

Force for good.

THE NEW ZEALAND MERINO COMPANY LIMITED
ESG Impact Report 2024



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**Better than yesterday,
not as good as
tomorrow.**



ANGUS STREET - CEO

THE NEW ZEALAND MERINO COMPANY LIMITED

A year of reflection

FY24 has been a year of reflection and change for The New Zealand Merino Company (NZM). Overly optimistic procurement by textile and apparel manufacturers around the world in the immediate post-COVID shopping boom left the supply chain overflowing with wool just as consumers hit their breaking point with the rising cost of living. This is all true, but it doesn't tell the whole story.

We are not the only company impacted by a weak commodity market (in fact, our forward contract model has shielded us and our stakeholders more than many) but it has prompted us to look inward. We've questioned everything – our practices, knowledge, assumptions and motivations – to ensure our business thrives in an uncertain world.

Our new business strategy, EpicFibre, lays out the path toward improved profitability and growth – while firmly integrating our force for good ESG commitments throughout our operations.

Increased regulation for fashion and textile companies means the good we do remains fundamental to the appeal of our fibre. Still, that alone cannot drive the demand needed to truly scale our positive impact.

Within the EpicFibre strategy, we have invested in shoring up our integrity systems enabling the good we do to be

measurable, reportable and easily analysed to confirm we are making a difference for our growers, brands, industry partners and the planet. Doing good is important, doing the right good even more so.

Getting our business strategy right also necessitated a restructure of our team, we owe it to our stakeholders to make the tough calls necessary to funnel our resources into the right places and line up the required capabilities to thrive in the face of market fluctuations.

While not typically the focus of ESG reporting, EpicFibre also includes a two-fold increase in our investment in our marketing and branding efforts. The reality is that if brands and consumers do not know about the work we do, or don't understand it, we cannot grow and do more of it. We have so much to share and we're simplifying our brand story to better win the hearts and minds of our customers, and global consumers.

Simplification starts with this report that I am so proud to share with you – we've learnt a lot in the last year. We've achieved some great things, fallen short on others and identified some goals that just weren't right. A reminder to us all that regenerative principles don't just apply to agriculture and why we live by the phrase Better than yesterday, not as good as tomorrow.

ANGUS STREET
Chief Executive

About NZM

Who, what, where Numbers as of 30 June 2024

The New Zealand Merino Company (NZM) is a world-leading supplier of ethical and sustainable wool. With specialist capabilities in integrity systems, marketing and fibre we connect forward-thinking growers with the progressive global brands who use their wool.

By preferentially selling wool via forward contracts, we build deep long-lasting relationships from fibre source to end use. This model protects both growers and brands from volatility in the commodity market, fosters collaboration toward a better impact on the world and results in quality fibre that is literally grown for purpose.



Wool sourcing programme for ethical wool



Wool sourcing programme for ethical wool grown using regenerative farming principles



Merino meat marketing company
50 % shareholding



Distributor for glerups indoor shoes in New Zealand and Australia
50 % shareholding

Business



4 offices



50 employees



25 – 68 age range



4 countries with NZM presence – NZ, AU, UK, JPN

Supply

 **710 growers**

 **5.5m+* sheep**

 **2.7m+* hectares**

 **508 growers signed up to ZQRX regenerative wool programme**

 **Sourcing from New Zealand, Australia and South Africa**

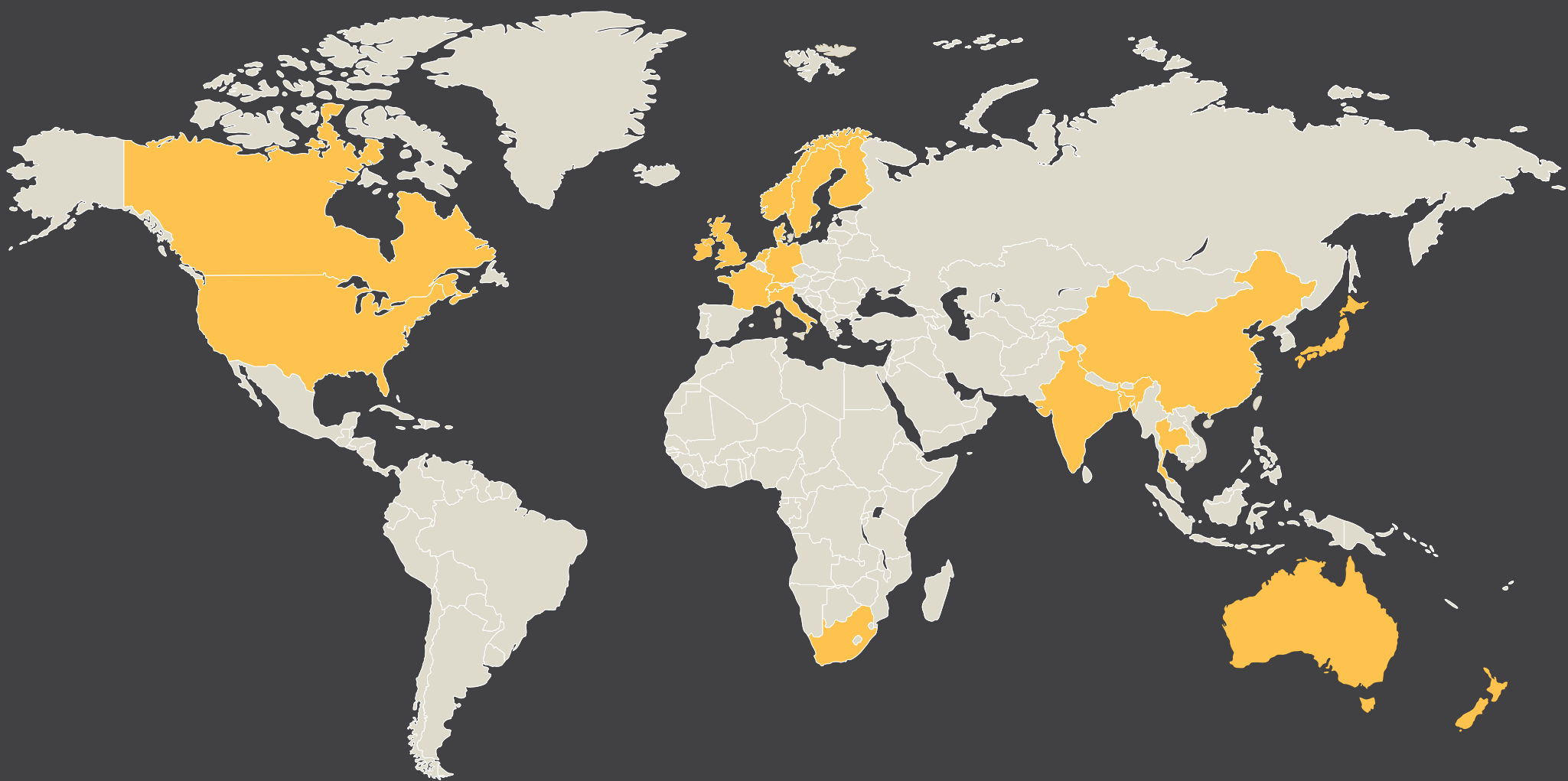
 **16,042 tonnes of certified ZQ greasy wool procured**

 **1,238 tonnes of RWS greasy wool procured from the market**

*Metrics reflect our impacts based on the best data available, aiming to represent our scale. We are committed to enhancing data quality as our ESG journey advances.

Demand

Headquarters of our global customers



 **140+ brands supplied**

 **7.9m kg (clean) wool sold on contract**

 **11-40 micron range**

Force for good

highlights – FY24



52%

Of supply came from growers applying pain relief.

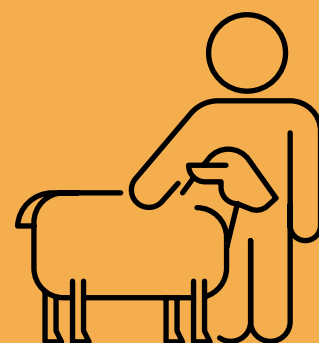
NZ use increased from 23% in FY23 to 44%



30%

Of farm gross emissions mitigated by on-farm native forest sequestration.

Baseline year



1386

Grower attendees at NZM hosted events and workshops strengthening the industry and community.

Target of 1200



\$150k+^{NZD}

Funding secured for impact projects fuelling innovation and practice change towards net positive outcomes.

\$230,000+ in FY23



50%

Of leadership roles held by women.

58% in FY23

ESG strategy



Force for good

Driving positive impact at scale

Our ESG strategy is one of two pillars – the force and the good.

The force represents our stakeholders coming together through our wool programmes to amplify the value we can create. Our shared commitment and efforts drive supply and demand.

The good is everything else we do to ensure our business operations are better than yesterday, but not as good as tomorrow.

The two are intrinsically linked – when you’re working with the right people, the good you do together is a key part of the value you create.




The following pages show you the progress we’ve made on our FY24 commitments and our intentions for FY25.

With the introduction of our new business strategy, EpicFibre, at the start of FY25, we recognise that we have work to do on our long-term ESG success measures. While we are still following the path laid out in our previous report, our Force for Good ESG strategy must be aligned to the wider business strategy.


















We look forward to presenting strengthened success measures with specific key results in our FY25 ESG impact report.

Progress

on our FY24 commitments

-  Work under review*
-  In progress/on track**
-  Work completed

FY24 Commitments

The force	For good			
Creating value together Powering value for planet and people	Governance Leading transparency, governance and accountability	Environmental Impact Positive environmental impact at scale	Animal Welfare Maintain leadership and genuine improvement of wellbeing of livestock	Social Impact Leading social impact that elevates our people and communities
Update ZQ scheme rules 	Refresh our purpose and guiding principles 	Define emission targets and goals for ZQRX growers 	Continue deploying pain relief implementation plan 	Review policy and practices to promote diversity and inclusion 
Review of the current ZQ Standard (ZQ5) 	Develop a confidential grievance mechanism 	Create a biodiversity strategy and goals 	Align the ZQ standard to the 5 animal welfare domains 	Digitise HR system 
Confirm quantifiable metrics for biodiversity and people 	Conclude digital traceability trials 	Create and roll out an impact funding roadmap with tiered options to coinvest in on farm projects 		Deploy 'Doing Well' workshops 
	Complete a voluntary climate related financial disclosure 	Define options for scaling land and soil health 		Develop community impact strategy 

*Direction to be confirmed in FY25
 **Work is ongoing in FY25

Focus

To lead positive impact in FY25

FY25 Commitments

The force	For good			
Creating value together Powering value for planet and people	Governance Leading transparency, governance and accountability	Environmental Impact Positive environmental impact at scale	Animal Welfare Maintain leadership and genuine improvement of wellbeing of livestock	Social Impact Leading social impact that elevates our people and communities
<p>Achieve independent recognition of ZQ governance structures by FY26*</p> <p>Increase 'the force' by increasing our investment in the sales, marketing and brand of ZQ / ZQRX wool</p> <p>Enable the integration of growers' perspectives into the Textile Exchange Materials Matter Standard pilot</p> <p>Lead Life Cycle Assessment research in New Zealand and Australia to accurately assess impacts.</p>	<p>Refresh our purpose and guiding principles</p> <p>Deploy confidential grievance mechanism</p> <p>Embed Force for good accountabilities and commitments into people functions and operational disciplines by FY27</p> <p>Create digitally traceable wool offering tailored to brand needs by FY27</p>	<p>Define emission targets and goals for ZQRX growers</p> <p>Scale our impact measurement capabilities for land health, biodiversity and carbon</p> <p>Codify impact funding offering to facilitate greater brand investment</p> <p>Rollout ZQRX reassessment</p> <p>Pilot low emission wool offering</p> <p>Define our emissions roadmap for Scope 1, 2 and Flight Emissions (2025 – 2029)</p>	<p>Continue deploying pain relief implementation plan</p> <p>Confirm a ZQ Standard refinement and implementation roadmap</p>	<p>Design a Diversity, Equity and Inclusion roadmap</p> <p>Build on our employee wellbeing strategy</p> <p>Complete a reward and benefits review</p> <p>Establish a community giving programme (charity programme + volunteer hours)</p>

*Includes FY24 commitments of update ZQ scheme rules and review ZQ5 standard

The force



“

To understand any company, you've got to cut through the noise and reduce it down to the most basic level – what does it make?
At NZM we make connections.

DAVE MASLEN, Chief Customer Officer

Creating value together

We create value through our connections all the way along the supply chain, NZM's power is in bringing people together for a shared purpose.

Our stakeholders are a varied group – globally leading brands, partners throughout the supply chain and the wider industry, shareholders and, of course, the growers who are out battling the elements every day to grow the best fibre in the world.

While our day-to-days look very different, we are all united by our shared commitment to the things that matter most to us.

- A shared passion for the unique performance and natural qualities of wool
- Having a net-positive impact on the world, implementing sustainable practices, ensuring environmental stewardship and ethical farming
- A collective enthusiasm about the potential for innovation with wool

- Recognition of the importance of the connection and wellbeing of people, whether that be employees, workers, contractors or their communities
- A commitment to reducing waste and maximizing resource efficiency
- Ensuring sheep are treated ethically and humanely, promoting their health and wellbeing

These strong relationships open up unparalleled opportunities for communication, collaboration and innovation – a powerful force for good that is far greater than the sum of its parts.

Our wool programmes ZQ, ZQRX are the mechanisms through which our collective efforts drive value – for profit, people and planet.





ZQ is NZM's wool sourcing programme for ethical wool.

ZQ wool meets strict standards of animal welfare, environmental sustainability, fibre quality, traceability and social responsibility. ZQ wool is third party certified by Control Union.



100+ brands supplied



710 growers



2.7m+* hectares



5.5m+* sheep

Our programmes



ZQRX is NZM's wool sourcing programme for ethical wool grown using regenerative farming principles.

ZQRX wool is grown using regenerative farming practices that improve the health of soil, enhance biodiversity, help with carbon sequestration and support the communities where the wool was produced.



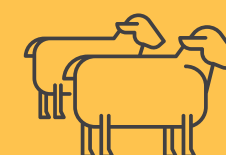
30+ brands supplied



508 growers



2.2m+ hectares



3.8m+ sheep



Our programmes

Since 2021, NZM has partnered with Textile Exchange to operate a robust, combined audit process for its Responsible Wool Standard (RWS) alongside ZQ. This dual certification maximises the value of our growers' wool to ensure they are rewarded for their efforts.

In June 2024, Textile Exchange launched a pilot of its proposed new standard, the Materials Matter Standard (MMS), aiming to establish best practice for a range of different materials to align the fashion, textile and apparel industries. This pilot is ongoing with the final standard expected to be published mid-2025.

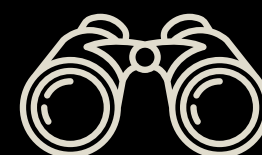
Impact of the MMS on our ZQ5 Standard and ZQ Scheme Commitment

With FY24 seeing us reset our strategy amidst changing global standards, we pushed pause on two of our commitments – reviewing the current

ZQ Standard (ZQ5) and the alignment of the ZQ Standard to the Five Domains of Animal Welfare.

These decisions were made to reduce pressure on our grower community as the official launch of the Materials Matter Standard will necessitate a programme review in FY25. We expect this will include alignment to the Five Domains.

Instead of updating the ZQ scheme rules in FY24 we pivoted to updating and reviewing the governance structure that sits behind ZQ. By the end of FY26 we plan to be in a position to achieve independent recognition of the governance structures in place to support the ZQ Standard.



THE FORCE

2025 focus

To support our key aim of growing the value that we and our stakeholders create together, we are redirecting our resources and efforts towards building this force.

This includes elevating our collaboration with existing partners, strengthening our integrity systems and building connections with new strategic partners.

Creating value together

- **Spearhead measurement innovation:** lead Life Cycle Assessment research in New Zealand to accurately assess impacts and outcomes
- **Elevate grower voices:** facilitate the integration of our growers' perspectives into the Textile Exchange MMS pilot

Our programmes

- **Outside endorsement:** achieve independent recognition of the ZQ Standard's governance structures by FY26
- **Build the force:** increase investment in the sales, brand and integrity systems of ZQ and ZQRX wool

For good



Our work relies on a strong framework
built on accountability, transparency
and traceability.

It is the foundation that supports all
of the good we can do.

Governance

GOVERNANCE

Accountability & transparency

Maintaining the trust of both internal and external stakeholders is crucial. We achieve this by consistently upholding high standards of integrity, and adhering to laws, regulations and our own commitments.

This year, NZM enhanced our ethical framework by developing a Code of Business Ethics and Conduct. This document underscores our commitment to transparency and accountability; and is our clear promise to shareholders, to communities and to respect planetary boundaries.

Planned work to refresh our purpose and values has been postponed to FY25 to align with the execution of key strategic projects laid out in our EpicFibre strategy. These initiatives will ensure our core principles resonate with our strategic goals as we foster a culture of integrity, transparency and innovation.

NZM has developed a confidential grievance mechanism to provide a safe and secure platform for stakeholders to voice concerns. We aim to deploy this system in the next financial year, ensuring grievances are addressed promptly and effectively, to strengthen our commitment to ethical practices.

With the support of Deloitte, in FY24 NZM prepared for a voluntary climate related disclosure. However, proceeding was

impractical due to the significant financial and administrative burden. We remain dedicated to our sustainability goals and will continue to explore practical ways to enhance our climate-related reporting.

In FY24, we integrated our ESG initiatives into NZM’s EpicFibre strategy, embedding sustainability at the core of our operations.

We also merged the Kaitiakitanga (sustainability) Committee’s responsibilities into the overall board accountability framework. It is our belief that true sustainability is achieved through comprehensive integration with business strategy. This holistic approach fosters a culture of sustainable practices in all decision-making with every board and senior leadership team member engaged with and accountable for our ESG initiatives.

Core Governance Documents

- Board Charter
- Audit and Risk Committee Terms of Reference
- Tiaki Tangata (People and Culture) Committee
- Code of Business Ethics and Conduct



For NZM to remain successful in the long term, we must continue to earn and retain the trust of our employees, customers, growers, shareholders and communities. This depends on us acting ethically, with respect for our own policies and principles and in compliance with the laws and regulations where we operate.

ROGER NUTTALL, Chief Financial Officer



“

Traceability is essential. Without the assurance of traceability back to farm we simply could not make any legitimate claims about our wool.

ERICA HORROBIN, Standards and Traceability Manager

GOVERNANCE

Traceability

Our growers' wool is, and always has been, traceable through our contract model. Now, more than ever, traceability is an essential piece of the puzzle as changes in legislation increase the onus on brands to prove they know their supply chain.

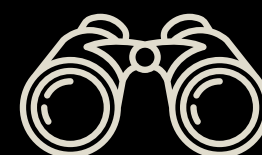
Our existing paper-based, chain of custody traceability system needs to be modernised and we are focused on leveraging digital traceability solutions to enhance our service offering. Our intention is to be platform agnostic and to be able to plug in to a number of systems where our brand partners are already engaged.

In FY24 we completed a digital traceability pilot with TextileGenesis, a market leader in digital solutions and chosen provider for several brand partners.

Key learnings:

- Many companies have already significantly invested in systems that do not always work with 'off the shelf' traceability systems
- There are a range of traceability approaches and systems and various levels of assurance and protection against fraud. Often two traceability solutions are combined

- Many brand and supply chain companies do not currently have the resources needed to enable traceability
- Value chain inventory management relies on the ability to sell and buy fibre to suit demand which is problematic for tracking
- Blending of batches can occur at any stage of the value chain, making fibre harder to trace
- Costs must be equitably shared throughout the value chain; many current models are heavily weighted towards NZM bearing the costs
- As an upstream aggregator of greasy wool, our role is two-fold: to be able to provide platform-agnostic traceability data for our step in the supply chain; and to offer the option of fibre-forward digital traceability for brands not already engaged with an existing system



GOVERNANCE

2025 focus

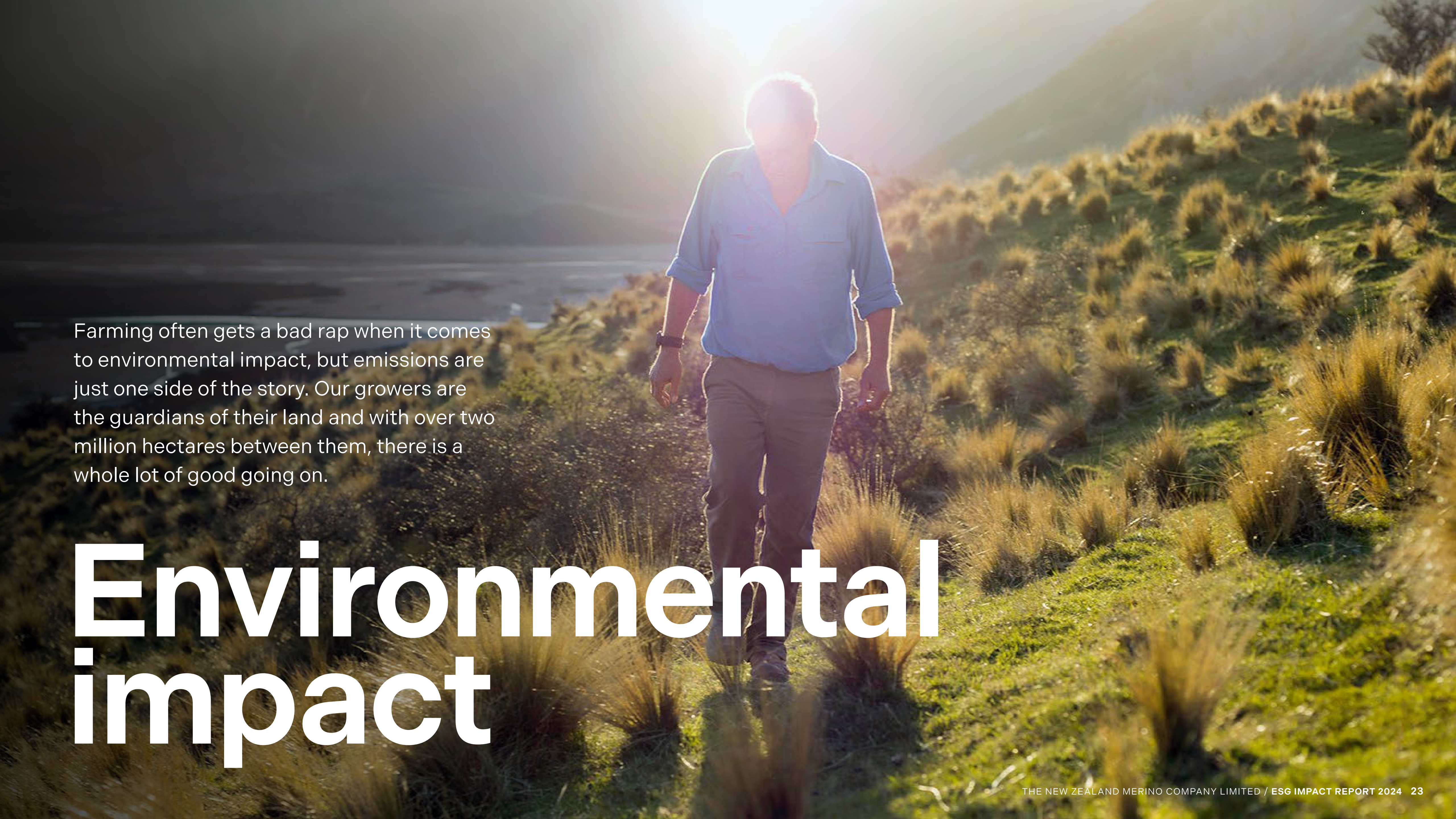
We are turning our focus to embedding systems and processes that will strengthen our organisational integrity and reputation. NZM is committed to enhancing our accountability by sharing our commitments with our stakeholders and deploying systems, structures and tools to support transparency, ownership and continuous improvement.

Accountability & governance

- **Refresh our purpose and guiding principles:** update, align and engage around our core mission and values
- **Deploy our confidential grievance mechanism:** enable confidential complaints to enable and empower individuals to speak up
- **Over the next three years, embed our Force for good accountabilities and commitments into our people functions and operational disciplines**

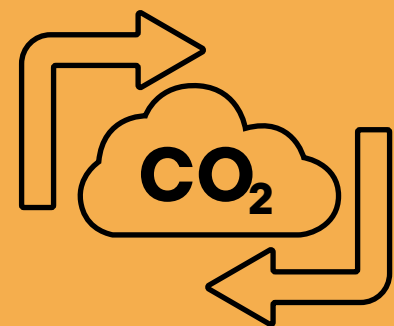
Traceability

- **Modernise traceability:** enable traceability as a service offering by investing in market-leading digital traceability tools. This will allow brand partners to confidently make claims about the ethical and regenerative attributes of ZQ and ZQRX wool. By the end of FY27, NZM aims to offer digital traceability to all customers

A man in a light blue shirt and dark trousers is walking towards the camera on a grassy hill. The sun is low in the sky, creating a strong backlight effect and a warm, golden glow. The landscape is hilly with patches of green grass and taller, dry-looking vegetation. In the background, a body of water and distant hills are visible under a hazy sky.

Farming often gets a bad rap when it comes to environmental impact, but emissions are just one side of the story. Our growers are the guardians of their land and with over two million hectares between them, there is a whole lot of good going on.

Environmental impact



3

Scalable carbon pilots.

1 in FY23



30%

Of farm gross emissions mitigated by on-farm native forest sequestration.

Baseline year



56

Properties underwent soil Ecological Outcome Verification assessments.

42 in FY23



\$150k^{NZD}+

Funding secured for impact projects.

\$230,000+ in FY23

ENVIRONMENTAL IMPACT

Climate & carbon

Transparent carbon data is valuable to our customers and our ability to apply supply-specific data is crucial. We no longer need to rely on industry averages.

Our work has resulted in a solid, net carbon methodology that proves the impact of on-farm sequestration and mitigations.

In FY24 we have worked through partner trials and now can offer net-carbon data not only at a supply level, but right down to the individual farm.



Biodiversity provides the life support system for all living things, including humans. Protecting and restoring it is critical to the future of our planet.

HENRY TALLOT, GM Integrity Systems



Worldwide we continue to see the devastating impacts of our destabilising climate system and not enough is being done.

Climate action is of paramount importance to NZM, our stakeholders and the world.

ALEX DUNCAN, Technical Project Manager

Biodiversity

We have drafted our new biodiversity strategy to align with the Kunming Montreal Global Biodiversity targets with five key work streams.

- Conservation of native biodiversity
- Regenerative wool production
- Ecosystem service payments i.e. impact funding
- Grower support/education
- Brand and consumer marketing

In FY24 NZM hosted five biodiversity field days for growers around New Zealand.

ENVIRONMENTAL IMPACT

Land & soil health

In FY24, 56 properties across New Zealand, Australia and South Africa had Ecological Outcome Verification monitoring.

66% of those that we reassessed showed improvement in their Ecological Health Index, definitive proof that their land is regenerating – an impressive feat given the time required for land management changes to show measurable impact.

NZM hosted five land health workshops across New Zealand and Australia.



“

There's no waste in nature but somehow humanity has flipped it on its head. We take finite resources to make products with little thought as to what happens at the end of their useful life.

DAVE MASLEN, Chief Customer Officer



“

Healthy soil does more than grow nourishing feed for sheep, it offers the potential to increase biodiversity and carbon sequestration and helps to minimise the impact of extreme weather events.

EMMA SUBTIL, Adoption and Extension Manager

Water & waste

All NZM growers commit to the ZQ Standard with strategies in place to:

- Minimise damage to aquatic ecosystems and waterways
- Actively encourage conservation of water
- Meet required waterway health indicators

On top of complying with all relevant regulations, ZQ growers have clear requirements to prove they are managing waste appropriately.

Everlane Black Friday Fund project

Brands support our growers to do good simply by purchasing ZQ and ZQRX wool at a fair value. However, some choose to take things a step further through directly funding on-farm impact projects.

FY24 saw three such projects confirmed for a total value of \$153,000 NZD*, including one with new brand partner Everlane.

After the success of its ZQRX Good Merino Wool collection, brand partner Everlane recognised the potential of further collaboration with ZQRX to drive positive impact. The brand dedicated its annual Black Friday Fund donation to accelerating the transition to regenerative grazing on supplying grower properties.

Delivered in partnership with soil health experts from Agrownomics, this project is designed to equip growers with the essential capabilities needed to devise and action a customised soil health improvement plan for their farms.

**\$83,000 received in FY24, \$70,000 committed for FY25.*



“

A key part of our sustainability and responsible sourcing approach includes farming practices that sequester carbon, restore soil health, support biodiversity, and bolster grower resilience. Our partnership with NZM and its growers exemplifies our mission to create a cleaner industry where environmental and social considerations are prioritised, driving positive change for the planet and the life it supports.

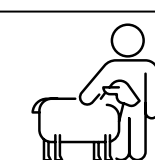


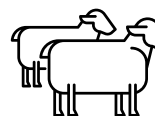

KATINA BOUTIS, Director of Sustainability, Everlane



EVERLANE

CASE STUDY

Everlane –
wool that keeps on giving

	Funding: ~\$83,000 NZD (\$50,000 USD)
	Grower properties: 8
	Land area: 43,289 hectares
	Sheep involved: ~33,000
	Commencement: April 2024

So far the project has included a mix of in person soil health workshops, comprehensive land health tests, regular visual soil assessments and online learning. Further monitoring in April 2025 will enable the growers to identify trends as they compare the results to their original baseline. Growers will complete the project with a solid understanding of the methodology and ability to repeat monitoring themselves, alongside knowledge of techniques to improve their land management. This will equip them to make informed land and soil management decisions for years to come.

The Everlane team has also benefitted from a deeper understanding of the impact of sourcing its wool, and the work required to become regenerative.



“

It’s incredibly special to know that our wool is going to a brand that aligns with our values, but also “walks the talk” by working with us to leave the land better than we found it.

EMILY JONES, OWNER, Matarae Station



NZM carbon footprint

At NZM we recognize the urgent need for emission reductions as climate change impacts the lives and livelihoods of our grower community. With the 1.5°C warming limit approaching, we must do our part as a member of the food and fibre sector in reducing emissions. Now in our fourth year of measuring emissions, we are committed to improving our performance to meet our 2029 targets.

Results and Changes

In FY24, our emissions decreased by 2.9% (16 tCO₂e) from the base year.

NZM’s fuel emissions rose overall. While our New Zealand fleet reduced emissions by 20 tCO₂e thanks to our transition to hybrid vehicles and improved travel efficiency, our Australian fleet saw an increase due to expansion, longer travel distances and a lack of hybrid options that meet our safety requirements.

Electricity emissions increased overall, with New Zealand’s gains offset by Victoria’s fossil fuel dominated electricity, where even a small rise in use creates a disproportionally large hike in emissions.

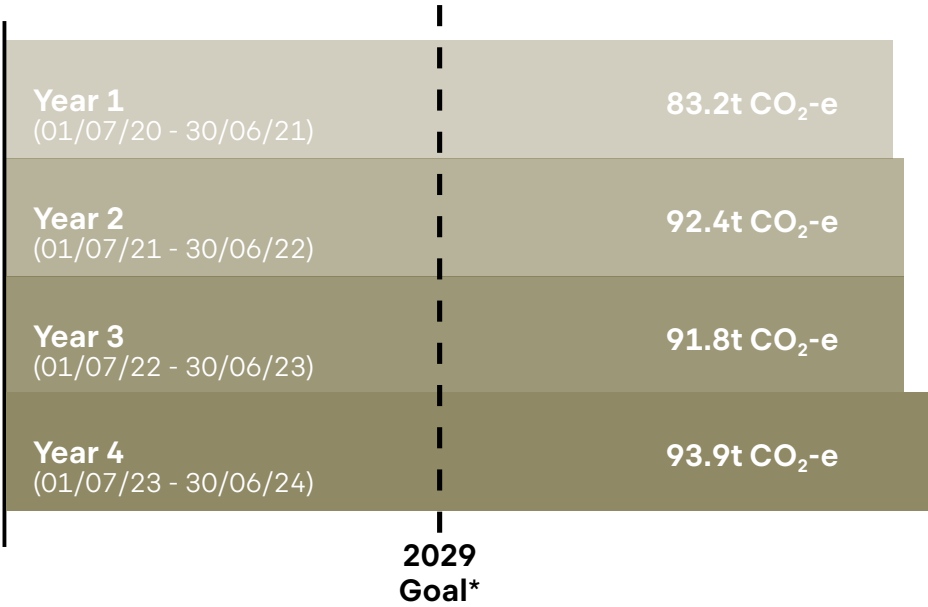
Flight emissions, comprising 81% of our carbon footprint, decreased slightly on last year. This was despite the appointment of our new CEO necessitating increased travel into market and a travel policy review increasing the number of staff travelling in premium economy for flights greater than 7 hours.

Over the last year we have taken the following actions to support reducing emissions:

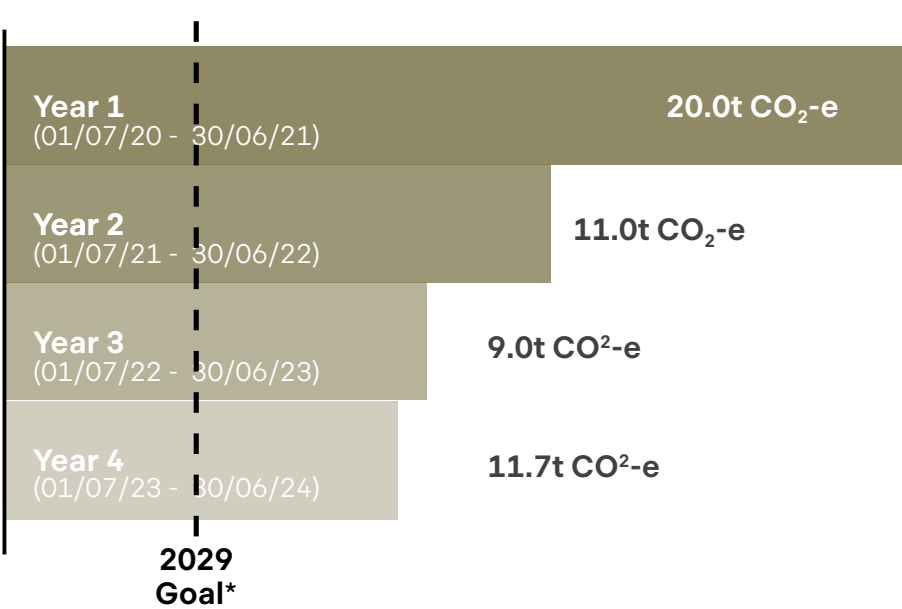
- Updated our travel policy to reduce staff travel, and to prioritise less carbon intensive methods e.g. lower emission flights, direct routes, and train travel
- Reduced fleet vehicle lease length to 2 years to utilise new EV and hybrid technology as it becomes available
- Separated fuel emissions reporting for NZ and Australia to better track progress and adapt to each country’s needs
- Explored systems to encourage eco-friendly driving and travel habits

The small decrease in overall emissions compared to the base year shows that there is a long way to go to meet our 2029 targets. As we look forward to FY25, we are committed to producing a detailed road map and taking actions that will achieve our emission reduction aspirations.

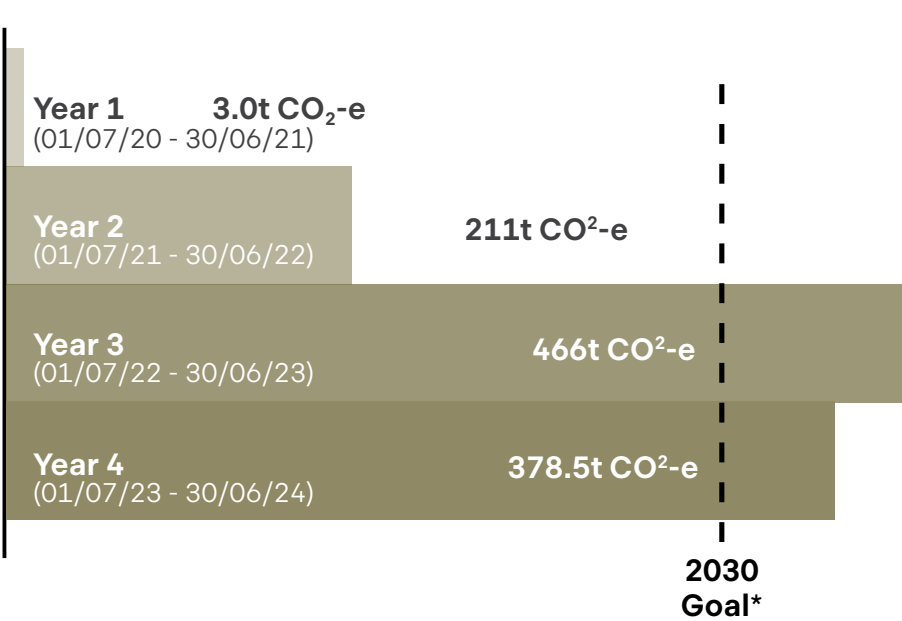
Fuel emissions (Scope 1)



Electricity emissions (Scope 2)



Flight emissions**



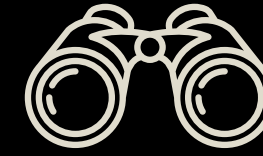
* Base years for fuel and electricity are based on the average of the first 3 years of certification. Flights is based on the third year of certification which was the first normal year of travel post COVID.
**The flight emission reduction target is the total scope 3 reduction target applied to flights to illustrate scale. Emission reductions can also come from smaller scope 3 emissions sources (e.g. accommodation).

Evolving commitments

We did not meet our FY24 commitment to define emission targets and goals for ZQRX growers. A top-down approach proved impractical due to the complexity and variability of farms.

In addition, many properties are working with other emissions calculators and we are reluctant to add to our growers on-farm administrative burden by introducing a wool-specific measuring system.

Grower emissions are a major part of NZM’s supply chain and a significant scope 3 source. In FY25, we will use carbon tracking technology to work alongside growers to better understand realistic reduction targets, creating a collaborative roadmap to reduce emissions.



ENVIRONMENTAL IMPACT

2025 focus

Our priority is developing scalable, mature approaches to environmental impact, ensuring both growers and brands have access to the technology, tools, data and resources they need to enable sustainable practices. Effective measurement of outcomes for the natural world will support the transition to low-impact products and foster heightened collaboration across the value chain.

Programme impact

- **Outcome measurement:** refine and scale measurement of impacts (rather than prescribed practices) for land health, biodiversity and carbon
- **Pilot a low-emission wool offering:** leverage the carbon sequestered by native forests on ZQRX properties
- **Codify impact funding:** expand our service offering and connect brand funding to key projects on grower properties and in their communities
- **ZQRX reassessment:** evaluate the progress of the pioneering group of growers who joined at the start and share the positive impacts achieved

- **Reduce compliance burden:** continue to support our grower community with environmental compliance

Our carbon footprint

- **Purposeful action:** define a clear roadmap of strategies to reduce our emissions and take purposeful steps to achieve our FY29 and FY30 goals
- **Set targets:** work with the dedicated ZQRX grower community to understand current emissions and define emission reduction goals

Businesses leave footprints on more than the environment. To be a true force for good we must consider our human obligations and strive to make a meaningful difference to the lives of everyone our work touches.

Social impact

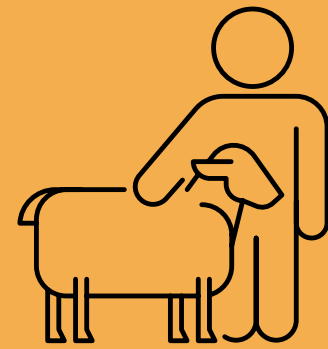




50%

Leadership positions held by women.

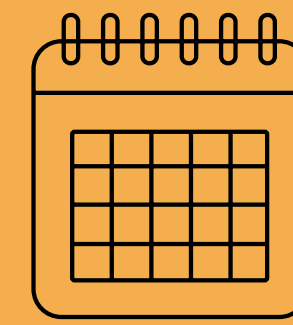
58% in FY23



1386

Grower attendees at NZM hosted events and workshops strengthening the industry and community.

Target of 1200



74

Days spent with brand partners on farm deepening their understanding of the source of their fibre.

Target of 55



0

Reports of serious human rights issues in our supplier base.

Since NZM's 1996 beginnings

“

Our highly capable and engaged team is central to our ability to deliver value to our stakeholders. We strive to provide opportunities for learning, growth and recognition to foster our team’s dedication to our growers, customers and the wider world.

TERESA CALLOW, Chief Operating Officer

SOCIAL IMPACT

People & culture

Over the last 12 months we have invested heavily in building foundational systems and processes that will enable our people to stay safe and well, grow and thrive.

Key highlights from FY24 include:

- Elevating our focus on Health, Safety and Wellness, including the introduction of a streamlined health and safety reporting system, enabling greater ease of reporting
- The launch of a Human Resources Information System to support and empower our people through the entire employee lifecycle
- 11% of our staff signing up to the Workride ride to work employee benefit scheme, supporting a positive step towards supporting our teams wellbeing and their interest in embracing alternative, greener modes of transportation to work
- Reviewing our Diversity and Inclusion policy to ensure everyone has equal access to opportunity. To emphasize this commitment, we’ve explicitly incorporated the term ‘equity’ into our approach, reinforcing our dedication to creating a truly level playing field for all
- Commencing a partnership with Gallup, one of the world’s leading analytics and advisory firms, to support our managers and leaders to create high performing, development focused, strengths based teams, putting employee engagement at the centre of everything they do



“

Relationships are NZM's super power, our work would not be possible without the deep bonds of collaboration, shared values and friendship between our globally leading customers and the growers who produce their fibre.

MATT HAND, GM Global Supply

SOCIAL IMPACT

Connection, communication & engagement

Connecting across the value chain is essential to keep us informed regarding the issues facing our customers, our growers and their local communities. This connection is essential to create a shared understanding of the opportunities and challenges faced across the industry and to help stimulate working together to find solutions.

Customer engagement

Our customers are passionate about ethical and sustainable wool. Naturally they want to witness first-hand the dedication and care that goes into growing the fibre they cherish. To help nurture the pride, connection and reputation of ZQ and ZQRX, over the last 12 months we have facilitated:

- 20 international brand partners visiting to meet with growers
- 33 brand partner visits and activations
- 48 growers hosting brand partners on their properties
- 7 brand partners utilising the NZM head office for showings and meetings

Grower & community engagement

Our grower and community engagement programmes create opportunities to support, educate, and connect key stakeholder groups. These programmes celebrate our communities and enable them to support each other in a rapidly changing world. Over the last 12 months we have led:

- 29 off-farm events – 10 co-hosted with brand partners
- 3 virtual events
- 18 workshops and field days, including those co-hosted with experts

We have also sponsored, spoken at or otherwise supported 29 agricultural and community events.

Alongside this, we have developed a community impact strategy and in the coming year have committed to forming a charity programme and channels and partnerships for our people to volunteer in the community.

SOCIAL IMPACT

Human rights in the supply chain

Upholding human rights through the supply chain is non negotiable. Our policies and practices ensure there is no forced labour, discrimination or abuse on any of our grower properties.

In FY24:

- 100% growers met social assessment requirements
- 100% growers met freedom of association and collective bargaining requirements
- There were 0 instances of forced labour



Our responsibilities go beyond our immediate stakeholders, even one instance of human suffering due to the work of our business would be at odds with our purpose.

ANGUS STREET, Chief Executive



Investing in the future

For many years, NZM and our growers have been dedicated to addressing the challenges facing the wool industry – from striving to improve wool prices to enhancing wool preparation standards. We all rely on a thriving agricultural sector and NZM recognises our responsibility to support the future of not only our growers but the industry as a whole and we're fortunate that many of our customers feel the same.

Smartwool and icebreaker (SWIB) Corporate Cadetship

The unique bonds between our growers and the global brands who take their fibre, and their stories, to the world are core to NZM's success.

Smartwool and icebreaker champion the source of their fibre and in FY24 launched this corporate cadetship for staff members who don't naturally get the opportunity to visit New Zealand as part of their roles.

Planned to run twice a year, two team members visit New Zealand for an immersive experience. They meet with NZM experts, get put to work on-farm by our growers and connect with their local brand teams.



“

Experiencing firsthand the passion and dedication of the people behind this incredible fibre has deepened my understanding of our brand and product, while also reinforcing the importance of our commitment to sustainability and ethical practices.

ALESSIA PAGANI, PR and Brand Comms Manager, icebreaker and Smartwool



CASE STUDY

NZM Wool Classer Scholarship

A good wool classer can add value to the wool clip in shed, and for NZM growers this can make the difference between meeting contract specs and not. Feedback from our community spurred NZM to launch our Wool Classer Scholarship in 2023. In 2024 we were pleased to offer two promising wool classers an opportunity to hone their craft with the support of NZM, industry experts and a scholarship mentor.

NZM Future Growers Group

With a new generation preparing to take the reins on many grower properties, we established a Future Growers Group in FY24 – at the suggestion of a young grower herself.

This cohort of ten New Zealand growers and two from Australia met for the first time in October 2023 at the NZM head office and regularly connect online to discuss and address challenges and opportunities they are facing.

VF-One Wool Shearing & Wool Handling Cadetship

Since 2020, we have worked with VF Corporation (parent company of brand partners icebreaker and Smartwool) to provide expert training to up-and-coming shearers and wool handlers.

In FY24 six talented shearers and four keen wool handlers completed the programme which was formed in direct response to grower feedback in a townhall-style meeting with VF representatives.



“

The idea was sparked when icebreaker and NZM were having a grower event at home. There's always been a strong connection between growers, brands and NZM with my parents' generation but the younger generation didn't have that. Now that younger people are stepping into roles on farm we want to build those connections of our own. The group has become an informative platform for the younger generation to increase knowledge and network.

ALICE SATTERTHWAITE, Muller Station



Diversity, Equity & Inclusion

Our commitment to DEI is woven into the fabric of our organisation, driving innovation, enhancing employee engagement and ensuring that we reflect the diverse communities we serve.

In 2021 we made a public commitment to the aspirational target of having at least 40% of our senior leadership roles held by women by 2025. While this still remains an aspiration it is evident that this will not be achieved by next year, however we have made significant strides in gender equality throughout our workforce and the depth of female talent is strong, with 50% of people leadership roles (those that have direct reports) held by women.

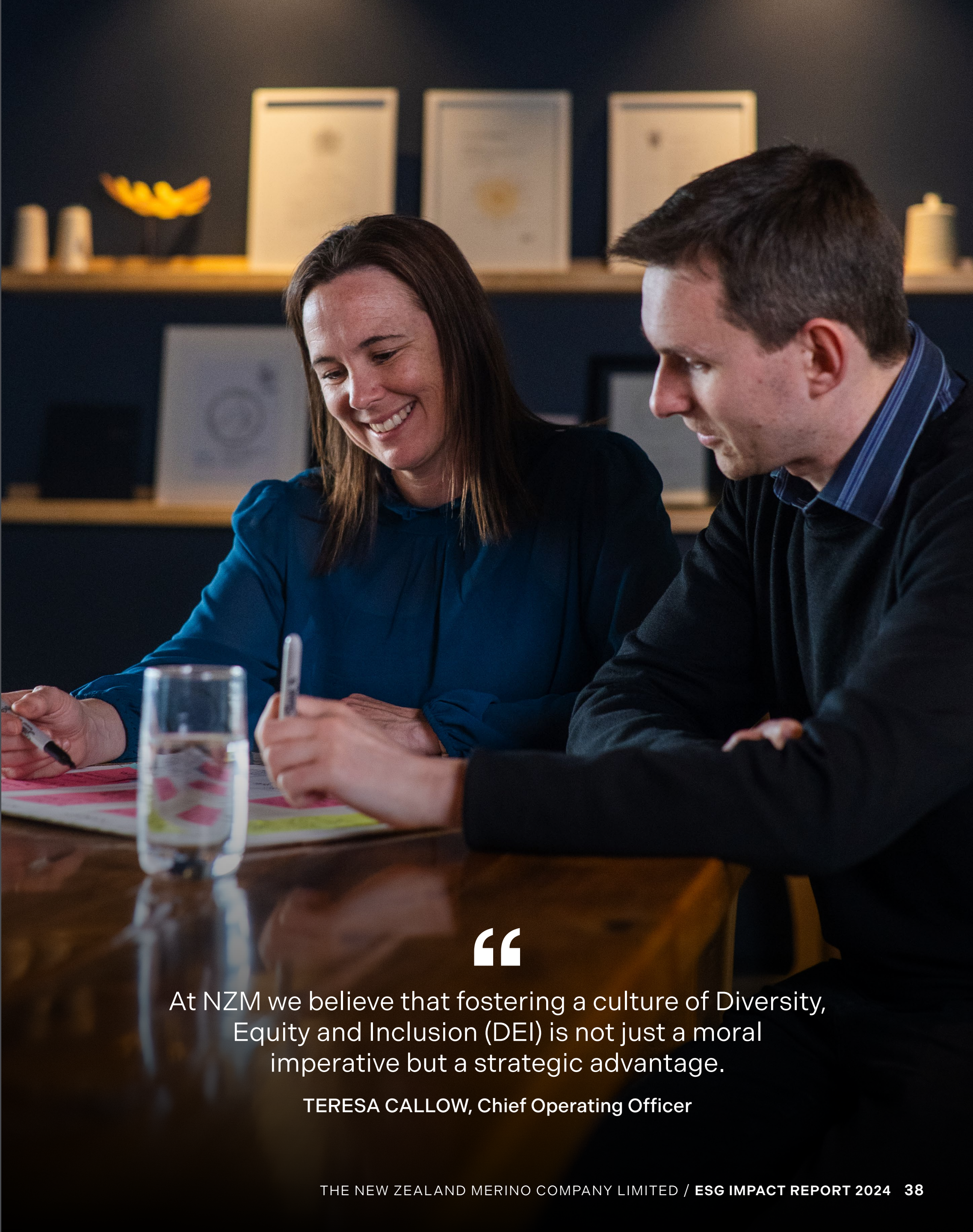
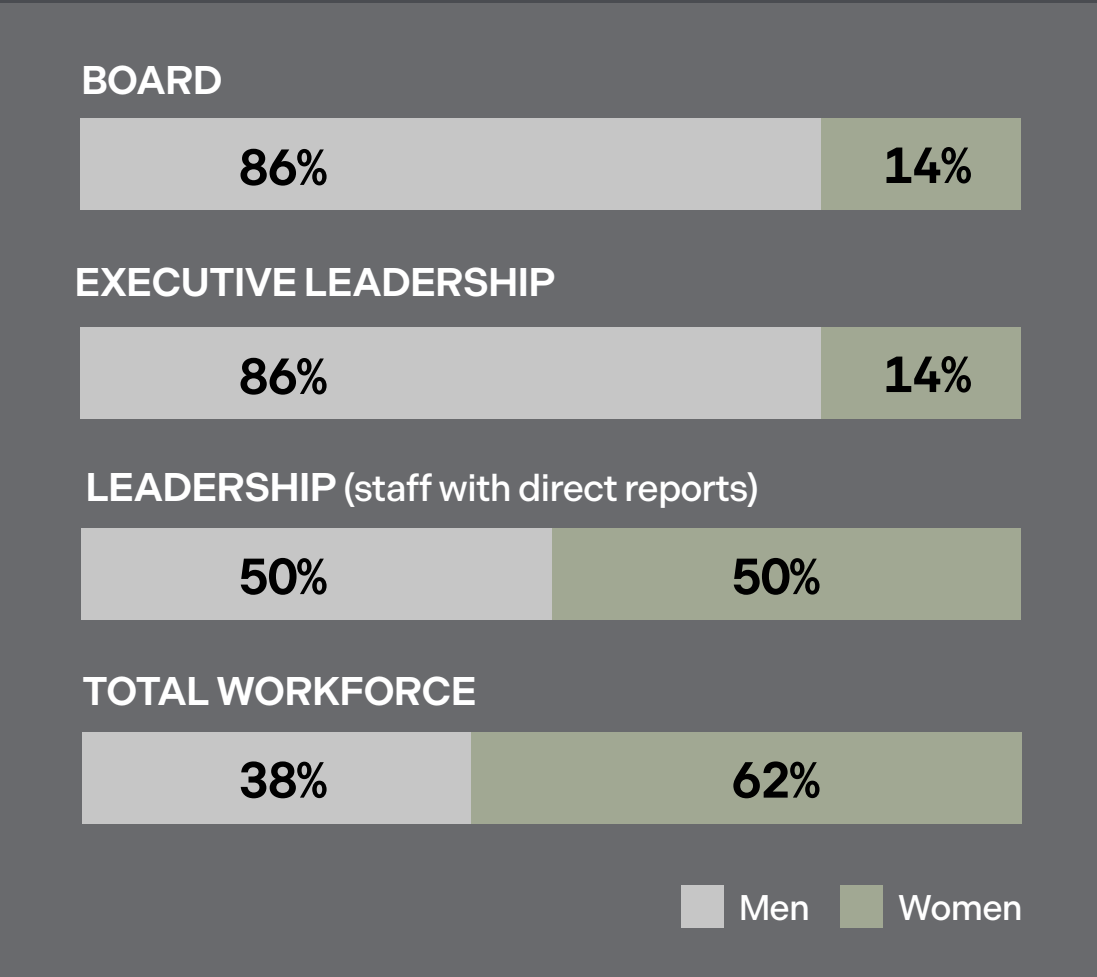
What have we done this year?

We reviewed our Diversity and Inclusion policy to ensure everyone has equal access to opportunity. To emphasize this commitment, we’ve explicitly incorporated the term ‘equity’ into our approach, reinforcing our dedication to creating a truly level playing field for all.

What will we do next year?

We know our gender balance and pay gap aspirations will not solve themselves on their

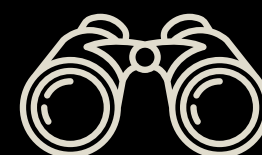
own. Next FY, we will develop a 3-year DEI road map to achieve gender balance and reduce our gender pay gap significantly. We will also broaden our focus beyond gender to foster inclusion across cultures, generations and other forms of diversity.



“

At NZM we believe that fostering a culture of Diversity, Equity and Inclusion (DEI) is not just a moral imperative but a strategic advantage.

TERESA CALLOW, Chief Operating Officer



SOCIAL IMPACT

2025 focus

We are committed to making a positive difference in the world by helping to improve quality of life for our people, network and communities. In 2025 this includes supporting an engaged workforce, strengthening our community ties and upholding human rights.

People & culture

- **Establish an employee wellbeing programme:** work with the team to co-create a programme to strengthen workplace physical and mental health, creating a supportive environment where all employees can thrive
- **Rewards and benefits review:** review our offering to ensure we continue to meet the needs of our workforce


Connection, communication & engagement

- **Strengthen our community:** finalise and execute a grower engagement strategy aligned with what matters most to them beyond the wool cheque; feedback, communication, meaningful connections and a strong sense of community

- **Give back:** map out a corporate charity programme to put communities at the heart of our strategy both financially and through an employee volunteering programme
- **Nurture relationships:** continue to build strong bonds between growers and the brands who use their fibre by supporting grower clubs, loyalty programmes, partner visits and events

Human rights in the supply chain

- **Confidential complaints channel:** deploy a confidential mechanism via our website to provide a channel for stakeholders to raise complaints before serious issues occur
- **Keep improving:** review human rights risks on an ongoing basis and assess how effective our actions have been

A shepherd wearing a hat and a light-colored shirt stands in a field of tall, golden-brown grass. He is surrounded by a flock of sheep with thick, curly wool. The background shows rolling hills under a soft, warm light, suggesting a sunset or sunrise. The overall mood is peaceful and natural.

Nature knows best. The quality of our fibre is testament to the sheep and the growers who keep them healthy, stress free, well-fed and able to roam – just like nature intended.

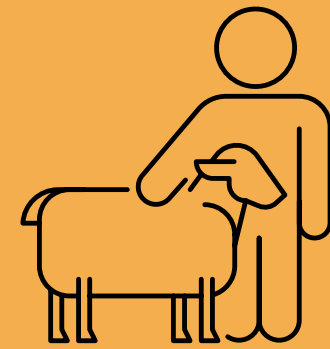
Animal welfare



5.5m+

Sheep farmed according to the Five Freedoms of animal welfare (or higher standards).

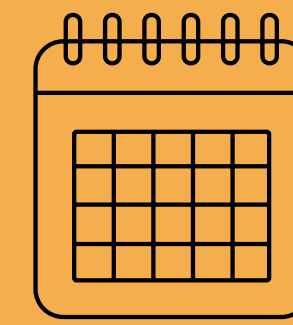
100%



70%+

Of growers transitioned from the Five Freedoms to the more advanced Five Domains of animal welfare.

On par with FY23



44%

Of New Zealand supply came from growers applying pain relief – leading practice change in the wool industry.

Increase from 23% in FY23



0

Sheep mulesed on ZQ properties.

Since 2008

Animal welfare

Animal welfare continues to be critical to NZM’s business success. Leadership in animal welfare through the continuous improvement of our programmes, extension and education activities will ensure we continue to evolve with science, technology and market signals.

With the market advancing towards the Five Domains replacing the Five Freedoms of Animal Welfare as best practice, we commissioned an independent review of the ZQ Standard to understand the changes required to make this shift. This goes beyond meeting the basic physical needs of animals to consider the emotional needs of animals, minimizing negative experiences.

We decided to pause the alignment of the Five Domains into the ZQ standard this year to enable any changes to standards to be considered alongside those to align to the Materials Matter Standard (MMS) that is currently being piloted by the Textile Exchange.

Progress on pain relief implementation

In 2023, NZM updated the ZQ programme to include the requirement for growers to use pain mitigations drugs for tailing, castration and for any severe shearing injuries that occur. Large-

scale practice change isn’t an easy feat but we have made great progress in our phased plan to introduce pain relief requirements for our New Zealand-based growers

- 42% of our New Zealand growers have successfully integrated pain relief into their farming systems
- 100% of Australian growers already use pain relief
- Requirements will come into effect for South African growers when the medications are approved for use in their country

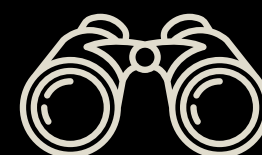
Complaints and concerns about animal welfare

We received one formal complaint in regard to animal welfare in FY24. This was in relation to a historical concern raised by the same individual in 2022. At that time, NZM requested a semi-announced audit to investigate and the grower subsequently left the programme.



Having the extra tools and medication at tailing for pain relief adds extra complexity to the operation but regardless of the rules, we would be unlikely to ever stop using it now.

TOM HARVEY, Glen Orkney



ANIMAL WELFARE

2025 focus

Our work to improve animal welfare will continue as we support our growers to implement practices that go beyond basic health to enhance the wellbeing of their sheep. We will carry on with our work alongside industry partners, veterinary experts and other stakeholders to address the challenges that come with navigating practice change.

ZQ Standard

- **Ongoing refinement:** consider the aligning the ZQ Standard to the Five Domains of Animal Welfare and the Materials Matter Standard based on the outcomes from the FY24 independent review and the ongoing MMS pilot

Pain relief adoption

- **Ongoing support of practice change:** continue our work with growers, veterinary practices and other stakeholders to develop solutions to ensure the accessibility and economic viability of pain relief implementation

Appendices

About this report

This report reflects the material issues raised by our stakeholders in the context of current and emerging ESG trends globally, within the primary sector and in the wider textile sector. Its content is based on information representative of the reporting period (01/07/23 to 30/06/24) and addresses the Global Reporting Initiative (GRI) reporting principles of stakeholder inclusiveness, sustainability context, materiality, and completeness. The scope of this report includes The New Zealand Merino Company Limited (NZM), and its associated operations, it includes all entities in which NZM holds an ownership stake of 50% or more. This incorporates:

- Ethical wool sourcing programme, ZQ
- Ethical and regenerative wool sourcing programme, ZQRX
- Distribution for glerups indoor shoes across New Zealand and Australia
- Merino meat marketing company, Silere alpine origin merino

You can access our 2023 and 2022 ESG Impact Reports [here](#). This year’s report builds on our previous efforts to share what we’ve learned, our actions and our strategy moving forward.

We have used “FY” (Financial Year) or “CY” (Calendar Year) followed by the two-digit year

to indicate whether the dates referenced are for NZM’s fiscal year, 1 July to 30 June each year, or for the calendar year.

GRI standards

This report has been prepared in accordance with the GRI 1: Foundation 2021 Standards. We have also elected to include additional topic-specific standards relevant to our business to increase the transparency of our 2024 ESG Impact Report.

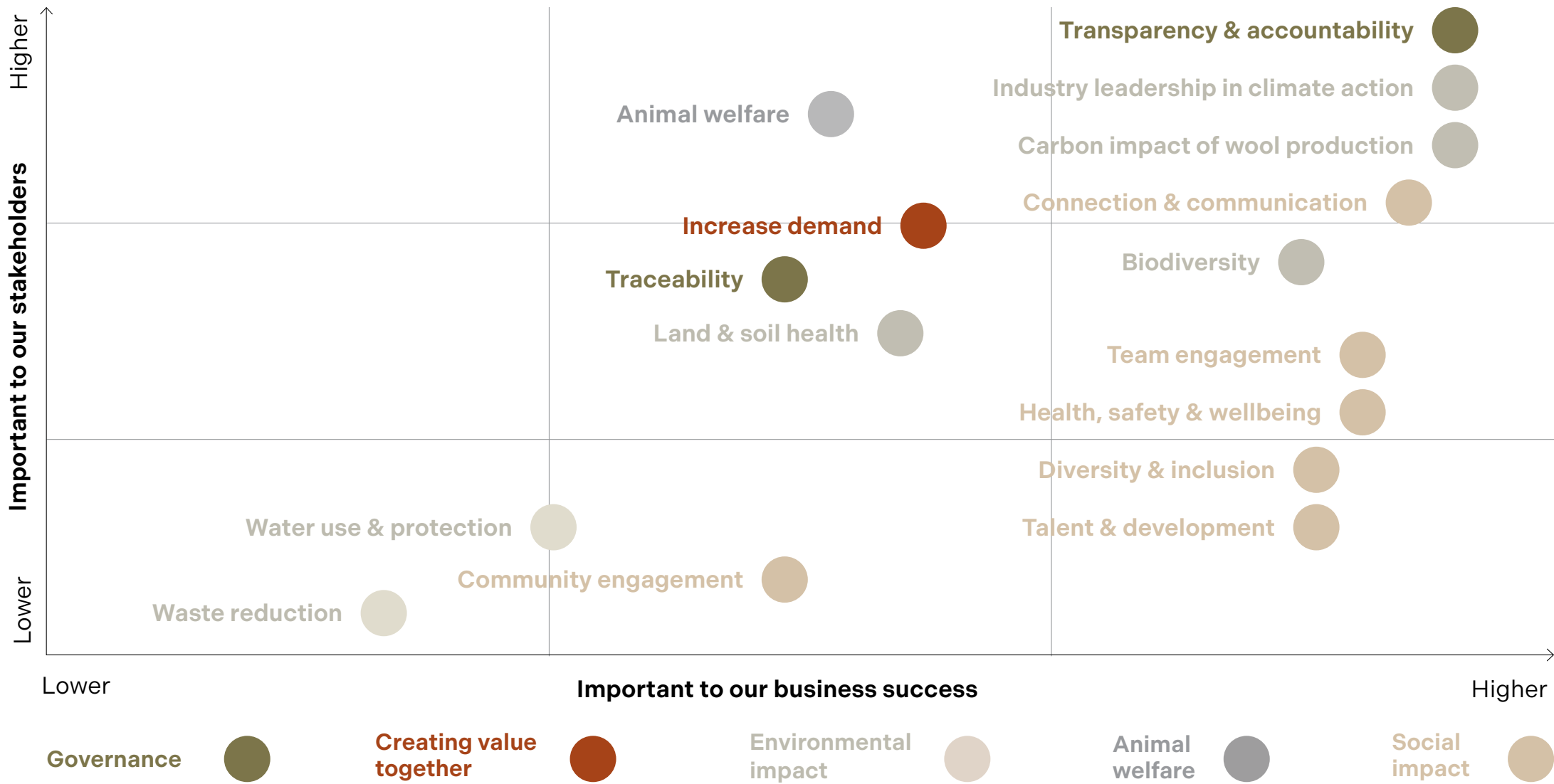
Data quality assessment

NZM has elected to have some of the included metrics validated by qualified third parties to ensure robust data quality, completeness, and accuracy. This report specifies where, and which, external parties have validated metrics. We will continue to review our approach to data quality in future reports in line with the NZM motto ‘Better than yesterday, not as good as tomorrow.’

United Nations’ Sustainable Development Goals

NZM’s whole-encompassing sustainability approach is informed by the United Nations’ Sustainable Development Goals (SDGs). The ZQ and ZQRX programmes align with 16 out of the 17 SDGs, the one exception being SDG 7 as it relates to affordable, clean energy.

Materiality matrix



Our industry partners



Textile Exchange

Global non-profit Textile Exchange works across the fashion and textile supply chain to ensure materials are produced in a way that supports our planet, its ecosystems, and its communities. Our membership allows us to actively participate through industry working groups and research initiatives, and involvement in digital textile forums. Textile Exchange administers the Responsible Wool Standard (RWS) and NZM is one of the largest RWS traders globally.

textileexchange.org



Savory Institute

Savory Institute is a global NGO with the aim to regenerate grasslands. We have a strategic partnership with its Land to Market programme and operational partnerships with the Savory Hubs in New Zealand, Australia, and South Africa. We are utilising its Ecological Outcome Verification (EOV) to monitor changes in land health.

savory.global



Life Cycle Association of New Zealand

Life Cycle Association of New Zealand (LCANZ) works to connect people and organisations, and increase knowledge sharing in the context of Life Cycle Analysis (LCA) and life cycle thinking. NZM is an LCANZ member which enables us to stay in the loop on developments in the LCA space.

lcanz.org.nz



Control Union

Control Union is an independent third-party audit provider that administers all ZQ audits across New Zealand and Australia.

petersoncontrolunion.com



Te Hono

Te Hono is a partnership between New Zealand’s food and fibre sector company leaders, iwi, and government agencies. We have worked closely with Te Hono since its inception and the Te Hono team operates out of the NZM head office.

tehono.co.nz



Eco-Index

Eco-Index was founded by a diverse group of experts to tackle the challenge of biodiversity decline in Aotearoa, New Zealand. Through our partnership, we have mapped the biodiversity that exists on New Zealand ZQRX properties and the investment required to maintain and improve it.

eco-index.nz



Carbon Crop

Carbon Crop has developed technology to monitor and verify carbon sequestration over large areas. Our partnership is set to unlock our ability to give growers accurate sequestration estimates for the vegetation on their farms.

carboncrop.nz



Gallup

We partner with global analytics firm Gallup to leverage its extensive expertise and research in wellbeing.

Gallup.com



Toitū Envirocare

Toitū Envirocare offers carbon programmes and certifications to assist companies in meeting and reporting their goals. Our membership helps us to measure and manage our carbon footprint through its carbonreduce certification and gives us access to expert support to verify our initiatives including our on-farm carbon calculator.

toitu.co.nz



Sustainability Partners

Sustainability Partners offers expert advice on ESG practices, working with fortune 500 companies globally. We partner with them to provide us with guidance on our ESG strategy and approach.

sustainabilitypartners.com



Ruminati

Ruminati is a grower-led carbon calculator, based out of Australia and aligned to internationally relevant carbon accounting standards. Our partnership will allow growers to calculate emissions, estimate sequestration and make emission reduction plans. This will offer more detailed results, giving both farm-level and product-level footprints.

ruminati.com.au



Integrity Ag

Integrity Ag is an agricultural consultancy specialising in environmental impact, its focus is on finding solutions for a more sustainable future for food and fibre. Integrity Ag has supported NZM with farm level wool emission footprints and is currently supporting data collection for LCA work.

integrityag.net.au

BIODIVERSITY SOLUTIONS

Biodiversity Solutions Ltd

Biodiversity Solutions is led by Emeritus Professor David Norton. His recent work involves collaborating with farmers and sector groups to promote biodiversity conservation and integrate it into their farm management. We partner with David due to his pragmatic approach to creating win-win outcomes for biodiversity and farming. He is the keynote speaker at our ZQRX biodiversity field days.

profiles.canterbury.ac.nz/David-Norton



Australian Holistic Management Cooperative

Australian Holistic Management Cooperative (AHMC) is the Australian Hub for the Savory Institute. The company provides a network of monitors and trainers who can support growers with EOv assessments and coaching to improve their land health outcomes.

holisticmanagement.au



Ata Regenerative

Ata Regenerative is the New Zealand Hub for the Savory Institute, it provides training of monitors to complete EOv and completes quality assurance on all data collected.

ata.land



Agrownomics

Agrownomics is a team of soil consultants that specialise in enhancing soil health and agriculture productivity with comprehensive management advice. Through our partnership, the Agrownomics team has been trained to deliver the Savory Institute’s EOv assessments for our growers’ properties. They are also responsible for delivering the technical content at the ZQRX land health workshops.

agrownomics.co.nz

GRI index

The New Zealand Merino Company has reported in accordance with the GRI 1: Foundation 2021 Standards for the period 1 July 2022 to 30 June 2023. We have also elected to include additional topic-specific standards relevant to our business to increase the transparency of our 2023 ESG reporting. We do not include reporting on Sector Standards, but will consider for future reporting.

GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #	NOTES
The organisation and its reporting practices					
2-1	Organisational details	ESG Impact Report – 2024	About NZM	P. 5-6	Organisation name: The New Zealand Merino Company Limited. Nature of ownership and legal form: NZM is a limited liability company. Location of headquarters: Level 2, 123 Victoria Street, Christchurch Central, Christchurch 8013, New Zealand. Countries of operation: NZM sells ethical wool to our brand and supply chain partners globally in the apparel, footwear and interior textiles sectors. NZM has offices and/or employees in New Zealand, Australia, USA, Japan and the UK. NZM Sources ethical wool from growers New Zealand, Australia and South Africa.
2.2	Entities included in the organisation’s sustainability reporting	ESG Impact Report – 2024	About NZM	P. 5	
2-3	Reporting period, frequency and contact point	ESG Impact Report – 2024	Refer to statement of use above	P.	
2-4	Restatements of information	ESG Impact Report – 2024			N/A
2-5	External assurance	ESG Impact Report – 2024	Our industry partners	P. 46	NZM has partnered with numerous organisations globally to verify our ESG approach. NZM has also elected to have some of the included metrics validated by qualified third parties to ensure robust data quality, completeness, and accuracy. This report specifies where, and which, external parties have validated metrics.
GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #	NOTES
Activities and workers					
2-6	Activities, value chain and other business relationships	ESG Impact Report – 2024	Supply Demand The force for good The force	P. 6 P. 9 P. 12-16	
2-7	Employees	ESG Impact Report – 2024	GRI Index	P.	
2-8	Workers who are not employees	ESG Impact Report – 2024	GRI Index	P.	
GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #	NOTES
Governance					
2-9	Governance structure and composition	Annual Report – 2024 ESG Impact Report – 2024 NZM Board Charter	Board of Directors Governance	P. 5-6 P. 19-21 P. 1-4	
2-10	Nomination and selection of the highest governance body	Annual Report – 2024 ESG Impact Report – 2024 NZM Board Charter	Board of Directors Governance	P. 5-6 P. 19-21 P. 1-4	
2-11	Chair of highest governance body	Annual Report – 2024 ESG Impact Report – 2024 NZM Board Charter	Board of Directors Governance	P. 5-6 P. 19-21 P. 1-4	

2-12	Role of highest governance body in overseeing the management of impacts	Annual Report – 2024 ESG Impact Report – 2024 NZM Board Charter	Board of Directors Governance	P. 5-6 P. 19-21 P. 1-4	
2-13	Delegation of responsibility for managing impacts	ESG Impact Report – 2024	Governance	P. 19-21	
2-14	Role of highest governance body in sustainability reporting	ESG Impact Report – 2024 NZM Board Charter	Governance	P. 19-21 P. 1-4	
2-15	Conflicts of interest	NZM Board Charter Annual Report – 2024 Code of Business Ethics and Conduct	Statutory Information Avoid Conflicts of Interest	P. 1-4 P. 86-89 P. 8	
2-16	Communication of crucial concerns	ESG Impact Report – 2024 Code of Business Ethics and Conduct Whistleblower Policy	Governance Speak Up	P. 19-20 P. 4 P. 1-2	There were 0 complaints or critical concerns raised by our stakeholders through these mechanism in FY24.
2-17	Collective knowledge of the highest governance body				One of our board members completed professional training on ESG related matters in FY24. Chair, Kate Mitchell: Attended an INFINZ CRD Masterclass, Regulating climate-related disclosures in New Zealand, in March 2024, covering the legislative framework, guidance, and common misconceptions. This was supported by the FMA (Financial Markets Authority).
2-18	Evaluation of the performance of the highest governance body	NZM Board Charter		P. 1-4	
2-19	Remuneration policies	NZM Board Charter Tiaki Tangata Terms of Reference		P. 1-4 P. 1-3	
2-20	Process to determine remuneration	NZM Board Charter Tiaki Tangata Terms of Reference		P. 1-4 P. 1-3	
2-21	Annual total compensation ratio				New CEO was not employed for full reporting period. We will respond to this disclosure in future reporting.
GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #	NOTES
Strategy, policies and practices					
2-22	Statement on sustainable development strategy	ESG Impact Report – 2024 Code of Business Ethics and Conduct	A year of reflection Force for good	P. 4 P. 9 p. 13-14	
2-23	Policy commitments	ESG Impact Report – 2024 Code of Business Ethics and Conduct	Accountability and Transparency	P. 20 P. 1-16	
2-24	Embedding policy commitments	ESG Impact Report – 2024 Code of Business Ethics and Conduct	Governance	P. 20 P. 1-16	NZM communicates and educates all employees regarding company policies and practices including those related to our ESG programs. Communication and education are embedded during onboarding and orientation, ZQ standard grower audits, functional assignment of responsibilities in written job descriptions that include compliance expectations, our written communications. These ongoing efforts are integral to how we do business and how we lead our employees.
2-25	Process to remediate negative impacts	ESG Impact Report – 2024 Code of Business Ethics and Conduct Whistleblower Policy	Accountability and Transparency Speak Up Full policy	P. 20 P. 4 9. 1-2	We have numerous processes in place to address and remediate negative impacts. We are looking to enhance our processes and support partnerships in FY25 to further support remediating negative impacts.
2-26	Mechanisms for seeking advice and raising concerns	ESG Impact Report – 2024 Code of Business Ethics and Conduct Whistleblower Policy	Accountability and Transparency Speak Up Full policy	P. 20 P. 4 9. 1-2	We have numerous mechanisms in place to help stakeholders seek advice and raise concerns. We have a feedback/complaints mechanism, process and owner listed on our website https://www.discoverzq.com/faqs . We are looking to deploy a confidential complaints mechanism in FY25 to further enhance this system.

2-27	Compliance with laws and regulations				There were no instances of non-compliance with laws and regulations during the reporting period.
2-28	Membership associations	ESG Impact Report – 2024	Our industry partners	P. 46	
GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #	NOTES
Stakeholder engagement					
2-29	Approach to stakeholder engagement	ESG Impact Report – 2023	Keeping our stakeholders updated	P. 94	Our approach to engaging with stakeholders remains unchanged from FY23
2-30	Collective bargaining agreements				N/A
GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #	NOTES
Material topics					
3-1	Process to determine material topics	ESG Impact Report – 2022	Investigating What Matters – Materiality Process	P. 94	We determine material topics based on a materiality assessment together with ongoing due diligence work with stakeholders. For more information on our materiality assessment, see our 2022 ESG impact report. In FY25, we will re-evaluate the relevance and importance of material issues identified in FY22 and note emerging concerns.
3-2	List of material topics	ESG Impact Report – 2024 ESG Impact Report – 2023	About this report Materiality Matrix	P. 45 P. 89-91	This report continues to organise our material topics in line with our Force for Good Strategy (as we did in 2024). Topics are organised as follows: THE FORCE Creating value together: Increase demand, Supply assurance FOR GOOD Governance: Accountability and transparency, Traceability Environmental impact: Industry leadership in climate action, Carbon impact of wool production, Biodiversity, Land and soil health, Water use and protection, Waste reduction Animal welfare: Animal welfare Social impact: Connection and communication, Team engagement, Health, safety and well-being, Diversity and inclusion, Talent and development, Community engagement
3-3	Management of material topics	ESG Impact Report – 2024	Refer to: Force for Good Strategy and subsections		
GRI REF	DESCRIPTION	DOCUMENT	REFERENCE	PAGE #	NOTES
Governance					
Accountability and transparency					
3-3	Management of material topics	ESG Impact Report – 2024	Accountability and Transparency	P. 20	
Transparency					
3-3	Management of material topics	ESG Impact Report – 2024	Traceability	P. 21	
Social impact					
3-3	Management of material topics	ESG Impact Report – 2024	Social Impact	P. 31-39	
2-7	Employees	ESG Impact Report – 2024	GRI Index	P.	
2-8	Workers who are not employees	ESG Impact Report – 2024	GRI Index	P.	
GRI 407: Freedom of association and collective bargaining					
3-3	Management of material topics	ESG Impact Report – 2024	Governance	P. 19-21	

407-1	Freedom of Association and Collective Bargaining	Code of Business Ethics and Conduct	Honour Human Rights	P. 7	<p>The ZQ programme seeks to uphold the freedom of association and the effective recognition of the right to collective bargaining for our growers’ employees in New Zealand/Australia.</p> <p>An aim of the ZQ certification programme is to ensure the rights and conditions of growers’ employees are well protected. It is recognised that many ZQ growers are small business owners or managers. 100% of certified ZQ Growers must satisfy the requirements of the programme. There were no instances where ZQ programme requirements for Freedom of Association and Collective Bargaining were not reached by our certified Growers at 30/06/24.</p> <p>NZM supports the right of its employees, both in New Zealand and around the globe, to exercise their right to freedom of association and collective bargaining. Whilst no current NZM employees have entered into or expressed an interest in collective bargaining, NZM supports the right of its employees both in New Zealand and around the globe to exercise these rights.</p>
GRI 408: Child labour					
3-3	Management of material topics	ESG Impact Report – 2024	Governance	P. 19-21	
408-1	Child Labour	ESG Impact Report – 2024 Code of Business Ethics and Conduct	Human Rights Honour Human Rights	P. 35 P. 7	<p>The ZQ programme outlines our management approach to child labour through requirements. The programme seeks to abolish child labour. An aim of the ZQ certification programme is to ensure the rights and conditions of employees are well protected. It is recognised that many ZQ growers are small business owners or managers.</p> <p>We will continue to refine our management approach to this topic.</p> <p>Child labour is considered as low risk within our grower base in Australia and New Zealand due to strict labour laws and confirmation through audit. No instances of Child labour or young workers employed in hazardous work through the ZQ programme at 30/06/24.</p>
GRI 409: Forced or compulsory labour					
3-3	Management of material topics	ESG Impact Report – 2024	Governance	P. 19-21	
409-1	Forced or Compulsory Labour	ESG Impact Report – 2024 Code of Business Ethics and Conduct	Human Rights Honour Human Rights	P. 35 P. 7	<p>The ZQ programme seeks to eliminate all forms of forced and compulsory labour. An aim of the ZQ certification programme is to ensure the rights and conditions of employees are well protected. It is recognised that many ZQ growers are small business owners or managers.</p> <p>The ZQ programme outlines our management approach to Forced Labour.</p> <ul style="list-style-type: none">• 100% of ZQ certified growers screened for forced or compulsory labour in order to become or remain certified.• 100% of growers met ZQ Forced labour requirements in FY23.
GRI 414: Supplier social assessment					
3-3	Management of material topics	ESG Impact Report – 2024	Governance The Force	P. 19-21 P. 14-16	
414-1/ 414-2	Supplier Social Assessment				<p>Our ZQ programme outlines our management approach to supplier social assessments and is managed through the Social Responsibility section of the ZQ programme.</p> <p>The ZQ programme seeks to support and respect the protection of internationally proclaimed human rights and make sure there is no complicity in human rights abuses. The programme seeks to ensure the rights and conditions of employees are well protected. It is recognised that many ZQ growers are small business owners or managers.</p> <ul style="list-style-type: none">• 100% of Growers screened, prior to certification certified, through 3rd party audit• 100% of certified ZQ Growers must meet all requirements, to include compliance around Labour, Child Labour and Young Workers, & Health and Safety
Team engagement					
3-3	Management of material topics	ESG Impact Report – 2024	Social Impact	P. 33	
Health, safety and wellbeing					
3-3	Management of material topics	ESG Impact Report – 2024	Social Impact	P. 33	
Talent and development					
3-3	Management of material topics	ESG Impact Report – 2024	Social Impact	P. 33, 36-37	
Diversity and inclusion					
3-3	Management of material topics	ESG Impact Report – 2024	Social Impact	P. 38	

Community engagement					
3-3	Management of material topics	ESG Impact Report – 2024	Social Impact	P. 34, 36-37	
Connection and communication					
3-3	Management of material topics	ESG Impact Report – 2024	Social Impact	P. 34	
Creating value together					
Increase demand					
3-3	Management of material topics	ESG Impact Report – 2024	The Force	P. 6, 14-17	
Assure supply					
3-3	Management of material topics	ESG Impact Report – 2024	The Force	P. 6-14-17	
Environmental impact					
Industry leadership in climate action					
3-3	Management of material topics	ESG Impact Report – 2024	Environmental impact	P. 23-30	NZM calculated our corporate carbon footprint in order to understand the emissions profile of our business activities. The boundary for this was determined using the operational control approach. The emission Inventory is compiled using the Emanage software provided by Toitū. Inventory results, emission reduction projects and progress thereof are reported to senior leadership for approval.
Emissions					
305	Emissions	ESG Impact Report – 2024	Environmental impact	P. 29	
Biodiversity					
3-3	Management of material topics	ESG Impact Report – 2024	Environmental impact	P. 25	
Land and soil health					
3-3	Management of material topics	ESG Impact Report – 2024	Environmental impact	P. 26, 27-28	
Water use and protection					
3-3	Management of material topics	ESG Impact Report – 2024	Environmental impact	P. 26	
Waste reduction					
3-3	Management of material topics	ESG Impact Report – 2024	Environmental impact	P. 26	
Supplier environmental assessment					
3-3	Management of material topics	ESG Impact Report – 2024	Environmental impact	P. 26	
308	New suppliers that were screened using environmental criteria	ESG Impact Report – 2024	Environmental impact	P. 23-30	100% of certified Growers screened for environmental assessment.

GRI 2-7 Employees, GRI 2-8 Workers who are not employees

Contract type by gender	Male	Female
Permanent	19	30
Fixed-term Full-Time	0	1

Employment type by gender	Male	Female
Full-Time	19	28
Part-Time	0	3

Percentage of employees by gender	Male	Female
	38%	62%

Percentage of managers by gender (with direct reports)	Male	Female
	50% (n=7)	50% (n=7)

Contract type by region	Permanent	Fixed-term Full-Time
New Zealand	45	1
Australia	4	-

Percentage of employees by age group	<30	30-50	50+
	18%	58%	24%

Collective bargaining agreements	Total
Percentage of total employees covered by collective bargaining agreements	0%

Contractors	Total
Total number of contractors currently working with NZM	4

