



13 September 2022

Tēnā koutou katoa and greetings everyone.

Over the past few weeks, there have been a lot of conversations in the industry as we face one of our toughest seasons for many years.

The lower forecast OGRs released in August have brought into the spotlight the cost of quality and its impact on grower returns. Discussions are now in full swing between Suppliers, NZKGI and Zespri as we establish the workstreams to understand the issue and we will need full industry commitment to improve quality for next season and in the years ahead. Our brand is built on a consistently high quality kiwifruit offering and it's paramount for us to continue to hold the trust of customers and sustain the value we can bring back to growers and the industry.

We know how hard the industry is working to make this happen under very trying circumstances and the action being taken to improve quality is certainly supporting efforts to finish the season early and with the best possible result. Weekly sales rates are lifting as we put in a strong promotional effort at the end of a congested summer fruit period. Despite the challenges, all fruit groups continue to hold their own and as of the end of last week, we have delivered 69% of this season's total crop to our customers, compared to 68% last year.

Another important topic through our recent Grower Roadshows and Shed Talks around the regions has been the Licence Review. There are many views on how we should approach our future licence release, however most agree that some change is needed to the current approach and that it will likely be a mix of quick fixes, with larger-scale changes considered for future years and/or future cultivars. We've been talking about different licence auction mechanisms and how we support the market demand with different licence pools. The amount of licence released for 2023 and any changes for the licence release programme will be advised following the Zespri Board meeting in late October.

The Zespri Global Supply ("ZGS") Producer Vote result also remains top of mind for us. Having our brand and product available for customers and consumers throughout both the NZ and northern hemisphere seasons is a fundamental way we optimise our grower returns and strengthen our global brand position. We will listen to growers to understand the concerns, and we are already hearing that there are a variety of reasons why some in our grower community did not support expansion of ZGS at this time, including having clarity on the benefits that ZGS brings to both growers and shareholders.

Our industry structure was founded on the principle of grower ownership of their marketing company, so together we represent our product on the international market with the strength of a single brand, trusted quality systems, and investment in future innovation. If we go back 25 years, all growers were owners and shareholders in Zespri. Today, it is less than half of growers who own shares. Having broad grower ownership of Zespri is a tenet of the industry structure and stability, and we are committed to improving the current position. For those who are interested in an external view of Zespri performance, the recent report by Craigs Investment Partners [here](#) may be of interest to you.

Thank you again to everyone in the industry working tirelessly to get us through this year. I know improving our quality and reducing quality costs for future seasons will be at the forefront of industry thinking and action. I'm sure like me, you are all looking forward to a bit of fine weather and watching the growth of the first buds on the canes.

We'll provide a further update in the next couple of weeks.

Ngā mihi nui.

Carol