
AWI BUSINESS UNIT UPDATE

MARCH 2022



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Australian Wool Innovation (AWI) is the not-for-profit industry owned Research and Development Corporation (RDC) working throughout the worldwide wool supply chain on behalf of Australian woolgrowers to increase their long-term profitability.

Internationally we are better known as the Woolmark Company with 16 offices globally in key wool markets. The Woolmark Company focuses on fostering talent, developing new innovations, and helping businesses realise the benefits of Australian Merino wool. It is one of the world's most recognised brands.

AWI's stakeholders range from growers here in Australia to mills in Europe, China plus global fashion brands. We leverage that extensive network to gather important insights that we share with our primary stakeholder, the woolgrowers of Australia.

As the Covid-19 restrictions have rolled out across Australia over the past 18 months 100 per cent of AWI's focus has been on the livelihoods of woolgrowers' ability to get the wool off their sheep and to effectively sell it.

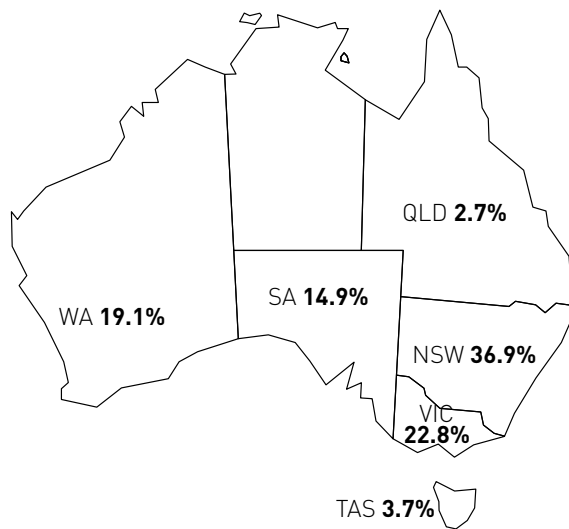
AWI directly communicates regularly with growers. This ranges from wool market reports posted online and sent out via text message, to our quarterly magazine *Beyond the Bale* (hardcopy & online). In addition we provide a monthly e-newsletter and have a strong presence across social media including Facebook, Twitter, Instagram and YouTube. AWI has recently launched a Woolgrower App and regularly conducts Webinars.

This quarterly business unit update is designed to provide key stakeholders with a snapshot of AWI business units and insights into key projects.

1. MARKET ANALYTICS

PRODUCTION

The mid-point of the 2021/22 season has been reached and passed. By the end of January 2022 there has been 11.2%, or 18.3mkg more greasy wool tested by AWTA, making up the current season to date figure of 182.6 mkg.



All states have recorded a year-on-year production growth thus far. NSW remains the largest producing state at 36.9% of the national clip and growing 62% more wool than Victoria, the second largest. Queensland has recorded the largest percentage growth, albeit from a small base.

Significant rain events over the eastern and central states have affected “normal” shearing patterns and may be skewing some of the production trends. Heat and dry conditions are dominant in WA with the south-west in particular experiencing sharp rainfall decline, with winter cold fronts and lows being the major source of rainfall.

Australian production by KTD season 2021/22 at end January 2022

IN MKG	2020/21	2021/22	WEIGHT DIFF	% DIFF
NSW	59.4	67.3	7.9	13.4%
Vic	37.8	41.6	3.8	10.3%
QLD	3.6	5.0	1.4	36.6%
SA	26.2	27.2	1.0	4.2%
WA	31.3	34.8	3.5	11.3%
Tas	6.0	6.7	0.7	10.5%
TOTAL	164.2	182.6	18.4	11.2%

The Australian Wool Production Forecasting Committee (AWPFC) met in Mid -December 2021 and updated its forecast of shorn wool production for the 2021/22 season to 318 million kilograms (Mkg) greasy, an 8.0% increase on the 2020/21 estimated shorn wool production of 294 Mkg greasy.

AWPFC findings stated that “widespread November rain across most wool producing regions will build on the already exceptional spring season. Pasture feed is plentiful in many grazing regions, while in farming areas crop stubbles will also contribute to an ample supply of summer feed. The abundant feed supply is expected to increase average cut per head by 3.2% to 4.54 kg greasy”.

The AWPFC also cited evidence of a flock rebuild with an expected 4.6% increase in the number of sheep shorn to 70.0 million head this season. The favourable seasonal outlook is promoting high levels of optimism among sheep producers. The October 2021 AWI/MLA Wool and Sheep meat survey found that 91% of respondents intended to either maintain or increase breeding ewe numbers, through retaining more replacement and older ewes than normal.

PRICE

Wool values continue to trade in a very narrow band mid to longer term, despite some erratic inter-week movements as pandemic factors influences mainly confidence and by extension, price. Since the commencement of the 2021/22 selling season wool the AUD EMI has moved from a starting basis of 1420ac to 1433ac after the first sale day of February 2022. A very minor adjustment of just 0.9%, but to the positive. The seasonal AUD EMI average is currently sitting at 1361ac/clean kg level.

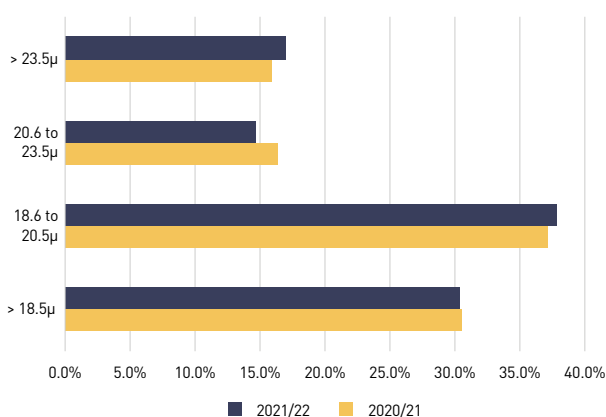
In the more demand determining currency base of US Dollars, the EMI commenced at 1059usc but has depreciated 3.5% to 1022usc after the first sale in February 2022, indicative of the ever fluid trading and

consumer conditions globally. The seasonal average USD EMI is currently sitting at 9913sc/clean kg.

Prior to the negative pandemic influences being felt across all global markets from March 2020 onwards, the AUD EMI was at 1,521ac and the USD EMI at 982usc, so the seasonal average USD EMI represents a strong return at least to the pre pandemic levels of demand. That demand appears to be holding and building despite the growing availability of Merino wool. Crossbred wool types overall remain in struggling mode but are showing signs of values increasing slowly, but stock held globally in all forms are at significant levels still.

MICRON PROFILES

Within the Merino sector, as a percentage of the clip, the test data is showing up a reduction of both the 18.5 micron and finer superfine sector and medium/broad wools of 20.6 to 23.5 micron. The growth in Merino wools is seemingly targeted at the production of heavier cutting fine wools of 18.6 to 20.5 micron.



Micron profile change as % of clip 1st half comparison

The first half of this season though is producing more of the broader (>23.5mic) wools than what is usual before the Christmas recess. A higher percentage of the broader wool sheep (ewes) are shorn prior to joining in late summer through autumn.

AUCTION

Price factors at the Australian auctions are trending to "normal" patterns of expectancy which is contributing to a strong consolidation of prices around a USD EMI average of 10 USD/kg. Chinese manufacturers, agents and traders have returned to dominance, albeit with a strong dependency on local exporter finances. Local interest rates in Australia have been better than those available in China from the second tier banks that many operators use. This leads to a drop away from the use of Chinese based (financed) indent operators for orders to an increase in use of forward bookings or indents from Australian based buyer/exporters.

At auction, AWEX reports show the sold at auction figures of 686,262 Australian grown bales had been sold at end December compared to 612,086 bales last season. This is an additional 74,176 bales that growers have sold to the trade, which is an increase of 12.1% YOY. This seasons clearance rate so far stands at 85.5% compared to the first half season figure last year of 87.3%.

SHIPPING

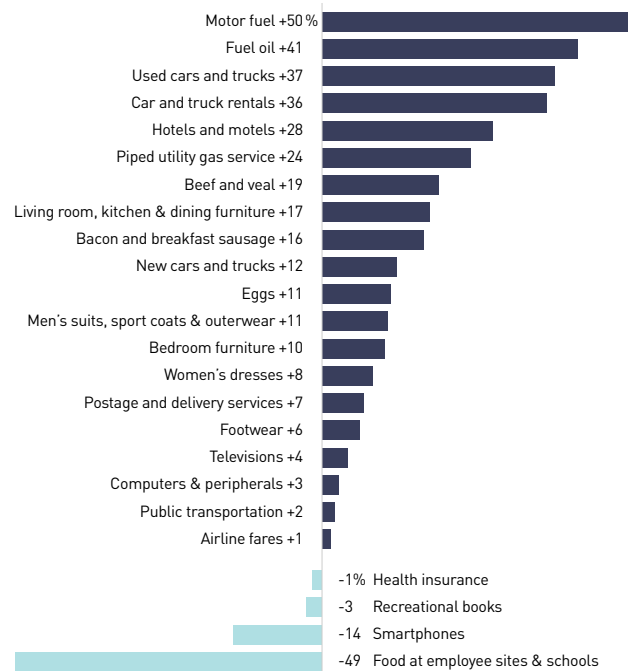
Despite some easing in recent months, international shipping costs, port congestion, lag times and problems are likely to remain high in 2022. The Omicron variant is infecting workers at factories, ports, trucking companies and warehouses and leading to further shortages of some products and parts used for making goods.

Many experts are predicting a significant geographical shift in supply chains because of global lockdowns and pressures on current global supply chains. Additionally international business conditions remain difficult and the not so insignificant effects from the seemingly forgotten Brexit continue to be worked through.

Additionally, the environmental impact of current logistics and supply chains is beginning to be thought of more, particularly if countries around the world are to meet their emissions targets resulting from Glasgow COP26. A need to develop more sustainable supply chain practices is predicted. As Australia relies so heavily upon wool manufacturing in China, this is unlikely to affect the wool supply chain, but some consequences may arise from meeting environmental commitments.

In the USA for example, supply chain issues have placed an inflationary pressure upon most consumer products. The on-going challenges in getting goods from factories to customers continue to drive up the prices which are growing at the fastest rate since 1982.

Most USA consumer and industry products are affected but none more-so than motor fuel which is 50% more expensive than a year ago. Utility gas, fuel oil and truck rentals are 25 to 40% dearer and food staples such as beef, bacon vegetables and eggs are 10 to 20% dearer



Year-over-year change in a selection of categories of the Consumer Price Index
Source: Bureau of Labor Statistics By Ella Koeze

Annual price changes in December

The price to ship a 40-foot container from Asia to the U.S. West coast hit A\$20,000 in the second week of January 2022 albeit down from the high of \$A27,000 in September 2021. Ocean shipments from China to the United States stretched to a record 80 days in December, a delay up 85 percent from 2019.

2. ON FARM RESEARCH

Research, development and extension within the program areas of Sheep Health and Welfare, Vertebrate Pests, Reproduction and Nutrition, Genetics and Agri-technology. Investment focus updates of significance from October 2021 report are detailed (as listed in AWI Strategic Plan pgs 45 to 52).

- Integrated flystrike prevention management toolkit enhanced and extended – AWI's 'Simplify' workshops for management planning commenced piloting and its 'Classify' workshop breeding for flystrike resistance resources are in development.
- Investment alternatives to fly chemical resistance – integrated flystrike prevention management toolkit includes advice on chemical use and rotation. Resources in development for resellers and advisors.
- Flystrike vaccination – COVID-19 delays impact progress hence no update
- Novel pain relief options investigated – no update as no investment opportunities
- Wool biosecurity toolkit enhanced – no update as no investment opportunities
- Industry co-funded independent wild dog coordinators – AWI continues to fund NE NSW, Vic (x2) and SA and a National Wild Dog Management Coordinator.
- Develop community capacity through training and support to reach zero (or minimal sheep predation) – long term average reduction in losses to predation of 83%.
- Digital developments to capture predator activity – AWI investment in FeralScan continues and website displays numbers of records and heat maps.
- New community groups or those with wild dog crisis given help towards achieving sustainable management – the Community Wild Dog Control Initiative phase III remains suspended due to budget constraints – only 3 wild dog groups are funded.
- Development of new rabbit biocontrols – COVID-19 delays impact progress hence no update.
- Development of new feedbase management extension model – including workshop materials and supporting online resources (e.g., updating Making More From Sheep and new Stubble grazing calculator).
- Reducing the impact of climate variability on reproductive performance – no budget.
- Support for wether trials, central test sire evaluation, MERINOSELECT and sheep selection skills – Merino Superior Sires No 27 published. 929 sires from 704 ram breeders entered 10 Sire Evaluation sites since 2013 showing increase adult CFW and adult BW (FD increased slightly, breech wrinkle has fallen 0.4 of a score and Dag is steady at an ASBV of -0.1).
- The genetics and economics of lifetime disease resilience, components of reproduction efficiency and feed intake and efficiency – data collection continues.
- Higher conception rates from improved ewe fertility protocols –final analysis being completed.
- Digital signatures from AWI's Smart Tags for reproduction, health and welfare and grazing – no update on algorithm accuracy.
- Testing the reliability and functional life of the AWI Smart Tag system – tests on ear welfare continue.
- Artificial intelligence technologies for data analysis – initial models for grazing attributes are in development.
- Robotic shearing – investment limited to automated wool classing and smart handpiece. Prototype testing in Australia of a portable battery operated smart handpiece and a wearable back muscle strain sensing belt.
- User interface applications – no budget
- Increased digital awareness and accelerate the adoption of technologies – AWI has invested in the AgriFood Data Exchange Platform pilot with other RDCs to address the cumulative burden of compliance in the sheep meat and wool sectors.

3. PROCESS INNOVATION & EDUCATION EXTENSION



Shima Seiki /TWC Protection Wear collaboration: Protection wear meets Urban wear in wool flat knit technology.



Gondoliers (Italy) 2nd collection

Creation of the 2nd Gondoliers collection creating a technical jacket, technical T-shirt based on the Lunarossa collection. As well as a knit sweater using performance yarns.

Prototypes and photo shoot completed.

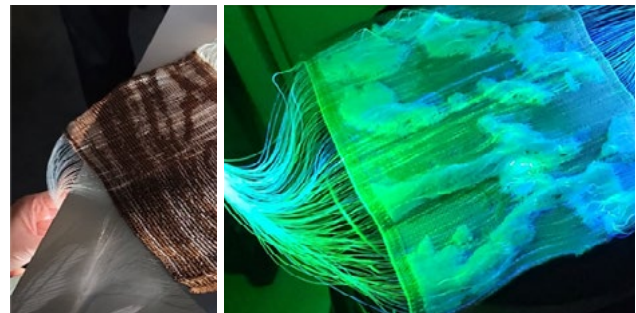


Levi's footwear (Italy)

Supported by the Asian Technical Team, Levi's product team will proceed with the development of the Torsten boot for AW22. Materials have been selected from textile manufacturers, Steady (China) and Mira (Korea).

Birkenstock (Germany)

Product Development of the hand crafted look-like shoe: Birkenstock's interpretation of a comfortable and sustainable everyday knitted wool slipper. The aesthetics should be coarse and irregular like a hand crafted product. Birkenstock is interested in knitted constructions with coarse yarns, with a milled or boiled appearance.



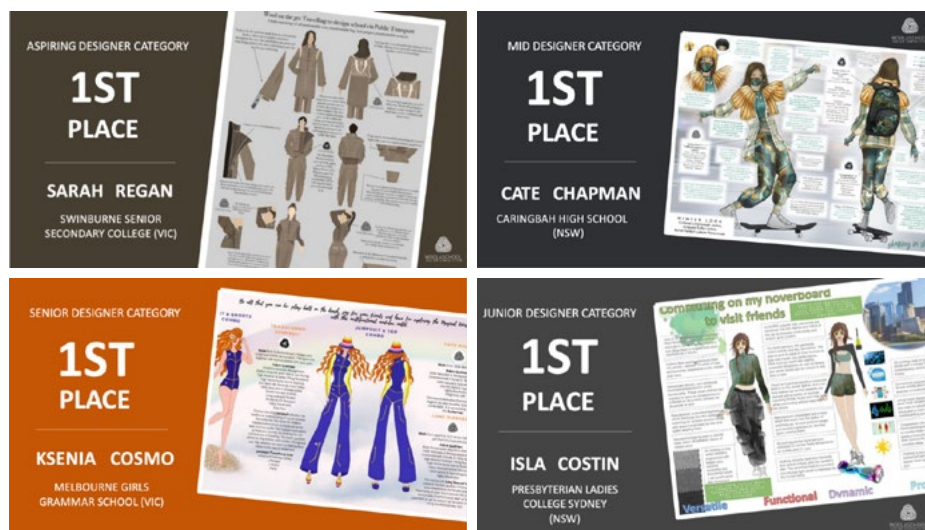
AID Lab: AID Lab (Artificial Intelligence in Design Lab) (Hong Kong)

A new project with Optical fibre funded by the Hong Kong government. By in-lay knitting together with other textile yarn on a Stoll knitting machine. With the artificial intelligence interacting products with light or colours, helps to stimulate kids with Autism or aged people with cognitive impairment.

STUDENT EDUCATION

Wool4School Australia Competition

The 20/21 competition for Australian secondary schools attracted 7,675 registrations resulting in over 290 submissions. The winners of the competition are as follows:



The 2021/22 Wool4School Design competition launched in the UK on 1st September 2021 and Italy on 1st October 2021.

This year's competition is asking students to DESIGN FOR YOUR HERO.

RETAIL EDUCATION

The Education team have supported the following key brand campaigns as follows:

Benetton – Never Ending Wool (Europe)

- Created a package of wool educational content for use on their own e-learning platform.
- Bespoke video of TWC staff and a Wool Grower talking about what the Woolmark means to them.

Victoria Beckham (UK)

- Bespoke retail training program delivered to sales team.

Levi's (Europe)

- Bespoke retail training program delivered to sales team.

Cubus – Premium Merino Collection (Germany)

- Bespoke retail training program delivered to sales team.
- Bespoke retail training video that will be distributed to all sales staff of their own e-learning platform.

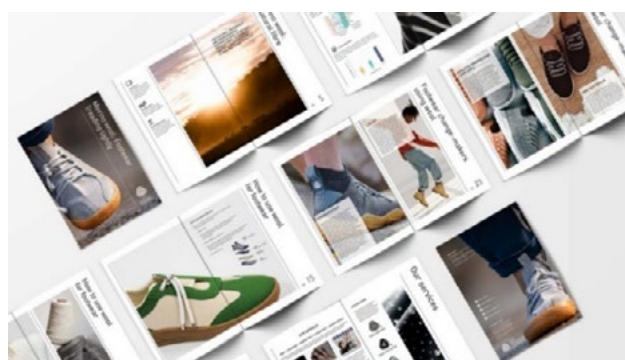
TWC has supported each of these brands with their wool collections, including technical support, product certification, retail education and marketing.

Retail education is forever evolving to meet market and consumer demands. There is an appetite for more information on farming practices, wool and circularity and caring for wool. TWC is continuing to develop new educational content to meet these needs.

TRADE EXTENSION

Merino Wool Footwear Technical Assets + Training

In response to 'wool in footwear' becoming a strong growth area for the company, a staff training took place on 14th December 2021 to launch a suite of assets to educate the global teams meeting with and presenting to industry and brands regarding footwear product, processing and collaboration opportunities.






Training Agenda:

- Intro
- How is footwear fitting into the overarching strategy?
- Footwear assets available – how to use them and where they will be located.
- Process of working together internally when meeting with brands and industry.
- Q&A with Woolmark's footwear experts, located in Hong Kong, were available to answer any technical questions the staff had.

All technical assets are located on the company intranet, Woogle.

External resources are also located on our Woolmark platforms:

ASSET	PURPOSE	LINK / LOCATION
Footwear Toolkit 	<p>The toolkit provides an educational + commercial overview to support BDM's and staff when presenting to brands.</p> <p>(external facing)</p>	<p>woolmark.com/resources or direct link link to Footwear Toolkit</p>
Footwear Toolkit 	<p>The manual is an educational + technical resource for a more technical and in-depth overview.</p> <p>(external facing)</p>	<p>Woolmark Learning Centre Or direct link link to footwear manual</p>

ASSET	PURPOSE	LINK / LOCATION
Footwear Specification 	Document outlining how products must meet or exceed the requirements of the relevant Specification prior to gaining Woolmark certification	woolmark.com/certification direct link to footwear specification
Footwear Deck	Internal powerpoint + keynote slides to integrate into tailored brand + other presentations	Internal only Intranet (woogle)

GLOBAL DEVELOPMENT CENTRES

Reporting systems, planning and scheduling for the Global Development Centres for 2022 is evolving and underway.

- Western Hemisphere Development Centres were launched officially in Q3 2021.
- Eastern Hemisphere Development Centres will be officially promoted from March 2022 with local activity to be integrated into the Global Development Centre Strategy, calendar and comms plan.

EASTERN HEMISPHERE:

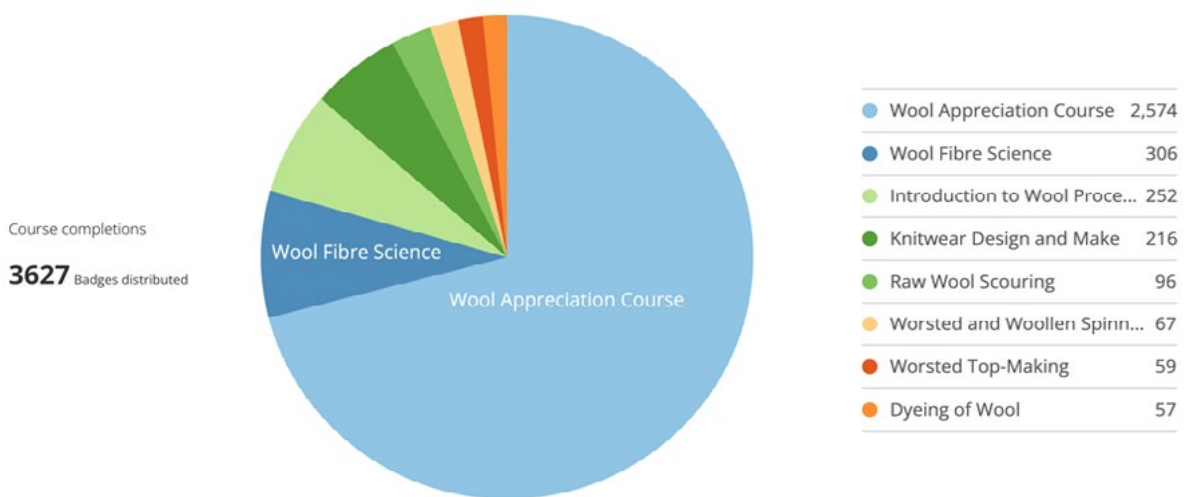
1. Nanshan Weave Development, China
2. Xinao Knitwear Development Centre, China
3. Donghua University Wool Education Centre, China
4. Material Experience Centre (Santoni), China
5. Wool Resource Centre, Hong Kong

WESTERN HEMISPHERE:

6. Window of Textile Opportunity (WoTO) by ByBorre, Netherlands
7. D-House, Italy
8. La Caserne, France

WOOLMARK LEARNING CENTRE

Course Completions – All time



4. TRACEABILITY & WOOLQ

TRACEABILITY IN THE AUSTRALIAN WOOL AND SHEEP INDUSTRY REPORT

Engagement continued with AWTA, WPA and AWEX on the back of the Traceability in the Wool Industry review paper. It has been agreed that a small working group, featuring key staff from those organisations will meet to establish an implementation plan for the recommendations, including responsibility, cost, and timeframes.

BLOCKCHAIN POC

The business embarked on proof of concept (POC) trials with Everledger in mid-2020 to explore the use of electronic data capture and blockchain technology. The primary focus of the POC development, was to establish traceability and give buyers of Australian wool a greater sense of control, increased transparency and show how this journey can be passed through to consumers. It was also to understand the appetite of the market for such a solution.

Key results from this Proof of Concept were:

Evidence that wool fibres could be traced through the sample supply chains from farm to finished garment, creating greater visibility and confidence for apparel brands than they have today. This is a significant achievement from the initiative.

The development of a digital tool (Supply Chain Builder), backed with blockchain, to enable the connecting of supply chains and relevant data to enable traceability and confident claims.

Feedback and evidence that the tool will reduce time spent managing traceability and (sustainability/compliance) claims for apparel brands and other downstream participants.

Insights from more than 20 market participants regarding:

- Market demand insights for traceable wool
- Desirable claims brands wish to make (e.g. origin, animal welfare, compliance)

- Current limits, frictions and challenges to achieve these claims
- Supply chain insights including what data is captured, when and by whom to enable confidence in traceability claims, and
- The nature, methods and systems for data capture.
- Insights from participants on the proposed solution, including:
 - The inclusion of real market data to substantiate wool traceability
 - The value of the supply chain prototype tool for each participant, and
 - The usability of the tool and insights into product iterations to enhance its effectiveness and scalability.

Where to next?

Feedback from the Woolmark certification program and the Everledger POC show a desire for supply chain transparency and as well as a need not to further muddy a market with many certifications and schemes. With this in mind, we are assessing opportunities to provide our Woolmark licensees with tools to improve their wool supply chain transparency and their confidence in sourcing quality Australian wool.

WOOLQ

The WoolQ team remain focused on supporting platform users and highlighting the benefits of MyWoolQ, the data storage and analysis tool of the platform. Category Indicators are close to being added to the platform. The indicators leverage existing market intelligence and provide woolgrowers insight on what wool products their personal wool clip goes into.

5. EMERGING MARKETS

Using the results from our wool use survey conducted in September 2021 we then held a webinar for Bangladesh Sweater Knitters in November. The webinar focused around yarn sourcing (which was outlined as an issue for sweater knitters in the survey, yarn innovations and The Woolmark Licensing Program. We had presentations from Jayashree (India's largest yarn manufacturer) as well as TopMode (Vietnam knitter) who spoke about their positive experience as a Woolmark licensee. The webinar was attended by 83 knitters. We are continuing to communicate with these knitters on sourcing and technical advice and transfer.

The India office will take part in their first trade show since 2019. India Fashion Tex will be held in early March. This will be an opportune time for the team there to reconnect face to face with the textile industry and get an update from our supply chain partners about the status of the industry after covid. They are also working on product development with many brands including sourcing fabrics for Australian Cricketer Shane Watson, who is looking to release a range of casual sports clothes. The Sub-Continent Sourcing Guide will be released in early March. The guide features suppliers from Bangladesh, India and Sri Lanka.

We are starting to work on an updated Emerging Markets Strategy which will coincide with the release the AWI Strategy to be released in June this year. The new Emerging Markets Strategy will relook at existing countries as well as add new ones. The reason for updating the strategy is to ensure we are aligned with the changes in the global supply chain since Covid began and where our opportunities for wool are.

6. FIBRE SCIENCE

1. ECO-CREDENTIALS

European Union (EU) Product Environmental Footprinting (PEF)

AWI continues to actively engage with the EU at both the technical and political levels to improve the environmental scoring system for apparel, known as PEF, to ensure it represents a level playing field for wool and other natural fibres.

A white paper identifying the shortcomings of PEF methodology and proposing solutions is well progressed. This document, which provides the evidence-base supporting the Make The Label Count campaign (MTLC), managed by Marketing, is currently being summarised in a more reader-friendly form together with a slide presentation to help reach wider audiences in the EU. Presentations have recently been given to the European Environmental Bureau, the European Environmental Agency as well as Eurotex members, all of whom are supportive of the initiative. A similar presentation is also planned for a group of 30 Members of the European Parliament who co-authored a letter to Commission, emphasising the need for PEF to treat textiles made from natural and man-made raw

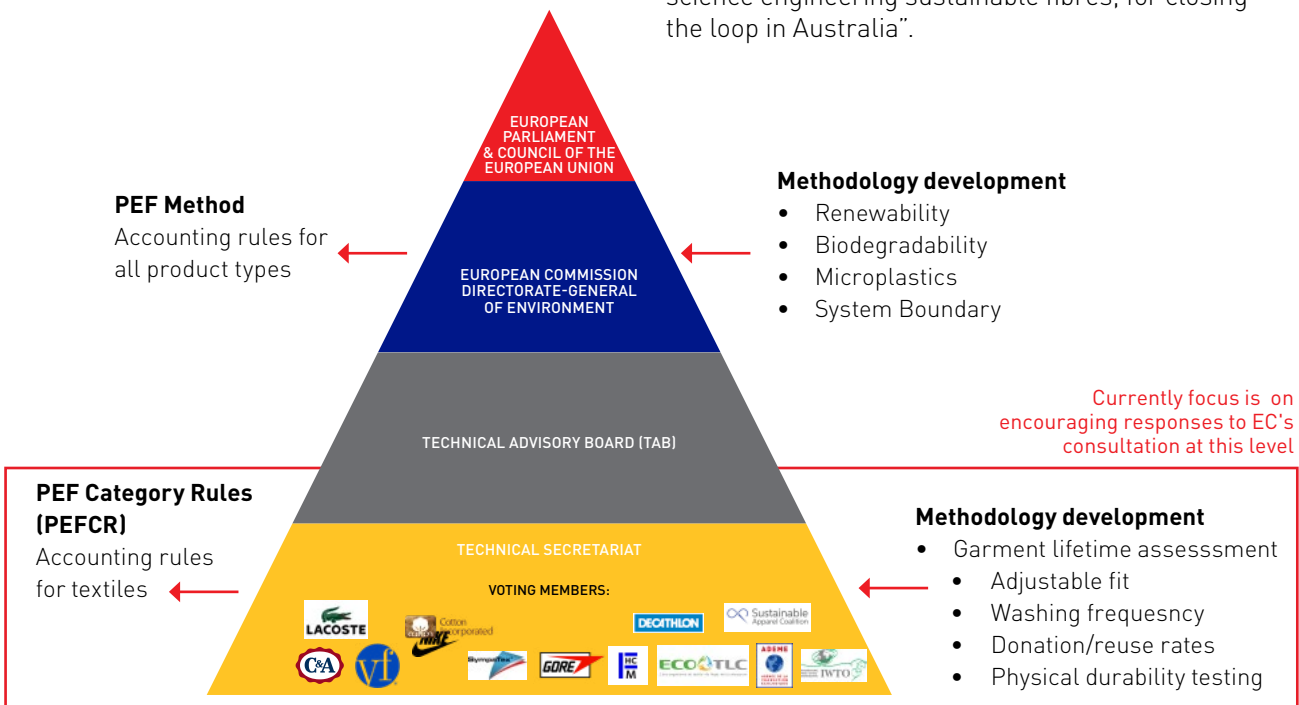
materials equitably. All these actions are targeted at influencing EU decision maker thinking, prior to the tabling of environmental legislation relevant to textiles, which is anticipated in March 2022.

Collaboration is ongoing with Australian DFAT representatives in Brussels to maximise influence and impact.

Highlighting wool's circularity – Extended Producer Responsibility (EPR)

Capitalising on the trend towards circular products, as well as upcoming EPR legislation in Europe which seeks to make brands financially responsible for the end-of-life costs of the clothing they sell, is a key goal. With profitable end-of-life pathways available for wool but not most other fibre types, a project is underway collecting the evidence needed by Marketing to champion wool as 'the supply chain of the future' in a circular, 'EPR-mandated Europe'. The project will help position wool as the optimal fibre to leverage EPR and demonstrate how wool's recyclability will grow demand for virgin wool.

Collaboration is also planned in a CSIRO-led symposium entitled "Threads + Opportunities: science engineering sustainable fibres, for closing the loop in Australia".



Wool industry engagement with EU PEF

7. EXTENSION NETWORKS

FUTURE WOOL

Despite the COVID pandemic, AWI was able to speak with almost 1500 woolgrowers across 56 events in 2021 through Future Wool: an event where AWI provided a meal and a speaker to woolgrowing groups of 20 or more people.

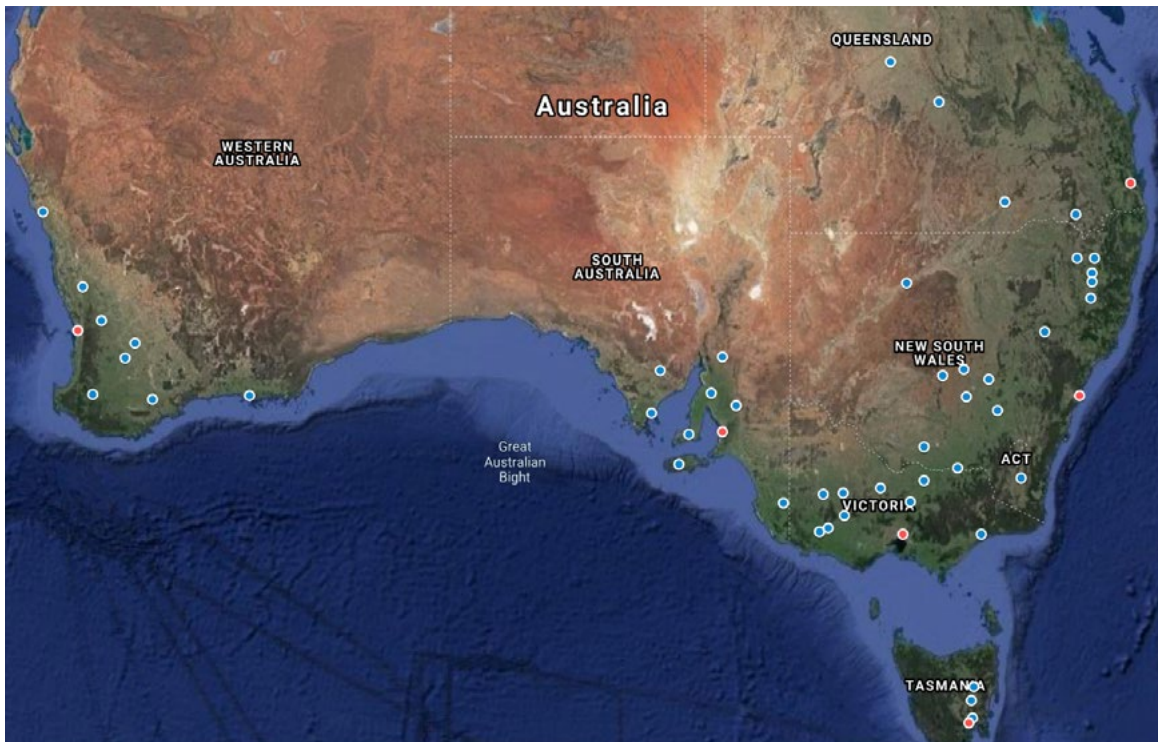
The feedback was overwhelmingly positive, and the events were also a great way to discuss AWI activity across research, development and marketing and hear from woolgrowers in person about their concerns.

All but 6 events were held in person (6 state-based webinars), many at events and with groups we have not travelled to or engaged with for a long time.

The 6 AWI extension networks and their Producer Advisory Panels were crucial in organising and facilitating these events.

Given the popularity and success of the events, the offer will continue to stand, ie. If a group can organise 20 or more woolgrowers together at a time and place of their choosing, AWI will aim to provide a guest speaker to discuss AWI activity and if needed, a specialist manager (eg flystrike update, shearer training, overseas marketing etc) and AWI will pay for a reasonably priced local meal for the group at a suitable venue.

The locations of the Future Wool events in 2021 were as follows:



WOOLGROWER NETWORKS

Every state network is well engaged with AWI, directed by a Producer Advisory Panel of woolgrowers and industry partners that meets twice a year to discuss what is required and delivered to woolgrowers in the state.

The benefits of AWI extension networks over the last two years has been clearly seen in their ability to adapt to fast changing demands to deliver quality and meaningful support to woolgrowers. This has been seen through key information on drought, bushfire, flood and safe COVID operating procedures on top of the usual offering of extensive information and support around seasonal information such as flystrike, worm burdens, containment feeding, weaner management, shearer training and shearing schools.

2021 was largely a year of good seasons across the country for most woolgrowing regions and a strong sense of optimism with good commodity prices and good seasons aligning for many people.

The standout performer during the pandemic has been Sheep Connect NSW network as it has led the sheep industry for informative and engaging weekly webinars with just under 250,000 visits to its website across the last 6 months of 2021 with 65 webinars across the last 12 months or so.

All networks have had to modify their engagement through the pandemic, and many have moved engagement online to some degree, but The Sheeps Back in WA has forged on with key offerings including a well-attended Sheep Easy day at Williams,

Sheep Connect SA has supported its growers through many in person events and workshops as well as timely season-related webinars, Leading Sheep in Queensland is looking to change the model with MLA joining AWI and the Qld Dept of Ag for the next three years of that project, other states where state government collaborates with AWI for extension is Victoria (Bestwool Bestlamb) and South Australia (SheepConnectSA).

2022 is the year where face to face events hopefully come back into their own. Woolgrowers are yearning for the opportunity to meet again and discuss key areas of production during a time of flock rebuilding and optimistic market opportunities. The facilitated group structure of the Victorian Bestwool Bestlamb network is best placed for this given its tried and tested “farmers learning from farmers” model while in Tasmania the woolgrowing regions are looking at the many ways sheep fit into a diverse and highly profitable production landscape.

AWI is well placed to continue to support the woolgrowers it serves through the state-based extension networks.

8. SHEARING

From July to December 2021 AWI has trained a total of 1859 people.

A total of 1015 shearers, and 371 wool handlers have completed their 'In shed' training. 132 of these shearers were new entrant learner shearers.

AWI has also trained a total of 473 participants through novice / Improver courses and AWI workshops.

There is an expectation for AWI to source and find new entrant workers to the wool harvesting industry. To date contractors are short of staff and are not keeping up with the demand of shearing.

There continues to be good seasonal conditions, and excellent lambing rates across most of the country, however COVID continues to complicate the industry workloads.

NOVICE SCHOOLS

A total of 26 novice school programs have been planned for 2022 in NSW as AWI continues to aim to increase participation rates in the industry. AWI is aware that sheep numbers are increasing and increasing the novice entry level training is critical to attract and provide a pathway for new entrants into the industry.

IMPROVER SCHOOLS

AWI continues to have a strong improver shearer program, and are planning on implementing more improver schools, particularly in NSW and WA. Overall, this training helps to consolidate the skills required and improve the shearers retention to industry. AWI's focus is to ensure that a combination of "in shed" training and structured schools offers value to participants.

NSW HIGH SCHOOL WORKSHOPS

A total of 35 high schools have registered for a one-day AWI workshop, which will run from April to July 2022. This pilot program will use contracted AWI trainers, with a practical emphasis & workshop away from the school grounds to engage the next generation of wool harvesting staff. This program will target students looking at leaving school, provide direction and opportunities

TOOLS FOR TRADE / BREAKING DOWN THE BARRIERS

The 'Breaking down the Barriers' Project has been well received from Industry. AWI have the following learners on stands working as learner shearers, with the AWI learner toolbox as an incentive, the initiative by AWI has started & been well received by the contractors and wool growers. These figures are up to date as of 1st Feb 2022.

LEARNER SHEARERS BY STATE

NSW	47
WA	31
VIC	34
SA	14
TAS	6
TOTAL	132

The criteria for learner shearers to obtain the toolbox is consistent across all states and requires new entrant learners to enrol into a competency-based Certificate II in shearing and be working on a stand as a learner shearer full time.

9. MARKETING

The following paper provides an update on AWI's Global marketing strategy and achievements from November-January.

USA/EUROPE – CONSUMER MARKETING

To defend our core Merino wool offering and drive high volume sales, e-commerce partnerships have been completed or are underway with Farfetch, Bloomingdales, Zalando and Matches.

PARTNER	POSITIONING	BUDGET	STATUS
Farfetch	Luxury	\$ 320,000	Completed – reporting due February 2022
Matches	Luxury	\$ 100,000	In progress
Saks	Luxury	\$ 200,000	In discussion
Bloomingdales	Mid-tier	\$ 320,000	Completed – highlights below
Zalando	Mid-tier	\$ 210,000	Completed – reporting due February 2022

Bloomingdales:

The Woolmark x Bloomingdales partnership, which ran throughout October-November 2021, was centred around an A/W21 digital campaign which highlighted, celebrated and educated consumers on the benefits of Merino wool whilst providing a direct path-to-purchase on the brands e-commerce platform.

The campaign included content creation, banner placements on the bloomingdales.com homepage for one week, integration into the bloomingdales.com editorial look book for one month, two dedicated emails to the Bloomingdales consumer database and social exposure across Bloomingdales' channels.

Highlight results:

- **2.3M+** social impressions
- **33.5k+** clicks to shop
- Women's: **+44% YoY** uplift in wool sales
- Men's: **+68% YoY** uplift in wool sales

FASHION BRAND PARTNERSHIPS

Alongside e-commerce partnerships, we have engaged several leading fashion brand partners, including Victoria Beckham (results below), Levi's (results due February), Benetton (results due February) and Cubus (results due March), to drive awareness of Merino wool as the ultimate luxury fibre and promote Merino wool sales.

Victoria Beckham:

We partnered with British luxury fashion brand, Victoria Beckham, to design a knitwear collection filled with cosy and comfortable sweaters, cardigans and knitted accessories for adults and children. The colours were created using a unique plant-based dye process by Woolmark licensee Tintoria di Quaregna and the collection can be traced back to five Australian wool growing properties.

The collection launched on 21 October and is stocked on victoriabeckham.com as well as 42 retailers across the globe.

Highlight results to date:

- Earned media: **181** media clippings with an earned media reach of 523M and earned media value of \$2.3M
- Social campaign: **5.9M** impressions (90% above KPI), 30k website clicks (157% above KPI), 3.3M video views (528% above KPI)

Victoria Beckham will provide their report mid-late January and results will be shared in February.

PERFORMANCE GROWTH PARTNERSHIPS

A second, smaller scale iteration of the Feel Merino campaign is currently live, running 8 November – 28 February, driving growth in the performance wear sector and building upon the success of the 2020/21 campaign. The campaign includes:

- Creation of new performance assets, providing a refreshed look and feel for our internal (social, website, EDMs, etc) and external (Amazon store, Amazon media) platforms

- Amazon US media partnership
- Amazon Canada media partnership
- Paid social campaign

The following results are based on a media spend of \$384k to date. The total media spend across Amazon US, Amazon Canada and social will be \$700k and as such, these results will continue to increase over the coming 2-months.

		Results to date*	Campaign KPI	KPI Status
Awareness	Impressions	51.5M impressions	40 million	Exceeded
	Video views	16.3M	-	-
	Awareness	TBC post campaign	6pt uplift	Not yet available
Consideration	Clicks	483k	131,000	Exceeded
	Store visitors	298k	200,000	Exceeded
	+ organic searches for Merino on Amazon	TBC post campaign	-	Not yet available
	Consideration	TBC post campaign	1.0-1.5pt uplift	Not yet available
Demand	Purchase intent	TBC post campaign	0.3-0.7pt uplift	Not yet available
	Consideration	\$369k	-	-
	% 'New to brand'	35% of sales to date are new to brand purchases	-	-
	ROAS	TBC post campaign	-	Not yet available

*Final results due March 2022.

Alongside the campaign, performance partnerships are under way with Wiggle, Perfect Momentum (including a global partnership with Net-A-Porter and Net-A-Porter China), Vilebrequin and the Venice

Gondoliers. These partnerships will be centred around digital takeovers, Merino wool hubs and social amplification across partner channels, tapping into highly engaged sports enthusiast communities.

JAPAN – CONSUMER MARKETING

A/W Consumer Campaign:

The Japan A/W Consumer Campaign ran from 22 October – 21 December 2021. The campaign included a Merino wool hub on e-retailer Zozotown, with traffic being driven to shop through a robust multi-channel digital and social campaign.

Highlight results include:

- **611M+** impressions
- **8.7M+** video views (view through rate exceeded industry standards)
- **913k** social engagements
- **316k+** clicks to shop
- **315** brands partners included on the Merino wool hub page on Zozotown
- **50k+** Merino wool hub page views on Zozotown
- An average 142% uplift in WoW Merino wool units sold pre vs post homepage banner throughout campaign period
- An average 154% uplift in WoW Merino wool sales value pre vs post homepage banner throughout campaign period

Brand Partnerships:

The Japan team have also partnered with e-retailer's Onward Group (focused on positioning Merino wool as the ultimate luxury fibre) and United Arrows (focused on a 'back to the office' campaign post-COVID), which launched in November. Both partnerships include the creation of Merino wool hubs with social and digital campaigns driving consumers to shop Merino wool product. Results to be provided in February 2022.

CHINA – CONSUMER MARKETING

A/W2021:

Most recently, we launched the A/W2021 campaign, which included activations during Tmall's Wool Week in October, Double 11 Festival in November, and Double 12 Festival in December. With an increased budget, we were able to amplify the A/W2021 campaign to new heights, resulting in millions of additional Tmall page view and ultimately, Merino wool sales, the engagement of higher profile KOLs to communicate the benefits of Merino wool to their highly engaged audiences, and partnerships with additional brand partners which drove sales through the Double 11 and Double 12 Festival periods.

- **1,914,952,714** impressions (1.9B)
- **54,100,936** video views (54M)
- **+40.5%** increase in awareness for Merino wool
- Purchase intention for Merino wool has significantly increased, and the percentage of consumers who have higher intention was 87.1%, up by 22.4% from the previous year
- **380 million** Wool Hub Page Views (27% increase YoY)
- **AU\$122million** in wool sales (40% increase YoY up from \$87M for AW2020) throughout Wool Week, Double 11 Festival and Double 12 Festival, including:
 - AU\$35million Wool Hub Sales (28% increase YoY up from last year's wool pavilion)
 - AU\$8.8million Live Stream Sales (24,275% increase YoY up from last year's wool live stream)
 - 515.5k Merino wool units sold, \$71.67M in Merino wool sales (18% increase YoY) and a 57% YoY increase in ticket & label orders (reflecting increased Merino wool units) across brand partners MO&Co., Lily, Eifini, GXG and Dazzle in Double 11.
 - Double 12 reached Au\$6.6million in Merino wool sales (19% up YoY) across another two partnered brands: Edition and Banxiaoxue.

10. COMMUNICATIONS

The end of 2021 and the first month of 2022 were busy months. Key announcements include:

- marketing success in China
- a significant funding boost to efforts to fight flystrike,
- shearer training workshops across social media,
- the declaration of WoolPoll 2021, and
- the Annual General Meeting including the election of three directors.

SOCIAL MEDIA AUDIENCE AS OF 10/2/22



4,691 likes
5,762 followers



4,725 followers



7,611 followers

RECENT NEWS RELEASES

<https://www.wool.com/about-awi/media-resources/news/driving-more-sales-of-australian-wool-in-china/>

<https://www.wool.com/about-awi/media-resources/news/2022-awi-emerging-young-leaders-scholarship-winner/>

<https://www.wool.com/about-awi/media-resources/news/everledger-awi/>

<https://www.wool.com/about-awi/media-resources/news/flystrike-the-big-wet-makes-the-risk-high/>

<https://www.wool.com/about-awi/media-resources/news/victoria-beckham-perfectly-paired-with-merino/>

<https://www.wool.com/about-awi/media-resources/news/merino-wool-from-the-americas-cup-to-venice-gondoliers/>

<https://www.wool.com/about-awi/media-resources/news/awi-graduate-training-program-welcomes-new-intake/>

<https://www.wool.com/about-awi/media-resources/news/awi-breeding-leadership-is-back-in-2022/>

<https://www.wool.com/about-awi/media-resources/news/one-new-director-elected-to-awi-board/>

<https://www.wool.com/about-awi/media-resources/news/woolpoll-2021-result/>

<https://www.wool.com/about-awi/media-resources/news/agm-and-director-election-reminder/>

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<https://www.wool.com/about-awi/media-resources/news/awi-investing-more-on-fighting-flystrike/>



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