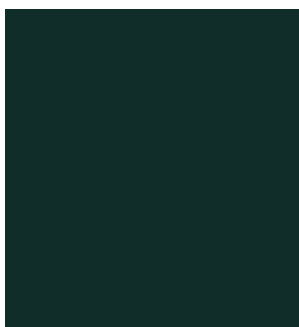


# W3 WOOL UNLEASHED EXECUTIVE SUMMARY



YEAR 5, QUARTER 1. OCTOBER 2019

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# EXECUTIVE SUMMARY

## SUMMARY OF PROGRESS DURING THIS QUARTER

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### Social Licence to Operate

- This quarter a new resource joined the team as Sustainability & Environmental Specialist. They bring a wealth of knowledge after spending the last five years in sustainability for other Primary Industry companies. They will drive the development and future of ZQ sustainability projects.
- The first iteration of the farmer facing future of ZQ was developed this quarter. This is a system which recognises and incentivises farmers who go above and beyond. The development process included internal discussion and farmer consultation, which helps build a framework for the future of ZQ and will allow us to continue leading the ethical wool space.
- After several meetings with the Savory Institute, a global company focused on regenerative farming, a project has been developed that will involve both short-term and long-term biodiversity monitoring. This work is necessary to help growers build a more sustainable way of farming, which aligns with the conscious consumer W3 is targeting.
- This quarter, we have undertaken a product lifecycle assessment to better understand the environmental impacts of wool products across an entire life cycle. This assessment evaluates a product against a number of impact categories, such

as global warming potential, primary energy use and water consumption.

This work is to test methodologies to assist strong wool brands with the right information for their product.

### Crossing the Chasm

- New strong wool focused resources have joined the team this quarter. They will drive product and technology developments to add value to wool, and support as Commercial Manager for strong wool. We're excited to have a well-resourced team that can help drive our goals in the remaining years of the programme.
- A major NZ carpet brand announced a recent collaboration with NZM as they look to align with the growing consumer trend toward natural fibres, and move away from synthetics. NZM's approach and insights will be key to driving this change.
- A major Swedish furniture brand has started to increase its volume as both yarn stocks decrease and accredited wool supply replace this.
- Interestingly heightened awareness on the landfill impact of carpets is resulting in new regulations in the US re recyclability / biodegradability with consumers now being charged. This helps drive awareness to more biodegradable solutions, such as wool.

### Blue Ocean

- The Blue Ocean portfolio has been tracking well this quarter, with current projects progressing and several new product opportunities emerging. An exciting collaboration which has emerged this quarter is investigating the ability to replace fibre glass with wool in building materials. There is opportunity to use up to 40,000 tons of strong wool per year. Trials will commence next quarter to verify the technical performance of the product.
- An exciting technical breakthrough this quarter was the invention of a natural material using wool, which boasts the insulating properties of wool, can be dyed in any colour, has improved tensile strength, can be moulded into any shape, and is entirely biodegradable. Prototypes have been created and will be further refined to be fully commercialized. This new exciting material offers a significant opportunity to distribute thousands of tonnes of strong wool per annum into the building materials industry.
- A US insulation company and NZM have embarked on an LCA / EPD process to validate woools' environmental footprint. This will assist in more opportunities to include wool in eco-build projects.



## Primary Sector Extension

- NZM's John Brakenridge is attending regular meetings with the Primary Sector Council and is supporting the group to establish a vision and pathway forward for the primary sector.
- NZM have attended several meetings of the Wool Project Action Group (PAG), which is a project group of the Wool Industry Working Group. The PAG have agreed to proceed with a market empathy insights project that will inform the Wool Industry Working Group, and we are deeply involved in shaping the proposed roadmap for delivering these market insights.

## Upcoming

- *In market time with new and existing brands, creating more demand for wool.*
- *Content creation of positive on farm marketing stories.*
- *Building on brand relationships helping shift to using more wool.*
- *Development of Studio ZQ innovations with competition winners.*
- *Sustainability projects progressing with new resources.*
- *Up level of ZQ programme.*

## Investment

Investment period	Industry contribution	MPI contribution	Total investment
During this Quarter	\$0.33m	\$0.33m	\$0.66m
Programme to Date	\$4.92m	\$4.92m	\$9.84m

