



RESPONDING TO A CHANGING *Climate*

**OUR STRATEGY TO GUIDE THE KIWIFRUIT INDUSTRY
TO A LOW-CARBON, CLIMATE-RESILIENT FUTURE**



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Leading WITH PURPOSE

THE PURPOSE OF ZESPRI'S CLIMATE CHANGE STRATEGY IS TO LEAD THE KIWIFRUIT INDUSTRY'S TRANSITION TO A LOW-CARBON, CLIMATE RESILIENT FUTURE.

As an organisation and an industry, it's critical we continue to adapt our practices to ensure we can thrive in a low-carbon, climate resilient future. We've already made some important steps.

In February 2020, we reinforced the importance of embracing sustainable practice with the launch of our sustainability commitments, including that Zespri will be carbon positive by 2025.

We've continued to invest in innovation, supporting the world's leading new kiwifruit variety development programme which considers how we can produce premium quality kiwifruit in changing climatic conditions. And we've seen growers and our supply chain partners embrace more sustainable practice, whether it be through energy efficiency improvements or the recovery of food waste.

But there's much more we need to do.

Our purpose at Zespri is to help people, communities and the environment thrive through the goodness of kiwifruit.

And to do this, we need to make sure that our industry provides even more consumers around the world with our fresh, healthy, tasty kiwifruit, while meeting the challenge climate change presents.

The pace, magnitude and complexity of climate change is a significant challenge but we've faced challenges before. Responding requires collaboration, dedication, innovation and resilience – all qualities intrinsic to our industry.

In meeting this challenge, we'll also be getting closer to our consumer. Today, purchasing decisions are made on much more than the product itself.

Modern consumers support brands where looking after people and the planet is a core part of their business.

That's Zespri.

And we want to continue to lead, to show that we're truly a purpose-led organisation.

This climate change strategy outlines the goals, objectives and milestones that will allow Zespri to lead the industry's transition to a low-carbon, climate resilient future.





Setting THE SCENE



Why does Zespri need a climate change strategy?

Ensuring a climate-resilient industry is core to fulfilling our purpose of helping people, communities, and the environment around the world thrive through the goodness of kiwifruit.

It's also implicit within our mission to create sustainable long-term value for kiwifruit growers, our strategic focus on a better tomorrow, and our belief in kaitiakitanga as a core value that drives our industry.

We want to act for the future, being part of the solution rather than part of the problem.

Across our industry, we have already taken some important action on climate change. However our response needs greater coordination, ambition and leadership. We have to do more, and do it faster. This will require us to work smarter. This strategy will help us do this.

How does our strategy link to New Zealand's international commitments?

To play our part in New Zealand's climate response, we must align our climate strategy to:

- The 2030 Agenda for Sustainable Development and the UN's associated Sustainable Development Goals (SDGs)
- The Paris Agreement, which marks an historic turning point in global climate action towards emission reduction and enhancing adaptive capacity
- New Zealand's Climate Change Response (Zero Carbon) Amendment Act 2019

This will involve working closely with growers and post-harvest operators, together with international customers and governments.

How was this strategy developed?

In 2019, Zespri carried out a climate readiness assessment, based on the Task Force for Climate-Related Financial Disclosures (TCFD), guided by KPMG

New Zealand. This established a baseline from which to identify opportunities for improvement. A Climate Risk and Opportunities Assessment covering the New Zealand supply helped inform the focus areas for this strategy. The goals, objectives and milestones were developed through a participatory process with the Zespri Executive team, guided by the Board and informed by engagement with key stakeholders across the industry.

Who is this strategy for?

This strategy guides Zespri's response to climate change. It takes account of the expectation our industry has of us to take the lead on addressing challenges impacting our future success, identifying opportunities to protect and grow our value. The strategy sets Zespri's internal action as well as actions to strengthen the kiwifruit industry response to climate change. For example, our growers and supply chain partners will have their own standards and strategies in place, and we will work with them to ensure that what we do reinforces their climate efforts.

What is Zespri's role?

We recognise we cannot direct our industry to take action, nor do we aspire to. We will create change through leading by example, leveraging industry decision-making structures, and advocating strongly for change. We recognise there are already others leaders in our industry, including some pushing us to do more and go faster.

What timeframe does this strategy cover?

This will cover the period 2020-2025, but incorporates goals which will take longer to achieve. While future focused, we recognise the need to act now.

How will we know if our strategy is successful?

A number of milestones are set out in this strategy. It is accompanied by an implementation plan to be reviewed and updated every year as we learn from our actions, successes and challenges.



Our PROGRESS SO FAR

Zespri was established because it was in growers' interests to work together to deliver high-quality, great-tasting premium kiwifruit to the world. We've met the many challenges put before us. And so it must be with our approach to addressing climate change.

We're committed to demonstrating leadership, focusing on reducing our impact as an industry and as importantly, preparing for the impacts climate change will have on us. Through our natural growing systems we have advantages we can make more of, driving innovative approaches to emissions management through our collaborative ways of working and our reach around the world.

We know our ambition to take an industry-wide approach will not be easy. But we take confidence from the insight we gained from our Climate Change Readiness Assessment, which showed the important foundations we have in place – committed leadership and oversight from the Board and Executive, a sustainability framework for the kiwifruit industry, and the identification of climate risks and opportunities.

We are now responding to industry's call to action to demonstrate leadership by setting out the case for change, providing clear targets and mapping a path forward.

Setting targets

In February 2020, we announced a set of ambitious targets for reducing our emissions and building our resilience to climate change.

WE WILL WORK WITH OUR PARTNERS TO BE CARBON POSITIVE BY 2035, ACHIEVING TWO KEY TARGETS ALONG THE WAY:

ZESPRI CORPORATE

WILL BE CARBON
NEUTRAL BY

BY 2025

WE WILL SUPPORT OUR GLOBAL
SUPPLY CHAIN TO BECOME

CARBON POSITIVE
TO RETAILERS

BY 2030

WE WILL STRENGTHEN OUR PREPAREDNESS FOR CLIMATE CHANGE BY

REPORTING ON

OUR CLIMATE RISKS
AND OPPORTUNITIES

BY AUGUST 2021

BUILDING AN

INDUSTRY-WIDE
ADAPTATION PLAN

BY DECEMBER 2022

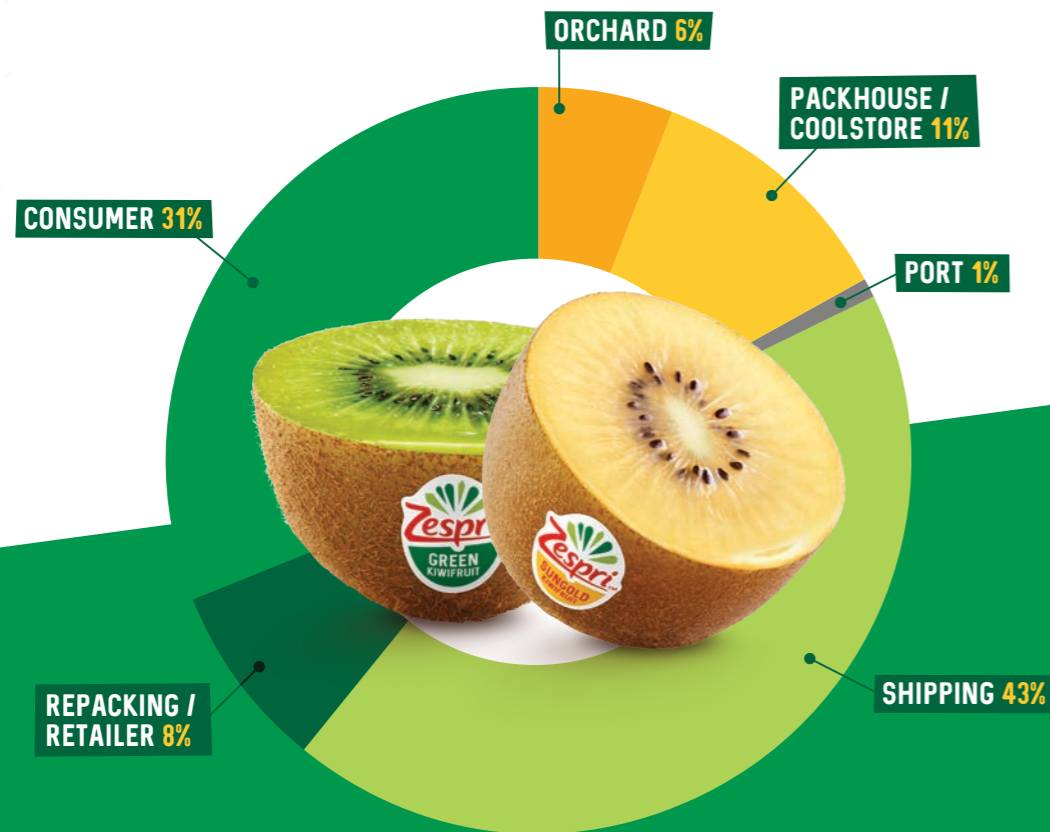
Reporting our performance

At 2.02 kg of CO₂-e emissions per kg of fruit consumed internationally, we are a small contributor when compared to other food products. While we have reduced our emissions by 20 percent over the course of the last decade through more efficient shipping, better cool store technology and more efficient growing practices on orchard, our overall contribution is just over 600,000 tonnes CO₂-e.

OUR INDUSTRY CARBON FOOTPRINT

INDICATIVE CONTRIBUTION OF EACH STAGE IN THE SUPPLY CHAIN TO THE CARBON FOOTPRINT OF ZESPRI KIWIFRUIT PRODUCED IN NEW ZEALAND AND CONSUMED GLOBALLY*

*For the 2017 crop, calculated in accordance with the PAS2050:2011 specification for the assessment of the life cycle greenhouse gas emissions of goods and services standard



ZESPRI'S ORGANISATIONAL GREENHOUSE GAS EMISSIONS*

| Scope | Source | tCO ₂ -e |
|--------------|-------------------------|---------------------|
| Scope 1 | Vehicle fuel | 300 |
| Scope 2 | Office electricity | 300 |
| Scope 3 | Air travel | 7,800 |
| | Staff mileage and taxis | 200 |
| Total | | 8,600 |

*Zespri's core greenhouse emissions for 2019/20 calculated in accordance with ISO 14644-1:2018 organisational reporting standard

"OUR GLOBAL FOOTPRINT IS SIGNIFICANT. AND OUR TARGETS ARE AMBITIOUS. ACHIEVING THEM WILL REQUIRE TRANSFORMATION ACROSS OUR BUSINESS AND OUR INDUSTRY WHILE SAFEGUARDING SHAREHOLDER PROFITS AND PROFITABILITY."

Identifying our climate risks

We've invested in understanding our material climate risks. The three areas identified have helped inform the focus for this strategy:

1. Rising average temperatures and more weather variability and extremes. This has the potential to impact on growing systems, crop yields, fruit quality, and the development of pest and diseases.
2. Tightening environmental regulation leading to direct and indirect cost increases over short and medium terms.
3. Increasing focus on the environmental footprint of agri-food systems, impacting on social license to operate and strengthening consumer concern about unsustainable products.

Investing for the future

Our innovation function invests more than \$1 million per year in understanding more about climate change. From assessing the carbon footprint of our Zespri Global Supply business, to understanding the water requirements of kiwifruit vines, investigating soil carbon storage, and modelling the impact of changes in weather on yield, we are committed to taking a science-led approach to the solutions we put in place.

We assess new kiwifruit varieties against a range of indicators, including those impacted by climate change. However there is more we can do to strengthen our integration of climate risk into our new varieties programme, future-proofing our industry.

Industry action

Every year, Trevelyans reports on its operational greenhouse gas emissions. In 2019, they recorded their lowest level since they began measuring in 2010 at 140g CO₂e per class 1 tray. Their programme of Big Little Wins empowers staff to find improvement opportunities throughout the business.

Similarly, Eastpack has focused on improving energy efficiency across its cool stores and, in 2020, Seeka

installed a large scale worm-farm that takes kiwifruit waste from their operations, returning it as compost to its growers. Industry-wide there has been a focus on reducing refrigerant gas leakage given the role this plays in negatively impacting climate.

How we distribute

Minimising fruit loss is a relentless focus for our industry and we achieved some of the lowest levels of fruit loss in the 2020 season. With shipping making up a large proportion of our emissions as an industry, this needs to be a bigger focus for action. As we enter into new contracts, we are introducing carbon impact assessments and investing in modelling optimal pack configurations to save fuel and energy.

In our markets

Packaging makes a significant contribution to our industry-wide footprint. It has an important role in protecting our fruit and preventing fruit loss, however there is much more we need to do to reduce its impact. For example, our investment in environmental assessment tools for packaging in 2020 enables our in-market teams to make decisions about the carbon impact of the packaging they choose.

Looking ahead

Our global footprint is significant and our targets are ambitious. Achieving them will require transformation across our business and our industry while safeguarding shareholder profits and business growth.

We will need to look beyond reduction of emissions to achieve carbon-positive growth. We are uniquely placed to do this through incentivising the adoption, over time, of nature-based climate solutions. This will enable and require us to take bold, innovative new paths.

We are encouraged by the commitment we are hearing from senior leaders in our industry for this kind of approach and we welcome the challenge.



Capturing OPPORTUNITY AND MANAGING RISK

THIS STRATEGY SETS OUT ZESPRI'S APPROACH FROM NOW, THROUGH UNTIL 2035, TO LEAD THE KIWIFRUIT INDUSTRY'S TRANSITION TO A LOW-CARBON, CLIMATE RESILIENT FUTURE.

We want to capture the opportunity we have with our consumers to add value by addressing environmental issues they care about. We want to support our growers and post-harvest operators to change. We also want to grow our capability for leadership, integrating climate risk into business decision-making, risk planning and reporting.

Our approach is structured around three goals:



GOAL 1:

TO PROVIDE THE WORLD WITH CARBON POSITIVE KIWIFRUIT



GOAL 2:

TO ENABLE THE KIWIFRUIT INDUSTRY TO THRIVE IN A RAPIDLY CHANGING CLIMATE



GOAL 3:

TO GROW OUR CAPABILITY AS A CLIMATE LEADER



GOAL 1:

TO PROVIDE THE WORLD WITH CARBON POSITIVE KIWIFRUIT

We already provide the world with a great product – fresh, healthy, tasty kiwifruit. While our impact on the environment is relatively low, we will continue to invest and innovate. Working with our industry partners to reduce greenhouse gas emissions and invest in nature based solutions such as offsetting, we will offer consumers certified carbon positive kiwifruit.

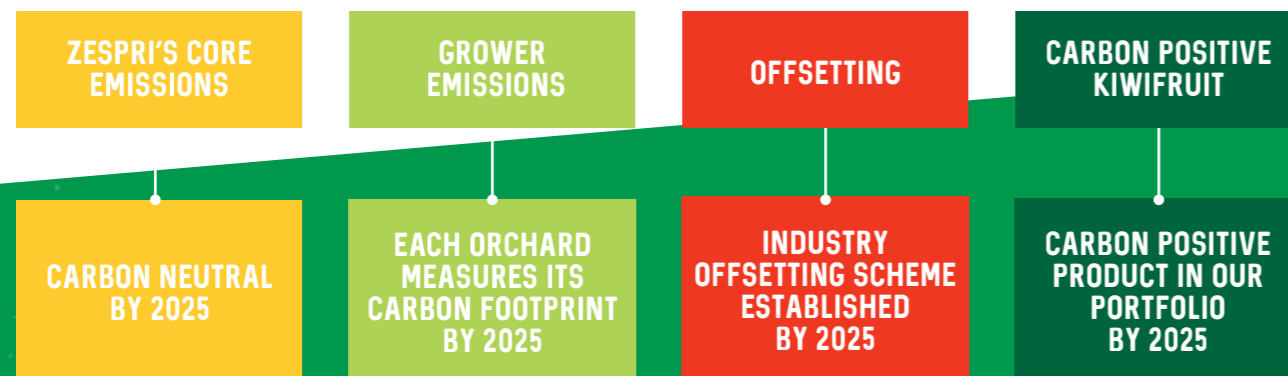
Strategic objectives:



The business opportunity:

- The Paris Climate Change Agreement, ratified in 2016 and now signed by 194 countries around the world, set a target of limiting total global warming to 1.5°C. To achieve this, emissions need to drop more than 50 percent by 2030 (vs. 2010 levels) and reach near zero by 2050.
- Consumers, the public, politicians, regulators and investors are increasingly expecting business to play its part in reducing the impact on the climate.
- Responsible organisations and governments are setting expectations with ambitious targets and bold action. We want to play our part, protecting and growing our value by meeting the expectations of mindful consumers through the goodness of kiwifruit.

Key milestones:



GOAL 2:

TO ENABLE THE KIWIFRUIT INDUSTRY TO THRIVE IN A RAPIDLY CHANGING CLIMATE

Our focus must be on ensuring our industry is both resilient to a changing climate, and able to realise any opportunities that come from this. We will work with our industry partners to build resilience as the climate changes, support good practice, incentivise change and share our successes and challenges.

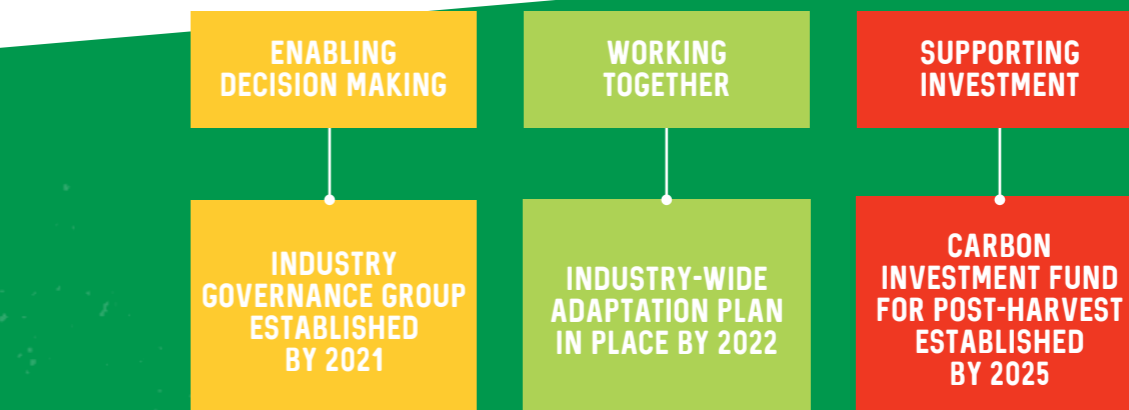
Strategic objectives:



Addressing climate risk and opportunity:

- A changing climate will impact growing systems and crop yields due to temperature increases in summer and spring, water shortages, increased risk of pest and diseases, and more severe weather events.
- The negative impacts of climate change have the potential to undermine productivity and, if not addressed, may threaten commercial value.
- Our industry will need to work together to address the challenges as economies around the world decarbonise. While this includes increasing climate regulations, there will also be opportunities as consumer preferences for healthy, low impact products increases.

Key milestones:





GOAL 3:

TO GROW OUR CAPABILITY AS A CLIMATE LEADER

We're committed to leading positive change within our industry. To achieve this, we must consistently demonstrate how we're meeting the goals and targets that we've set through real action. This may include transparent climate-related governance systems, improved policies, regular reporting or further investment in capability-building.

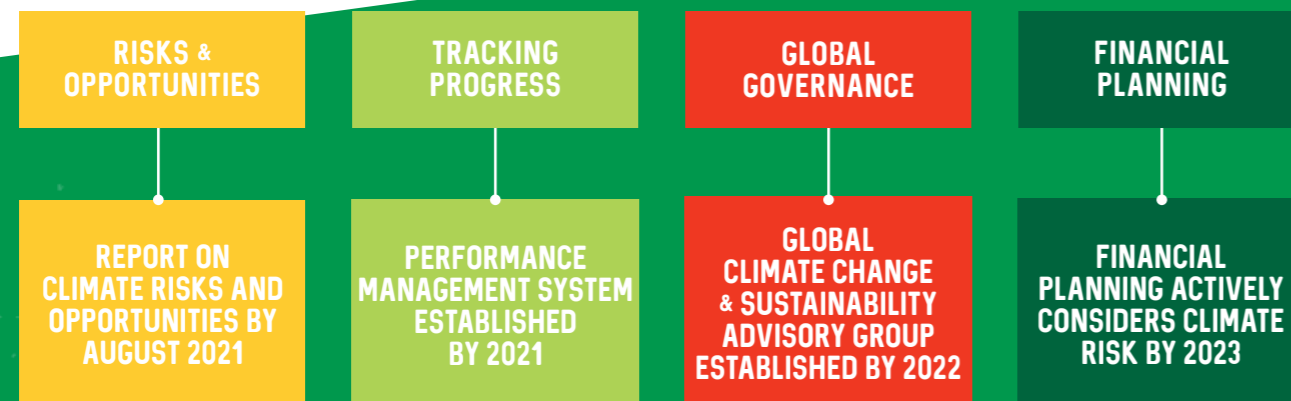
Strategic Objectives:

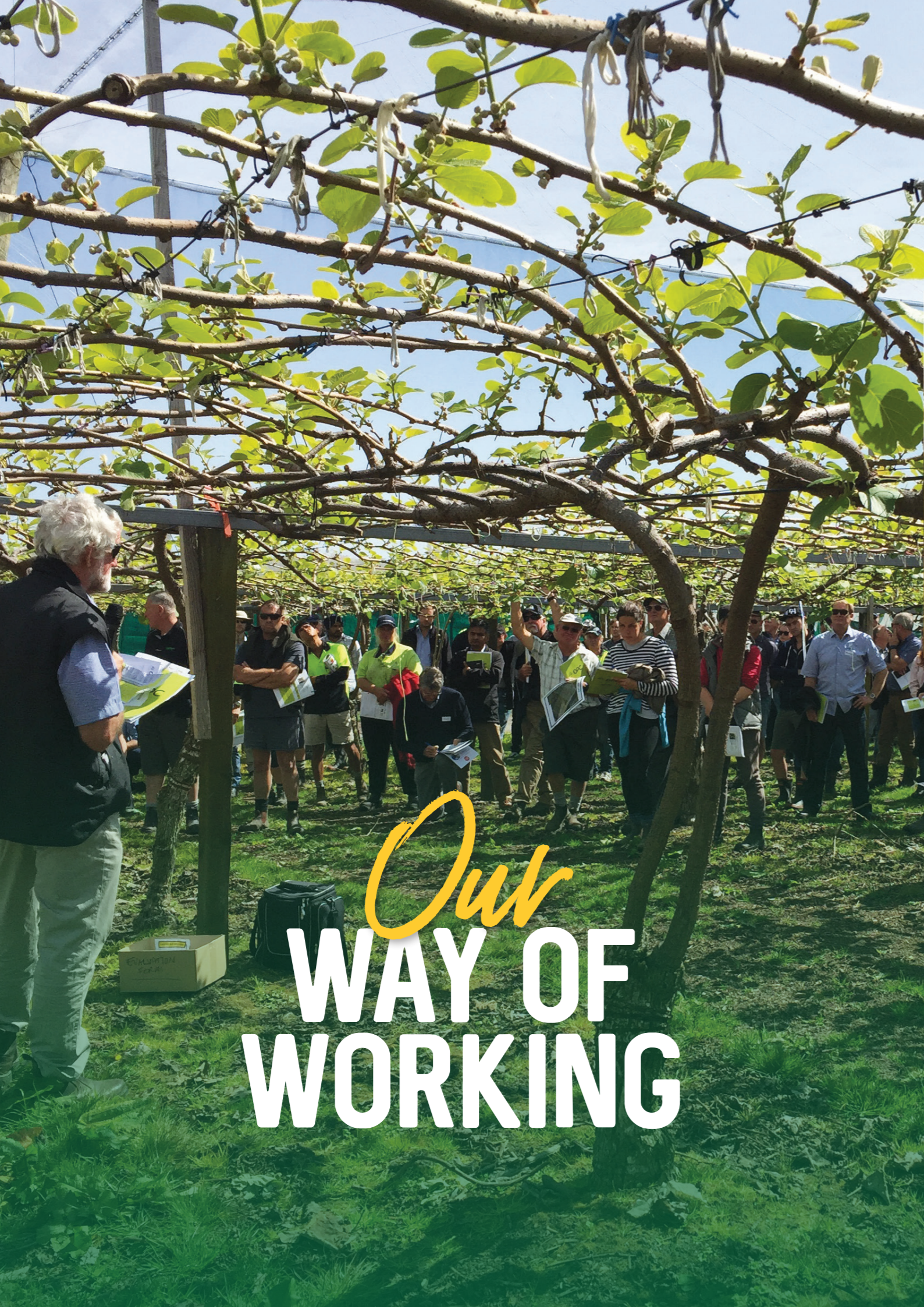


Getting the house in order:

- There are structural, process and knowledge gaps we need to address for the industry to build its climate resilience, and for Zespri to be an effective leader in this process.
- The Task Force on Climate-related Financial Disclosure (TCFD) provides a useful high-level framework to guide our organisational and industry maturity process.
- It is critical that we set targets and measure our performance to ensure accountability of ourselves and our stakeholders, and contribute our learning to the industry.

Key milestones:





Our WAY OF WORKING

IT'S IMPORTANT THAT OUR CLIMATE STRATEGY DEMONSTRATES HOW ZESPRI'S VALUES ARE AT THE CENTRE OF WHAT WE STAND FOR AND HOW WE WORK.



GUARDIANSHIP



RESULTS DRIVEN



PERSONAL CONNECTIONS

For us, it's about kaitiakitanga.

Each one of us are custodians for future generations. We nurture our lands, enable our industry and nourish people across the world.

Zespri is a values-based organisation that implicitly has climate change at its heart; our culture is shaped and framed by an authentic business purpose that is grounded in the true value of goodness of kiwifruit. This makes our organisation highly attuned to the business relevance and planetary imperative of climate action.

We challenge ourselves to think big and deliver better, holding ourselves accountable for creating sustainable value for consumers, customers and growers.

Zespri has a high level of integrity and will take an evidence-based approach to our climate journey.

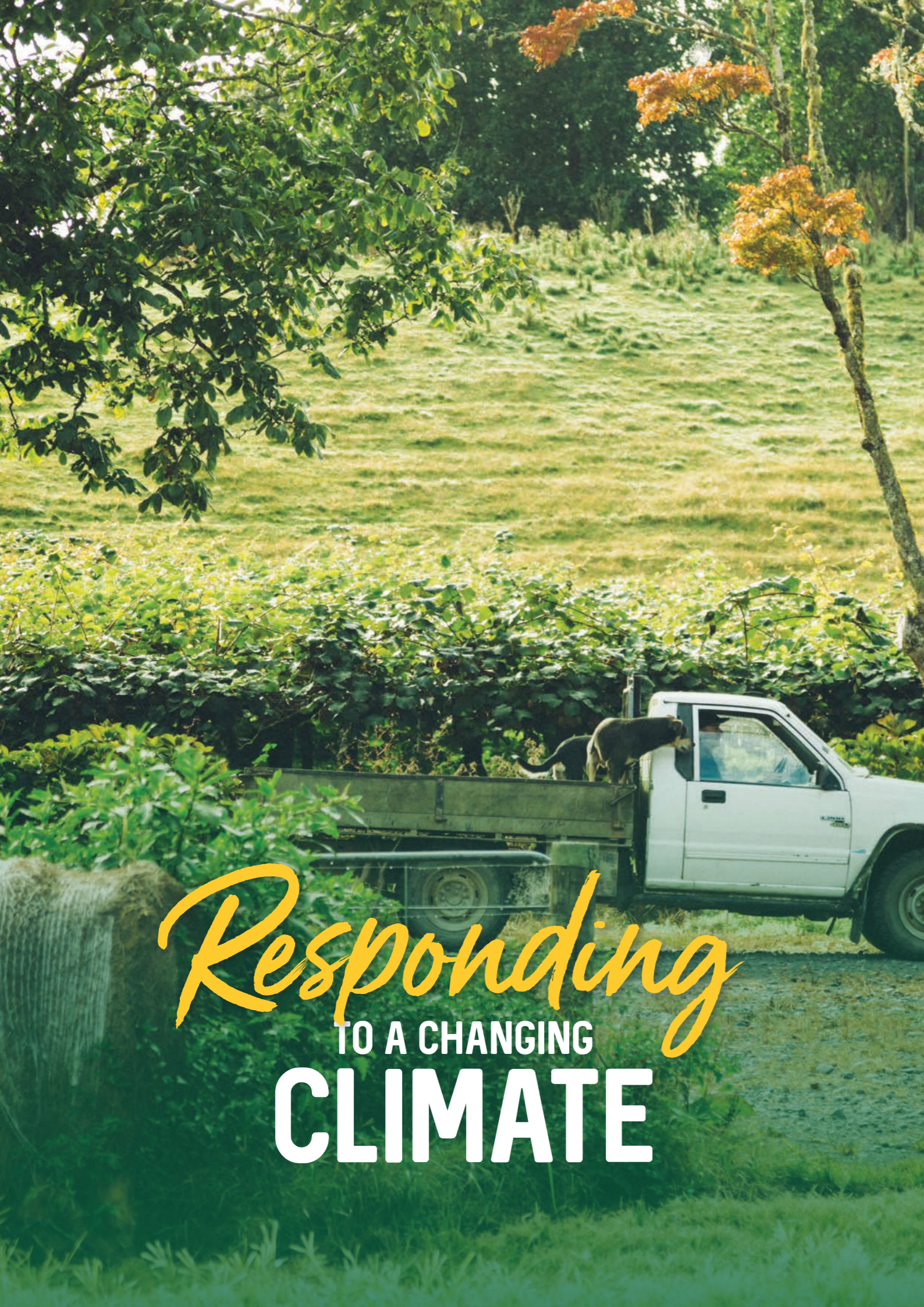
We will start with initiatives that build confidence, and align with the capacity and financial priorities of our organisation, growers and industry partners.

We learn from our own initiatives and from what others are doing, and are willing to share our experiences with others.

We are inclusive and caring – listening and talking to each other with compassion, acting with empathy and humility, and treating each other better for it.

Our climate strategy was developed through a highly participatory and inclusive process which reflects the collaborative nature of our wider industry. We listened carefully to the voices of our colleagues, growers and industry stakeholders as we formulated our strategic framework.

Similarly, the implementation of this strategy will be through a participatory approach with regular reflection on whether we are doing the right thing and in the right way. Zespri will seek to inspire and lead by example through bold action across our industry.



Responding TO A CHANGING CLIMATE

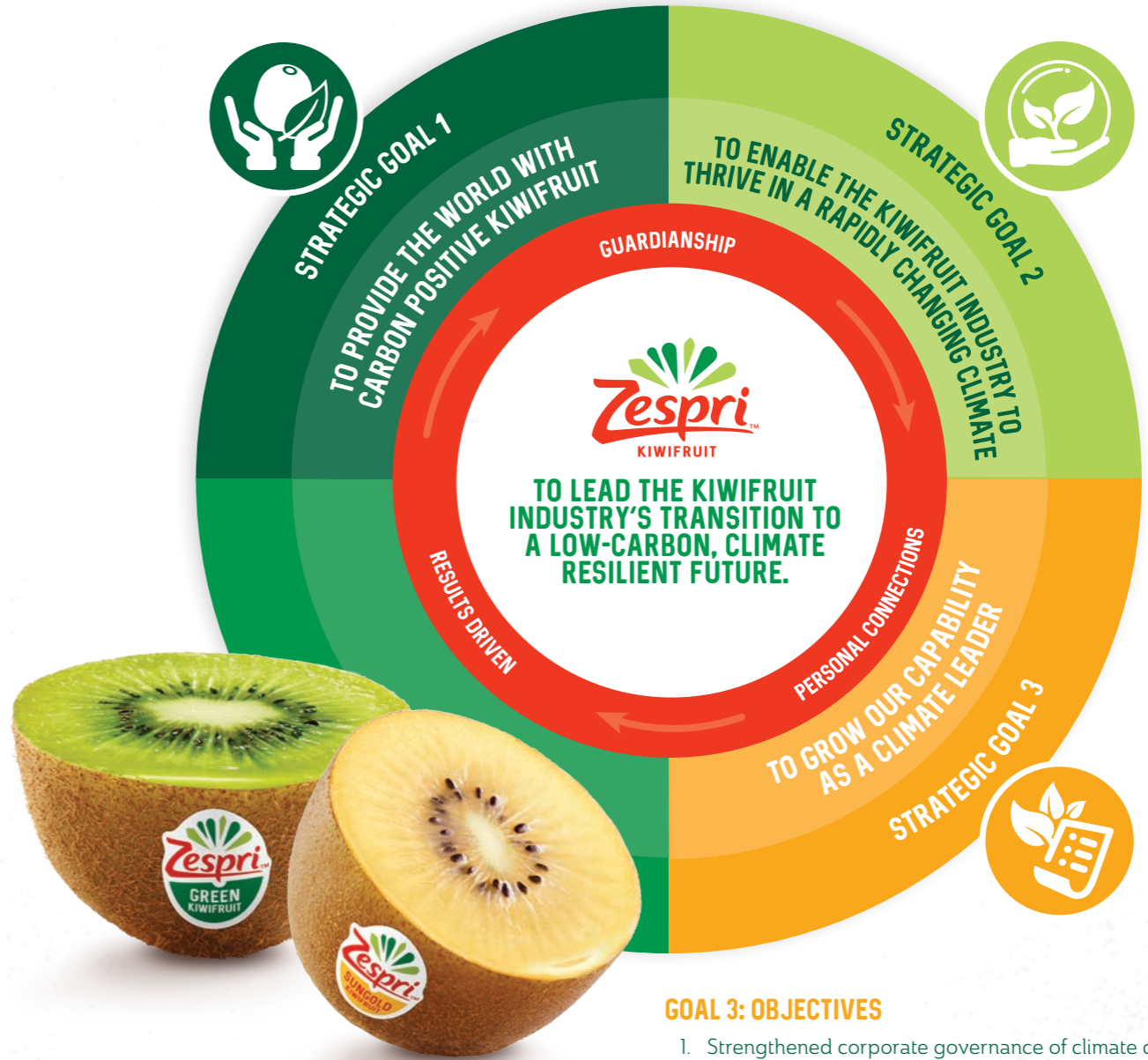
OUR STRATEGY TO GUIDE THE KIWIFRUIT INDUSTRY TO A LOW-CARBON, CLIMATE-RESILIENT FUTURE

GOAL 1: OBJECTIVES

1. Corporate emissions targets achieved
2. Supply chain partners supported to achieve emission targets
3. Unavoidable supply chain emissions offset
4. Customers and consumers value Zespri's carbon positive action

GOAL 2: OBJECTIVES

1. Climate resilience of new kiwifruit varieties is improved
2. Growers and supply chain partners have strengthened climate-resilient practices
3. Climate-related policies and financial instruments have enabled decarbonisation and adaptation
4. Community and stakeholder relationships strengthened by demonstrating and communicating authentic climate leadership



GOAL 3: OBJECTIVES

1. Strengthened corporate governance of climate change risks
2. Industry climate-related financial risks and opportunities monitored and addressed
3. Climate change is core in Zespri's business decision making and financial planning
4. Climate change performance monitored and reported
5. Investment in capability and capacity



GLOSSARY OF TERMS

Adaptation - The process of adjustment to actual or expected climate and its effects. In human systems, adaptation seeks to moderate or avoid harm or exploit beneficial opportunities. In some natural systems, human intervention may facilitate adjustment to expected climate and its effects.

Carbon neutral - An activity is 'carbon neutral' when it releases net zero carbon emissions into the atmosphere. An organisation is 'carbon neutral' when it has achieved net-zero carbon emissions by 'balancing' its total carbon emissions. Typically, balancing occurs by reducing, removing or avoiding (i.e. offsetting) carbon externally to its value chain.

Climate Change Response (Zero Carbon) Amendment Act 2019 - An Act of that seeks to provide a framework for New Zealand to develop and implement climate change policies in support of the Paris Agreement. The Act does four key things:

- Sets emission reduction targets to reduce net emissions of all greenhouse gases (except biogenic methane) to zero by 2050; and reduce emissions of biogenic methane to 24–47 percent below 2017 levels by 2050, including to 10 percent below 2017 levels by 2030.
- Establishes a system of emissions budgets to act as steppingstones towards the long-term target.
- Requires the Government to develop and implement policies for climate change adaptation and mitigation.
- Establishes a new, independent Climate Change Commission to provide expert advice and monitoring to help keep successive governments on track to meeting long-term goals.

Carbon positive - An activity or organisation is 'carbon positive' when it goes beyond achieving net zero carbon emissions and creates an environmental benefit by removing additional greenhouse gas emissions (GHGs) from the atmosphere.

Offsetting - Is the practice of removing, reducing or avoiding greenhouse gas (GHG) emissions in order to compensate for another practice – such as transport, agriculture or industrial processes – that generates emissions. Offsetting can occur one of three ways:

- Removal projects typically finance the absorption and sequestering of atmospheric carbon in the biosphere.
- Reduction projects finance the adoption of technologies to reduce GHGs that would otherwise be released into the atmosphere by industrial or domestic processes.
- Avoidance projects finance the development of renewable energy assets in place of fossil fuel-burning energy assets.

Paris Agreement 2016 - An agreement within the United Nations Framework Convention on Climate Change, dealing with greenhouse-gas-emissions mitigation, adaptation, and finance, signed in 2016.

Resilience - The ability to anticipate, prepare for, and adapt to changing conditions and withstand, respond to, and recover rapidly from disruptions.

Task Force for Climate-related Financial Disclosure (TCFD) - Climate change presents financial risk to the global economy. Financial markets need clear, comprehensive, high-quality information on the impacts of climate change. The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information.

Milestone timeframes - the word 'by' refers to completion within the year stated.





Zespri International,
PO Box 4043
Mount Maunganui South,
Mount Maunganui 3149
Freephone: 0800 155 355,
www.zespri.com