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CEO MESSAGE

Hi everyone,

We've had a really difficult start to the year given the challenging weather conditions and with the news we shared on 20 January that our fruit quality costs for our Green and Organic Green categories are much higher than we had factored into the November forecast.

First of all, I want to say that I'm really sorry. This error shouldn't have happened and we are doing a full review to assess how it did. We know the news on the scale of quality costs came too late and we understand the impact that not having progress payments in February has on our Green and Organic Green growers and your financial planning. We are working with the Board to explore options that might help assist with grower cashflow this season and we'll provide updates on this as soon as we can.

The issue of the late timing of the updated quality costs is absolutely something we need to fix. This is something that is entirely Zespri's responsibility. But we must also address the scale of quality costs we've incurred as an industry in 2022. Addressing this will require a collaborative effort, and will be critical in helping return more value to not only our Green and Organic Green growers, but across all of our fruit categories.

The forecast process was a big topic of conversation at our Grower Town Halls this week and I want to thank those of you who could join us, either online or in person at short notice, and who have sent feedback and questions through. You can see both our Grower Q&A document and a recording of the Te Puke Grower Town Hall on Canopy. Please keep sending your questions in to us or to NZKGI and we'll add them to this Q&A.

We also covered a lot of other topics at our town halls, including the future of Green, the need for greater transparency of information throughout the season, the industry Quality Action Plan, and just how tough the 2022 season has been right across the supply chain.

While we covered some difficult topics, it was a really important discussion for us to have. It's clear there is a real recognition that we need to reset our industry. We must work together to return our focus to providing our customers with consistently great quality fruit, which has been the foundation of our success.

Zespri is fully committed to looking at what we can do as part of the collaborative industry approach we'll need. And in a year when we have lower volumes, we want to ensure that we've done all we can to reset in a way that allows us to deliver consistently high-quality fruit to our customers when we have more volume in the years ahead. This is a big part of the work being undertaken as part of the industry's Quality Action Plan, and you'll be hearing more from us on this in the coming weeks as we continue to prepare for the 2023 harvest.

We'll provide more updates over the coming weeks, and our next Chairman's Update will include an updated February forecast after the next Board meeting on 24 February.

Dan

FRUIT QUALITY COST UPDATE

Zespri has confirmed the November forecast for Green and Green Organic was significantly overstated based on our latest information. We sincerely apologise for this.

We understand the effect this has on grower financial planning, particularly the lack of progress payments for Green and Organic Green growers in February, in what has been a really tough year for everyone and across all fruit categories.

While work is continuing on updating fruit quality costs as we prepare for our 24 February forecast, we have signalled that

we expect fruit quality costs to increase by more than 60c for Green growers and more than 50c for Organic Green growers. An update on costs will be provided on 24 February following the approval of the February forecast.

You can read the 20 January announcement regarding fruit quality costs for Green and Organic Green growers on the Canopy here: [Canopy > Zespri & The Kiwifruit Industry > News > Industry Update - 20 January](#).



FRUIT QUALITY GROWER Q & A

Zespri has received a number of queries relating to the update we provided on 20 January regarding fruit quality costs.

A Grower Q&A is available on Canopy here: [Canopy > Zespri & The Kiwifruit Industry > News > Grower Q&A](#) available here, and a selection of the more commonly asked questions follows below. These questions will continue be updated on Canopy with additional queries that we receive from growers and from NZKGI.

Many of these questions were also covered at our Grower Town Halls in early February. You can view a recording of the Te Puke Grower Town Hall on Canopy here: [Canopy > Zespri & The Kiwifruit Industry > News > Grower Town Hall Q&A recording](#).

Q: The late timing of this is difficult to believe when you published the progress payment on December 19, 2022 – how can the forecast change so fast?

It is now clear our November forecast was significantly overstated. The extent of costs associated with the poorer fruit quality we've seen in 2022 was not visible in our forecasting process in November, and our CEO Dan Mathieson has apologised that the guidance we provided including on February progress payments understated fruit storage quality costs.

From a timing perspective, the November financial forecast (E3) was compiled in October and published following Board approval on 23 November 2022. The approved February progress payments published in the December *Kiwiflier* were based on the November forecast.

Work continues on preparing our February forecast which will be published on 24 February 2023.

We expect that once our new IT systems are bedded in, we will have greater visibility of key data across our global supply chain and finance operations to avoid situations like this.

Q: Why do we expect the February OGR forecast to reduce so much for Green and Green Organic?

The primary driver of the Green and Green Organic forecast change is additional fruit storage quality costs, including fruit loss and customer claims in Europe which accounts for the largest share of the movement. The extent of customer claims coming in was not adequately reflected in the November forecast and the fruit storage quality continued to deteriorate beyond expectations from October onwards.

The balance is made up of quality cost movement in other markets and market mix impacts.

The increased quality withdrawal of fruit in New Zealand resulted in a 1 million tray reduction in Green allocation to Japan. This fruit did not meet the quality standards to ship it from New Zealand.

Q: Zespri approved the February payment - how can you go against the published confirmation?

The February progress payments are based on the November forecast. The figures are subject to change as the actual results are finalised and payments received from our customers. When Zespri received information that the forecast will reduce, we stopped the February progress payment to reduce the risk of overpaying fruit returns which could have increased the likelihood of clawbacks later in the year.

Q: What about future progress payments – are they going to go ahead and could there be clawbacks?

Future payments are still to be calculated. The information within the February forecast will guide what further progress payments are possible for Green and Organic Green, with the updated forecast to be released following approval at the Zespri Board meeting on 24 February 2023.

As the forecast is to actual returns, clawbacks are possible on any sizes that are overpaid vs. actual returns.

Q: Why is SunGold not affected in this forecast change – it always seems to be Green growers impacted?

All pools have been impacted by increased costs of quality this season. The SunGold forecast was impacted in November by 48c per tray of additional storage quality costs with OGR reducing by 22c to \$9.81, while Organic SunGold forecast OGR reduced by 77c to \$11.42/TE. As SunGold tends to close sales earlier than Green, the costs of storage quality are typically quantified earlier.

Q: Why do late fruit quality costs impact February progress payments for KiwiStart growers? Is it fair for KiwiStart growers to get penalised for losses from stored kiwifruit?

Zespri's forecast is based on the pool average and all growers participate in the pool to ensure customer programmes can be supplied across the season.

The specific pooling arrangements and risk exposure is determined by post-harvest supply entity rules.

Q: Will the Zespri corporate be cutting corporate costs? If so, by how much?

Zespri is reviewing and reducing/deferring corporate costs to respond to the current financial situation, balanced against ensuring the business is prepared for volume and value growth from 2024, ahead of the final Zespri budget going to the Board for sign-off in March.

Q: Can Zespri bring forward the June loyalty payment to assist with growers' cashflow?

The potential of paying some or all of the June loyalty payment earlier is being discussed, along with other options to support grower cashflow, noting that any such options must be canvassed not only from a commercial perspective but also Zespri's regulatory requirements.



QUALITY ACTION PLAN UPDATE

Work to address the fruit quality challenges the industry has experienced is continuing as part of the industry's Quality Action Plan.



1. UNDERSTANDING THE CAUSE

Harvest and handling-related damage remains the most significant contributing factor to poor quality in 2022 and industry stakeholders are encouraged to focus on best practice harvesting techniques for the coming harvest.



2. REBALANCING COMMERCIAL DRIVERS/ INCENTIVES

The commercial drivers of KiwiStart and Time payments are used to influence production and harvest decision making to deliver the right fruit at the right time for the markets. The approved indicative 2023 rates represent a significant increase in Time rates for all varieties and a decrease in KiwiStart rates. The December 2022 issue of *Kiwiflier* outlines the changes in rates and the detailed indicative rates can be accessed on Canopy here: https://canopy.zespri.com/EN/supply/respri/cost_models/Pages/default.aspx



3. COMMUNICATING BEST PRACTICE FOR GROWING AND HARVESTING PREMIUM FRUIT

In the lead up to harvest, a number of events and resources will be made available to industry stakeholders to reinforce good practices including:

- Summer management information published via *Kiwiflier*, *Kiwitips*, and *Kiwifruit Journal* articles (three harvesting related articles in the February/March *Kiwifruit Journal*)
- Harvesting training videos around picking technique, bags, gloves etc and these will be shared widely to try to reaffirm what good harvesting looks like. These are expected to become available in mid-February 2023.

- 11 pre-harvest fruit quality forums will be run from 14-23 February across the country. Key focus areas include preparing your orchard for harvest, harvesting decisions, and harvesting to achieve high quality fruit. These forums are targeted at growers, but are open to all industry stakeholders. Registration for these forums is available here: <https://events.zespri.com/pre-season-industry-technical-session/registration/Site/Register>
- A technical update session on 9 February that includes best practice and R&D learnings for harvest and post-harvest handling impact on fruit quality. This session is targeted at post-harvest operators, but is open to all industry stakeholders. Registration for this session is available here: <https://events.zespri.com/pre-season-industry-technical-session/registration/Site/Register>
- Opportunities for a fruit quality and harvest practices session(s) for contractors are being investigated.



4. ASSESSING FRUIT FLOW DECISION MAKING FROM END-TO-END

The end-to-end supply chain fruit flow decision-making processes, including in-market, are being reviewed to identify potential improvements. These decisions include stock levels in-market, staffing levels and experience, fruit quality information flows and seasonal planning decisions and assumptions. The review is expected to be completed in February 2023.



5. KEEPING POOR FRUIT ONSHORE VIA ZESPRI ONSHORE QUALITY ASSURANCE

Zespri continues to work with industry stakeholders on the quality assurance framework and supporting resources to help safeguard the quality of exported fruit and keep quality issues on-shore. The updated design is expected to be finalised in February 2023.



6. ASSESSING SUPPLIER ACCOUNTABILITY: COMMERCIALS & CONSISTENCY

Zespri also continues to work with industry stakeholders on the Supplier Accountability framework and consistency of in-market checks. Modifications to the framework have been reviewed to mitigate poor quality and reward good quality long storing fruit, and improve the consistency of in-market checks that are used to facilitate the programme. The framework is expected to be finalised in February 2023.



7. IMPROVING TRANSPARENCY OF IN-MARKET INFORMATION ON QUALITY & COSTS

A full scoping of this workstream is planned for early 2023.

We'll be updating growers and industry with more news on progress over the next few months.



NEW CHIEF OPERATING OFFICER ROLE AT ZESPRI

Zespri has recently announced the creation of a new Chief Operating Officer – Grower and Supply Chain role in the Zespri executive team, and recruitment will begin shortly for this position.

This new role has been created to ensure that Zespri delivers global supply excellence, including delivering great-tasting and consistently high-quality fruit and improving how we manage our end-to-end supply chain in a strongly integrated way, helping maximise the industry's long-term value.

Zespri CEO Dan Mathieson says this new role will mean that Zespri has a single senior executive leader accountable for both our grower and supply chain relationships, leading a business function that brings together teams across Zespri's Grower and Industry, Supply, Commercial, Quality and Technical and end-to-end supply chain operations.

"As part of this change, our existing Chief Officer roles for the Global Supply and Grower, Industry and Sustainability functions will be dis-established when the new structure comes into effect," says Dan.

"In the interim, Jason Te Brake will continue in the Acting Chief Global Supply Officer role, and Carol Ward will continue to lead the Grower, Industry and Sustainability functions and I'd like to thank them both for their ongoing leadership."

While recruitment for the new role will begin shortly, our aim is to have the new COO organisational structure in place by July this year.

"In the meantime, our focus will continue to be on addressing the challenges we have seen with fruit quality to help maximise the value we return to growers and our communities in the upcoming 2023 season and beyond," says Dan.

UPDATE: EPA HI-CANE REASSESSMENT

There are several big milestones coming up in the Environmental Protection Authority's (EPA) reassessment of hydrogen cyanamide (generally referred to by the brand name Hi-Cane) over the next few months – written submissions, witness evidence, and public hearings.

The evidence provided by Zespri and NZKGI led to the EPA dropping its 'potential carcinogen' claim and concluding that risk to operators can be managed.

UPDATED EPA POSITION

In December last year, the EPA updated its proposal to ban Hi-Cane in 10 years' time, moving from its 2021 proposal to ban within five years. The EPA is now justifying the proposed ban on newly-identified risks to soil-dwelling organisms (earthworms and springtails) and birds. Zespri is working with experts to understand and respond to this new information.

SOCIAL IMPACT ASSESSMENT

On 31 January, the EPA published a Social Impact Assessment on how the proposed ban would impact communities in Te Puke and Northland, written by economists Sapere. The Decision Making Committee (DMC) asked the EPA to do this additional piece of work late last year and allowed submitters less than two weeks to respond to its findings.

It found no alternative land use capable of providing similar returns and conversion costs to be unaffordable for most growers, which impacts on growers' mental health. This was contrasted with the concern of some members of the public over both Hi-Cane and wider industry practices.

WRITTEN SUBMISSIONS AND ZESPRI POSITION

Submitters have until 15 February to respond in writing to the EPA's updated proposal and the Social Impact Assessment and Zespri is working with experts to respond to the recommendations and the EPA's proposed controls. At the time of writing, Zespri was finalising its position on opposing the proposed ban on the grounds that the benefits of Hi-Cane use comprehensively outweigh the risks. We'll share the details of our response with industry in the coming weeks.

PUBLIC HEARINGS

The DMC will hold public hearings in Tauranga from 6-10 March where submitters can speak directly with the people responsible for making this decision. Zespri will appear at these hearings along with our experts to present our position and answer questions from the DMC.

DMC DECISION

This is due in the first half of 2023, before the next Hi-Cane application season. However, if the EPA decides to phase out Hi-Cane as it currently proposes, the ban will not be implemented for 10 years and growers may continue to use Hi-Cane during that time.

More information

We'll share Zespri's response to the EPA's proposal on Canopy and keep industry updated through the usual channels.



FROM THE MARKETS

ZGS MARKET UPDATE

Zespri Global Supply sales for the 2022 season are tracking steadily.

Zespri SunGold Kiwifruit export programmes are largely complete, with a major highlight for the ZGS season being the first ever ZGS charter ship which arrived in Mainland China prior to the key Chinese New Year sales period (see page 6 for more information).

As of the end of Week 4, across all Northern Hemisphere supply origins and fruit groups, more than 17 million TE have been delivered.

“This represents 63 percent of the planned volumes for the season,” says Zespri Chief Market Performance Officer, Linda Mills.

Of this, Zespri SunGold Kiwifruit sales are relatively advanced, with more than 14 million TE delivered (over 87 percent).

“Zespri SunGold Kiwifruit sales programmes are expected to have completed by the end of February, with Zespri Green Kiwifruit set to continue into May,” says Linda.



Japan

KIWI BROTHERS WINNERS AGAIN!

Zespri has won Brand of the Year for the Kiwi Brothers TV commercials in Japan, ranked first among 6,833 brand entries.

The winner is selected from the monthly content management favourability ranking by CM Soken. Congratulations to everyone involved.



Italy

L'ITALIA CHE COMUNICA AWARD NOMINATION

Zespri Italy has been nominated for one of the most important Brand and Marketing Communication awards in the country.

The Award — “L'Italia che comunica” — covers several sectors, including events, not-for-profit, digital, OOH, radio, and social media. Zespri ranked in the top 3 among the 45 nominees in the event communication category, along with renowned brands like Alfa Romeo and Kia.

While the team didn't take the top gong this year, to be recognised was a significant achievement in itself.



Malaysia

NEW RETAIL OPPORTUNITIES

Project Fruta focuses on strengthening Zespri's brand position and awareness in a rapidly growing retail channel for fresh produce, which encompasses specialty fruit stores and greengrocers in Malaysia.

This project started in 2021 and currently engages with 100 stores. A five-year roadmap was built to develop relevant building blocks, key performance deliverables, and a target of reaching 280 stores by the year 2025.

Various trade engagement activities were implemented to strengthen the relationship with fruit store traders and motivate them to sell more trays.

Total sales from the current 100 stores contributed to 5.5 percent of Zespri SunGold Kiwifruit sales in Malaysia. This project has seen an uplift of 2 percent of Zespri SunGold Kiwifruit and 29 percent of Green compared to 2021.





UPCOMING 2023 LICENCE RELEASE

From 2023, Zespri RubyRed Kiwifruit and Zespri SunGold Kiwifruit licences will be allocated via an ascending price open auction, replacing the previous closed tender process. This is a significant change and requires potential bidders to make sure they understand the process and system prior to the auctions.

AUCTION DATES

The auctions will run from 1 May to 5 May 2023 (see timeline).
The auction software that we are implementing is well-established existing software. To deliver this system by May, we are constrained to using this existing software with minor modifications. We have prioritised system stability and making the existing platform easier to understand for bidders. After the 2023 auctions, we will reflect on how the software may need to be customised.

Potential bidders will have the opportunity to see the software in action before deciding if they bid live in the auctions, or opt to submit pre-set bids.

HOW DO ASCENDING PRICE OPEN AUCTIONS WORK?

- Pre-set bids can be entered before the auction opens, bidders indicate the hectares they want either at a single maximum price or at multiple price points.
- When the auction begins, pre-set bidders can watch the auctions. However, pre-set bids can no longer be entered or changed during the auction — only bidders that did not submit pre-set bids can participate live.
- All bidders who wish to participate in the auction live must participate from Round 1, i.e. a new bidder cannot enter the auction in later rounds after the first round has run.

- Round 1 opens at the reserve price and bidders indicate the area (in hectares) they want at the round 1 price. Bidders will not be able to bid for more hectares than what they have been pre-approved for.
- Each auction round price is inclusive of GST.
- Each time the total amount of hectares that bidders demand at that round's price exceeds the amount of hectares Zespri intends to release, a new round begins at a higher price and no live bids (other than pre-set bids that are still "in the money") are carried forward. Remaining bidders can leave their demand (hectares bid for) the same, or reduce their hectares at the new round price.
- New rounds at higher prices are initiated until the hectares from bidders closely matches the supply of hectares from Zespri. Once this happens, that is considered to be the last round and the price at this round is the price paid by all remaining bidders.

In the live bidding screen, bidders only have one field to complete, which is "Your bid area in hectares". The price for the round is the same for every bidder; and bidders indicate how much licence they would be prepared to purchase at that round price.

After each round has closed, there is a calculation phase, followed by a reporting phase. This will be visible at the top of the auction bidding screen, with a timer showing how long the phase will last. After each calculation phase, all bidders can see the amount of oversubscription for the previous round. This means live bidders have a sense of the 'market' as the auction progresses and total demand drops at each price.

To avoid gaming, bidders can't increase their hectares demand from round to round. This means the total auction demand (hectares) always falls as price rises. If a bidder withdraws or fails to submit a bid in a round, they cannot re-enter the auction unless a round is voided and re-run.

TIMELINE

31 January 2023	Licence Application Overview and Rules (LAOR) and Supplemental Information is published.
28 February 2023	Deadline For KPIN registration (not required for Red19).
8 March 2023	Pre-approval process opens (applications for approval to bid).
17 March 2023	Pre-approval process closes at 5pm. Applications must be received by Cooney Lees Morgan (CLM) by this time.
Between 8 March – 6 April 2023	Evaluation Panel rules on validity of all pre-approvals; successful applications are given approval to bid.
21 April 2023	Deadline for submitting manual pre-set bid instructions by successful applicants (who require assistance by CLM).
1 May to 5 May 2023	Auctions run: • Zespri RubyRed Kiwifruit: 1 May 2023 • Restricted Zespri SunGold Kiwifruit (Hayward/Green14 cutover): 3 May 2023 • Unrestricted Zespri SunGold Kiwifruit: 5 May 2023 <i>Note, if a bidder is entering their own pre-set bids in the auction software, these need to be entered before the start of the auction that the pre-set bids relate to (9am on the relevant day).</i>

RESERVES (STARTING PRICES, INCLUSIVE OF GST)

The Zespri Board has decided on the reserves for the ascending price open auctions.

Reserves* (Round 1 prices) for the Ascending Price Open Auction	Excluding GST	Including GST
Zespri RubyRed Kiwifruit	\$33,000	\$38,000
Restricted Zespri SunGold Kiwifruit (Hayward/Green14 cutover)	\$340,000	\$391,000
Unrestricted Zespri SunGold Kiwifruit	\$340,000	\$391,000

*The reserve price has been calculated on the basis of a 25 percent discount on the 2022 published minimum accepted price for each licence pool. They are a starting point for the auction rounds for licence, and should not be taken as Zespri's indication of current licence value.

PROS AND CONS OF PRE-SET BIDS

There are three ways of participating in the auction:

1. Live bid in the auction software
2. Pre-set bid by submitting information to CLM who will enter the bid information on behalf of the bidder before the auction commences
3. Pre-set bid in the auction software. All bidders can enter or change a pre-set bid before the auction begins.

Live bidding or pre-set bidding is an 'either/or' decision. If you have submitted a pre-set bid for a legal entity, you can no longer enter live bids. Before the auction begins, you can alter or delete your pre-set bid. Once the auction starts, the pre-set bids are locked in, and a pre-set bidder's access to the auction is view-only. Once live bidding in the auction has started, no new pre-set bids can be entered or changed. This is different to some auction platforms, such as Trade Me, where a bidder can rejoin live bidding if their automatic bid is exceeded, or enter/change an automatic bid while live auctions are underway.

If you want CLM to submit your pre-set bid, you'll receive an email with instructions on how to do this after you've submitted your application and have been approved to bid.



PROS

- Addresses technology risks (like access issues, poor internet speeds).
- Removes time pressure of the action rounds and reduces the risk of emotional bidding above your logical maximum price.
- Efficient use of time as you won't need to actively participate on auction day.
- You can still benefit if the final price is less than your maximum dollar per hectare.
- If you're bidding on behalf of multiple entities pre-set bids may be easier to manage.
- Bidders who do not want to interact with the software at all can have CLM submit the pre-set bid on their behalf.
- You may be able to work with your lender to pre-approve bid scenarios.



CONS

- You can't react to the 'market' during the auction; live bidders can see how much the demand is dropping and get a sense of how close to closing the auction is.
- You may miss out by a small dollar increment if your pre-set maximum price is just under the price of the next round run immediately after your pre-set maximum price is reached.
- If you change your mind about the value of the licence during the auction, you'll be unable to react because your pre-set bids cannot be changed once the auction starts.



APPLICATION FORMS & APPROVAL TO BID

You'll need to complete the application forms that are in the relevant LAORs. These look very similar to previous application forms, except you no longer need to state a bid price. By submitting an application, you are seeking pre-approval to bid. CLM will validate your application to bid and ensure your bidding intentions meet all the rules of the relevant LAORs. Once CLM has completed this process, they will confirm your bidding status by email, including the maximum hectares you can bid for. This email will have instructions for access to the auction site and how to complete a pre-set bid. The pre-approval process is for all bidders, regardless of whether they intend to bid live, or pre-set their bids. You must complete the pre-approval process in order to participate in the auctions.



BEFORE BIDDING

- If you plan to borrow to fund the licence purchase, you'll need to discuss maximum bids with your lender/s.
- You'll need to decide on maximum price per hectare for each block you wish to plant or cutover, and use that information to decide how you will bid.
- For the unrestricted Zespri SunGold Kiwifruit auction, if you have a new development area that does not exist in the Zespri system, you'll need to register for new KPINs before 28 February 2023.
- You'll need to be familiar with the relevant LAORs being published at the end of January.

- Accessing the auction site to change your password and attending a mock auction is a requirement for live bidders. So that you are familiar with the auction software, you'll need to allow time for this. More information about the mock auction, including times, will be communicated to all registered bidders closer to the auction dates (1-5 May).
- As well as being familiar with the relevant LAORs, potential bidders should keep an eye on the Licensing page of Canopy for more information.



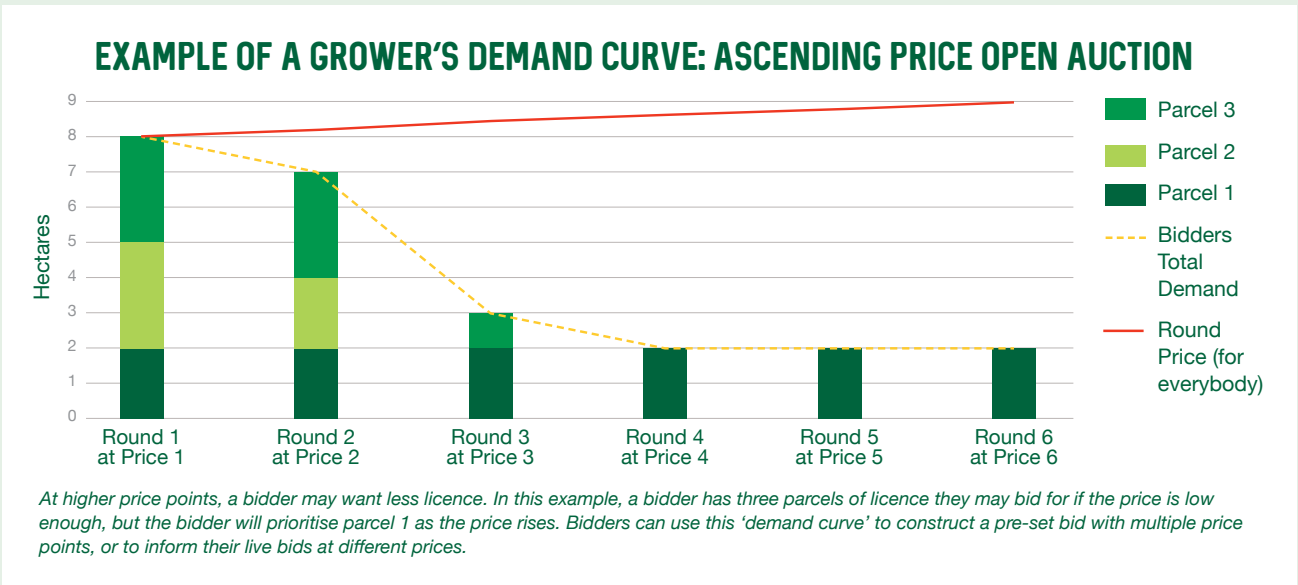
DEMAND CURVE

One concept that is new for bidders is the idea of a demand curve. A demand curve is created by the change in demand (hectares) as each subsequent bid round is completed i.e. as price rises, a bidder's demand for hectares reduces. A picture of a demand curve normally shows a 'curve' where the higher the price, the less quantity a purchaser wants.

Some growers will have a simple demand curve with a single point. This means 'at any price up to \$XXX, I want YYY hectares'. This is very similar to the previous closed tender bid process, except you can benefit if the auction closes at a lower price than your maximum price, and you will only pay the price of the final round. For example, if your maximum price is \$100/ha and the final round of the auction is \$90/ha, then you only pay \$90/ha.

Other growers may wish to bid for multiple blocks or multiple orchards, so they are likely to have priority blocks/orchards that they assign a different value to, or may simply want more hectares at lower prices.

Their demand curve could look like:



FAQS

Common questions received to date are:

What will the price increments be between rounds and will we know this before we set our pre-set bids and before bidding commences?

Zespri will not be publishing the price increments between rounds prior to the first round of the auction commencing because the incremental price increases between auction rounds will be determined based on how much demand i.e. hectares bid for, exceeds the target allocation. In other words, how much the round is oversubscribed by. If a round is significantly oversubscribed, then the price increase is likely to be larger than if the round is only slightly oversubscribed. The price increments are a percentage increase (depending on the level of oversubscription) and will be rounded to the nearest \$5,000. Please note, this does not mean that the price will be increasing by \$5,000 each round.

What happens if the price increases too much and demand (hectares) fall off, and the licence pool is significantly undersubscribed?

As indicated above, Zespri will look to reduce the price increment as the auction nears clearing to avoid significant undersubscription. In the unlikely event that a round is significantly undersubscribed because the new round price is too high compared to the previous round, then the rules allow for that bidding round to be voided and all bidders from the previous round are to be invited back to bid again at a lower price than the undersubscribed round. If this happens, a message to all bidders will be sent on the auction software that the round has been voided and will be re-run at a lower price. Those bidders that chose to "drop out" of an auction because the price of the next round was too high are encouraged to continue to watch the auction for one more round of bidding in case that round is voided. This is because bidders who were active in the last valid round will be invited back to bid in a

subsequent round at a lower price (as if the voided round had never been initiated).

There will be a slight tolerance for each of the licence pools — this means that if a round ends with the demand not exactly matching the target allocation i.e. either slightly oversubscribed (to a max of 105 percent) or slightly undersubscribed (to a max of 90 percent), then that round can be concluded and all bidders pay the price of that round because it becomes the final round even though the total hectares bid for and the total hectares on offer don't match 100 percent. In the Restricted Zespri SunGold Kiwifruit (Hayward/Green14 cutover) auction, the intention is to either exactly match the hectares allocated or slightly undersubscribe the bidding pool. In this case, the remaining undersubscribed hectares will be tipped into the total area available for the subsequent Unrestricted Zespri SunGold Kiwifruit auction (open).

i MORE INFORMATION? CHECK OUT THE ZESPRI CANOPY WEBSITE

We are continuing to collate educational material and adding to FAQs over the coming months, and therefore we cannot rely solely on *Kiwiflier* to communicate to bidders due to the timing of the publication.

We strongly encourage any potential bidder to visit the Zespri Canopy website (Canopy > Growing Kiwifruit > Zespri™

Variety Licences > Licence Release) regularly to keep up to date on new material to ensure they are well informed.

Note, this article provides a broad outline of the process. The process is fully documented in the relevant LAORs, which all applicants must read carefully. In the case of any discrepancy between this article and the LAORs, the LAORs shall prevail.

COMING UP IN FEBRUARY:

- More educational material about participating in the licence auction
- Details around the Finishing Off Blocks process, including eligibility criteria.

UNAUTHORISED GOLD3 PLANTINGS UPDATE

Zespri has continued to monitor unauthorised Gold3 fruit in China as we consider our next steps in addressing these plantings. This has included gathering more information around the fruit's characteristics and performance through the supply chain through a research and development trial, channel management and further assessment of our legal PVR enforcement options.

R&D TRIAL

As part of our ongoing research and development programme, a trial to assess local Gold3 fruit quality and industry practices is now entering its third year.

The purpose of this trial is to understand the nature of the unauthorised Gold3 threat to Zespri through a research and development programme assessing local fruit quality and industry practices. The 2022 season harvest was the start of the second year of the trial where Zespri's small technical team based in Chengdu, China has negotiated access to 16 orchards across Sichuan Province which are growing unauthorised Gold3 kiwifruit for focused monitoring. The team are monitoring the orchards for food safety and fruit quality. A wide range of information like soil, water, and vine health, as well as the use of agricultural inputs and fruit attributes (size, taste, brix, etc.) are being collected.

At the end of the 2022 growing season, approximately 20 tonnes of fruit in total across 16 orchards was picked,

sorted, and packed for storage performance testing from the 16 orchards. The effects that the extremely hot and dry climatic conditions had on fruit size dry matter and brix were of particular interest to the team.

In addition to the above 16 focused monitored orchards, Zespri passively monitors 35 orchards predominately outside the Sichuan province. This entails purchasing 150 kg of fruit off each orchard and testing the fruit for dry matter, size, residues, etc. The purpose of these passively monitored orchards is to determine the fruit attributes/quality from other provinces compared to Sichuan.

None of the fruit harvested for the research programme will be sold. All of the fruit will be either destroyed or used as animal feed once the storage testing is completed.

Insights generated from this monitoring work will quantify the potential threat Zespri face from unauthorised Gold3 plantings and shape Zespri's overall future strategy for the China market. The results will better inform the New Zealand industry about the potential China may have as a future ZGS region, a decision that would be subject to producer approval.

In December 2022, KNZ engaged consultants to conduct an independent investigation of the Chengdu monitoring project in order to confirm that no commercial sales were being made from the harvested fruit and that no Zespri IP or know-how was being leaked to unauthorised Gold3 growers in China. Zespri staff supported the investigation and we are

currently awaiting the findings from KNZ.

CHANNEL MANAGEMENT

A verification of origin audit programme has been established since 2020 to identify if unauthorised Gold3 is in Zespri's sales channels in a Zespri brand. The audit programme can test where the fruit in a Zespri brand was grown; for example was the fruit grown in New Zealand, Italy or China. The audit programme is linked to a customer communication plan where they are advised this audit programme is occurring in their channels and that there are potential commercial consequences if China origin fruit is found with Zespri packaging in their channels. This programme has found a small portion of China origin fruit in the Zespri channels.

Zespri also monitors the market for unauthorised Gold3 non-branded Zespri product to establish if there are strong brands of unauthorised Gold3 in the market and the price and quality of this fruit compared to Zespri product.

PVR ENFORCEMENT

Zespri continues to actively investigate all legal options around PVR enforcement. There was an amendment to Seed Law in China on 1 March 2022 — this change provides a potential legal basis for Zespri to take enforcement action against unauthorised Gold3 fruit, instead of only enforcement against the vines.



ZESPRI IN THE COMMUNITY

2023 Zespri Industry Governance Development Programme applications closing soon!

Do you have strong leadership skills or are looking to pursue governance roles within the kiwifruit industry? Apply now for the Zespri Industry Governance Development Programme!

The Zespri Industry Governance Development Programme (IGDP) is designed to enable leaders of the kiwifruit industry to make the step into governance roles. The programme will introduce successful candidates to governance and leadership possibilities and allow them to build their capability as future leaders of the industry.

As part of the IGDP, participants will complete a number of components including:

- The Institute of Directors Company Directors Course
- Domestic Governance Tour
- Regular interaction with Zespri Board and Executive members
- Quarterly forums with leaders of New Zealand business
- Media training

Applications close 5pm Friday 10 February 2023. Head to <https://www.zespri.com/en-NZ/our-communities/scholarships> for more information and to download the IGDP guide and application form. Still have questions? Email Scholarships@zespri.com.

KidsCan on a mission this back-to-school season

Kiwi kids are eager to learn, but with an empty tummy, food becomes all they can think about.

As living costs continue to soar, our friends at KidsCan are doing all they can to fuel kids in need by providing food, shoes, jackets and health items - but they can't do it alone.

That's why we are proud to partner with KidsCan to help them on their mission to ensure all kids go back to school nourished, comfy and set up for the year ahead.

Watch this space to find out how Zespri will be supporting KidsCan's drive to help more kids this back-to-school season so they don't miss out on their opportunity to learn. Stay tuned to our Facebook and the KidsCan website to see what's coming and find out how you can get involved.



Zespri to donate \$15,000 to support schools

Keep an eye out for the opening window of the Zespri School Fund, a new fund within our existing community investment programme dedicated to supporting school-related sponsorship.

Zespri will be offering a total of \$15,000 of grants to schools and early childhood education centres. We receive a large number of school-related sponsorship requests every year and it is a key element of our community support.

Whether it be a fundraising goal, sports team or school community initiative - all applications are welcome! Applications will open on Wednesday 8 February and close Wednesday 1 March.

For more information, please email sponsorships@zespri.com



Belgium: spreading some Christmas cheer

Our European team continued their Christmas tradition of supporting a different charity each year. In 2022, their chosen charity was the Belgian organisation, Brooddooosnodig.

Brooddooosnodig engages with schools, parents, families, local shops, and social organisations to ensure children receive at least one nutritious meal daily.

The Benelux team visited the school 'De Knipoog' in Vilvoorde to give kiwifruit in a butterfly box, a fun Kiwi Brother pencil, and a giant cheque for the charity. The children were immensely grateful for our gifts and it was a lovely way for the team to create personal connections.





ZESPRI GLOBAL SUPPLY UPDATE

FIRST-EVER ITALIAN CHARTER VESSEL DELIVERS ZESPRI KIWIFRUIT TO CHINA IN TIME FOR CHINESE NEW YEAR CELEBRATIONS



Italian reefer charter vessel, the Baltic Performer.

Zespri's first-ever Italian reefer charter vessel has safely completed its maiden voyage, transporting more than 4,000 pallets (3,300 tonnes or 942,000 trays) of Italian-grown Zespri SunGold Kiwifruit directly to customers in China in time for Chinese New Year sales.

The charter was possible after several years of work from many people to establish a new protocol enabling charter vessels to export kiwifruit from Italy. The new protocol was an extension of the existing pre-shipping cold treatment protocol established for containers. While the protocol itself was approved in 2020, the COVID-19 pandemic delayed its implementation, so the Baltic Performer is the first international fruit charter to enter under the new protocol. The vessel arrived safely, with good fruit quality, and we are now delivering fruit to our customers and consumers around China.

The Baltic Performer reefer vessel left the Port of Vado Ligure at the end of November — safely arriving in the Port of Shanghai on 22 December. The three-week transit window effectively halves the transit time of container shipments between Italy and China. The charter option provides benefits including shorter transit times and better temperature management across a single ship rather than multiple containers — achieving improved fruit quality. It also offers greater certainty at a time when we continue to see congestion and delays within the global shipping container market.

In 2021, Zespri Italy exported 237 containers to China with 33 of these arriving after the Chinese New Year which fell on 12 February 2022. This year, the shipping programme included around the same volume, but via the charter ship (equivalent of 193 containers) and an additional 48 containers — all except six will arrive before the Chinese New Year which falls on 21 January 2023.

Zespri Executive Officer – Northern Hemisphere Supply, Nick Kirton, says Chinese New Year is a critical sales and brand opportunity for Zespri as this is traditionally when gifts of fruit are given and it is important that Zespri has fruit available at this time.

“The ability to use a charter vessel to have Italian-grown Zespri Kiwifruit available has provided an opportunity to maximise sales and obtain greater visibility of the brand at this important time,” says Nick.

Volumes of Italian-grown Zespri SunGold Kiwifruit are expected to increase significantly in the coming years as newly planted orchards come into production. This means more fruit will be available to supply the China market in the New Zealand off-season. The fruit grown in New Zealand and in Italy has to meet the same quality standards and has the same branding.

“The consumer may know the origin of the fruit from the labelling, but it is important that they have the same buying experience regardless of where the fruit comes from,” says Nick.

“When fruit volumes allow, the ultimate aim is to ensure our consumers can buy highly sought after Zespri Kiwifruit every day of the year.”



Italian-grown Zespri SunGold Kiwifruit for sale in Ole supermarket, Shanghai.

TALKING ABOUT STRESS

Our industry is unpredictable; growers are often encountering stressful conditions, which can cause pressure to build up very quickly. It can be difficult to cope if you've had to make a big sacrifice, especially when finances are involved. When situations like this arise, one of the most helpful things you can do is just talk about it.

Start with your bank; let them know what's been happening and what you're expecting, and together you can make a plan on how to adapt. You can also chat with MoneyTalks for free, confidential, finance advice on 0800 345 123, or visit their website here: <https://www.moneytalks.co.nz/>

Another option is the Farm Debt Mediation Scheme which is run by the Ministry for Primary Industries. It covers agriculture, horticulture, aquaculture, and apiculture, and is designed to

confidentially help people across these industries who are struggling financially. You can find out more about MPI's Farm Debt Mediation Scheme here: <https://www.mpi.govt.nz/funding-rural-support/farming-funds-and-programmes/the-farm-debt-mediation-scheme-2/>

If you are feeling overwhelmed with the general pressures of being a grower, the Rural Support Trust is a free service which is operated all over New Zealand by people who understand the pressures of rural life. You can find out more on their website (<http://www.rural-support.org.nz/>) or free phone your local trust on 0800 787 254. You can also dial or text 1737 at any time to be anonymously connected with a trained counsellor. Further helplines can be found here: <https://mentalhealth.org.nz/helplines>

It's vital to remember that the most important asset on the orchard is the people, and that's why you need to look out for yourself and the people around you. If you've noticed that a fellow grower seems to be down and out, make time for them, even if it's just a quick catch-up over a bikkie and a cuppa. If you are feeling stressed or despondent - because of the orchard, or otherwise - try reaching out to one of the above resources, even if it's just a one-off to get something off your mind. After all, a problem shared is a problem halved.

The best way to destigmatise mental health is to talk about it, whether it's with a mate, your family, or a trained professional. It's normal to get stressed, but you never have to go through it alone.



GLOBAL EXTENSION TEAM Updates

THE MONTH AHEAD: FEBRUARY

CANOPY MANAGEMENT

WEED CONTROL

DRY MATTER GIRDLES

OIL FOR SCALE CONTROL



CANOPY MANAGEMENT

The warm humid conditions are great for establishing young vines, but continuing excessive growth is likely problematic on fruiting blocks – particularly those with low croploads and Red19 that is susceptible to field rots.

- Ensure the cane growing for cropping next season has good light right through until harvest. The sunlight is key to carbohydrates being produced in the leaves and stored in canes to be available the following season to support budbreak and flowering.
- Target the heavy, shady areas first, you'll identify these with the darker shadows on the ground. Cutting even a few tabled canes can make a big difference to how much light can get through.
- Another round of male pruning is a good idea, before a final round closer to winter. Target any new growth for removal – rip or button cut – and consider tying down early grown, terminated canes to anchor the leader so it doesn't roll over after pruning.
- With fruit variability a possible bigger challenge than normal this season, now is a good time to identify sick vines with flagging tape so samplers can be asked not to sample from them.
- Look out for and thin misshapen, squat Hayward fruit. There maybe more of them this season following poor pollination.



WEED CONTROL

Image Credit: Weedbusters.

Weeds grow well in warm, wet weather.

- Control noxious weeds like woolly nightshade which is a host of passion vine hopper. This will prevent seeding and greater problems next season. Google to find guidance on the Bay of Plenty Regional Council website to wipe out woolly nightshade.
- Weedbusters.org.nz is an excellent source of information for other troublesome weed species. Note, if using herbicides within the orchard, a justified approval (JA) may be required.

PSA

Remember when average temperatures are above 20°C, the risk of Psa infection is low and orchard tasks can go ahead.



DRY MATTER GIRDLES

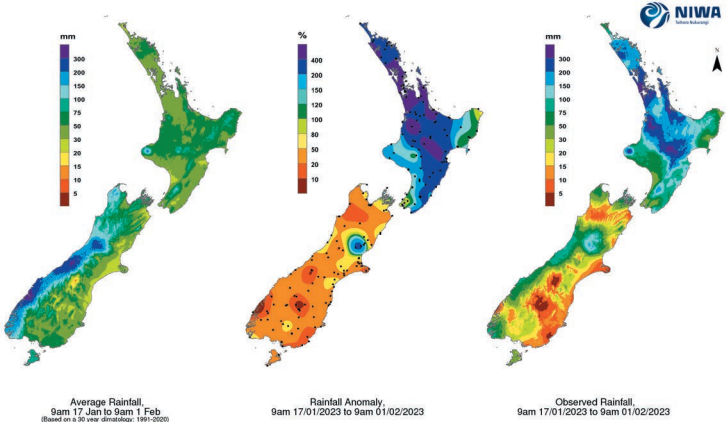
The wet weather that the country has been experiencing is raising concerns on the impact on fruit dry matter and whether a change in girdling practices should occur to lessen the risk of low dry matter fruit at harvest. This needs to be an orchard-by-orchard decision based on historical practices and this season's croploads. Points to consider.

- Early summer girdles influence fruit size more than dry matter. Later season girdles in Gold3 add dry matter, as well as fruit size. Hayward typically sees good dry matter and return bloom response but little size response from the February girdling. Having excessive large fruit may cause other problems.
- Dry warm weather in Feb-March will allow good dry matter accumulation if canopies are in good condition.
- Additional girdles should not be instead of summer canopy management to keep on top of excessive growth.
- Before the girdling commences ensure unhealthy/stressed vines are clearly marked including ones where previous girdles have not healed. These vines should not be re-girdled. For trunk girdling techniques see: Canopy > Growing Kiwifruit > Global Extension Team > Videos > Trunk Girdling Video.

SUNSHINE HOURS

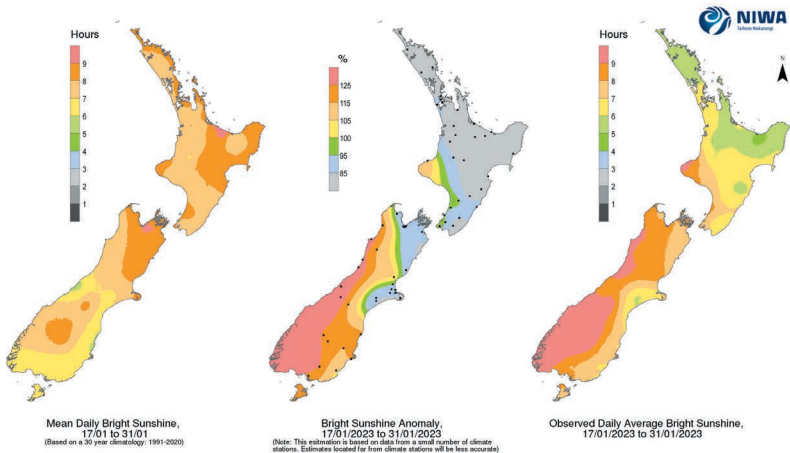
It's no surprise to read that NIWA data shows 25 percent fewer sunshine hours and 400 percent more rain in the first weeks of the year compared to historic averages for the same time in the Bay of Plenty.

This is more typical of growing conditions our Asian growers deal with. It's good for canopy and fruit growth, but vines will need warm dry weather in the late summer/early autumn to allow good accumulation of carbohydrates into the fruit if good taste is to be achieved.



FLOODING

For guidance on flooding, go to Canopy > Growing Kiwifruit > Orchard Management > Weather Events > Flooding.



OIL FOR SCALE CONTROL

Second generation scale crawlers are on the move and it's time to monitor your orchard to understand scale pressure in each block. Getting results by scale age and by row can help to understand identify hot spots and possible causes and where to spray.

If scale numbers are over the KiwiGreen threshold of 4 percent, then an application of oil at 1 percent (1 litre in 100 litres) in the second and third weeks of February for Gold3, and February and March for Hayward, are optimum for controlling and repelling scale and avoiding fruit marking.

Note, summer oil applications are part of the scale control programmes to ensure sufficient fruit is available for high value Asian markets. A review of previous research and analysis of industry datasets was undertaken to determine if oil applications contributed to last year's fruit quality issues (data quantity and quality compromised industry data analysis). Further research is planned to investigate any impact summer oil may have on the various fruit quality problems experienced last season.

Remember that previous oil research has highlighted the importance of applying oils under good drying conditions in the correct application window to avoid negative impacts on fruit. Good spraying conditions are:

- Less than 60% humidity
- No rain the day before
- Lower than 32°C
- Light breeze to aid drying. If clothes will dry well outside, it's good for spraying.

Excellent spray coverage of fruit and leaves is essential for effective control. Dilute water rates (e.g. 1500 – 2000 litres/hectare) are needed on well-maintained canopies. Ensuring every second row is sprayed in the alternative direction can have a sufficient effect of improving coverage.

Read more in the KiwiTech Bulletin, N58 Mineral Oil Use.



Updates from our Pre-harvest Team



GLOBALG.A.P. AND ZESPRI GAP: *A refresh for the future is underway*



In the last few months of 2022, we brought you a series of articles about GLOBALG.A.P. and the Zespri GAP programme; its significance to our industry as a foundational cornerstone of our brand; the role it plays in our markets; and how it can be integrated into on-orchard processes and used as a framework to highlight areas for improved efficiencies and business planning.

We hope you've enjoyed these stories and gained renewed appreciation for the importance of this programme for our industry's success.

Through the years, Zespri GAP has evolved alongside GLOBALG.A.P. and our growing industry. To ensure Zespri GAP continues to align with our industry's needs, growth ambitions and purpose, it's time to complete a full review of the programme.

To do this, we have established a multi-year transformational programme — the Zespri GAP Refresh — that will reshape the Zespri GAP programme to ensure it is fit-for-purpose, meeting the needs of our customers, regulators and of our stakeholders; delivers change through education and robust delivery systems; and is adaptive to change.

There are four projects planned within the Zespri GAP Refresh programme:

1. GlobalG.A.P. version 6.0 & GRASP v2
2. Future Fit Audit Model
3. New Zespri GAP Assurance Framework
4. Engagement and Education

The first priority of the Zespri GAP Refresh is to support the implementation of changes for the next versions of GLOBALG.A.P. and GRASP.

Zespri Head of Global Quality and Technical, Farzana Adams explains that the international standards upon which our Zespri GAP programme is based are being updated to remain in line with increasing customer requirements.

"We are currently translating these requirements for the kiwifruit industry and are working to keep the changes to a minimum using the existing Grower Manual growers are already familiar with, and only changing what has been absolutely necessary for the 2023/2024 season audits," says Farzana.

"Our goal is to ensure growers and industry are supported to understand and implement these changes."

We will be communicating the changes over the coming months, with education and support rolling out by mid-year and inspections on the new requirements starting in

September/October 2023. The remaining aspects of the GAP Refresh programme will be shaped by continued consultation and engagement, drawing on historical successes and learning from other sectors and our industry's experiences.

Industry consultation and engagement is a key success factor for the Zespri GAP Refresh. An Industry GAP Advisory Group has just been formed to support this consultation, with representatives from NZKGI, growers, post-harvest, large management system operators (MSOs) and orchard management companies. Any changes that come as a result of the GAP Refresh will be implemented over time and accompanied by communication and support.

Look out for more updates this year as we focus on the 2023-2024 Zespri GAP changes and the education and support associated with this to ensure all growers are successful and our great-tasting Zespri Kiwifruit can be delivered to market with our brand promise firmly intact.

GLOBALG.A.P. is the world's most widely implemented assurance programme for farmers and growers — with more than 200,000 certified producers in more than 135 countries. GLOBALG.A.P. translates consumer requirements into Good Agricultural Practice, or standards for producers. These standards assure customers that their food is produced in a manner that safeguards food safety, worker wellbeing, the environment, and more.

Zespri GAP is based on international GLOBALG.A.P. standards, but has been adapted for the kiwifruit industry, so that the wording and interpretation is clear and works for our growers. When growers successfully complete their Zespri GAP inspection, they do their part to contribute to the industry's GLOBALG.A.P. certification, which demonstrates our commitment to producing kiwifruit at a high standard, and is a requirement for shelf space across many of our markets.

ZESPRI WEEK 7 G3 MONITORING

Similar to 2022, Zespri has planned to conduct a Week 7 monitoring round to generate an early season 2023 maturity data set of 1,000 Zespri SunGold Kiwifruit Maturity Areas (MA) from across the relevant production regions.

For each MA, a maturity clearance (90+60 fruit) sample will be collected to assess all clearance parameters. There is no charge to growers who have been selected by Zespri for Week 7 clearance monitoring samples. For the avoidance of doubt, as per normal clearance samples, there is no compensation for the fruit pieces sampled.

To be eligible for consideration for selection

within the Week 7 monitoring round, all orchard information must be verified. This relates to orchard contact, site requirements and hazards. In addition, an active map and active Maturity Area will be required. **Monday 6 February** is the cut-off. Orchards selected will be notified in due course as per normal MCS notifications.

Week 7 monitoring results will be analysed by Zespri to make season projections and recommendations to the ISG on **23 February**. Please note that individual Week 7 monitoring results will not be released to growers until the day after the ISG meeting.

GROWER CONTRACTS — SCHEDULE 5

Schedule 5 of the 2023 Supply Agreement will be posted out to growers in mid-February.

This form must be signed by both the grower and the chosen registered supplier, with the supplier then returning the contract to Zespri to be processed.

On receiving the completed Schedule 5 form, a grower number is then issued by Zespri. This is required prior to gaining clearance to pick your fruit.

If you have not received a copy by the beginning of March, or if you have any queries, please contact Zespri Grower Support Services on 0800 155 355, or at contact.canopy@zespri.com.

Please note, any amendments to the permissions and/or Terms and Conditions of the Schedule 5 contract will result in the form not being processed.

RURAL SUPPORT TRUST & INLAND REVENUE SUPPORT FOR FROST-IMPACTED GROWERS



Rural Support Trust: additional funding

The unseasonal frost that struck across the Bay of Plenty and Waikato in early October 2022, affecting around one third of kiwifruit growers, has been classified as a medium-scale adverse event by the Ministry for Primary Industries (MPI). This unlocks \$55,000 from MPI to the Rural Support Trust to assist growers with wellbeing, technology transfer and facilitation support including direct one-on-one assistance and community events. Other support measures being made available include tax flexibility from Inland Revenue.

The adverse event was declared after NZKGI worked with the Rural Support Trust and Bay of Plenty Primary Sector

Coordination Group to request extra support from MPI under the Primary Sector Recovery Policy. The figures to support the decision included anonymised survey data provided by Zespri.

Growers who need support should call their Rural Support Trust on 0800 RURAL HELP or 0800 787 254.

Inland Revenue: filing and paying on time income equalisation scheme – deposits

The Inland Revenue recognise that the recent frost event will affect growers' income for the 2023 income year. As a result, early refunds of deposits will be allowed. Normally income equalisation deposits are not available for refund until 12 months after the

deposit is made. However, the Inland Revenue can use discretion to allow early refunds, particularly in the case of a medium or large-scale adverse event or when the person is suffering serious hardship.

For more information on the tax flexibility through the Income Equalisation Scheme, visit: <https://www.ird.govt.nz/income-tax/income-tax-for-businesses-and-organisations/income-equalisation-scheme/discretionary-relief/severe-frost-in-bay-of-plenty-and-waikato-regions>.

2022/23 PROGRESS PAYMENTS FOR FEBRUARY AND MARCH

As communicated to growers, we have seen a deterioration in the fruit storage performance on Green varieties resulting in increased customer claims, primarily in Europe which were not fully reflected in the November forecast. Worse than anticipated Green fruit performance on the later shipments has also driven increased fruit loss and customer claims, while market mix was negatively impacted with less fruit available for shipping and increased volume subject to quality withdrawal. In response to this new information, February progress payments for Class 1 Green, Class 1 Organic Green and Class 2 Organic Green will not proceed. Further work is being done to finalise the February forecast for Board review at the end of this month and we will reassess the impact on future progress payments once the forecast is completed.

CLASS 1 - APPROVED PROGRESS PAYMENT 15 FEBRUARY 2023	AVERAGE ON NET SUBMIT	16/18/22	25/27	30/33	36	39	42
Zespri Green*	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Zespri Organic Green*	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Zespri Gold3	\$0.38	\$0.40	\$0.40	\$0.35	\$0.35	No supply	No supply
Zespri Organic Gold3	\$0.44	\$0.40	\$0.40	\$0.60	\$0.20	No supply	No supply
Zespri Red19	\$0.72	\$0.80	\$1.05	\$0.90	\$0.65	\$0.65	\$0.75
Zespri Green14	\$0.42	\$0.20	\$0.75	\$0.55	\$0.35	\$0.35	\$0.30

*Refer to the ‘Fruit quality cost update’ article on page 1.

CLASS 1 - INDICATIVE PROGRESS PAYMENT 15 MARCH 2023	AVERAGE ON NET SUBMIT	16/18/22	25/27	30/33	36	39	42
Zespri Green*	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Zespri Organic Green*	TBC	TBC	TBC	TBC	TBC	TBC	TBC
Zespri Gold3	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	No supply	No supply
Zespri Organic Gold3	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	No supply	No supply
Zespri Red19	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
Zespri Green14	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10

*Refer to the ‘Fruit quality cost update’ article on page 1.

CLASS 2 - APPROVED PROGRESS PAYMENT 15 FEBRUARY 2023	AVERAGE ON NET SUBMIT	16/18/22	27	30	33	36	39	42
Class 2 Green ^{1,2}	\$1.29	\$1.40	\$1.50	\$1.00	\$0.90	\$1.70	\$1.10	\$0.80
Class 2 Organic Green ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Class 2 Gold3	\$0.44	\$0.60	\$0.45	\$0.45	\$0.30	\$0.25	No payment	No supply

¹Weighted average of three programmes.

²February progress payments will not be paid on the Class 2 Organic Green pool due to the quality issues experienced in Europe. The Class 2 Green pool doesn’t have the same exposure to the Europe market, therefore the February progress payment for this pool will go ahead. Please also refer to the ‘Fruit quality cost update’ article on page 1.

NON-STANDARD SUPPLY - APPROVED PROGRESS PAYMENT 15 FEBRUARY 2023	39	42	46
Zespri Gold3	\$0.30	No supply	No supply
Zespri Organic Gold3	No payment	No supply	No supply
Zespri Red19	No supply	No supply	\$2.00

1. Progress payments for Class 1 are paid on submitted trays and reversed for onshore fruit loss.
2. Loaded out trays = Net Submitted trays at year end = gross submitted trays less onshore fruit loss trays.

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. Consideration is given to current season sales, cashflow, prior season percentage of total fruit and service payments paid at the same time of the season, other current season risk factors and also taking into account the latest information available.

February 2023 approved progress payments on Net Submit trays

Approved per tray progress payments for 15 February 2023:

Class 1	
Zespri Green*	\$0.00
Zespri Organic Green*	\$0.00
Zespri Gold3	\$0.38
Zespri Organic Gold3	\$0.44
Zespri Red19	\$0.72
Zespri Green14	\$0.42

*Refer to the ‘Fruit quality cost update’ article on page 1.

March 2023 indicative progress payments on Net Submit trays

Indicative per tray progress payments for 15 March 2023:

Class 1	
Zespri Green*	TBC
Zespri Organic Green*	TBC
Zespri Gold3	\$0.10
Zespri Organic Gold3	\$0.10
Zespri Red19	\$0.20
Zespri Green14	\$0.10

*Refer to the ‘Fruit quality cost update’ article on page 1.

SHARE BRIEFS

As at **24 January 2023** the last Zespri share price trade was **\$6.50** traded on **23 January 2023**. There were two buyers at **\$6.45** and **\$6.40**. There were three sellers at **\$6.60**, **\$6.65** and **\$6.90**.

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

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

NOTE: On a monthly basis, we will now be reporting on the number of shares becoming dry for the following month and those excess shares requiring to be sold for the following month.

As per Clause 22 of the Constitution, shareholders who no longer supply fruit to Zespri (Dry Shareholders) will cease to receive dividend payments three years after becoming dry. For the month of January there are no dry shares as of 24 January 2023 that will cease to be eligible for dividends.

Clause 21.4 of the constitution requires shareholders who are over their share cap (overshared) to sell their excess shares three years after the date they exceeded their share cap. For the month of

January there are no excess shares that are required to be sold as of 24 January 2023.

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 <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

Follow us on reap for our mobile IR experience

Go to www.reapapp.io to download the app.

Below is the current Market Depth information as at 24 January 2023.

Quote Line at Tuesday 24 January 2023 as at 10.10am						
Code	Bid (\$)	Offer (\$)	Last (\$)	High (\$)	Low (\$)	Volume
ZGL	6.45	6.60	6.50	0.00	0.00	0

Market Depth					
BIDS			OFFERS		
Orders	Quantity	Price (\$)	Price (\$)	Quantity	Orders
1	3,000	6.45	6.60	3,000	1
1	6,000	6.40	6.65	3,000	1
			6.90	4,000	1

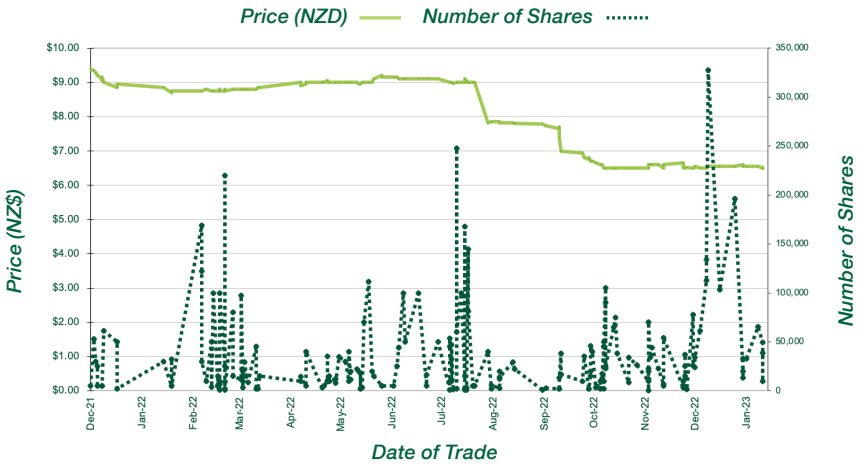
Last 10 Trades			
Date/Time	Quantity	Price (\$)	Value (\$)
23/01/2023	5,922	\$6.50	38,493.00
23/01/2023	7,578	\$6.50	49,257.00
23/01/2023	1,500	\$6.52	9,780.00
20/01/2023	10,000	\$6.55	65,500.00
13/01/2023	5,000	\$6.55	32,750.00
11/01/2023	2,000	\$6.60	13,200.00
11/01/2023	5,000	\$6.55	32,750.00
11/01/2023	3,000	\$6.60	19,800.00
06/01/2023	30,000	\$6.55	196,500.00
28/12/2022	15,748	\$6.55	103,149.40

Director share trading

For the month of January (as at 24 January 2023), 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.

ZESPRI GROUP LIMITED SHARE TRADES 12 DECEMBER 2021 TO 12 DECEMBER 2022



NZKGI LEVY RENEWAL UPDATE



In late February 2023, growers will be asked to participate in a referendum concerning the Commodity Levy that funds NZKGI. We are required to undertake a referendum every six years to establish continued support for our funding mechanism.

All growers were sent a letter over the Christmas break to consult on a proposal for the continuation of NZKGI's levy at the same rate of 1.1 cents/tray equivalent, which could be raised to a total of 1.5 cents/tray equivalent with grower support at an AGM. It was also proposed to continue to collect the levy from kiwifruit grown in New Zealand that is exported to any place other than Australia. In addition, a levy on Class 1 kiwifruit grown in New Zealand which is exported to Australia was also proposed, with the same levy rate noted above.

It has been proposed that the organization will continue to operate as it has for the past five years with activities in each of its six portfolios. An increased emphasis on the Performance & Supply portfolio was also proposed, to hold Zespri to account as a high performance business and to have successful outputs in must-win areas such as innovation.

NZKGI thanks those growers who responded to our request for consultation on these proposals which are now being taken into consideration.

Resolutions will now be formed for the referendum to concerning the renewal of NZKGI's levy and voting papers will be distributed to Growers at the end of February. NZKGI encourages all

growers to participate in the referendum to ensure their voice is heard about the future of their advocacy body.

Without NZKGI, Growers will not have independent performance monitoring and communication to growers and the media, representation at industry and government levels, succession planning, careers, and independent labour promotion, nor a grower body to protect the SPE single desk.

Growers can visit the NZKGI website for more information on the levy renewal and the value that their organisation provides. Alternatively, questions or comments on the upcoming referendum can be directed to NZKGI via info@nzkgi.org.nz or 0800 232 505.

NEW PHASE FOR PSA MANAGEMENT AT REGIONAL WORKSHOPS



KVH and Zespri are coming out to many regions through February running informal workshops on the next phase of Psa management across the industry.

As an industry, we've been at the forefront of biosecurity and pest management for many years. This proactiveness and future thinking continues with the introduction of the new Pathway Management Plan and phasing out of the Psa NPMP.

With the introduction of the new Plan, the time is right for the industry to move into a new phase of Psa protection and longer-term management (from 1 April), which is what the workshops will focus on.

Please join us to discuss how Psa will continue to be well managed to provide support at the orchard, regional, and national level to reduce spread and impacts of Psa and ensure best practice on-orchard.

KVH and Zespri are running these workshops together, as we have been jointly determining how support is best provided to all growers moving forward.

Specifically, we'll be talking through KVH's ongoing role retaining all high-risk management of Psa and preparedness for any new variants; Zespri co-ordination of support and resources for growers managing the impact of Psa on-orchard; research and tool development; and of course, how to identify and report unusual symptoms.

We're arranging a Nelson workshop at the moment and will also be running further workshops in the Bay of Plenty. We'll let you know more about these events as soon as they are confirmed over the coming days.

PSA WORKSHOPS

REGION	DATE AND TIME	LOCATION
Whangārei	Tuesday 7 February 10:00am - 11:30am	Barge Showgrounds Event Centre
Kerikeri	Tuesday 7 February 2:00pm - 3:30pm	Woodlands Motel
South Auckland	Wednesday 8 February 9:00am - 10:30am	Maxwells Golf Retreat
Cambridge	Wednesday 8 February 12:30pm - 2:00pm	Onyx Restaurant Function Room
Napier	Thursday 9 February 9:00am - 10:30am	The Crown Hotel
Gisborne	Thursday 9 February 2:00pm - 3:30pm	Bushmere Arms
Ōpōtiki	Friday 10 February 10:00am - 11:30am	Ōpōtiki Golf Club
Whakatāne	Friday 10 February 2:00pm - 3:30pm	Whakatāne Fishing Club

RSVP to info@kvh.org.nz or contact the KVH office on 0800 665 825 to save your spot.

GOT YOUR BIOSECURITY PLAN READY?



Your biosecurity plan outlines how you manage your orchard and how you will respond to a pest or disease outbreak. It describes your processes on-orchard and how you are addressing biosecurity risks.

You can complete your plan online at kvh.org.nz, or if you prefer you can use one of our printed documents, which are available on our website to download or print (please get in touch at 0800 665 825 if you'd prefer we send you a colour printed copy).

Contractors are required to have biosecurity plans too. Those who are part of the Zespri Gap/Compliance Assessment Verification (CAV) will have a biosecurity plan included as part of CAV requirements, and this will be audited. You can see a template CAV biosecurity plan on the KVH website.

If you're a contractor not currently part of the Zespri CAV, you need to create and complete a biosecurity plan that you can present to growers. KVH has created a useful template, available on the website, which you can type into or print and handwrite. We've made this template editable as you may also choose to adapt it to suit your needs, and include other requirements, such as COVID-19 protocols for example.



New biosecurity planning video: how you can protect your livelihood

In addition to the templates to help you develop a biosecurity plan, we have a brand-new video helping explain how you can put your plan in place.

Check out the video here:
<https://www.youtube.com/watch?v=UvStOLBNKR&feature=youtu.be>

SPOTLIGHT SHINES ON THOMAS BROS



The kiwifruit industry has a new video star in Steve Thomas from Thomas Bros, who features in our latest national biosecurity campaign.

Back in the November issue of *Kiwiflier* we mentioned we'd just been working with Steve to produce the short video, championing the importance of biosecurity to business best practice, and keeping pests and diseases out of New Zealand - as well as stopping them spreading if they do make it here. This is something close to Steve and his multi-generational organisation's heart as they are based in sunny Riwaka, at the top of the South Island (where Psa hasn't been detected).

"We all remember how it felt when Psa first arrived, and how we united and supported affected growers in the North. We don't want anyone to face a similar big incursion again," says Steve.

"If we keep doing the right things, we'll spot any other new threat early enough to do something about it."

You can see the new video on the KVH YouTube channel, scan the QR code below:



You might have also recently seen it across our social media as well as *Ko Tātou This Is Us*, and Ministry for Primary Industries social media sites and advertising.

Q&A FROM THE FIELD

KEY CONTACTS:

Grower Engagement Manager:
Sue Groenewald 027 493 1987

Grower Liaison Managers:
Sylvia Warren 022 101 8550
Brad Rininui 021 757 843
Richard Jones 027 255 6497
Malkit Singh 027 665 0121

Organic Supply Specialist:
Teresa Whitehead 027 257 7135

What type of samples could be requested on my orchard for 2022?

- Pre-season residues** — approximately 1000 KPINs samples, taking place between 16-27 January.
- Post-harvest residues** — needed to complete the clearance to pick process.
- Maturity clearance.**
- Week 7 monitoring** — 1000 samples across all regions. These samples will help to track the DM progress for the season.
- Audit samples** — used to help audit and track the amount of noise due to on-orchard fruit variability, as well as provide an audit programme for our samplers and laboratories.
- Smart monitoring** — you will need to be part of the smart monitoring programme to receive these types of samples.

I am looking at selling my orchard and the real estate agent is asking for copies of my licence and production details. How can I get this information?

The Zespri Grower Support Services team can help you to find this information on the grower portal. If you require help accessing any information, please reach out on 0800 155 355 or if you are requesting a copy of your licences, please email new.cultivars@zespri.com. All information given out must have the approval of the current owner.

Are there any changes with the use of Proclaim?

Proclaim has been replaced with Proclaim Opti. Please note that it has a longer pre-harvest interval (PHI) of 56 days. Please avoid using old batches of Proclaim. If you have inadvertently used Proclaim, please let the Zespri Orchard Quality System team (previously known as the Pre-harvest Team) know by calling 0800 155 355.

I understand that Zespri is accepting all Zespri SunGold size 39s and Zespri RubyRed size 46s, but via Non-Standard Supply (NSS). How are these paid?

For the 2023 crop, Zespri will be procuring all Zespri SunGold Kiwifruit Size 39s and Zespri RubyRed Kiwifruit Size 46s, via NSS. Submit Payments are paid when fruit is loaded out at FOBS by post-harvest, at a rate of \$1.60 per tray. NSS Progress Payments are paid when fruit is loaded out at FOBS. Progress Payments are paid in September, November, and February, with the final Progress Payment calculated and paid by the end of the first full week of June after finalising the season return. There are no incentive payments (Taste or KiwiStart) paid on Non-Standard Supply. With these incentives not separated out, this leaves a larger amount of funds in fruit returns to be paid out via Progress Payments.

MARCH GROWER ROADSHOWS WITH DAN

Please join our CEO Dan Mathieson, and the team from Zespri for updates on the February Financial forecast, five-year planning and outlook, Quality Action Plan, and other business updates, along with an update from NZKGI & KVH.

These meetings will be held in person, with an option to join online for the Tauranga roadshow only. Please register for your preferred location here: <https://events.zespri.com/grower-roadshow-march-2023/registration/Site/Register>

If you have any questions, please contact Rachel Dovaston on rachel.dovaston@zespri.com.

DATE	TIME	LOCATION
Thursday 2 March	9am - 11am	Waikato - Mighty River Domain, 601 Maungatautari Road, Lake Karapiro
	2pm - 4pm	Auckland - Navigation Homes Stadium, Franklin Road, Pukekohe
Friday 3 March	9am - 11am	Kerikeri - The Turner Centre, 43 Cobham Drive, Kerikeri
	1.30pm - 3.30pm	Whangārei - Comfort Hotel Flames, 8 Waverly Street, Onerahi, Whangārei
Tuesday 7 March	11am - 1pm	Nelson - Top 10 Holiday Park, 10 Fearon Street, Motueka
Wednesday 8 March	9am - 11am	Hawke's Bay - The Crown Hotel, Corner Bridge Street and Hardinge Road, Ahuriri, Napier
	4pm - 6pm	Gisborne - Bushmere Arms, 673 Matawai Road, Waerengaahika
Thursday 9 March	10am - 12pm	Ōpōtiki - Ōpōtiki Golf Club, 14 Fromow Road, Ōpōtiki
	2.30pm - 4.30pm	Matatā - Matatā Rugby Club, 12 Division Street, Matatā
Friday 10 March	9am - 11am	Te Puke - The Orchard Church, 20 MacLoughlin Drive, Te Puke
	2pm - 4pm	Katikati - Fairview Golf Club, 34 Sharp Road, Aongatete
Monday 13 March	6pm - 8pm	Tauranga – Online option also available Trust Power Arena, 81 Truman Lane, Mount Maunganui

UPCOMING Events



PRE-SEASON INDUSTRY TECHNICAL SESSION

10am-3pm
Trustpower BayPark, 81 Truman Lane, Mount Maunganui

The Zespri Technical team invite you to a pre-season industry technical session to provide an update on the analysis and research that has been completed to understand the issues of the 2022 season.

Topics discussed will include best practice for fruit handling during harvest and packing; and likely reasons for increased susceptibility/incidence of rots, SSR, and NPFG. The session will be held both in person and online via Microsoft Teams. The recording will be uploaded to the Technical & Quality page of Canopy for those who are not able to attend.

To attend, register here: <https://events.zespri.com/pre-season-industry-technical-session/registration/Site/Register>

If you have any questions regarding this session, email rachelle.anderson@zespri.com.



ZESPRI PRE-HARVEST FRUIT QUALITY FORUM

Fruit quality will be top of mind as we approach harvest this year. There may be no silver bullet, but there are things we can still do that will influence our fruit quality.

Join us and other growers at your regional Pre-Harvest Fruit Quality Forum where we, and others, will discuss key aspects of achieving a 'quality harvest'.

We will discuss:

- How to best prepare your orchard for harvest?
- What are the best harvesting decisions for your crop and their impact on fruit quality?
- What does 'harvesting to achieve the high fruit quality' look like?

These forums will be held regionally throughout our growing regions between 14 - 23 February:

DATE	REGION
Tuesday 14 February	Hawke's Bay
Tuesday 14 February	Kerikeri
Wednesday 15 February	Gisborne
Wednesday 15 February	Whangārei
Thursday 16 February	Ōpōtiki
Thursday 16 February	South Auckland
Friday 17 February	Whakatāne/ Edgecumbe
Friday 17 February	Waikato
Monday 20 February	Katikati
Tuesday 21 February	Te Puke/Tauranga
Thursday 23 February	Nelson

For catering purposes, register here: <https://forms.office.com/r/Wmkn4tMjyX>



NUTRIENT AND WATER SHOWCASE

10am-4pm (with coffee from 9.30am)
Orchard Church, 20 MacLoughlin Drive, Te Puke

Remember to register for our Nutrient and Water Showcase to hear Zespri extension team members and Steve Green, of Plant & Food Research (PFR), talk about nutrient balances, kiwifruit vine water needs and irrigation parameters.

You can choose two of the three concurrent sessions to attend:

- Low Nitrogen research with Zespri's William Max
- Compost research with PFR scientist Erin Lawrence-Smith
- Cover crops with PFR scientist Brendon Malcolm and grower John Burke.

There will also be an introduction to Freshwater Farm Plans, a research poster session and an exhibition of precision horticulture tools.

Register at: <https://events.zespri.com/kiwifruit-nutrient-water-showcase/registration/Site/Register>

Note, capacity is limited and there'll be a waiting list for those who miss out. If you register and can't attend, please contact us so we can offer the spot to those on the waiting list.

A Water Strategy for the kiwifruit industry was developed in 2019 by NZKGI, Zespri, Māori Kiwifruit Growers Incorporated (MKGI), and growers. Together, we are committed to working collaboratively with the entire kiwifruit industry to protect water quality, use water efficiently, and build soil health on orchards.



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

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