



# ZESPRI: MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT

Year ending 31 March 2021

## 1. OVERVIEW

Zespri International (Australia) Pty Limited is a subsidiary of Zespri Group Limited. Zespri 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. The New Zealand kiwifruit supply chain in New Zealand comprises approximately 3395 individual orchards that supply 14 suppliers, running around 44 packhouses and about 63 coolstore facilities.

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. Alongside the New Zealand Government and New Zealand Kiwifruit Growers Inc, we continue to do everything we can to combat exploitation of workers and create an industry where people can thrive. We've 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 must be met to protect our industry and our people, with all growers and industry contractors required to meet the Good Agricultural Practice requirements which underpin everything we do on-orchard.

Zespri ensures all contractors are registered and audited regularly, with registration renewed annually and declined or revoked if standards aren't met. Our industry compliance team continues to provide ongoing contractor education so we can continue to improve our practices and anybody with concerns about what they're seeing can contact our confidential speak-up line.

## 2. OUR BUSINESS STRUCTURE & SUPPLY CHAIN

There are over 2,800 kiwifruit growers with around 15,430 hectares of orchard. The industry employs 10,000 permanent employees and up to 23,000 jobs at the peak of the 2021 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.

We export, distribute and market premium Zespri kiwifruit to over 50 countries around the world, as well as setting and monitoring quality standards. Orchards and postharvest are independently owned and managed.



In the 2020/21 season, Zespri directly returned over \$2 billion in direct payments to growers in rural communities around New Zealand<sup>1</sup>:

- Northland \$91M
- Auckland \$76M
- Bay of Plenty \$1.78B
- Waikato \$67M
- Poverty Bay \$60M
- Hawke's Bay \$33M
- Lower North Island \$7M
- South Island \$71M

Zespri's operating revenue was \$3.97 billion in 2020/21. Our target is \$4.5 billion in sales by 2025. Our purpose is to help people, communities and the environment around the world thrive through the goodness of kiwifruit.

Our strategy is to supply the world's leading portfolio of kiwifruit for 12 months of the year. To do this, we have long term partnerships with growers in the Northern Hemisphere to provide Zespri Kiwifruit to market in months when NZ kiwifruit isn't available.

The Zespri brand - refreshed and launched in 2020 - is the byword for premium, healthy fruit. We invested around \$176 million in marketing in 2020/21 to drive sales and build the Zespri brand, arguably New Zealand's leading international consumer brand. We also invest around \$30 million each year in innovation, with over half dedicated to the new varieties breeding programme, which saw the recent commercialisation of Zespri Red.

### 3. Our risks

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 exploitation of seasonal workers is a particular focus for Zespri. New Zealand relies on a substantial workforce of overseas workers 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-November and harvesting, which runs from around March to June.

Where contractors are believed to have breached New Zealand law and/or Zespri's own ethical and social policies, Zespri takes steps to ensure that matters are addressed, ranging from imposing corrective actions up to and including cancellation of GAP certifications and/or refusal to accept fruit.

### 4. Actions to assess and manage risk

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. Zespri expects kiwifruit industry employers to comply with all employment laws and regulations

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<sup>1</sup> Some payments are not allocated at an individual grower level, and a region split is therefore not able to be determined. These payments are excluded from the numbers provided.



and works with New Zealand Kiwifruit Growers Inc. and the New Zealand government to ensure industry compliance with applicable labour laws and standards.

During the financial year ending 31 March 2021, Zespri undertook the following steps to ensure slavery and human trafficking is not taking place in any of its supply chains.

- 4.1. Continued the existing **Contractor Compliance Programme** to ensure all on-orchard labour complies with New Zealand law and relevant international standards.
  - All contractors must be registered with Zespri and hold a current compliance certificate showing they meet GlobalGAP GRASP requirements, which Zespri undertakes several steps to check, including annual audits.
  - All growers must ensure that their contractor has a valid compliance certificate before engaging them and Zespri provides this information on a public website.
  - Where concerns are raised, Zespri employs independent investigators to investigate and refers illegal activity to government agencies.
  
- 4.2. 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; and
  - Prohibit the use of child labour and provide safe and healthy working conditions.
  
- 4.3. Worked with all post-harvest operators to support registration and self-assessment on the **Sedex platform**. Sedex is one of the world's leading ethical trade service providers, working to improve working conditions in global supply chains.
  
- 4.4. Maintaining a **social responsibility policy** to ensure fair treatment of workers by both postharvest and kiwifruit growers.
  
- 4.5. Continue 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.
  
- 4.6. 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.



4.7. **Zespri's Ethics & Compliance Learning Centre** is an online system that provides compliance related training courses for all Zespri 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.

## 5. 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:
  - o Is risk based;
  - o Includes periodic review of the programme design and work plans;
  - o Includes periodic review of programme implementation and effectiveness;
  - o 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 to promote 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.

## 6. Consultation processes

Zespri growers and suppliers operate under a common operating framework that sets out expectations, policies and procedures.

In the case of our growers, our expectations are communicated through our key industry documents and frameworks such as the Contractor Compliance Programme. Zespri's Grower Manual outlines all the conditions of Zespri supply including social practice.



New Zealand Kiwifruit Growers Incorporated represents the interests of growers and is a key conduit for communicating and consulting with our grower base.

The industry has many industry consultation groups where issues and expectations around matters such as social and ethical business practices are discussed and agreed. Zespri works closely with such industry decision-making bodies, particularly in regards to the Zespri supply contract (signed each year between Zespri and supply entities), fruit payments, industry policy and governance, supply chain processes and management of supply chain functions.

This statement was approved by the board of Zespri International (Australia) Pty Limited on 29 June 2021.

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*Colin Pretorius*

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**Colin Pretorius**

**Director**

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