



The New Zealand Merino Company Limited  
ESG Impact Report — 2023





Better than  
yesterday, not as  
good as tomorrow.





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## Chief Partnerships and Sustainability Officer's statement

For 27 years The New Zealand Merino Company (NZM) has pushed itself to lead the way in ethical, environmental and social responsibility. This is vital to our position and reputation in the market and, most importantly, it is the right thing to do.

At our core, we care for our people, our planet and the wider communities our work touches. This underpins everything we do, how we behave and how we engage with our grower community, brand partners and other stakeholders.

While these values have always been part of this company, last year's inaugural ESG report was our first step in sharing publicly and transparently our own environmental and social impact. Now we are building on that by laying out a bold course for our future, one in which we'll continue to evolve and innovate to do better each day and to bring our industry forward.

Last year, we made the promise to lay out goals, targets and accountabilities in our next report. However, we have a growing cognisance of our increasingly unstable climate, and after witnessing the devastating impact on our grower community of events like Cyclone Gabrielle we no longer believe goals and targets are enough. Instead, this report outlines our solid commitments, both short and long-term, alongside clear success measures to which we'll hold ourselves accountable.

We applaud the fact that sustainability is quickly becoming an essential part of marketing consumer products the world over. However, with 27 years under our belts, we're cautious of the complexity involved and the unintended consequences that can come from well-intentioned projects.

Siloed metrics cannot make a difference on their own. A low carbon footprint means little if the full lifecycle impacts of the product are not examined – the chemicals used, the communities impacted, the land,

the soil and the natural ecosystems that can be either harmed or helped.

NZM has committed to a holistic view of sustainability, acknowledging the layered intersecting elements, embracing complexity, and admitting that we do not have all the answers right now. We believe in progress over perfection, and that our work will help ensure that our planet today will be better than yesterday, but not as good as tomorrow.

In a global context, understanding of sustainability is rapidly developing and with this awareness, regulatory frameworks are being created and updated at pace. By putting leadership and our values first, we ensure that the standards to which we hold ourselves, our growers and our brand partners not only meet required legislation but stay ahead of it.

Of course, our commitments do not end with sustainability, true regenerative action also prioritises the crucial role of people and their wellbeing. We must strive for equitable systems that enhance the economic and social welfare of all of the individuals and communities involved throughout the value chain.

We recognise that when it comes to our planet and our communities, measuring and reporting only has value if it is driving toward a better tomorrow. So it is with great pride that we now share our 2023 ESG Impact Report.

We have an incredible community of growers, brand partners, and multi-skilled collaborators who support, challenge, and motivate our team. If you aren't part of our journey yet, we welcome you to join us as we do all we can to be a force for good.

**Dave Maslen**  
Chief Partnerships and Sustainability Officer



### A note from NZM's new CEO

While I joined the business after the end of FY23 I wanted to take this opportunity to applaud the achievements NZM has made over the last year.

Most companies produce sustainability reports and lay out goals, but it is rare to find a business that has its ESG objectives so deeply embedded within its ambitions for growth.

This business's dedication to continual improvement is inspiring and I look forward to helping this team deliver on the commitments made within these pages over the next year and beyond.

**Angus Street**  
Chief Executive

# 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 (01/07/22 to 30/06/23) 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 per cent or more. This incorporates:

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

Last year, in our inaugural ESG Impact Report, we described the foundation upon which we continue to build and refine our ESG strategy. [You can access our 2022 ESG Impact Report here](#). This year’s report reinforces our previous work by detailing our activities over the last year. We’re sharing what we learned, the actions we’ve taken and our strategy moving forward.

Throughout this report, we will use “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 2023 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.



# About our company

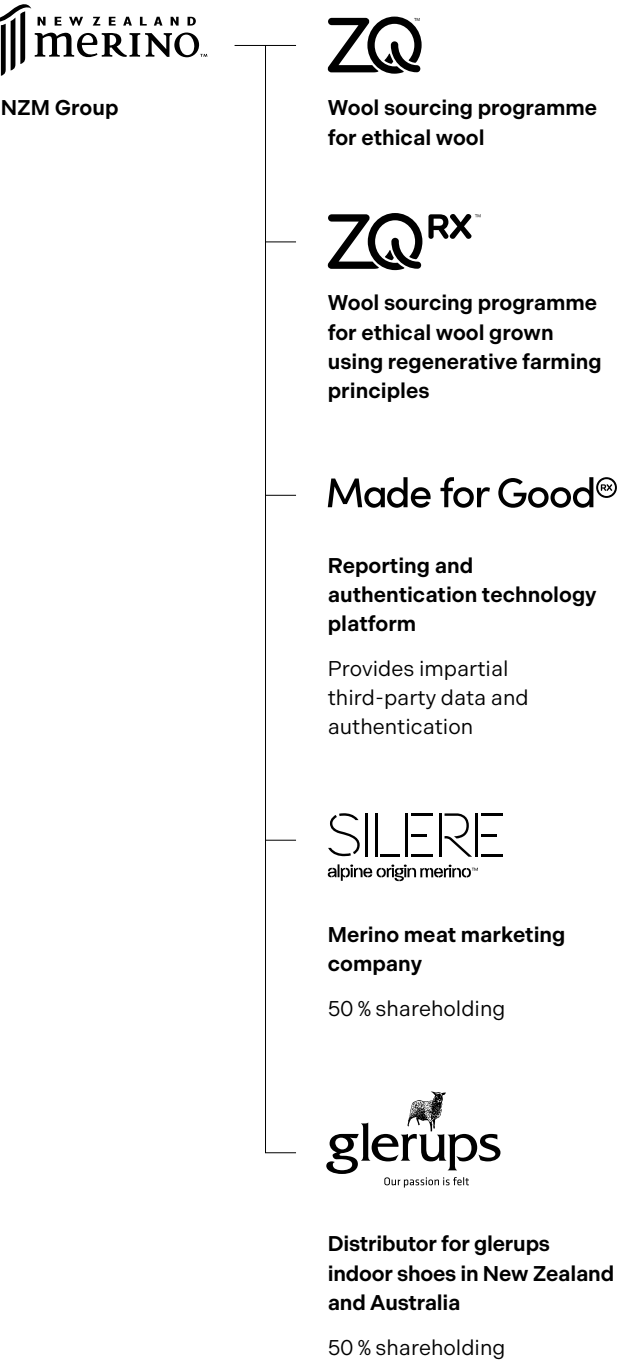
NZM is a global leader in the sourcing, transacting, and marketing of ethical wool. We connect the world’s most progressive growers to the world’s most committed brands.

Since our 1996 beginnings as Merino New Zealand, NZM has been a champion of innovation and challenging the status quo. Originally an industry-good organisation we are now a fully commercial company.

We foster direct relationships between growers and the global brands that use their fibre. Our model offers stability and security against the volatility of the commodity market for both while striving for a better impact on the world.

NZM operates two wool sourcing programs, ZQ which sees growers meet world-leading fibre quality, animal welfare, environmental, and social responsibility standards, and ZQRX which goes a step beyond with its regenerative index designed to promote and support continuous improvement.

# NZM Group brand architecture





# FY23 highlights



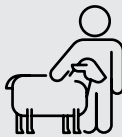
**NZM partners with leading brands for full-scale digital traceability pilot**

[Page 24](#)



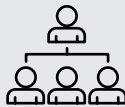
**NZM takes a big step for animal welfare, making pain relief mandatory for key procedures**

[Page 64](#)



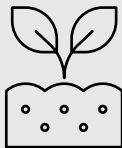
**ZQ programme swells to 794 growers, including over 100 new growers in Australia**

[Page 38](#)



**NZM establishes ESG leadership team and Kaitiakitanga Board Committee**

[Page 21](#)



**Quantitative metrics set via ZQRX to measure land health improvements and greenhouse gas emission reductions**

[Page 34](#)



**Angus Street is appointed as CEO, bringing with him the perfect balance of agriculture and tech experience to lead NZM's innovative future**

[Page 06](#)



**Carbon model numbers delivered to over 600 growers**

[Page 35](#)





# Our ESG journey



# Our evolving approach to ESG

NZM is committed to building a sustainable business that benefits all of our stakeholders. Environmental, Social and Governance (ESG) factors are at the core of our business model and we believe continuing to incorporate these factors into our business strategy is essential for our long-term success.

Keeping ESG central to our strategy is how we will reduce our environmental impact, improve our social responsibility, and strengthen our governance practices, making us a more resilient company that is better positioned to thrive in the future.

In FY22, we completed an independent [materiality assessment and benchmarking study](#) to identify the most crucial ESG topics for our company, highlighting where our practices were already well-established alongside areas where improvement was needed.

This study provided a picture of where we fit in the context of current and emerging trends globally and within the primary sector as well as continuing to be a key resource as we prioritise initiatives that are important to our people, our growers and all of our stakeholders across the value chain.

# Our strategic focus

**As a learning organisation, we strive for continual improvement which is especially crucial in our understanding and approach to advancing our ESG strategy.**

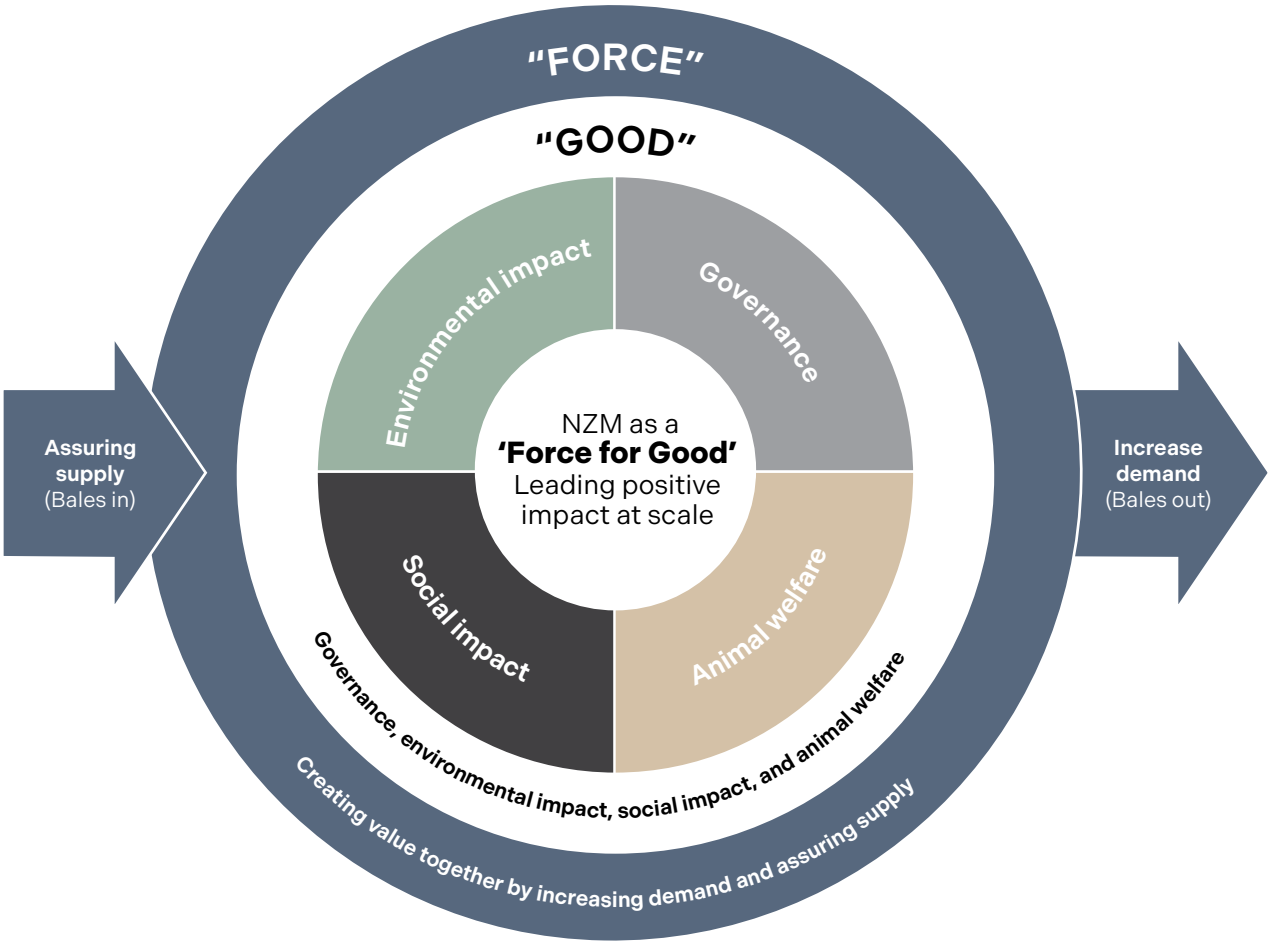
We listened to our stakeholders and to the results of the 2022 benchmarking study to direct our strategic efforts towards a critical few initiatives, specifically governance and carbon. This deep focus has allowed us to define workstreams and accountabilities and set goals, targets and reporting principles. This strong foundation will ensure that we get the job done.

While globally the focus remains on carbon, we have also elevated biodiversity in our materiality matrix to reflect its importance. NZM views biodiversity as a critical environmental metric that interacts with all others – where biodiversity is thriving, we see carbon sequestration occurring, cleaner waterways and healthier soil.

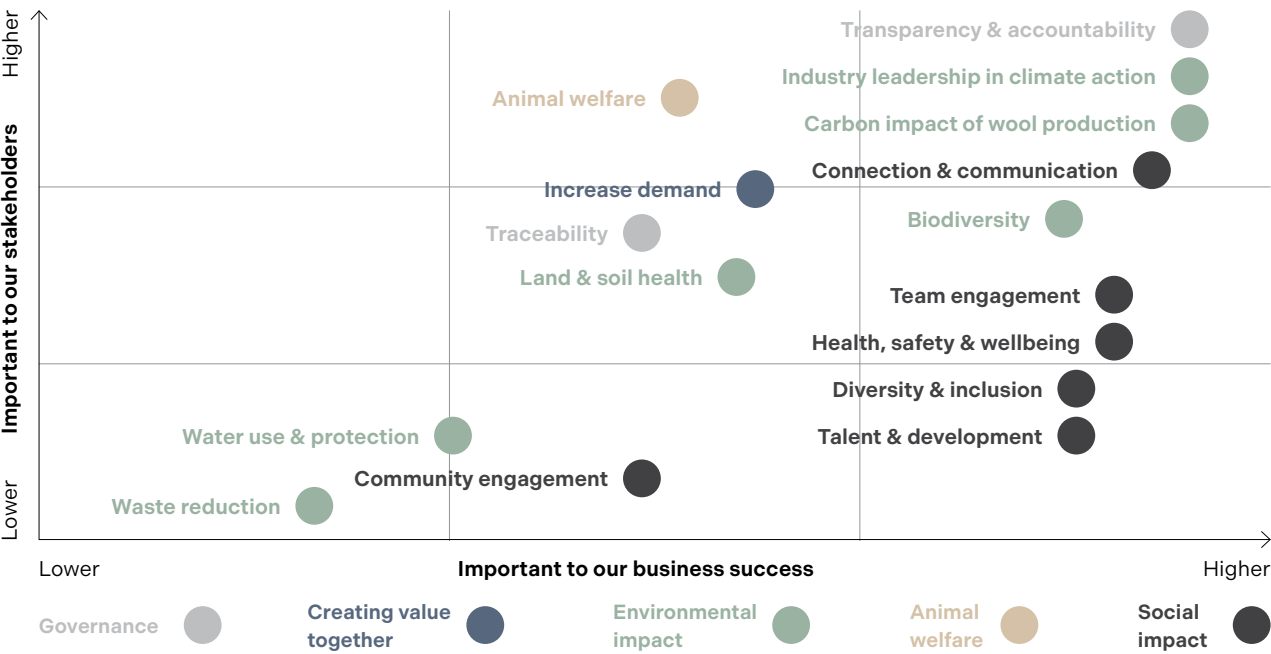
Additionally, we have re-envisioned our ESG pillar “Creating value together”, redefining the narrative around what increasing supply and demand means to us. We see this business growth as the FORCE that enables us to do the GOOD, creating value together with our value chain partners. Without this strong business foundation, we cannot pursue our ESG objectives.

Our strategic pillars have been adjusted to better reflect our actions and intent. We have also moved our traceability work to come under governance as part of our commitment to transparency. These changes are reflected in our materiality matrix when compared to our [2022 ESG Impact Report](#).

We will continue to advance initiatives in our other material topics which will be reported on annually and will set more goals, targets and impact metrics as our ESG journey progresses.







## Materiality matrix





# Strategy

As the FORCE grows by managing supply and demand so does our ability to do the GOOD. This strategy lays out our top priority commitments and the success measures we will rely on to assess our achievements. This summary is not an exhaustive list and you will find additional commitments, alongside those represented here, highlighted throughout this report.

Force for Good Leading positive impact at scale				
	 Governance	 Environmental impact	 Animal welfare	 Social impact
Aspirations	Leading transparency, governance and accountability	Positive environmental impact at scale	Maintain leadership and genuine improvement in the wellbeing of livestock	Lasting social impact that elevates our people and communities
Success measures	Yearly positive review on progress from external sustainability experts	Net zero Scope 1,2, 3 (business operations) by end CY2050	100% of ZQ growers using pain relief by end CY2025*  100% of ZQ growers managing livestock according to the 5 animal welfare domains by FY25	Achieve gender balance (40:40:20) in senior management by end FY25
Short-term commitments (end FY24)	Refresh our purpose and guiding principles  Develop a confidential grievance mechanism  Conclude digital traceability trials  Complete a voluntary climate related financial disclosure	Define emission targets & goals for ZQRX growers  Create a biodiversity strategy and goals  Create and roll out an impact funding roadmap with tiered options for brands to invest in on-farm projects  Define options for scaling land and soil health	Continue deploying pain relief implementation plan  ZQ standard aligned to the 5 animal welfare domains	Review policy and practices to promote diversity and inclusion  Digitise HR system  Deploy “Doing well” workshops  Develop community impact strategy

\* New Zealand/Australia farm group



# Our management approach

We believe that as we continue to execute and refine our ESG strategy it is vital to take action on the issues that matter to our stakeholders. Wherever possible we take steps to identify, analyse and respond to the issues raised by our stakeholders throughout our materiality assessments.



As it stands, some of the most important issues facing our business are beyond our control. However, where we cannot take decisive action we can take steps to mitigate the risks these issues pose. Throughout this report we discuss the impact of these material issues and how our strategic focus areas are designed and prioritised to respond.

## NZM

**Full control of variables**

*NZM's role: Management*

- Employees
- NZM Operations

## On-farm

**Reasonable control of variables**

*NZM's role: Expertise, contracts, premiums*

- Growers
- Grower communities

## Market & industry

**Minimal control of variables**

*NZM's role: Supply contracts, influence and advice*

- Brand partners
- Supply chain partners
- Rural communities
- Urban communities
- Consumers
- Government
- Industry partners







# Governance

Accountability  
and transparency  
Traceability



# Accountability and transparency



**“Good governance forms the bedrock of a company’s ESG strategy, fostering transparency, accountability, and sustainable value creation for stakeholders and society. Without it, a company risks compromising its ESG objectives, facing increased risks, diminished stakeholder trust, and potential long-term value erosion.”**

– Peter Floris, Acting Chief Executive NZM

Solid evidence of ESG governance and management is foundational to assessing the depth and reality of a company’s commitment to ESG practices and performance.

Our approach to governance is holistically informed by the GRI requirements, USX listing rules, NZX listing rules (used for guidance only), the Companies Act 1993, the Financial Markets Conduct Act 2013, and the Institute of Directors best practice guidelines. We will continue to ensure that we are aligned with the appropriate mechanisms and listing rules to advance our governance approach.

Last year’s report announced our intention to formalise not only goals, targets and actions but accountabilities.

In FY23 we built on our previously established governance systems to ensure ESG objectives and responsibilities are clear. This included:

- Establishing a focused ESG leadership team, separate to our overall senior leadership team
- Instituting the Kaitiakitanga Committee at board level to assist on all material ESG matters
- Updating the Terms of Reference of our Tiaki Tangata (People and Culture) Committee to ensure its capacity to pursue our ESG objectives
- Developing a Board Charter to provide a clear framework for governance and decision-making

## ESG leadership team



Chief Executive



Chief Operating Officer/  
Chief Financial Officer/  
Acting Chief Executive FY23



Chief Partnerships and  
Sustainability Officer



GM People & Culture



Head of CSR and Ethical  
Sourcing

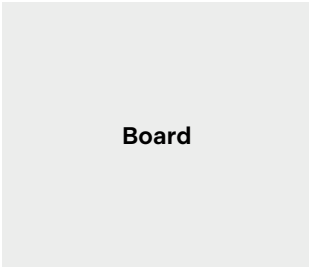


Group Financial Controller

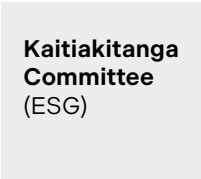


Corporate Development  
Manager

Our operational level ESG team is comprised of senior leadership team members and subject matter experts. They meet at least once per month to discuss progress and ensure NZM is equipped to meet its ESG commitments.



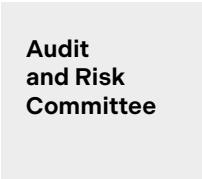
Board



Kaitiakitanga  
Committee  
(ESG)



Tiaki Tangata  
Committee  
(People and  
Culture)



Audit  
and Risk  
Committee

Terms of reference for our ESG Committee, Kaitiakitanga, our People and Culture Committee, Tiaka Tangata, our Audit and Risk Committee and Board charter can be found [here](#).

Our Policies and Codes can be found [here](#).



Looking ahead

The Audit and Risk Committee assists the NZM Board in fulfilling its responsibilities for company financial statements and external financial reporting. As we move towards voluntary climate-related financial disclosures we will further review the roles and responsibilities of the Audit and Risk Committee.

Commitments

By end FY24

- Refresh our purpose and guiding principles
- Develop a confidential grievance mechanism
- Complete a voluntary climate related financial disclosure

Traceability



In 2007 NZM introduced the ZQ programme. A core principle of ZQ from the outset has been to ensure end-to-end traceability of wool, from farm through to end product. This has been enabled through NZM’s contract supply model and follows a chain of custody methodology.

The wool industry is complex with numerous steps in the value chain, and multi-material end products. To maintain our position as an industry leader we seek to continually innovate. Our commitment to transparency has shifted the constraints of traditional practices, propelling us to lead the charge in digital traceability.

Our inaugural ESG Impact Report shared our intentions to implement a traceability pilot programme with an IT partner.

We participated in a small-scale trial of a digital traceability tool in 2022 and this year we initiated a full-scale pilot program in collaboration with a technology partner, TextileGenesis. The pilot was launched alongside key NZM brand partners icebreaker, Smartwool, John Smedley and Mons Royale as well as their supply chain partners.

This pilot seeks to assist in scaling our work by automating and streamlining previously time-intensive processes, ultimately reducing the complexity of end-to-end traceability throughout the supply chain.

“This pilot programme unlocks a myriad of possibilities, now we can leverage cutting edge technology as we build NZM’s future, one defined by transparency.”

- Erica Horrobin,  
ZQ Programme and Certification Manager

Commitments

By end FY24

- Conclude digital traceability trials



# Creating value together

A photograph of two women standing next to a silver SUV in a mountainous landscape. The woman on the left is wearing a light-colored sweater and blue jeans, with her arms crossed. The woman on the right is wearing a dark jacket, light blue jeans, and a blue cap. They are both smiling and looking at each other. The background features rolling hills and mountains under a cloudy sky. The foreground is filled with tall, dry grass.

**Our wool**

**Our growers**

**Our industry partners**

**Our brand and supply chain partners**



# Value and ESG


For NZM value creation and ESG improvements are intrinsically linked. While increased value chain activity is the FORCE that enables us to do GOOD, our business model and position in the market rely on our leading ethical, environmental and social standards. For this reason, our wool and the work we do to build relationships with our growers, brand partners and industry are core parts of our ESG strategy.








# How we create value


## The resources we rely on


- **Our people**

We harness team talent to drive profitability and to create better environmental and social outcomes in the communities where we operate.
- **Our creative power**

We use our creative power to deliver innovation projects and technical validation, converting science and substance into marketable stories for our brand partners.
- **Our partnerships**

We collaborate with multiple specialist organisations to support our work. Connection and communication are key to the success of our ESG strategy.
- **Our environment**


We rely on natural capital and the environment to grow our ethical and regenerative wool fibre.
- **Our products**

We utilise natural capital to develop our products with input from stakeholders – growers, NGOs, science providers, and academic institutions.
- **Our funding**

We depend on a strong financial base for our operations and future investments, we utilise funds from shareholders, debt sources and retained earnings.



## Creating value for our stakeholders


- **Our employees**

We provide a safe workplace culture that protects and promotes the physical and mental wellbeing of our team.
- **For customers**

We deliver high quality, ethical products, providing margin stability and supply assurance through long-term partnerships with our brand and supply chain partners.
- **For the community**

We provide programmes that support communication and connection throughout our grower communities and value chain.
- **For the environment**

We strive for a net positive impact on the environment.
- **For our growers**

We negotiate long term contracts & premiums for our growers, providing on-farm support, innovation, production science, and resources to support environmental protection and adoption of regenerative farming practices.
- **For investors**

We deliver consistent, profitable, and responsible growth.

# Our wool



## Wool programmes



**ZQ is a wool sourcing programme for ethical wool**

ZQ wool meets strict standards of animal welfare, environmental sustainability, fibre quality, traceability and social responsibility.



**ZQRX is a wool sourcing programme for ethical wool grown using regenerative farming principles.**

ZQRX wool is grown using regenerative farming principles that support the health of soil, biodiversity, carbon sequestration and the communities where wool is produced.

## About the ZQ programme in FY23



ZQ growers meet strict ethical and quality standards providing valuable assurance to brand partners and ensuring they get the best price for their wool.

NZM works to ensure the ZQ programme remains ahead of stakeholder expectations and standards, preserving its value above the commodity market with a commitment to continual improvement.

*\* 6,328,915 sheep \*\* 2,441,213 hectares*  
*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.*

## Our projects

In April 2023 we moved all third-party auditing across New Zealand and Australia to a single certification body, Control Union. The impact of this change was immediate.

- Inefficiencies and unnecessary complexity have been removed
- The average time to close corrective actions has almost halved (50 days down to 28)
- New Zealand growers are enjoying a positive, robust process

Working with one auditing body, with global reach, will make scaling ZQ into other territories simpler and more efficient in future.

We have also instituted an improved pre-audit process increasing the support we provide to our growers. They now have the option of a one-on-one training session prior to their audit.

Growers who have been through these sessions report feeling more confident about audits and have a clearer understanding of requirements. The evidence for success is clear with the average number of corrective actions for participating growers dropping from 5 to 2.

## Looking ahead

We will continue to evolve our pre-audit process, supporting our growers to meet, and exceed, ZQ requirements and therefore driving improvements in environmental stewardship, social responsibility and animal wellbeing.

## Commitments

### By end FY24

- Update ZQ scheme rules
- Review of the current ZQ5 Standard



## About the ZQRX programme in FY23

3.7m+\*

sheep in the ZQRX programme

2.0m+\*\*

hectares in the ZQRX programme

82%

ZQRX properties land area (ha) represents 82% of total land area covered by the New Zealand/Australia farm group



\* 3,764,033 sheep.  
\*\* 2,003,482 hectares  
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.

### ZQRX growers apply regenerative farming principles

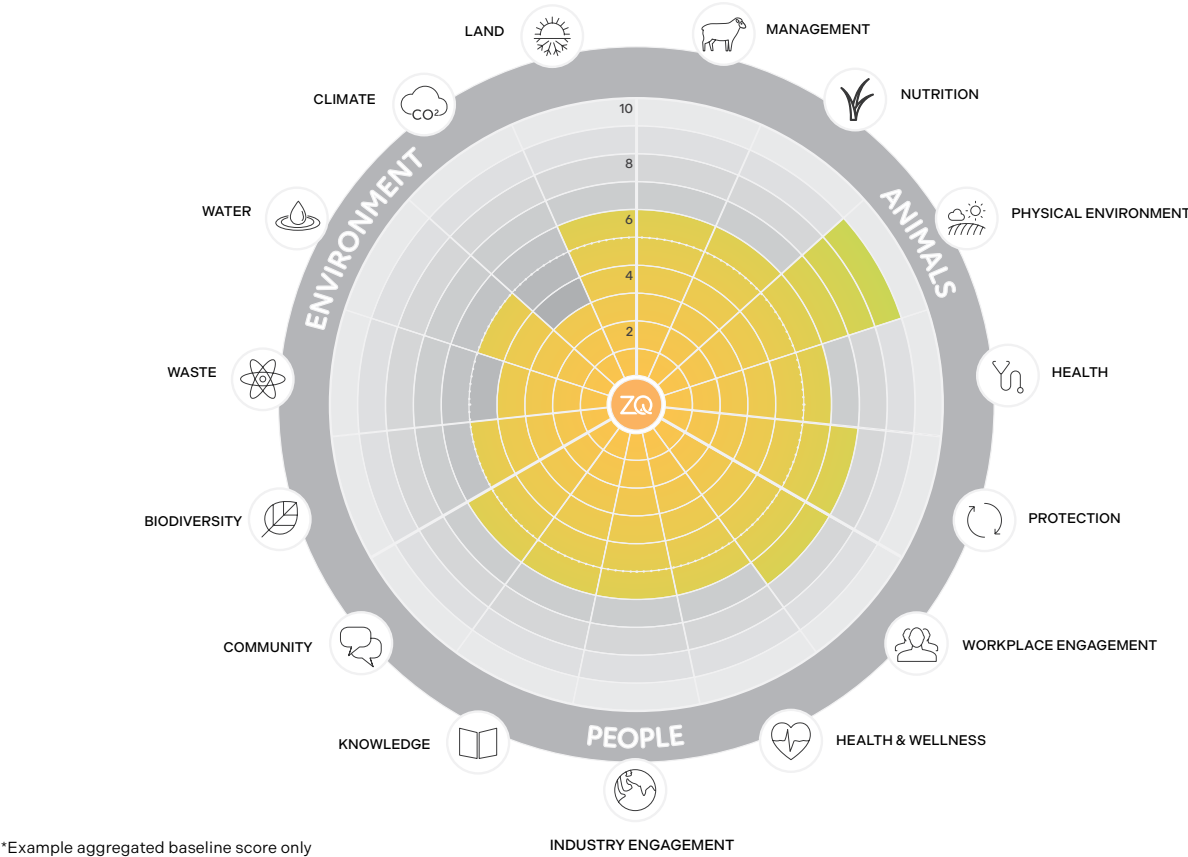
- Farm with a regenerative mindset
- Meet or exceed ZQ or the Responsible Wool Standard (RWS) and commit to continuous improvement
- Utilise regenerative agriculture practices
- Work to support improved social and ecological wellbeing
- Improve year-on-year within key indicators on the ZQRX index
- Show measurable annual improvement against the index
- In addition, ZQRX farms and growers are expected to:
  - Provide access to on-farm data to enable credible impact measurement
  - Participate in training and capability building
  - Implement improvement strategies as appropriate

### How ZQRX measures collective impact

- ✓ **Scores across all metrics**
- ✓ **Size and scale**  
Number of ZQRX farms  
Land area of ZQRX farms
- ✓ **Investment**  
Hours of capability building

## ZQRX Index

The ZQRX programme enables positive impact across 15 key indicators.



\*Example aggregated baseline score only

## Our projects

We are working progressively within the indicators to establish both qualitative and quantitative methodologies to aid in measuring and communicating impact.

NZM has four active research projects for quantitative methodologies, prioritised in line with our materiality matrix.

**Land health**

Ecological Health Index score, calculated via an Ecological Outcome Verification assessment

**Greenhouse gas emissions**

Net farm carbon footprint, showing removals greater than

emissions in accordance with Greenhouse Gas Protocols

**Biodiversity**

Quantitative metrics in progress, to be confirmed before end FY24

**People**

Quantitative metrics in progress, to be confirmed before end FY24

Three of these projects are based on the focus areas identified in the 2022 ESG Impact Report, the people metric has been elevated in line with stakeholder priorities.

Highlights FY23

- ✓ **Farm specific greenhouse gas emissions estimated for 600+ growers**
- ✓ **US\$150,000+ investment from brand partners, direct tangible support for growers adopting regenerative practices on farm**
- ✓ **ZQRX wool enabled the launch of Allbirds’ M0.ONSHOT, the world’s first net zero carbon shoe**
- ✓ **Sheep Inc. released its first negative carbon footprint T-shirt collection, made from ZQRX wool**
- ✓ **Global recognition for key NZM staff working on ZQRX development**

Donna Chan, Head of Regenerative Impact, received Textile Exchange’s Ryan Young Climate+ Rising Star Award

Monica Schwass, Future Farming Manager, was a finalist for the Zanda McDonald Award which recognises young leaders in the agricultural industry



Looking ahead

Working with value-aligned partners is crucial to the ongoing success of the ZQRX programme. We collaborate with partners that can deliver results pragmatically at speed while also understanding the importance of good data and accurate data management to support reporting.

Scaling of our measurement methodologies requires investment and we will continue to work with our brand partners to support this, as well as enhancing growers’ capabilities through education and training.

Commitments

By end FY24

- Quantifiable metrics confirmed for biodiversity and people

About the Responsible Wool Standard (RWS)

NZM continues to partner with Textile Exchange. Since 2021, we have operated on a robust, combined audit process and checklist meaning wool produced by ZQ growers also receives RWS certification. This ensures that ZQ growers can gain the maximum value for their wool, through both contract and auction, without any additional auditing requirements.

NZM holds valid RWS scopes for our farm groups in both New Zealand and Australia. We also hold a valid RWS trader scope, allowing us to procure additional RWS wool for our brand partners from certified RWS growers across the globe.

For the purposes of ZQRX NZM considers RWS equivalent to ZQ. RWS growers may enter the ZQRX programme via the same pathway as ZQ growers.





# Our growers



**“The role of people and their wellbeing is crucial for resilient and thriving agricultural systems. True regenerative agriculture is impossible if supporting growers is not prioritised.”**

– Matt Hand, GM Global Supply

For the past approximately 25 years, NZM has preferentially transacted wool via forward contracts with growers and brands. In FY23 approximately 66% of wool transacted by NZM was via forward contract.

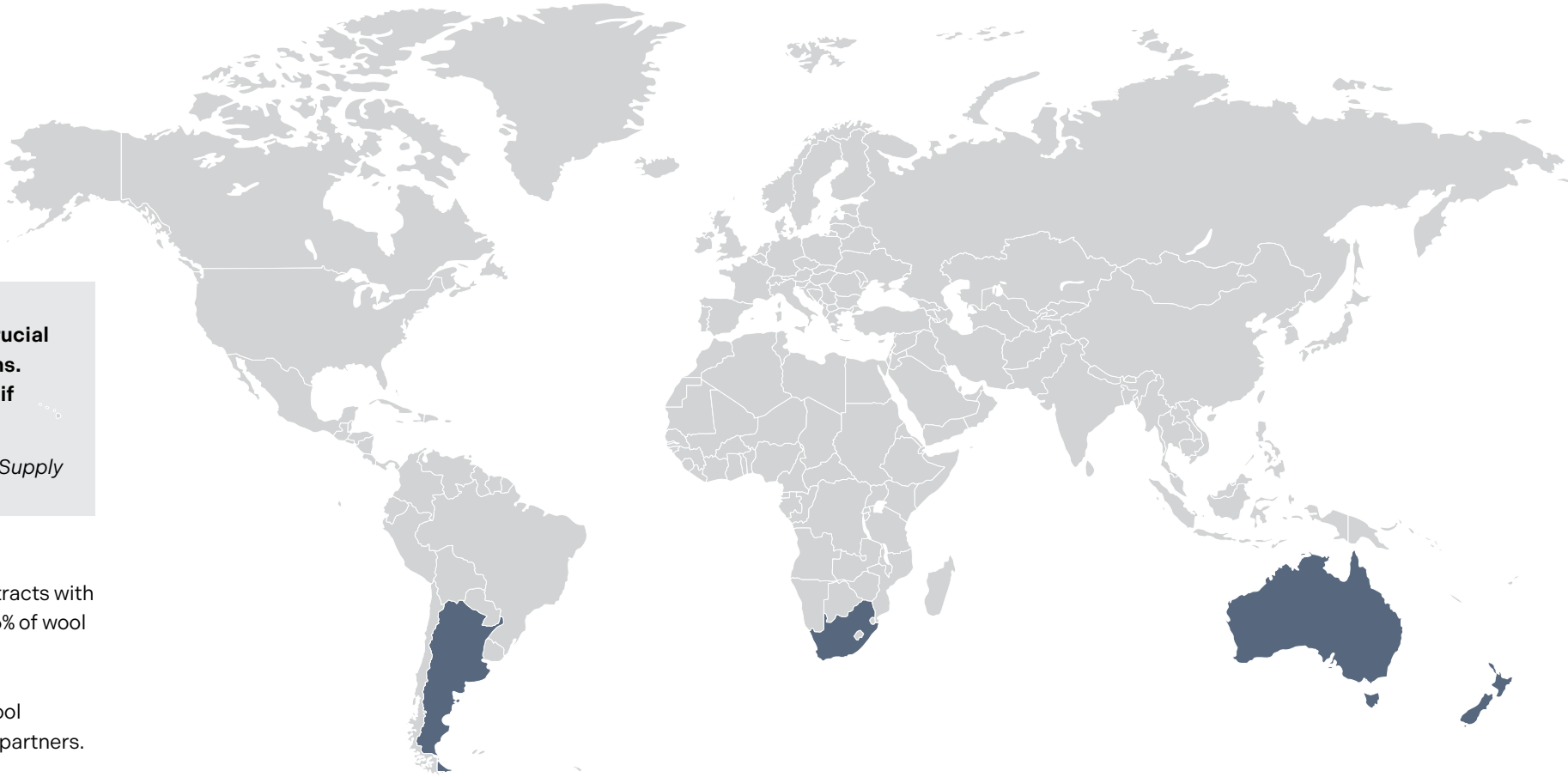
Our forward contract model is unique in the wool industry and benefits both growers and brand partners.

Growers	Brand Partners
Price stability	Margin
Market certainty	Quality
Incentives for best practice	Supply assurance

The security of contracts enables NZM growers to accurately plan for their properties’ future with regard to investment, borrowing, farm succession, farm management, breeding and genetics.

**“Contracts provide a stable base from which growers can make better decisions regarding animal welfare, environmental integrity and social responsibility. As NZM has a significant market share in the wool-growing community this has had a positive impact throughout rural communities.”**

- Dave Maslen, Chief Partnerships and Sustainability Officer



**794** Certified ZQ growers  
(New Zealand/Australia) **+9% YOY**

**527** Growers voluntarily signed up to ZQRX  
(New Zealand/Australia) **+5% YOY**

**17,354** Tonnes  
Certified ZQ greasy wool<sup>1</sup> **+5% YOY**

**2,498** Tonnes  
Certified RWS greasy wool<sup>2</sup> **-53% YOY**

**ZQRX wool**  
Represents 79% of the total wool volume procured (New Zealand/ Australia)

**Sourcing countries**  
New Zealand, Australia, South Africa, Argentina

<sup>1</sup> Procured from NZM New Zealand/Australia farm groups  
<sup>2</sup> RWS wool procured from other territories

Understanding our growers’ challenges

FY23 has been a challenging year for growers, they have faced:

- Strong rise in cost of production with an increase in
  - Input costs
  - Labour costs
  - Interest rates
  - Compliance costs
- Increasing compliance complexity in rapidly changing regulatory environments
- Significant extreme weather events

These factors are creating concern for growers’ mental wellbeing, with impact being felt throughout the sector.

To counteract this NZM has organised a number of initiatives to support the wellbeing of our wool growers and their families including events, online workshops and care packages.

Looking ahead, we will continue to engage with our growers and:

- Support them to meet market opportunities and challenges
- Ensure their wool remains relevant to high value markets
- Attract premiums to the commodity market
- Provide security and stability in a volatile market
- Offer training and capacity building initiatives to keep up with the constantly changing global environment
- Continue to evolve our approach to supporting their wellbeing

Balancing supply & demand

NZM works closely with brands and their supply chains as well as our growers to manage fibre flow through the value chain. This can be challenging in volatile markets, where supply forecasts vary from plan, or when global events cause disruption.

The past year has been difficult with significant variability in the value chain as a result of demand forecasting not matching retail consumption.

NZM’s portfolio of wool contracts is split between long, medium and short term models, allowing us to collaboratively manage brands’ inventory positions while maintaining commitments to growers. NZM also sources wool directly from the market to manage peaks and troughs in supply and demand.

Grower tools & resources

As committed to in the 2022 ESG Impact Report, this year we were able to share results from our carbon model with growers who supplied us with data. These results are integrated into and visible on the new grower portal.

We also shared access to the carbon model with brands and brand consultants as part of an initial feedback collection phase. This process allowed the participants to interact with the model, learn about its methodology and ask questions, all of which were fundamental to ensure the outputs are usable for brands.

Through FY24 we will expand our carbon model to present results to Australian and South African growers while we continue to refine our methodology.

Building our Australian team

Australia remains a key strategic territory for NZM, our business there has grown to over 100 growers in the ZQ and ZQRX family. During the past year we have added an additional staff member, bringing us to three fulltime staff.

Our approach in Australia has focused on growers who strongly align to the philosophy of NZM and our New Zealand grower community. It is evident that

our contract model is highly appealing to Australian growers and with the high standards for ZQ and ZQRX we have a strong opportunity to facilitate positive practice change within Australia, as we have in New Zealand.

NZM continues to partner preferentially with AWN to support grower relationships and to handle testing and logistics.





# 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](https://textileexchange.org)



## Actual

Silicon-Valley-based Actual is a unique ESG transformation platform. Our partnership provides state-of-the-art modelling software and innovative carbon strategies to support both growers and brand partners.

[actualhq.com](https://actualhq.com)



## 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](https://savory.global)



## Soil Matters

Soil Matters is a soil consultancy business that provides independent soil health advice and analysis. Through our partnership, Soil Matters has been trained to deliver the Savory Institute's EOV assessments for our growers' properties.

[soilmatters.co.nz](https://soilmatters.co.nz)



## Control Union

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

[controlunion.com](https://controlunion.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](https://tehono.co.nz)



## 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](https://toitu.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](https://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](https://carboncrop.nz)



## TextileGenesis

TextileGenesis is a digital traceability platform custom-built for fashion and textiles. We are leveraging the TextileGenesis system to scale our leading traceability offering for brand partners.

[textilegenesis.com](https://textilegenesis.com)



## Gallup

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

[Gallup.com](https://Gallup.com)

# Our brand and supply chain partners



Our deep, collaborative relationships are key to the NZM business model. We build and nurture long-term relationships with brands and supply chain partners who are committed to sourcing the highest quality and most ethical wool for their products.

At the core of these relationships is the mutual respect between our growers and the companies who rely on their wool. This allows a unique opportunity for positive impact. Processes are constantly evolving to better the environmental footprint, social impact and quality of finished products.

This year we saw an increase in market visits, content creation requests, brand events and marketing plans that include ZQ and ZQRX as core messaging pillars. We will continue to support our partners with grower impact stories and metrics, marketing collateral and through direct connection with our growers to drive demand for ethical and regenerative wool.

Over the last 12 months, we conducted a review of our brand partner licencing and commercial agreements. We are in the process of consolidating these to provide consistency in guidance around qualifying goods, sublicencing, obligations, the use of licensed marks and codes of ethics.

We are also encouraging brand partners to use ZQ and ZQRX branding on packaging, swing tags and product pages. This will enable further growth of ZQ and ZQRX globally, enhancing reputation and consumer awareness.





# Environmental impact



Climate and carbon  
Land and soil health  
Biodiversity  
Water & waste



# Climate and carbon



Climate action remains fundamentally important internationally as year-on-year reports show not enough is being done to limit average global temperature rise. Increasingly we see the results of a destabilising climate system in extreme weather events such as Cyclone Gabrielle which impacted many of our North Island growers.

## Growers’ carbon footprints

The New Zealand Government’s proposed emissions regulations coupled with the private sector’s continued drive to better understand, and reduce, the impacts of raw material production highlight the evolving expectations on growers.

This also presents an opportunity for growers who are making efforts to reduce their own impacts. Brand partners are starting to recognise the continuous improvement on farm, as we increase our ability to report on this, supporting positive action and the premiumisation of low carbon wool.

## Viewing carbon holistically

“Carbon tunnel vision” refers to the overwhelming and often singular focus on climate change, and specifically greenhouse gas emissions, as the major environmental and social challenge of our time. This leads to workstreams that consider climate and emissions in isolation from other social and environmental issues, often resulting in suboptimal outcomes and unintended consequences.

For NZM and our growers, strategies to reduce net emissions must consider a more holistic view of sustainability in order to build climate resilience.

Increasing the native vegetation on farm or integrating

trees into pastureland not only reduces net emissions, it also has co-benefits to water quality, terrestrial and aquatic biodiversity, erosion control and animal welfare.

As we build on the carbon education we provided to growers over the past year, we are focused on providing our growers with emission mitigation opportunities that have multiple co-benefits.

## Our projects

In FY23 we provided opportunities for our growers in New Zealand to learn about their farm’s carbon footprint. This work has supported them to understand the potential impacts of New Zealand’s proposed agricultural emissions regulations, due to be rolled out in 2025.

Simultaneously, we have been working to expand the capabilities of our platform and calculations to allow our brand partners to report wool-related net emissions. This is achieved by accounting for both the emissions from farming activities and the carbon sequestered in vegetation grown as part of the same

farm system. This development enables us to measure progress toward ambitious corporate climate goals, such as those guided by the Science Based Targets initiative (SBTi).

## Science-led and technology-enabled

In order to scale our platform to different countries we need to engage with and understand the potential nuances in approaches to calculating a carbon footprint and the different standards used in different geographies. Our approach is to establish a deep scientific understanding of the emissions and removals of a farm system and then work with technology partners to scale data gathering, reporting and modelling for mitigations.

Detailed investigation into the carbon footprint of three Australian wool farms has helped to clarify some key differences in what a ‘typical’ wool grower looks like. This allows us to design data capture systems, and choose partners, projects and processes to deliver net positive impact on-farm which are tailored specifically to Australian growers.





Alignment to standards

Globally we are seeing more scrutiny on carbon reporting and target setting, we are also seeing the emergence of standardised accounting guidelines designed to support companies to report emissions and removals. As we develop our carbon tools we are using the SBTi as a reference to ensure these numbers are suitable for reporting.

NZM participated in the pilot testing of the Greenhouse Gas Protocol's draft Land Sector and Removals Guidance in Q4 2022. The insights gained through this work have given us confidence that our approach to carbon accounting for our growers aligns to the ambitions suggested by current climate science while highlighting improvements that we can model.

As we continue to scale, we will gain new learnings about the potential challenges or shortcomings of this standard, as we work to find solutions for these.

Partnerships

To enable the scaling of our platform we are focused on minimising the input required to deliver credible verifiable data.

To achieve this we are partnering with existing platforms that our growers are already using to minimise the double handling and duplication of effort for our grower community.

Accurate accounting of the GHG profile of wool

Internationally, our work with the Sustainable Apparel Coalition mentioned in the 2022 ESG Impact Report continues towards supporting a more accurate representation of the net emissions of wool in databases such as the Higg Index. There are key challenges to be overcome including the vastly different net emissions of wool from different production systems as well as the temporal nature of emissions reporting, with sequestration differing from year to year.

NZM is positioned to facilitate this depth of reporting even if the international databases cannot, or

choose not to, overcome these challenges. This strengthens the ZQRX offering and allows for better communication of holistic environmental impacts to brands.

NZM carbon footprint

NZM has collated sufficient data to calculate our scope 1 and 2 emissions baseline, including our full year of post-Covid-19 international travel. This enables us to establish a trajectory to meet our existing target of a 50% reduction in scope 1 and 2 emissions by 2029, and to initiate pathway planning for a scope 3 reduction target based on the 1.5 degree level of ambition. Using the SBTi corporate guidance and target setting tool, this equates to reducing total scope 3 emissions by 28% by 2030.

Our target date for net zero scope 1 and 2 emissions is 2040 and our target for scope three is 2050. However, we remain committed to reducing all emissions to net zero as fast as possible and intend to accelerate this timeframe as our understanding grows.

While we believe claiming to be net zero through offsetting has credibility issues, we understand that finance directed toward climate action is valuable when deployed in the right way. We are investigating how this may look for NZM as a business.

Grower emissions are part of our value chain, therefore in future we plan to report them as part of our scope 3 emissions. These emissions are material and at a much larger scale than our corporate emissions.

Through our ZQRX programme we are designing tools to support growers to reduce their emissions and increase removals on their farms. We will set platform level net emissions targets for growers once we have a complete picture of the current state, which we expect to have by the end of FY24. We are working to ensure there is consistency between the grower targets we set, and those required by value chain partners.

Changes in emissions:

A change in categorisation for fuel used in rental cars resulted in a recalculation of year 1 and 2 scope 1 and 3 emissions. The result is a consistent base year. Scope

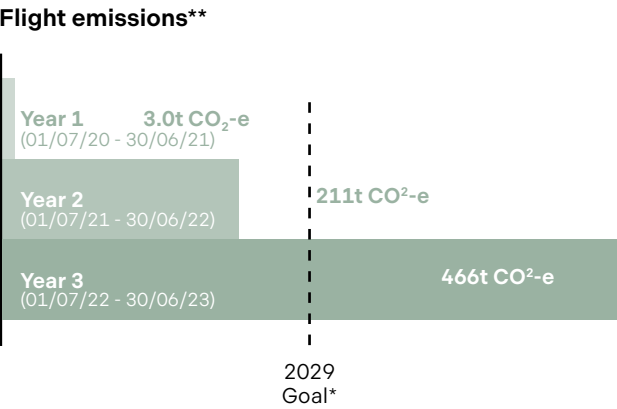
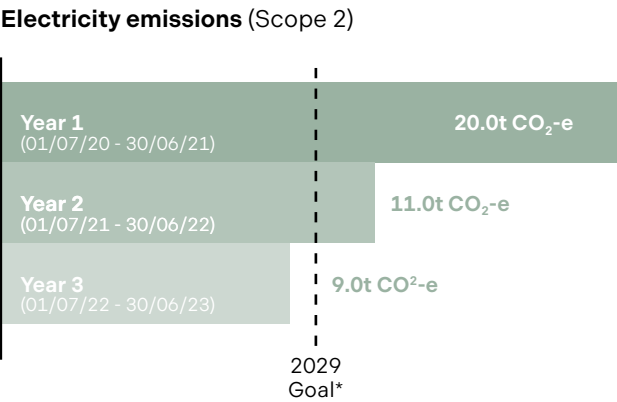
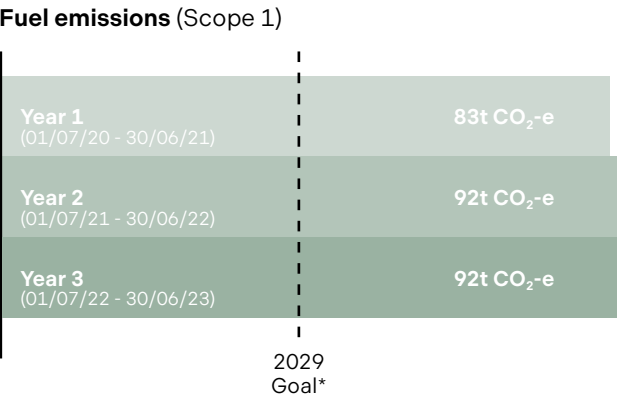
1 emissions here have increased as we have expanded to have staff based in Australia. We expect these emissions to stabilise and reduce over the coming years as we shift our fleet toward lower-emissions cars.

Electricity usage (in kWh) has stayed stable, however, the emissions factors used for the previous two years have been updated with the result that year 1 and 2 scope 2 emissions were recalculated. The emission reduction here is due to a higher proportion of renewable grid electricity in the years after 2020/2021.

Flight emissions have increased significantly as travel resumed after the lifting of Covid-19 restrictions. We expect these emissions to stabilise over the coming years, so this year's emissions are the baseline from which we will set emission reduction targets.

## Commitments

- Scope 1 and 2:
  - SHORT TERM: 50% reduction in gross emissions by 2029
  - LONG TERM: Net zero by 2040
- Scope 3 business operations:
  - SHORT TERM: 28% reduction of total scope 3 operational gross emissions by 2030
  - LONG TERM: Net zero 2050
- Define emission targets and goals for ZQRX growers end FY24



\* Goal lines are generally indicative only.

\*\* The flight emission reduction target is the total scope 3 reduction target applied to flights to illustrate scale. Emission reductions can come from other scope 3 emissions sources (e.g., accommodation) as well.

# Biodiversity



**“Protecting and restoring biodiversity is essential. To ensure a positive future for our planet we need to maintain, and rebuild, the health and resilience of our ecosystems.”**

– Katie Coster,  
Project Lead

Biodiversity is fundamental to the survival of all life, it provides the support systems for all living organisms, including humans. It is critical for growing food and fibre, pest and disease regulation and habitat creation.

The ZQ programme continues to be our foundational approach to biodiversity. In FY23, 100% of NZM growers met biodiversity requirements in order to become or remain ZQ certified. ZQRX growers take things a step further, as improving biodiversity is a key metric in their continual progress toward regenerative farming.

## Our projects

### Protect, restore and connect native ecosystems on ZQRX farms

We are working to a catchment-based framework for biodiversity restoration over a 100-year timeframe starting with the most underrepresented native ecosystems that support the most at-risk species.



**Protect** existing native ecosystems from current and future threats such as invasive weeds and predators.



**Restore** thriving, functional ecosystems, including threatened native species, through ecosystem reconstruction and regeneration.



**Connect** native ecosystems to benefit the unique and endangered native parrots of Aotearoa



**“We’ve always been really passionate about protecting biodiversity and now it’s great to see the next generation so enthusiastic about this work.”**

– Dugald & Mandy Rutherford, Melrose Station  
(ZQRX grower)

## Grower extension

We have launched a series of field days called ‘The Grower Series’ as part of our efforts to support growers as they incorporate biodiversity into their farming systems.

These field days are a chance for growers to learn from each others experiences and engage in meaningful conversations with subject matter experts. We believe that by strengthening growers’ understanding of biodiversity, we can collectively drive positive change.

The first field day was held in May 2023 at Melrose Station, Harwarden with a group of 45 growers and a further four biodiversity field days are planned for the second half of 2023. Creating forums for growers to exchange experiences and knowledge is hugely valuable in supporting real action for improvements on farm.

**“It’s hugely exciting to have a scalable method for quantifying biodiversity on our ZQRX farms, and then to use this information to create a pathway for biodiversity investment on farm.”**

– Monica Schwass,  
Future Farming Manager

## Eco-Index partnership

This year we formalised our partnership with Eco-Index, the first output has been a comprehensive report on the existing state of biodiversity in New Zealand and the necessary investment needed for its improvement.

This report, which outlines a long-term goal to restore native ecosystems across the country to a minimum 15% of their historical land cover, helps guide our efforts.

NZM’s approach emphasises the restoration and preservation of crucial habitats throughout the country. This approach aligns with international strategies, priorities and targets including the Kunming-Montreal Global Biodiversity Framework, the UN Sustainable Development Goals and the EU Biodiversity Strategy for 2030.

**The report shows that ZQRX growers occupy almost 2 million hectares of land in Aotearoa New Zealand, with over 40% of this land being covered by native ecosystems.**



Brand investment

We have witnessed the positive outcomes and tangible benefits that arise when brands invest in biodiversity projects on farm. Growers will continue to invest in the betterment of their land, animals and people but, with broader stakeholders reaping the benefits, it should not be up to growers alone to fund this work.

A wonderful example of this is the work of NZM brand partner, Sheep Inc., investing in biodiversity projects across three farms.

Lake Hawea Station

- Approx 5,000 native plants planted
- Predator control traps installed
- Bird monitoring implemented to better understand the ecosystem

Middlehurst Station

- Three critical wetlands fenced off, ensuring their protection and preservation

Omarama Station

- Three Pairwise trials established to assess the impact of regenerative practices on
  - Soil health
  - Biological activity
  - Carbon sequestration



“It’s great when a company that utilises products produced on our farms, is supporting biodiversity conservation back on the same supplier farms. I believe that markets are an important part of the mix for funding on-farm biodiversity.”

– David Norton, Emeritus Professor, Biodiversity Solutions

Looking ahead

In June 2023, we employed a dedicated biodiversity lead to develop a comprehensive biodiversity strategy and goals. Our intention is to create and roll out an impact funding roadmap, providing our brand partners with tiered options for accelerating biodiversity protection, restoration and connection.

Our initial focus has been on developing solutions in New Zealand, in FY24 we are working to develop similar partnerships to support monitoring and understanding of biodiversity in Australia.

Long-term outcomes achievable with brand investment:

- Over 8,000 hectares of native ecosystem restoration
- Over 4,000 hectares of native ecosystem regeneration
- Over 810,000 hectares of protection and maintenance for existing native ecosystems
- Support of 29 different native ecosystem types which provide habitat for many threatened and at-risk species
- 500+ farms and associated communities educated on the benefits of native biodiversity

Commitments

By end FY24

- Create a biodiversity strategy metric
- Create and roll out an impact investment roadmap with tiered options for brands to invest in biodiversity



## Land and soil health



The protection and improvement of land and soil health enables more resilient and profitable farming systems and opens significant potential to increase the biodiversity and carbon sequestration on farms.

The ZQ programme continues to be our foundational approach to land and soil health. In FY23, 100% of growers met soil monitoring requirements, including having a written Farm Environment Plan, to become or remain ZQ certified.

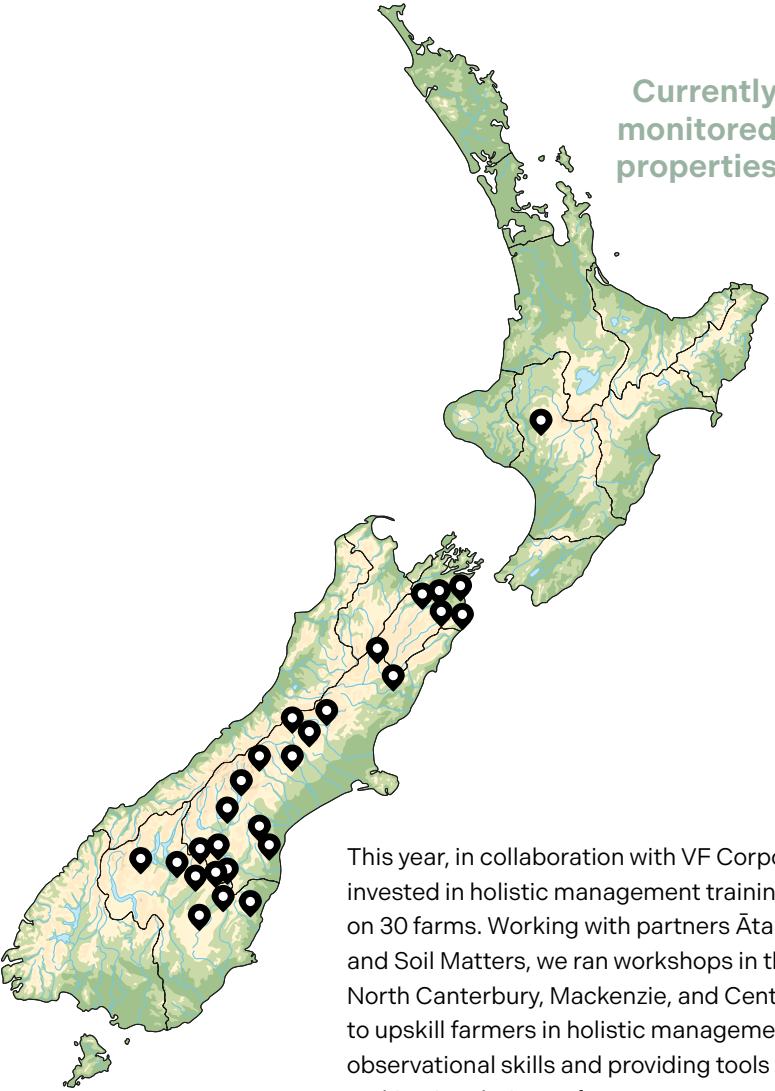
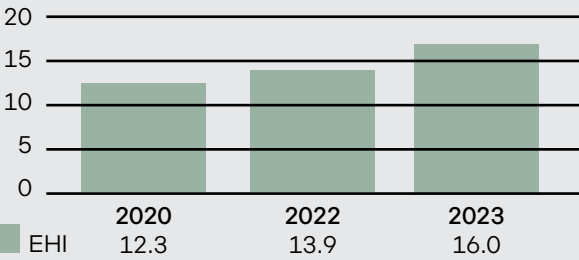
As part of ZQRX, we will support growers to progress on their land and soil health journey, through:

- Support and capability building via workshops, field days, and connection to experts
- On-farm monitoring to demonstrate quantifiable progress

### Our projects

In 2020 six pilot farms had their baseline Ecological Health Index (EHI) established using the Savory Institute’s Ecological Outcome Verification (EOV). Subsequent monitoring events later in 2020, in 2022 and in 2023 have shown positively trending EHI which gives these growers confidence that their management efforts are having positive outcomes. Their short-term sites will be monitored again in 2024 and their long-term sites in 2025.

EHI results from one pilot farm



Currently monitored properties

This year, in collaboration with VF Corporation, we invested in holistic management training and monitoring on 30 farms. Working with partners Āta Regenerative and Soil Matters, we ran workshops in three locations; North Canterbury, Mackenzie, and Central Otago to upskill farmers in holistic management; building observational skills and providing tools for decision-making in relation to farm management and associated land and soil health impacts.

These farms underwent EOV monitoring to determine their baseline EHI and repeat monitoring in 2023 will determine how land health is trending.

“For a family that has farmed for so long, it’s important for us to leave this place better than we found it.”

– Dave Sutton, Waitangi Station (ZQRX grower)

NZM has also developed a relationship with the Australian Holistic Management Co-Operative (Australian Savory Hub) and this year eight of our Australian grower properties will go through holistic management training and baseline EOV monitoring.

### Looking ahead

We are currently exploring options to scale the programme. Further, regular monitoring will give NZM and its growers confidence that we are trending in a positive direction. This will also give brand partners verifiable proof that the wool they are buying supports regeneration.

As part of our recent ‘The Grower Series’ initiative, we will be running a series of workshops around New Zealand to build grower knowledge about soil and land health. Three workshops are planned for the second half of 2023, with a focus on connecting farmers to share insights and learnings, build confidence, and learn about soil monitoring tools.

**100%** of ZQ growers met land and soil health requirements to become/remain certified in FY23.



## Commitments

### By end FY24

- Define options for scaling land and soil health
- Complete a further three soil health field days in New Zealand
- Complete baseline EOV monitoring at eight Australian ZQRX grower properties



# Water use and protection



## Water

Water is a finite and vital resource for life, the world is facing increased scarcity and worsening quality meaning sustainable management is now critical to ensure availability for future generations. Healthy aquatic ecosystems are also essential for biodiversity and ecological balance. Many industries, including apparel, rely on water and benefit directly from sustainable practices that enhance stability and reduce water-related risks.

Global apparel brands are implementing measures to protect water quality and use, and consumers are also influencing this by demanding change and supporting brands that prioritise responsible water usage. This collective effort aims to address water-related sustainability challenges and promote a more environmentally conscious and responsible future.

## Our actions

All ZQ growers must understand the potential impacts of their farming practices on biodiversity and have strategies in place to minimise damage to aquatic ecosystems and waterways. They must also actively encourage conservation of these resources and meet a list of required health indicators.

### Waterway health indicators include:

- Drinkable water for humans and livestock
- Humans are able to safely swim
- Ability to sustain a healthy ecosystem

Looking ahead, our approach to supporting our ZQ and ZQRX growers with water will continue to evolve based on stakeholder engagement and legislative requirements.

**100%** of ZQ growers met water requirements to become/remain certified in FY23.

# Waste reduction

## Waste

Humans produce more waste than we can manage. The current linear model of production, which takes non-renewable resources from the earth, makes products, and then disposes of them has devastating effects on the environment. We need to shift to a circular model that mimics the natural world. In nature, nothing is wasted, all resources are reused and recycled.

## Our actions

To become or remain ZQ certified, all NZM growers meet clear programme requirements to prove they are managing waste responsibly.

### ZQ growers must:

- Understand and comply with all regulatory requirements
- Store hazardous substances safely and dispose of them responsibly
- Store and responsibly dispose of all farm waste, including carcasses
- Minimise all risks of environmental contamination

ZQRX growers must take steps to continually improve their on-farm waste outputs and NZM continues to record where growers are actively engaging with waste recovery providers, including schemes such as AgRecovery and Plasback.

Looking ahead, we will engage with our stakeholders and develop our approach in line with their needs alongside legislative requirements. As the importance of waste is elevated in our materiality matrix we will act accordingly to advise and support our growers.



**100%** of ZQ growers met waste requirements to become/remain certified in FY23.





# Animal welfare



# Animal welfare



NZM’s ZQ and ZQRX programmes impact the wellbeing of over 6 million sheep across New Zealand and Australia.

## Programme metrics

ZQ

4.1m+

Sheep in New Zealand\*

2.2m+

Sheep in Australia\*\*

ZQRX

3.2m+

Sheep in New Zealand^

500k+

Sheep in Australia^^

\* 4,122,058 sheep, \*\*2,206,857 sheep  
^3,203,032 sheep, ^^ 561,000 sheep

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.

Note: ZQRX programme metrics are a subset of, not in addition to, the ZQ programme metrics

Animal welfare is central to NZM’s activities at every level of the business. Beyond simply being the right thing to do, leadership in animal welfare is of paramount importance to our stakeholders and therefore critical to our business success.

We undertake a range of material activities and workstreams to achieve our animal wellbeing objectives.

- 1

ZQ programme auditing and certification
- 2

ZQRX programme outcome focused initiatives
- 3

Production science research initiatives to establish and define best practice
- 4

Grower extension workshops, field days, factsheets, and best practice guides to support grower adoption of best practice
- 5

Grower training education and capability-building initiatives
- 6

Collaborations alignment with government and non-government animal welfare initiatives
- 7

Regular updates to the ZQ programme audit and certification standards
- 8

Regular engagement with animal welfare/wellbeing agencies and organisations



We consult regularly with key stakeholders including growers, brands, NGOs, animal welfare groups and academic institutions to ensure our approach to animal welfare is fit for purpose and remains at the forefront of best practice for our industry. .

ZQ and ZQRX are designed on a continuous improvement basis, accordingly we continue to evolve our management approach to ensure that we meet and exceed stakeholder expectations.

## Our evolving approach to animal welfare

The “Five Freedoms” formed the basis of, and guided animal welfare standards, including ZQ, for many years. While the Five Freedoms remain relevant, the way NZM approaches animal welfare has and continues to evolve with science, technology, and market signals.

In line with our ethos of continuous improvement, and based on external stakeholder feedback, the ZQ standard will be updated to align to the Five Domains for animal welfare.

The \*Five Domains recognise that animal welfare must go beyond meeting the basic needs of animals, ensuring that an animal’s emotional or mental state is also considered as well as its physical needs.

\*Mellor, D.J., Beausoleil, N.J., Littlewood, K.E., McLean, A.N., McGreevy, P.D., Jones, B., Wilkins, C. 2020. The 2020 Five Domains Model: Including human-animal interactions in assessments of animal welfare. Animals 10, 1870.

The Five Freedoms	The Five Domains
1. Freedom from hunger and thirst	1. Nutrition – provide easy access to clean water and a variety of well-balanced food, sufficient for flock size
2. Freedom from discomfort	2. Environment – ensure comfort and predictability with appropriate terrain, room to move, fresh air and the absence of overpowering odours or loud noises
3. Freedom from pain, injury, disease	3. Health – give protection from disease or injury, and opportunities to maintain fitness
4. Freedom to express normal behaviour	4. Behaviour – provide enrichment and the opportunity to express natural behaviours such as foraging, playing and exploring
5. Freedom from fear and distress	5. Mental state – encourage positive states and avoid time spent in negative states including fear, boredom and pain

The development of ZQRX, NZM’s regenerative programme, builds upon the foundation of ZQ and already assesses animal welfare on the basis of the Five Domains.



Production science

NZM invests in research that aims to improve animal welfare, our focused research portfolio has been running for more than 15 years.

One example of this research is the Central Progeny Test programme, designed to offer growers quantitative genetic tools that enable breeding toward greater disease resistance. Working closely with stud breeders, technical experts and third-party consultants has resulted in a higher welfare flock, with less need for medication or other intervention.

Through this research we have also developed a footrot Estimated Breeding Value (EBV) which is now being utilised by the industry, meaning that growers can select and breed sheep with lower susceptibility to this disease and greatly improve animal welfare outcomes on their properties.

While we concluded our work with the Central Progeny Test at the start of 2023, we are still supporting stud breeders to challenge their sheep for footrot and report on the outcomes, this will see greater adoption of the EBV and ultimately more resistance to footrot.

**Mitigating risks outside of audits**

As part of the ZQ programme, our independent third-party audit providers complete annual semi-announced audits with 72 hours’ notice. These happen at times of heightened animal welfare risk and audit to specific ZQ animal welfare requirements only.

This year, we completed a number of risk-based semi-announced audits in Australia, two non-conformances issues were identified and both were closed out.

**Complaints and concerns about animal welfare**

The ZQ programme has a defined process enabling complaints and concerns to be received, acknowledged and acted upon.

We received one complaint this year regarding animal welfare. As a result, a semi-announced audit was conducted at the property by our third-party provider and no evidence of any animal welfare concerns was found.



## Commitments

**By end FY24**

- ZQ animal welfare standard aligned to the Five Domains

**By end FY25**

- 100% of ZQ growers employing practices to ensure livestock are managed according to the Five Domains

Pain relief – implementing country level practice change

In 2023, NZM updated the ZQ programme to include the requirement for New Zealand growers to use pain mitigation drugs for tailing, castration and for any severe shearing injuries that occur. The use of these products is already mandatory in Australia.

This is an important step forward in the welfare of animals. However, as pain mitigation drugs for these practices are new to New Zealand, this is a significant practice change with an inevitable increase in costs for growers. The introduction of pain mitigation has been staged over 3 years, with 100% of ZQ growers to be using pain relief by end CY25. As with any significant practice change process, there are major challenges. One undoubtable hurdle is that prescribing pain mitigation products at flock scale is new for the majority of New Zealand-based veterinarians.

NZM has approached these challenges by focusing on open information sharing, bringing together key stakeholders, including veterinarians, pharmaceutical suppliers, and growers, to determine the most effective approaches to sourcing, application and management. We have also connected growers with members of our Australian ZQ grower community who have been using pain relief for some time so they can share their knowledge and advice.

This practice change also ensures ZQ remains aligned with the Responsible Wool Standard (RWS) administered by Textile Exchange. The RWS requires pain mitigation to be applied in countries where it is available (currently only New Zealand and Australia), creating a further positive distinction between ZQ growers in Australia and New Zealand and growers in other countries as well as other growers in New Zealand.

NZM hopes that the change process and the leadership we are showing will be applied to other wool-growing countries in the future, as well as being adopted by peer industry organisations in New Zealand.



## Commitments

**By end FY24**

- Continue deploying the pain relief implementation plan

**By end CY25**

- 100% of ZQ Growers using pain relief in New Zealand/Australia farm group





# Social impact

- Social impact**
- People and culture**
- Community engagement**
- Brand engagement**



# Social impact



NZM believes that businesses have a fundamental responsibility to create positive change in the world beyond financial success, and to act as a force for good. As a responsible and sustainable company, we strive to make a meaningful difference and leave a positive footprint on the lives of individuals and the environment.

Social impact is at the core of our values and intricately connected to the success of our business. It encompasses our commitment to human rights, community engagement, and the wellbeing of our employees.

## Approach to human rights and the supply chain

We are dedicated to upholding human rights throughout our supply chain. Our policies and practices ensure that there is no child labour, forced labour, discrimination, harassment or abuse on any of our growers' properties.

We also ensure that wages, working hours and benefits adhere to New Zealand legal requirements, health and safety is prioritised and workers have freedom of association.

## Key supply chain social impact metrics

ZQ growers audited FY23

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

# People and culture



## Key FY23 Highlights

- Three-year People and Culture Strategy formulated to 'Activate our NZM Tribe'
- Long service leave policy deployed across all NZM staff
- Commenced the digitisation of HR systems to enable greater access and flow of data, information and development

## Team engagement

To truly understand how we can best support our people we need to listen to them. In our annual culture survey this year we asked our team about what makes NZM special and how we can continue to build on the strong foundations left to us under the leadership of NZM's first CEO, John Brakenridge.

## Culture survey results

- 84% of our people shared their perspective of their work experience at NZM
- Staff feel empowered to initiate change (11% higher than industry benchmark\*)
- Staff feel their work is recognised at NZM (18% higher than industry benchmark\*)

\*Ask Your Teams private sector benchmarks

NZM's vibrant purpose-driven culture is a very powerful asset that inspires people. It makes them proud and attracts new talent."

-Teresa Callow, GM People and Culture

The survey showed that NZM's unique culture is anchored and inspired by our shared sense of a collective purpose. This is deeply integrated into how we do business thanks to a heritage of leading the way, inspiring industry change, and creating value for our world.



## Health, safety and wellbeing

Caring for our people’s health, safety, and wellbeing remains a central focus. In FY23, we worked to foster a proactive mindset to supporting the needs of our employees in a challenging external environment.

We also revisited our policies and practices to ensure we support the needs of our employees and provide a safe work environment for all.

### Key FY23 highlights

- Responsible hosting policy deployed
- Guidance on minimising driver fatigue updated to promote safe driving
- 10% of our people equipped with a wellbeing plan and toolkit of strategies

We have also continued with our range of wellbeing initiatives, from providing employees with access to EAP (Employee Assistance Programme) services and wellness resources to Covid-19 protocols such as access to tests and additional sick leave.

## Talent and development

Developing and retaining our highly talented people remains central to our success as a business. Key to our focus this year has been exploring the effectiveness of our performance management process to facilitate quality coaching conversations and identify opportunities for growth and development.

We continue to invest in learning and development opportunities specific to individual team members’ needs, ranging vastly from participation in Outward Bound and building cultural competence to Microsoft short courses.

A highlight of 2023 was our Leadership Development Programme; nine members of our team participated in training tailored to equip them with the insights, skills and confidence needed to continue to develop as people and leaders at NZM.

### Key FY23 highlights

- Commenced a review of the effectiveness of our performance management approach
- 100% of Leadership Development Programme participants would recommend the programme to colleagues

Over the next year we hope to empower our people to take ownership of their own development journey.

We have invested in an Human Resources Information System (HRIS) with a dedicated learning and development module which will enable us to host everything in one place and offer a broader range of learning opportunities to our team. This will also allow us to measure the frequency of coaching conversations and completion of development plans.



## Commitments

### By end FY24

- Deploy “Doing well” workshops
- Digitise HR system

### By end FY25

- 90% of team have wellbeing plan and toolkit
- 90% of team have development plans

## Diversity and inclusion

Diversity and inclusion are vital to our success - our ability to innovate and grow is rooted in the diversity of thought and creativity of our team.

Key to this is creating an environment where people can feel safe being themselves and know that their ideas and perspectives are valued.

### Key FY23 highlights

- 58% of people management positions held by women
- 98% of our people agreed that their ideas and suggestions count
- Our people agreed that they are treated fairly and feel valued ( 10% above industry benchmark\*)

*\*Ask Your Teams private sector benchmarks*

We have extended our 40:40:20 gender balance commitment across our whole workforce to ensure representation throughout the business. At the end of FY23, 29% of senior management roles were held by women and the remainder were held by men.

While we are still some way from achieving our gender balance goals, it is encouraging that 58% of our people management roles (with 1 or more direct reports) are held by women as are 56% of management/specialist roles. We are also immensely proud to have an age-diverse team - ranging from 21 to 67.



## Commitments

### By end FY24

- Review policy and practices to promote diversity and inclusion

### By end FY25

- Achieve gender balance (40:40:20) in senior management

# Community engagement



Regenerative agriculture prioritises resilient and thriving agricultural systems that recognise the crucial role of people and their wellbeing. It strives to create equitable systems that benefit both the economic and social welfare of people and community.

## Connecting with our grower communities

Growers are at the heart of NZM's business, keeping them informed and connected to us, our brand partners and each other is crucial to our collective success.

## Grower communications

We produce a regular community email newsletter to provide valuable updates including news about NZM, opportunities for growers, information from brand partners, market trends, industry changes, wellbeing advice and celebrations of fellow growers' achievements.

## Community News FY23

New Zealand		Australia	
865	average recipients	176	average recipients
13	issues in FY23	10	issues in FY23
61%	average open rate	67%	average open rate

Outside of Community News we are regularly in touch with our grower community sharing industry opportunities, important updates from NZM and our brand partners as well as invitations to both in-person and online events.

## Events and initiatives

Events and initiatives that bring our growers together are valuable opportunities for collaboration, knowledge sharing, building a sense of community and keeping our team connected to the challenges growers are facing.

NZM hosts regular events for our growers, independently as well as in partnership with our brand partners and industry groups. The NZM office and event spaces are readily available for other groups important to our community to host their own events.

We also ensure that we are active participants at the events that matter to our growers such as ram sales, A&P shows and dog trials.



## FY23 highlights

- 16 NZM-hosted events and workshops in New Zealand
- 2 functions for Cyclone Gabrielle impacted growers
- 5 events co-hosted with brand partners
- 19 New Zealand agricultural events sponsored or supported
- 10 events – sponsored, presented at or participated in across Australia
- NZM event and meeting space used 40 times by industry groups
- NZM helped raise \$30,000+ for charity and community initiatives





Caring for our grower community

We proudly partner with experts and sponsor projects in the wellbeing space to support our growers.

This year, we worked with nationwide rural wellbeing organisation Farmstrong to host an online session with its ambassador, All Black Sam Whitelock. As a farmer himself Sam shared tips on how he manages the pressure of high-performance sport and how these strategies can be applied to life on farm.

“Lots of wise, humble advice that was very relatable. Farmstrong’s a great organisation for NZM to partner with.” Jack Cocks, - Mt Nicholas Station.

We also continued our financial support for the Surfing for Farmers initiative in Gisborne, though sadly we were unable to attend in person due to the impacts of Cyclone Gabrielle.



Cyclone Gabrielle

For many, Cyclone Gabrielle was a stark reminder of the physical impacts of climate change. Our North Island community was severely affected by Cyclone Gabrielle in February 2023 leaving many growers facing a long road to recovery.

After consulting experts, we turned our focus to offering support in the medium and long-term, as we knew our growers would need support after the initial disaster response was complete and public interest had waned.



NZM’s response included:

- Appointing our Northern Regional Manager to lead our response, with their other duties reassigned
- Sponsoring the ‘Farming for a Successful Future’ event hosted by the charity Rural Support
- Hosting two social functions three months after the cyclone in Wairoa and Gisborne, to get the worst-hit growers off-farm to enjoy time together
- Arranging care packages including clothing donations from key brand partners and local treats
- Support to work through financial implications
- Coordinating transport to keep bales moving through significant road damage

ZQRX people metric

NZM has partnered with global analytics firm Gallup to develop an overarching metric to track any net change in the wellbeing of ZQRX growers and their employees.

Gallup is completing one-on-one interviews and focus groups with key stakeholders to align on a definition of wellbeing and create a series of actionable survey questions. This includes input from ZQRX growers, brands, community groups, indigenous groups and NGOs across Australia, New Zealand and in key markets. After a pilot test, the survey will be circulated to all ZQRX growers.

Expected project outcomes:

- Provide insight into the social and economic impacts of regenerative agriculture practices on growers and their employees
- Identify areas requiring support to enhance wellbeing and resilience
- Assess the drivers and outcomes of a regenerative mindset
- Help stakeholders evaluate whether these goals are being met and adjust their strategies accordingly

Education, training and awareness

We actively contribute to the New Zealand rural community by investing in training for essential farm workers as well as sponsoring initiatives that aim to raise awareness and appreciation for the advantages of wool in the wider community.

Wool’s the Word

This year we supported the publication of ‘Wool’s the Word’, an entertaining read about the world’s best fibre by NZM grower and author, Harriet Bremner. We hosted the formal launch event at our Christchurch head office and to help spread the message further, we distributed 50 copies, complemented by touch and feel sensory cards, to schools around New Zealand.

One-VF Wool Cadetship

The One-VF Wool Cadetship is now in its fourth year, this influential and valuable programme was created by NZM and VF Corporation after growers highlighted staffing challenges associated with the industry.

2022 saw nine cadets complete the programme, six shearers and three wool handlers, who received expert training and developed a deep understanding of the wool industry.

**“There are hardly any women learner shearers around, for me to be a learner shearer and have the opportunity to be part of the VF cadets was probably something I never saw myself doing in the industry...I’ve learnt everything about shearing a merino sheep...I would like to put ‘the broom down’ (stop being a shed hand) and be a shearer. Shearing the world is something I really want to do!”**

*– Skye Herbert, Junior Shearer and VF cadetship graduate.*

Additional initiatives

In 2023 NZM launched a Wool Classer Scholarship and our first two recipients are underway with their training. We also support external initiatives such as the SmartNZ Secondary School Employer Partnership and Growing Future Farmers.

Looking ahead, in FY24 we will formalise our community engagement strategy to ensure we are delivering maximum impact to our growers and the communities in which we operate.

Commitments

By end FY24

- Develop community impact strategy



# Brand engagement



NZM's business model is built on deep, long-term relationships with brands that are committed to using ethical and sustainable wool. Nurturing these relationships is crucial to ensure brands understand the opportunities and challenges that growers face on farm and feel a vested interest in working together to continuously improve environmental, ethical and fibre quality outcomes.

Covid-19 precautions prevented many brand partners from visiting NZM and our growers in recent years. When our borders fully reopened to international visitors in August 2022, they were ready to make up for lost time.

Brands are now taking advantage of the opportunity to bring not only their wider teams but guests from throughout their value chains – including garment manufacturers, agents, media and wholesalers. These visits help our brand partners secure the buy-in of their partners and build the reputation of ZQ and ZQRX in the global apparel industry.

In-person visits are essential for brands, growers and NZM as a business.

Brands	Deepen team members' understanding of the source of their fibre	Build and nurture relationships with growers	Create content for consumer-facing channels	Introduce key value chain partners to the benefits of ZQ and ZQRX
Growers	Build pride and connection to the end product	Get direct feedback from brands	Understand the market value of their fibre	Gain insight into market trends and demand
NZM	Opportunities to build the reputation of ZQ and ZQRX globally	Crucial in-person, relationship building time with brand stakeholders	Enable subject matter experts to present directly to key decision makers	Opportunities to add value through in person collaboration



Across FY23	
11	international brand partners visited
21	brand engagement trips and events took place
54	grower properties hosted brands
15	times brands utilised the NZM space for their showings and meetings



**Loro Piana:  
celebrating 25 years of partnership**

In November we brought together a group of growers in Wanaka to celebrate the 25-year partnership between Italian luxury brand, Loro Piana, and NZM’s world-leading grower community.

Loro Piana is a foundational partner of NZM, its commitment to New Zealand growers helped us forge the path for global brands to connect directly to the origin of their fibre.

As part of the largest brand house in the world, LVMH, Lora Piana is globally renowned for the quality of its exquisite products, the importance it places on timeless legacy, and its belief in endless innovation while respecting ancient traditions. Under LVMH’s Life 360 sustainability initiative, the brand is committed to accelerating progress towards environmental excellence through four product focused pillars which closely align to NZM’s ZQRX programme:

- Protecting biodiversity
- Fighting climate change
- Promoting a circular economy
- Enhancing traceability across procurement chains

We were honoured to host a significant contingent from Loro Piana, including Deputy Chair Pier Luigi Loro Piana, CEO Damien Bertrand, and Raw Materials Purchases Manager, Emanuela Carletti, for a celebration paying tribute to this longstanding relationship.



**icebreaker: strengthening  
connections and celebrating heritage**

Strong relationships with merino growers have been at the core of icebreaker’s business since its beginnings. During the Covid-19 pandemic, face-to-face time was limited so this year was all about reconnection between the increasingly global icebreaker team and its loyal growers.

Over FY23 we hosted five separate on-farm brand engagement events for icebreaker. These trips included not only icebreaker team members, but stakeholders from around the world including wholesalers, textile manufacturers, media and influencers.

The overarching takeaway from the trips was one of pride and understanding. While it is widely known that icebreaker has unique relationships with its growers, the opportunity for individuals in the wider value chain to meet with growers face-to-face is priceless.







# Appendix

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

Contract type by gender	Male	Female
Permanent	23	37
Fixed-term Full-Time	1	2

Employment type by gender	Male	Female
Full-Time	21	34
Part-Time	3	5

Percentage of employees by gender	Male	Female
	38%	62%

Percentage of managers by gender	Male	Female
	44%	56%

Contract type by region	Permanent	Fixed-term Full-Time
New Zealand	57	3
Australia	3	-

Percentage of employees by age group	<30	30-50	50+
	26%	54%	20%

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



GRI Content Index

GRI Content 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.	
GENERAL DISCLOSURES	
GRI 2-1 Organisational details	<p><b>Organisation name:</b> The New Zealand Merino Company Limited</p> <p><b>Nature of ownership and legal form:</b> NZM is a limited liability company</p> <p><b>Location of headquarters:</b> Level 2, 123 Victoria Street, Christchurch 8013, New Zealand</p> <p><b>Countries of operation:</b> NZM sells ethical and regenerative 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 and regenerative wool from growers in New Zealand, Australia, South Africa and Argentina.</p>
GRI 2-2 Entities included in the organisation’s sustainability reporting	<p>The scope of this report includes The New Zealand Merino Company Limited (NZM), and its associated operations, including all entities in which NZM holds an ownership stake of 50 per cent or more. This incorporates:</p> <ul style="list-style-type: none"><li>• Ethical wool sourcing programme, ZQ</li><li>• Ethical and regenerative wool sourcing programme, ZQRX</li><li>• Reporting and authentication technology platform, Made for Good</li><li>• Distribution for glerups indoor shoes across New Zealand and Australia</li><li>• Merino meat marketing company, Silere alpine origin merino</li></ul>
GRI 2-3 Reporting period, frequency and contact point	<p><b>Financial reporting period:</b> NZM completes an ESG Impact Report every financial year. Our inaugural ESG report was published end financial year 30/06/22. Our second report covers the reporting period 01/07/22 to 30/06/23.</p> <p><b>Publication date of this report:</b> NZM’s FY23 ESG Impact Report will be published 31/10/2023.</p> <p><b>Contact point for questions about the report or reported information:</b> For questions regarding NZM’s ESG activities or ESG Impact Report, please contact: <a href="mailto:sustainability@nzmerino.co.nz">sustainability@nzmerino.co.nz</a>. Enquiries will be directed to the Head of CSR.</p>
GRI 2-4 Restatements of information	<p>The date of ZQ programme launch/programme establishment was listed as 2006 in our inaugural ESG Impact Report published financial year end 2022, page 14. The correct date of launch/programme establishment of ZQ programme was 2007. This error has no material consequence. Certified ZQ greasy wool tonnes was expressed incorrectly at 15,643 tonnes (* Procured from NZM New Zealand/Australia farm groups) The correct tonnage was 16,530 tonnes for FY22 and 17354 tonnes for FY23 (+5%) The reason for this error was because Australian bales were not included in the calculation.</p>
GRI 2-5 External assurance	<p>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. Our board signs off our external ESG reporting. We plan to review our needs around external assurance in future reports.</p>
GRI 2-6 Activities, value chain and other business relationships	<p>Information on our activities, value chain, products, services, markets served, and other business relationships can be found in this report (About this report, About our company, How we create value, Our wool, Our growers, Industry partners, Brand and supply chain partners).</p>
GRI 2-7 Employees	<p>See Social impact in this GRI index.</p>
GRI 2-8 Workers who are not employees	<p>Governance section in this report/Terms of reference.</p>
GRI 2-9 Governance structure and composition	<p>Governance section in this report/Terms of reference.</p>

“GRI 2-10 Nomination and selection of the highest governance body”	Governance section in this report/Terms of reference.
GRI 2-11 Chair of the highest governance body	Governance section in this report/Terms of reference.
GRI 2-12 Role of the highest governance body in overseeing the management of impacts	Governance section in this report/Terms of reference.
GRI 2-13 Delegation of responsibility for managing impacts	Governance section in this report/Terms of reference.
"GRI 2-14 Role of the highest governance body in sustainability reporting"	Governance section in this report/Terms of reference.
GRI 2-15 Conflicts of interest	See Board Charter, FY23 NZM Annual Report (Related party disclosures, Statutory information - Directors disclosures).
GRI 2-16 Communication of critical concerns	We have numerous policies and processes in place to address critical concerns. We have a feedback/complaints mechanism, process and owner listed on our website <a href="https://www.discoverzq.com/faqs">https://www.discoverzq.com/faqs</a> . We also have a whistleblower policy. There were 0 complaints or critical concerns raised by our stakeholders through this mechanism in FY23.
GRI 2-17 Collective knowledge of the highest governance body	<p>Three of our Kaitiakitanga Committee members completed professional training courses on ESG-related matters in FY23:</p> <p><b>Chairman; Kate Mitchell:</b> One-day INFINZ course on climate-related disclosure standards and diversity, equity, inclusion and belonging training with Suran Dickson of Flipside Consulting. Serving as a Director of the Christchurch International Airport Ltd has provided additional learning including; 8 hours+ of technical deep dives on solar development and its part in the creation of an ecosystem for green aviation, informative visits to waste sortation and recycling facilities and input into a stakeholder equity policy.</p> <p><b>Director; John Maher:</b> 2-week KPMG traction tour of Netherlands to study initiatives relating to circular economy and sustainability, member of the KPMG Circular Economy in Australian Agriculture steering committee (July-December 2022), Bega Valley Circular Economy Study Tour (October 2022) Australian Farm Institute-ESG Goals and Target Setting Conference (4 July 2023), Australian Nature Based Solutions Conference (17-19 July 2023), Australian Institute of Company Directors’ Climate Governance Forum (11 August 2023). Acting as a Director of the NSW Biodiversity Conservation Trust, Senior Advisor to Precision Pastures and past Director of RegenCo Natural Capital has provided significant learning and training in the natural capital space.</p> <p><b>Deputy Chairman; Ben Todhunter:</b> O Tātou Ngahere - Regenerating our landscape with native trees conference (27-28 Oct 2022), NZIPIM We succeed together - E tū Tangata conference (21-22 August 2023).</p>
GRI 2-18 Evaluation of the performance of the highest governance body	Governance section in this report/Terms of reference.
GRI 2-19 Remuneration policies	Governance section in this report/Terms of reference.
GRI 2-20 Process to determine remuneration	Governance section in this report/Terms of reference.
GRI 2-21 Annual total compensation ratio	As we have a new CEO that started at the beginning of reporting period FY23, we will look to respond to this disclosure in future reporting.
GRI 2-22 Statement on sustainable development strategy	Chief Partnerships and Sustainability Officer’s Statement, this report, page 5.



GRI 2-23 Policy commitments	We are dedicated to upholding human rights throughout our supply chain. Our policies and practices ensure that there is no child labour, forced labour, discrimination, harassment or abuse on any of our growers’ properties. We verify this through third-party audits. We use the precautionary approach across the business to ensure that we do not harm the environment, people or animals. Although we partner with organisations to increase our understanding of the impact our business has on others, we do not use lack of full scientific certainty as a reason for postponing cost-effective measures to prevent environmental degradation. Our commitments to human rights in the supply chain are covered through our ZQ standard grower audit requirements and approach. Our ZQ standard is publicly available. All key policies are approved by the board. We will continue to review our existing ESG-related policy matters and will undertake any additional policies as our ESG journey progresses. NZM Code of Ethics <a href="#">available here</a> . See page 67 for further information on our approach to human rights and the supply chain.
GRI 2-24 Embedding policy commitments	<p>NZM communicates and educates all employees regarding company policies and practices including those related to our ESG programmes. Communication and education are embedded during:</p> <ul style="list-style-type: none"><li>• New-hire onboarding and orientation</li><li>• ZQ standard grower audits</li><li>• Functional assignment of responsibilities in written job descriptions that include compliance expectations</li><li>• Our written communications</li></ul> <p>These ongoing efforts are integral to how we do business and how we lead our employees.</p>
GRI 2-25 Processes to remediate negative impacts	We have numerous processes and methods in place to address and remediate negative impacts. We have a feedback/complaints mechanism, process and owner listed on our website <a href="https://www.discoverzq.com/faqs">https://www.discoverzq.com/faqs</a> . There were 0 complaints or critical concerns raised through this mechanism in FY23. The ZQ programme has a defined process enabling complaints and concerns to be received, acknowledged and acted upon. We received one complaint this year regarding animal welfare. As a result, a semi-announced audit was conducted at the property by our third-party provider and no evidence of any animal welfare concerns was found. We also have a whistleblower policy. We additionally meet and engage regularly with our stakeholders on the negative impacts of our material topics and remediation efforts. We are looking to develop a confidential grievance mechanism in FY24 to further enhance this process.
GRI 2-26 Mechanisms for seeking advice and raising concerns	We have numerous processes and methods in place for seeking advice and raising concerns. We have a feedback/complaints mechanism, process and owner listed on our website <a href="https://www.discoverzq.com/faqs">https://www.discoverzq.com/faqs</a> . There were 0 complaints or critical concerns raised through this mechanism in FY23. The ZQ programme has a defined process enabling complaints and concerns to be received, acknowledged and acted upon. We received one complaint this year regarding animal welfare. As a result, a semi-announced audit was conducted at the property by our third-party provider and no evidence of any animal welfare concerns was found. We also have a whistleblower policy. We are looking to develop a confidential grievance mechanism in FY24 to further enhance this process.
GRI 2-28 Membership associations	Industry partners, page 41.
GRI 2-29 Approach to stakeholder engagement	Keeping our stakeholders updated, table 3, page 94.
GRI 2-30 Collective bargaining agreements	Percentage of total NZM employees covered by collective bargaining agreements - 0%. 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 their right to freedom of association and collective bargaining. The ZQ programme seeks to uphold the freedom of association and the effective recognition of the right to collective bargaining. No instances found of failure to meet this requirement for ZQ certified growers at 30/06/23.
MATERIAL TOPICS	
GRI 3-1 Process to determine material topics	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 and the Our evolving approach to ESG, Our strategic focus pages in this report. Our Material topic tables on pages 89-94 reflect stakeholders whose views have informed the process.

GRI 3-2-List of material topics (includes changes compared to earlier reporting period)	<p>For information on how our approach to ESG is evolving, see Our evolving approach to ESG, in this report, page 13. These changes reflect market and stakeholder sentiment over the last 12 months. In our 2023 ESG Impact Report we have reorganised our material topics are organised as follows:</p> <p><b>THE FORCE</b> Creating value together: Increase demand, supply assurance</p> <p><b>THE GOOD</b> 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 wellbeing, Diversity and inclusion, Talent and development, Community engagement</p> <p>Our materiality matrix reflects the priority order of our material topics to our stakeholders.</p> <p>Refer to our 2022 ESG Impact Report for more information on our ESG journey and materiality process.</p>
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Governance, Creating value together, Environmental impact, Animal welfare and Social impact sections for more information on how we manage our material topics.
GOVERNANCE	
Accountability and transparency	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21.
Traceability	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Traceability, page 24 and to Accountability and transparency, page 21.
SOCIAL IMPACT	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Approach to human rights and the supply chain, page 67 and to Accountability and transparency, page 21.
GRI 2-7 Employees	Refer to table ‘GRI 2-7 Employees, GRI 2-8 Workers who are not employees’ at the start of this appendix page 80
GRI 2-8 Workers who are not employees	Refer to table ‘GRI 2-7 Employees, GRI 2-8 Workers who are not employees’ at the start of this appendix page 80
GRI 407: Freedom of association and collective bargaining	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report and this disclosure. Also refer to Accountability and transparency, page 21.
GRI 407-1 Freedom of association and collective bargaining	<p>The ZQ programme seeks to uphold the freedom of association and the effective recognition of the right to collective bargaining for our growers in New Zealand/Australia. This forms the basis of our management approach. 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 30/06/23.</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	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report and this disclosure. Also refer to Accountability and transparency, page 21.



GRI 414-1 Child labour	<p>The ZQ programme outlines our management approach to protecting against 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>100% of certified ZQ growers are audited to ensure that:</p> <ul style="list-style-type: none"><li>• Children and young workers must not be engaged in dangerous work, and must be able to participate in normal educational activities</li><li>• Children are able to safely learn farming from their family engaging in age-appropriate activities outside of school hours and lessons</li><li>• Growers must identify young workers and ensure that appropriate work restrictions are understood by the person responsible for the worker and the worker themselves (employee interview may be required)</li><li>• The farm must not employ workers under the age of 15 or legal country minimum (whichever is higher)</li><li>• Workers under the age of 18 must not be engaged in child labour or hazardous child labour or as stipulated in regulations at a country level</li></ul> <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 New Zealand and Australia due to strict labour laws and confirmation through audit. There were no instances of child labour or young workers employed in hazardous work through the ZQ programme at 30/06/23.</p>
<b>GRI 409 Forced or compulsory labour</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report and this disclosure. Also refer to Accountability and transparency, page 21.
GRI 409-1 Forced or compulsory labour	<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> <p>100% of ZQ certified growers are screened for forced or compulsory labour in order to become or remain certified.</p> <p>100% of growers met ZQ forced labour requirements in FY23.</p>
<b>GRI 414 Supplier social assessment</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21 and Approach to human rights and the supply chain page 67.
GRI 414-1/GRI414-2 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"><li>• 100% of growers screened, prior to certification, through third-party audit</li><li>• 100% of certified ZQ growers must meet all requirements, to include compliance around labour, child labour and young workers, &amp; health and safety</li><li>• 216 growers were audited over the last financial year across New Zealand and Australia at 30/06/23</li><li>• 20 growers issued corrective actions for social responsibility across New Zealand and Australia at 30/06/23</li><li>• 92% of growers closed social assessment corrective action requests (CARs) at 30/06/23</li></ul> <p>Significant actual and potential negative social impacts identified in the supply chain: Employment contracts, appropriate remuneration as per legislation.</p>

<b>Team engagement</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21 and Team engagement page 68.
<b>Health, safety and wellbeing</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency page 21, Health, safety and wellbeing page 69, ZQRX people metric page 74, Caring for our grower community page 73 and Cyclone Gabrielle page 73.
<b>Talent and development</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21 and Talent and development page 69.
<b>Diversity and inclusion</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21 and Diversity and inclusion page 70.
<b>Community engagement</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21 and Community engagement page 71.
<b>Connection and communication</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21 , Community engagement pages 71-74, Brand engagement pages 75-78, Grower extension field days page 52, Land and soil health page 55, Animal welfare page 59, Biodiversity 51, Our wool page 31.
<b>CREATING VALUE TOGETHER</b>	
<b>Increase demand</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21, Balancing supply and demand, Our brand and supply chain partners, our FY23 Annual Report.
<b>Assure supply</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21, Our growers, Balancing supply and demand, Building our Australian team, Grower tools and resources, About the ZQ programme and this report in general.
<b>ENVIRONMENTAL IMPACT</b>	
<b>Industry leadership in climate action (climate and carbon)</b>	
GRI 3-3 Management of material topics	<p>Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21 and Climate and carbon pages 47-50.</p> <p>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.</p>



<b>GRI 305: EMISSIONS</b>	
GRI 305-1 a, b, c - Direct (Scope 1) GHG emissions.	Gross direct (Scope 1) CO2-e emissions for FY23 are 92t CO2-e. This is comprised of CO2, CH4, and N2O and generated through the combustion of transport fuel in leased vehicles.
GRI 305-2 a, b, c - Gross location-based energy indirect (Scope 2) GHG emissions	Gross indirect (Scope 2) emissions from purchased energy for FY23 are 9t CO2-e. This is made up of electricity purchased from the grid predominantly for offices in Christchurch, Cromwell and Geelong.
GRI 305 - 3 a, b, c : Gross (Scope 3) GHG emissions	Gross indirect (Scope 3) emissions for FY23 are 522t CO2-e. This is made up predominantly of business travel (flights and accommodation).
GRI 305 1,2,3: d - Base year for the calculation	The reporting period for NZM's carbon footprint aligns with our financial year, beginning 1 July and ending 30 June the following year. The base year footprint for reporting is FY21, while base years for target setting differ in order to account for Covid-19 disruptions. For scope 1 and 2 emission reduction targets the base year is a three year rolling average (FY21-FY23) and for scope 3 emissions reduction targets the base year is FY23, which is the first year of non-COVID restricted travel.
GRI 305 1,2,3:e - Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source	Toitū states that the preferred emissions factors for its calculation tool are those GWP(100) factors published in the IPCC 5th assessment report (AR5), however, where publications approved by its programme still use emissions factors from older reports, these are allowed.
GRI 305 - 1,2,3:f - Consolidation approach for emissions; whether equity share, financial control, or operational control	Operational control.
GRI 305 - 1, 2, 3:g and 5:e - Standards, methodologies, assumptions and/or calculation tools used	Our carbon footprint is certified by Toitū against the requirements set out by ISO14064 (2018). Toitū's Emanage software was used to compile and calculate the inventory and generate reports. FY23 certification pending at the time of writing.
GRI 305 - 4 - GHG emissions intensity	<p>Pre-certification emissions intensity for the base year mandatory (scope 1, 2, and 3) emissions is as follows:</p> <ul style="list-style-type: none"><li>3.42 t CO2-e per \$Million</li><li>0.033 t CO2-e per tonne of clean wool sold</li><li>9.78 t CO2-e per staff member employed</li></ul>
GRI 305 - 5:a, b, d - Reduction of GHG emissions GHG emissions reduced as a direct result of reduction initiatives, in metric tonnes of CO2 equivalent	Emissions have increased as travel restrictions were lifted. This was as expected and gives us an understanding of what BAU emissions for NZM are. From this point, we will be able to measure the reductions achieved as a result of our emission reduction projects.
GRI 305 - 5:c - Biogenic CO2 emissions in metric tons of CO2 equivalent	Pre-certification figures estimate 1.75 tonnes of biogenic CO2-e are produced as methane through waste sent to landfill for the base year. This accounts for less than 1% of total emissions for the base year.
<b>Biodiversity</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21 and Biodiversity page 51.

<b>Land and soil health</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21 and Land and soil health page 55.
<b>Water use and protection</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21 and Water use and protection page 57.
<b>Waste reduction</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report. Also refer to Accountability and transparency, page 21 and Waste reduction page 58.
<b>GRI 308: Supplier environmental assessment</b>	
GRI 3-3 Management of material topics	Refer to Our evolving approach to ESG, Our strategic focus, Our management approach on pages 13-17 in this report and the Environmental impact section pages 45-58.
GRI 308-1 New suppliers that were screened using environmental criteria	<p>100% of certified growers screened for environmental assessment.</p> <p>116 growers received CAR's under the Environmental section of ZQ Programme across Australia and New Zealand at 30/06/23.</p> <p>216 growers were audited over the last financial year across New Zealand and Australia at 30/06/23.</p> <p>Criteria included; negative impacts through CAR's, Farm Environment Plan, monitoring sites, biodiversity plan, Soil conservation, biodiversity plan, goal setting, nutrient management, soil conservation, waterway management, recycling of farm waste, fertiliser plan.</p> <p>84% of growers closed corrective actions at 30/06/23.</p> <p>1.7% of growers audited this year (2 growers) were terminated from the ZQ programme due to failure to close out CAR's raised under ZQ Environmental section across New Zealand and Australia at 30.6.23.</p>

Material topics - Table 1

Environmental impact		
Very high priority	Actions	Stakeholders who raised this topic
<b>Industry leadership in climate action</b> Definition: Partnerships with our value chain and others to mitigate the long-term effects of climate change and its physical impacts on business operations, communities and the natural environment	<ul style="list-style-type: none"><li>Strategy and tools to reduce GHG emissions - business and growers</li></ul>	Directors, brand & supply chain partners, leaders, team, investors, growers
<b>Carbon impact of wool production</b> Definition: Reducing the impact of carbon during wool production to improve the positioning of wool as a sustainable and regenerative fibre	<ul style="list-style-type: none"><li>Accurate accounting and reduction strategies for the GHG profile of merino wool through tools and connection with expertise</li></ul>	Brands, growers
<b>Biodiversity</b> Definition: Protection of plant and animal life by applying regenerative principles on-farm	<ul style="list-style-type: none"><li>Tools and connection with expertise to protect and restore biodiversity</li></ul>	Leaders
<b>Land and soil health</b> Definition: Protecting land and soil health to contribute to healthy ecosystems by helping to clean water, cycle nutrients, store carbon and grow plants and animals on-farm	<ul style="list-style-type: none"><li>Tools and connection with expertise to protect and restore land and soil health</li></ul>	Growers, team
High priority		
<b>Water use and protection</b> Definition: Managing and protecting water quality and use across our business and grower operations	<ul style="list-style-type: none"><li>Strategy and tools for team and growers to manage and protect water</li></ul>	Brand partners, investors
<b>Waste reduction</b> Definition: Reducing the environmental impact of waste across our business and grower operations (waste - any substance that is worthless and of no use in the production of wool (toxic and non-toxic)	<ul style="list-style-type: none"><li>Strategy and tools for team and growers to manage and protect waste</li></ul>	Growers, leaders, directors, team
Creating value together		
Very high priority	Actions	Stakeholders who raised this topic
<b>Supply assurance</b> Definition: Ensuring sufficient availability of ethical and regenerative wool to meet market demand	<ul style="list-style-type: none"><li>Strategies and tools to increase grower capacity to deliver ZQ and ZQRX wool</li><li>Robust supply chain partner agreements</li><li>Long-term supply contracts and contract premiums for growers</li></ul>	Team, investors, growers, leaders
<b>Increase demand</b> Definition: Growing demand for ethical and regenerative wool	<ul style="list-style-type: none"><li>Tools and systems to support value chain partners to understand, activate, source, authenticate and market ethical and regenerative wool</li></ul>	Investors, leaders, growers, team

Animal welfare		
Very high priority	Actions	Stakeholders who raised this topic
<b>Animal welfare</b> Definition: Leadership in animal welfare, protecting the welfare of animals on-farm	<ul style="list-style-type: none"><li>Tools and resources to support animal welfare</li></ul>	Growers, team, directors, brands
Social impact		
Very high priority	Actions	Stakeholders who raised this topic
<b>Connection and communication</b> Definition: Enhancing communication and connection with value chain partners	<ul style="list-style-type: none"><li>Strong relationships with growers and brand partners to collaboratively advance the appeal and use of regenerative wool (value chain)</li><li>Programmes that support and enhance communication and connection: grower community, grower to grower, grower and relevant expertise, and between growers, brand partners and consumers</li></ul>	Leaders, directors, team, growers
<b>Team engagement</b> Definition: A culture and work environment that promotes strong mental and emotional connection for employees toward the work they do, their teams, and their organisation	<ul style="list-style-type: none"><li>Programmes, policies, and training that measure and support employee engagement and satisfaction at work</li></ul>	Leaders, directors, team, investors, growers, brand and supply chain partners
<b>Health, safety and wellbeing</b> Definition: A culture and work environment that protects and promotes the physical and mental wellbeing of our team and grower community	<ul style="list-style-type: none"><li>Programmes, policies, and training that support the safety, health, wellbeing and development of NZM employees and grower communities</li></ul>	Leaders, brand & supply chain partners, team
<b>Diversity &amp; inclusion</b> Definition: A culture and work environment that promotes the representation and participation of different groups of individuals, including but not limited to people of different religion, race, ethnicity, language, gender, sexual orientation, disability, age, personality, values and way of thinking	<ul style="list-style-type: none"><li>Programmes, policies and training that promote and support diversity, inclusion and belonging of NZM employees</li></ul>	Directors, team, leaders, investors, brand & supply chain partners
<b>Talent and development</b> Definition: Attracting, retaining and developing our people.	<ul style="list-style-type: none"><li>Programmes and policies that advance personal and professional learning and development</li><li>Education and capacity building in ESG issues and practices related to employees' work</li></ul>	Growers, directors



Social impact		
High priority		
<b>Community engagement</b> Definition: Collaborating with grower communities on positive social and environmental initiatives	<ul style="list-style-type: none"><li>Corporate giving, strategic partnerships and volunteerism to support social and environmental programmes in our grower and our own communities</li></ul>	Leaders, directors, team, investors, growers, brand and supply chain partners
Governance		
Very high priority	Actions	Stakeholders who raised this topic
<b>Transparency and accountability</b> Definition: Implementing strategies, policies, practices, and reporting to drive accountability for ESG performance and to ensure that stakeholder expectations are met or exceeded	<ul style="list-style-type: none"><li>Accountability to stakeholders - ESG strategy, goals, actions and performance</li><li>Transparency and reporting</li><li>Leadership engagement to drive ESG strategy and performance</li><li>Transparent ESG governance structure</li></ul>	Leaders, directors, team, growers
<b>Traceability</b> Definition: Ensuring ethical and regenerative wool is traceable from farm to finished product	<ul style="list-style-type: none"><li>Policies, programmes, and tools to enhance and simplify traceability of wool</li></ul>	Brand partners, team, leaders

Our impacts and where they occur - Table 2

Material Topics were selected based on significance of impacts, importance to stakeholders and the importance to NZM’s business success. We considered our level of influence and control when defining boundaries.

Material topic	Who it applies to	Where it applies and boundaries
Industry leadership in climate action	<ul style="list-style-type: none"><li>NZM certified ZQ growers/ZQRX growers – New Zealand and Australia farm groups</li><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li><li>NZM business operations</li></ul>
Carbon impact of wool production	<ul style="list-style-type: none"><li>NZM certified ZQ growers/ZQRX growers – New Zealand and Australia farm groups</li><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li></ul>
Land & soil health	<ul style="list-style-type: none"><li>NZM certified ZQ growers/ZQRX growers – New Zealand and Australia farm groups</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li></ul>
Biodiversity	<ul style="list-style-type: none"><li>NZM certified ZQ growers/ZQRX growers – New Zealand and Australia farm groups</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li></ul>
Water use & protection	<ul style="list-style-type: none"><li>NZM certified ZQ growers/ZQRX growers – New Zealand and Australia farm groups</li><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li><li>NZM business operations</li></ul>
Waste reduction	<ul style="list-style-type: none"><li>NZM certified ZQ growers/ZQRX growers – New Zealand and Australia farm groups</li><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li><li>NZM business operations</li></ul>
Animal welfare	<ul style="list-style-type: none"><li>NZM certified ZQ growers/ZQRX growers – New Zealand and Australia farm groups</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li></ul>
Transparency & traceability	<ul style="list-style-type: none"><li>NZM certified ZQ growers/ZQRX growers – New Zealand and Australia farm groups</li><li>Supply chain partners</li><li>Brand partners</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li><li>NZM business operations</li></ul>
Supply assurance	<ul style="list-style-type: none"><li>NZM certified ZQ growers/ZQRX growers – New Zealand and Australia farm groups</li><li>Supply chain partners</li><li>Brand partners</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li><li>NZM business operations</li></ul>

Our impacts and where they occur - Table 2 (continued)

Material topic	Who it applies to	Where it applies and boundaries
Increase demand	<ul style="list-style-type: none"><li>NZM certified ZQ growers/ZQRX growers – New Zealand and Australia farm groups</li><li>Supply chain partners</li><li>Brand partners</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li><li>NZM business operations</li></ul>
Connection & communication	<ul style="list-style-type: none"><li>NZM certified ZQ growers/ZQRX growers – New Zealand and Australia farm groups</li><li>Supply chain partners</li><li>Brand partners</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li><li>Supply chain Partners</li><li>Brand Partners</li><li>Consumers</li></ul>
Team engagement	<ul style="list-style-type: none"><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>NZM business operations</li></ul>
Health safety & wellbeing	<ul style="list-style-type: none"><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>NZM business operations</li></ul>
Diversity & inclusion	<ul style="list-style-type: none"><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>NZM business operations</li></ul>
Talent & development	<ul style="list-style-type: none"><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>NZM business operations</li></ul>
Community engagement	<ul style="list-style-type: none"><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>NZM business operations</li></ul>
Managing with integrity	<ul style="list-style-type: none"><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>NZM business operations</li></ul>
Freedom of association and collective bargaining	<ul style="list-style-type: none"><li>NZM certified ZQ/ZQRX growers – New Zealand and Australia farm groups</li><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li><li>NZM business operations</li></ul>
Child labour	<ul style="list-style-type: none"><li>NZM certified ZQ/ZQRX growers – New Zealand and Australia farm groups</li><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li></ul>
Forced or compulsory labour	<ul style="list-style-type: none"><li>NZM certified ZQ/ZQRX growers – New Zealand and Australia farm groups</li><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li></ul>
Supplier social assessment	<ul style="list-style-type: none"><li>NZM ZQ certified growers – New Zealand and Australia farm groups</li></ul>	<ul style="list-style-type: none"><li>Supply chain</li></ul>
Emissions	<ul style="list-style-type: none"><li>NZM team</li></ul>	<ul style="list-style-type: none"><li>NZM business operations</li></ul>

Keeping our stakeholders updated - Table 3

It’s essential to understand from our stakeholders what matters most. Stakeholder engagement is vital to foster connections, trust, and buy-in for our organisation’s key sustainability initiatives. We regularly engage with our stakeholders to help us to identify and manage our material topics.

Stakeholder group	Engagement mechanism	Frequency
Board	Board updates, reports	Quarterly
Leaders	Executive updates, meetings, reports	Weekly, monthly, quarterly, annually
Employees	Performance mechanisms, team meetings, engagement surveys, staff communications, events	Weekly, monthly, quarterly, annually
Brands & supply chain partners	Meetings, social media, surveys, webinars, site visits, monitoring media, website	Weekly, monthly, quarterly, annually
Growers	Audits, questionnaires and surveys, community news, meetings, grower events & conferences, site visits, webinars, newsletters	Weekly, monthly, quarterly, annually
Local communities	Cadet programmes, community news, community events, surveys, social media, website	Weekly, monthly, quarterly, annually
Government and regulators	Reports, legislative updates, meetings, subscriptions	Quarterly, annually, as requested
Investment community	Annual reports, AGM, USX announcements, website	Bi-annually, annually
Industry associations	Meetings, reports, workshops, subscriptions, webinars and working groups, requests for information, monitoring media	As needed
NGO’s, civil societies and community organisations	Social media, requests for information, meetings, monitoring media	Board updates, reports



