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## 2019/20 SEASON RESULTS

Together we returned almost NZ\$2 billion to New Zealand's kiwifruit industry following the 2019/20 season, helping support thousands of businesses, workers and regional communities around the country.

Zespri's total operating revenue was NZ\$3.36 billion and our net profit after tax was NZ\$200.8 million. These results reflect the hard work Zespri and the industry are undertaking to grow supply and add value through a world-leading brand and a premium product.

Zespri's 2019/20 financial results show total fruit and service payments, including the loyalty premium, increased by eight percent year on year to NZ\$1.96 billion.

Average orchard gate returns have again strengthened in 2019/20. Average returns reached \$6.67 per tray for Green, up from \$5.45 in 2018/19, with the average per hectare return for Green up six percent, reaching a record high of NZ\$67,295. For SunGold, average returns reached \$11.86 per tray, up from \$10.89 in 2018/19, and on a per hectare basis increased 11 percent to a record \$161,660. Average Organic Green returns were up to \$9.88 per tray, although on a per hectare basis fell to \$63,734. Average Sweet Green returns also increased to \$7.66 per tray, while the average per hectare return dipped to \$43,550 per hectare.

Zespri Chairman Bruce Cameron says the results are incredibly encouraging for the industry and the wider New Zealand economy during a time of so much economic uncertainty.

**"WORKING WITH THE NEW ZEALAND INDUSTRY, WE'VE CONTINUED TO STRENGTHEN ZESPRI'S REPUTATION FOR PROVIDING THE WORLD'S LEADING PORTFOLIO OF BRANDED KIWIFRUIT FOR 12 MONTHS OF THE YEAR, WHICH DRIVES STRONGER RETURNS FOR NEW ZEALAND GROWERS AND OUR COMMUNITIES."**

Chief Executive Dan Mathieson says it was an incredibly encouraging year, with the industry working hard in New Zealand and the markets to manage quality and deliver more than five billion pieces of Zespri Kiwifruit to people all over the world.

"On top of strong returns we achieved some real milestones last season including commercialising the new Zespri Red Kiwifruit variety, opening our new Head Office in Mount Maunganui, launching our new brand, announcing our sustainability targets and investing more than ever in communities.

"Within our business, we've focused on creating more value and continuing to put consumers even more in the centre of our decision-making. We've also made excellent progress in building our business for the future and investing in the systems we need to continue to grow. Looking ahead, we're excited about continuing to roll out our refreshed brand identity, and providing the world with even more healthy, fresh and great-tasting kiwifruit all year round," Mr Mathieson says.

Across 2019/20, Zespri invested significantly around the world as part of our efforts to strengthen communities. That saw us support food rescue charities, the training of lifeguards, a kiwi breeding programme, multiple scholarships and health charities.

With Zespri launching its sustainability targets in 2020, Dan says Zespri will continue its focus on important issues such as becoming carbon positive, developing measures to monitor and improve the industry's impact on waterways, and doing even more to support communities and our workforce.

Looking ahead, Zespri is committed to making strong progress on delivering on its purpose of helping people, communities and the environment around the world thrive through the goodness of kiwifruit.



Strong results for Zespri support regional New Zealand.



Congratulations to Russell Lowe for receiving this year's Plant Raiser's Award.

## RETIRING SCIENTIST RUSSELL LOWE WINS PLANT RAISER'S AWARD

Retiring Plant & Food Research scientist and respected kiwifruit breeder, Russell Lowe, has received the 2020 Plant Raiser's Award by the Royal New Zealand Institute of Horticulture for the breeding and selection of 'Zesy002' – otherwise known as Zespri SunGold Kiwifruit.

The Royal New Zealand Institute of Horticulture Plant Raiser's Award recognises individuals or organisations that have raised a cultivar considered to be sufficiently meritorious in New Zealand. Russell says he's pleased to be recognised by RNZIH and is grateful for the support from his colleagues at Plant & Food Research over the years.

"This breeding success has been very much a team effort by breeders, our Operations Team, Research Orchard Network Team and subsequent evaluation systems. It's interesting to consider how a single seedling plant produced by conventional breeding methods has developed into a multi-billion-dollar Zespri product, supporting New Zealand's horticulture industry," Mr Lowe says.

SunGold is now enjoyed in over 50 countries around the world and more SunGold Kiwifruit than Green was supplied to consumers for the first time last season.

Having dedicated over half a century of service to the industry, few people would have made a greater contribution to the kiwifruit industry than Russell. He played an instrumental role in the new cultivar development and more recently contributed to the breeding and selection of Zespri Red. Alongside the Plant Raiser's Award, Russell has been recognised with the inaugural Hayward Medal, the Plant & Food Chairman's Award and the Prime Minister's Science Prize.

Plant & Food Scientist Dr Alan Seal explains Russell's horticultural skills and ability to pick winners have been the foundations of his success.

"His willingness to share knowledge and experience has been of enormous value to fellow researchers now following in his footsteps. He would insist that his achievements have resulted from the sustained efforts of a dedicated team, but there is no denying his truly outstanding personal contribution.

"Russell is among New Zealand's most successful plant breeders, and undoubtedly the world's most successful kiwifruit breeder. Although formally retiring, he will continue to participate in the breeding programme as an Honorary Fellow at PFR," Dr Seal says.

## 2019/20 FINANCIAL RESULTS SUMMARY:

- Total operating revenue: **NZ\$3.36 billion**
- Total fruit sales revenue: **NZ\$3.14 billion**
- Total New Zealand-grown fruit and service payments (including loyalty): **\$1.96 billion**
- New Zealand and non-New Zealand trays sold: **164.4 million trays**
- Zespri's net profit after tax: **NZ\$200.8 million**
- Expected total dividends: **NZ\$0.94 per share**



## ZESPRI BIDS FAREWELL TO BLAIR HAMILL

This month we bid a fond farewell to stalwart Zespri Chief Global Supply Officer Blair Hamill. Blair is moving to the Port of Tauranga to take up a position as Commercial Manager.

CEO Dan Mathieson says Blair will be missed.

"You brought so much to the company: your quick-on-your-feet commercial skills, your roll-up-your-sleeves and get-into-it approach, your ability to build strong, trusting, enduring relationships, and the way you've led and empowered your team. These are just a few areas of your huge contribution." All the best, Blair!



# 2020 LICENCE RELEASE RESULTS

**The 2020 closed tender bid process for the SunGold and Zespri Red licence release has once again attracted strong grower participation, with 291 successful bids for SunGold licence, 34 successful bids for Organic SunGold licence and 117 successful bids for Zespri Red licence.**

The average hectares of successful bids was 2.41 hectares for SunGold, 1.47 hectares for Organic SunGold and 1.28 hectares for Zespri Red. Both the SunGold and Zespri Red pools were oversubscribed, so the available area was allocated to the highest-priced valid bids.

There was a good regional spread of licence this year with reasonable allocations in Northland, Poverty Bay and Waikato as well as the Bay of Plenty.

There are currently 306.93 hectares from successful bidders across all varieties that have not yet advised Zespri of where the licence will be allocated. These locations will be confirmed prior to the licensed area being grafted. Tables showing the regional spread are available on the Canopy website and updates to the unallocated hectares above will be revised as the destinations of successful bids are advised to Zespri.

Results of bid price and bid numbers from the 2020 licence closed tender are summarised in the tables below. More information and results from the 2020 licence closed tender can be found at [canopy.zespri.com/EN/grow/licensing/releaseandallocation/Pages/default.aspx](https://canopy.zespri.com/EN/grow/licensing/releaseandallocation/Pages/default.aspx).

Licence packs for successful bidders will be posted from 1 July onwards. This pack will contain a copy of your licence (if you have nominated a KPIN), receipt for your deposit, budwood collection information and invoice for all successful bids. The outstanding balance for all successful bids is due by 5pm Monday 20 July via Electronic Funds Transfer (EFT) to Zespri. The Zespri bank account details will be included in the licence pack (as this is not the same account to where the deposit amount was paid).

If growers have any queries regarding the licence release, please call the Zespri Grower Support Services team on 0800 155 355.

## Gold3: 700 hectares

SunGold	2020 unrestricted	2019 unrestricted	2018 unrestricted
Median price (\$ GST excl)	\$400,023	\$290,000	\$265,108
Minimum accepted price (\$ GST excl)	\$378,900	\$276,777	\$233,333
Total area allocated (Ha)	700	700	700
Total number of bids	944	800	710
Total number of bidders	544	546	413
Total number of successful bids	291	310	474
Total number of successful bidders	216	243	353
Average size of successful bids (Ha)	2.41	2.26	1.48
Total hectares bid for (Ha)	1,660	1,681	1,079

## Organic SunGold: 50 hectares

Organic SunGold	2020 organic pool	2019 organic pool	2018 organic pool
Median price (\$ GST excl)	\$219,565	\$153,217	\$108,800
Minimum accepted price (\$ GST excl)	\$172,600	\$148,206	\$52,173
Total area allocated (Ha)	50	50	50
Total number of bids	46	77	45
Total number of bidders	32	57	32
Total number of successful bids	34	13	27
Total number of successful bidders	26	12	19
Average size of successful bids (Ha)	1.47	3.85	1.85
Total hectares bid for (Ha)	82	167	99

## Zespri Red: 150 hectares

Zespri Red	2020 red pool
Median price (\$ GST excl)	\$62,500
Minimum accepted Price (\$ GST excl)	\$30,434
Total Area allocated (Ha)	150
Total number of bids	198
Total number of bidders	157
Total number of successful bids	117
Total number of successful bidders	103
Average size of successful bids (Ha)	1.28
Total hectares bid for (Ha)	260

## Why is it so important that all SunGold and Zespri Red licence holders help protect their own investment?

The industry has placed significant investment in PVR licences and it's important that Zespri and growers continue to protect the investment in licensed varieties. Licence release from Zespri is performed in line with market signals and supply and demand forecasts from our markets which are reviewed annually.

Overplanting on an individual KPIN level can seem insignificant to individual growers, but in an industry with 8,300 hectares of licensed varieties in circulation and two thirds of all orchards with a licensed variety, a small area of overplanting on many orchards can quickly amount to significant levels within the industry and could impact the numbers released in future years. It's crucial that we continue to protect our significant investment in licensed varieties and identify those who are overplanted. Zespri will continue to take a hard-line approach towards those who infringe the licence rules.

Zespri understands that in some cases, overplanting is minor and unintentional. However, we've identified clear instances where growers have deliberately exceeded their licensed area. Please note, Zespri doesn't have a 'minimum area' under which we won't investigate and pursue unauthorised plantings. Growers should note that Zespri practices a zero-tolerance policy in relation to overplanting.

Zespri requires strict adherence to the licence terms and conditions and the consequences for overplanting are severe, to the extent of termination of any SunGold licence and exclusion from bidding in future licence releases. Zespri conducts its own audit programme to ensure adherence to the licensed area is maintained and will find cases of overplanting. However, if people become aware of instances where SunGold may have been grafted or planted without the grower having licence to do so, they can contact Zespri to confidentially relay their concerns and these will be investigated through the annual audit process.

Zespri may also take into consideration pre-existing breaches of its intellectual property rights when offering new opportunities for licences or trial activities to growers.

Growers are reminded that if they're converting or grafting an area with SunGold or Zespri Red, it's their responsibility to practice due diligence and ensure that the licence is sufficient to cover the area intended to be grafted. If this requires the area to be GPS mapped, growers are required to do this at their own cost. GPS mapping can be done by any of Zespri's approved mapping providers found on the Canopy website, under Growing Kiwifruit > Zespri® Variety Licences > GPS Mapping & Audits. If GPS-it has previously mapped the orchard they may be able to calculate the area to be grafted based on measurements they've previously obtained, without requiring another onsite visit. There is still a cost involved with this and in some instances an orchard visit by GPS-it may be required. Growers are urged to ring GPS-it if they wish to explore this further.

If Zespri becomes aware of any overplanting, we may either conduct a site visit and/or may require that orchard to be revisited by a mapping provider at any stage for a random audit.

If you have any doubt about your licensed area compared to your planted area (for example, because you have a number of separate licences on a single KPIN), please contact the Zespri Grower Support Services Team on 0800 155 355.

If you would like to discuss this topic further, or if you have any queries regarding the terms of your licence, or you feel that you may be currently overplanted, we urge you to contact the Zespri Licence Team so further investigation can be done on your orchard. Please contact the Zespri Grower Support Services Team on 0800 155 355 or a Zespri Grower Liaison Manager.

The Unauthorised Grafting Policy can be found on the Canopy under Growing Kiwifruit > Zespri® Variety Licences > GPS Mapping & Audits > Unauthorised Plantings.

## PVR Enforcement Programme

As part of the wider Zespri PVR Enforcement Programme, Zespri is working through scheduling audits of all orchards that participated (whether successful or unsuccessful) in the 2020 licence tender. In some instances growers may receive a visit by a Zespri representative as well as a GPS measurement audit by Zespri GPS mapping provider.

Growers will be notified by the PVR Enforcement Team to schedule an on-orchard visit to ensure that no planting has taken place without the necessary licence. Any plantings to be found without the necessary licence will be subject to the Unauthorised Plantings Policy that can be found on the Canopy website under Growing Kiwifruit > Zespri® Variety Licences > GPS Mapping & Audits > Unauthorised Plantings.

The PVR Enforcement Team will work alongside Zespri's current mapping service provider, GPS-it Limited and Davenport Resources. They will be auditing all orchards that were successful in obtaining licence under the 2020 licence release and a random audit list generated by Zespri each year.

These audits will be by way of GPS measuring the canopy area but may also include a visit from a Zespri representative. Zespri is committed to the ongoing protection of PVR varieties and ensuring compliance as per the terms and conditions of Zespri Variety Licences, and making sure these are strictly adhered to, for the benefit of all licence holders.

Zespri will also be increasing the frequency of random audits. If you're a current Zespri licence holder, you may be contacted by a Zespri representative at any time to review your planted area.

Zespri intends to protect its proprietary varieties and address any unauthorised planting or grafting to protect the interests of all growers, but in particular:

- Protecting growers who have purchased licences for a Zespri proprietary kiwifruit variety
- Protecting those who have complied with the terms of their licences
- To promote the control of volumes of kiwifruit supplied in order to protect grower returns
- Preserving the value of Zespri's investment in new varieties.

Please make sure Zespri's Grower Support Services Team has your most up-to-date details. You can check all your details are accurate and current by accessing the Industry Portal or emailing [contact.canopy@zespri.com](mailto:contact.canopy@zespri.com).

## INDICATIVE JUNE FORECAST OGR RANGES

**In June, the Board updated the indicative forecast OGR guidance it last provided growers on 23 April, reflecting the latest information on this season's crop, supply chain performance and market risks.**

At present, demand for fruits high in Vitamin C remains strong, with positive signs at this early stage of the season. The industry has also made tremendous progress in picking, packing and shipping this season's crop, with all of this season's crop now packed. As a result, the ranges approved by the Board include a lift in the bottom and top end of the range across all pools.

However, the broad range provided for each pool recognises the ongoing uncertainty present across our markets, the heightened risk of an economic downturn and its impact on consumer purchasing power, and the risk of further disruption across our supply chain and markets driven by COVID-19.

Pools (fruit categories)	2020/21 indicative per tray range - June forecast	2020/21 indicative per hectare range - June forecast	2020/21 indicative per tray range - 23 April guidance
Zespri Green	\$5.40- \$6.90	\$54,000- \$69,000	\$5.00- \$6.50
Zespri Organic Green	\$7.90- \$9.90	\$49,000- \$61,000	\$7.50- \$9.50
Zespri SunGold	\$10.50- \$12.00	\$147,000- \$168,000	\$9.50- \$11.00
Zespri Organic SunGold	\$12.50- \$14.50	\$120,000- \$139,000	\$11.00- \$13.00
Zespri Green14	\$7.50- \$9.00	\$44,000- \$53,000	\$5.75- \$7.75

*Please note: per hectare ranges were not provided in April 2020.*

## Total Fruit and Service Payment

The forecast Total Fruit and Service Payment range (excluding loyalty premium) for the 2020/21 season is \$1,900m - \$2,100m.

## Forecast corporate profit range and dividend range

The forecast range of corporate net profit after tax for 2020/21 is \$252m to \$262m, including licence release income. The forecast dividend per share range for the year ending 31 March 2021 is \$1.16 to \$1.20.

The final dividend for 2019/20 and the interim dividend related to the recent 2020 licence release is expected to be paid in August 2020, and is subject to Board approval in July following further consideration of business risks, including the ongoing impact of COVID-19.



# SPOTLIGHT ON NURSERY LICENSED PLANT MATERIAL TRANSACTIONS

**All licensed plant material (SunGold, Zespri Red and Sweet Green) is owned by Zespri Group Limited and any transfer/sale of PVR plant material is subject to pre-approval by Zespri to ensure the protection of the plant variety rights (PVR).**

Zespri provides approval for transactions at a PVR level. Licensed plants can only be on-sold by nurseries that are part of the KVH Kiwifruit Plant Certification Scheme (KPCS) and hold a current Propagation Facility Agreement with Zespri. Subsequently, licensed nurseries can only transact grafted plants with growers that hold a valid licence.

Transactions must meet both KVH and Zespri requirements.

## What's the process for buying grafted nursery plants?

Contact a nursery selling KPCS certified Zespri licensed plants (registers are held by Zespri and KVH and available on both websites) and provide the details pertaining to your request for grafting plants. Growers will need to supply the following information to the licensed nursery for pre-approval by Zespri:

- KPIN
- Entity name
- Reason for grafted plants
- Number of grafted plants

Prior to any transaction taking place, the licensed nursery will then provide the order details to Zespri for approval (at a KPIN level). Zespri will then validate the order in reference to licence/s held and provide details to KVH for their approval. If the order is approved the grafted plants can be transacted.

## What types of licensed nurseries are there?

As part of the Zespri Propagation Facility Agreement, Zespri seeks to understand what each nursery operation's intention for supply is, being commercial, personal or a combination of both. A grower may opt to be party to the Zespri Propagation Facility Agreement on an orchard property. Across both the propagation agreement and the nursery holding permit all licensed plant material must be uplifted from its nursery setting and transferred to its final destination after the appropriate licence is obtained, even if the plants are in situ under the nursery agreement. Zespri will audit the uplifting of these plants. KVH has biosecurity requirements for growers moving plants between KPINs that they own (refer to KVH Information Sheet 'Growing Rootstock' for your own use).

## Can I purchase replacement plants (for dead, sick or old plants, for example) without further licence allocation?

Yes, subject to approval by Zespri. The licensed nurseries are required to understand the reason for each order of grafted plants to assist with the approval process by Zespri. An order for replacement plants can be approved quickly and easily at any time during the year provided the grower has provided the information to the licensed nursery.

## Can I purchase infill plants (e.g. where shelter belts may have been removed), without further license allocation?

No, additional licence is required for the area where the shelter will be removed. For further information please refer to the Canopy website (Canopy > Growing Kiwifruit > Zespri™ Variety Licences > Licence

Management > Shelterbelt removal), or contact your Grower Liaison Manager for advice.

## What if my bid for licence was unsuccessful this year but I've already paid a deposit for grafted plants with a licensed nursery?

- Option 1 – The licensed nursery will be notified by Zespri that the transaction has been declined. Discuss with the nursery the option to 'on sell' the plants to another licensed grower.
- Option 2 – Discuss the option to continue to grow the grafted plants in the licensed nursery.
- Option 3 – Apply to Zespri for a Nursery Holding Permit. The Nursery Holding Permit has been specifically designed to enable growers who have pre-ordered grafted SunGold plants from a licensed nursery and not been successful in the tender process to take possession of the grafted plants. The key components of the Zespri Nursery Holding permit are outlined below which gives the grower the ability to take possession of the pre-purchased SunGold plants:
  - An application to Zespri detailing all information must be completed and a site visit undertaken by a Zespri representative prior to any plant movement/transactions taking place
  - If the grower chooses to plant the vines in the ground, they can't be in the permanent destination and must be removed from the ground before planting in the final orchard setting
  - The permit is for the duration of one year with no rights to renewal unless approved by Zespri (this would only be approved if unsuccessful in another tender round). A one-off fee of \$960 + GST is payable to Zespri to cover auditing and administration costs associated with this permit
  - Permit holders will be audited on a regular basis to ensure compliance

If plants are to move from the site, they must meet the KVH KPCS requirements (refer to KVH Protocol: Nursery Stock on the KVH website for more information).

## How do I find a nursery that has plants for sale?

- Option 1 – Zespri has a Nursery Plant Trading Board on Canopy where nurseries list the plants they have for sale. Please refer to Canopy > Growing Kiwifruit > Zespri™ Variety Licences > Licence Management > Nurseries > Nursery Plant Trading Board
- Option 2 – KVH has a list of all nurseries (including rootstock only nurseries, detailing the varieties and regions for supply) in the country which details the varieties and regions they can supply. See <https://www.kvh.org.nz/indnurseries>.

## Who can I contact at Zespri in relation to any Zespri licensing nursery queries I may have?

Please contact Licensed Nursery Manager, David Cant, by phone on 027 555 7963 or email [nursery@zespri.com](mailto:nursery@zespri.com).



## FROM THE MARKETS

Marketing programmes are all in full-swing with impressive in-store displays being seen with high-visibility and good shelf space as sales volumes build. We continue to increase investment in sampling and in-store marketing across our markets.

### Japan

Our Zespri campaigns continue to receive very positive feedback through social media. In particular, our well-loved Kiwi Brothers campaign is trending highly in Japan and is being expanded into six markets in Europe and Vietnam this season. Based on the latest data from Japan's leading research institute that conducts a monthly consumer survey among 1,500 consumers (CM Databank), the latest Kiwi Brothers television commercial was ranked first out of 3,341 commercials in May in Japan. The popular television commercial also ranked second on Japan's trending list on Twitter, receiving more than 24,000 tweets within three hours.

### USA

This season, the US will continue using the successful "Let Your Taste Wander" campaign from 2019, which has won an Effies award in the Challenge Brand Solution and Shopper Category. The Effies is one of the most prestigious global marketing awards and recognises marketing campaigns based on both creativity, as well as business impact, and is seen as the global gold standard of marketing effectiveness excellence.



### Korea

In Korea, consumers have been delighted by the Kiwi Brothers television commercial. As a result, consumers' interest in Zespri has been significantly increasing and the number of search queries has doubled from the same period of previous year, when the commercial first aired.

### Indonesia

In Indonesia we're using a mix of online and offline platforms to drive brand awareness and association with Vitamin C and immunity. Point of Sale Materials (POSM) execution is now reaching 220 stores in Indonesia. We've also customised POSM for 35 key retailers, so that our materials will be retained for the full season leading to more sustainable practices.

## Zespri's global market teams continue to support their local communities through donations of fresh Zespri Kiwifruit.

The **Zespri Japan** team launched a 'Thank you supermarket' campaign, to support and acknowledge supermarket staff working during the COVID-19 pandemic. Japanese consumers were urged to post a message of appreciation on Twitter, with the name of their favourite supermarket or greengrocer. The Japanese team then donated kiwifruit to over 1,100 stores nationwide on behalf of kiwifruit consumers. Nearly 2000 Tweets of support were posted, with consumers and staff appreciative of the donation from Zespri and growers. Alongside this, the Zespri Japan team have also donated to Children's Cafeteria, an organisation which provides healthy and nutritious meals to children, and to medical staff working tirelessly in Japanese hospitals. The team have now shared over 90,000 pieces of fruit.

The **Zespri Korea** team have shared an incredible 40,000 pieces of fruit with vulnerable senior citizens in response to COVID-19.

While over in **Belgium**, 10 pallets of SunGold were donated to nine food banks to help those in need, and another 10 pallets were shared with organisations caring for the elderly, those with disabilities, hospitals and the wider health sector.



### Spain

Zespri Iberia has donated 66,000 pieces of Zespri SunGold to the Spanish Food Bank and the NGO Cesal. A donation that will help families experiencing difficulties, aggravated by the pandemic.





## ZESPRI IN THE COMMUNITY

### *Zespri Young and Healthy Virtual Adventure*

**Registrations for the Zespri Young and Healthy Virtual Adventure are open, and to date, nearly 350 classrooms across New Zealand have signed up to the healthy lifestyles challenge.**

Kim Harvey, creator of the Young and Healthy Trust and the Virtual Adventure, is delighted to have one full school in Wellington already registered and ready to participate when the adventure begins in Term Four. In the Bay of Plenty, nearly 2200 children across 80 classrooms have already registered.

"I can't wait for the 2020 adventure to begin in term four," says Kim. "This year, and with Zespri's support, 20,000 children in New Zealand can participate for free in the virtual global adventure."

"The Zespri Young and Healthy Virtual Adventure encourages children to take up daily healthy habits in the real world to gain points as a team and move their classroom around the

Virtual Adventure course, visiting places like Japan, Peru and Italy. Led by inspirational ASICS Ambassadors Ardie Savea, Amelie Ranne Ekenasio, Kane Williamson and Samantha Charlton, they'll help teach participants about each city they visit, and share healthy tips. Building these healthy habits has a positive impact on daily energy, concentration and mood, helping to create good mental and physical health and wellbeing.

"Research shows the first 10 years of a child's life are critical in developing the habits of being healthy and active, so it's important we engage and empower our youngest New Zealanders to understand the choices they can make for themselves. That's why the six-week Virtual Adventure is a fun way to engage children as they often influence the rest of their family by sharing what they know and challenging them to take good care of their health and wellbeing!"

For more information and to register your interest, visit [youngandhealthy.org.nz](http://youngandhealthy.org.nz).

### *Kellogg Rural Leadership scholarship recipient*

**Please join us in congratulating Donna Atkinson, the 2020 recipient of our Kellogg Rural Leaders scholarship!**

A strong believer in continuous self-development, Donna is excited to be the 2020 recipient of the Zespri scholarship for the Kellogg Rural Leadership Programme. Donna is the Inventory and Shipping Manager for Trevelyan's Pack & Cool, where she leads a team to optimise inventory throughout the shipping year with the goal of achieving the best result for the company and the growers.

Donna joined the kiwifruit industry in 2012. She returned to the Bay after completing a Bachelor of Sport and Exercise at Massey University, and her change of direction came from her parents' encouragement as kiwifruit growers themselves. Donna says it's a career path she's pleased to have chosen due to the endless opportunities within an exciting and rapidly changing industry.

The Kellogg Leadership Programme is highly respected within the primary industries, so she sees this as an opportunity to cement a solid leadership foundation with relevance to the industry that she's passionate about.

"Like any industry, the kiwifruit industry is always faced with challenges that require leadership, collaboration and innovation to solve these in a practical way. The kiwifruit industry is going through a time of significant growth, which brings the challenge of managing the 'peak' of the gold harvest in an efficient way, while achieving successful



*Donna Atkinson received the 2020 Kellogg Rural Leaders scholarship.*

quality outcomes amid a labour shortage. The ongoing and biggest challenge of all is around the biosecurity threat to our horticulture and continuing to minimise that threat. Sustainability also needs to be wrapped around the industry from all dimensions," she says.

Donna believes these challenges should be addressed as an industry for the most sustainable and successful results and that the Kellogg Leadership Programme will be a great platform for building on initiatives and networks to make better leadership decisions and subsequently help address some of our industry's challenges.

We look forward to updating you on Donna's experience with the programme and her report topic.

# INDUSTRY ADVISORY COUNCIL MATURITY AND TASTE UPDATE

**As growers will be aware, the Industry Advisory Council (IAC) is currently undertaking a review of elements of the maturity sampling, taste programme and the broader interaction of grower incentives to out in place a system in for both 2021 and beyond.**

This review is being led by a sub-group of the IAC, with the members of that group made up of growers, suppliers and Zespri representatives. More details can be found on the Canopy ([canopy.zespri.com/EN/industry/news/Pages/Maturity-Taste-Update.aspx](http://canopy.zespri.com/EN/industry/news/Pages/Maturity-Taste-Update.aspx)).

As a reminder the committee has agreed on the following principles:

- The Minimum Taste Standard should remain in place to ensure only good tasting fruit gets to market, driving value and repeat purchase
- Beyond that, the committee will consider further options to incentivise taste to reflect consumer demand for higher tasting fruit
- Given the value, maturity and taste testing must also continue and the integrity of that testing is critical
- Dry matter will be the measure of taste for 2021

The committee is also considering matters including whether we continue to express taste results to growers as TZG or in dry matter percentages, where testing should be carried out and who should be able to do it, whether taste payments should be capped and if so, at what point, and whether fruit sizes can be grouped for SunGold maturity clearance.

Proposals will be put to industry for consultation with that process to be confirmed at a later date.

Zespri is currently seeking expressions of interest for independent sampling and laboratory testing services for 2021 to gauge interest and to test whether those services could be contracted for the upcoming season. The Committee has confirmed this initial development of a solution for 2021 will not restrict ongoing discussions about a longer-term solution, with those discussions to happen in parallel.

The taste programme is a cornerstone of our industry and the focus is on putting in place the right system to ensure Zespri can continue to get high-quality fruit to consumers, while generating strong returns to growers and ensuring it is as user-friendly as possible.

**Zespri Group Limited is seeking Expressions of Interest (EOI) from relevant organisations to provide kiwifruit sampling and maturity clearance testing services in New Zealand from 2021.**

To express your interest and to receive the EOI submission documents please email [tenders@zespri.com](mailto:tenders@zespri.com). The EOI will be available from Monday 29 June 2020 and must be submitted by Monday 13 July 2020 at 4pm NZT.



### *Nuffield New Zealand Scholarships*

Zespri is proud to support the Nuffield New Zealand Scholarships, administered by the New Zealand Rural Leaders Trust. This is a fantastic opportunity for growers and we urge you to apply.

### *New Zealand fruit donations*

We're proud to have partnered with local and national charities to support their efforts in caring for those in need during New Zealand's response to and recovery from COVID-19.

Zespri has committed to donating 100 tonnes of fruit to a variety of organisations and charities, including foodbanks in all eight of New Zealand's kiwifruit growing regions.

Alongside the generous donations and support from the wider New Zealand kiwifruit industry, we look forward to sharing more Vitamin C-rich fruit with our communities.



# ZESPRI GLOBAL SUPPLY [ZGS] HELPING DELIVER STRONG RETURNS

Zespri's mission is to market the world's leading portfolio of kiwifruit 12 months of the year.

Providing 12-month supply means we can keep our kiwifruit on shelves and the Zespri brand in front of customers and consumers 52 weeks a year. We source fruit from our Non-New Zealand growers to fill the gap where New Zealand-grown fruit is unavailable. Ensuring this shelf space for Zespri enables our sales teams to transition to New Zealand fruit immediately upon arrival to market, thereby avoiding costly delays to the New Zealand sales season and potential loss of shelf space to competitive kiwifruit or alternative fruits.

"WE'VE FORMED SOME DEEP AND LASTING PARTNERSHIPS WITH OUR ZGS GROWERS AND SUPPLIERS OVER THE LAST TWENTY ODD YEARS," SAYS CHIEF INTERNATIONAL PRODUCTION OFFICER SHEILA MCCANN-MORRISON.

Today around 1,500 international growers help supply growing global demand for Zespri Kiwifruit during the New Zealand offseason. Zespri's success in the markets is helping to deliver attractive returns to our offshore growing partners and creating new jobs in the local growing communities. The growth of the kiwifruit industry in our ZGS locations has also sparked significant orchard and post-harvest investment as confidence in the industry, and Zespri in particular, continues to grow.

Last season saw strong returns for Northern Hemisphere growers, following a great tasting crop of ZGS fruit from Italy, France, Japan, Korea and Greece.

"Our ZGS growers have recently completed another successful season, with sales of \$369 million – up from the \$312 million recorded in 2018/19. Operating profits also increased by 37 percent to \$11 million, up from \$8 million in the previous season."

Though it was a difficult growing season due to climate challenges, Northern Hemisphere growers supplied just over 19 million trays of fruit, with around 58 percent Gold and the remaining 42 percent Green.

"Planting has also continued at an accelerated pace this season, with a total of 451 new hectares planted across Italy, France, Japan and Korea, bringing the Northern Hemisphere SunGold total to more than 3,300 hectares," says Mrs McCann-Morrison.

"We're expecting to see a further increase in our ZGS SunGold volumes as plantings continue to reach full production.

"Our ZGS growers are some of the best in the world, and it's great to share our knowledge, systems and varieties with them, and to also learn from them in return. Zespri is proud to help create jobs in communities where we grow and sell, and also support a range of community projects," says Mrs McCann-Morrison.

To meet supply growth targets, Zespri is looking at options to increase the number of growing locations, and to expand production in existing global locations like Japan and Korea, with Zespri's long-term plan assuming around 75 percent of fruit supplied from New Zealand and 25 percent from non-New Zealand locations.

# RECENT GOVERNMENT SUPPORT AND ACKNOWLEDGEMENT

Agriculture Minister Hon. Damien O'Connor recently announced New Zealand's primary sector exports are expected to grow by \$1.7 billion, and are helping to reboot the economy as New Zealand recovers from COVID-19. This includes fresh fruit like kiwifruit, apples and avocados.

As part of the Government's 2020 Budget, \$19.3 million was allocated to fund initiatives to help recently unemployed New Zealanders access training and work in the primary sector. The first project to be funded from this four year initiative is a \$200,000 training programme in the kiwifruit industry, announced by the Prime Minister in Te Puke recently. The investment will help people into work and meet the industry's urgent seasonal demand, specifically to complete pruning over the winter months.

The Government is also backing the future success of the horticulture industry through a \$27 million project collaborative project called

A Lighter Touch. Government and industry, including Zespri, will work together on this project, which aims to create new growing methods and crop protection measures that reduce chemical use and drive production.

Carol Ward, Chief Innovation and Sustainability Officer, says developing more sustainable crop protection practices was a key focus for Zespri. "We have invested significantly in the research and the development of biopesticides and cultural control practices, and we are delighted to be involved in the new project and to work collaboratively with other industries on a mutual goal."



Prime Minister Jacinda Ardern's recent visit to Trevelyan's packhouse in Te Puke.

# 2019/20 ZESPRI GLOBAL SUPPLY SEASON RESULTS

**Total Revenue:** \$369.4 million  
**Total Profit:** \$11.1 million  
**Total Green supplied:** 8.1 million trays  
**Total Gold supplied:** 11.1 million trays



**Producing hectares:**  
• France: 206 hectares  
• Italy: 1,899 hectares  
• Japan: 60 hectares  
• South Korea: 89 hectares



PAYMENTS AND INCOME EXPLAINED

Zespri reports corporate profitably for each individual revenue stream. The operating segments reflect the key business activities: New Zealand Kiwifruit, Non-New Zealand supply, New Cultivars and Other. Clarity of sources of value and source of funding is important given the kiwifruit industry’s strong growth to date and projected growth. The infographic provided here outlines how money flows through the industry using the 2019/20 Corporate results: Zespri’s revenue streams, pool costs, fruit payments to growers, corporate costs and how Zespri distributes the profit made.

GLOBAL REVENUE  
\$3.4 BILLION

-  Kiwifruit sales \$3.1 billion
-  Other revenue \$264 million

NEW ZEALAND KIWIFRUIT	NON-NEW ZEALAND SUPPLY	NEW CULTIVARS	OTHER
\$2,770 m	\$370 m	–	–
\$6 m	\$0	\$254 m	\$4 m

Kiwifruit sales globally – \$3.1 billion from 167.5 million trays supplied. Other revenue driven by SunGold licences released of \$215.5 million and plant variety rights royalties of \$32.9 million, along with external co-funding and interest and rental income.

POOL COSTS \$643 MILLION



\$587 m	\$56 m	–	–
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Includes freight, insurance, duty and customs, logistics and promotion costs.

PAYMENTS FOR FRUIT  
INCLUDING LOYALTY  
\$2.2 BILLION

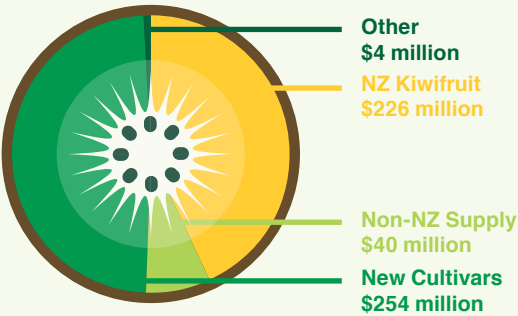


\$1,963 m	\$274 m	–	–
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\$2.0 billion paid to New Zealand growers for fruit payments (including service and incentive payments) including \$45.5million for loyalty payments. \$273.6 million paid to non-New Zealand based growers for fruit purchased.



CORPORATE REVENUE  
\$524 MILLION

Included in Global Revenue



\$226 m	\$40 m	\$254 m	\$4 m
After pool costs and payments for fruit including loyalty, \$225.7 million earned from \$2.8 billion in kiwifruit sales. The Zespri margin under the Enduring Funding Agreement has a target of 1% of 'New Zealand Kiwifruit EBIT' after loyalty payments. With the 2019/20 margin greater than 1%, growers received an additional loyalty payment of 6 cents per tray. Combined with the 25 cent loyalty premium, growers in total received 31 cents per Class 1 tray supplied.	\$39.8 million in corporate revenue earned from \$369.4 million in kiwifruit sales.	* \$215.5 million revenue from 700 hectares of SunGold licence release and 50 hectares of SunGold Organic release, plus other licence income. * \$32.9 million royalty income from PVR (Plant variety rights) sales. * \$2.9 million of external research funding received and other income of \$2.7 million.	Interest income and land and building rental income and other.

CORPORATE COSTS \$247 MILLION

-  Innovation costs \$33 million
-  Overhead costs \$214 million

\$15 m	\$1 m	\$18 m	–
\$174 m	\$28 m	\$11 m	\$1 m

PROFIT BEFORE TAX  
\$277 MILLION

\$37 m	\$11 m	\$225 m	\$4 m
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TAXATION  
\$76 MILLION

\$76 m
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PROFIT AFTER TAX  
\$201 MILLION

\$201 m
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RETAINED EARNINGS

Profit retained in the business \$29 million. Earnings reinvested into the business for assets, working capital and financial stability.



DIVIDENDS

Dividends proposed are \$172 million or \$0.94 cents per share. Paid to shareholders – the current dividend policy is 70-90 percent of the distributable profit (2019/20 = \$214.9 million), which includes deferred licence revenue received of \$14.1 million from prior years.



2019/20 FULL YEAR FINAL CLASS II AND NON STANDARD SUPPLY FRUIT AND SERVICE PAYMENTS

CLASS II RETURNS PER TE	GREEN KIWISTART	GREEN MAINPACK*	GREEN ORGANIC	GOLD3	GOLD3 ORGANIC	NON STANDARD SUPPLY RETURNS PER TE
Trays Supplied (000's)	610.3	534.8	53.5	492.8	20.5	846.5
Submit Payment	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.60
Service Payments	\$0.00	\$0.00	\$0.13	\$0.03	(\$0.01)	\$0.96
Fruit Incentives	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.49
Progress Payments	\$5.43	\$5.82	\$8.62	\$6.84	\$11.86	\$2.60
Total Fruit and Service Payments	\$6.83	\$7.22	\$10.15	\$8.27	\$13.25	\$8.65

\* HW2CK fixed price programs only

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 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 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 2019/20 final 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 GREEN 2019/20 FINAL RESULTS – JUNE								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / TE Supplied	% of Pool Paid YTD
Apr-19	\$2.25	\$0.03					\$2.28	22%
May-19		\$0.10					\$2.38	23%
Jun-19		\$0.09					\$2.47	24%
Jul-19		\$0.04	\$0.00	\$0.39	\$0.72		\$3.63	36%
Aug-19		\$0.16	\$0.23	\$0.65	\$0.05		\$4.71	46%
Sep-19		\$0.20		\$0.96	\$0.05		\$5.92	58%
Oct-19		\$0.40	\$0.30	\$0.54	\$0.03		\$7.19	71%
Nov-19		\$0.34	\$0.02	\$0.88	\$0.07		\$8.51	84%
Dec-19		\$0.24	\$0.03	\$0.11	\$0.27		\$9.16	90%
Jan-20						\$0.10	\$9.26	91%
Feb-20		\$0.00	\$0.03	\$0.00	\$0.16		\$9.46	93%
Mar-20					\$0.18		\$9.63	95%
Apr-20					\$0.09		\$9.73	96%
May-20					\$0.22		\$9.95	98%
Jun-20						\$0.21	\$10.16	100%
Paid YTD	\$2.25	\$1.59	\$0.61	\$3.54	\$1.85	\$0.10	\$9.95	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.21	\$0.21	
Total fruit and service payments - 2019/20 Actual							\$10.16	

ZESPRI GOLD3 AND ORGANIC GOLD3 2019/20 FINAL RESULTS – JUNE									
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Gold OB Premium	Loyalty Premium	Total payment / TE Supplied	% of Pool Paid YTD
Apr-19	\$2.80	\$0.14						\$2.94	18%
May-19		\$0.13						\$3.07	19%
Jun-19		\$0.18						\$3.25	20%
Jul-19		\$0.10	-\$0.02	\$1.34	\$0.48			\$5.15	32%
Aug-19		\$0.25	\$0.36	\$1.96	\$0.08	\$0.02		\$7.81	48%
Sep-19		\$0.30	\$0.02	\$2.02	\$0.48			\$10.64	65%
Oct-19		\$0.30	\$0.34	\$0.43	\$0.21			\$11.93	73%
Nov-19		\$0.17	\$0.03	\$1.63	\$0.17	\$0.01		\$13.93	85%
Dec-19		\$0.01	\$0.01	\$0.00	\$0.75			\$14.69	90%
Jan-20							\$0.10	\$14.79	90%
Feb-20		\$0.00	\$0.02	\$0.00	\$0.80			\$15.61	95%
Mar-20					\$0.22	\$0.00		\$15.83	97%
Apr-20					\$0.10			\$15.93	97%
May-20					\$0.20			\$16.14	99%
Jun-20							\$0.21	\$16.35	100%
Paid YTD	\$2.80	\$1.57	\$0.76	\$7.38	\$3.49	\$0.03	\$0.10	\$16.14	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.21	\$0.21	
Total fruit and service payments - 2019/20 Actual								\$16.35	

ZESPRI ORGANIC GREEN 2019/20 FINAL RESULTS – JUNE								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / TE Supplied	% of Pool Paid YTD
Apr-19	\$2.25	\$0.00					\$2.25	18%
May-19		\$0.02					\$2.27	18%
Jun-19		\$0.03					\$2.30	18%
Jul-19		\$0.03	\$0.00	\$0.70	\$0.52		\$3.55	28%
Aug-19		\$0.07	\$0.49	\$1.01	\$0.39		\$5.51	44%
Sep-19		\$0.11		\$1.09	\$0.27		\$6.98	56%
Oct-19		\$0.25	\$0.61	\$0.55	\$0.48		\$8.87	71%
Nov-19		\$0.26		\$1.17	\$0.23		\$10.54	84%
Dec-19		\$0.12		\$0.08	\$0.47		\$11.22	89%
Jan-20						\$0.10	\$11.32	90%
Feb-20			\$0.01		\$0.47		\$11.80	94%
Mar-20					\$0.21		\$12.00	96%
Apr-20					\$0.10		\$12.10	96%
May-20					\$0.24		\$12.34	98%
Jun-20						\$0.21	\$12.56	100%
Paid YTD	\$2.25	\$0.90	\$1.11	\$4.59	\$3.39	\$0.10	\$12.34	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.21	\$0.21	
Total fruit and service payments - 2019/20 Actual							\$12.56	

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

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

ZESPRI GREEN14 2019/20 FINAL RESULTS – JUNE								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / TE Supplied	% of Pool Paid YTD
Apr-19	\$2.80						\$2.80	26%
May-19		\$0.00					\$2.80	26%
Jun-19							\$2.80	26%
Jul-19			-\$0.05	\$0.92	\$0.51		\$4.18	39%
Aug-19			\$0.37	\$0.92	\$0.24		\$5.72	53%
Sep-19			\$0.01	\$0.73	\$1.16		\$7.61	70%
Oct-19			\$0.37		\$0.43		\$8.42	78%
Nov-19				\$0.64	\$0.25		\$9.31	86%
Dec-19					\$0.38		\$9.69	90%
Jan-20						\$0.10	\$9.79	91%
Feb-20					\$0.41		\$10.20	94%
Mar-20					\$0.14		\$10.34	96%
Apr-20					\$0.10		\$10.44	97%
May-20					\$0.17		\$10.60	98%
Jun-20						\$0.21	\$10.82	100%
Paid YTD	\$2.80	\$0.00	\$0.70	\$3.22	\$3.79	\$0.10	\$10.60	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.21	\$0.21	
Total fruit and service payments - 2019/20 Actual							\$10.82	

3. Amounts above are not rounded to two decimal places, therefore rounding differences may apply.

FULL YEAR FINAL RETURN AND ORCHARD GATE RETURN [OGR] – INDUSTRY AVERAGE ONLY

Full Year Return	2019/20 - Actual					2018/19 - Actual				
	Zespri Green	Zespri Organic Green	Zespri Gold3 & Organic Gold3	Zespri Green14	All Pools	Zespri Green	Zespri Organic Green	Zespri Gold3 & Organic Gold3	Zespri Green14	All Pools
Total:										
Total trays supplied (m)	68.7	2.8	73.7	0.4	148.1	81.0	3.5	66.0	0.9	154.1
Kilograms supplied (m)	241.3	9.7	258.7	1.4	519.5	284.8	12.4	230.2	3.1	538.1
Average size per tray	32.9	36.0	29.5	37.3		30.6	33.3	27.3	35.4	
Fruit payments (\$m)	281.6	15.7	466.2	2.6	782.5	332.1	23.7	473.6	5.8	851.9
Fruit incentives (\$m)	285.3	15.9	600.2	1.5	905.9	244.2	14.4	416.5	3.0	679.3
Service costs (\$m)	109.4	2.5	115.8	(0.0)	228.6	135.5	3.5	104.6	0.1	244.1
Fruit and service payments excl. loyalty premium (\$m)	676.4	34.1	1,182.1	4.1	1,917.0	711.8	41.7	994.7	8.9	1,775.4
Total per tray (\$):										
Submit payment	2.25	2.25	2.80	2.80		2.25	2.25	2.80	2.80	
Progress payments (including GOLD ORGANIC Premium)	1.85	3.39	3.52	3.79		1.85	4.49	4.37	3.73	
Total fruit payments per net submit trays	4.10	5.64	6.32	6.59		4.10	6.74	7.17	6.53	
KiwiStart <sup>1</sup>	0.52	1.08	0.70	0.75		0.39	0.76	0.47	0.69	
Taste Zespri	3.54	4.59	7.38	3.22		2.53	3.34	5.77	2.76	
Supplier Accountability	0.09	0.03	0.06	-0.05		0.09	-0.01	0.07	-0.07	
Fruit incentives	4.15	5.71	8.14	3.92		3.01	4.10	6.31	3.37	
Pack type	0.57	0.13	0.76	-0.00		0.47	0.18	0.71	0.12	
Time payment	1.03	0.77	0.81	0.00		1.20	0.81	0.88	0.00	
Service costs	1.59	0.90	1.57	0.00		1.67	1.00	1.58	0.12	
Class 1 fruit and service payments per net submit trays	9.85	12.24	16.04	10.50		8.78	11.83	15.07	10.03	
Loyalty premium	0.31	0.31	0.31	0.31		0.31	0.31	0.31	0.31	
Class 1 fruit and service payments with loyalty per net submit trays	10.16	12.56	16.35	10.82		9.09	12.14	15.37	10.34	
Less: onshore fruit loss	-0.16	-0.13	-0.22	-0.03		-0.27	-0.15	-0.21	-0.02	
Fruit loss percentage <sup>2</sup>	1.60%	1.00%	1.35%	0.30%		2.98%	1.21%	1.39%	0.16%	
Class 1 fruit and service payments per gross submit trays	10.00	12.43	16.13	10.78		8.82	11.99	15.16	10.32	
Plus Class 2 Return	0.20	0.41	0.08	0.06		0.13	0.26	0.09	0.11	
Plus Non-Standard Supply (NSS) <sup>3</sup>	0.01	0.06	0.05	0.06		0.01	0.02	0.04	0.01	
Plus Other Income (Non dividend) <sup>4</sup>	0.01	0.01	0.01	0.01		0.01	0.01	0.01	0.01	
Average revenue per gross submit trays	10.21	12.91	16.27	10.91		8.97	12.27	15.30	10.45	
LESS: Post-harvest costs deducted <sup>5</sup>										
Base packing and packaging	-1.46	-1.56	-2.23	-2.23		-1.46	-1.52	-2.21	-2.10	
Pack differential	-0.56	-0.13	-0.75	0.00		-0.46	-0.18	-0.70	-0.12	
Base cool storage	-0.85	-0.84	-0.85	-0.86		-0.82	-0.83	-0.84	-0.84	
Logistics	-0.14	-0.15	-0.15	-0.16		-0.13	-0.16	-0.14	-0.15	
Time and CC/RK charges	-0.54	-0.34	-0.43	0.00		-0.64	-0.38	-0.52	-0.01	
Total post-harvest costs per gross submit trays	-3.54	-3.03	-4.41	-3.25		-3.52	-3.06	-4.41	-3.22	
OGR per gross submit trays	6.67	9.88	11.86	7.66		5.45	9.22	10.89	7.23	
Average industry yield per productive hectare <sup>6</sup>	10,093	6,450	13,627	5,685		11,668	7,959	13,401	6,159	
Number of productive hectares <sup>7</sup>	6,915	437	5,483	70		7,158	448	4,996	145	
OGR per hectare	\$67,295	\$63,734	\$161,660	\$43,550		\$63,622	\$73,350	\$145,991	\$44,549	
Average kilogram per tray <sup>8</sup>	3.51	3.47	3.51	3.44		3.52	3.51	3.49	3.49	
OGR per kilogram	1.90	2.84	3.38	2.22		1.55	2.62	3.13	2.07	

1. KiwiStart includes Priority Premium payments. These are period one related payments that apply to fruit shipped in the applicable weeks and vessels.

2. Fruit loss percentage includes ungraded fruit inventory losses.

3. Zespri does not procure NSS in all categories, returns are as reported in the Ingham Mora post-harvest survey.

4. Other Income may include any Service Level Agreement payments, Class 3 income and interest.

5. Post-harvest cost data was compiled by Ingham Mora Limited in February 2020.

6. The average industry yield per hectare equals Class 1 volumes submitted divided by productive

hectares. Average yield levels are calculated based on current volume data incorporating the actual FOBS data with actual onshore fruit loss percentages. The OGR may be distorted by the inclusion of orchards in the first years of production in the calculation.

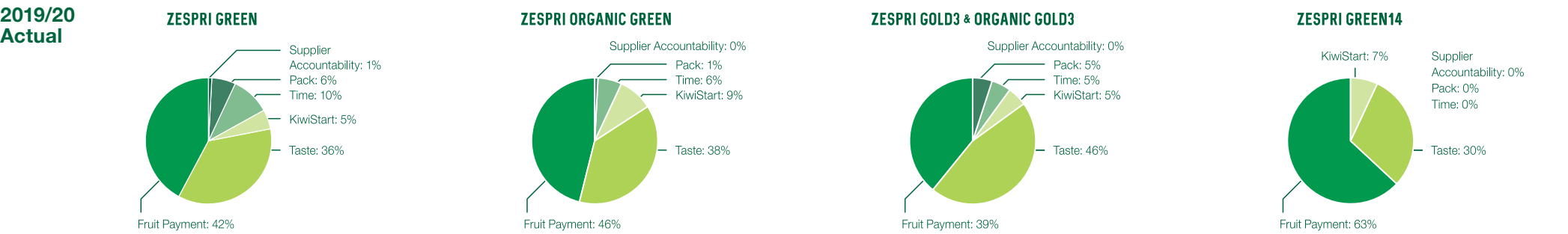
7. Productive hectare information is sourced from the Grower Services database and includes all hectares described by growers as producing vines.

8. Average kilograms per tray are derived using the individual size conversions published in the specific season's Pack Conversion Guide.

Note: Amounts above are not rounded to 2 decimal places, therefore rounding differences may apply.



2019/20 SEASON GROWER PAYMENT PORTIONS – TOTAL FRUIT AND SERVICE PAYMENTS



2020/21 PROGRESS PAYMENTS FOR JULY

CLASS 1 – APPROVED PROGRESS PAYMENT 15 JULY 2020	AVERAGE ON NET SUBMIT	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$1.36	\$1.50	\$1.70	\$1.60	\$1.20	\$1.20	\$0.35
Zespri Organic Green	\$2.43	\$1.90	\$2.50	\$3.00	\$2.60	\$2.60	\$1.60
Zespri Gold3	\$1.77	\$1.90	\$1.90	\$1.90	\$1.50	\$1.00	No supply
Zespri Organic Gold3	\$2.10	\$1.60	\$2.30	\$2.10	\$2.10	\$2.20	No supply
Zespri Green14	\$2.76	No payment	\$1.70	\$3.10	\$2.90	\$2.90	\$2.30

CLASS 1 – INDICATIVE PROGRESS PAYMENT 14 AUGUST 2020	AVERAGE ON NET SUBMIT	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.80	\$0.90	\$0.90	\$0.80	\$0.80	\$0.80	\$0.60
Zespri Organic Green	\$1.15	\$1.20	\$1.30	\$1.30	\$1.20	\$1.20	\$0.90
Zespri Gold3	\$2.23	\$2.30	\$2.30	\$2.30	\$2.10	\$1.80	No supply
Zespri Organic Gold3	\$3.04	\$3.00	\$3.20	\$3.00	\$2.90	\$3.00	No supply
Zespri Green14	\$0.80	No payment	\$0.60	\$1.00	\$0.80	\$0.80	\$0.70

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

2. Net Submit trays = gross submitted trays less onshore fruit loss trays.
3. The removal of the Taste component for the 2020 season has resulted in the payment of higher Progress rates per tray compared with previous seasons.

4. Refer to OGR ranges to get an indication of returns.

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.

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.

**July 2020 approved progress payments on Net Submit trays**

Approved per tray progress payments for 15 July 2020:

Class 1	
Zespri Green	\$1.36
Zespri Organic Green	\$2.43
Zespri Gold3	\$1.77
Zespri Organic Gold3	\$2.10
Zespri Green14	\$2.76

**August 2020 indicative progress payments on Net Submit trays**

Indicative per tray progress payments for 14 August 2020:

Class 1	
Zespri Green	\$0.80
Zespri Organic Green	\$1.15
Zespri Gold3	\$2.23
Zespri Organic Gold3	\$3.04
Zespri Green14	\$0.80

SHARE BRIEFS

As at 23 June 2020 the last Zespri share price trade was \$9.10 traded on 22 June 2020. There were five buyers at \$9.10, \$9.00, \$8.95, \$8.90 and \$7.65. There were four sellers at \$9.15, \$9.15, \$9.15 and \$9.20.

To trade Zespri shares please contact one of the registered USX brokers – see [canopy.zespri.com/EN/grow/zenspri/Shares](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.

- 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 [www.usx.co.nz](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

Below is the current Market depth information as at 23 June 2020.

Quote Line at Tuesday 23 June as at 8.00am						
Code	Bid (\$)	Offer (\$)	Last (\$)	High (\$)	Low (\$)	Volume
ZGL	9.100	9.150	9.100	0.000	0.000	0

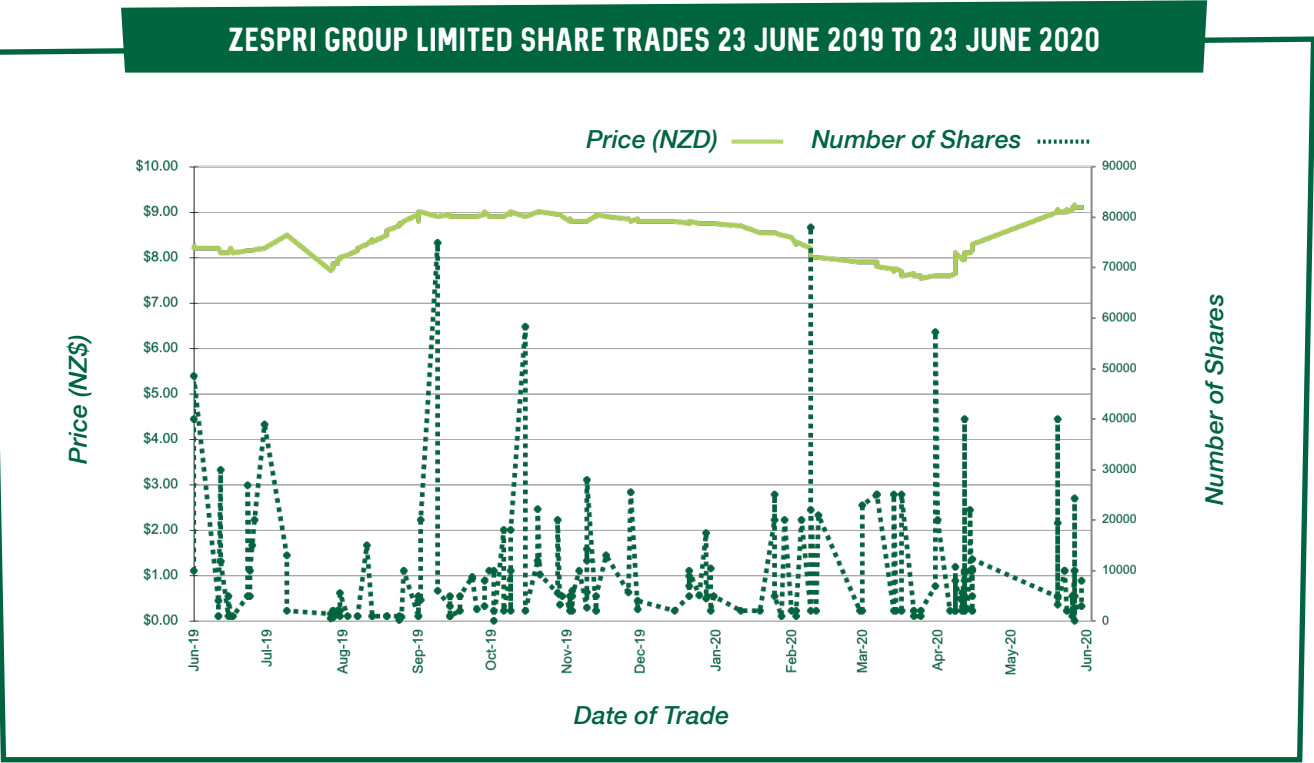
Market Depth					
BIDS			OFFERS		
Orders	Quantity	Price (\$)	Price (\$)	Quantity	Orders
1	15,000	9.100	9.150	1,910	1
1	10,000	9.000	9.150	5,000	1
1	2,000	8.950	9.150	5,000	1
1	2,000	8.900	9.200	2,000	1
1	1,000	7.650			

Last 10 Trades			
Date/Time	Quantity	Price (\$)	Value (\$)
22/06/20	8,000	\$9.10	72,800.000
22/06/20	3,000	\$9.10	27,300.000
19/06/20	2,680	\$9.10	24,388.000
19/06/20	90	\$9.15	823.500
19/06/20	24,320	\$9.10	221,312.000
19/06/20	5,000	\$9.10	45,500.000
19/06/20	5,000	\$9.10	45,500.000
19/06/20	10,000	\$9.10	91,000.000
19/06/20	10,000	\$9.10	91,000.000
18/06/20	2,000	\$9.10	18,200.000

**Director share trading**

For the month of June (as at 23 June), 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.

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.







# KEY FOCUS: JULY GLOBAL EXTENSION TEAM

Winter pruning

Grafting

Monitoring winter chill

Estimating and enhancing budbreak

Soil management

Harvest is wrapped up, chill units are stacking up, and your winter woollies are getting a good workout. Winter is when the foundations are set for the season ahead – so good planning and attention to detail are critical for your future success.

Planning your winter pruning

- The winter pruning job is all about balance and getting the right number of high-quality buds across the bay. You'll need to think carefully about your target bud number: if it's been a warm winter, flower numbers are likely to be slightly lower, but overdoing it can cause real headaches down the track. Work through the process of calculating bud numbers using the template available in *Need to Know 21: calculating targets in winter and spring*.
- A rule of thumb in horticulture is 'like grows like'. What does this mean? If you tie in big strong canes, they'll grow more big strong canes. It's the same for weak wood — tie it in and that's what you'll get more of. Identify your ideal wood type and focus on getting that wood into your canopy.

Creating and communicating your winter pruning specification

- Once you know what a good pruning job on your orchard looks like, you'll need to articulate it using clear instructions that your pruners will understand. Pictures can be a big help here, especially if you have inexperienced workers. Close regular supervision and encouragement for the first few hours and days is essential – this is when the poor habits develop and once established, they're difficult to change. If you use a contractor to undertake your winter pruning, make sure they're using trained staff or are training and supervising them closely.
- Frequent and prompt feedback is important for getting a good result — do your pruners know if they're meeting your specifications?

Grafting

- Register for the Graft Care newsletter if you're not already receiving it.
- If you're supplying budwood to another orchard, be sure to register with KVH. Record budwood source and destination to ensure traceability of plant material.
- If you're sourcing new rootstock plants, only source Kiwifruit Plant Certification Scheme (KPCS) plants unless you have 'Grow for your own use' rootstock. Keep planting records to ensure traceability for GLOBALG.A.P.

Hygiene and crop protection

- Avoid pruning in wet conditions and maintain hygiene from vine to vine. Supplying two sets of tools makes it easy to sterilise between vines. For more information, refer to the KVH best practice management guide.

- Minimising spray drift is essential to maintain good community relationships, so have your sprayer professionally calibrated and don't spray if drift is going to occur onto sensitive areas. Have a good read of the Safe Spraying article on page 11 of this issue of *Kiwiflier*.
- Pruning, and again prior to budbreak. Additional applications around significant frost or wet events may also be beneficial.

Soil management

Get a soil test done before budbreak to determine nutrient requirements and also get a fertiliser plan in place. Different products will release nutrients at different rates, so work with a specialist to work out what's best on your orchard.

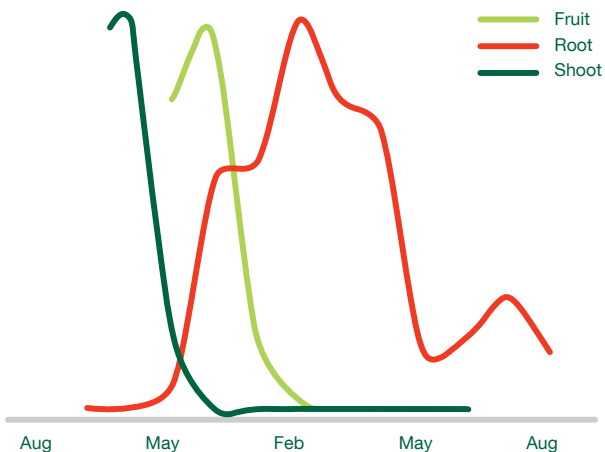
# MANAGING THE IMPACTS OF THE DROUGHT

It's fair to say that we've experienced extremely dry weather over the past six to eight months. Now we're moving into the next season, what will the impact of this drought be (especially for unirrigated blocks) and what can we do to mitigate these impacts? We spoke to Plant & Food Research scientist Annette Richardson to help us give you some suggestions.

Maintaining a healthy canopy throughout the season is important not just for the current crop but also for next season's budbreak and early growth which relies on reserves stored during the season. If the drought over 2019/2020 impacted your vine health and you lost leaves early, you may want to consider that your vines may be stressed and the effect of the drought might still rear its head in spring, even if there's good rainfall this winter. This means you may need to treat your vines more carefully than in a wetter year.

The period of budbreak to flowering is a huge drain on carbohydrate reserves in the vine. These are reserves that are normally stored in summer and autumn. February-March is a time associated with extreme root growth (remember that fifty percent of your vines sit underground!) and carbohydrate accumulation. This year it also coincided with extremely dry conditions throughout most of the growing regions.

The drought conditions may have disrupted root growth and therefore accumulation of carbohydrate reserves. This means that the reserves crucial during spring development may be in poor supply. If drought-stressed vines had additional pressure from a high crop load, or girdling, then the effects of the drought could be exacerbated.



Seasonal changes in the relative growth rates of Hayward kiwifruit, roots, and shoots

What can you do?

If your vines were impacted by the drought, managing your canopy and cropload are going to be major factors that determine how well your vines recover. Applying foliar nutrients or irrigating in spring may also help your vines recover, depending on their needs. Tag badly stressed vines so that workers can identify them in future and manage them appropriately. You can also read the KiwiTech Bulletin 101 'Management of stressed vines' which is available on the Canopy > Zespri & The Kiwifruit Industry > Publications > Kiwitech Bulletins > All KiwiTech Bulletins.

Here are some potential effects of the drought and actions you can take to support vine health and recovery:

	Symptoms	Actions
Canopy development	<ul style="list-style-type: none"><li>• Poor budbreak</li><li>• Delayed budbreak</li><li>• Small leaves</li><li>• Stunned shoots</li></ul>	<ul style="list-style-type: none"><li>• Reduce cropload</li><li>• Irrigate in spring</li><li>• Don't girdle stressed vines</li></ul>
Nutrient uptake	<ul style="list-style-type: none"><li>• Various depending on the deficiency</li><li>• Look for yellowing, browning or curling leaves</li></ul>	<ul style="list-style-type: none"><li>• Foliar sprays</li><li>• Don't girdle stressed vines</li></ul>
Water uptake	<ul style="list-style-type: none"><li>• Wilting canopy</li><li>• Curled leaves</li><li>• Dry edges on leaves</li></ul>	<ul style="list-style-type: none"><li>• Reduce cropload</li><li>• Don't girdle stressed vines</li></ul>
Flowering	<ul style="list-style-type: none"><li>• Excessive flowers</li></ul>	<ul style="list-style-type: none"><li>• Reduce cropload</li></ul>

Irrigation

If you don't have irrigation and it's an option on your site, consider installing it. An irrigation specialist will be able to help you determine how much water you'll need in each area of your orchard.

If you have an irrigation system and your vines are still suffering from drought, check that it can support the cropload you set. If it was inherited from a lower cropping green orchard but is now irrigating a high yielding SunGold crop, it'll be struggling to keep up.

Alternatively, is it feasible to install a water storage solution on your site to collect and store water during wet times for use when it's dry?

Root ripping shelter belts

If vines next to shelters are appearing more stressed, consider root ripping the shelter and keep it topped and trimmed so it doesn't compete with the vines for water.

Read more about managing stressed vines in the 'Management of stressed vine' Kiwitech bulletin N081 which can be found on the Canopy > Zespri & The Kiwifruit Industry > Publications > Kiwitech Bulletins > All KiwiTech Bulletins.

## ZESPRI WEBINARS ARE BACK

The Global Extension team is running webinars again!

On **11 June**, the team held a focused webinar using the HazelTrex test (previously the NSure test) to help identify the optimal window to apply budbreak enhancers.

On **18 June**, the webinar was focused on alternatives to hydrogen cyanamide which saw a summary of the different products available, research done into different products, grower experiences, and how to go about trialling an alternative on your orchard.

On **1 July**, the team will host a webinar on *soil testing: the basics* to help you learn more about what your soil test results mean and how you can use those results to support nutrient management decisions to achieve your production goals while minimising environmental risks.

All webinars are recorded and are available on the Canopy website > Growing Kiwifruit > Orchard Productivity Centre > OPC Events & Webinars > OPC Webinar Series.



# SPRAY SAFETY

**Zespri and NZKGI are committed to protecting our communities and the quality of our water, air and soils. It's important that growers and spray applicators have a clear understanding of how to use sprays safely and effectively.**

Safe spray application is an important part of kiwifruit orchard management. This must be achieved in a way that meets regulatory requirements and the social and environmental expectations of our local communities to ensure we retain our social licence to spray.

We also want to make sure our communities have all the information they need to understand what happens on our orchards, what products we use, and how they can find out more information.

To maximise spray safety you must undertake good agricultural practices as per Zespri GAP requirements for:

- Spray plans
- Minimising spray drift
- Notification

## Spray plans

This is where spray safety begins. Before the season starts, growers must prepare an annual spray plan for any areas where agrichemicals will be applied. Growers will be aware that property spray plans are a regulatory requirement of regional councils and are mandatory as part of Zespri GAP. A spray complaint can lead to the review of spray plans, and if deemed appropriate, a full investigation and audit paid for by the grower.

A spray plan must summarise:

- Where any sensitive areas are around and within your orchard. Sensitive areas include residential buildings and gardens, community buildings and grounds, water bodies and wetlands, adjacent farms, and apiaries. Make sure you mark these on your orchard map in your spray plan
- What products you plan to use and when, including identifying any agrichemicals that may have a specific hazard
- How you manage agrichemical use on your property, including how to avoid any potential contamination of sensitive areas
- Who will apply sprays and their qualifications
- How you will identify neighbours that should be notified of the intent to spray, update their contact details at least annually, and agree to mutually acceptable measures to avoid or manage effects of drift.

Your spray plan must be available on request. For more detail on what must be included, refer to The New Zealand Standard Management of Agrichemicals (NZS 8409). More information on how to create your spray plans can be found within the *Support for Safe Spraying* booklet on the Canopy ([canopy.zespri.com/EN/grow/crop/spraying/Pages/default.aspx](http://canopy.zespri.com/EN/grow/crop/spraying/Pages/default.aspx)).

If done properly, spray plans are a great source for communicating with your spray operator and neighbours by outlining how you manage risks and keep spray on your property to keep everyone safe.

## Minimising spray drift

Growers and their spray contractors are responsible for keeping sprays on the orchard and minimising spray drift on to neighbouring properties.

Sprays applied during dormancy and early spring are at the greatest risk for spray drift due to the lack of canopy. There are a number of methods summarised below that can help control this drift. If used properly, they can help prevent both the real

and perceived risk to people, animals and plants, and improve community relations.

**Nozzles and adjuvants** – Air induction nozzles (AI) and a drift reducing adjuvant (like Driftstop) are required when spraying hydrogen cyanamide and bactericides.

**Spray conditions** – Wind speeds over 15-20 km/hr usually present an unacceptable risk of drift. Ideal weather conditions are a consistent light breeze blowing away from sensitive areas and moderate drying conditions.

**Shelter** – The most effective shelter is an evergreen shelter with no gaps, but with around 50 percent porosity (you should be able to see through it). Ideally a shelter should be a minimum of 1m thick and at least 3m high.

**Operator practice** – Minimise drift when exiting rows by promptly turning nozzles off. Turning off half the nozzles when spraying the outer rows will ensure spray is only directed back into the block rather than being pushed through the shelter.

**Sprayer set up** – Check nozzles are adjusted for the correct row spacing. Reduce fan speed to ensure there is sufficient air to give good coverage without excessive surplus spray being applied.

## Notification

Notifying neighbours before spraying is not only the right thing to do as a good neighbour, it's also a requirement under Zespri GAP and Regional Council Airplans. While specific requirements differ, it's the responsibility of the grower or spray applicator to ensure that notification has been correctly completed.

Spray plans must identify your list of 'neighbours'. This is any person who is likely to be affected by the application of agrichemicals.

Failure to notify is the biggest source of spray complaints from the community. Neighbours must be notified before spraying can start. The timing of notification varies by region, so check your local requirements before spraying. Links to regional summaries are provided below.

Notice can be given face to face, verbally by phone, by text or by email. If spray plans change for any reason (such as weather), the neighbours need to be notified of the change as soon as possible.

The following information needs to be included when you notify (check Regional Council requirements):

- Days and times of the application, including alternative days and times for unsuitable weather
- Contact details of the owner, occupier, applicator, management company or packhouse operator
- Details of the agrichemical to be sprayed including any specific hazards (for example, toxicity to bees)
- Application method of the agrichemical.

There are a range of tools available to help make the notification system easier and more effective. A popular service is Seespray – check out their website at [seespray.co.nz](http://seespray.co.nz).

Information on specific regional requirements are available from Growsafe ([growsafe.co.nz/GrowSafe/Rsrc/Regional\\_plans.aspx](http://growsafe.co.nz/GrowSafe/Rsrc/Regional_plans.aspx)) and NZKGI ([nzkgi.org.nz/what-we-do/health-safety/external-relations-agrichemicals/#content](http://nzkgi.org.nz/what-we-do/health-safety/external-relations-agrichemicals/#content)).

## SPRAY DIARY UPDATE

**In the 2020 season, we started to request that every product applied on orchard be recorded in your spray diary.**

This helps us better understand our impact as an industry on the environment, as well as the inputs that may be causing issues for growers (such as soil-applied fertiliser, which we've adjusted in the spray diary as the section it was originally in wasn't as functional for you to use).

We're still making amendments as we go, but for those of you wanting the ability to upload nutrient recommendation lists, this is now much simpler. Lines can be duplicated for alternative KPINs, we have a list of products already included (specified by manufacturer) and you can also add your own. If you have any questions or need some direction, please email [spraydiary@zespri.com](mailto:spraydiary@zespri.com).

## TELL THE NEIGHBOURS

**We've included two copies of *Spray Safety* with this issue of *Kiwiflier*.**

**Please use this brochure as a tool to start a conversation about spray safety with your neighbours when you do your annual check of contact details and talk with them about your spray plan.**

If you would like extra copies of *Spray Safety*, these are available for download on the Canopy website ([canopy.zespri.com](http://canopy.zespri.com)).

More information about spray management, grower responsibilities and safety tips can also be found on the NZKGI website ([nzkgi.org.nz/what-we-do/health-safety/external-relations-agrichemicals](http://nzkgi.org.nz/what-we-do/health-safety/external-relations-agrichemicals)).

## SAFE SPRAYING WORKSHOP – KERIKERI

**Zespri and NZKGI would like to invite growers, contractors and industry reps to join us at a safe spraying workshop where you can hear the latest from NZKGI and the Northland Regional Council around requirements for this year's spraying and an update on hydrogen cyanamide reassessment.**

The Zespri Pre-harvest Assurance Team and the Zespri Global Extension Team will also share the latest information on spray plans (including some cool new tools coming out), managing

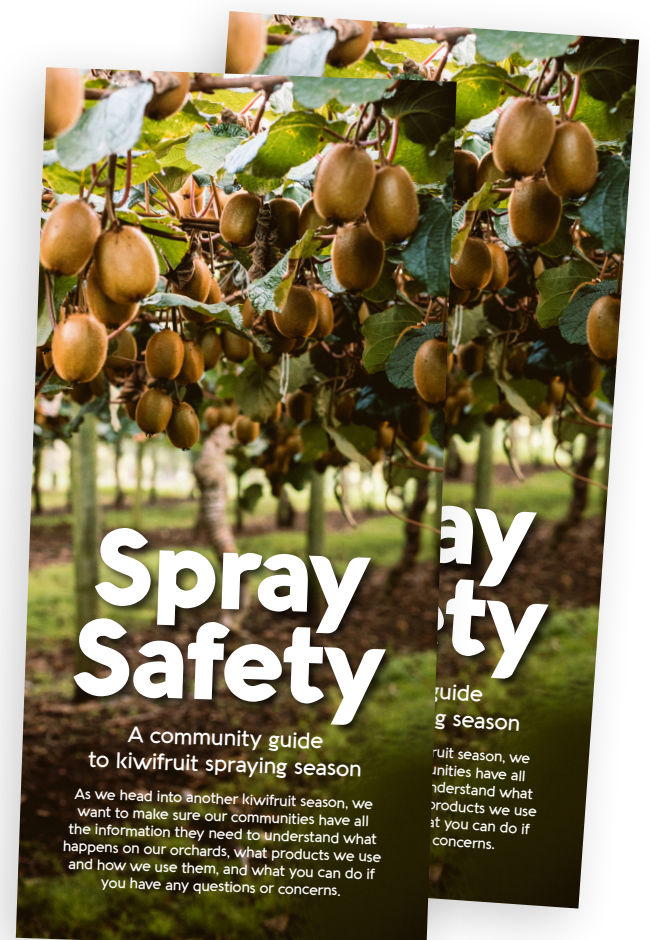
drift, the Seespray notification system and alternatives to hydrogen cyanamide.

A morning tea will be held at 10.30am to acknowledge the industry's efforts to improve spraying practice in the region.

**Thursday 16 July**

**9am-12pm (with morning tea at 10.30am)**

**Kerikeri, The Turner Centre**





# HYDROGEN CYANAMIDE – HIGH PENALTIES FOR BREAKING SPRAY RULES

Hydrogen cyanamide (Hicane) is an important tool for some orchards but it can create anxiety in the public eye. Season to season, the public are becoming more aware and concerned around agrichemical use. Agrichemicals and fertilisers are an important part of kiwifruit growing, but they need to be used responsibly. Poor spraying practices are a real threat to our industry's reputation. The use of Hicane is under immense scrutiny and we could see tools like these disappear from our toolboxes before we have found suitable replacements.

Most of our industry's growers and contractors are doing a great job, but on occasion we find one who is not

meeting requirements. Unfortunately, it only requires one to do irreparable damage to our industry's reputation. It is our responsibility to keep all of our neighbours informed and safe around every agrichemical we use. Legislative requirements are set by your district council to keep the public and the environment safe. Zespri also has additional requirements in place to ensure best practice, an important part of our brand.

Penalties and restrictions are among the tools we have to moderate behaviour and to ensure fruit is only supplied to Zespri by growers that are meeting the requirements. It is important that you make sure you

understand, and are familiar with, your district's regulatory requirements and the Zespri requirements around agrichemical use. Not knowing, or not understanding, is not an excuse.

Notify your neighbours, update your signage, use AI nozzles and drift reducing adjuvants, and check conditions are good for before spraying. All of this should be in your Property Spray Risk Management Plan. If you don't have one of these plans, you are already breaking the rules. If you want help with a Property Spray Risk Management Plan, please get in touch and we can assist.

We are focused on improving behaviours, protecting our brand, and protecting

those growers that are working hard to get it right. If a spray applicator is found to be breaching legislative requirements, it could result in the refusal of fruit into inventory and/or the removal of GAP certification. If a spray contractor is found to be breaching legislative requirements, it will result in an immediate removal of their CAV certificate.

If you need assistance or have any questions, please contact Jemma Pryor by phone on 027 283 6192 or by email at preharvest@zespri.com.

Please make sure you're doing your bit to continue to keep our communities safe!

## NEW ZEALAND KIWIFRUIT INNOVATION AWARD

Nominations for the New Zealand Kiwifruit Innovation Awards are now open.

The award was established in 2015 by former Chairman of Kiwifruit New Zealand, Sir Brian Elwood, to recognise people who have solved a problem or created value for the industry through great innovation.

The 2019 winner was Dr Philip Elmer for his contribution to the fight against diseases and the industry's efforts to become more sustainable.

Dr Elmer, a senior scientist at Crown Research Institute Plant & Food Research, was awarded the award for leading the team which developed the organic-certified biological control agent Aureo Gold which was used in the fight against Psa.

"Aureo Gold was developed during a time of real hardship as most of New Zealand's 2600 kiwifruit growers were forced to cut out all or some of their vines because of Psa, with many pushed to the financial brink," Zespri Chair Bruce Cameron says.

"The industry needed hope and Dr Elmer and his team played an important part in that, leading the effort to find a new way of controlling the disease which was safe, bee friendly and did not affect the quality of canopy and the fruit.

"Thankfully, despite the immense pressure, his team succeeded and Aureo Gold is in high demand today. It's also taken on new significance, with more consumers now looking

for more sustainably produced products, and growers looking to further reduce their environmental footprint.

It was an incredibly important innovation and we're pleased to have Dr Elmer on the team," Mr Cameron says.

**The deadline for this year's nominations is Friday 31 July. Nominees must be individuals, not groups, with the criteria being an applied idea to solve problems and create improvements.**

Nomination forms can be found on the Canopy website ([canopy.zespri.com/EN/industry/news/Pages/NZ-Kiwifruit-Innovation-Awards-.aspx](https://canopy.zespri.com/EN/industry/news/Pages/NZ-Kiwifruit-Innovation-Awards-.aspx)).

## HORTICULTURE WELL SUPPORTED BY PUBLIC

New statistics from UMR Research show 63 percent of New Zealanders hold a positive view of sheep and beef farming, which is a significant increase of nine percent compared to just eight months ago. Dairy farmers also enjoyed a similar increase in positive support, now at 60 percent positive (up from 51 percent).

Horticulture continues to receive the highest positive rating of 65 percent. The main reasons New Zealanders gave for feeling more positively disposed towards these food-producing industries included:

- Efficient and high-quality producers of food for New Zealanders and the world
- Being an essential industry to New Zealand
- Good for the New Zealand economy as they provide exports and jobs
- Farmers will help us through COVID-19

Marc Elliott, Director of Rural Research at UMR said, "The research appeared to show that in a time of crisis New Zealanders are more clearly seeing the critical importance of their food-producing sectors. When times are good, critical aspects of our economy can be taken for granted, however in the current crisis our food producers appear to be receiving the extra credit they deserve".



New research shows New Zealanders hold a positive view of horticulture.

## NOMINATIONS ARE NOW OPEN FOR THE 2020 WOMEN OF INFLUENCE AWARDS!

As a proud sponsor of the Rural Award, we need you to nominate a rural woman who you believe demonstrates leadership and a has positive influence in rural communities and in the primary production sector.

**Nominate here by 31 August:**  
<https://womenofinfluencenz.awardsplatform.com/>



Gina Mohi, winner of the 2019 Women of Influence Rural Award.





Woolly nightshade on a kiwifruit orchard.

# WEED OUT WOOLLY NIGHTSHADE

**Orchard rows and shelterbelts need to be free of weeds that cause problems in the orchard.**

KVH has regularly alerted orchardists to get rid of weeds such as moth plant, woolly nightshade and pampas, all native to South America and hosts of the Australian insect passion vine hopper, which causes sooty mould to develop on fruit – a significant reject factor reducing kiwifruit orchard returns.

Woolly nightshade is easy to kill and there are some great organic methods available. Within the orchard, including shelterbelts, growers can pull seedlings. For larger plants, use a tractor and snig chain to pull the entire woolly nightshade shrub out

of the ground. Any broken off roots will need to be dug out of the ground using a spade. Shake all soil from the roots.

Providing you pull seedlings at six monthly intervals, you will prevent any woolly nightshade reinvasion.

If you require further advice about killing woolly nightshade or other weeds in or near kiwifruit orchards, contact KVH on 0800 665 825 or [info@kvh.org.nz](mailto:info@kvh.org.nz), or speak with your local regional council.

# BEING PREPARED FOR A CHANGING CLIMATE

**By definition, climate change has implications for both human and natural systems and will lead to significant impacts on resource availability, economic activity and human wellbeing.**

We're already seeing the impacts of climate change closer to home. Work done by KPMG for Zespri late last year has identified some of the risks for the kiwifruit industry, such as warmer temperatures favouring the establishment of disease and pests, increases in minimum temperatures impacting negatively on budbreak, and increased periods of dryness leading to vine stress (and increased water demand)\*.

We know, from discussions with industry stakeholders, that caring for our land and leaving it better for future generations is top of mind for many growers. Our market insights tells us there are consumers who care about where their food comes from and how far it has travelled. The way businesses and industries respond to climate change is an increasingly topical issue on the food agenda.

The kiwifruit sustainability framework identifies the most important issues to focus on and climate change is one of these. The framework was developed last year from research on the most relevant sustainability issues for our industry as well as through discussion with industry itself.

We have set some ambitious targets, to guide our direction of travel both for what we need to do to play our part in reducing the impact of climate change, as well as how we prepare for the changes in our climate that are already happening and will impact on us.

These targets, announced at our industry conference, Momentum, in February 2020 are below:

## THE ACTION WE'LL TAKE

**"We will work with our partners to be climate positive by 2035, achieving milestones of: Zespri corporate being carbon neutral by 2025 and the industry being carbon positive to our retailers by 2030."**

## HOW WE'LL PREPARE

**"We will report on our climate risks and opportunities by August 2021 and we will build an industry-wide adaptation plan by December 2022."**

The first step in our journey to reach our targets is to understand the contribution

we make to climate change as an industry, followed by identifying the opportunities there are to reduce our impact.

Over the past year, we have measured both our kiwifruit carbon footprint as well as Zespri's core emissions. This is the second time we have measured our kiwifruit carbon footprint (in CO<sub>2</sub> equivalents per kg of fruit consumed), the first being for the 2009 crop. It has reduced by approximately 20 percent in the last decade, due to more efficient production and supply chain practices, despite increases in the crop over time.

For the first time, Zespri's core carbon emissions — those resulting from our immediate business activities (including fuel and electricity use) and staff travel will be published in this year's Annual Report. This will provide evidential data to base our reduction plans around.

We will work with the industry to identify how and where we can reduce emissions in areas such as shipping, packaging, cool store operations and fertiliser use on our orchards.

As well as how much carbon we emit, it's also important to understand how much we store in our orchards in the soil, vines and shelterbelts, and what we can do to improve this. This is a complex area and the kiwifruit industry is leading the horticultural sector in the research work being done.

Carbon offsetting is about knowing how much carbon we store as well as the best ways to make up for any shortfall given the total amount stored on orchard is unlikely to account for all of our emissions. Zespri will start to build this knowledge over the coming year, working alongside global experts, researchers, and industry partners. We will also be working together with NZKGI and Horticulture New Zealand to ensure the regulations being proposed for climate change reporting and management reflect the relatively low contribution the kiwifruit industry makes to climate change in New Zealand.

We look forward to sharing more about our environmental priorities, including climate change, packaging and water, in future issues of *Kiwiflier* and on our website ([zespri.com/en-NZ/zespri-sustainability](https://zespri.com/en-NZ/zespri-sustainability)).

\*KPMG. 2019. Climate Risk & Opportunities Assessment. Report for Zespri International Ltd.



## KVH AGM

**KVH's Annual General Meeting (AGM) will take place at 9am on Tuesday 18 August at the Trustpower Arena in Mount Maunganui.**

Growers will receive their AGM packs during the last week of July. This will include the Chairman's Report, 2019 KVH audited financial statements, the proposed budget for the 2021/22 financial year, and voting information.

The NZKGI and Zespri AGMs will follow immediately afterwards.



## KVH DIRECTOR NOMINATIONS

**The KVH Board is calling for nominations for one grower director for a term of three years to the KVH Board as Simon Cook's term as grower elected representative is ending. Simon Cook will be re-standing for this vacancy.**

Nomination forms can be downloaded from the KVH website and must be returned to KVH, along with a list of all interests in the kiwifruit industry, by 5pm Tuesday 21 July.

Grower members will be asked to vote for their preferred nominee and the successful candidate will be announced following the upcoming AGM on Tuesday 18 August.

## OUR ENVIRONMENT *Climate Change*

We will work with our partners to be

**CARBON POSITIVE BY 2035**

Zespri corporate will be

**CARBON NEUTRAL BY 2025**

Our industry will be

**CARBON POSITIVE TO OUR RETAILERS BY 2030**







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 Brad Ririnui (021 757 843).

Q&A FROM THE FIELD

Why am I getting spray complaints when I'm spraying when there's no wind?

Poor spray conditions aren't just about wind strength and direction. In some cases, no wind makes it worse. We have received complaints about the smell of an agrichemical which is a reminder to applicators to consider the inversion conditions as a part of their spray risk management for an orchard. Inversion conditions can have a serious impact on how your spray behaves during and after an application. The agrichemical hangs in the air, it's odorous, and can then move over your orchard's sensitive areas. This is a type of drift and can cause more alarm to neighbours than visible drift. Be careful when considering spray conditions.

If I missed out on licence, can I purchase Treasury Stock?

No. Purchase of additional area from Zespri Treasury Stock is only offered at Zespri's sole discretion to growers that are found to be unintentionally over-planted. Any growers that are found to be intentional, wilfully reckless or grossly negligent in their over-planting, will not be able to purchase of additional area from Zespri 'Treasury Stock.'

In addition, any grower who is discovered to have unauthorised plantings and who does not hold a Zespri licence will be ineligible to participate in any future Zespri licence allocation release or any new variety trail for a period of five years from the date of Zespri's letter advising of the unauthorised planting.

When will the 2021 Crop Protection Standard and Allowed Other Compounds List be available?

Updates to the Crop Protection Standard and Allowed Other Compounds Lists should be finalised in August. Remember to check the latest list online on the Canopy website before applying an agrichemical.

With taste payments being removed this season, will my cashflow be affected?

The value that would have been paid out to growers through taste payments will now flow through fruit value, in the form of progress payments. We're expecting to pay out to a similar percentage across the year as per previous seasons to ensure grower cashflow.

ENHANCED GROWER REBATE

The second and final loyalty payment for fruit submitted in 2019 occurred on June 15. The June rate was \$0.2124, with the total 2019 season rate being \$0.3124, of which \$0.10 was paid in January.

Payment Timings	Submit	Progress	Organic Gold3 Premium	Kiwistart	TasteZespri	Supplier Accountability	Pack and Time	Loyalty
April 2019	●						●	
May 2019	●						●	
June 2019	●						●	
July 2019		●			●	●	●	
August 2019		●	●	●	●	●	●	
September 2019		●			●	●	●	
October 2019		●		●	●	●	●	
November 2019		●	●		●	●	●	
December 2019		●			●	●	●	
January 2020						●		●
February 2020		●						
March 2020		●	●					
April 2020		●						
May 2020		●						
June 2020								●

INDUSTRY SUPPLY GROUP [ISG] JUNE MEETING

The main agenda items discussed were as follows:

- Operations/market updates
- Period 1 review
- In-market pack transfer costs
- Preparing for new China export requirements

The next ISG meeting will be held on 23 July.

2020 ANNUAL MEETING

The Zespri Annual Meeting will be held at 1pm on Tuesday 18 August 2020 at Trustpower Arena, 81 Truman Lane, Mount Maunganui. Registration will take place from 12pm (midday).

The Annual Meeting will follow a hybrid meeting format where shareholders can participate in the Annual Meeting in person, or remotely via the Lumi AGM app. Shareholders will be able to watch the Annual Meeting, vote and ask questions remotely by using the Lumi AGM app on smartphone, tablet or desktop device.

Shareholders will receive their Annual Meeting packs in late July, including the Annual Report (if requested), Notice of Meeting, Voting and Proxy Form and candidate biographies.

Director nominations closed on 18 June 2020. Nathan Flowerday is standing in vacancy 1 and Peter Springford in vacancy 2. Vacancies 1 and 2 are uncontested.

Shareholders must vote for or against the candidate in those particular vacancies, or abstain. The candidate must receive more votes for than against to be elected.

With respect to the shareholder members of the Director Remuneration Committee, John Griffin is retiring by rotation and will not be standing for re-election. Andre Hickson is standing for election. As there is only one candidate in this vacancy, shareholders must vote for or against the candidate, or abstain. The candidate must receive more votes for than against to be elected as a shareholder member.

Voting on resolutions can be done up to 48 hours before the meeting, or at the meeting. Advance votes can be lodged online via InvestorVote or by mailing your completed Voting and Proxy Form to Computershare for receipt before 1pm on 16 August 2020.

If voting at the meeting, please take your admission card, which can be found on your Voting and Proxy Form to the Annual Meeting (see below note regarding corporate shareholders).

Voting will be done by way of poll, using voting papers and electronically via the Lumi AGM app. If you wish to vote electronically, please download the Lumi AGM app from the Apple App Store or Google Play store prior to the meeting.

Please remember that companies and other incorporated entities must appoint a representative as a proxy if they plan to attend and/or vote at the Annual Meeting.

Please do not deliver Voting and Proxy Forms to Zespri's offices or personnel.

Questions regarding completion of Voting and Proxy Forms can be directed to Computershare by calling +64 9 488 8777, or sending an email to enquiry@computershare.co.nz.

Any questions about the Annual Meeting, voting cap or transferring shares, can be directed to Zespri Grower Support Services on 0800 155 355, or by email to contact.canopy@zespri.com.

