

ZESPRI: MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT

Year ending 31 March 2023

1. OVERVIEW

Zespri Group Limited is 100% owned by current and past New Zealand kiwifruit growers. Zespri was formed in 1997 as a global marketing organisation for New Zealand kiwifruit, and now distributes premium quality kiwifruit to more than 50 countries worldwide.

Our purpose is to help people, communities and the environment around the world thrive through the goodness of kiwifruit. Zespri's global operating revenue was \$4.22 billion in 2022/23. Our target is \$4.5 billion in sales by 2025.

Zespri is committed to ensuring Zespri kiwifruit is grown and distributed in a socially-responsible way, and that the people who help grow our kiwifruit are treated fairly. People who choose to work in our industry are a critical part of our success and we want them to succeed. In our New Zealand supply chain, we work with the New Zealand Government and New Zealand Kiwifruit Growers Inc ("NZKGI") to do everything we can to combat exploitation of workers and create an industry where people can thrive. Globally, we have invested in systems which allow us to identify and take action over any cases of worker exploitation, with more work underway.

Our core Zespri compliance standards for suppliers protect our industry and our people, and all growers and industry contractors must meet the Good Agricultural Practice requirements which underpin on-orchard activities.

2. OUR BUSINESS STRUCTURE & SUPPLY CHAIN

The New Zealand kiwifruit industry is regulated by the Kiwifruit Industry Restructuring Act 1999 ("the Act") and the Kiwifruit Export Regulations 1999 ("the Regulations"). The Act and the Regulations established Zespri Group Limited as the primary exporter of New Zealand-grown kiwifruit to all countries other than Australia.

Zespri is authorised by New Zealand growers to produce and source kiwifruit outside of New Zealand and this part of the business is known as Zespri Global Supply or ZGS. ZGS is authorised to licence the production of up to 5,000 hectares of SunGold kiwifruit in overseas countries (excluding China and Chile), 1,000 hectares of other new varieties and procure up to 20 million trays of green kiwifruit to support our strategy to supply the world's leading portfolio of kiwifruit for 12 months of the year.

Global net kiwifruit sales decreased to \$3.92 billion, down 2.8% from 2021/22. This was made up of a total sales volume of 183.5 million trays of New Zealand and non-New Zealand kiwifruit.

NEW ZEALAND

The New Zealand kiwifruit supply chain produces Green, Organic Green, SunGold, Organic SunGold, Sweet Green and RubyRed kiwifruit varieties. These are grown from approximately 3,296 individual orchards that supply fruit to 10 postharvest suppliers, running around 45 packhouses and about 60 Coolstore facilities. Orchards and postharvest facilities are independently owned and managed.

There are over 2,800 kiwifruit growers with around 14,512 hectares of orchard. As reported by NZKGI, the industry employs 9,440 permanent employees and 24,000 seasonal employees at the peak times in the 2023 season. New Zealanders fill most of the permanent roles.

Around 79 percent of Zespri kiwifruit is grown in Bay of Plenty but is increasingly spreading around New Zealand as higher-returning SunGold grows profitably in a wider range of locations.

In the 2022/23 season, Zespri directly returned over \$2.24 billion in direct payments to growers in rural communities around New Zealand, including Bay of Plenty, Northland, the East Coast, Nelson and Waikato.

ZESPRI GLOBAL SUPPLY (“ZGS”)

To support our global 12 month supply strategy, we have long-term partnerships with growers in Japan, Korea, Italy and France to provide SunGold to market in months when New Zealand kiwifruit is not available. We also procure Green kiwifruit that meets Zespri standards from Italy and Greece. A small amount of SunGold grown in Italy is exported to the UK.

In 2022/23 ZGS reached sales of 24.8 million trays, down slightly from the 26.5 million trays in 2021/22. This was made up of around 16 million trays of SunGold kiwifruit and 9 million trays of Green. ZGS revenue decreased from \$536.9 million in 2021/22 to \$519.3 million in 2022/23.

Zespri works with more than 1,200 growers in Italy, with four postharvest suppliers for SunGold and 27 for Green. There are 10 SunGold and 27 Green packhouses which operate 11 SunGold and 28 Green coolstores. Just over half of the SunGold in Italy is sourced from the Lazio region, with 17 percent from Emilia Romagna and 16 percent from Calabria. The rest is grown in Veneto, Lombardia, Campania and Basilicata.

3. POLICIES

Zespri has a comprehensive Risk Management Policy based on the Australia-New Zealand risk management standard AS/NZS ISO 31000:2009 and a risk matrix developed by Zespri Management and reviewed by the Zespri Board. These documents govern the processes Zespri uses to continually monitor and assess risks. The Board maintains an issue watch register to identify and regularly update them on current risk items in the business. The Audit and Risk Management Committee and Board receive focused updates on internal audit matters, as well as regular updates on risk areas such as labour exploitation.

Zespri maintains a '[Social Responsibility Policy](#)' to demonstrate its commitment to operating a socially-responsible business and protecting the rights of workers in our industry. This policy is supported by Zespri's Global Supplier Code of Conduct and is underpinned by the International Labour Organisation Core Labour Conventions. Growers and contractors are required to demonstrate they also hold a 'Human Rights Policy' as a part of their GLOBALG.A.P. and GRASP certification.

Zespri also requires global customers and suppliers to acknowledge codes of conduct which set the expectation that business will be conducted legally, responsibly, ethically, with integrity, honesty and transparency.

4. DUE DILIGENCE PROCESSES

Zespri takes supply chain transparency seriously and engages in due diligence on our suppliers and other participants in the Zespri supply chain, as well as setting clear expectations of our immediate suppliers to take similar steps in their own operations.

The global customer and supplier codes of conduct set the expectations for supply chain participants, targeting issues including legal and financial compliance, food safety and quality standards, fair competition, anti-bribery, anti-corruption, fair employment practices and labour standards, health and safety, and care for the environment.

In New Zealand where contractors are widely used on orchards, prospective contractors who want to provide services to orchards that supply Zespri must register in the Zespri GLOBALG.A.P Contractor Programme ("the Programme"). Registration is not automatic and requires contractors to undergo a vetting process. This includes ID verifications, background checks, financial and business checks and an applicant interview. This allows Zespri to evaluate an applicant's ability to comply with the Programme and reduces risk of labour exploitation in the supply chain.

Upon approval, contractors are required to undergo a three-tiered inspection process to demonstrate they have business systems and processes to meet the compliance expectations of the Programme. Contractors who successfully complete this process are issued with a Compliance Verification Assessment ("CAV"). Before growers engage a contractor, they are expected to sight and cross check their contractors' CAV against the approved contractor list. This provides assurance to our growers and industry that their contractors have been verified.

5. RISK ASSESSMENT AND MANAGEMENT

Zespri expects kiwifruit industry employers to comply with all employment laws and regulations. In New Zealand, Zespri works with NZKGI and the New Zealand Government to ensure industry compliance with applicable labour laws and standards.

Our key risks with regards to workers in the industry have been assessed as including:

- Exploitation of seasonal workers.
- Underpayment of wages.
- Deceptive recruitment.

The protection of seasonal workers is a particular focus for Zespri. The New Zealand industry relies on a substantial workforce of overseas workers - mostly from the Pacific - for both on-orchard and packhouse labour. The industry also relies on labour contractors for seasonal on-orchard activities such as summer pruning in October-to-November and harvesting, which runs from around March to June.

Risks are identified through a variety of channels. The industry has many consultation groups where issues and expectations around matters such as social and ethical business practices are discussed and agreed.

Regular audits are conducted by independent audit bodies throughout the supply chain, which helps to identify labour exploitation indicators. When non-compliances or risks are identified, Zespri works with suppliers to improve social responsibility practices, with the last resort being revoking their certification and/or refusal to take fruit, goods or services.

Zespri also has a dedicated global Speak Up line that allows anyone to report unethical or illegal behaviour. Complaints that come through the Speak Up line, the industry Compliance team or other avenues are documented, triaged and managed with support from a third-party provider which specialises in investigating labour exploitation.

Where suppliers are believed to have breached regulations, law or Zespri's own ethical and social policies, Zespri reports to appropriate government agencies as required.

During the financial year ending 31 March 2023, Zespri undertook the following steps to ensure the risk of slavery and human trafficking can be identified and addressed if it is found in our supply chain.

5.1 Continuing to require all growers to be certified against GLOBALG.A.P. which is an internationally recognised independent certification system that covers social practice in the fruit and vegetable industry through the GLOBALG.A.P Risk Assessment on Social Practice ("GRASP") module. Compliance with GLOBALG.A.P and GRASP is independently certified by professional certification bodies globally.

5.2 Requiring suppliers of goods and services to Zespri to acknowledge Zespri's supplier code of conduct. This obliges Zespri suppliers to (among other things):

- Comply with all applicable laws.
- Provide a workplace free from discrimination, harassment or any other form of abuse.
- Treat employees fairly, including with respect to wages, working hours and benefits.
- Prohibit all forms of forced or compulsory labour.
- Prohibit the use of child labour and provide safe and healthy working conditions.

5.3 Maintaining a social responsibility policy to set the expectation of Zespri and Zespri's customers for all suppliers globally. This policy recognises and respects different international laws, stating that the highest level of protection for workers will be adopted and implemented.

5.4 Continued to operate a dedicated global Speak Up line for anyone to report unethical or illegal behaviour.

5.5 Continued the existing Zespri GLOBALG.A.P. Contractor Programme to ensure all New Zealand on-orchard labour complies with New Zealand law and relevant international standards.

- Contractors must be registered with Zespri and hold a current CAV showing they meet GLOBALG.A.P. and GRASP requirements.
- Contractors are audited annually, with additional inspection requirements relevant to risk indicators.
- If growers use contracted labour, they are required to sight their contractors' CAV, indicating their contractors have also been assessed under GLOBALG.A.P and GRASP. Where concerns are raised, Zespri employs independent investigators to investigate and refers illegal activity to government agencies.

5.6 Worked with all New Zealand post-harvest operators to maintain registration and annual reviews of self-assessment questionnaires on the SEDEX platform. Regular audits are also conducted as requested and non-compliance are actively monitored and followed up.

- SEDEX is one of the world's leading ethical trade service providers, working to improve working conditions in global supply chains. SMETA reports are published in the SEDEX system, ensuring transparency and efficient information sharing.
- Zespri has set the target that all post-harvest operators will have completed a SMETA audit by 30 June 2025. SMETA (SEDEX Members Ethical Trade Audit) uses the ETI Base Code and is an ethical audit methodology developed by SEDEX.
- Italian SunGold Kiwifruit suppliers are also required to be independently audited by SEDEX, with our Green suppliers obliged to declare they comply with SEDEX.

5.7 In New Zealand, continued to endorse the Recognised Seasonal Employer (RSE) scheme which alleviates labour shortages in the horticultural industries, and directly supports community development across the Pacific by providing seasonal employment as well as pastoral care and support.

5.8 Zespri works with a New Zealand pan-industry governance group which is charged with ensuring appropriate steps are in place to drive ethical employment practices across the industry.

5.9 Zespri's Ethics & Compliance Learning Centre is an online system that provides compliance-related training courses for all Zespri staff. This covers training in recognising and reporting unethical labour practices for relevant staff. Compliance is an area that we must get right to grow our business sustainably into the future and protect the promises we make. It requires business integrity, ethical decision making and an internal culture that supports doing the right thing.

6. ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

Zespri regularly reviews and assesses the effectiveness of its policies, codes and operating procedures as part of our risk management framework. Zespri will continue to review its policies and procedures to ensure that it can meet its commitments and strive towards meeting the highest ethical standards.

ZESPRI'S AUDIT AND RISK COMMITTEE ("ARMC")

The ARMC's primary function is to assist the Zespri Board in fulfilling its oversight responsibilities by reviewing financial information that will be provided to the shareholders and others as well as audit, compliance and risk management.

The ARMC consists of at least three board members appointed by the Board of Directors as a sub-committee of the Board. Members of Zespri Management and Executive attend meetings.

As part of the compliance management function, the ARMC will:

- Provide oversight of Ethics & Compliance programme strategy and activities.
- The ARMC oversight:
 - Is risk based;
 - Includes periodic review of the programme design and work plans;
 - Includes periodic review of programme implementation and effectiveness;
 - Receives information from Ethics & Compliance personnel;
- The ARMC evaluates the ethical implications of proposals raised by senior management.
- ARMC evaluates senior management based on executives' efforts to demonstrate ethical leadership and promotes a culture that encourages ethical conduct and a commitment to compliance with the law.
- ARMC's self-evaluation includes consideration of its performance in addressing ethical issues that pertain to the organisation, the industry or to the Board itself.
- Reviews and approves the company code of conduct at least every two years.
- Meets with the Head of Risk & Assurance and other management in separate executive sessions to discuss any matters that the ARMC or these groups believe should be discussed privately with the ARMC.

7. TRAINING ON MODERN SLAVERY AND HUMAN TRAFFICKING

Zespri staff are regularly trained across policies to ensure communication and education of the latest compliance requirements and expectations. Our policies are underpinned by audits and investigations conducted by an internal audit function, with exceptions being reported to the Audit and Risk Management Committee.

In New Zealand, Zespri ran its first education and engagement session for contractors which provided industry updates in the social responsibility space, covering the topics of modern slavery and human trafficking. Zespri worked with the Labour Inspectorate, Immigration New Zealand and Inland Revenue to deliver this training, providing a cross-functional approach.

8. CONCLUSION

Zespri is committed to continuous improvement and has established an industry working group to focus on strengthening social responsibility practices. With the New Zealand government announcing they are also committed to addressing modern slavery through new legislation, Zespri will continue to assess and adapt strategies in this constantly evolving space.

This Modern Slavery & Human Trafficking Statement was approved by the Board of Zespri Group Limited on 22 August 2023



Bruce Cameron
Director
Zespri Group Limited