

Zespri's CEO welcomed to the job

Zespri Chief Executive Dan Mathieson was formally welcomed to the job with a powhiri at Whareroa Marae in Tauranga this month.

Dan explains it was a real privilege to be welcomed on to the marae by kaumatua Kihī Ngatai and whānau.

"The New Zealand kiwifruit industry is all about relationships.

Building strong connections with Māori is really important to us, as we grow the industry together to meet future demand and increase the value we bring to New Zealand.

"Being welcomed with a powhiri was such a special experience – I'm grateful for the hospitality we were shown and look forward to working with our iwi partners."



New Zespri CEO Dan Mathieson (right) and his predecessor Lain Jager, during a powhiri at Whareroa Marae in Tauranga.

IAC endorses enduring funding

On 2 November, the Industry Advisory Council (IAC) endorsed the implementation of an enduring funding mechanism for Zespri regarding the New Zealand supply of kiwifruit.

The enduring funding mechanism aims to ensure Zespri is funded appropriately. This is balanced against the need for cost control to ensure benefits of economies of scale are shared between growers and shareholders. The enduring funding replaces the former industry practice of renegotiating funding/margin arrangements every three years.

Commenting on the decision, Zespri Chairman Peter McBride said: "This positive outcome follows extensive discussion with suppliers and NZKGI. It is a key outcome of the Kiwifruit Industry Strategy Project, in which growers called for an evergreen funding model that provides a fair balance of returns for New Zealand-grown fruit between New Zealand growers and Zespri shareholders."

The formal execution of the documents is expected to be completed in mid-December. Under the new arrangement, Zespri's New Zealand supply

margin in 2018/19 will be approximately \$3.5 million to \$4.0 million lower compared to the current calculation – equivalent to around 2.5 cents per tray on average.

The mechanism also includes a further reduction in Zespri's gross margin on New Zealand kiwifruit sales in 2019/20, so that the margin decreases by approximately \$7.0 million to \$8.0 million, or 5.0 cents a tray on average, compared to the current calculation. From 2020, an automatic margin resetting mechanism has been agreed that targets a New Zealand supply EBIT of approximately 1 percent for Zespri.

The loyalty payment to growers from this season, which is 25 cents per tray, will include a mechanism to share with growers any earnings before interest and tax from NZ supply over one percent of net NZ kiwifruit sales.

Further details about the mechanism are available on the Canopy here: [Canopy > Zespri & The Kiwifruit Industry > News > Chairman's Update](#)

Simon Limmer to take on new role as CEO of Silver Fern Farms

After 10 years as part of the Zespri senior executive team, Chief Operating Officer Simon Limmer will be embarking on a new challenge taking on the role of Chief Executive Officer at Silver Fern Farms from March next year. During his time with Zespri, Simon has held several key positions: Chief Operating Officer, General Manager Zespri Global Supply and General Manager Grower and Government Relations. Simon was appointed as General Manager China in 2013/14 to lead and rebuild that business after earlier customs issues. Simon was also a founding member on the Kiwifruit Vine Health board, and was a key industry leader in charting the PsA recovery through the move from Hort16A to Gold3.

"Silver Fern Farms is another strong New Zealand brand and iconic export product. It is an extremely tough sector but the company has repositioned itself strongly over the past few years, and I believe has the strategy and capability of establishing a valuable and sustainable future for its New Zealand farmers and shareholders. I am eagerly anticipating the challenges this new responsibility will bring and will certainly be drawing on the parallels and lessons I've learned from the Kiwifruit industry.

Ten years with Zespri has been a wonderful experience and an immensely satisfying chapter of my career. The Kiwifruit industry is founded on teamwork, clear and innovative thinking and a determination to succeed which is

unparalleled. I am fiercely proud of the value the industry enjoys today and Zespri's acknowledged position as a Global leader.

It is very, very difficult to leave this behind and I will especially miss the fine people I have worked shoulder to shoulder with, so many of whom I am fortunate to call my friends". Simon says.

Zespri CEO Dan Mathieson says Simon's work in China set the foundation for it to become Zespri's largest volume and value market today. More broadly his calm, strategic contribution to Zespri and the New Zealand kiwifruit industry through some of its toughest times, including those outlined above and the earlier challenge to the New Zealand kiwifruit regulations, has been invaluable. "I thank him for his commitment and contribution over the last 10 years. Like Zespri, Silver Fern Farms is a leading New Zealand food company with a revenue of NZ\$2.5 billion and I wish Simon every success in his new role," Dan said.



Simon Limmer will take up the new challenge of Chief Executive at Silver Fern Farms from March next year.

Local teens take kiwifruit scholarships

Two Western Bay of Plenty teenagers have each scooped a \$15,000 Zespri academic scholarship, despite vastly differing levels of orchard experience.

Katikati College head boy Fergus Chinnery has grown up with kiwifruit while Alex Tomkins ventured onto her first orchard only last year. But both fit the scholarship criteria; they are top year 13 students hoping to pursue careers in the kiwifruit industry.

Alex spent her early teenage years living in South East Asia with her family and she was impressed to spot-high quality New Zealand kiwifruit in Singapore and Thailand.

"I was pretty proud when I'd walk into the supermarket and see a big stand of Zespri Kiwifruit in the produce aisles," she says. "It really sparked my interest."

"Even though I haven't grown up on an orchard or lived on one, they're all around me in the Bay of Plenty.

"My dream job? Being able to work in a primary industry, to be a CEO in future, putting New Zealand products on the world stage."

Consequently, the 17-year-old is bound for Massey University to complete a Bachelor in AgriCommerce, majoring in International AGriBusiness

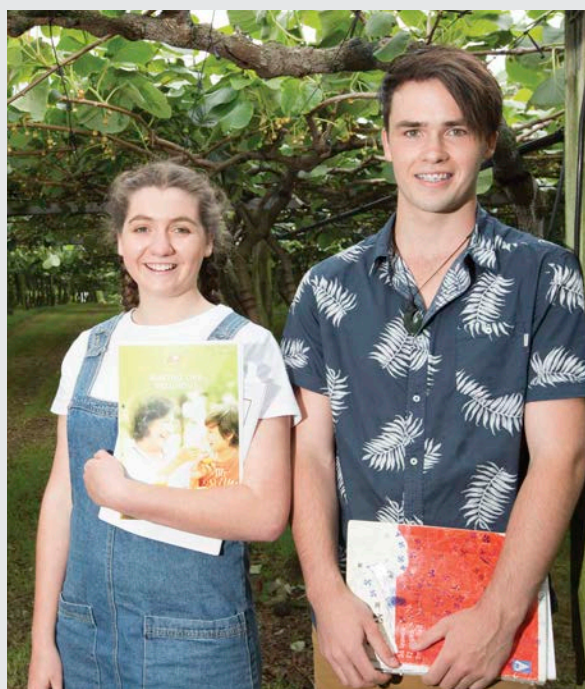
Fellow scholarship winner Fergus Chinnery (also 17) will head to Victoria University next year to complete a science degree majoring in biotechnology as well as cell and molecular bioscience. At age 17, Fergus says being raised on a kiwifruit orchard led to a natural interest in kiwifruit genetics and inspired him to study biology. It also propelled him towards laboratory-based work.

Zespri Grower & External Relations General Manager Dave Courtney says this year's scholarship winners stood out among a field of 117 applicants from around New Zealand.

"It's exciting to see young people of this calibre eager to enter our industry," Dave says. "They are smart and driven,

they're natural leaders but they're also well-rounded, thoroughly decent citizens who have already contributed significantly to our community. Fergus and Alex are just the sort of people we want in the kiwifruit industry, as we gear up to more than double global sales to \$4.5 billion by 2025."

The successful candidates will each receive \$5,000 a year towards their tertiary studies, as well as industry mentoring and support over a three-year period.



Zespri Horticulture Scholarship 2018 recipients Alex Tomkins and Fergus Chinnery.

From the Markets

Spain

Zespri Spain want doctors to recommend kiwifruit to their patients so they have started the second round of medical visits to explain the health benefits of Zespri Green and how paediatricians value Zespri SunGold as a way of introducing fruit to children. The team will visit 600 doctors in Madrid and Barcelona. In previous visits, the team noticed an interest in kiwifruit as a natural source of minerals and vitamins and for patients who require extra fibre, vitamin C and potassium in their diet.

El kiwi, Fuente natural de vitalidad para sus pacientes

ZESPRI GREEN

Reduce el cansancio y la fatiga. Alto contenido en vitamina C: 92,7 mg/100g. Fuente de ácido fólico: 25 µg/100g. Fuente de potasio: 312 mg/100g.

Mejora el confort digestivo. Alto contenido en fibra soluble: 3,7 g/100g. Contiene Actidina, que estimula la digestión de proteínas.

Contribuye a una dieta sana y equilibrada. Elevado valor nutricional: 11,4. Aporte calórico reducido: 61 kcal/100g. Alto contenido en agua: 83,3%.

Facilita el consumo diario de fruta. A cucharadas, A bocanadas, Como smoothies, Como helado.

¡Descubre cómo la fruta puede llenarte de vitalidad!

VIDA SANA
El consumo regular de fruta contribuye a prevenir algunas enfermedades. Se requiere en antioxidantes y en vitaminas y minerales protegen nuestras células y nos ayudan a mantener un buen estado de salud.

EN CUALQUIER MOMENTO
La fruta es un alimento ideal para cualquier momento del día: en el desayuno, después de las comidas y también como snack. La fruta tomada entre horas, es una buena alternativa a los productos de bollería como tentempié refrescante y saludable.

BIENESTAR
Tomar fruta entera cada día aumenta nuestra sensación de bienestar y estimula nuestra positividad y nuestra creatividad. También nos ayuda a combatir la sensación de saciedad y nos aporta azúcares naturales, el combustible principal de nuestro cerebro y de nuestros músculos.

VITAMINA C
Los alimentos muy ricos en vitamina C, como el kiwi o algunos cítricos, nos aportan esta vitamina esencial que contribuye a nuestras defensas, aumenta la absorción de hierro y reduce el cansancio y la fatiga.

A focus on health in Spain.

Also in Spain, Zespri once again took part in Madrid's Fruit Attraction Trade Fair this month. The event had a huge international turn out with 1,500 exhibitors from 30 countries and the assistance from 60,000 professionals spanning 110 countries this year.

The stand offered tastings, an augmented reality experience from the orchard to the supermarket and even a smoothie bike for attendees. Our team was also involved in an event at the fair run by the New Zealand embassy in Spain which included a Māori cultural performance and a cooking show using Zespri Kiwifruit as the main ingredient.

The team in Spain has also launched a vitality campaign, which runs until February. The team worked with three experts in the fields of psychology, interpersonal communication and nutrition to establish a definition of vitality with five pillars, along with kiwifruit recipes to recommend to consumers to improve consumers' vitality. As well as measuring vitality in the general population, an online test was launched for users to measure their own vitality levels.



Zespri at Madrid's Fruit Attraction Trade Fair.

Malaysia

Zespri Malaysia launched the Zespri Green digestive campaign using a lively character called Dr Green to help promote the health benefits of kiwifruit. The campaign ran in newspapers, through social media channels and digitally, with over 5 million impressions and 2.5 million Dr Green views. You can watch Dr Green on YouTube by searching 'Feel Alive with Zespri Green Kiwifruit'.



Health has also been a focus in Malaysia.

France

Zespri France have been busy recently, running 24 days of street tastings and hosting influential stakeholders on French orchards.

Twenty-four days of tastings were hosted on the streets of Paris, Lyon, Nantes and Bordeaux near schools, offices, food markets and even a marathon event! In total 30,000 lucky passers-by tasted our SunGold kiwifruit and feedback was extraordinarily positive, with thousands engaging in the provided 'GIF' image and having fun in the photo booths.

The team also hosted journalists and salespeople on our French orchards, along with providing health information on SunGold.



French team hosts journalists on an orchard and packhouse.



24 days of street tasting in France.

Promoting health during diabetes week

Zespri employees served smoothies and science, cooked porridge and played games alongside students from Arataki School in Mount Maunganui for a Diabetes Week health promotion last month. Their efforts were part of a five-day health promotion and type 2 diabetes prevention programme focused largely on the school's 91-pupil bilingual Kopukairoa unit. The programme was created and funded by Zespri after two employees decided to tackle statistics showing Māori children are 50 percent more likely than their European schoolmates to develop preventable diabetes. Zespri Nutrition scientist Juliet Ansell visited Arataki School to teach students how to ward off the disease. "The kids are loving it, they're so engaged and so excited," Kopukairoa lead teacher Tania Solomona said after Juliet's visit. Zespri's Senior External Relations Advisor Amy

Porter explains that supporting initiatives like this is Zespri's way of giving back and helping to build a strong, healthy community. "We live in this community and so do many of our growers and orchard workers – helping people to live healthy lives is part of what we do here at Zespri." By day two, children were talking about putting aside fizzy drinks in favour of water and understood what food they should eat more often. The week also included dance lessons and a community games day to reinforce the need for exercise. This community event invited whanau to play Top Town-style games, enjoy healthy food – including Zespri Kiwifruit – and get everyone excited about making choices for a healthy lifestyle. Whanau were encouraged to attend the healthy smoothie and porridge breakfast on world diabetes day, November 14, when rows of eager children sat at long tables in the school hall, to be served

by Zespri staff with products donated by Fonterra, Dole, Harraways and Zespri. Adults demonstrated the effects of food on blood sugar by taking finger-prick blood tests before and after they ate. The week ended with the creation of a bilingual book on diabetes, penned by local writer Debbie McCauley and illustrated by the children. Once published, the school will receive copies of the book.



Health week a big hit with local community.



Top 5 www.canopy.zespri.com PAGES

1. Up-2-Date
2. Crop Protection
3. Quality Manual
4. The Month Ahead: November
5. Shares

It's registration time again

The 2018 KPIN and Grower Registrations are now due. Growers are encouraged to complete these online, through the Zespri Industry Portal. If you would like to receive this via Mail, please contact Grower Support Services. An icon in the top right-hand corner by your name, on your screen will indicate that you have a notification waiting.

Once you have clicked on the icon you will receive instructions on how to complete your registration. Please note that you are required to complete two separate registrations. One for your KPIN and a second one for your entity. will show up on your portal to show your registration is ready for completion.

What is the portal?

The portal is a window into Zespri - this holds all the information regarding your orchard that we hold.


As in previous years, growers are encouraged to complete the registration forms and submit before Christmas 2017 – even if there are no changes to your details, you are still required to submit your form to Zespri.

Growers can request updates of any information that Zespri holds about them through the portal and these will be processed within 24 hours.


Growers can access Zespri Industry Portal by using their Canopy username and password - no additional login is required. To access the portal navigate to Canopy > Zespri & The Kiwifruit Industry > Tools & Calculators > Zespri Industry Portal, or you can add this to your Canopy Favourites.

FAVOURITES


EDIT




SPRAY DIARY




INDUSTRY PORTAL



GAP COMPLIANCE



EUROFINS BOP (AGFIRST)



ZESPRI EVENTS

KPIN registration block information – as no block information is captured on this registration form, growers should check that the correct block information for their orchard is updated in their spray diary.

If you are unable to complete the forms online or you wish to update block information, growers should contact their post-harvest facility or Zespri Grower Support Services on 0800 155 355 or email contactcanopy@zespri.com.

Enforceable undertaking on safety in the kiwifruit industry

On 30 October, the national health and safety regulator Worksafe announced that it accepted an Enforceable Undertaking from Zespri, following a fatal quad bike incident on an orchard near Katikati in May 2016.

WorkSafe has accepted Zespri's enforceable undertaking as a positive alternative to prosecution, recognising that the failures alleged of Zespri were not directly causative of the worker's death. This is the fourth enforceable undertaking accepted by WorkSafe under the Health and Safety at Work Act 2015; a tool that is increasingly being used, in appropriate cases, as a positive alternative to prosecution.

Under the enforceable undertaking, Zespri will support a number of initiatives, including

continuing facilitation of grower health and safety education; implementing health and safety reviews of contractors who contract directly with Zespri for on-orchard services; and establishing a tertiary scholarship for accredited health and safety studies.

Zespri Chief Operating Officer Simon Limmer acknowledges Zespri has an important role to play in promoting health and safety given its central function in the New Zealand kiwifruit industry.

"The interdependent nature of our industry means there are overlapping duties between orchard owners, contractors, post-harvest and Zespri for health and safety. As an industry, we need to work collaboratively to improve safety,

and Zespri recognises its position in being able to promote greater awareness and higher standards."

Simon also comments, "Nothing we do can change what has already happened and our deepest sympathies are with the family. We are a tight-knit industry and many people will have been affected by this tragic accident. What the enforceable undertaking does do is provide a way to contribute materially to helping improve health and safety performance for kiwifruit workers and we are committed to this process."

The full details of the enforceable undertaking, together with WorkSafe's announcement, are available on www.worksafe.govt.nz

Orchard sampling

In preparation for the 2018 harvest, Eurofins Bay of Plenty (Eurofins BOP) and Zespri are now finalising orchard sampling requirements for both maturity clearance and residue sampling. Each season many samplers are required to be employed and trained to service the kiwifruit industry's requirements.

A letter has been sent to growers advising that Eurofins Bay of Plenty will be contacting with the person listed as the primary contact in their database over the next few weeks to finalise sampling requirements. The letter also refers to documents published on Canopy which summarise the circumstances that are not considered safe for sampling and how to resolve such circumstances: Health and Safety On-orchards and Orchard Sampling Stop Sampling Procedure.

Residue testing starting soon

Zespri's residue testing programme mitigates the risk of residues and protects Zespri's premium brand in the marketplace by testing fruit from every KPIN for more than 300 compounds.

Testing starts in the months leading up to harvest and timing is determined by:

- The likely use patterns/ application timing of agrichemicals
- The decay curve of specific agrichemicals

Residue testing aims to detect prohibited chemicals that may cause issues in the market and check for and mitigate the risk of other

compounds being used. It is important that these fruit samples are collected in a timely manner. Refusal to allow fruit to be tested for residues indicates the possible use of prohibited compounds. Growers who unreasonably refuse and delay access to fruit for testing may lose the ability to export fruit.

All orchards selected for residue sampling (other than the pre-harvest testing requested by grower or packhouse) will be contacted by Eurofins Bay of Plenty by email or phone to arrange the collection.

We recognise that each orchardist may have differing protocols for entry and if your orchard

is selected for pre-season sampling, please let Eurofins know your requirements when they make contact.

Sample collections take place between January and March. The sample size is 40 fruit per KPIN variety.

For enquiries relating to the Zespri residue programme, please contact your Zespri Grower Liaison Manager:

Tom MacMorran 027 511 2005
Sylvia Warren 022 101 8550
Jane Ritchie 027 511 1056
Sue Groenewald 027 493 1987

Loyalty contracts 2017

Have you returned your form?

If you have a new grower number for the 2017 season, you would have received a loyalty contract to complete and return to us.

This would have changed due to one of the following:

- Changing facility for the 2017 season
- Changing ownership or lease arrangements of the orchard for the 2017 season
- Change to the kiwifruit titleholder in the 2017 season

To ensure you receive the first instalment of the loyalty premium due to be paid on 19 January 2018, you need to return your completed loyalty contract by 20 December 2017, along with a bank deposit slip if paying direct to you.

Please contact Zespri Grower Support Services on 0800 155 355 if you need any further help.

Briefs

Share Briefs

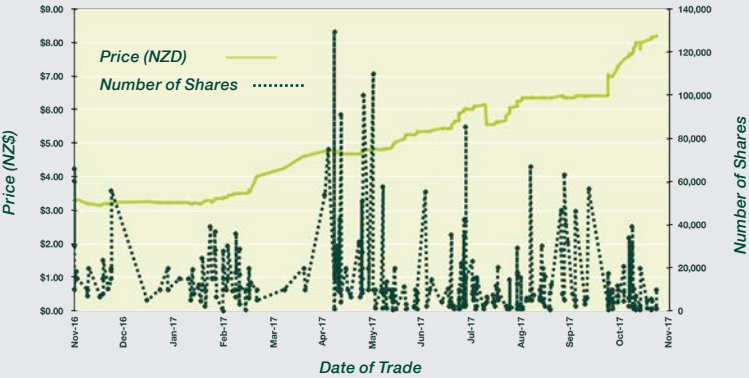
As at **27 November 2017** the last Zespri share price trade was **\$8.20** traded on **23 November 2017**. There were seven buyers at **\$8.20, \$8.15, \$8.05, \$7.50** and **\$7.35**. There were three sellers at **\$8.30, \$8.25** and **\$8.23**.

To trade Zespri shares please contact one of the registered Unlisted brokers – See <https://canopy.zespri.com/EN/grow/zespri/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 Unlisted and the corresponding number of shares for each trade.

Zespri Group Limited Share Trades - 27 November 2016 to 27 November 2017



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.unlisted.co.nz>. The Zespri Group Limited listing code is 'ZGL'. The Unlisted 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

Below is the current Market Depth information as at **27 November 2017**.

Quote Line at Monday 27 November as at 9.15am								
Code	Bid (\$)	Offer (\$)	Last (\$)	At	High (\$)	Low (\$)	Volume	Value (\$)
ZGL	8.200	8.230	8.200	23/11/17 12:10	-	-	0	0.000

Market Depth					
BIDS			OFFERS		
Orders	Quantity	Price (\$)	Price (\$)	Quantity	Orders
1	5,000	8.200	8.230	1,000	1
1	14,370	8.150	8.250	1,000	1
2	17,000	8.050	8.300	1,000	1
1	13,790	7.500			
1	4,000	7.350			

Last 10 Trades			
Date/Time	Quantity	Price (\$)	Value (\$)
23/11/17 12:10	10,000	8.200	82,000.000
23/11/17 11:51	1,000	8.200	8,200.000
23/11/17 11:51	1,170	8.200	9,594.000
20/11/17 14:44	5,630	8.150	45,884.500
20/11/17 14:39	440	8.170	3,594.800
20/11/17 14:39	1,000	8.150	8,150.000
20/11/17 14:39	1,000	8.120	8,120.000
17/11/17 11:00	1,440	8.070	11,620.800
17/11/17 11:00	4,620	8.070	37,283.400
13/11/17 15:25	20,000	8.000	160,000.000

Director share trading

For the month of October (as at **27 November 2017**), there were **90,965** 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.

Please note that at any time that content for the Kiwiflier is finalised for publication, there may be some trades associated with director entities which have been matched and transacted, but the paperwork has not yet been received by Zespri or Computershare. As such, there may be some lags in reporting trading by entities associated with directors. Zespri will however ensure that as at the end of each month, the Director Share Holdings and Transfers document on the Zespri Canopy will always provide the most up to date information held by Zespri.

Industry Supply Group (ISG) meeting: 23 November

The main agenda items discussed were:

Subgroup updates

- Period 1 2018
- ICP
- Maturity review / service recommendations
- 2018 onshore logistics

The next meeting will be held on 14 December.



Visit **Zespri International Facebook** for the latest updates.

2017/18 Season Return Analysis

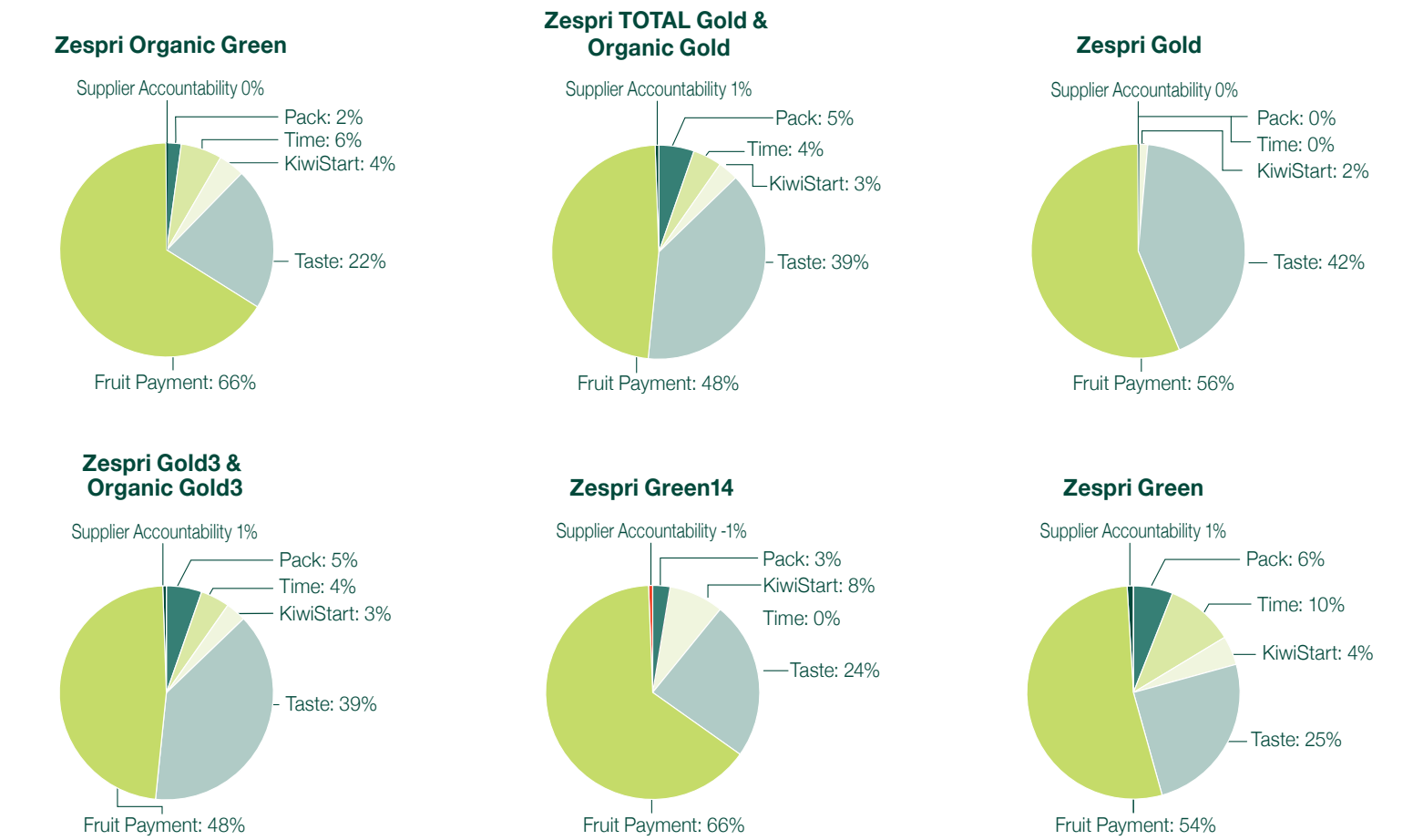
Class 1 - Approved Progress Payment 15 December 2017	Average on Net Submit	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.43	\$0.40	\$0.45	\$0.35	\$0.55	\$0.55	\$0.50
Zespri Organic Green	\$0.77	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.45
Zespri Gold	\$0.50	\$0.40	\$0.50	\$0.55	\$0.45	\$0.55	No Supply
Zespri Gold3 & Organic Gold3	\$0.56	\$0.55	\$0.60	\$0.55	\$0.45	\$0.30	(\$2.02)
Zespri Green14	\$0.22	\$0.10	\$0.25	\$0.10	\$0.35	\$0.35	No Payment

Class 1 - Indicative Progress Payment 15 February 2018	Average on Net Submit	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.40	\$0.45	\$0.40	\$0.40	\$0.35	\$0.35	\$0.25
Zespri Organic Green	\$0.41	\$0.35	\$0.45	\$0.50	\$0.40	\$0.40	No Payment
Zespri Gold	\$0.26	\$0.15	\$0.30	\$0.30	\$0.30	\$0.20	No Supply
Zespri Gold3 & Organic Gold3	\$0.28	\$0.30	\$0.30	\$0.30	\$0.30	\$0.20	No Payment
Zespri Green14	\$0.10	\$0.05	\$0.10	\$0.10	\$0.12	\$0.12	No Payment

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.

2017/18 Season Grower Payments Portions - Total Fruit and Service Payments

2017/18 - October Forecast



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.

Class 1	
Zespri Green	\$0.43
Zespri Organic Green	\$0.77
Zespri Gold	\$0.50
Zespri Gold3 & Organic Gold3	\$0.56
Zespri Green14	\$0.22

Class 1	
Zespri Green	\$0.40
Zespri Organic Green	\$0.41
Zespri Gold	\$0.26
Zespri Gold3 & Organic Gold3	\$0.28
Zespri Green14	\$0.10

Orchard Gate Return
The OGR calculations reflect post-harvest cost data compiled by Ingham Mora Limited in September 2017, the October 2017 forecast fruit loss percentages and current productive hectare information.

Board approves second interim dividend

The Zespri Board has approved the payment of a second fully imputed interim dividend relating to the 2017/18 financial year of \$0.08 per share to all Zespri Group Limited shareholders. The payment date is Friday 8 December 2017. Any shares purchased from 9am on Thursday 30 November onwards will not be eligible for this dividend.




Class 1 Fruit and Service Payments and Timings


(Including Loyalty premium)


The following charts show when Fruit and Service Payments (including Loyalty) are made throughout the season (to two decimal points).

Actual payments made YTD (as at 15 November 2017) are above the dotted line with the average amount paid. Payments yet to be made are indicated below the dotted line.

- Submit is paid in the early months when fruit is submitted into inventory.
- Pack and Time, KiwiStart and Taste Zespri is paid on FOBS, i.e. when fruit is shipped. Some of the

Zespri Green								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-17	\$2.25	\$0.02					\$2.27	23%
May-17		\$0.11					\$0.11	24%
Jun-17		\$0.10					\$0.10	25%
Jul-17		\$0.03	\$0.00	\$0.26	\$0.61		\$0.90	35%
Aug-17		\$0.15	\$0.18	\$0.42	\$0.20		\$0.96	44%
Sep-17		\$0.29		\$0.72	\$0.12		\$1.14	56%
Oct-17		\$0.38	\$0.27	\$0.32	\$0.18		\$1.14	68%
Nov-17		\$0.31	\$0.02	\$0.59	\$0.60		\$1.52	83%
Dec-17		●	●	●	\$0.43		●	90%
Jan-18			●			\$0.10	●	●
Feb-18					\$0.40		●	●
Mar-18					●		●	97%
Apr-18					●		●	●
May-18					●		●	●
Jun-18						\$0.15	●	100%
Paid YTD	\$2.25	\$1.38	\$0.47	\$2.31	\$1.72	\$0.00	\$8.13	
Balance to pay	\$0.00	\$0.17	\$0.04	\$0.06	\$1.11	\$0.25	\$1.63	
Total fruit and service payments - 2017/18 Forecast								\$9.76

Zespri Organic Green								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-17	\$2.25						\$2.25	20%
May-17		\$0.01					\$0.01	20%
Jun-17		\$0.07					\$0.07	21%
Jul-17		\$0.02	\$0.07	\$0.29	\$0.66		\$1.04	30%
Aug-17		\$0.11	\$0.14	\$0.45	\$0.92		\$1.63	44%
Sep-17		\$0.21		\$0.82	\$0.11		\$1.14	55%
Oct-17		\$0.24	\$0.23	\$0.23	\$0.72		\$1.43	67%
Nov-17		\$0.11	\$0.00	\$0.54	\$1.07		\$1.72	83%
Dec-17		●	●	●	\$0.77		●	91%
Jan-18			●			\$0.10	●	●
Feb-18					\$0.41		●	●
Mar-18					●		●	97%
Apr-18					●		●	●
May-18					●		●	●
Jun-18						\$0.15	●	100%
Paid YTD	\$2.25	\$0.78	\$0.45	\$2.32	\$3.49	\$0.00	\$9.28	
Balance to pay	\$0.00	\$0.15	\$0.00	\$0.06	\$1.51	\$0.25	\$1.96	
Total fruit and service payments - 2017/18 Forecast								\$11.24


Zespri Green14								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-17	\$2.80	\$0.11					\$2.91	33%
May-17		\$0.10					\$0.10	35%
Jun-17		\$0.01					\$0.01	35%
Jul-17			\$0.71	\$0.68			\$1.39	51%
Aug-17			-\$0.05	\$0.68	\$0.18		\$0.81	60%
Sep-17		\$0.00		\$0.28	\$1.03		\$1.31	75%
Oct-17		\$0.00		\$0.00	\$0.83		\$0.83	85%
Nov-17			\$0.00	\$0.41	\$0.07		\$0.48	90%
Dec-17			●	●	\$0.22		●	93%
Jan-18			●			\$0.10	●	●
Feb-18		●			\$0.10		●	●
Mar-18					●		●	96%
Apr-18					●		●	●
May-18					●		●	●
Jun-18						\$0.15	●	100%
Paid YTD	\$2.80	\$0.22	\$0.65	\$2.06	\$2.11	\$0.00	\$7.85	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.62	\$0.25	\$0.86	
Total fruit and service payments - 2017/18 forecast								\$8.71


Notes


1. The submit and progress payments detailed in the tables are based on net submit trays.

Supplier Accountability payments are subject to SLA terms.

- Progress will be paid in the remaining months at levels subject to Zespri Management approval.
- Average payments per TE are based on the 2017/18 October forecast trays and actual payments to date.
- YTD amounts for Pack and Time may move from previous *Kiwifliers* due to SLAs being paid late in a month.

Zespri TOTAL Gold and Organic Gold										
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Gold OB Premium	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD	
Apr-17	\$2.80	\$0.16						\$2.96	21%	
May-17		\$0.13						\$0.13	22%	
Jun-17		\$0.19						\$0.19	24%	
Jul-17		\$0.04	\$0.00	\$0.93	\$0.89			\$1.87	37%	
Aug-17		\$0.29	\$0.18	\$1.46	\$0.33	\$0.02		\$2.29	54%	
Sep-17		\$0.41	\$0.02	\$1.78	\$0.20			\$2.41	71%	
Oct-17		\$0.05	\$0.24	\$0.05	\$0.61			\$0.95	78%	
Nov-17		\$0.00	\$0.01	\$1.06	\$0.54	\$0.01		\$1.62	89%	
Dec-17		●	●	●	\$0.56			●	94%	
Jan-18			●				\$0.10	●	●	
Feb-18					\$0.30			●	●	
Mar-18					●	●		●	97%	
Apr-18					●			●	●	
May-18					●			●	●	
Jun-18							\$0.15	●	100%	
Paid YTD	\$2.80	\$1.28	\$0.46	\$5.30	\$2.56	\$0.02	\$0.00	\$12.42		
Balance to pay	\$0.00	\$0.04	\$0.03	-\$0.01	\$1.13	\$0.00	\$0.25	\$1.44		
Total fruit and service payments - 2017/18 Forecast									\$13.86	

Zespri Gold									
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Gold OB Premium	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-17	\$2.80							\$2.80	24%
May-17								\$0.00	24%
Jun-17		-\$0.01						-\$0.01	24%
Jul-17				\$1.23				\$1.23	35%
Aug-17			\$0.07	\$1.23	\$0.51			\$1.81	51%
Sep-17			\$0.01	\$1.33	\$0.94			\$2.27	71%
Oct-17			\$0.08		\$0.64			\$0.71	77%
Nov-17			\$0.00	\$0.95	\$0.35			\$1.30	88%
Dec-17			●	●	\$0.50			●	93%
Jan-18			●				\$0.10	●	●
Feb-18					\$0.26			●	●
Mar-18					●			●	97%
Apr-18					●			●	●
May-18					●			●	●
Jun-18							\$0.15	●	100%
Paid YTD	\$2.80	-\$0.01	\$0.15	\$4.73	\$2.44	\$0.00	\$0.00	\$10.11	
Balance to pay	\$0.00	\$0.00	\$0.01	\$0.00	\$1.06	\$0.00	\$0.25	\$1.32	
Total fruit and service payments - 2017/18 forecast								\$11.43	

Zespri Gold3 and Organic Gold3									
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Gold OB Premium	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-17	\$2.80	\$0.17						\$2.97	21%
May-17		\$0.13						\$0.13	22%
Jun-17		\$0.19						\$0.19	24%
Jul-17		\$0.04	\$0.00	\$0.93	\$0.89			\$1.87	37%
Aug-17		\$0.29	\$0.18	\$1.47	\$0.33	\$0.02		\$2.29	54%
Sep-17		\$0.41	\$0.02	\$1.78	\$0.20			\$2.41	71%
Oct-17		\$0.05	\$0.24	\$0.05	\$0.61			\$0.95	78%
Nov-17		\$0.00	\$0.01	\$1.06	\$0.54	\$0.01		\$1.62	90%
Dec-17		•	•	•	\$0.56			•	94%
Jan-18			•				\$0.10	•	•
Feb-18					\$0.28			•	•
Mar-18					•	•		•	97%
Apr-18					•			•	•
May-18					•			•	•
Jun-18							\$0.15	•	100%
Paid YTD	\$2.80	\$1.29	\$0.47	\$5.30	\$2.56	\$0.02	\$0.00	\$12.44	
Balance to pay	\$0.00	\$0.04	\$0.03	-\$0.01	\$1.13	\$0.00	\$0.25	\$1.44	
Total fruit and service payments - 2017/18 forecast								\$13.88	

2. Rates per TE of \$0.00 have values of less than \$0.005.

Women in Kiwifruit

Over 160 women both in person and online attended the recent *Women in Kiwifruit – Focus on You breakfast*. Guest speakers Adrienne Calder, has more than 25 years' experience helping people to develop their self-awareness, understanding of others, resolve interpersonal conflicts and encourage positive effective interactions and Louise Beard, partner and Director of Forward Insight and Strategy. Both shared their experience and wisdom, left attendees inspired and connected.



Zespri Director Teresa Ciprian (right) with Liane Leeming and guest speakers Louise Beard and Adrienne Calder.

"This was a topic that resonated with many and we managed to bring it to life in a meaningful and fun way. I'm confident the learnings will be applied and shared, which is very much the spirit of this network", commented Zespri Director, Teresa Ciprian. To stay connected and to hear about upcoming events, please join our Women in Kiwifruit Facebook group.



Women from across the kiwifruit industry learning about self-awareness, working with different personalities and being inspired.



During the Women in Kiwifruit breakfast we asked attendees to vote for the logo which captured the essence of our Women in Kiwifruit network. Pictured is the winning logo.

ZGS trials

What do Greek growers and American agronomists have in common?

If all goes well, both will eventually help to produce Zespri-branded kiwifruit in their respective nations. In January next year, New Zealand kiwifruit industry specialists will team up with local experts to conduct orchard trials in Greece and along the west coast of the United States. Trials are already underway in Portugal, Turkey, Spain, China and other locations to determine whether these countries can effectively supply Zespri-quality fruit to an ever-expanding international market. "People are definitely eating more kiwifruit thanks in great part to Zespri's strong marketing," says Zespri Global Supply (ZGS) general manager Sheila McCann-Morrison. "But Zespri is also trying to establish a true 12-month supply of fruit so that there is no week in the year where Zespri kiwifruit are not on supermarket shelves. Just like bananas." To meet projected demand in 10 years, ZGS will aim to almost triple the number of planted hectares it oversees globally. While factors such as local soil fertility and climatic conditions affect decisions to expand or abandon trials, there are many other considerations, too. "We're playing catch-up in ZGS, which is always exciting but it also puts a lot of pressure on the team. We have to be careful. "Our team has compiled a rigorous checklist to assess the viability of any region, grower or

supplier they consider. This helps to ensure that we don't make critical mistakes along the way. Our trials also last up to five years which give the team time to really understand the various aspects of operating in a given region before making a decision to commercialise." In two Chinese provinces, local producers and suppliers are undertaking trials both on the orchard and within the supply chain. "We're taking the fruit through the supply chain from orchard to the retail shelf to see how the Chinese system works. We need to figure out where there might be important deficiencies that must be corrected in order to put a Zespri label on a Chinese piece of fruit. For us, a big factor to consider is food safety. Quality (appearance and taste) and general compliance are also critical but food safety is paramount in China." Meanwhile, existing Zespri-affiliated orchards in Japan and Korea are keeping their respective domestic markets supplied, with more planting underway. As demand continues to ramp up in the United States, ZGS has its hopes pinned on prospective trials in southern Oregon and northern California. "And Europe – Italy and France – for the moment feeds the rest of the world during the non-New Zealand season and will continue to do so for many years to come!"

Kellogg scholarship awarded

Four years ago, Jessica Smith knew nothing about the kiwifruit industry. But her ability to learn quickly, together with a passion for Māori development, has earned the Wellington-based business relationship manager a Zespri scholarship. In January, Jessica will begin the prestigious Kellogg Rural Leadership course at Lincoln University. The six-month part-time programme, which normally costs participants more than \$5,600 in course fees alone, is part of an annual Zespri scholarship offered to one person deemed especially valuable to the future of the kiwifruit industry. Zespri will also cover Jessica's travel and accommodation costs while she completes the course. "Jessica was an obvious choice," says Zespri Grower & External Relations General Manager Dave Courtney. "She is smart and focused and, despite a relatively short time in our industry, she has demonstrated huge ability to influence and lead Māori kiwifruit growers in particular." Jessica's win, announced at Zespri's second annual Women In Leadership conference in Tauranga in November, adds another line to her already-impressive curriculum vitae. In her current role with Māori development organisation Te Tumu Paeroa, the 39-year-old heads a national team of 14 people working with Māori land owners to develop their property. This includes engaging with land trustees as part of Te Tumu Paeroa's \$30 million-dollar investment in kiwifruit. The former private secretary to the Minister of Māori Affairs also has a commerce degree (honours) and a Masters in Business Administration (MBA) to her name. She has experience working in Sydney and London and several years as premier rugby player under her belt. Until four years ago, Taihape-raised sheep and beef farmgirl had no first-hand experience of kiwifruit. "But I'm passionate about Māori land and I'm passionate about our people, how to create opportunities for them, how to change their pathways. And kiwifruit is such a great opportunity."

She has helped convince several Māori trusts to pull out maize crops earning \$1000/ha in favour of kiwifruit. While returns from a green and gold kiwifruit orchard could provide 100 times more income, she stressed Māori land owners were not interested solely in the numbers. It mattered to them that kiwifruit development could help improve soil health, provide employment and opportunities for management training as well as money to fund grants or scholarships for young people. "We look at social and cultural and environmental objectives as well as economic." She was excited by the Kellogg opportunity. "I know if I increase my knowledge, my ability to give back to my people is even greater and I'm all about learning. I like to continuously learn, though I thought after my MBA I'd never study again in my life. I had a baby and a change of job in the middle of my MBA, which I wouldn't recommend." Dave says Zespri has been supporting the 38-year-old Kellogg programme for years – last year Zespri contributed \$34,500 in sponsorship – and planned to continue to the relationship. "Developing great rural leaders is key not only for our industry but for New Zealand as a whole. It's a wonderful programme to be associated with." Jessica is of Āti Haunui-a-Pāpārangi, Ngāti Tamakōpiri and Ngāi Tahu descent.



Jessica (left) at the Women in Kiwifruit event.

Kiwifruit solution to Te Puke rugby problem

Problem: One rickety old grandstand at Te Puke's Murray Salt Stadium. **Solution:** Buy 350 seats from the quake-condemned Lancaster Park in Christchurch. Cheap as chips at \$10/seat. **Problem:** It'll cost a fortune to transport them across the country from Christchurch to Te Puke. **Solution:** Ask the Zespri shipping guy if he can help out. Enter Zespri shipping manager Mike Knowles and alongside him, everyone from ship owners and port companies to a Christchurch police officer and the Sumner Rugby Football Club. Between them, the kiwifruit industry and wider community pitched in to dismantle the seats, find pallets, load and steer trucks and ships, waive fees and slash through red tape to help Te Puke's rugby club get its seats. Even the defunct stadium's project manager threw in an extra 35 seats at no charge.

"It's been quite a complicated thing to pull together over the last month but I'm quite staggered by the response," Mike says. "Everyone I approached was willing to find pallets or load a hold or solve a problem and they did it for free or next to nothing. Clearly, there are a lot of heartland rugby fans in the kiwifruit industry." The seat-carrying ship *Pacific Magnolia* berthed at the Port of Tauranga on 17 November and was also the last chartered kiwifruit ship of the season. Once it unloaded its unusual cargo, it went on to carry a final load of Zespri Kiwifruit to Tokyo and Kobe in Japan. "This ship was our last chance to help Te Puke rugby, otherwise we'd have to wait till March next year." This year, Zespri chartered 48 charter vessels for Asia, Northern Europe and the Mediterranean from New Zealand, along with 12,500 containers.



A great team effort for Te Puke's Murray Salt Stadium.



ORCHARD PRODUCTIVITY CENTRE

Protecting our bees

Bees are an important tool for the kiwifruit industry and at present bees are our primary source of pollination. Kiwifruit pollination may be over for most but growers should always think about bee safety when applying agrichemicals. The Zespri Crop Protection Standard identifies bee- toxic products with a bee symbol. Never spray bee toxic chemicals if there are open flowers in or around the orchard, including neighbouring properties. It is not just kiwifruit flowers you should consider – think about what is flowering in the sward, shelter belt, surrounding gullies and neighbouring properties too. If agrichemicals are being used around orchard boundaries for

the control of passion vine hopper nymphs, consider what product you use remembering that direct contact with any spray – even water – can kill bees. Only spray when bees are not actively foraging – very early in the morning or late in the evening.

The beekeeping and kiwifruit industries have a symbiotic relationship and Zespri is committed to working with growers and beekeepers to ensure a safe environment for bees during pollination and whenever plants are flowering in and around kiwifruit orchards. Beekeepers are vital partners in our industry success and we must take strong action to protect bees.



ORCHARD PRODUCTIVITY CENTRE

OPC trials



The OPC Trials programme is run by Senior Field Technician William Max. He is out on commercial orchards, setting up robust trials to address key questions, and analysing the results. In his six years at Zespri, William has built up a vast experience of running trials and seeing what works and what does not across many different orchards, and was instrumental in validating that pre-flower girdles can be used to control Psa budrot.

William’s most significant result from last season’s trials shows the importance of good pollination in Gold3 by revealing the seed number to dry matter relationship in Gold3.





The graph above shows that for every 100 seeds added to a fruit, dry matter increases by 0.25%. This means that moving from a poorly pollinated fruit with 200 seeds to a fully pollinated fruit with 600 seeds results in an additional 1.0% dry matter – that’s the same dry matter increase as a summer girdle, just by ensuring your fruit is fully pollinated.

William is currently out on orchards setting up his 2018 trials. The key trials for the upcoming season are:

- Which flowers should be thinned in Gold3?
- How does a size girdle impact dry matter in Gold3?
- How does canopy density affect dry matter in Gold3?
- Does Benefit affect the dry matter to size relationship in Gold3?
- Do different wood types affect fruit dry matter?
- Continuation of the girdling sustainability trial in Hayward.

Keep an eye out for the results of these trials in OPC’s field days, workshops and publications.



ORCHARD PRODUCTIVITY CENTRE

Lower fruit numbers than expected?

While we are hearing reports of relatively 'normal' fruit numbers, what options do you have if your numbers are lower than desired?

Last year, when fruit numbers were lower than usual, OPC ran a programme called 'Making the most of your numbers'. This included a special series of KiwiTips with growers sharing stories of what they were seeing on their orchards and what they were doing to make the most of what they had – you can review this series on the Canopy website > Zespri & The Kiwifruit Industry > Publications > KiwiTips. Tip: there are two of the Special Edition KiwiTips in the 2016 tab (from December 2016) and others in the 2017 tab.

We also ran the discussion panel which saw Kevin Patterson from Plant & Food Research and a number of top growers and contractors to take part in an interactive 90-minute panel discussion. They revisited the toolbox and looked at how and why each tool works and in what situations they are most useful, from both a scientific and practical perspective. Watch this on the Canopy > > Growing Kiwifruit > Orchard Productivity > OPC Events & Webinars > 2016 Events & Webinars (scroll the bottom of the page for the Panel discussion).



ORCHARD PRODUCTIVITY CENTRE

Increasing size and dry matter during December

The time to have the biggest influence on fruit size is when fruit are rapidly growing – and that starts very soon. December is also the time to carry out root pruning, which, together with a summer trunk girdle can give a significant lift in dry matter. Below we summarise some tools to help you increase the size and dry matter of your crop.

Size

In 2013/14 and 2014/15, OPC trials on Hayward found that three applications of foliar nitrogen (0.75 percent low biuret urea at 15, 25 and 35 days after full bloom) significantly increased fresh weight without decreasing average dry matter. Storage impacts are currently being investigated and will be reported when results are available.

A trial on Green14 in 2014/15 showed a December trunk girdle or an application of Benefit significantly increased fresh weight (+11-16g), and a combination of both treatments was even better (+20g). In trials in other seasons, impacts of Benefit application have been variable.

Gold3, as a naturally large fruit, is unlikely to need biostimulants, however a trunk girdle 30

days after full bloom gives a significant size boost, and may also help increase dry matter in this variety.

Dry matter

Root pruning is a useful tool for increasing fruit dry matter content. Applied 60 days after full bloom, results have been positive on both Hayward and Gold3. Root pruning is most effective when a summer Jan or Feb/ Jan and Feb trunk girdle is also used as the effects of these treatments are additive. Considerations may include:

- the smaller size of root systems on heavy soils – consider just doing one side, rather than both
- a long-term dry forecast – is root pruning going to compromise water uptake in a drought?
- were vines root-pruned last year? There is some carry-over of the dry matter impact to the second crop.

Trial reports can be found on the Canopy > Growing Kiwifruit > Orchard Productivity > Grower Trials & Analysis > Grower Trials (under Fruiting Canopies, then either Hayward, Gold3 or Green14)



ORCHARD PRODUCTIVITY CENTRE

Key focuses December



The month ahead

Below is a short version of the Month Ahead for December – the full version has much more information and can be found on the 'Month Ahead' pages on the Canopy > Growing kiwifruit > The month ahead > The month ahead: December.

Prepare for summer

If you are planning to enjoy a long summer holiday, make sure that your canopy is under control and your sprinklers are working before you head to the beach! Walk your orchard to check your canopy and manage those late-grown, red hairy canes by ripping them out. These canes are resource-hungry, make poor replacement canes, and can cause significant shading of the canopy.

Thinning

Poorly pollinated and misshapen fruit should be thinned off promptly after flowering. Carrying this fruit for longer than necessary means you are using vine resources to grow fruit that won't make it into a tray.

Tools for fruit size

Looking to increase your fruit size? Consider a spring trunk girdle 4-5 weeks after mid-bloom and review the girdling page on the Canopy website.

If you've used foliar urea applications to increase fruit size (mostly used for green varieties), remember that the recommendation is for three applications and more is not necessarily better.

Male pruning

Prune your males immediately after flowering. Male pruning rounds should maintain the size and wood type you establish now through Jan,

Feb and March, reducing the need for winter pruning of males.

Root pruning

The time for root-pruning is 60 days after full bloom. Consider trialling a small area so you can see what additional dry matter benefit this technique may net you.

Crop protection

Remember to keep up Psa protection in relation to weather events. Monitor and manage Sclerotinia and leafroller as damage is in the first seven weeks following fruit set. Now is also the time to manage passionvine hopper (PVH) nymphs. Weed-spray gravel loadout areas and maintain as open gravel over summer to eliminate habitat for Wheatbug.

Organic

Pollination tends to be extended in organic Hayward orchards so make sure you check your bees are working, consider split introductions, and keep up your bee safe practices.

To help manage Sclerotinia apply Botry-Zen during flowering, but not to fruit. This creates a challenge when flowering is extended and you've got unopened flowers and fruitlets both present – so apply earlier during the flowering period rather than later.

If you had a scale problem last year, consider a post-flower mineral-oil application but remember if you applied one during August you need to apply for a Justified Approval (JA) before applying another. It's best to apply a mineral oil (mixed with Bt for leafroller) within two weeks post-flowering for Hayward and within three-weeks post-flowering for Gold3.

Engaging with the Māori business sector

Māori are increasingly important players in the NZ kiwifruit industry, owning around eight percent of our industry. Many iwi are growing their kiwifruit investments as a way to meet their priorities to provide income along with sustainable land use, and provide employment and training opportunities for whanau.

Zespri sponsored the annual conference of the Federation of Māori Authorities (FOMA), the umbrella organisation supporting Māori business development, last month for the second year running. Senior External Relations Advisor Amy Porter explains it's great opportunity to engage with people across the Māori business sector and hear about iwi developments across the primary industries.

"It was also really special to have our new Prime Minister Jacinda Ardern address the conference and outline her commitment to Māori development, trade, the primary sector and supporting our regions," says Amy. Zespri's GM Grower & External Relations Dave Courtney presented to a, "master class," group of executives on the kiwifruit industry's growth plans over the next 10 years as part of the conference.



New Zealand Prime Minister Jacinda Ardern at the FOMA conference.

Zespri wins top award for best growth strategy

Zespri was recognised at the 2017 Deloitte Top 200 Awards in November, for its strong growth strategy with the company on track to more than double global sales to \$4.5 billion by 2025. Chief Executive Dan Mathieson says winning the award is welcome recognition for the work done across the industry to grow a genuine global sales and marketing organisation and drive demand for Zespri's premium kiwifruit.



Celebrating the award for best growth strategy.

NZ comedian, Ben Hurley to host Bay of Plenty Young Fruit Grower Gala Dinner



New Zealand comedian and TV personality Ben Hurley has been confirmed as MC for the Bay of Plenty Young Fruit Grower (BOPYFG) Gala Dinner at ASB Arena in Mount Maunganui on Thursday 15 February 2018.

The award-winning stand-up and writer of hit TV shows like '7Days' and 'The Comedy Gala' will lead the BOPYFG Gala dinner proceedings, with the highly anticipated event expecting to be attended by over 350 people from the horticulture industry and associated businesses.

BOPYFG Upskilling Inc. Chairperson Katy McGinity says, "We're absolutely delighted to confirm Ben Hurley as our MC. His understanding of the Bay of Plenty region combined with his witty sense of humour will bring a whole new level of entertainment to 2018's event."

The BOPYFG competition will see contestants battling it out for the 2018 title by taking part in a series of practical and theoretical events at the competition day on Saturday, 10 February at the Te Puke A & P Show. The competition day is followed by a speech competition during the Gala Dinner with

the overall winner announced thereafter.

This challenging competition helps the industry's future leaders to strengthen and develop their skills through mentoring, encouragement and recognition, with the overall winner receiving further training and going on to represent the Bay of Plenty at the national competition.

The event is now in its thirteenth year. It is organised by NZKGI in conjunction with the Bay of Plenty Young Fruit Growers Upskilling Incorporated Society and wouldn't be possible without the continued support of its sponsors throughout the industry.

Tickets for the BOPYFG Gala Dinner at ASB Arena in Mount Maunganui are on sale now through this website (www.bopyoungfruitgrower.co.nz).



Coming to the Bay of Plenty: comedian Ben Hurley.

Zespri roadshows

The grower roadshows held from 17 to 24 November had a full agenda focusing on the October forecast, SunGold licence release, the 10-year plan, and the proposed changes to the Zespri constitution. Zespri updated growers on the enduring funding mechanism, which was endorsed by the IAC on 2 November, as well as on commitments made to promoting health and safety as part of the enforceable undertaking with Worksafe (see page 3). There were also presentations by NZKGI on the pool audit and by KVH on biosecurity.

Dan Mathieson, attending his first set of grower roadshows as CEO, comments, "It was great to speak to so many growers and industry people who attended the meetings and in particular to present a view of the opportunities for Zespri Kiwifruit over the 10-year horizon.

"The 10-year plan sets out what we think is the potential level of sustainable growth in demand and supply. The potential level of demand in 2027 is as much as 350 million trays, with around 70 percent supplied from New Zealand and 30 percent from our Zespri Global Supply locations.

"In this context I highlighted two points. One is that we have a strategic need to deliver supply growth to fulfil this demand. Our competitors will not stand still: it's a dynamic race so we must grasp the opportunity. Secondly, our strategy is not

about growth at any price, but about high-quality growth that preserves value for growers. There are many opportunities out there for us and as always our industry will need to work closely together to overcome challenges, with significant investment needed in new plantings, in post-harvest capacity, innovation and supply chain over the long term."



A great turnout for November roadshows.

Grower communications survey 2017

Thank you to all the growers who participated in the recent grower communications survey. The purpose of the survey was to gain insight to help improve our communication services and check that the content we provide and the channels we use are effective, relevant and timely.

A brief executive summary of the findings are:

- The majority of growers regularly read industry publications with the Kiwifruit Journal and Kiwiflier being the most frequently read.
- Growers place considerable value on Zespri field days and grower meetings, with about two thirds attending each of these. Reasons for non-attendance relate to being time poor or having a manager attend as a proxy.
- Growers have a very strong relationship with their post-harvest provider and rely heavily on them for technical information, information about grower payments and market outlook. Zespri is more likely to be used for market information, information about varieties and about licensing.
- Growers are quite satisfied with communications from Zespri. Improving the ease of access to information and ensuring that it is presented in a manner that aids interpretation of the content represent opportunities that would be valued.
- Almost two thirds of growers have had an interaction with Zespri within the prior year. These contacts are mostly made via the 0800 line to Grower Support Services. Satisfaction with how enquiries are handled is high and is mostly influenced by the efficiency of dealing with the enquiry.
- The Canopy website is well used with half of growers logging in at least monthly. Improvements sought relate to the ease of locating and accessing information and the timeliness with which content is made available.



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

Pool audit completed

NZKGI is pleased to advise growers that the independent audit into the direct and indirect pool costs for 2016/17 has been completed and is now available on the NZKGI website:

www.nzkgi.org.nz > Performance > Monitoring

The purpose of the audit was to provide a level of assurance to growers that the allocation of costs is accurate between the corporate and the pool, and between pools, and was conducted by Pricewaterhouse Coopers.

The audit found no material misstatements and no material errors requiring adjustment. The auditors made some recommendations for improvement including:

- Revision of the pool policy manual to avoid ambiguity particularly in the allocation of promotional costs
- Improvements in the accounting system including controls – achieved through process improvement and through future system investment

NZKGI will be working with Zespri to monitor implementation of the audit recommendations and will be establishing a programme ongoing monitoring of Zespri performance.

Factsheets

NZKGI has created a guide with information seasonal workers should know when working in New Zealand. The guide can be downloaded from: www.nzkgi.org.nz > Labour & Education > Labour

The 2017 Zespri Group Limited Pool Hail Insurance Policy pays for the loss of individual Class 1 kiwifruit which is damaged by having been directly struck by hail, on the vine, and is unable to then meet export standards as a result of that damage. Information on this topic has been summarised in a factsheet which can be downloaded from: www.nzkgi.org.nz > Communications > Adverse Events > Hail



Zespri five-year Outlook now available

Zespri published its Outlook document at the end of November, covering the period 2016/17 to 2021/22.

The Outlook provides a summary of Zespri's rolling Five Year Plan, which is updated and reviewed by the Zespri Board annually. It is a snapshot of how Zespri's medium-term strategy will be implemented by category, and sets out some of the challenges and opportunities that lie ahead.

In this update, we comment on two additional topics: the outlook for Zespri's corporate revenue over the next five years; and the outlook for demand and supply over the next 10 years. The purpose of our 10-year plan is to provide a view of sustainable growth over the very long term, balancing volume growth with preserving value.

Inevitably, the Outlook relies on certain assumptions and the further out we look the plan becomes more directional. It is not a forecast but we are able to provide information about what is happening with the kiwifruit category globally and model volume, pricing,

foreign exchange and certain assumptions.

As with last year, we are providing the Outlook publication to you as a digital publication. This includes a PDF version as well as a web version available – both distributed by email and with the links available on the Canopy. We value your feedback on this format and have added a print friendly PDF to the Canopy.

If you have any difficulty accessing the document, or if you would like to request a hard copy, please contact the Zespri Communications team: corporate.communications@zespri.com



Biosecurity Week celebrates a pest-free Port



Pests and diseases from offshore can cause serious harm to New Zealand's unique environment and primary industries; and the Port of Tauranga is one of many potential gateways.

Biosecurity Week, which ran from Monday 30 October to Saturday 4 November, highlighted the importance of biosecurity and the role that everyone in the Bay of Plenty can play in managing unwanted biosecurity risks.

"We've been talking to people who work on and around the Port about biosecurity – it's such an important issue and one that really does affect everyone" says Kiwifruit Vine Health Chief Executive Barry O'Neil.

"People who own and work at local businesses remember what Psa has done to the kiwifruit industry. There are bugs and pests that we don't want here in New Zealand because of the devastating effect they will have."

Port staff, transitional facilities, associated industries (such as transporters and other logistical operators), and biosecurity experts met at several events over the week to raise awareness and understanding of the importance of managing biosecurity risk.

Special guest Ruud 'The Bug Man' Kleinpaste also attended several industry and community school group presentations to discuss the vital role of everyone who works and lives in and around the Port and local community in keeping unwanted pests and diseases out of New Zealand.

Port of Tauranga Chief Executive Mark Cairns adds that the week provided a good opportunity to strengthen the significance of

biosecurity within the Port community.

"Our people are at the frontline – they're the ones most likely to first notice an unwanted pest on cargo, vehicles or equipment moving off the port. By knowing what to look for and reporting unfamiliar insects or suspicious looking pests they help protect everyone's livelihood and the future of the local primary industry sectors."

Biosecurity Week is part of the biosecurity excellence partnership between Port of Tauranga, the Ministry for Primary Industries, Kiwifruit Vine Health, NZ Avocado, Dairy NZ, Forestry Owners Association, NZ Customs and Bay of Plenty Regional Council.

The award-winning partnership aims to build a port community committed to biosecurity excellence. It is a successful regional example of the Ministry for Primary Industries, local industries and regional government, partnering to build a biosecurity team of 4.7 million New Zealanders.

The initiative also benefits from a formal partnership with the New Zealand's Biological Heritage national science challenge and the B3 (Better Border Biosecurity) science collaboration. This has been boosted by a \$1.95 million co-funded research project to trial new tools and technologies in the port environment, monitor biosecurity awareness amongst the local community, and measure the impacts of changes on biosecurity risk.



Ruud 'The Bug Man' Kleinpaste with one of his friends.

Funding future biosecurity activities



KVH has provided growers with information about a proposal regarding the future funding of biosecurity readiness and response activities, and is discussing the proposal in more detail at grower roadshows.

KVH is accountable for mitigating numerous dangerous biosecurity threats to the kiwifruit industry, such as the Brown Marmorated Stink Bug (BMSB), fruit flies and Brazilian Wilt. The list of unwanted pests that could impact on our industry if they arrive here reaches over 90, some of which have the potential to reduce OGR's by 30-50 percent.

The funding mechanisms of KVH were originally established for Psa and are now out of date based on the serious nature of the biosecurity risks we face and the need to be able to immediately respond in the event of an incursion as part of our commitment to working with government under Government Industry Agreements.

KVH members have already agreed to a biosecurity levy of 1 cent per-tray in 2018. But, 1 cent is the maximum rate of the current

levy order and it will not be enough to fund the response costs of a serious incursion. The proposal to address this is to increase the ceiling of the levy to 5 cents a tray, so that the KVH Board (in consultation with industry) can activate the full levy to fund future incursions.

Based on the feedback received about the proposed levy change, KVH would then make a decision as to whether to formally request an increase to the Minister for Biosecurity, or not.

Please do have a read of the information that has been emailed to you. We welcome your feedback. If you have any questions, please feel free to contact KVH on 0800 665 825 or by email at info@kvh.org.nz.

KVH has also produced a set of frequently asked questions to provide growers with as much up-to-date information about the proposal as possible, and to ensure this information is easily accessible to all. This document is available on the KVH website and is regularly updated.

Biosecurity: what does it mean and why should we care?



As Tauranga celebrated its annual biosecurity week, residents could reasonably ask "what is biosecurity?" and "why should I care about it?"

We've heard recently about myrtle rust incursions, diseases impacting Bluff oysters on Stewart Island, and a cattle infection in Canterbury. All costing the nation, and taxpayers a lot of money. Is it worth it to go to such efforts to control eradications, or should we be like many other countries and not go so far?

Most New Zealanders appreciate our unique position in the world. Our animals and forests, and indeed, even most of our marine life, evolved on its own for the last 80 million years. Our productive agriculture and forestry systems depend on exotic plants, which, for the most part thrive in New Zealand free from their native pests and pathogens left behind in their homelands. As a result, both our natural systems and our primary production systems are particularly vulnerable to invasions. Our natural vegetation and very special birdlife has proven to be extremely susceptible to attack by possums, rats and stoats, and also in the case of kauri to tiny microscopic organisms known as phytophthora - the same group of organisms that has decimated native forests on the west coast of Australia and that also caused the massively destructive potato blight in Ireland in the 19th century.

New Zealand needs an effective biosecurity system to survive. Even more today than in the past as numbers of tourists arriving skyrocket, trade continues to accelerate, and high threat organisms move closer to our shores. Biosecurity is much more than just stopping bugs at the border and killing them if they do get through. It's about protecting New Zealand values. Certainly, we want to prevent nasty things getting in, but biosecurity is also about managing those pests that have established and are causing severe damage, like possums, stoats, and Psa bacteria on kiwifruit.

Our biosecurity system is world class and only Australia's comes close in providing an effective, but not foolproof, barrier to pests and pathogens that could have a huge debilitating effect on our economy and lifestyle. As well as protecting our primary industries, farming, horticulture, forestry and aquaculture from unwanted pests that want to gobble up our plants and infect our animals, it is also very much about protecting our export trade, which in the case of dairy and meat would be impacted immediately if foot and mouth were to be discovered in New Zealand. Horticultural and forestry exports could be similarly affected, simply by the detection of high-risk organisms in key primary production

areas, such as the Bay of Plenty. A worst-case scenario could, for example, shut down log exports overnight should a serious notifiable pathogen be found in the region, and that would mean thousands of workers at the port and in the forest industry laid off for months while trade negotiations and research to solutions took place.

But biosecurity is also about protecting our lifestyle from pests such as the Brown Marmorated Stink Bug (BMSB) that, in North America where it has established in the last 20 years, has a disgusting habit of invading homes just before winter and building up huge populations of stinky bugs that no one wants to share their houses with. Huge efforts also go into preventing potentially disease carrying mosquitoes from establishing in New Zealand, especially those that can carry malaria, dengue fever, Ross River virus or Zika virus.

But we also need to pay close attention to what is happening in our oceans and freshwaters. These are under threat from dozens of invading species, some of which have established and have displaced natives, and others that are getting closer every year to gaining a foothold and causing immense damage to environments that kiwis love, but know relatively little about because they are for the most part invisible. Our marine and freshwater habitats are in danger, and much greater biosecurity effort is needed to protect them, something we can all help with.

This column is a contribution to Biosecurity Week 2017 by Bill Dyck from the New Zealand Forest Owners Association, partners in the biosecurity excellence partnership at the Port of Tauranga.

What we've been doing to keep BMSB out



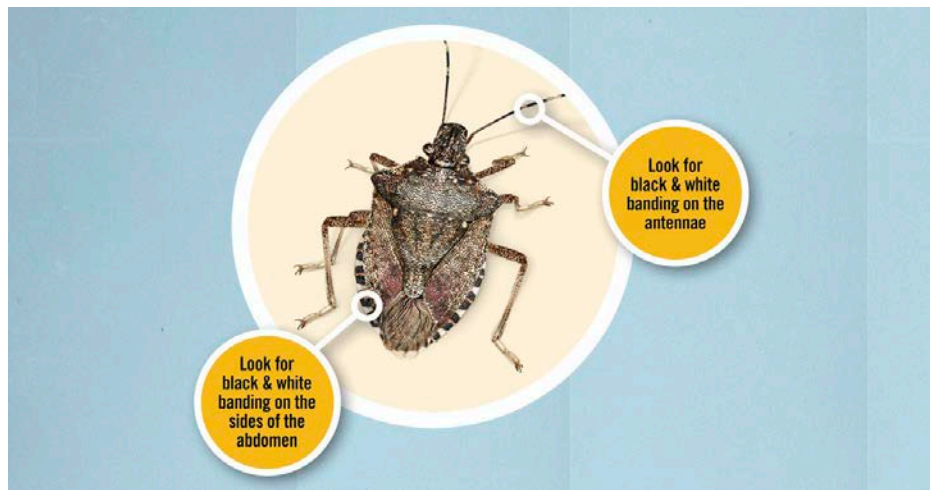
A new KVH Risk Update on Brown Marmorated Stink Bug (BMSB) is now available on the KVH website.

The 2016/17 high-risk season national awareness campaign is well underway by the Ministry for Primary Industries (MPI), KVH and other industry groups. The aim of this campaign is to lift public awareness of BMSB and increase the likelihood of early detection through more people knowing what to look out for and reporting any suspect finds.

Recent data about the impacts of our advertising tell us the KVH One News story

that aired at the end of August has prompted more calls to the MPI 0800 number than anything else. The second biggest prompt is web ads. MetService online ads have prompted the most visits to BMSB website pages, with Facebook advertising the next most successful prompt.

KVH has recently contacted all backpackers that host seasonal workers to make sure they are aware of the risk posed by BMSB, and visited local Tauranga hostels. BMSB information has also been distributed to over 160 garden retailers through NZPPI.



Raising public awareness of BMSB.



We need to pay attention to what is happening in our freshwaters.

Technical exchange from China

For three weeks this month, our partners in our China ZGS trials have been visiting orchards and packhouses around NZ to see how we do what we do and how they can grow Zespri quality fruit in future.

Zespri has partnerships with growers in the Northern Hemisphere so we can provide fruit to the market all year round - most of these orchards are in Italy, along with others in France, Japan and Korea. China is now our largest market as well as being the world's largest producer of kiwifruit so we're two years into a three-trial to see if we can grow

Zespri Kiwifruit in China. Organised by OPC, Zespri tours team and some New Zealand growers assisting ZGS in China, technical staff from three of our trial partners - Heeh, Haisheng and Bairui/Shaanxi Rural Sci-Tech - have been on a technical exchange in New Zealand. China government

officials have also joined parts of the tour which visited orchards largely in Auckland, Waikato and Gisborne, where soil conditions and climate are more similar with those in Shaanxi where our trial orchards are based.

Zespri is aware of independent tours been made by foreign parties

to visit orchards in NZ which are not aligned with Zespri. Zespri is committed to ensure our industry IP is used in the best interests of NZ growers and shareholders and reminds growers who are approached by third parties to be cautious and contact a member of the Growers Liaison team if they are unsure of the situation.



A recent ZGS tour to New Zealand.

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

Q.&A. from the field



Q1: Why haven't I received a 2018 KPIN or Grower Registration form?
A1: Zespri is now utilising an online registration process which is the same as last year on the Zespri Industry Portal, see page 2. Growers are able to access and update all of their information on the Industry Portal. If you are unable to complete your registration on the Portal and wish to complete a paper registration form for 2018, you can do so by requesting a copy from Zespri's Grower Support Services team on 0800 155 355 or by emailing contactcanopy@zespri.com.

Q2: Why have/haven't I received a 2017 loyalty contract form?
A2: 2017 loyalty contracts were only mailed to all growers who do not have a loyalty contract in place for their 2017 crop. You will have received a 2017 loyalty contract if you were issued with a new grower number for the 2017 season. Growers who already have a contract in place from previous years, and have not changed any details, will not have received a contract because the loyalty contract from the previous season will be rolled over to 2017.

Q3: With the upcoming 700ha licence release, I want to start propagating G3 plant material to sell. Can I do that?
A3: To propagate and cultivate licensed plant material to make available to licensed growers, you must register with Zespri as a Nursery Propagation Facility and hold a non-exclusive licence. Propagation Facilities must ensure they are operating in accordance with the terms and conditions set out in the Propagation Facility Agreement and with KVH protocols and movement controls.

- Zespri Nursery Propagation Facilities are regularly audited to verify:
- The Nursery holds a copy of the Propagation Agreement
 - The Nursery's methodology of distribution; to ensure that the Nursery Propagation Facilities are only distributing licensed plant material to licensed growers in accordance with the Zespri Nursery Propagation Agreement – Schedule C Verification Process.

Schedule C - Verification Process

Prior to the Distribution of any Plant Material one of the following two steps must be completed by the Propagation Facility.

	✓	✗
1. Sight original Zespri Kiwifruit Cultivar Licensed Grower; or	<input type="checkbox"/>	<input type="checkbox"/>
2. Contact Grower Services on 0800 155 355 and obtain confirmation of Licensed Grower Details	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the process outlined in 1 and 2 above, the Propagation Facility must obtain the following sign-off from the Licensed Grower prior to the Distribution of any Plant Material, and provide a copy of the same to Zespri.

To: [Insert name of Propagation Facility]	
I hereby certify that I am the holder of a valid "Zespri Kiwifruit Cultivar Licence" issued to me by Zespri Group Limited, and that the Plant Material I am purchasing from you is for planting within the area designated under that licence and for no other purpose. I give my consent for you to provide a copy of this declaration including the information set out below to Zespri for verification purposes.	
Full name of Licensed Grower:	
KPIN (Kiwifruit Property Identification Number):	
Amount of Plant Material purchased:	
Variety of Plant Material purchased:	
Full name of Licensed Grower:	
Signed by:	
	Authorised Signatory
Date:	

THIS IS A ZESPRI INTERNATIONAL LIMITED PUBLICATION.
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 www.canopy.zespri.com EMAIL: contact.canopy@zespri.com
DISCLAIMER: ZESPRI GROUP LIMITED OR A SUBSIDIARY COMPANY OF ZESPRI GROUP LIMITED (ZGL) MAKES NO WARRANTY OR REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION, PHOTOGRAPHS OR OTHER PUBLISHED MATERIAL ("PUBLISHED MATERIAL") IN THIS PUBLICATION. PUBLISHED MATERIAL AUTHORED BY A PERSON OTHER THAN ZGL REFLECTS THE VIEW OF THE AUTHOR AND NOT THE VIEW OF ZGL. THE PUBLISHED MATERIAL MAY BE SUBJECT TO COPYRIGHT AND SHALL NOT BE REPRODUCED IN ANY MANNER WITHOUT FIRST OBTAINING THE WRITTEN CONSENT OF ZGL. ZGL SHALL NOT BE LIABLE TO ANY PERSON FOR LOSS, INJURY OR DAMAGES ARISING FROM THAT PERSON'S RELIANCE ON THE PUBLISHED MATERIAL. ©2017 ZESPRI GROUP LIMITED.

Zespri Grower Tour 2019 and the Rugby World Cup

Zespri is hosting a grower tour to Japan and South Korea in October 2019. The purpose of these tours is to give growers invaluable insight into our markets and emphasising the importance of the Zespri system. It also provides our markets, employees, customers and off-shore growers a chance to hear from New Zealand growers.

The proposed tour is being planned for mid-October to early November and will coincide with the Rugby World Cup in Japan. As part of the tour package, the plan is to secure tickets for the semi final and final matches in Japan. The tour is still in the initial planning stage awaiting confirmation of World Cup plans but we will release more details as they become available.

Demand will be strong and places limited so please register your interest for the tour with Jenny Beirne on 027 836 3426 or jenny.beirne@zespri.com.

New \$11 million kiwifruit cool store for Port of Tauranga

A new \$11 million cool store was opened last month at the Port of Tauranga, ushering in a new era in the storage and containerisation of kiwifruit to overseas markets.

It replaced the 48-year-old kiwifruit cool store which port company Chief Executive Mark Cairns said was "well and truly at the end of its life".

The kiwifruit industry teamed up with the port to make sure that wharf-side capacity kept pace with rising exports. "Kiwifruit has been a remarkable success story following the recovery from Psa," said Cairns.

The new cool store's better thermal efficiency and modern refrigeration technology meant it used 40 per cent less electricity.

Attending the opening was Zespri Shipping Manager Mike Knowles. He comments, "Congratulations to TKL on the opening of their buffer cool store which is a central piece of infrastructure for the kiwifruit industry. After 30 years working in a converted facility, it's great to have a purpose built cool store for loading reefer vessels and containers."

Construction of the cool store represented the second phase of the long-term plan involving the port company and Tauranga Kiwifruit Logistics which contracts to deliver kiwifruit to the point of export to world markets.

The port and TKL Logistics have entered into a 15-year commitment for the cool store which, together with the truck loading and unloading area, occupied 7,560 square metres of land behind the port company's offices.

TKL Logistics chief executive Ian Mearns said the cool store was designed to be multi-use, but with specific requirements around loading reefer vessels at the Mount Maunganui wharf and loading trays of kiwifruit into containers to be shipped through Sulphur Point.

Kiwifruit export volumes have been increasing strongly since 2014 when exports began to recover from the impact of Psa disease. Mearns said a huge driver for the cool store was the need to stop kiwifruit from warming up and keep it at optimal storage conditions.

Kiwifruit is shipped using specialist refrigerated vessels to markets equipped with the necessary port infrastructure. Otherwise, containers are used, with the proportion of containerised exports eventually expected to make up about half of all shipments from New Zealand.



A new purpose built kiwifruit cool store for Port of Tauranga.

HAVE A VERY MERRY CHRISTMAS

CHRISTMAS SHUTDOWN

Zespri's New Zealand office will close for the Christmas break on **Thursday 21 December at 3pm and reopen on Monday 8 January 2018 at 8am.**

If you have any urgent spray diary queries, please phone:

Brett Hogue - 027 483 5546
Melanie Walker - 027 203 5254

If you have an urgent matter and need to contact someone from the Grower Services Team, please call your Grower Liaison Manager:

Tom MacMorran - 027 511 2005
Jane Ritchie - 027 511 1056
Sylvia Warren - 022 101 8550



IMPLEMENTING THE KIWIFRUIT INDUSTRY STRATEGY PROJECT



INFORMATION IN ADVANCE OF THE SPECIAL MEETING

Growers and shareholders should have received in early November an information pack from Zespri outlining the proposed changes to the Zespri Constitution. Zespri has also provided the same information on a website which is: www.kisp.co.nz

We hope the information pack provides useful context in advance of the Special Meeting of Shareholders which will be held on 14 March 2018. The purpose is to ask shareholders to consider recommendations that aim to strengthen grower ownership and control of Zespri. In particular, the proposed amendments to our Constitution aim to improve alignment between production and shareholding long-term. This will ensure the continued grower ownership and control of Zespri and the longevity of our industry structure.

In this month's *Kiwiflier* we re-cap on some the relevant questions and answers at the recent Roadshows; take a look at scenarios on the share cap; and comment on rights of new entrants to purchase shares.

If you have any questions please do not hesitate to contact corporate. communications@zespri.com



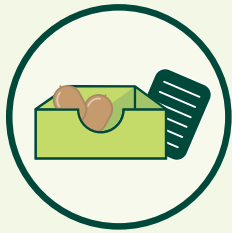
OUTSTANDING LESSEE DECLARATIONS

If you are a lessee who is also a shareholder and you haven't returned your lessee declaration, these are now overdue. What are the consequences? If Zespri does not hold

your Lessee Declaration prior to record date (15 February 2018) for the Special Meeting on 14 March 2018 it will mean that you are treated as having no production attached to the lessee entity in which you own shares and if the resolutions at the Special Meeting are passed you will be considered to be a Dry Shareholder at the time the new Rules come into effect, and ultimately may lose your dividend entitlements after seven years.

Ideally, Zespri would like the Declaration as well as a copy of the lease document (sensitive information may be removed) however, at the very least, the Lease Declaration should be returned to Zespri, signed by the appropriate parties as soon as possible.

Please contact the Grower Support Services team if you are unsure of how to complete this declaration.



SCENARIOS ON THE PROPOSED SHARE CAP

I am a grower with 20,000 shares and 10,000 trays of production. I own KPIN 1 which has a historical production of 6,000 trays and KPIN 2 which has a historical production of 4,000 trays. What is my share entitlement?

Grower A		
Owens	Production	Shares owned
KPIN 1	6,000	
KPIN 2	4,000	
	10,000	20,000
Share Entitlement (Share Cap)	40,000	(4 x 10,000 trays)
Headroom	20,000	(40,000 entitlement less 20,000 current shareholding)

I sell KPIN 1 after the new rules are introduced. My production therefore drops to 4,000 trays (which is the historical production of KPIN 2). What is my new share entitlement?

Grower A		
Grower A sells KPIN 1		
Owens	Production	Shares owned
KPIN 2	4,000	
	4,000	20,000
Share Entitlement (Share Cap)	16,000	(4 x 4,000 trays)
Headroom	-4,000	(the current shareholding of 20,000 shares exceeds the share cap of 16,000)
Overshared amount	4,000	(difference between the current shareholding and the share cap)

Growers will have three years from date of sale of KPIN 1 to reduce shares by 4,000 shares.



ROADSHOW DISCUSSIONS WITH PRODUCERS AND NON-PRODUCERS

Zespri held roadshow meetings with non-producer shareholders and with growers during November, which included a presentation by Zespri on the proposed changes to the Zespri Constitution. Below is a selection of questions and answers from the meetings.

Q: Why aren't growers compelled to buy shares?

A: Compulsory ownership of shares is the structure of a cooperative. Zespri is a corporate and therefore we do not compel growers to own shares, nor do we believe that growers should be obliged to own shares.

Q: What will Zespri do to encourage growers who don't own shares to purchase shares?

A: It is important that current growers own and control Zespri and therefore we want to make it easier for growers to own shares. This will be supported in part through the targeted share issue. New entrants will also have the right to purchase shares.

Q: Why are producers and non-producers treated differently with respect to the time limit before dividend restrictions would apply? [Note: for shareholders who are not producers at the time of the change, there is a transition period of seven years. However, if you

become a non-producer following the change dividends would cease after three years.]

A: One of the key reasons for the different time periods is that current grower shareholders will have, in most cases, several years before they become dry. So they have a long period of advance knowledge about the dividend restrictions. It was thought fair that for those dry shareholders who would suddenly have a finite period imposed on them that applies straight-away, they should have a longer time period before it took effect.

Q: When does the clock start before the seven-year timeframe applies for restriction of dividend payments to current non-producer shareholders?

A: The seven-year transition period would commence on the date of the Special Meeting of Shareholders (14 March), assuming the relevant resolutions are passed.

Q: How was the three-year timeframe determined before dividend restrictions are applied to people who become dry shareholders in future?

A: The timeframe was discussed with the industry through the Kiwifruit Industry Strategy Project.

Q: At the end of the three year or sever year transition period for dry shareholders, when the shareholder stops getting dividends, is there any point in the holder retaining them?

A: We cannot oblige dry shareholders to sell their shares, so they have the option to retain shares for capital gain even though they would not be receiving a dividend stream. In the long term though, we aim to encourage greater alignment between production and shareholding.

or lease a site on which there is no history of production in the last three years (a 'greenfield'), and if they obtain a KPIN in order to start an orchard.

The number of trays used for the calculation is the average number of trays produced in the relevant region ('Deemed Production'). The shares cannot be voted until the new entrant achieves actual production. This entitlement to hold one share per-tray of deemed production lasts for up to three years from the date the KPIN is allocated, after which the standard share cap applies.

New entrants must have no other sites where they are producing kiwifruit as an owner or lessee to be entitled to this benefit.

If after two years, upon inspection by Zespri, no suitable progress at the KPIN is shown, Zespri may require that the new entrant sell their shares within six months.



EXCEPTIONS FOR NEW ENTRANTS

During the KISP consultation with the industry, consideration was given to how to encourage- new growers to become shareholders in Zespri.

If approved, the amended Constitution would allow new entrants to the industry to have the entitlement to buy shares up to one share per-tray. This is if they own