



QUARTERLY PROGRESS SUMMARY: July – Sept 2018

THE W³ WOOL UNLEASHED PROGRAMME (W³)

Summary of progress during this quarter

Project 1: Social Licence to Operate

- Life Cycle Assessment (LCA) work has been scoped with a US insulation partner, for two of their products, and with a large European homewares company. The LCA's will focus on sequestration and carbon reduction opportunities.
- A review to understand wool's carbon cycle, the NZ wool industry GHG emission drivers, impacts, and mitigation strategies is underway, finding ways to offset or inset carbon emissions within the current farming system.
- A literature review on airborne microfibres is underway. This will help us understand what is driving the interest and potential ramifications of air borne microfibre.
- A document outlining the best practice for managing lice at pre-lamb shearing time was produced. This was made available to all ZQ growers.

Project 2: Crossing the Chasm

- Integral to the W³ programme, a Vanguard group of wool visionaries assembled at Stanford University, to become an exemplar for global change. This group was a select number of global wool end-user and supply-chain companies, that already set the standard for innovation and share a passion for creating a more sustainable future.
- The week long programme was framed around three key themes; leading in environmental sustainability, building trust and connecting with future consumers and embracing the fourth industrial revolution.
- Ultimately the desired outcome from Vanguard was to build deep and solid relationships with new and existing brand partners, and in turn sell more New Zealand strong wool on a differentiated basis through direct supply contracts.
- By the end of the Vanguard week there was a strong sense for the need to identify alignments and apply a collaborative approach within the industry. The attendees made offers and requests as to how they could form partnerships and contribute, alongside NZM, to create the vibrant industry necessary for transformation.

Project 3: Blue Ocean

- Vanguard also accelerated projects around new products to new categories, for example strong wool use for interior insulation, health and wellness or the automotive industries, calling for new category definition and ownership, through technology and biotechnology opportunities.
- Brands from Vanguard reaffirmed demand for an innovation incubator for strong wool as a way of increasing demand. Brands committed time, investment, expertise, global expansion and an eagerness to work with a multi-disciplinary wool innovation incubator to explore new opportunities for strong wool, be that innovation of product or system design, testing and trialling wools capabilities or investigating blending with other natural products.

- US insulation company, Havelock Wool, locked in supply of 200T, however, after Vanguard, the company have increased their NZ strong wool supply to extend to all of their wool clip for the future. This is a great result for the programme and the model for increasing demand. We look forward to supporting the company's growth and seeing their clip volumes organically grow.

Project 4: Primary Sector Extension

- Key learnings from the Vanguard Wool Week at Stanford University have been distilled and as a direct result and demand from this event, NZM is creating a dedicated wool innovation hub.
- Based in Christchurch, the hub will be a catalyst for new category and product development, performance validation, storytelling, and to strengthen our social license and the connection between growers and market.
- Members of the Waka Aotearoa Group were in market this quarter. The work undertaken consisted of 3 weeks in Asia and the US. During the trip, meetings were held with all parts of the value chain to understand roles, capabilities and margins where possible.

Key highlights and achievements

This quarter's highlights and achievements:

- A Vanguard group of wool visionaries assembled at Stanford University, to become an exemplar for global change.
- Havelock Wool insulation inspired by Vanguard to increase wool supply.
- Best practice guidelines for managing lice at pre-lamb shearing time advised to growers

Upcoming

- Leaders in wool assemble in Europe to align messaging.
- Development of wool prototypes and innovation hub in health, wellness, and interiors
- On-farm trials and data collection continues

Investment

<i>Investment period</i>	<i>Industry contribution</i>	<i>MPI contribution</i>	<i>Total investment</i>
<i>During this Quarter</i>	\$0.83m	\$0.83m	\$1.66m
<i>Programme to Date</i>	\$4.15m	\$4.15m	\$8.30m