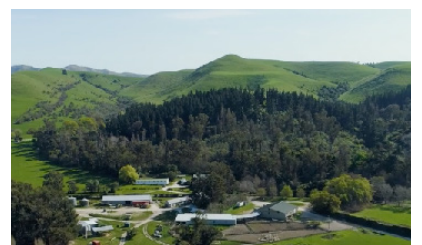
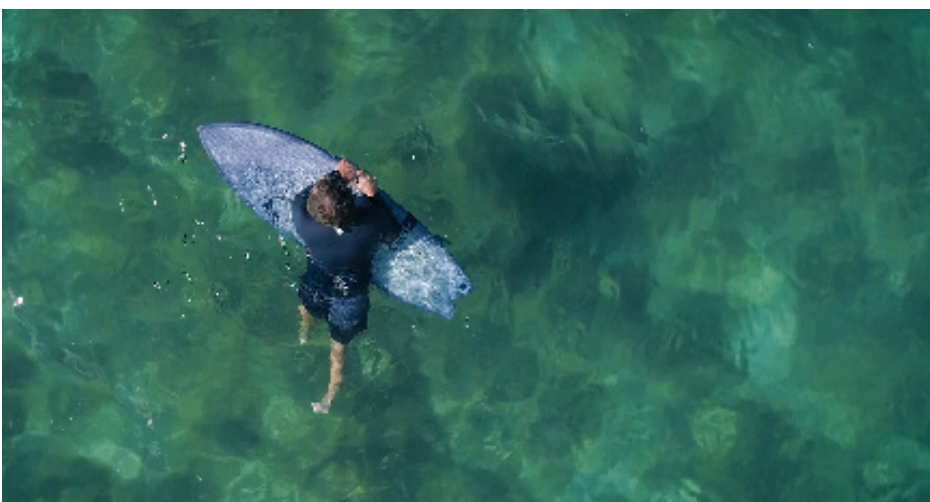
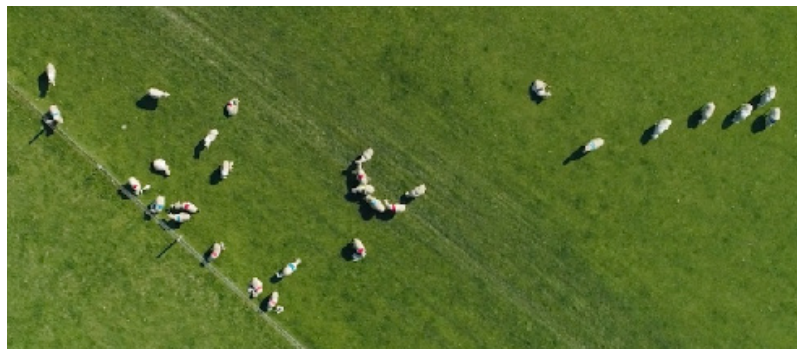


W3 WOOL UNLEASHED QUARTERLY REPORT SUMMARY



JANUARY 2019



W3 WOOL UNLEASHED

YEAR 4 - QUARTER 2

SOCIAL LICENSE TO OPERATE

This quarter 93% of growers supplying strong wool to NZM have achieved ZQ certification, an increase from last quarter. The remaining growers are awaiting audits or carrying out corrections before certification can be awarded.

Work continues on dynamic models which will demonstrate the economic value of different management and stocking options on New Zealand sheep farms. This work will help growers build more profitable businesses and encourage new growers into sheep farming.

This quarter several documents outlining shearing best practise have been developed and will be distributed to a select group of growers for initial feedback. This will then be incorporated into ZQ Standard going forward.

CROSSING THE CHASM

Inspired by the Vanguard wool event last quarter, NZM helped facilitate a challenging and stimulating 'Mini Vanguard', hosted by Best Wool carpets in Holland, with new and existing brand partners.

The objective was to identify a collective way to stimulate the strong wool carpet sector based on the learnings from Vanguard at Stanford. Outcomes resulted in a project to

be run by Studio ZQ (launching next quarter), to drive the creation and implementation of digital tools for strong wool.

BLUE OCEAN

NZM's foresight studio, Studio ZQ, was reaffirmed through brand demand at Vanguard. This will be a physical space in Christchurch, New Zealand, where NZM and outside companies can explore new opportunities for wool, be that innovation of product or system design, testing and trialling the capabilities of wool.

This quarter we helped develop a new, successful prototype within the interiors space. The New Zealand company we've partnered with see huge value in NZM and very keen to work with us and our recommended manufacturing partner. This is an exciting opportunity for a new category that aligns with our focus.

A Christchurch based company has partnered with NZM to develop technologies that revolutionise trace analysis. This quarter we worked with them on filtration with wool. The testing proved successful, physically showing wool's capability to benefit our environment. This work continues.

PRIMARY SECTOR EXTENSION

Studio ZQ will be a physical foresight studio and centre of innovation excellence, designed to amplify new market opportunities and further unlock the potential of wool.

The first initiative in this area is a pilot cadetship in partnership with key growers and stakeholders.

In order to attract, train and retain key young talent within the industry, the cadetship will encompass a variety of skills, as well as other topical global issues.

Investment in the Primary Sector Extension will decrease over time as projects in Studio ZQ increase, however collaborations with the wider primary sector in key areas, such as youth education, will remain a focus for this section.

INVESTMENT

Period	Industry contribution \$m	MPI contribution \$m	Total investment \$m
This quarter	0.30	0.30	0.61
Programme to date	4.45	4.45	8.91

HIGHLIGHTS FROM THE QUARTER

Firewire's wool surfboard launched this quarter, to great response from public and media. Growers are proud to be involved in the new Barron Surfboards technology that will help boost the wool industry and is also more environmentally sustainable than traditional fibre glass models.

Three biodiversity indicators have been developed which represent whole farm biodiversity. Farmers now have a platform to complete their farm environment plan and monitor whole farm biodiversity.

New brand partner acquired, who are creating a new rug category. They are 100% recyclable, and launched in December 2018 in San Francisco, using ZQ NZ strong wool.

COMING NEXT QUARTER

- Studio ZQ opens
- Further interior acoustic tile developments
- Three International brands visit NZ to see ZQ strong wool growers
- The NZM W3 Team are in-market for a Europe trip
- New resources join NZM