reduce the inoculum available to infect developing flower buds (e.g. coppers, Actigard™ and bactericides in high risk environments).

Key findings:

- Psa appears to be overwintering in winter buds.
- Flower buds are mainly becoming infected from external rather than internal sources.
- Reducing inoculum loading in early flower buds is the key to reducing bud rot risk – keep up your spray programmes during the high risk spring period.

See the August/Sept *Kiwifruit Journal* - 'Breakthrough in the battle against bud rot' (Sonia Whiteman) for a more comprehensive overview of this research.

Research update: pollinating under hail netting

Zespri and Plant & Food Research are working closely under a Sustainable Farming Fund project to identify exactly how hail netting affects honey bee behaviour and identify what management practices should be adopted when pollinating in this environment. Research to date suggests the primary cause of high bee loss under hail netting is the bees can't find the way back to their hives. Scientists have looked closely at the bees that get lost and shown that although bees can forage under nets, the overhead nets mean they can't judge the sun's position. They need this to communicate to other bees which part of the block they should forage in.

The programme is now entering its third and last year. Check out the August/September issue of the *Kiwifruit Journal* for a full report on the trials undertaken in year two. We have summarised the key findings below.

Trial 1: Water

Honey bees need water, sugar (honey) and protein (pollen) to raise a brood. One hive needs up to one litre of water a day to dilute the honey to feed to larvae and keep their hive cool. In an open orchard, bees have ready access to water in puddles, streams and morning dew. Growers with hail netting have been providing water in various forms for the hives but most have reported seeing no bees collecting this water.

In a trial last year, the Plant & Food Research team provided bees with buckets of water covered in shade cloth to wick the water up the sides of the bucket (see photo). These water feeders were positioned at different locations

within the orchard. The bees made great use of them but they were rather specific about which ones they used. The bees made significantly more visits to water feeders that had a clear view to the hail net but not directly underneath the crop. The bees found this water in the open areas (placed under gaps in the crop canopy, or on top of the pergola, within two hours of being introduced to the orchard. The buckets of water placed underneath the kiwifruit canopy had very few bees foraging from them.

Why did the bees forage on water in the open area but not on the water under the canopy? There has been little research on how honey bees recognise water but it may be the light reflecting off the water surface helps the bees locate the water. This study was only carried out in one orchard in one season, so further work will be done this coming season to see if the same response is noted. However this research suggests that growers who have hail netting may want to consider placing water in open areas so that the light can reflect on them this coming season.

Trial 2: Holes in hail net roof

A second trial last year tested whether positioning beehives underneath a 20x20m hole cut in the roof of the hail net reduces the loss of adult bees and brood from hives, without negatively affecting pollination. Grower experience suggests that hive quality does not deteriorate when placed under the holes and the growers report much better pollination in the centre of blocks near the holes. The hypothesis is that this approach could allow better quality of light through the net and

allow foraging bees to easily forage outside of the net to collect a range of different food. Some hives were directly under the hole with others placed at varying distances from these holes. This approach showed some promise, with one study orchard displaying a positive effect of hives being placed near to the holes. However, the range of the effect was limited to hives placed within 20m of the hole. In general, the hives in the study orchards fared better than they have in previous years, but it is unclear whether this was because of a whole-orchard effect of the treatment or because of favourable weather conditions in 2017.

For previous results and guidance on how to best pollinate under hail netting, check out the Pollination page on the canopy.



A bucket of water covered in shade cloth, used in a trial on honey bee water supply.

OPC Winter PitStops

One of the key topics at the recent OPC Winter PitStops was efficiencies. How can you get all the necessary jobs done to specification, on time and within budget, when labour is in short supply?

This will be a big question for many growers this season. Tasks such as winter pruning are not so time critical, but Contractors are under significant pressure to get to all their clients and spring will be a very busy time – there may not be enough labour to get it all done.

As a grower, what can you do about this? First of all, you need to be clear on what your specifications are. Can you simplify them to get the job done faster? Could you start the job earlier to give yourself more time? Or will doing it later be more efficient? Good examples of these types of compromises are shoot thinning and removing side flowers. Removing side flowers is a really important job but is best done shortly before flowering when it's fast to take them off. Earlier on it's very difficult to remove these tiny flowers fast and the job takes AGES. In contrast, shoot thinning is a task that can be done very soon after budbreak, and the earlier it is done, the better – the vine won't use resources growing a shoot you're going to take off.

Finally, are you a good employer? Do people want to come and work on your property? Things like clean, well maintained facilities can make a big difference to the performance of crews working for you – and showing that you appreciate their efforts with a nice morning tea never goes astray.

Innovation and sustainability

One of Zespri's strategic must-wins is sustainability, which means there will be a greater focus on sustainability innovation across the supply chain. This new feature has been added to the *Kiwiflier* to communicate the sustainability-related initiatives Zespri is supporting. The focus this month is on post-harvest.

1. Sustainability update to post-harvest

At the beginning of July, the Zespri-funded NZ Sustainability Dashboard Project facilitated a sustainability meeting with Zespri and interested post-harvest operators. This is a meeting that has been held before, for post-harvest operators. Twelve people from six different post-harvest facilities attended, with the following items covered:

- Zespri project on recycling options for polypropylene plastic waste (see more in item 2)
- Zespri summer student projects on post-harvest, including looking into biological waste and converting kiwifruit waste (e.g. riser waste) to biochar. Reports on each of these are available on request from Zespri's Innovation department
- The NZ Sustainability Dashboard Project. This focuses on improving sustainability assessment, reporting and outcomes in the kiwifruit sector

and others. Over the coming months, the project will measure the environmental footprint of the kiwifruit industry

- An update on the 2016 Kigali Amendment to the Montreal Protocol on ozone depleting substances. This is being introduced by governments including New Zealand's to phase down refrigerants with high global warming potential (i.e. HFCs), some of which (e.g. R22) are used in the kiwifruit industry
- The post-harvest group recommended greater communication by Zespri of sustainability-related information including in the *Kiwiflier*.

2. Recycling options for polypropylene plastic waste

Polypropylene is used in strapping, pocket packs and hairnets. In a waste prioritisation workshop last year, packhouses rated polypropylene waste

as a major issue because it cannot be recycled in New Zealand. To address this, Catalyst Ltd was contracted by Zespri Innovation to investigate recycling options. One will accept and recycle this material – General Recycle Ltd in South Auckland. However, they can only accept strapping and pocket packs sorted by colour in minimum amounts (i.e. three tonne baled, five tonne loose) and so post-harvest would need to coordinate and consolidate its waste. The cost indicated was \$150/tonne which is comparable to landfill cost excluding transport. Hairnets cannot be accepted due to their elastic content and bacteria contamination.

For more information on any of the above, please contact Zespri's Innovation Leader Jayson Benge by email, jayson.benge@zespri.com.

We welcome your feedback and ideas on how we can work together to 'win' in sustainability.



Strapping can be sorted and recycled.





NUFFIELD
NEW ZEALAND
FARMING SCHOLARSHIPS



Calling all applicants

Applications for 2019 Nuffield Farming Scholarships close on 19 August 2018.
Head to www.nuffield.org.nz to find out more and apply today.

Applications are being called for Nuffield NZ 2019 farming scholarships

This scholarship is a prestigious rural leadership programme with a global focus, designed to fast-track the development of emerging leaders in the agri-food sector. Each year up to five scholarships are awarded. It's a 12-month programme involving 18 weeks of overseas travel and is targeted at those aged between 30 to 40. For more information see <https://ruralleaders.co.nz/programme-overview-nuffield/>.

Kiwiflier spoke to Simon Cook about his year as a Nuffield scholar. Simon is part of this year's scholarship intake.

Simon spoke of the Global Focus Programme part of the scholarship, which he described as a whirlwind tour across the globe with other scholars exploring agricultural practices, culture and politics. The tour took in Singapore, India, United Arab Emirates, Qatar, France, Belgium and the United States. Throughout those travels, Simon got to meet with farmers whom he says all share the same passion and devotion to the land that is their livelihood, despite having different backgrounds and farming methods.

"Worldwide we were seeing an increase in the average age of farmers, a reduction in the total number of farmers and overall a reduction in productive land being farmed as urban sprawl takes over," Simon noted.

He said the divide between Europe and the USA in terms of the right to farm was obvious.

"A number of visits in Europe outlined the issues they were increasingly having with a growing urban population, who have no experience farming, dictating how they will farm.

"There are now more than 50 lobby groups like Greenpeace, PETA and SAFE spending billions of dollars trying to influence how farmers do their job. Policy is now being driven more by idealism and emotion rather than science. It provides a stark warning to New Zealand farmers about the importance of maintaining their social licence to farm and the need to educate the urban population about how and why we farm," he said.

In contrast, he observed how the United States has been open to adopting new technology and was benefiting from increased productivity.



ZESPRI IN THE COMMUNITY

Community investment

New Zealand Kiwifruit Growers Incorporated (NZKGI) and Zespri's co-funding of **Katikati College's horticulture programme** is an innovative partnership creating some exciting opportunities for students.

Three students recently created a science project on the relationship between fruit weight loss, dehydration and the appearance of shrivel which is part of a larger Zespri Innovation project. The results are very useful to the industry and the practical nature of the project lets students showcase their science skills in a kiwifruit context. Students were paid for their time and Katikati College received \$1,150 worth of science equipment courtesy of Start Afresh and Zespri.



Katikati students showcase their science skills. Left to right: Myah Mason and Rose Rayner.

Surf Lifesaving Awards

The past month has seen the Zespri Awards of Excellence 2018 for Surf Life Saving held in both Gisborne and Mount Maunganui. Both awards ceremonies were well attended and a great opportunity to celebrate the success of the surf lifesavers who put in many hours patrolling and protecting our beaches in the Eastern region. Thanks to SLSNZ Eastern Region for putting on two fantastic community events.



Kiwifruit growers Mark and Danielle Geuze attending the Gisborne/Tairāwhiti Awards of Excellence.

Targeted share offer and buy-back

Zespri's targeted share offer and buy-back programme will soon be underway, and we set out here some of the terminology and what it means. It's intended to help those of you who will be entitled to participate to navigate the documents and the process.

Share offer

Zespri will be offering shares to unshared growers and under-shared shareholders (shareholders who hold less than 1 share per tray of historical production). *Historical production* is the average of the best two of the last five years' production (2013 - 2017).

Shares will also be available based on assumed production to existing growers with new plantings and new developments. New entrants to the industry with a greenfields site are entitled to deemed production. New planters, new developments and new entrants needed to have registered their information with Zespri by 27 July to be eligible. The offers will be subject to the share restrictions in the constitution.

Anyone receiving an offer to buy shares will receive a *Product Disclosure Statement* or PDS. A Product Disclosure Statement/PDS is what used to be commonly called a prospectus.

Information about offers, which are regulated under the Financial Markets Conduct Act, must be disclosed in a PDS and on the Disclose Register. Together, this information must include all material information about the offer of a financial product (in this case shares in Zespri) and be up-to-date, accurate and understandable. The purpose of the information is to help investors with their investment decisions.

The PDS must be prepared in a clear, concise and effective manner and has a prescribed format and

content to make offer information accessible. For example, a compulsory key information summary at the front of the PDS gives investors an overview of key characteristics and the specific risks of the financial product. It includes the purpose of the offer, the key terms of the offer and information the company is required to disclose by law.

The *Disclose Register* also contains information relating to the share offer. Material information about a regulated offer not included in a PDS must be uploaded to the Disclose Register, which is online. It provides supporting information for investors. Details of the link to the Disclose Register for Zespri's share offer will be provided in the PDS.

Buy-back

Zespri will be making an offer to buy-back shares from dry shareholders and shareholders who hold more than one share per tray of historical production plus a margin of 0.5 shares per tray ('*overaligned shareholders*'). As further explained below, the margin is to enable Zespri to carry out the buy-back on a tax free basis, otherwise the buy-back payment would be treated as taxable income by IRD.

If Zespri does not have sufficient proceeds from the share offer or other available subscribed capital to conduct the buy-back in full, the buy-back will be subject to scaling. Details of the scaling will be set out in the Buy-Back Disclosure Document.

Zespri will send to all shareholders a *Buy-Back Disclosure Document*. This sets out why the buy-back is being undertaken and the terms of the buy-back along with some disclosure information relating to Zespri.

As described above, a *margin* will be added to the one share per tray for eligibility of overaligned shareholders to the buy-back offer.

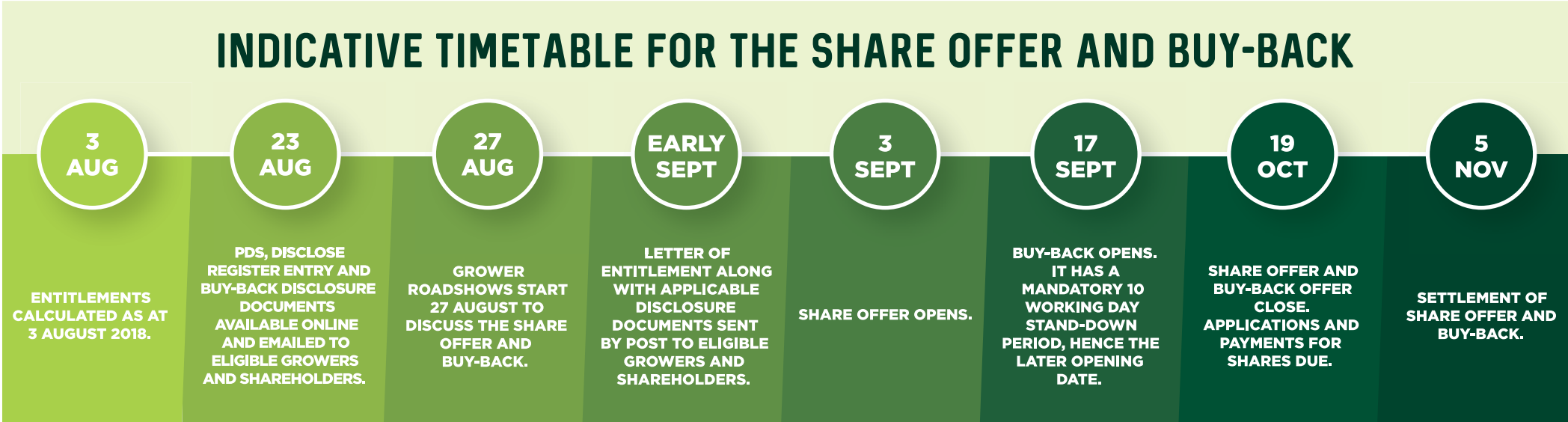
The intent is to try and encourage dry shareholders to sell as many shares as they are willing to, to help better align shareholding with current kiwifruit producers. For overaligned shareholders, those with more than one share per tray of production plus the margin, will receive offers to sell down to one share per tray. This is because in a buy-back the money paid for the shares will be treated as taxable income unless the shareholders who take up the offer to sell, sell at least a required percentage proportion of their shares and the Company has sufficient capital. This percentage is calculated based on the number who take up the share offer and the number that take up the buy-back, and so is variable. Zespri is therefore adding the margin (which will be the minimum anyone taking up the buy-back must sell), so only those with one share per tray plus the margin will receive the offer from the overaligned category. The margin has been modelled based on a range of possible outcomes from the share offer and the buy-back.

All dry shareholders will receive the buy-back offer, but still have to sell the same minimum percentage

of their shares. There will be other conditions to the buy-back, which are designed among other things, to enable Zespri to carry out the buy-back on a tax free basis. However, ultimately if it couldn't, Zespri will reserve the right to scale or cancel the buy-back. Zespri will not be responsible for any tax arising due to a shareholder's personal circumstances.

So what is the margin percentage? The margin percentage is 33.33 percent. An overaligned shareholder needs to be able to sell at least this proportion of shares to bring them down to 1:1 to be eligible to participate. Dry shareholders must also sell this minimum proportion of their shares to be eligible to participate.

No money is currently being sought. Financial products (i.e. Zespri shares) cannot currently be applied for or acquired under the proposed share offer nor sold to Zespri under the proposed buy-back. If the share offer and buy-back are offered, they will be implemented in accordance with the Financial Markets Conduct Act 2013 and the Companies Act 1993. No expressions of interest to participate in the share offer and/or the buy-back are currently being sought. Participants in the assumed or deemed production registration process will not be required to participate in the share offer and/or buy-back. Similarly, Zespri does not undertake to proceed with the share offer and/or buy-back.



This timetable may be altered and is subject to final sign-off from the Zespri Board.

So what might an entitlement look like?

Entitlement to buy shares from Zespri:

Unshared grower: If you have no shares, but your historical production is 20,000 trays, then you will receive an offer to purchase 20,000 shares (entitlement).

Undershaed shareholder: If your historical production is 20,000 trays, and you own 11,000 shares, you will receive an offer to purchase 9,000 shares (entitlement).

Entitlement to sell shares back to Zespri:

Dry shareholder: If you are no longer producing kiwifruit for supply to Zespri (non-producer) and you have 15,000 shares, you will receive an offer from Zespri to sell your shares back to Zespri. If you take up the offer, you must sell a minimum of 33.33 percent, so minimum entitlement of 5,000 shares, and a maximum entitlement of 15,000 shares.

Dry shareholder: If you are no longer producing kiwifruit for supply to Zespri (non-producer) and you have 2,100 shares, you will receive an offer from Zespri to sell your shares back to Zespri. If

you take up the offer, you must sell a minimum of 33.33 percent, so minimum entitlement of 700 shares, and a maximum entitlement of 2,100 shares. If you try to accept for 1,400 shares, as you would be left with less than 1,000 shares, your acceptance will be amended so that you only accept for 1,099 shares.

Overaligned shareholder:

- If your historical production is 12,000 trays and you own 18,000 shares, and you were to sell 33.33 percent of your shares, you would have 12,000 shares and so be at the optimum 1 share

per tray of production. This means you will receive an entitlement to sell a minimum entitlement of 6,000 trays, and a maximum entitlement of 6,000 trays to bring you back to 1:1.

- If your historical production is 20,000 trays and you own 45,000 shares, your minimum entitlement would be (45,000 X 33.33%)= 15,000 shares. Your maximum entitlement would be 25,000 shares, which would bring you back to 1:1.

The letter of entitlement that will be sent out in early September will set out your entitlements if you are eligible to participate.





New Zealand Kiwifruit Growers Incorporated (NZKGI)
ph: (07) 574 7139 or toll free on 0800 232 505
www.nzkgi.org.nz

Supply Agreement training – skills you need for results you deserve

It's time to upskill on the Supply Agreement with NZKGI's successful, independent, grower-focused learning and development programme. The Supply Agreement training provides growers with a good understanding of how the industry operates commercially and the role of supply entities and suppliers. The roles of directors or trustees of supply entities in governance and managing risk will also be covered. External consultants to the industry such as bankers and insurers will also find the training useful in understanding all facets of the kiwifruit industry supply chain.

The Supply Agreement training will give attendees a greater understanding of the fundamental financial programmes within the

industry: taste, KiwiStart, time, size, pooling and cashflow so that when there is an industry initiative, they can understand and debate the concepts and proposals with confidence. Additionally, the training may trigger some ideas for improvement from orchard to supply entity.

Expressions of interest are now being sought for Supply Agreement training throughout the period August 2018 to February 2019. Growers, supply entity, suppliers and other industry people are encouraged to attend. For more information on the training and your chance to enrol on this successful programme, visit the performance page on www.NZKGI.org.nz.

KVH AGM results



Thank you to all those who attended the KVH Annual General Meeting (AGM) on Thursday 26 July. The results will be available soon however if you have any questions in the meantime please either contact KVH on 0800 665 825 or speak to a KVH Director.

All AGM documents, including financial statements and budget information, are available to reference on the KVH website at www.kvh.org.nz/kvh_agm.

Putting the Samurai Wasp case forward at hearing



KVH spoke on behalf of the kiwifruit industry at an Environmental Protection Authority (EPA) hearing mid-July, cementing support to release the Samurai Wasp in the event of a Brown Marmorated Stink Bug (BMSB) incursion.

The hearing is the final step in the application process to introduce the wasp as part of eradication or control efforts if an established population of BMSB is found here. KVH Biosecurity Manager Matt Dyck presented on the importance of the kiwifruit industry to the local and national economy (now and into the future); the potentially devastating impact of

BMSB; and why the wasp is seen as the best overall control tool available.

The decision-making group is now considering the application and a decision is expected around mid-August. The EPA has previously released its staff assessment report, which recommends the application is approved with certain conditions – a copy of this is available on the KVH website.

The application was made to the EPA by KVH, Horticulture NZ and other horticultural industry groups.



The Samurai Wasp, a natural predator of the BMSB, is the size of a poppy seed and doesn't sting people or animals.



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Kiwifruit Pioneers book: sponsors sought

The kiwifruit industry is relatively young and is fortunate to have many of its grower pioneers still alive. However, some notable people have recently passed away, such as Roly Earp and Mike Muller. NZKGI, representing kiwifruit growers, is in a unique position to capture the voices of kiwifruit grower pioneers. If this capturing of pioneers' voices is delayed, they will be lost forever.

NZKGI has commissioned award-winning journalist and former *Kiwifruit Journal* editor Elaine Fisher to research and write a book on pioneer kiwifruit growers - those who were growing in the decades from the mid-to-late 1950s and onwards. These growers were among the first to research and develop or apply a new area of knowledge, method or activity.

The project, which has already received funding support from several industry bodies and businesses, still has sponsorship opportunities available. This sponsorship will fund the writing and production of the book and subsidised the purchase price.


The sponsorship will be a special opportunity for businesses names to be recorded alongside the founding pioneers of the kiwifruit

industry. It is expected that the book will become an important reference for the industry for many years into the future.

There are several different levels of sponsorship available, each with limited availability based on a first-in, first-served principle. The platinum sponsorship level has already been taken, however there are places in the other sponsorship levels available. Benefits of sponsoring the book include brand exposure in the book, at the book launch, the book's webpage and marketing initiatives in the lead-up to the book's completion.

For further information about the book project please contact NZKGI Communications Manager Mike Murphy on mike.murphy@nzkgi.org.nz.

Annual Update out now




The KVH Annual Update 2017/18 has been released.

This booklet shares KVH's key activities and events over the past 12 months and profiles some of the kiwifruit industry's biggest biosecurity threats. Feature articles also outline how biosecurity risk is changing around the world and what we are doing in terms of readiness and response, so we are prepared for the next big biosecurity threat.

The Annual Update also contains an overview of the ongoing research and development programme we have in place to better understand and manage some of the biggest biosecurity challenges the industry is facing.

Read or download a copy of the new report from the KVH website (www.kvh.org.nz) or email info@kvh.org.nz if you would prefer to have one posted to you.



Contact Industry Liaison Team Leader Tom MacMorran (027 511 2005) or Grower Liaison Managers: Sue Groenewald (027 493 1987), Sylvia Warren (022 101 8550), Casie Rudnicki (027 271 2695) or Jane Ritchie (027 511 1056).

Q.&A. from the field



Q1: I am having trouble understanding my share statement. What does it mean?
A1:

Zespri Group Limited
Shareholder Statement as at 12/07/2018

Shareholder Name
123 Zespri Way
Mount Maunganui

Shareholder Name:
Holder Number: (234567)
Current Shareholding: 50,000
Priority Share Entitlement: 50,000
Subsidiary Share Entitlement: 0
Maximum Shareholding: 50,000
Available Headroom: 0.000

Voting Cap:
Vote Allocation: 1,000

Current Shareholding – This is the number of shares currently owned by the shareholder.

Priority Share Entitlement – Share entitlement is calculated as 4 shares per 1 tray of average production.

Subsidiary Share Entitlement – The balance of a KPINs entitlement under the share cap once the priority shareholding has been taken into account.

Maximum Shareholding – The sum of priority (owned) and subsidiary (leased) share entitlements. This is the maximum number of shares that can be held on a KPIN(s) and is 4 shares per 1 tray of average production.

Available Headroom – The difference between maximum shareholding and a producers' current shareholding

Vote Allocation – At a shareholder level, this is calculated as the sum of priority (owned) and subsidiary (leased) votes.

Note: Your votes are calculated based on the number of trays or the number of shares you have, whichever ever is the lower of the two.

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Q2: Can I apply iprodione this season?
A2: No. Iprodione products such as Defence 500, Rovral Flo and Ippon have been removed from the Crop Protection Standard for the 2018/19 season and added to the 'Prohibited' products list. The EU Maximum Residue Limits (MRLs) have been significantly lowered and any iprodione residues found on fruit would have serious market access issues for Europe.

Please contact the Zespri Crop Protection Advisor Jemma Pryor on 027 283 6192 with any questions.

Q3: I have received my last loyalty premium for the 2016/17 season in June. How do I direct where my 2018 loyalty payments are going for this season?
A3:

A Zespri Loyalty Contract is completed for each grower number assigning the payment to either a supplier pool or to be paid directly to the grower. Some post-harvest facilities have an Agency Agreement set up with Zespri and all of their growers, loyalty payments are automatically paid to growers via the post-harvest facility.

If your 2017/18 grower number has not changed from the previous season, the Loyalty Contract will automatically roll over. If you had a new grower number issued for the 2018 season, you will be sent a Loyalty Contract to complete (example below).

If you have any queries regarding your loyalty payments, contact Zespri Grower Support Services on 0800 155 355.

Zespri Loyalty Contract (2018)
(Three Year Rolling Grower Contract)

Please complete this form if:

- You have not previously signed this Three Year Rolling Grower Contract (Complete Parts A and B, then Part C)
- You have made a change to your contact details that will result in a new Contract (e.g. you have changed packing facility, location, customer contact details or bank details) (Complete Parts B and Part C)
- You need to update your payment details (if your bank account or GST number has changed) (Complete Parts B, then Part C)

The Three Year Rolling Grower Contract is available to all growers who have signed a 2017/18 Loyalty Agreement. Log in to the Grower Gateway to complete this form.

Property Address: _____

The Grower is defined as either the owner of the business or a sole trader or director of a company who holds 10% or more of the share capital.

Part A: Agreement to Enter Contract

I agree to enter into the 2018 Three Year Rolling Grower Contract with Zespri for all of the Cares I intend to produce on all KPINs I own or control (including leased Cares) in New Zealand in support of the Cares I intend to produce. I agree to provide a valid KPIN for all Cares I intend to produce. I agree to provide a valid KPIN for all Cares I intend to produce. I agree to provide a valid KPIN for all Cares I intend to produce.

I agree to the terms and conditions of the Three Year Rolling Grower Contract, full terms of which are available on the Zespri website at [www.zespri.co.nz](#).

I acknowledge that the description of the Cares I intend to produce and the location of the Cares I intend to produce are general descriptions and do not constitute a guarantee of the Cares I intend to produce. I acknowledge that the description of the Cares I intend to produce and the location of the Cares I intend to produce are general descriptions and do not constitute a guarantee of the Cares I intend to produce.

Part B: Payment Details

I wish to receive my loyalty payments to:

Full Name of Designated Person: _____

Designated Person's Address: _____

Designated Person's Phone Number: _____

Designated Person's Email Address: _____

Part C: Execution Section

Signature of Grower: _____ Date: _____

Signature of Designated Person: _____ Date: _____

I, the Grower, hereby agree to the terms and conditions of the Three Year Rolling Grower Contract and I agree to provide a valid KPIN for all Cares I intend to produce.

I, the Designated Person, hereby agree to the terms and conditions of the Three Year Rolling Grower Contract and I agree to provide a valid KPIN for all Cares I intend to produce.

Please return to Zespri to ensure payment of the Loyalty Premium

Q4: When are dividends usually paid on Zespri shares?
A4: Traditionally, a final dividend (relating to the prior financial year) is paid in August each year and the interim dividend for the current financial year is paid the following December.

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FOR FURTHER INFORMATION OR FEEDBACK PLEASE CONTACT: THE ZESPRI GROWER SUPPORT CENTRE (0800 155 355)
P.O. BOX 4043, MOUNT MAUNGANUI, TEL: 07-572 7600, FAX 07-572 7646
[www.zespri.com](#) [canopy.zespri.com](#) EMAIL: [contact.canopy@zespri.com](#)
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Notice of election and nomination of candidates

Kiwifruit New Zealand is established under the Kiwifruit Export Regulations 1999 for the purpose of authorising Zespri to export New Zealand-grown kiwifruit, to determine collaborative marketing applications, and to monitor and enforce measures that mitigate the potential costs and risks of a single desk exporter.

The Kiwifruit New Zealand Board consists of six members of which three members are elected by producers for a three-year term. Due to one member's term expiring on 30 September 2018, KNZ will conduct an election in the coming months to fill that position.

VOTING ELIGIBILITY:

Producers who are eligible to vote in the election are:

- 1. the owners of land in New Zealand on which kiwifruit is produced for export sale; or
- 2. such other persons determined by the Board to be producers of such kiwifruit.

All producers will be receiving a Notice of Election which was mailed in early July. If you believe you are eligible to vote in the election and do not receive a Notice of Election, please contact Kiwifruit New Zealand (details below). To be eligible to vote, producers are required to provide sufficient evidence that they qualify as a producer. Based on the information provided, the Board will determine the eligibility to vote.

NOMINATIONS:

Nominations are invited for the election of one Director to the Board of Kiwifruit New Zealand. The election will be held in September 2018.

To request a candidate nomination form, please contact the returning officer at the details below. If more than one nomination is received a postal vote will be held. The voting papers will be posted to all producers on 31 August.

The candidate receiving the most votes will take office for a three-year term effective from 1 October 2018.

TIMETABLE	
Nominations open	30 July
Nominations close	13 August
Voting papers posted to producers	31 August
Voting opens	3 September
Voting closes	17 September
Results announced	18 September
Newly-elected Director to take office	1 October

Contact:
Amy Te Whetu, Returning Officer
PO Box 4683 Mount Maunganui South, 3149
Phone: (07) 572 3685 Email: [admin@knz.co.nz](#)

Changes to regional boundaries



After consulting with growers and nurseries and considering submissions, KVH has revoked all regional boundaries within the Recovery regions in the North Island, creating one region with geographically separate locations. This change came into place on Monday 16 July and updated documentation is available on the KVH website.

Thank you to the growers and nurseries who gave KVH their feedback during the consultation. Submissions were primarily in support of the proposal. Regional boundaries and classifications (based on the level of PsA infection) are important to protect areas with little or no PsA but did provide some inequities around plant material movements, especially between Recovery regions.

Following this change, there has also been an amendment in the description of nurseries under the Kiwifruit Plant Certification Scheme (KPCS). Those nurseries fully certified will continue to be described as producing KPCS Full Certification plants. However, those nurseries with Within Region certification will now be referred to as producing KPCS Restricted Certification plants.

The KPCS itself is to be reviewed, with a view to aligning biosecurity risk management policies for all plant material. This will help ensure biosecurity resilience and robust traceability for plant movement. KVH will keep growers and nurseries updated as the review progresses.

Industry Supply Group (ISG) meeting 19 July

The main agenda items discussed were:

- 2019 planning calendar February regional supply estimates
 - 2019 Schedule 2 review
 - Crop Protection Standard
 - VAC exemptions.
- The next ISG meeting will be held on **Thursday 16 August.**