

SUMMARY

SUMMARY OF ACHIEVEMENTS DURING THIS QUARTER

Highlights in this quarter, we are pleased to share that NZM won awards at both the Champion Canterbury Awards and the NZTE International Business Awards including taking away the Supreme Business Award.

Social Licence to Operate

- Steady progress is being made in the development of the next iteration of ZQ. We have designed a scoring criteria that includes both quantitative and qualitative measures to enable us to assess on-farm performance. This has already been tested on a group of ZQ farms and we have started the process for peer review. The scoring system has been well-received by both growers and brand partners and we have incorporated feedback along the way. This work seeks to strengthen the sustainability credentials of wool against synthetics.
- A Life Cycle Assessment evaluates the environmental impacts of a product across its entire life, from raw material through to end-of-life. A whitepaper was completed to provide clarity for brand partners and other stakeholders into the process for completing an LCA and likely output figures for wool. This provides high-level information on the impacts of wool, particularly in terms of global warming potential and water consumption. This means we know where we stand as there is growing scrutiny around on farm emissions.
- Significant brand partners visited NZ and went on farm where they were exposed to the various

environmental initiatives and monitoring that growers, assisted by NZM, are doing. This included work such as the biodiversity monitoring which provides the data and integrity behind the story of farmers protecting and enhancing their natural environment.

- During November and December, a new pain relief technology was trialled on four NZM grower properties. This is the first technology specific for administering pain relief during tail docking and castration. The technology is scheduled to be launched in NZ in mid-2020 and will provide an option for better animal welfare outcomes during sheep husbandry procedures. We anticipate increased market expectations around pain relief going forward.

Crossing the Chasm

- A key Swedish brand partner continues to convert more of their non-NZ wool to Responsible Wool Standard (RWS) sourced wool from NZM. The volume projections for 2020 have doubled, compared to 2019, with ongoing trials to shift to completely RWS sourced wool by 2021.
- As part of our partnership, NZM is supporting NZ's largest carpet company with a refresh to market

approach. NZM's findings were presented to Their management team and board in December at Studio ZQ. This presentation showcased a prototype pop up/flagship store where natural fibre is the hero. It seeks to reimagine the retail store experience for wool products and help them move to a wool only brand and sell wool carpets and rugs in an exciting way. We are also working on supply contracts. Progress is slow but contracts would be for year 6 supply.

- NZM led a two-day workshop at Studio ZQ with a leading European carpet brand to help strengthen messaging for the benefits of wool carpet. A full scientific report was conducted, where the capability of wool to act as a natural filter was measured. We found compelling evidence that strong wool can capture VOC's and create a healthier living for customers. A further work programme has been developed exploring key sustainability stories and attributes. This will strengthen our ability to support our brand partners to tell the natural fibre story.

Blue Ocean

- A novel wool blend invention has developed leaps and bounds over the past quarter. We have established several prototypes,

developed a small-scale pilot plant, have started the patent process, and have presented to several brands who will utilize the material.

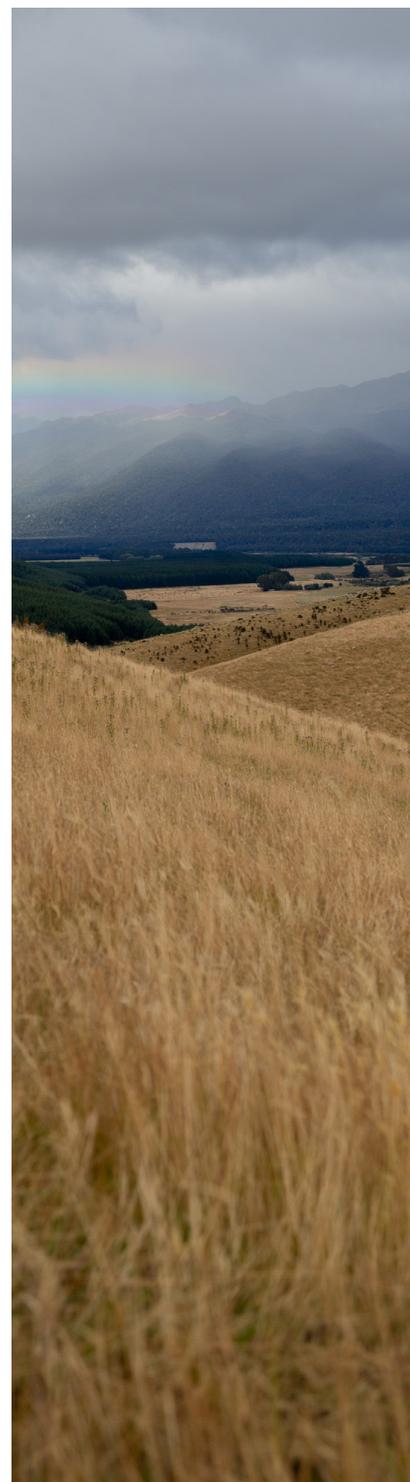
- NZM reached a significant milestone by signing off a technology partner relationship, with the secured ability to take their novel strong wool products to market. We have already presented their wool solution to key brand partners.
- Key new partnership formed this quarter to develop a new fibre blend made from strong wool and an alternative natural fibre, through NZM's innovation team.

Primary Sector Extension

- The Primary Sector Council (PSC) recently presented their vision for the agriculture, food and fibres sector of New Zealand at an event in December to an audience of primary sector leaders including the Prime Minister, the Minister Responsible for the Ministry for Primary Industries.
- One of our senior managers has attended several meetings of the Wool Project Action Group (WAG). The Group has identified five pillars of industry-good activity, within which it is taking action now, and recommending further action in future.
- The Waka Aotearoa group are planning a meeting in March. They are also proposing to meet with the Silver Fern Farms team in early March to further the discussion around Waka Lamb opportunities.

Upcoming

- *Our team visiting the US for in market time with new and existing brands, creating more demand for wool*
- *Content creation around messaging of microplastic pollution, positioning natural fibres against synthetics*
- *Building on brand relationships helping shift to using more wool*
- *Conversations will be ongoing with Cavalier Bremworth NZ's largest carpet company*
- *NZM hosting a regenerative agriculture Summit in March*
- *Flagship store experience to be made available for growers as a functioning retail space*



SUMMARY

CONTINUED

Investment

Investment period	Industry contribution	MPI contribution	Total investment
During this Quarter	\$0.37m	\$0.37m	\$0.74m
Programme to Date	\$5.29m	\$5.29m	\$10.58m



Evan Kay filming trip
Glenallen