



# ZESPRI PRODUCER VOTE 2024

## EXPLANATORY NOTES

## PROTECTING NEW ZEALAND GROWER RETURNS THROUGH 12-MONTH SUPPLY

### INTRODUCTION

This is a vote of producers under Regulation 11 of the Kiwifruit Export Regulations 1999 to agree to Zespri expanding its current Zespri Global Supply (ZGS) business by allocating up to 420 additional hectares of SunGold Kiwifruit per year over six years across Italy, France, Japan, South Korea and Greece. The expansion is subject to annual review by the Zespri Board to confirm forecast demand remains ahead of supply and the provision of annual reporting to growers. All producers of kiwifruit, whether or not they are shareholders of Zespri, are entitled to vote on the resolution.

### KIWIFRUIT EXPORT REGULATIONS 1999

The Regulations authorise Zespri to carry out core business activities, being the purchase of New Zealand-grown kiwifruit for export, including the following activities: marketing of New Zealand-grown kiwifruit; market development for New Zealand-grown kiwifruit; and research and development relating to kiwifruit.

Zespri may also carry out activities which are not core business but support the core business if the activity is both likely to enhance the performance of the core business and the activity poses no more than a low risk (if any) to the interests of producers (Regulation 10A). Zespri must inform KNZ before carrying out such activities.

The agreement of producers by vote is needed for activities which are considered to be outside the core business, and do not support the core business (Regulation 11). If the vote is successful, Zespri must minimise, as far as reasonably practicable, the risks arising from that activity for the producers who vote against or do not vote.

Once an activity is approved by producers, any changes to that activity which take it outside the scope of the approval must be approved by a further producer vote.

### CALCULATION OF PRODUCER VOTE

Under Regulation 11, Zespri must carry out a process in which all producers have been informed of the proposed activity and asked to agree to Zespri carrying out the activity in accordance with the resolution.

For a successful producer vote, the Regulations require 75% agreement by producers who participate in the vote, as follows:

- (a) 75% of producers who vote must agree, with each producer entity (which includes owners and lessees of KPINs) having one vote; and
- (b) the production of the producers (who agree in the voting) must be, on average, at least 75% of the kiwifruit supplied to Zespri (measured in kilograms) over the previous two seasons by all the producers who voted.

The production figures used to calculate this vote are the seasons ending on 31 March 2023 and 31 March 2024. Under Regulation 11(3)(c), kiwifruit produced on leased land (for leases of at least one year's duration) is counted as being from the owner of that land except where the owner has advised Zespri to allocate the production to the lessee.

### ZESPRI GLOBAL SUPPLY

Zespri's strategy is to create sustainable, long-term value for New Zealand's kiwifruit growers by offering consumers the world's leading portfolio of Zespri branded kiwifruit for 12 months of the year. ZGS was set up by New Zealand growers nearly 25 years ago to provide kiwifruit that could be sold under the Zespri brand in the counter-season, targeting year-round supply with key customers in core markets.

In a Producer Vote conducted in 2019, producers approved the planting of up to 5,000 hectares of SunGold Kiwifruit in overseas countries (excluding China and Chile), to support the 12-month supply strategy. The approval also included the procurement of up to 20 million trays of Green kiwifruit and 1,000 hectares of any new variety.

The outlook for the kiwifruit category is positive with demand forecast to continue increasing ahead of supply. Zespri needs to produce more SunGold Kiwifruit to meet growing market demand and the expectations of our customers and consumers who want 12-month supply. When customers looking for kiwifruit can't buy from Zespri they will buy from competitors. ZGS helps Zespri to capture this demand and maintain its position as category leaders in an increasingly competitive category, supporting strong New Zealand grower returns. Without expansion, the ability of ZGS fruit to support 12-month supply and grower returns will be increasingly constrained and our ability to deliver premium returns will be eroded over time.

Zespri has fully allocated the 5,000 hectares of SunGold approved in 2019 and cannot expand SunGold production unless this Producer Vote is successful. To reach 12-month supply with key customers, Zespri needs to expand plantings of Zespri SunGold Kiwifruit so is seeking to expand the current approval in this Producer Vote. Zespri is not proposing to expand the current threshold of Green procured or the ability to expand plantings of any new variety. In the event the resolution is not passed (by achieving the required 75% thresholds) then the existing 2019 approval and limit for SunGold remains in place.

For more information on ZGS and the specific resolution, refer to the Producer Vote information brochure provided with your voting paper and available on Canopy.

**The board of directors of Zespri Group Limited encourages producers to vote "FOR" the resolution.**