

AWI BUSINESS UNIT UPDATE

FEBRUARY 2023



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5. Emerging Markets	14	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.
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9. Marketing	20	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. 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.

MARKET ANALYTICS

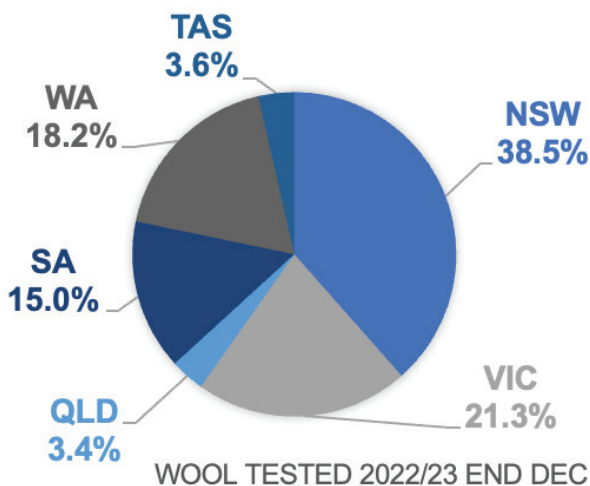
PRODUCTION

The first half of the 2022/23 season has seen little to no change with the volume of wool tested by AWTA Ltd thus far. As at the end of December 2022, the AWTA key test data shows that 0.2% less wool has been tested.

	2022/23	2021/22	kgs diff.	% diff.
NSW	61679	60065	1614	2.7%
VIC	34201	36388	-2187	-6.0%
QLD	5490	4507	983	21.8%
SA	24109	24214	-105	-0.4%
WA	29107	29432	-325	-1.1%
TAS	5742	6015	-273	-4.5%
TOTAL	160328	160621	-293	-0.2%

Against the AWPFC forecast of a 5.0% increase for this current season, there needs to be an average increase in wool tested of 10.1% every month from January through to the end of the 2022/23 season in June 2023 for that forecast of 340mkg to be met.

Despite the widely published climactic conditions that have (and continue in some areas) affected shearing and delivery of bales into brokers stores, the negatively influenced state of NSW has seen an increase in volumes tested of nearly 3% compared to last year at the same time. NSW remains the dominant wool growing state and contributed 38.5% of the national production.



Victoria has been significant in the loss of production so far. 6% less wool has been put into AWTA for testing from Victoria. Queensland continues to lift their national contribution and the first half of the 2022/23 season has seen 22% more QLD grown wool tested. This gain is coming off a very low production base as it represents just 3.4% of the Australian total. All other states have seen less wool tested

The AWTA key test data shows 17% of wool tested was broader than 23.5micron. This is an identical percentage for the same period last season, so the data is currently opposing the anecdotal thoughts of an increasing broader wool (crossbred type) supply being produced in Australia.

AUCTION VOLUMES

At auction, by the end of week 29 (20/01/2023) AWEX reports that for the 2022/23 selling season there had been:

- Offered: on offer were 899,931 bales (approx. 162mkg greasy) at auction this season compared to the 892,250 bales (approx. 159.7mkg) offered at the same point of last year. That is 7,681 bales (approx. 1.4mkg) or 0.9% more wool offered or an average of just 334 additional bales offered each sale week.
- Sold: 789,563 bales (approx. 150mkg greasy) were sold at auction this season compared to the 768,205 bales (approx. 137.5mkg) sold at the same point of last year. That is 21,358 bales (approx. 3.8mkg) more or 2.8% more wool sold or an average of 929 bales sold per sale week.
- Total raw wool: the value of total raw wool sold at auction of \$1,221 million which is \$39 million less than the \$1,260 million sold by the same point in time last year.

Exports

	2021/22	2022/23
China, P.R.	263.8Mkg 79%	49.8Mkg 82%
India	17.2Mkg 5%	4.2Mkg 7%
Italy	14.8Mkg 4%	2.6Mkg 4%
Czech Republic	12.7Mkg 4%	1.1Mkg 2%

Current season is for July to August, prev. season is 12 mths.

MARKET ANALYTICS

- Clearance rates: clearance rates this season were 87.7% of all wool offered compared to the 86.1% cleared over the same period of the 2021/22 season. This is a 1.86% improvement in sentiment to sell wool by growers.

WOOL PRICE

Since the commencement of the 2022/23 season, the Eastern Market Indicator (EMI) has depreciated from 1407ac/clean kg to conclude week 29 (20th Jan 2023) at 1341ac/clean kg. This is a seasonal loss of 66ac or 4.7% in Australian dollar terms.

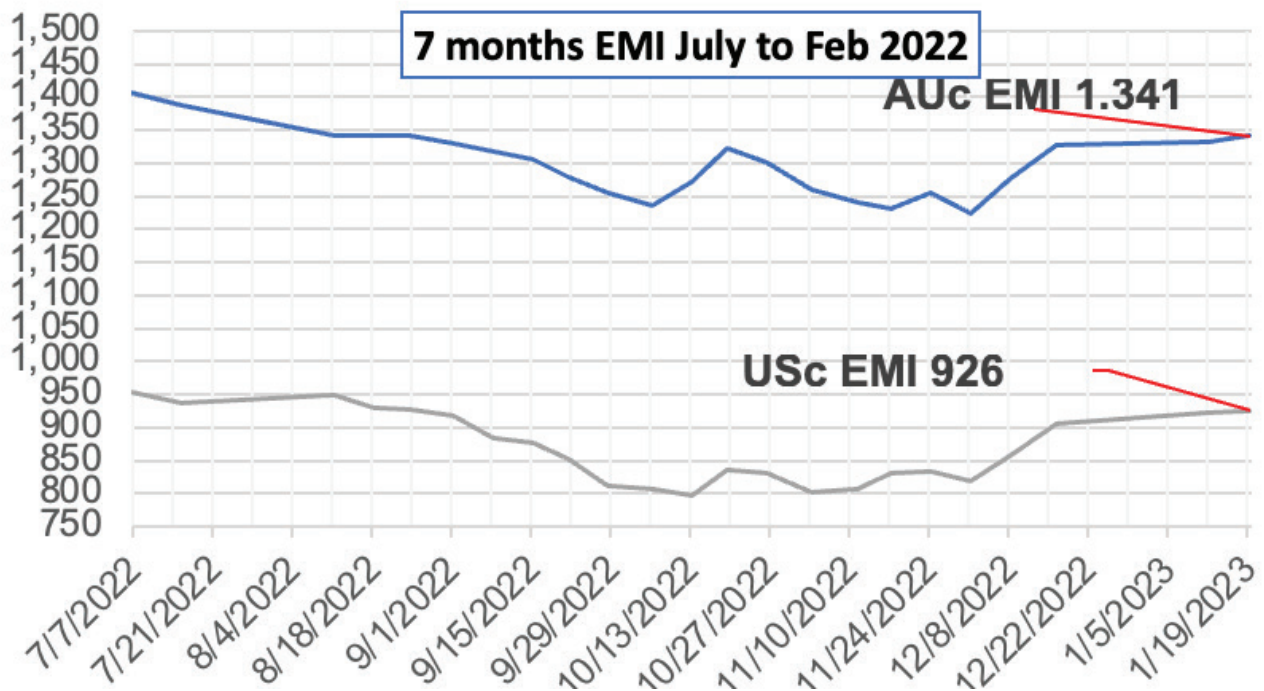
More indicative of the improving demand, the USD EMI has fallen from 955usc/clean kg at the start of the season in July to be 926usc/clean kg by the end of week 29. This is a seasonal (7 month) depreciation of 3% or 29usc in US dollar terms, outperforming the Australian dollar values.

MICRON CATEGORY PRICE

The two sales prior to the 2022 Christmas recess in December which lifted prices substantially, somewhat masked the difficulty of the preceding season largely. Prices struggled for many months and the low prices being offered were disappointing to many Australian wool growers, but they understand the challenges of selling a luxury fibre product under the tough global economic conditions presently.

Wool growers are aware of the high inflation, covid policy restrictions and exorbitant energy costs, of which their businesses are faced with as well. This has seen a strong sentiment to sell at auction rather than hold, compared to previous seasons.

As at the end of the first half of the season, wool prices had been in a general decline since the start of the season. The super fine Merino wools have borne the brunt of the heaviest c/kg and percentage losses. In AUD terms the ultra-fine and super-fine types have lost around 22.5% whilst the fine and medium Merino are just 1 to 2% lower. Crossbreds are similarly affected at around 11% to 16% lower.



The USD prices though tell the true raw wool value story. The losses at the finest end of the Merino spectrum (less than 18.5micron) average around 24% and the rest of the clip has recorded falls to the magnitude of 6 to 13% in just six months of selling. The USD EMI fell 16% between July and December 2022.

AU dollar	EMI	16.5 mic	17.5 mic	18.5 mic	19.5 mic	21.0 mic	26.0 mic	28.0 mic
Jul-22	13.98	29.33	24.29	18.77	15.62	14.02	7.05	4.06
Aug-22	13.42	28.63	23.65	18.06	15.00	13.15	6.47	3.86
Sep-22	12.98	26.86	21.54	17.21	14.93	13.14	6.67	3.62
Oct-22	12.82	24.12	20.59	16.73	14.89	13.36	6.70	3.54
Nov-22	12.48	22.63	19.95	16.63	14.59	13.05	6.15	3.40
Dec-22	12.76	22.73	20.24	17.08	15.32	13.87	6.26	3.39
LOSS	1.22	6.60	4.05	1.69	0.30	0.15	0.79	0.67
% LOSS	8.7%	22.5%	16.7%	9.0%	1.9%	1.1%	11.2%	16.5%
Average	13.07	25.72	21.71	17.41	15.06	13.43	6.55	3.65

US Dollar	EMI	16.5 mic	17.5 mic	18.5 mic	19.5 mic	21.0 mic	26.0 mic	28.0 mic
Jul-22	9.80	20.55	17.02	13.15	10.94	9.82	4.94	2.84
Aug-22	9.26	19.76	16.32	12.47	10.35	9.08	4.47	2.66
Sep-22	8.44	17.46	14.01	11.19	9.71	8.54	4.34	2.35
Oct-22	8.23	15.49	13.22	10.74	9.56	8.58	4.30	2.27
Nov-22	8.36	15.16	13.36	11.14	9.77	8.74	4.12	2.28
Dec-22	8.56	15.24	13.57	11.45	10.27	9.30	4.20	2.27
LOSS	1.24	5.31	3.45	1.70	0.67	0.52	0.74	0.57
% LOSS	12.6%	25.8%	20.3%	12.9%	6.1%	5.3%	15.0%	20.1%
Average	8.77	17.28	14.58	11.69	10.10	9.01	4.39	2.45

Following on from the swift price increases of the two December sales, it is interesting to note that just the 19.5micron and 21.0micron types closed above the 6 month seasonal average prices. Much improvement is still needed on all other types, but those gains are a very good foundation on which to build.

The semi recovery of the China market in December certainly proved what an impact that nation has when raw materials are required. China is by far the single most important trading partner for Australian wool, and it is very pleasing to see that country and its many wool manufacturers and factories return to wanting Australian wool. In just two weeks, their renewed purchasing power added over 100ac clean/kg to Australian values and if the interest continues, we could very quickly see a return to the 1000usc EMI values that are required as a minimum to make wool growing compete with other alternative land uses that Australian farmers can choose.

WOOL SCHEMES

The past 2 months has seen the majority of RWS accredited wool attract negligible premiums. Still, a 0 to 4% advantage can still apply. This situation is also evident in South Africa. The NM wools – non accredited – seem to be attracting similar results presently. Most of the RWS accredited wools offered have been less than 18 micron and very little broader wool has been offered.

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.

Grower Extension: Ramping up the delivery of grower extension on flystrike management and breeding for flystrike resistance to reduce risk. 16 SimpliFly workshops held by end 2022, ClassiFly workshops still in pilot stage.

Training growers and agriculture advisors in moving to a non-mulesed enterprise. This focus addresses the Wool 2030 target of growers having the confidence and tools to manage flystrike without mulesing. StrateFly and AmpliFly resources are under development.

Flystrike vaccine development: In vivo sheep trials are complete and show efficacy below 25%

ParaBoss website and online resources are more accessible to growers. An updated website has been launched.

Sheep Sustainability Framework online progress reporting dashboard development. Annual report published [ssf-update-22](#) (sheepsustainabilityframework.com.au); dashboard in development.

Flystrike Management: Commissioned additional research in flystrike management tools targeting the viability of the fly including chemical resistance. Sterile Insect Technique contract under negotiation and Chemical Resistance Modelling project underway.

Vertebrate pest/wild dog: Control Provision of vertebrate pest/wild dog control coordination co-funded with other sectors in states or regions where coordination is newly, poorly or inadequately established. National Wild Dog Management Coordinator and, North East NSW, Victorian and SA Coordinators funded.

Support for national organisation wide pest management initiatives which address issues facing the wool and sheep industry. National Wild Dog Action Plan supported.

Provide wool industry appropriate support to on-going integrated rabbit control: Centre for Invasive Species Solutions delay contracting.

Hard seeded legumes: Improve the understanding of the use of hard seeded legumes in low rainfall environments to give woolgrowers greater options to manage a variable climate:- Final report estimates 135,000 ha of novel legumes sown in 2022.

Australian Pastures Genebank: Investments in pasture and forage plant genetic resources to enable researchers and plant breeders to better access and utilise germplasm for the benefit of the wool industry. Australian Pastures Genebank funded within RDC collaboration.

Ewe condition score: Release updated information to industry regarding ewe condition score (CS) targets for joining and the value of feeding to improve CS. Analysis of data completed. Awaiting final report with extension of findings to follow in the first half of 2023.

Pregnancy scanning: Updated pregnancy scanning materials released to industry which promote pregnancy scanning for multiples and preferentially manage ewes based on pregnancy scanning. Final report published showing \$5.75/ewe profit from scanning.

Pasture species: Tools made available to growers to assist them in choosing pasture species suited to their region and production system. Review and updates to existing resources to include recent research outcomes.

GHG emissions: Research tools and practices to mitigate GHG emissions from the sheep industry. First asparagopsis pen study commenced. Received a government grant for paddock delivery mechanisms and extend scope to 3-NOP and Agolin.

Increasing reproduction outcomes through an increased weaning rate by 0.5 percentage points per year:- due to be reported from MERINOSELECT data of 30th June 2023.

Productivity: Increasing overall wool growing productivity through an increase of 4 Index points per year:- due to be reported from MERINOSELECT data of 30th June 2023.

Flystrike resistance: Breeding for increasing flystrike resistance through increasing the phenotyping of Merino breech wrinkle, dag, stain and cover. Due to be reported from MERINOSELECT data of 30th June 2023.

MLP: Maintaining confidence in the MLP project and AGBU analysis. MLP retains its broad consultation with breeders, commercial growers, classers and researchers through the MLP Analysis and Reporting Committee - meetings held 2nd November 2022.

Wool harvesting. Wool harvesting innovation alternative and or innovative solutions to increase shearing efficiency and improve shearer and or animal welfare:- Biological wool harvesting contract in negotiation.

Develop or adapt new technologies to increase sustainability and wool production efficiency. Grant success for using back muscle sensing system to objectively measure shearing equipment.

Data Platforms: Support the development of data platforms and support tools to optimise decision making. AWI has supported an application to the National Ag Traceability RegTech Grant to develop the MVP of the Australian Agrifood Data Exchange project.

Improve technology adoption by increasing awareness and capacity. No suitable project at this time.

INDUSTRY DEVELOPMENT

TECHNICAL DEVELOPMENTS: GERMANY

The **HUGO BOSS KNITTED SUIT**, launched in October 2022 in global flagship stores.

This product development uses new knit technologies in garment construction on a STOLL ADF whole garment knitting machine.

The innovative product development is a completely newly designed product. In contrast to traditional men's suits, the material composition cannot be differentiated between the outer fabric and the other processed materials (e.g. lining) because all parts of the "Knitted Suit" are manufactured fully fashioned and simultaneously (with different yarns) on the STOLL ADF knitting machine. Traditional men's suiting was never exclusively made of new wool, considering the materials used for the lining and inlays. With the "Knitted Suit" non-wool yarns are used to provide certain areas with additional performance and strength.



SKODA ENYAQ:

Škoda has set itself the goal of integrating sustainability throughout the entire value chain and its underlying processes and to create an added value for the company, the environment and society. As part of Škoda's sustainable strategy, Škoda manufactures a car model utilising wool complying with the Wool Blend Fabric standards for its car seat covers.

Product development started in 2019.

The fabric within the Skoda ENYAQ / Lodge is a woven fabric appr. 320g/m² (without cushion) / appr. 550g/m² in total. Fabric supplier is AUNDE / Germany. Yarn supplier is Schoeller / Austria, quality: Traveltex 60% PES (4,4 dtex) & 40% WV (26,5mic), Nm 28/2.

In February 2020 a Marketing agreement between Skoda & TWC was signed. The relevant seat covers will bear a Wool Blend logo to display the wool content and quality certification.

From launch Skoda sold 4,000 ENYAQ vehicles with wool interiors (Lodge), with an equivalent of 24,000 m² of fabric.

We received confidential information that the Lodge Interiors (with wool content) will be extended to the model Octavia in 2023.



UGG, UNITED STATES

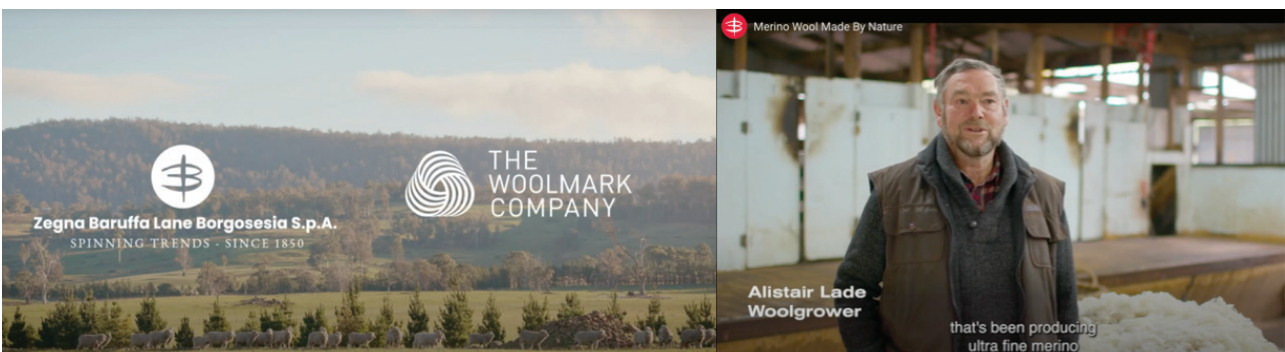
Engineered Knit Footwear

The second prototype has been delivered to UGG, and we now await comments to apply to the third and final prototyping round. There is potential this second trial could receive final approval, because the execution was spot on by INDhouse.

ZEGNA BARUFFA LANE BORGOSESIA 'MERINO WOOL MADE BY NATURE'

This campaign was featured at the Zegna Baruffa Lane Borgosesia stand at Pitti Filati highlighting Woolmark's partnership and the campaign video featuring Australian Woolgrower, Alistair Lade – Glenraanoch, Victoria, Australia.

The Woolgrower component of the video was shot on location with the Woolmark videography team, Kieren Robison & Angus French, and Marius Cuming.



INDUSTRY DEVELOPMENT

STUDENT EDUCATION: FASHION STUDENT PROGRAMS

Post COVID since July 2022 a total of 7 seminars/workshops were delivered with a total reach of 350 students.

Feature seminars/workshops include:

- RMIT Vietnam – Naturally Inspiring Seminar, 40 students
- Donghua University, China – Innovation Masterclass, 50 students
- Lovely Professional University, India – Wool Appreciation Course and Wool Lab, 140 students

WOOL SCIENCE & TECHNOLOGY EDUCATION PROGRAMS (WST&DEP)

38 students attended a series of Wool Education lectures as part of the Dong Hua university summer schools. 6 lectures each 2hrs were delivered on the subjects of

- Wool fiber structure and properties
- The sustainability of wool products
- Worsted and Woolen spinning
- Knitwear design and Manufacture
- Innovation in processing
- Innovation in wool products

The lectures were given by Prof SM Carruthers (Heriot-Watt university), Brenda Yang (TWC-HK), Zhu Mei (TWC-SH) and Allan De Boos (TWC-Aust). The open book exam following the summer school yielded 'completion' awards (requiring a pass) for all students as well as some very high scores.

The course on Wool Wastewater Management including the final assessment questions has been prepared for uploading to the Woolmark Learning Centre.

The necessary student guides for the WoolSTEP courses (Dyeing and Fabric Finishing) starting at Yantai Nanshan university in late August have been prepared and sent.

WOOL4SCHOOL (WWW.WOOL4SCHOOL.COM)

The Australia Wool4School competition concluded with the winner's announcement taking place on 1st September 2022.

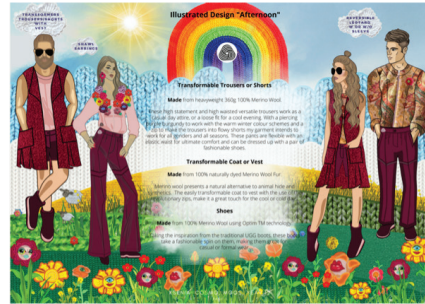
This year we asked students, who is your hero? Is it a fashion icon or an athlete or an artist or family member? This year we want you to celebrate your hero by designing them an outfit that embodies your interpretation of sustainability.

The 2021/22 Wool4School competitions across Australia, Italy and UK have now concluded, the winners are:

AUSTRALIA:

Ksenia Cosmo, Melbourne Girls Grammar School

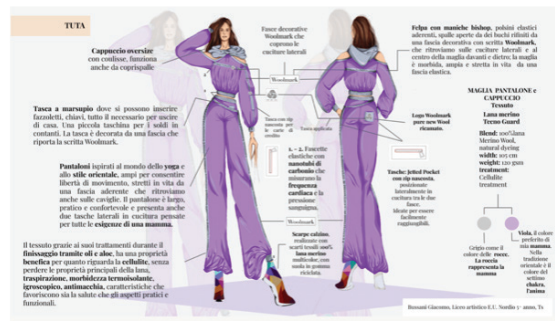
HERO: Courtney Act and Elton John



ITALY:

Giacomo Bussani, Liceo Artistico E.U. Nordio

HERO: His Mother, Michel



UNITED KINGDOM:

Eva Hays, Invicta Grammar School, Kent

HERO: Singer-song writer Harry Styles



WOOL SCIENCE & TECHNOLOGY EDUCATION PROGRAMS (WST&DEP)

The EOS summit takes place annually. The 2023 EOS Summit will be in Germany.

Targeted to senior management of outdoor brands, focusing not only on textiles but the industry overall including strategy and trends. This year saw a higher representation of CSR and sustainability leaders, which reflected the key topics being discussed this year. Presentations, panels, and breakout sessions followed the Summit's theme: Finding Balance and Success within Disorder.

This was Woolmark's first participation at an EOS Summit. An opportunity to continue to position Merino wool in the Global performance apparel and accessories market.



INDUSTRY DEVELOPMENT

FDCI X LFW IMPACT HUB: 12-16 OCTOBER 2022

The Impact Hub platform introduced, for the first time, at Lakme Fashion Week (LFW) in partnership with the Fashion Design Council of India to bring to the forefront the latest innovations, ideas and processes making the fashion industry more sustainable and circular.

Key Objectives:

1. Raise awareness for Australian merino wool with targeted audience, Indian fashion industry, opinion leaders and Gen Z
2. Align TWC and wool with sustainability and circular fashion
3. Reconnect with trade, designers, students and media post pandemic



SUSTAINABLE FASHION EXPO: 18-20 OCTOBER 2022

The Woolmark Company Japan was a guest partner on the Japan Wool Sustainable Committee stand at the Sustainable Fashion Expo in Tokyo for the 3rd time. This partnership unites wool Associations in Japan to collectively promote the benefits of wool to the fashion industry including:

- Japan Wool Sustainable Committee (Stand host)
- The Woolmark Company
- British Wool
- New Zealand Merino



LA CASERNE, PARIS: SEPTEMBER 2022

Saint-James workshop: a 1-day workshop organized with the brand's Gen-Z team (they are creating a capsule collection to twist their key products and reach a younger audience) including:

- a visit at IFTH FabLab (offering technical services to fashion professionals to produce eco responsibly and innovatively)
- a Woolmark introduction presentation (a 360° overview of Woolmark and the wool fiber/industry)
- a marketing presentation and WoolLab introduction.

The Wool Lab visit:

Blue Marble, Salvatore Ferragamo, students from HEC school (following the MBA program)

Naturally Inspiring Seminar

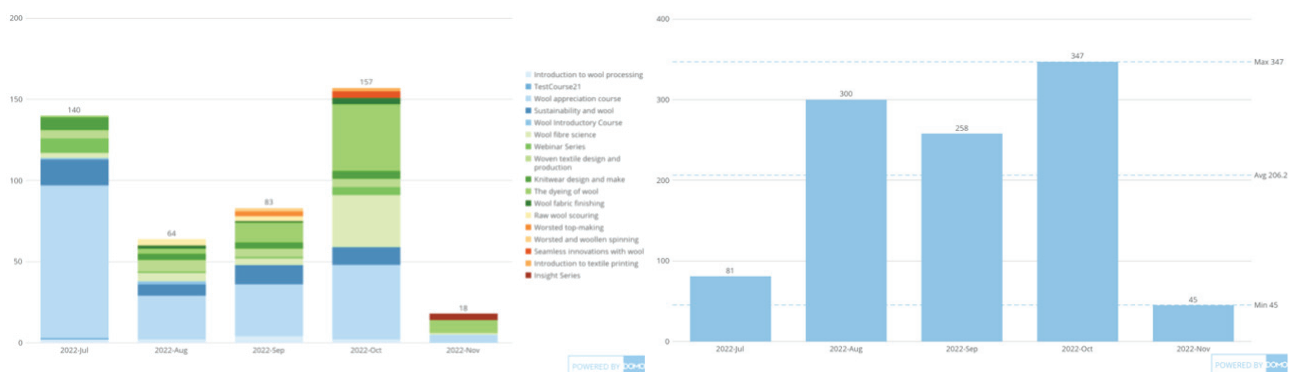
With Paris School of Luxury (1st contact with this school)



WOOLMARK LEARNING CENTRE

There were 240 WLC course completions for the months of September and October 2022:

There were 605 new registrations for the months of September and October:



TRACEABILITY & WOOLQ

The key focus of the platform remains developing the eSpeci connection between AWEX's WoolClip to AWI's WoolQ. Despite efforts from both organizations, the work is still in progress and trials are due to commence in February, rather than the planned December. We expect the product to be available to all growers by March.

The Supply Chain Builder tool for Woolmark Licensees to trace Australian wool is beginning to ingest data for its pioneer partners. Sportscraft are using the tool to trace wool in their Autumn/Winter 2023 orders. The target is to have the tool available to all licensees by June 2023, after taking on further feedback from the initial pioneer partners.

Collaboration with AWEX and AWTA remains essential for advancement in the traceability space. Regular meetings are taking place with both bodies, as well as the Australian Council of Wool Exporters and Processors (ACWEP) and the National Council of Wool Selling Brokers of Australia (NCWSBA).

EMERGING MARKETS

Vietnam – Partnering with DaLat Worsted Spinning (DWS) and Suedwolle group, we ran the Circular Knitters Tour at the DWS factory in Da Lat, Vietnam. The objective of the Circular Knitters Tour was to connect the spinning mill with circular knitters in Vietnam who do not currently use wool or use little wool in their production and provide them with wool knowledge and connectivity to DWS as well as Woolmark. The tour included presentations from Suedwolle, Woolmark (WAC and Wool Innovations), Designer Textiles Vietnam (YoungOne group) and VITAS (Vietnam Textile and Apparel Association). There were over 120 attendees from the Vietnam textile industry and within that number 21 circular knitters. From this workshop we are now conducting wool circular knitting trials with 11 circular knitters.

Local brand Ivy Moda released their 2nd women's wool collection, this is made up of 16 pieces and is available in 75 stores across Vietnam.

Bangladesh – Working on sourcing short wool staple spinning trial participants for Michell Wool and assisting YoungOne with planning of installation of a combing plant in their Chittagong facility.

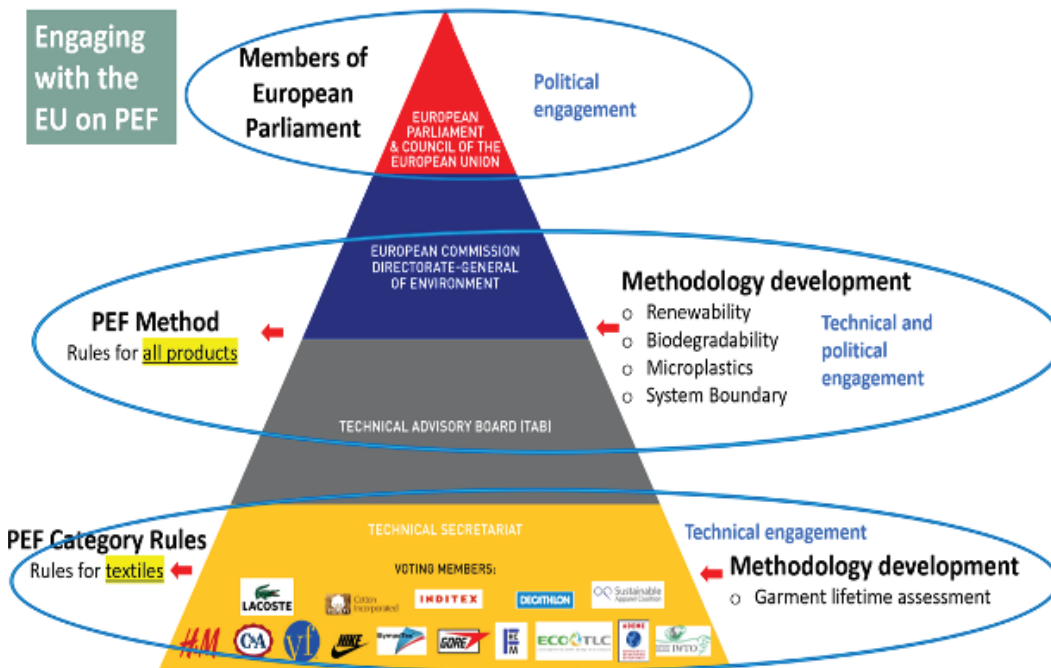
Thailand – Planning stages for a wool workshop with Indorama and their Thailand customers for mid 2023.

FIBRE SCIENCE

1. EU Product Environmental Footprinting (PEF)

Over the last three years AWI/IWTO has been engaging with the EU to influence and improve PEF methodology to help create a level playing field for wool products in this proposed textile rating scheme.

The EU is a large organisation and we've found it necessary to engage at each level in their decision-making structure.



i. Red level – European Parliament & Council of the European Union

Good engagement is occurring with Members of the European Parliament through the Make The Label Count campaign (MTLC).

The EC's initial response to the MTLC's white paper, which argued for the inclusion of new indicators in PEF to create a more level playing field between natural and synthetic fibres (i.e. plastic waste, circularity and microplastics), was to argue against it. However, they appear to be softening this stance with the growing pressure from MTLC and like-minded NGOs, in particular with regard to inclusion of accounting for microplastics, although we don't yet have insights into the timeframe for doing so.

ii. Blue and Grey Levels - Directorate-General of the Environment (DG ENV) and Technical Advisory Board (TAB)

The PEF process is overseen by the EU Directorate-General of the Environment which in turn relies on the Technical Advisory Board (TAB) to validate adoption of any new methods. Engagement is currently underway with DG ENV staff reviewing the LCA datasets they intend to use for account for the wool industry's environment impacts in PEF. We have identified significant flaws, such as overestimating the GHG emissions from wool by a factor of four and other impacts by much greater margins.

The EC has finally agreed to accept higher quality LCA data for the wool industry on the proviso this information is provided in an EF-compliant format and within a very short time-frame. This is not a small task and AWI is prioritising delivery of this dataset.

FIBRE SCIENCE

iii. Yellow level - Technical Secretariat (TS)

The PEF Technical Secretariat for apparel and footwear is led by SAC, with its voting membership largely dominated by SAC members.

We are participating in several PEF working groups and leading two of them proposing methodology to improve accounting for the durability attributes of clothing. If successful, this change will diminish the overriding influence of the physical strength of garments on the overall PEF score, which significantly advantages clothing made from synthetic fibres.

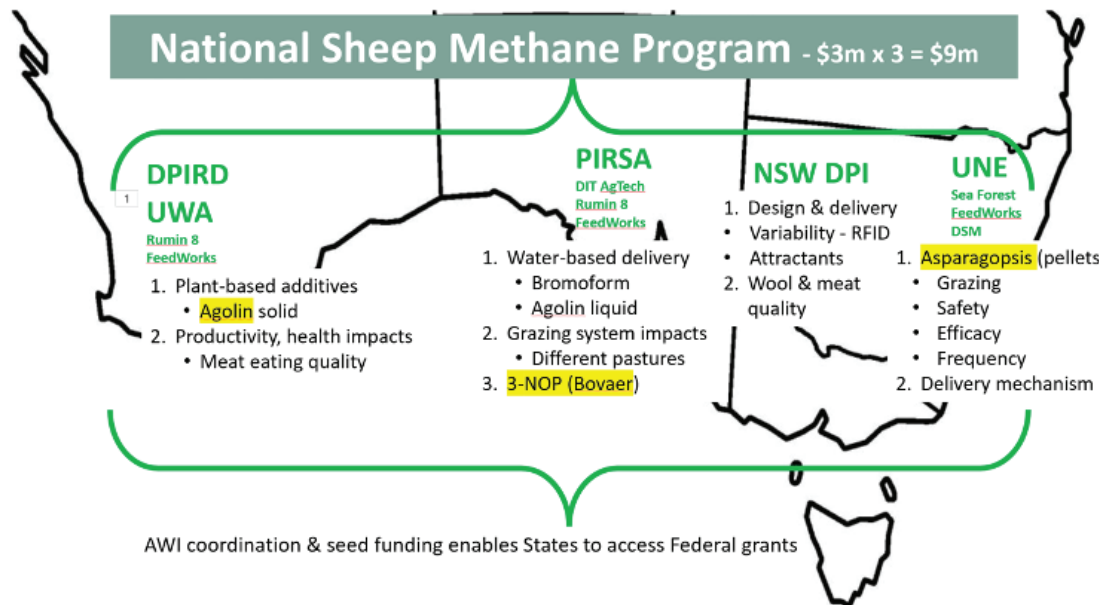
2. Mitigating-methane additives in grazing (MERiL)

AWI has committed \$3m to this area of research, given its potential to reduce GHG emissions, and is seeking to magnify it to \$9m through accessing Federal Government grant funding and funding from research partners.

AWI has had success in gaining federal grants for the MERiL 1 & 2 projects and is awaiting release of the MERiL 3 project:

MERiL 1 – a grant of \$500,000 for the UNE-based study of the methane mitigating potential of Asparagopsis

MERiL 2 – grants, cash an in-kind expenditure totalling \$2,190,470 have been agreed, following AWI support for NSW DPI, SARDI, UWA and UNE methane mitigating feed additive projects.



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

This data-gathering project to help The Woolmark Company capitalise on the upcoming EPR legislation in Europe which makes brands responsible for the end-of-life costs of the clothing they sell, is complete and a video is in production highlighting the advantages of wool recycling in an EPR-mandated Europe.

Circularity is a natural strength for wool and is a theme that is being used to promote increased sales of virgin wool.

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Regenerative Farming Practices

Responding to strong market signals from brands for wool growers to demonstrate adoption of farming practices that build natural capital, sequester carbon in soil and vegetation and re-build biodiversity, two projects are underway:

- a) Farming for the Future – this collaborative project is designed to develop evidence that quantifies the relationship between on-farm natural capital and business outcomes, including profitability and resilience. The first phase involves at least 150 farms which may then be extended to 1500 farms. The project will generate a publication on the management of biodiversity on livestock farms with a focus on woolgrowers.
- b) Carbon Storage Partnership – this collaborative project is using multiple years of satellite imagery and farming systems models to identify the most effective adaptations to reduce net farm greenhouse gas emissions and increase biodiversity, depending on agro-ecological region, prevailing climate type and across different sheep enterprise mixes.

The researchers in both projects have recruited the wool growers who will participate in the study and are now undertaking the on-farm case studies.

EXTENSION NETWORKS

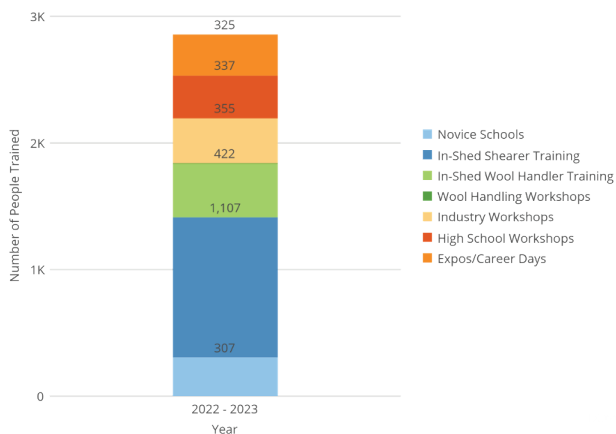
Early 2023 has seen continued production issues in several key wool-producing regions, such as foot issues, worms, flystrike and delayed and extended harvest and hay periods. This is having an impact on people's willingness and availability to attend off-farm events due to a seasonal shift in the timing of on-farm operations and significant overlap in some operations, though we do usually expect this to be a quieter time of year.

Each of the AWI Extension Networks is led by a Producer Advisory Panel (PAP) whose role is to provide strategic advice for the manager to implement in their operational plan. Face-to-face PAP meetings were held with each state in the second half of 2022 and the plans devised at those meetings are being implemented in each of the states. Plans are in place for PAP meetings for most states before the end of March 2023.

The Sheep's Back WA, BestWool/BestLamb Victoria and Sheep Connect SA networks are in the planning and proposal phase for funding from July 2023 as their current projects finish in June 2023.

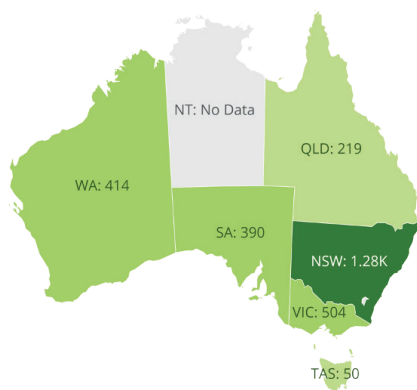
WOOL HARVESTING

Wool Harvesting training has seen some new areas and categories of training this financial year, with the inclusion of high school workshops & wool handling workshops, plus industry workshops have been more of a focus from previous years. Novice, improver & in shed training, is of course, still the main categories of training delivered to industry for contractors and wool growers across Australia.



1 Number of People Trained by Type (Yearly)

2858 Total People Trained



2 Shearer and Woolhandler Trained by State (Total)

2858 Total People Trained

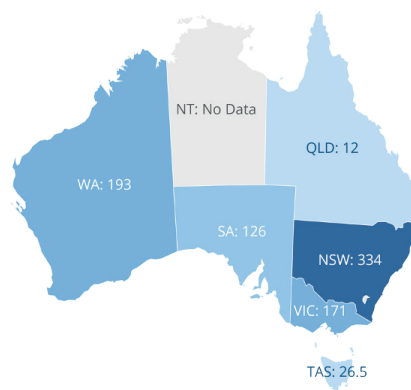
TRAINING DAYS / CATEGORIES

This current 22/23 financial year AWI has trained & up skilled 2858 participants. With a total of 862 training days to deliver this training.

- In Shed shearer training 1107
- In Shed wool handler training 422
- Industry workshops 335
- Novice schools 307
- Wool Handling Workshops 5

Exposure to the wool harvesting Industry with high school workshops and career expos with the following students

- High school workshops 337
- Expo Career Days 325



3 Training Days by State (Total)

862 Total Training Day

NOVICE SCHOOLS

We have planned for an increased number of novice schools in 2023, there is additional criteria for participants and a focus on the time of year to hold these novice courses. For example, we have nine novice courses scheduled in WA, adding a course in June to accommodate for wool handlers and pressers working, but wanting to learn the skills of shearing. AWI has two novice courses for Queensland in March/April, we have nine in NSW, with TAFE holding an additional eight in the first half of 2023. We look to hold three novice courses this year in Tasmania. South Australia and Victoria will hold numerous novice courses with funding for these provided by the state and SCAA training. Novice courses are an important part of training, this allows for the basics to be learnt and this increases retention for those working in industry and allows a pathway for new entrants into the industry.

IMPROVER COURSES

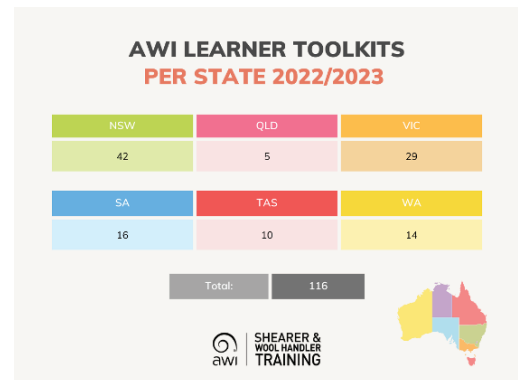
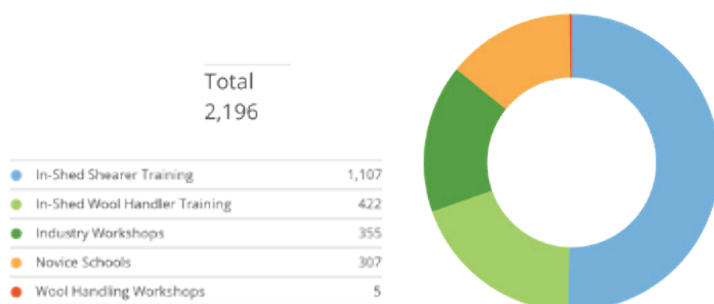
Improver courses are for learner shearers only. The program takes them out of a working shed where they receive fulltime AWI training with other learners. This allows them to focus on quality, attention to detail with technique, footwork, gridding and all things shearing. These courses have proven highly successful. They are important in reinforcing the skills needed to improve shearing quality and numbers shorn, adding to increased productivity and retention.

WOOL HANDLER TRAINING

With 442 new entrants trained so far, this financial year, there is always new wool handlers to train. Growers and contractors do require a new entrant wool handler with an AWI trainer to assist with the skills needed to be a competent and capable shed hand. We are aware of this need and demand and the qualified wool handler trainers, spend the full day working alongside these new entrants.

WOOL HANDLING WORKSHOPS

Quite a few of these three-day workshops have rolled out with more trained than in the figures attached. These are a very well received new category of training where we take 5-6 new entrants into a working shed with an AWI trainer for the three days. Increasing their skills and allowing them to build confidence with the pace needed to be competent and feel part of a working team. We have run three WHW in NSW, two in WA and one in QLD.



LEARNER TOOLKITS

The learner toolkit initiative is proving again very successful, this is extremely critical for learners on stands shearing fulltime who need to have the best tools for trade. The feedback from growers, contractors and learners is all very positive and appreciated. The breakdown of toolkits state by state mirrors the sheep numbers as of end of December 2022.

MARKETING

A wide-ranging crackdown on greenwashing coupled with public criticism of Higg MSI Methodology by consumer watchdogs illustrates the cracks in fashion's attempt to manage sustainability. Additionally, generalised LCA data is losing credibility as a reliable metric; reinforcing the idea that the only solution to impact measurement is single source (primary) data.

Textile Exchange is reportedly working on updated impact assessments for wool to be released early next year, with a commitment to invest more than US\$500,000 on improving the impact measurement of polyester and leather.

This change in thinking presents an opportunity for wool if the industry can embrace technology such as traceability solutions quickly and collectively. The marketing department continues to work in collaboration with the wider business to ensure the proposed traceability program is designed with a customer-first logic with the long-term vision of transforming the Woolmark brand promise to a quality and sustainability mark.

CONSUMER CAMPAIGNS

Eco Campaign – extending the messaging

Phase 2 of the Eco campaign media plan is now complete after extensions were purchased across USA, UK, France and in new markets Italy & Germany following additional funding approval.

Campaign Views: 90 Million Views

An eco-centric, influencer led TikTok campaign is now live and will run until Feb 2023. The social campaign includes 12 content pieces that are designed to extend the Eco Campaign message to Gen Z audiences.

Eco Communications

Sustainability and the eco-credentials of the wool fibre continue to underpin The Woolmark Company's marketing messaging. The addition of the word 'recyclable' to our existent 'Natural, Renewable and Biodegradable' core message adds an extra element, pushing the fact that "recycled does not mean recyclable".

Australian Campaign – Next steps

The Australia Campaign was rolled out across Free-to-Air Regional TV, Digital TV and a paid social campaign throughout August-September 2022 and has kicked started our strategy to make Australia synonymous with the best wool in the world. In order to do this, we must make Australian's embrace this position.

The first iteration of the campaign was about re-establishing a connection with the rural industry, the next step will be reinforcing the message with a direct link to product through a physical commerce extension. The overly positive response to the global Eco Campaign within the Australian market has reinforced the cultural alignment between Australia and European consumers; therefore, the next Eco Campaign will be premiered in Australia as part of a global Wool Week program in 2023. Conversations are currently in play with local brands and retailers to support wool-centric promotions during May-June 2023.

Australia Campaign 2022 final report will be presented with consumer insight data January 2023.

Campaign Views 3.5 Million times

Impressions: 25.2 Million impressions

A/W China Campaign

The China Consumer campaign is continuing to perform strongly with reported 20% increase in GMV YoY. A full impact report will be presented to the board in January.

During the China Spring/Summer the Chinese economy is predicted to rebound following the roll-out of a locally produced mRNA Covid-19 vaccine. It is anticipated the new vaccine will contribute to domestic consumer movement and consumption. This presents a strategic opportunity for TWC to continue marketing activities linked to commerce throughout Q1 & Q2 next year.

SPORTS MARKETING

A new sports marketing manager joined the Sydney marketing team in late November to spearhead the new content and events plan for 2023/24, along with the roll-out of the Luna Rossa marketing campaign. The upcoming sports content strategy will have a distinct focus on the US market, which has released economic data citing the outdoor industry generates \$862 billion and 4.5 million jobs, growing faster than the overall US economy.

Wool is primed to capitalise on this trend with its applicability for hiking, climbing and outdoor running.

Luna Rossa America's Cup Sponsorship

The marketing strategy to amplify TWC's appointment as official technical partner was launched 16th January and featured a hero film starring sailors and uniform reveal event at Milan Fashion week. The content showcases the elite performance capabilities of Merino wool and will be amplified across Instagram, YouTube & LinkedIn until March 2023.

Nissan Formula E Sponsorship

TWC is the official technical partner of Nissan's Formula E team and responsible for the technical development of racing kits. A content series promoting Merino wool's technical benefits for racing was launched in line with the first race of the season 12th January. The Woolmark logo will feature on the racing car, driver and crew uniforms and across the Nissan stands throughout the racing season.

TRADE MARKETING

The Make the Label Count Campaign

MEP meetings / engagements – October 2021 to November 2022

- 43 meetings with EU Institutional stakeholders, including:
 - 25 with MEPs/staff (including 1 MEP, 2 MEP assistants and 1 European Parliament's think tank advisor for the farm visit)
 - In total 2 MEPs, 3 MEP assistant and 1 European Parliament's think tank advisor attended the farm visit
 - 8 with European Commission
 - 11 with EU Permanent Representatives
 - 7 civil society associations [1 repeat]
- Email outreach to 257 EU Institutional stakeholders.
- Social and digital campaign: 4.9M impressions, 47K engagement

Outreach emails, since 30 September:

- 26 MEPs [repeats for the farm visit and 2 new ones]
- 1 policy advisors from EPRS (the Parliament's research centre)



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