



ANNUAL REPORT
2019/20



AWI WORKING TO SUPPORT WOOLGROWERS' PROFITABILITY



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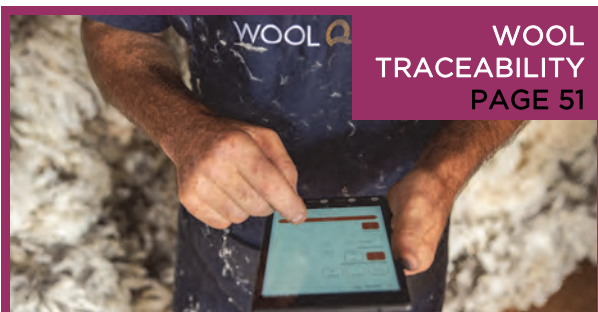
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WOOL TRACEABILITY PAGE 51

FRONT COVER: Angus Hobson and Hannah Marriott run self-replacing Merino flocks on properties near Bombala and Delegate in the Monaro region of NSW. This photo, from their Delegate property 'Weewalla', was taken in early August 2020 and shows that the 'Merino is built for the Monaro' and most other climatic conditions in Australia.

PAGE 2: Tom Hooke with his wife Sarah and daughter Philippa at the family property at Wanganella in NSW. Tom this year received an AWI-funded Nuffield Scholarship to research rotational grazing that can be applied to sheep enterprises in Australia's pastoral zones.

ABOUT YOUR COMPANY



AWI Australian Wool
Innovation Limited

AWI is the
R&D and marketing
organisation for the Australian
wool industry.

WHAT AWI DOES

Established by the Australian Government in 2001, AWI is the research, development (R&D) and marketing organisation for the Australian wool industry.

The company invests along the global supply chain for Australian wool – from woolgrowers through to retailers.

AWI is not a peak industry body, does not create or execute industry policy, and is not an advocate on issues outside its core functions.

AWI works with the Australian Government through legislation (the *Wool Services Privatisation Act 2000*), regulations and an agreement between AWI and the Australian Government called the Statutory Funding Agreement. The Statutory Funding Agreement defines the conditions under which AWI may invest wool levies and Government-matched funds.

HOW AWI IS FUNDED

AWI investments are funded primarily through a wool levy paid by Australian woolgrowers and a matching contribution from the Australian Government for eligible R&D activities,

capped at 0.5 per cent of the gross national value of wool production. The sale of Woolmark licences is one of the other sources of income for AWI.

Woolgrowers vote every three years on the percentage of the sale price received for their shorn greasy wool that they would like to invest in industry R&D and marketing activities. At the most recent WoolPoll, held in 2018, woolgrowers voted in favour of a 1.5 per cent levy which became effective from 1 July 2019. The next WoolPoll vote is scheduled for 2021.

HOW AWI HAS EVOLVED

On 1 January 2001, Australian Wool Services (AWS) replaced the Australian Wool Research and Promotion Organisation (AWRAP), which had been operating since 1993. AWS was established with two subsidiaries: AWI and The Woolmark Company Pty Ltd. On 30 April 2002 AWI separated from AWS to become a fully independent public company limited by shares.

AWI's role was to manage woolgrowers' collective investment in R&D for the benefit of the industry. In October 2007, AWI acquired The Woolmark Company Pty Ltd from AWS on behalf of woolgrowers.



The Woolmark Company is a subsidiary of AWI. It undertakes R&D and marketing to increase the global demand for Australian wool.

When AWI acquired The Woolmark Company in 2007, AWI became the owner of the Woolmark brand, the world's best-known textile fibre brand. Notably, it was then that marketing activities re-commenced.

The Woolmark Company has staff in 15 offices (see below) strategically located in key markets across Asia, Europe and the Americas, to develop direct business relationships with global brands, retailers, textile manufacturers and fashion designers.



AWI'S VALUES



Innovative



Accountable



Integrity



Collaborative



Transparent



Respect

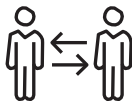
AWI'S MISSION



AWI's mission is to make strategically targeted investments to:

1. enhance the profitability, international competitiveness and sustainability of the Australian wool industry
2. increase demand and market access for Australian wool.

AWI'S VISION



AWI's vision is for it to be a highly valued contributor to a vibrant, profitable and sustainable Australian wool industry.

AWI'S GOAL



AWI's goal is to increase the profitability, and support the sustainability of the Australian wool industry through strategically targeted investments in research, development and marketing designed to optimise return on investment.

AWI SHAREHOLDERS

AWI has more than 21,000 shareholders, who are Australian woolgrowers. The shareholders are able to shape the decision-making process of the company via their access to information and right to vote at Annual General Meetings.

AWI shareholders are entitled to one vote for every \$100 of wool levy paid in the three financial years before any vote. A share in AWI is not tradeable and is of no capital value.

Paying wool levies does not make the levy payer automatically a shareholder of AWI. Levy payers who are not already an AWI shareholder can contact the AWI share registry at Link Market Services on 1800 113 373 (free call) to enquire about becoming a shareholder.

There has been an increase in the number of wool levy payers during the past year.

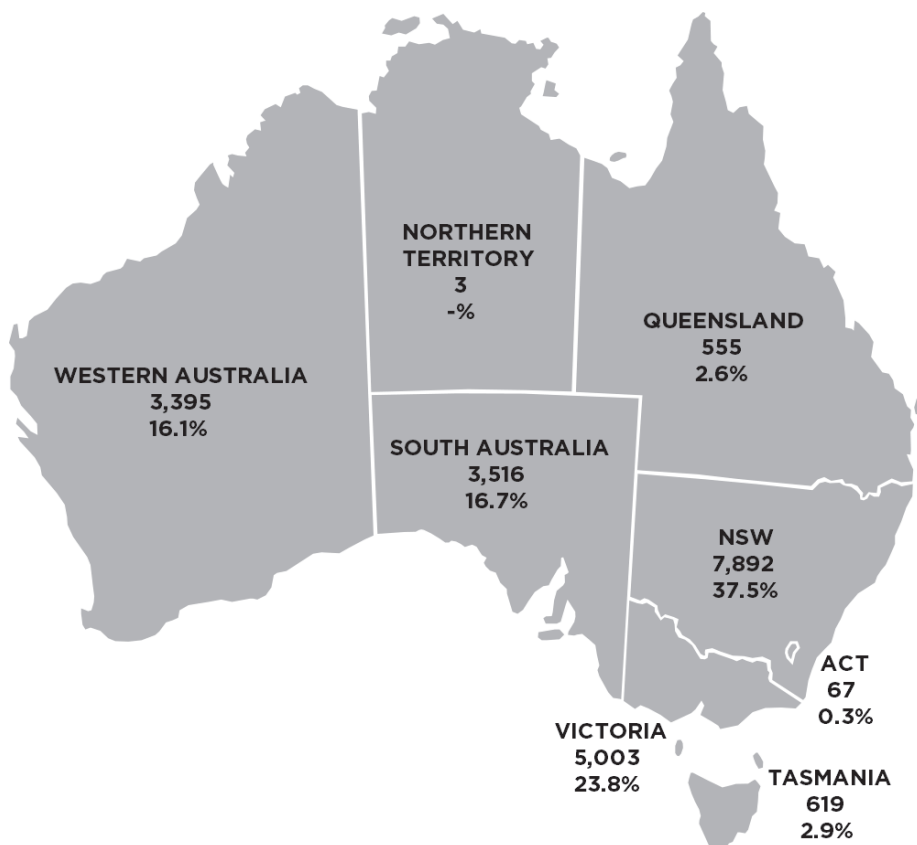
There were 70,521 wool levy payers at 30 June 2020, an increase of 8,805 during the past 12 months. 52,156 of those wool levy payers had paid more than \$100 in levies in the past three years and so were eligible to become an AWI shareholder.

AWI had 21,050 shareholders at 30 June 2020, a decrease of 680 shareholders during the past 12 months.

Because wool is produced across a range of environments in Australia, AWI shareholders are located across a broad area of the country.

	30 June 2019	30 June 2020
Total AWI shareholders	21,730	21,050
Eligible wool levy payers*	46,998	52,156
Total levy wool payers	61,716	70,521

*Wool levy payers who have paid >\$100 levy in previous three years.



HIGHLIGHTS OF 2019/20

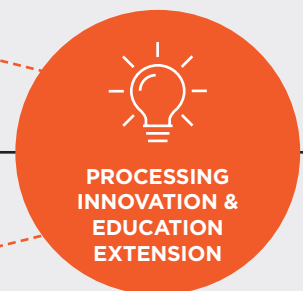
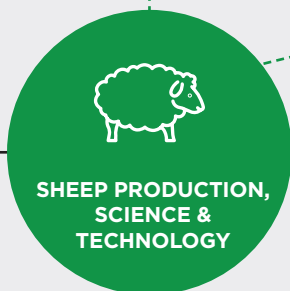
100 properties monitored for blowfly resistance
to flystrike prevention chemicals



MLP passes halfway mark having collected **1 million on farm records**



Random sample testing of Woolmark labelled clothing conducted **to ensure the continued integrity of the Mark**



Over 86% of woolgrowers who mules reported using analgesics and anaesthetics

40,000 readers each quarter of Beyond the Bale magazine



78% of woolgrowers value AWI's Market Intelligence and analysis



31,000+ students inspired by educational programs



60+
collaborative
partners engaged
to leverage knowledge
and skills globally



53% of
woolgrowers
reported having
conservation
areas on farm



8.6 million
views
through social
media and websites
about wool's eco-
credentials



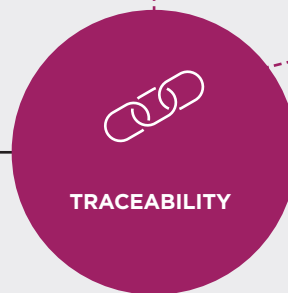
Farfetch online fashion
retailer campaign
reached
21 million
customers
globally



89% of
woolgrowers
reported using more
than one practice
to encourage
soil health



MARKETING



TRACEABILITY

17 million views
of the Shaun the Sheep
Super Natural Wool
promotional film



Tmall Wool Week
e-commerce campaign
in China -
100+ brands
ordered 660,000+
Woolmark tickets
and labels and garnered
120 million
page views



Collaborated with
5 RDCs
to promote wool's
environmental benefits
to the EU Product
Environmental
Footprinting project

CHAIRMAN'S REPORT



I hope you have all been safe and well during these extraordinary times and remain so. The 2019/20 year has been tough for many people and

businesses in our industry – from wool-growing enterprises here in Australia all the way through to apparel retailers in key northern hemisphere markets.

The global economic challenges caused by the COVID-19 pandemic have had an unprecedented effect on our key markets, most notably the dramatic fall in consumer purchasing of garments. Although an economic recovery is under way in the apparel sector as stores begin to trade again and consumers return, clothing sales are for the moment still at relatively low levels. This especially applies to our traditional markets of suiting and more formal attire due to social distancing requirements still in place for commuting and in many office workplaces.

However, even prior to the COVID-19 pandemic, consumer demand was under pressure due to difficult macroeconomic conditions caused by international trade tensions between the US and China (the largest buyer of our wool) as well as a general weakening of consumer demand for all goods (not just wool).

This drop in consumer demand has translated into a fall in the EMI of about 35% during the 2019/20 financial year. The EMI is now less than half the level it was just 18 months ago. We at AWI are acutely aware of how badly this affects woolgrowers' revenue. I can assure you that throughout this difficult time, AWI has continued to work relentlessly to ensure the sustainability of the Australian wool industry and the profitability of woolgrowers' enterprises.

Although retail sales were hit hard, the wool industry is fortunate that the worst of the pandemic didn't occur during the traditionally high turnover autumn/winter seasons of our all-important northern hemisphere markets. We certainly hope for an increase in consumer purchasing in the next few months.

AWI REVENUE AND EXPENDITURE

AWI's own revenue, which is largely dependent on wool levy income, has

been badly affected during 2019/20 due to a combination of three important factors. Firstly, the fall in the EMI. Secondly the reduction in the rate of wool levy from 2% to 1.5%, which came into effect on 1 July last year. And thirdly, the fall in Australia's wool production caused by the drought.

Our income from the wool levy during the 2019/20 year fell by nearly 45% compared to the previous year. There have only been two years in the company's two-decade history when wool levy income was lower than it was during 2019/20 – and it is forecast to be even lower during 2020/21.

AWI operates in a lean, efficient and transparent manner, but just like any business with a reduced income, we have had to make cutbacks in staffing, projects and expenditure

We used nearly \$8 million of our reserves in 2019/20 and will use even more reserves in 2020/21 to offset the escalating reduction in the company's income. The company prudently built up its reserves during the previous five years exactly for times like these, so that we can continue operating and performing our core business functions for the benefit of Australian woolgrowers. Continued drawing down on reserves is of course unsustainable for the company in the long term.

The AWI Board regularly and closely monitors the financial position of the company to guide the company's investment in R&D and marketing on your behalf.

WELL POSITIONED FOR THE RECOVERY

Despite the current economic and market situation, I am confident that AWI, the wool industry and woolgrowers are resilient enough to deal with the current challenges. History shows us that the wool market is cyclical in nature. AWI is making sure it is well placed to optimise returns for woolgrowers when global economies recover.

Our marketing teams have worked hard to be in step with the mood of consumers to identify opportunities for wool. We have been highlighting wool's health and wellness benefits, its performance benefits for exercising, its suitability for comfort in the home, and its benefits for rest and sleep – all backed up by robust science funded by AWI.

We have also continued to promote Australian wool's eco-credentials. The world's consumers are interested more than ever in the provenance of the clothes they purchase, which places

wool in a good position due to the fibre's natural, renewable and biodegradable attributes.

Most of our on-farm R&D projects have continued as planned during the COVID-19 period and we closely monitor their progress and budgets. During the past year, the on-farm portfolio has delivered some excellent results that will directly benefit woolgrowers.

I am delighted to see that many wool-growing areas of Australia that had been extremely badly affected by drought during several poor seasons have now received some decent amounts of rain. This has arrested the decline in the nation's sheep numbers and will hopefully allow many affected woolgrowers to rebuild their flocks.

CONSULTATION BRINGS POSITIVES

Consultation and engagement with our levy payers and industry stakeholders remain a priority for AWI. We believe that the company can be most effective, accountable and productive when this happens. Prior to the COVID-19 lockdowns, I travelled across the country – from Wagin in the west to Parkes in the east – to meet with and listen to many woolgrowers. Overall, AWI attended more than 100 sheep and wool events this year.

Our new consultation model – which involves representatives of national, state and regional woolgrower groups, plus younger 'next generation' representatives of the wool industry – is working well. I am pleased to see good progress made this year in collaboratively developing a 10-year plan for the industry.

Australia has a proud wool-growing history and we aim to ensure that the premium qualities of your wool continue to be appreciated and sought after by consumers and along the supply chain. Rest assured that your interests and future remain the focus of all AWI staff in Australia and across the world.

Colette Garnsey
Chairman, Australian Wool Innovation
28 August 2020

CEO'S REPORT



After several years of increasing returns for woolgrowers, culminating in an all-time high EMI of \$21.16 in August 2018, the 2019/20 financial year

has been an unwelcome shock for many in the industry. Escalating trade tensions in the first half of the year, compounded by the dramatic economic fallout from the COVID-19 pandemic, resulted in the EMI falling by the end of the 2019/20 year to a level last experienced five years ago. It has since fallen even further to levels not seen for more than a decade.

As a company largely funded by woolgrower levies, this dramatic fall in the EMI, in conjunction with the significant reduction in the levy percentage to 1.5% and the decline in the volume of the nation's wool clip, has meant that AWI this year has had to cut back its expenditure on both staffing and projects.

AWI has always been careful and responsible about how it spends woolgrower funds. But given the significant fall in consumer spending on clothes since COVID-19 began, AWI has had to be particularly smart about its expenditure – and this has been especially the case with our marketing activities.

STRATEGIC MARKETING

I asked our marketing teams at the start of March, when COVID-19 started to hit, to review all our current marketing campaigns and collaborations, and stop any expenditure on projects that relied on face-to-face shopping or were no longer expected to produce a return on investment.

Those marketing funds are better held back and spent at a later time when it is more likely an investment will yield results. Once we see a market recovering, we will deploy the marketing funds that we held back as quickly as we can and try to stimulate demand.

I have asked our marketing teams to focus on retailers and brands that have proven and robust digital retail platforms, because online purchasing has experienced significant growth in stark contrast to bricks-and-mortar stores.

Secondly, I have asked our marketing teams to focus on large-volume, high-

consumption sectors that will have the most direct impact on the demand for our fibre.

Thirdly, I have directed them to look more closely at those clothing categories that are seeing a rise in demand, such as active wear and commuter wear. Many people are avoiding public transport in favour of more active (and safe) forms of commuting, such as cycling and walking; the performance benefits of wool are very suitable for these purposes.

SUPPORTING THE TEXTILE TRADE

Much of our off-farm, textile innovation R&D projects across the world have continued as normal under close monitoring. However, many of our trade and designer partners have been badly affected by the global lockdowns and we continue to do what we can to support them.

Trade education is an important part of what AWI does. While we have had to cancel or postpone face-to-face education workshops, we are fortunate to have previously converted many of our training resources into a digital format and launched our online Woolmark Learning Centre. This has enabled us to easily provide access to comprehensive online educational resources for all levels, from student to professional, as an alternative to our usual face-to-face training.

ON-FARM RESEARCH & DEVELOPMENT

Our on-farm R&D projects generally continued as normal during the COVID-19 period. There has been good progress and results in many areas, including the ongoing development of flystrike vaccine, coordination of wild dog control, continued rollout of Lifetime Ewe Management training, the Merino Lifetime Productivity project, AWI Smart Tags to provide woolgrowers with real-time information regarding their flocks, and technological initiatives to make shearing easier.

Many face-to-face industry events and activities for woolgrowers had to be postponed or cancelled due to government social distancing guidelines. AWI responded quickly and made many of its own events available online. Examples include shearer and wool handler training videos and the Back to Business series of 12 webinars that were originally scheduled as workshops throughout bushfire- and drought-impacted regions. All of these

webinars were recorded and made available to be viewed free at any time by woolgrowers wherever they are in the country.

Now that social distancing measures have been relaxed across most of Australia, AWI has largely resumed its face-to-face training and attendance at wool industry events nationwide.

The decision by the Federal Government to allow shearing to continue under strict health and hygiene protocols was a great result for the industry. AWI worked closely with other organisations to push the case.

Wool auction rooms posed a challenge in terms of managing social distancing but they have remained open. During this period, we have worked hard with industry on the WoolQ platform to offer WoolQ Market (an online auction for the sale of wool) as a contingency to the open cry auctions.

LOOKING TO THE FUTURE

The past year has been challenging for everyone, markets and woolgrowers and 2020/21 is shaping up to be a tough one too. The market situation changes daily and we are all working continuously to adapt to the new normal.

However, despite these difficult times, I believe there is decent underlying demand for the premium and natural qualities of our fibre along the supply chain right through to consumers. Furthermore, the positive relationships AWI has built along the supply chain during the past decade will ultimately help ensure a positive outcome for Australian wool in the future.

While rural areas thankfully do not seem to have been directly affected by COVID-19 infections as much as metropolitan areas, it is important that people everywhere remain vigilant.

I wish you and your businesses well during the next 12 months and into the future. I assure you that AWI will continue to invest your levies wisely on R&D and marketing initiatives for your benefit and prosperity.



Stuart McCullough
CEO, Australian Wool Innovation
28 August 2020

AWI BOARD OF DIRECTORS

The Directors of Australian Wool Innovation Limited, their qualifications, experience and special responsibilities as at 30 June 2020 are listed below. The AWI Board sets the Company's strategic direction and delegates responsibility for day-to-day management to the Chief Executive Officer (CEO).



MS COLETTE GARNSEY OAM
CHAIRMAN OF AWI
Ms Garnsey was elected to the Board in November 2011. She was appointed as Chairman of the AWI Board on 9 November 2018.

Ms Garnsey has 39 years of retail, wholesale, distribution and marketing experience with Australia's top brands in multiple geographies. Currently she is Non Executive Director of Flight Centre Travel Group and Seven West Media. Previously Ms Garnsey was executive director at Premier Investments' The Just Group, and in senior executive positions at David Jones and Pacific Brands. She had over 30 years' experience in department stores and dealt with globally successful brands and designers bringing many to Australia. Ms Garnsey has also been Advisory Board member of CSIRO 1997-2001; Advisory Board member Australian Government Innovation Council 2010-2012; Director Australian Fashion Week 1998-2009; Judge Veuve Clicquot Business Women of the Year 2008-2014 and TTIPAC advisor to Ministers Robb and Ciobo.

Responsibilities:
Audit & Risk Committee member
People & Culture Committee member
Research Development Education & Extension Committee member.



MR NOEL HENDERSON
Mr Henderson was elected to the AWI Board in November 2019.

Mr Henderson is a first-generation farmer and together with his wife started Avington Merino in 1996. He has developed a strong understanding of wool production and the challenges and opportunities faced by the industry. Avington is renowned for its innovative, ethical and technologically enabled approach to wool production as well as its commitment to sustainable management of the property. He was a Vice President of the Australian Superfine Wool Growers Association and has been the Chairman of the Macedon Ranges Agribusiness Forum since 2016.

Mr Henderson had an extensive career in the construction industry in Australia, and internationally, having been a long serving Director of Multiplex as well as a Director of other private and public companies. The experiences in these companies included finance and business management, legal and compliance, marketing and trade, people and culture management, technology development and implementation as well as quality assurance.

Responsibilities:
Audit & Risk Committee member.



DR MICHELLE HUMPHRIES
Dr Humphries BVSc MAICD was elected to the AWI Board in November 2019.

Dr Humphries is a highly respected sheep veterinarian with more than 35 years' experience in the Merino industry. She sits on a range of expert advisory committees and boards and operates a commercial Merino enterprise in the Riverina region of NSW.

Dr Humphries owns and operates Livestock Breeding Services Pty Ltd, a sheep artificial breeding company with centres at Jerilderie and Yass, NSW.

Dr Humphries is a non-executive director of Murray Local Land Services and MerinoLink Limited. She serves on the Executive Committee of the AVA Sheep, Camelid and Goat Veterinarians (SCGV), the Australian Veterinary Association (AVA) Policy Advisory Council, and is a wool industry representative on Animal Health Australia's Consultative Committee on Emergency Animal Diseases. She is also a member of the AVA Live Export Policy Working Group.

She has completed further education in Finance, Corporate Governance, Corporate Strategy & Risk, Emergency Animal Diseases, and Wool Science & Processing.

Responsibilities:
Research Development Education & Extension Committee member.



MR JOCK LAURIE
Mr Laurie was elected to the Board in November 2015.

Mr Laurie and his family operate a farming business that consists of wool, lamb, beef and grain on properties at Walcha, Bendemeer and Gunnedah. Mr Laurie has also been actively involved in agricultural policy and lobbying since 2000. He spent four years as President of the NSW Farmers Association and two and a half years as President of the National Farmers Federation. During this period, he gained experience and training in both corporate governance and as a director. Through his role at the National Farmers Federation, he was exposed to international trade negotiations that are very important to the profitability of Australian agriculture. Mr Laurie has long term experience in the agriculture industry, and also extensive board and agricultural policy experience. He aims to direct his skills at driving profitability in the wool industry.

Responsibilities:
Audit & Risk Committee member.



MR DON MACDONALD
Mr Macdonald was elected to the Board in November 2017.

Mr Macdonald has been involved in the wool industry since 1975 as a wool classer, shearer, wool broker and grower. He has extensive knowledge and experience in all aspects of wool production, harvesting, marketing and logistics. As Managing Director of Macdonald & Co Woolbrokers in Dubbo, NSW, he has developed strong business skills and enduring relationships with the grower sector and the downstream exporting and processing sector. He has farming interests at Brewarrina, where he also operates a CRT outlet and Molong in NSW. Mr Macdonald has served as a Director on AWEX, Chairman of the Inland Wool Brokers Association, member of Industry Service Advisory Committee and as a member of NSW Farmers Wool Committee.

Mr Macdonald has sound business skills and has developed long standing and enduring relationships within the woolgrower sector and the exporting and early stage processing sectors, both domestically and internationally.

Responsibilities:
Chair, People & Culture Committee.

**MR JAMES MORGAN**

Mr Morgan was elected to the Board in November 2013.

Mr Morgan is a pastoralist and long term woolgrower with experience in both high and low rainfall regions. After graduating from Glenormiston Agricultural College, he continued his education on-property.

James Morgan is currently Managing Director of the Mutooroo Pastoral Company, which operates an extensive pastoral Merino and beef cattle enterprise in the North East region of South Australia. Additionally, he operates Outalpa Station with his wife and children, and administrates a large livestock enterprise in the Hunter Valley region of NSW. Mr Morgan has over 30 years of experience in pastoral and high rainfall wool production, and on-shore marketing. Being a committed commercial woolgrower, Mr Morgan has a strong faith in the industry and in wool's natural ability to offer the world's textile and industrial producers a raw material which is both cost effective and eco-friendly.

Responsibilities:

Chair, Research Development Education & Extension Committee People & Culture Committee member.

**MR DAVID A WEBSTER**

Mr Webster was first elected to the Board in November 2008, and most recently re-elected in 2019.

Mr Webster has over 30 years' experience as a Company Director on the Boards of agribusiness and mining entities. He is Chairman of iron ore resources company Athena Resources Limited, and he is also a director of Australian Wool Testing Authority Ltd.

Mr Webster's work experience in numerous spheres of agri-business and involvement on company boards has informed him not only about the operational side of those entities but about the administrative and governance structures that have shaped them. He has extensive experience in the development and management of relationships with the stakeholder groups and, in particular, in working with the various governments at the political and agency levels for the achievement of mutual objectives.

Mr Webster has wide experience in overseeing and directing public companies but also helping shape those organisations and the cultures needed for success.

Responsibilities:

Chair, Audit & Risk Committee
Research Development Education & Extension Committee member.

CORPORATE GOVERNANCE

The Board is committed to governance systems that enhance performance and ensure AWI operates according to accountability provisions required by various Acts, Regulations and Guidelines.

A report on corporate governance is on page 58.

COMMITTEES OF THE AWI BOARD

The Board has several committees that monitor and guide specific activities. These committees assist the Board to effectively implement, monitor and enforce appropriate corporate governance throughout the Company.

Audit & Risk Committee

Chaired by David Webster

This committee was renamed from Finance & Audit Committee to Audit & Risk Committee in January 2020. Directors appointed by the Board provide guidance and recommendations to the Board and the CEO to assist in fulfilling their responsibilities relating to risk, accounting, reporting and compliance practices of the Company.

People & Culture Committee

Chaired by Don Macdonald

This committee was renamed from Remuneration & Appointments Committee to People & Culture Committee in January 2020. This committee provides guidance and recommendations to the Board and the CEO in matters pertaining to recruitment and retention of employees and policies governing remuneration for current and potential employees.

Research Development Education & Extension Committee

Chaired by James Morgan

This committee was renamed from Science & Welfare Committee to Research Development Education & Extension Committee in January 2020. This Committee was established to provide guidance and recommendations to the Board and CEO regarding the scientific and research policies of the Company and on the conduct of programs relating to activities undertaken by the Company that utilise science or impact animal welfare activities. Oversight of the Education & Extension portfolio was added to the responsibilities for this committee in January 2020.

Stakeholder Engagement Committee

This Committee was established in November 2018. Its major role was to provide input and guide development of AWI's policy and direction of stakeholder relations and engagement with a focus on monitoring and improving stakeholder perceptions and satisfaction. This committee was discontinued in January 2020.

Board Nomination Committee

Established to assess the skills of those seeking election to the Board of AWI, the five-member Committee was introduced in 2011 in accordance with AWI's Statutory Funding Agreement with the Federal Government.

The objectives and responsibilities of the Board sub-committees are set out in the 'Charter of the Committees of the Board' and the objectives and responsibilities of the Board Nomination Committee are set out in the 'Board Nomination Committee Charter'. Both of these documents are available on the AWI website www.wool.com.

COMPANY SECRETARY

The Company Secretary is Mr Jim Story BA, LLB, FGIA.

Jim Story was appointed as company secretary in 2012. Jim is a company secretary and corporate lawyer with more than 40 years of experience. He has extensive public company experience, having held senior in-house positions, mostly as legal counsel and company secretary, with a range of publicly listed industrial, mining and mining exploration companies.

WOOL MARKET SUMMARY

AUSTRALIAN WOOL PRODUCTION HISTORY AND FORECAST

AWI's revenue is largely dependent on wool levy income. Wool production and prices are used to calculate wool levy income using the following formula: Eastern Market Indicator (EMI) price in cents per kg clean *multiplied* by shorn greasy wool production adjusted to kilogram clean *multiplied* by the levy percentage (two per cent up to and including 2018/19; 1.5 per cent for 2019/20 - 2021/22).

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Forecast 2020/21
Market price EMI* (c per kg clean)	1102	1254	1406	1739	1939	1450	1210 (f)
Sheep numbers shorn** (millions)	76.9	73.4	74.3	76.8	72.5	68.4	65.0 (f)
Wool production** (shorn greasy wool*** in millions of kg)	346	325	340	341	300	283	280 (f)

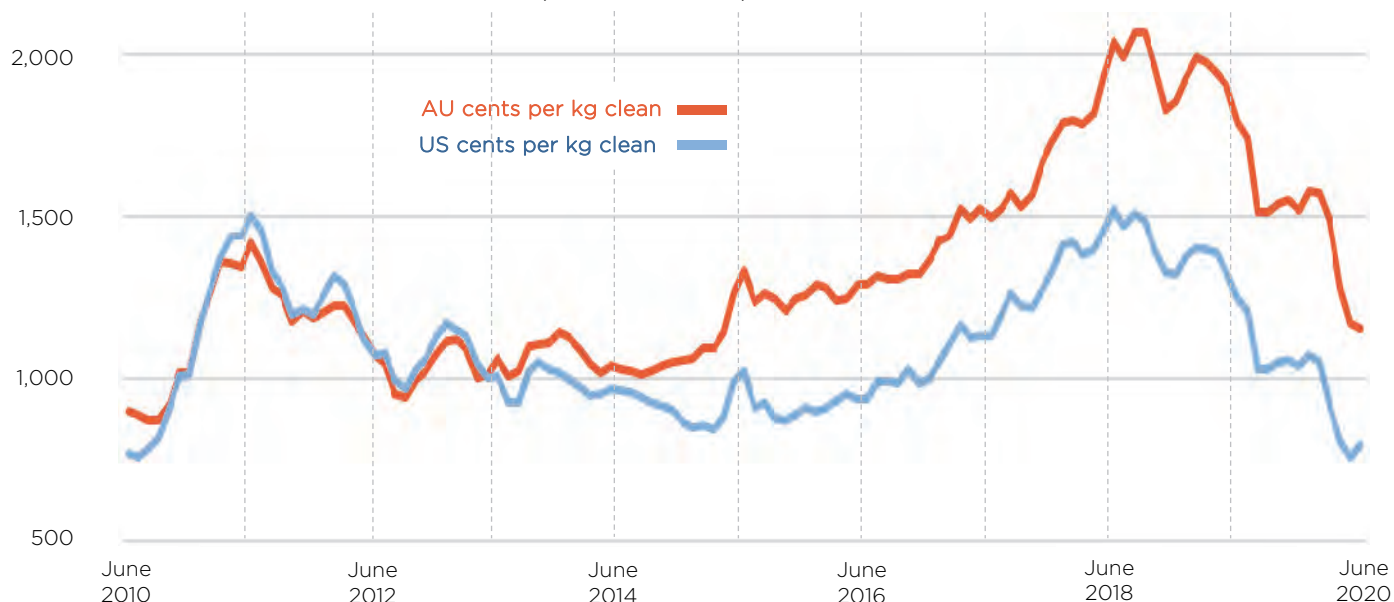
* Figures derived from AWEX data, week end averaged. Forecast figure from ABARES (June 2020 Agricultural Commodities).

** Figures from the Australian Wool Innovation Production Forecasting Committee (August 2020 report).

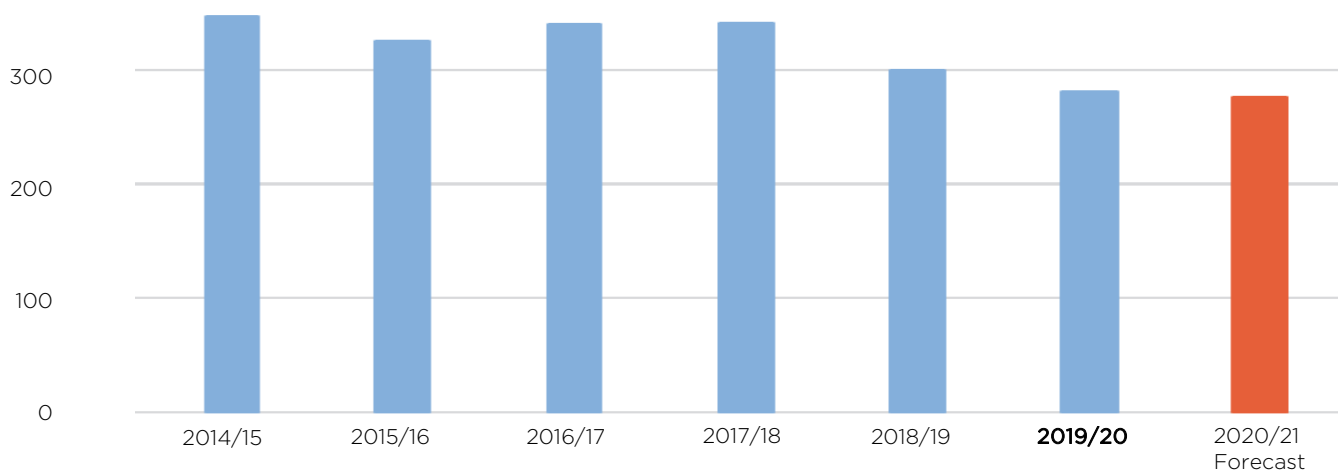
*** Clean wool under this model is assumed to represent approximately 65% of the weight of greasy wool.

(f) Forecast

EMI DURING THE PAST TEN YEARS (MONTHLY AVERAGE)



WOOL PRODUCTION DURING THE PAST SIX YEARS (SHORN GREASY WOOL IN MILLION KG GREASY)



AWI FINANCIAL SUMMARY

AWI REVENUE FOR 2019/20

Total revenue for 2019/20 was \$69,169,000 compared with \$101,150,000 in 2018/19. Sources of revenue are shown in the table below.

	2018/19 \$'000	2019/20 \$'000
Wool levy	68,077	37,773
Government contributions	20,801	19,971
Licence fees	6,789	6,583
Interest	2,907	2,181
Royalties	1,963	1,707
Rents and sub-lease rentals	201	100
Sales of goods and services	398	820
Other operating revenue	14	34
Total revenue	101,150	69,169

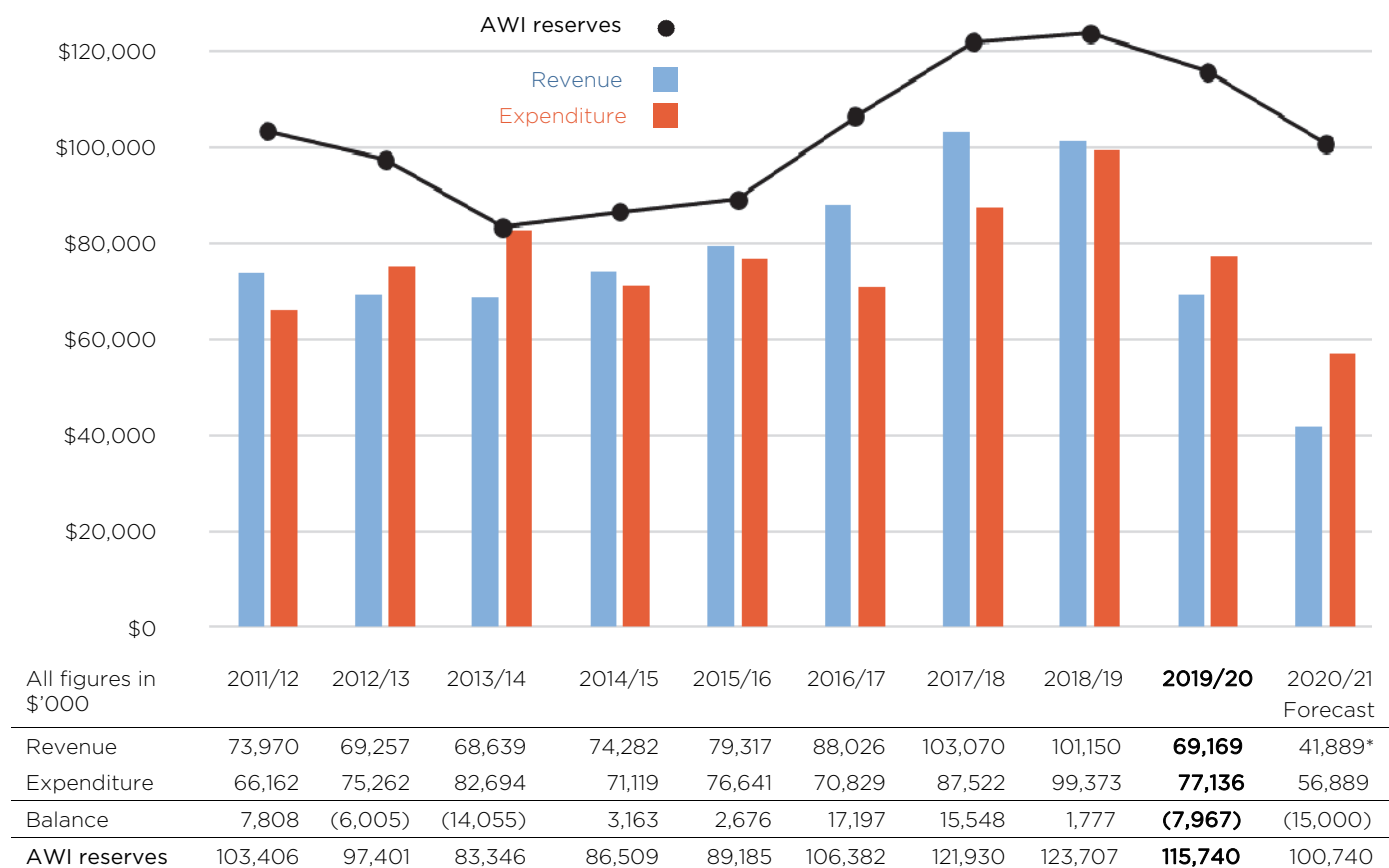
AWI EXPENDITURE FOR 2019/20

Total expenditure in 2019/20 was \$77,136,000 compared with \$99,373,000 in 2018/19. Expenditure is shown in the table below.

	2018/19 \$'000	2019/20 \$'000
Sheep Production	18,544	14,264
Woolgrower Services	10,834	-
Processing Innovation & Education Extension	10,056	7,861
Marketing	45,412	35,802
Traceability	-	3,347
Consultation	-	4,377
Digital Services	4,582	-
Support & Administration	9,945	11,485
Total expenditure	99,373	77,136

AWI FINANCIAL HISTORY AND FORECAST

The chart below details Revenue, Expenditure and AWI reserves for the past nine years, plus the forecast for 2020/21. AWI will invest future funds in line with its 2019/20–2021/22 Strategic Plan, drawing on some of its reserves when appropriate.



* This forecast revenue includes levy income forecast based on an EMI of 1,000/kg clean. This forecast figure was determined in July 2020 and is continually monitored and reviewed by AWI throughout the year. This figure differs from the 1210/kg clean forecast by ABARES (see table at top of opposite page).

AWI STRATEGIC PRIORITIES

The 2019/20 financial year was the first year that AWI operated under its three-year Strategic Plan for 2019/20 to 2021/22.

The Strategic Plan was developed after AWI consulted widely with woolgrowers and their representatives to ensure industry views and priorities were incorporated into the plan.

AWI's Operating Plan for 2019/20 outlines AWI's main investment activities consistent with the strategic intent of the organisation as set out in the Strategic Plan. Both plans are available at www.wool.com/publications.

The strategies for each of AWI's five portfolios are summarised below.



Sheep Production, Science & Technology

Strategies:

- **Healthy Productive Sheep** – achieve lifetime sheep health and welfare, timely pasture growth and more lambs.
- **Agri Technology** – improve labour use efficiency to increase farm profitability.
- **Training & Technology Uptake** – provide grower-facing communication, engagement and training initiatives.

Consultation

Strategies:

- **Woolgrower** – undertake extension networks, events and forums, market intelligence and communication.
- **Industry** – develop more effective, respectful and meaningful consultation with woolgrower representative bodies.

Processing Innovation & Education Extension

Strategies:

- **Processing Innovation** – assist manufacturers to adopt innovative technologies that add value to wool products.
- **Education Extension** – educate, train and inspire supply chain participants to use wool.
- **Woolmark** – maintain the position of the Woolmark licensing program as a quality assurance.

Marketing

Strategies:

- **Trade** – build the reputation for Australian wool amongst the global apparel industry.
- **Business & Talent Development** – increase business development and an alumnus of Australian wool advocates.
- **Consumer** – develop and implement marketing campaigns with key designers, brands and partners.

Traceability

Strategies:

- **Supply Chain Initiatives** – develop supply chain initiatives to identify Australian wool through the supply chain.
- **Fibre Science** – provide evidence so that wool can be promoted as the planet friendly fibre of choice.

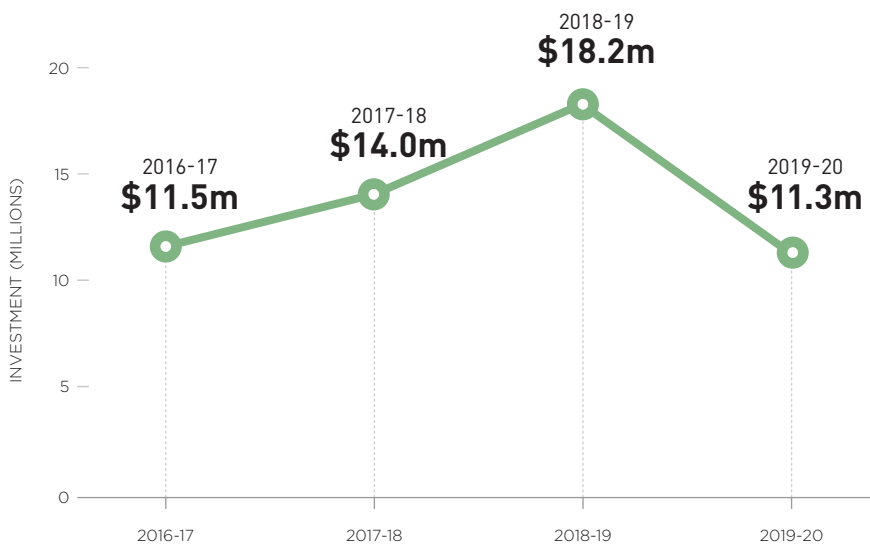
The following pages provide highlights during 2019/20 for each of the programs under these strategies, and the amount invested in each of the programs in 2019/2020.

The performance against each of the program targets in the Annual Operating Plan is provided in Appendix C, beginning on page 107.

SHEEP PRODUCTION, SCIENCE & TECHNOLOGY

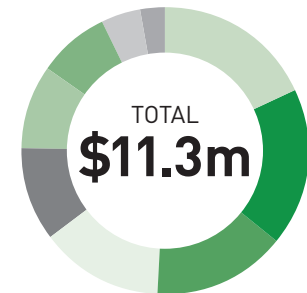
Portfolio objective: Lower the cost of production of wool on-farm by increasing the productivity of sheep and land, and increasing the efficiency of use of inputs and resources while maintaining Australia's reputation for sustainability.

INVESTMENT OVER TIME



Information provided before 2019-20 fell under AWI's previous strategic period. Numbers included for comparison are indicative only.

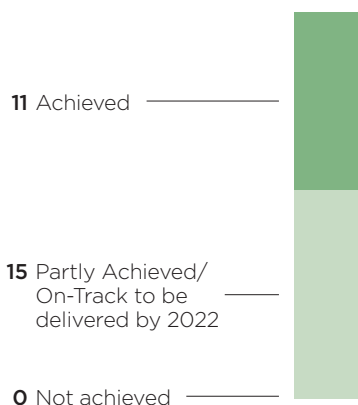
2019-20 INVESTMENT BY PROGRAM



- \$2.1m Vertebrate Pests
- \$2.0m Wool Harvesting & Quality Preparation
- \$1.7m Sheep Health & Welfare
- \$1.6m Genetics
- \$1.2m Hardware & Software Development
- \$0.9m Reproduction & Nutrition
- \$1.0m Sheep & Wool Mgmt Skills
- \$0.5m Mechatronics
- \$0.3m Novel Applications

ANNUAL PLAN TARGETS

26 TARGETS



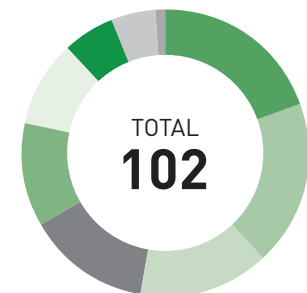
See Appendix C for complete list of performance against Annual Plan targets.

EXAMPLES OF KEY PARTNERS

Meat & Livestock Australia
 Grains Research & Development Corporation
 4c Design
 Adelaide University
 NSW DPI
 SARDI
 Department of Agriculture, Water and the Environment

See page 66 for further information on Collaboration.

PROJECTS COMPLETED



- 20 Sheep Health & Welfare
- 19 Sheep & Wool Mgmt Skills
- 15 Vertebrate Pests
- 14 Hardware & Software Development
- 12 Reproduction & Nutrition
- 10 Genetics
- 6 Wool Harvesting & Quality Preparation
- 5 Mechatronics
- 1 Novel Applications

SHEEP PRODUCTION, SCIENCE & TECHNOLOGY HIGHLIGHTS



Collaborated with four RDCs, **engaging 300+ primary producers** to develop innovative solutions to agriculture's problems



Resistance Management Strategy for the Australian sheep blowfly published



Over 4,000 shearers and wool handlers upskilled and trained in collaboration with local organisations across Australia



'Five Easy Steps' Phosphorus decision tool developed to assist with pasture management

SHEEP HEALTH & WELFARE

The priority of this program is to improve the lifetime welfare of woolgrowers' sheep, particularly reducing the risk and incidence of flystrike, whatever the sheep type, environment or enterprise mix.

FLYSTRIKE RESEARCH, DEVELOPMENT, EXTENSION AND COMMUNICATION



AWI has recently endorsed an updated Flystrike Research, Development, Education, Extension and Communication Strategy 2019/20 to 2024/25.

It will guide investment in evidence-based Research, Development and Extension (RD&E) to ensure the lifetime welfare and productivity of sheep and reduce reliance on mulesing.

This strategy update is largely a continuation of AWI's previous flystrike strategy, with industry continuing to support a balance between long- and short-term investment in flystrike prevention RD&E.

It has the following five pillars of investment:

1. Non-invasive management practices
2. Breeding and selection
3. Analgesia and anaesthesia
4. Breach modification procedures
5. Education, extension and promotion.

Reports on many of the projects mentioned below, and others, are available on the AWI website at www.wool.com/flystrikelatest/#research-recent-rde.



NON-INVASIVE MANAGEMENT PRACTICES

Non-invasive management tools are pivotal in reducing the risk of flystrike. These include the strategic timing of crutching and shearing, controlling dags and the judicious use of chemical treatments. Parasiticides for the prevention and treatment of all forms of flystrike and worms are important tools in managing flystrike risk and when used best practice and in conjunction with other management tools, further reduce the risk of flystrike in sheep.

Better management of current chemicals, the improved delivery of these chemicals and the development of new chemicals will minimise the risk of worms and blowflies and their larvae developing chemical resistance, ensuring that growers retain access to effective chemical treatments into the future to improve the lifetime welfare of all sheep.

An update to the blowfly genome, completed in 2019, identified 572 genes that are unique to the blowfly and which could be targeted by new chemical treatments or vaccines. Outcomes from this project are already being used to identify potential flystrike vaccine candidate genes that might impact larval growth and development, in a collaboration between the University of Melbourne and CSIRO to develop a flystrike vaccine.

The development of vaccines against the first stage larvae of the Australian sheep blowfly (*Lucilia cuprina*) to decrease the susceptibility of sheep and potentially the future development of soil biocides to reduce the adult fly population will add to the management options and reduce the reliance on chemical use and breach modification.

A project completed in 2019/20 has delivered a comprehensive literature review and report on the challenges and feasibility of developing a viable vaccine(s) for sheep targeting the known pathogenic bacterial species (*Pseudomonas* spp. (fleece rot), *Dermatophilus congolensis* (lumpy wool) and other bacterial species) that contribute to the incidence of flystrike.

An investigation, also recently completed, into the levels of blowfly resistance to the available chemical treatments will inform further RD&E supporting growers on the judicious use of parasiticides through an integrated pest management approach to maximise flystrike control and maintain the efficacy of available insecticides.

ANALGESIA AND ANAESTHESIA

The development of practical analgesic and anaesthetic treatments for lambs has been a critical recent advance that alleviates pain associated with procedures such as mulesing and marking.

Australian woolgrowers have been leaders in adopting anaesthesia and analgesia for husbandry procedures globally. More than 90% of respondents to a 2019 national online survey, of Australian sheep producers to benchmark their 2018 parasite control practices, reported using analgesics and/or anaesthetics when mulesing their wether lambs, while 87% reported using it with their ewe lambs. This is a significant increase from a similar 2014 survey, reporting on 2011 practices, (2014 Benchmarking Australian Sheep Parasite Control) in which 64% of respondents reported using analgesics and/or anaesthetics when mulesing wether lambs and 59% in ewe lambs.

AWI has invested heavily in this area to assist with product development and make sure effective alternative anaesthesia and analgesia options are available for woolgrowers to use, including promotion of information and advice to enhance uptake and use.

In 2019/20, a stocktake review of research literature published between 2000 and 2019 was undertaken so that AWI can strategically focus future project activities on the most important challenges, and the avenues which offer the greatest potential to be incorporated into industry best practice in pursuit of continuous improvement.



CSIRO scientist Tony Vuocolo vaccinating sheep with prototype flystrike vaccines.

BREEDING AND SELECTION FOR FLYSTRIKE RESISTANCE



Breeding productive sheep naturally resistant to all forms of flystrike is a long-term solution to managing the risk of flystrike.

However, there is no one-size-fits-all sheep breeding program and breeding strategies need to be customised to the individual farm, guided by key principles identified from AWI's investment to date in breeding for breech flystrike resistance. Breeding strategies must also integrate objectives for other health and welfare traits such as conformation and reproductive performance.

AWI invests strongly in identifying and promoting optimal breeding tools for growers to meet their breeding objective. Examples of projects in which AWI invested in 2019/20 include Wether Trials, Australian Merino Sire Evaluation and the MLP project. In 2019/20, Australian Sheep Breeding Values (ASBVs) for the flystrike indicator traits, breech wrinkle, breech cover and dag score, implemented since 2009, were available for use by ram breeders and wool producers on 20-30% of recorded animals in MERINOSELECT.

90%
of woolgrowers use
pain relief when
mulesing
wether lambs

BREECH MODIFICATION PROCEDURES

In 2020, what was the National Mulesing Accreditation Program (NMAP) manual has been updated by AWI with WoolProducers Australia and the Livestock Contractors Association and recently published as the *Plan, Prepare and Conduct Best Welfare Practice Lamb Marking Procedures - Training Guide*.

This training guide is designed to assist woolgrowers and their contractors perform lamb marking and mulesing procedures with the utmost care and attention to ensure the best short- and long-term welfare outcomes for the animal.

The NMAP guide was only available to those completing NMAP training, however the new training guide is now freely available to all woolgrowers, as this seen as the best way forward to

improve the on-farm husbandry practices for lamb marking and mulesing. This guide is also available to be used by any Registered Training Organisation to provide competency-based training for 'Plan, Prepare and Conduct Mulesing Procedures' (AHCLSK334).

EDUCATION, EXTENSION AND PROMOTION

Communication with woolgrowers to inform them of the outcomes from flystrike R&D investment is a key focus of this pillar, ensuring they have the information they need to improve the lifetime welfare of their animals.

Direct communication via the AWI newsletter, *Beyond the Bale* magazine, AWI website, project newsletters and woolgrower extension networks and workshops remain important, along with working with influencers of woolgrowers, such as their ram breeders, brokers, consultants, animal health companies and veterinarians (public/private sector). AWI continues to regularly distribute information for woolgrowers and their advisors on best practice flystrike prevention on the AWI website at wool.com/flystrikelatest.

ParaBoss, funded by AWI and MLA, and delivered by UNE, continues to regularly promote best practice advice on flystrike prevention through both FlyBoss and WormBoss. In addition to

its website(s), e-newsletter and Facebook page, ParaBoss in 2019/20 launched a series of podcasts (called Wormcasts) that included episodes relevant to flystrike prevention.

In 2012, an AWI-funded review on Minimising Dags in Sheep, provided useful information on the costs, reasons for and prevention of dag. Since the 2012 report was finalised, there has been further research undertaken in this complex area. The aim of a collaborative project, completed in 2019/20, was to review recent research outcomes on minimising dags in sheep and update the 2012 report, including the development of industry recommendations on the prevention of dags. Extension material produced from this project included a woolgrower fact sheet and advisor manual.

POST-FARMGATE BIOSECURITY

AWI continued its support for RD&E activities to better prepare the wool industry to respond to an emergency animal disease (EAD) such as foot-and-mouth disease and in 2019/20 a new three-year plan, developed by AWI in conjunction with the Wool Industries Australia EAD Working Group, 'Protecting the Australian Wool Pipeline: Post-Farmgate Emergency Animal Disease Preparedness RD&E Strategy 2019/20 - 2021/22' was implemented, with a goal to ensure that, in the event of an EAD, the normal business of the wool industry would be resumed as rapidly as possible.

FOOTROT

An AWI-funded investigation, by the University of Sydney and biotechnology company Tréidlia Biovet, into footrot vaccinations has provided valuable insights into best management practice. The project results will help woolgrowers whose flocks are affected by footrot, prevent productivity and profitability losses, as well as improve animal welfare.



AWI's Dealing with Dag advisor manual and fact sheet for woolgrowers, published in August 2019.

VERTEBRATE PESTS

AWI works with woolgrowers and other stakeholders to help achieve sustained control of wild dogs and other vertebrate pests.

WILD DOG CONTROL COORDINATION

AWI funds wild dog coordinators in each Australian mainland state to help landholders and communities work together to combat wild dog attacks. They also help coordinate on-ground wild dog control activities.

There is a surge in recognition of the value and importance of the 'coordination' role in wild dog and pest animal control generally. AWI's initiation and development of wild dog control coordinator roles across Australia has demonstrated clear leadership and very significant benefits for the wool industry and the broader community.

Queensland



SW Queensland coordinator Skyela Kruger.

The contract with AgForce has been particularly successful in expanding the effects of wild dog control coordination in the south-west of Queensland.

Joining the AWI network of wild dog control coordinators in April 2018 and based near Goondiwindi, Skyela Kruger quickly impressed with her 'can do' attitude and has since continued to impress, markedly improving the coverage and participation in wild dog control across South West Queensland.

The Central West Queensland wild dog coordinator position has unfortunately experienced high staff turnover with two coordinators coming and going during the year and the position is currently vacant. The Project Advisory Group is advising caution with refilling this position and the Queensland situation in general will be reviewed prior to the end of the contract with AgForce on 1 December 2020. AgForce advises that an internal review of funding for the wild dog coordinator positions generally is underway and is expected to reveal unspent funds which will likely allow an extension of this contract into the first quarter of 2021.



Victorian coordinators Brian Dowley, Lucy-Anne Cobby and Mick Freeman, with AWI Program Manager for Vertebrate Pests Ian Evans (second from right).

Victoria

The partnership with the Victorian Department of Environment, Land, Water and Planning (DELWP) has now completed the third stage of funding for wild dog control coordinators.

The main outcomes include:

- stronger relationships between stakeholders
- a more skilled and knowledgeable pool of people involved in control activities
- a larger wild dog control 'toolbox' that includes new and emerging technologies
- proof that coordinated control programs work
- the development of a communications and engagement plan
- the opportunity to use the coordinated control program model to help landholders manage other pests such as feral pigs
- a continuing downward trend in stock losses and incident reports
- improved farmer confidence and wellbeing
- improved emotional wellbeing of staff in the wild dog program.

In January 2020, the AWI Board approved the management proposal for a fourth stage of funding. DELWP will provide 43% and AWI 57% of the \$1,454,490 for the project's next three years.

NSW - North East



NE NSW coordinator Dave Worsley.

The north-east corner of NSW and its wild dog control coordinator Dave Worsley have faced significant challenges in the past year: from severe drought through severe bushfires to a rapid expansion of wild dog activity with the return to a better season. Dave continues to provide significant assistance to Local Lands Services (LLS) regions in the north-east of NSW. In conjunction with Walcha Shire, he has been a key player in obtaining a Federal Government grant of almost \$1 million to construct almost 60km of exclusion fencing to prevent wild dogs from the eastern escarpment moving up onto the sheep production areas of the Northern Tablelands. Dave's close links with Northern Tablelands LLS at all levels is reflected in the highly efficient, effective and producer supported control programs which are an outstanding feature of the north-east corner of NSW.

NSW – Western

With no other industry co-funding available at the conclusion of AWI's NSW Western Division wild dog coordinator funding in October 2019, the NSW State Government stepped in and provided the necessary funding via Western LLS to support this position for a further 12 months. This is a significant indication of the value placed on wild dog coordination services by all sectors involved in the sheep industry. With support from the NSW Government, this position has been extended for 2020-21.

Western Australia



WA coordinator Meja Aldrich.

The WA wild dog coordinator project reached the halfway point of this second contract. Meja Aldrich has achieved significant milestones in the 4½ years in this position.

The more notable achievements are:

- Key supporting role in the formation Recognised Biosecurity Groups (RBGs) through most, and certainly the key areas of the WA agricultural zone, where 90%+ of the WA sheep flock resides. The now established RBGs form a buffer zone along the full length of the existing State Barrier Fence and the proposed (now under construction) Esperance Extension. The structures, people and governance are in place to provide effective pest animal (and weed) control for WA producers.
- Meja has also initiated 'across – RBG(s)' communication and facilitation to provide for on-going coordination between RBGs. For control of pest animals such as wild dogs to be truly effective, such control must be broadscale, across-tenure and timely. This requires coordination of control programs across landholdings, shires, RBGs and regions.
- Meja has also established links with the Pastoral regions to the east of the State Barrier Fence. Already well organised and coordinated because of historically greater wild dog pressure, these links are nonetheless important to assist with keeping downward pressure on wild dog populations adjacent to the State Barrier Fence.

The WA Department of Primary Industry and Regional Development (DPIRD) has recognised the significance and need for coordination services in conjunction with the development and operation of the RBG structure, and has recently announced the appointment of three new 'Project Officer – RBGs' positions. These positions effectively duplicate the role and services provided by the AWI funded WA wild dog coordinator.

To avoid duplication, AWI will shortly redirect previously committed funding for WA wild dog coordination to training in effective on-ground wild dog control for producers (mainly) and Licensed Pest Management Technicians (LPMTs) aka 'Doggers' (secondarily) in WA. This new direction will commence from 1 September 2020.

South Australia



South Australian coordinator Heather Miller.

The partnership with the Department of Primary Industries and Regions South Australia (PIRSA) is near the midpoint of the current agreement and has seen a change in staff. Heather Miller has stepped in to replace Marty Bower who has moved onto the SA Dog Fence Re-Build project. Heather brings extensive experience of wild dog control, in addition to her rural background. The wild dog control coordinator position has key responsibilities for:

- executive support for the SW Wild Dog Advisory Group – SAWDAG
- providing a key link to the SA Dog Fence Re-Build project
- involvement in assisting and ensuring completion of wild dog planning across SA – 'filling in the white spaces' (on the map)
- preparing inputs to Government – and hence policy – in relation to wild dog management in SA
- dealing with wild dog control issues, eg wild dog control on organic certified properties
- coordinating and collecting data on wild dog predation and controls across SA
- coordinating the implementation of the SA Dog Trapper and Bounty programs.

Heather has been extremely busy since commencing this role and has brought a new force and vision to wild dog coordination in SA.

ON-GROUND SUPPORT

The Community Wild Dog Control Initiative has been temporarily suspended due to budget constraints. However, a small number of existing agreements (ten) are ongoing. Included in these are seven agreements (five complete) for 'bushfire recovery' assistance provided in the aftermath of the devastating 2019/20 summer bushfires. The current status of on-ground support is:

	Total groups	Past groups	Current groups
Qld	61	59	2
NSW	76	75	1
Vic	33	29	4
SA	8	6	2
WA	22	21	1
ACT	1	1	0
Total	201	191	10

EXCLUSION FENCE CONSTRUCTION UNITS

The original Queensland-based unit is currently in transit to South Australia to support the reconstruction of large sections of the SA Dog Fence.

AWI purchased a second similar unit in 2018-19 to provide support for the construction of the WA Esperance Extension to the State Barrier Fence. Work has commenced on this extension and some 55 km was complete at last report. When breaks occur in this project, it will be moved to other sections of the State Barrier Fence which require repairs and replacements.

RESEARCH & DEVELOPMENT

Wild Dog Alert

This project is now complete and has moved into the commercialisation phase. NSW Department of Primary Industries was chosen by the project partners under the Centre for Invasive Species Solutions as the body to be responsible for the commercialisation of technologies developed by this project.

This project has delivered four separate products to meet the needs identified: Wild Dog Alert (3G system), Wild Dog Alert (Buck-eye system), Wild Dog Alert Node (Satellite system) and ClassifyMe® software package.

Trap Alert

This project is also now complete and Encounter Solutions (a partner from New Zealand) is the body responsible for commercialisation of this technology. The 'technology' is a wireless and satellite linked alert system which notifies the 'manager' when a Trap Alert equipped trap is 'sprung'. No coverage by any phone system is required. An Australian field service agent was appointed prior to the outbreak of COVID-19, but no further progress has been reported since then.

REPRODUCTION & NUTRITION

AWI undertakes research into the influences on reproductive efficiency of Merino ewes to inform best practice management for woolgrowers.

LIFETIME EWE MANAGEMENT

AWI's support of Lifetime Ewe Management (LTEM) continues to prove popular amongst woolgrowers, with 336 producers currently enrolled in 38 groups across Australia.

COVID-19 had a significant effect on the delivery of most face-to-face extension activities, and LTEM was no different. Groups moved into online training in some cases with others regularly catching up online until they could get back together as a group. Most groups have now been able to resume training as normal whilst observing distancing requirements.

The LTEM course, delivered through Rural Industries Skill Training (RIST), aims to increase producers' understanding of the influence of ewe nutrition and management on overall reproduction rates and lamb and ewe survival. Producers develop the skills to manage their ewes to achieve condition score targets and explore the benefits of supplementary feeding and pasture management to review stocking rates.



The adoption of pregnancy scanning for multiples and differential management of twin ewes is an important management practice to increase lamb marking percentages.

showed that, on average, LTEM participants increased whole-farm stocking rate by 9.3% from 8.5 to 9.3 DSE/ha, lamb marking percentage by 7% from 97.3 to 104.3%, and decreased ewe mortality from 4.1 to 3.0%. The combined analysis confirms that LTEM provided the skills and confidence to enable participants to simultaneously increase stocking rates and lamb marking percentage.

The evaluation found that the single most important management practice relating to the impacts on lamb marking rates is the rate of adoption of pregnancy scanning for multiples and differential management of twin ewes. On average, the adoption of this practice increased from 25% pre-LTEM to 65% post-LTEM.

significantly increased both pregnancy rate and litter size.

The impact of COVID-19 on this project meant the researchers couldn't be onsite to take measurements at critical times in the AI calendar, which has extended the delivery date of the final report.

Materials to extend all relevant findings to industry will be developed – interactions with practitioners, producers and other researchers are expected to extend well into 2021/22.

**Stocking rate
 increased from
 8.5 DSE/ha to
 9.3 DSE/ha**

**Lamb marking
 increased from
 97.3% to 104.3%**

**Ewe mortality
 decreased from
 4.1% to 3.0%**

A recent evaluation of the program's benefits provided an overall combined analysis to quantify the changes in attitudes, skills, management practices and production resulting from participation in LTEM over the 11-year period from 2008 to 2018.

LTEM participants made significant improvements to their whole-farm stocking rate, lamb marking percentage and annual ewe mortality due to their participation in LTEM. The evaluation

IMPROVING THE SUCCESS OF SHEEP ARTIFICIAL INSEMINATION PROGRAMS

Industry interest in revising artificial insemination (AI) protocols has been met with the AWI-funded Improving the Success of Sheep AI Programs project with SARDI. The major aim of the project is to develop improved protocols for synchrony of oestrus.

The data collected to date covers many facets of ewe management for AI, but some interesting findings relating to ewe nutrition are that high nutrition significantly reduced the percentage of ewes that failed to display oestrus after CIDR removal, significantly advanced the time of onset of oestrus resulting in a more synchronised oestrus, and

DRYLAND LEGUME PASTURE SYSTEMS

AWI has partnered with DAWE, MLA, GRDC, Murdoch University, SARDI, CSIRO, DPIRD, Charles Sturt University and 10 grower groups on a project designed to develop recently discovered pasture legumes together with innovative management techniques to improve profitability for mixed farms (cropping and livestock) in the low and medium rainfall areas of WA, SA, Victoria and southern NSW.

The new varieties will reduce nitrogen requirements, include an assessment of methane production, increase soil fertility, reduce weeds and diseases for following crops and be quality feed for livestock. The project will also develop whole farm economic modelling to equip farmers with tools to adopt the most suitable pasture varieties and management practices for them, improving productivity and profits for wool, meat and grain producers.

The project is scheduled to conclude in mid-2022.

PHOSPHORUS EFFICIENT PASTURES

AWI co-funded this work, aimed at reducing the phosphorus (P) fertiliser dependence of Australian pastures, with DAWE, MLA, Dairy Australia, CSIRO, NSW DPI, The University of Western Australia, Murdoch University and eight grower groups.

Phosphorus is the primary nutrient input that drives legume nitrogen capture for pasture growth in Australia and underpins pasture productivity; however, the cost of P fertiliser has doubled since 2000, increasing the cost of production. More effective management of P fertilisers and the use of more P-efficient legumes in pastures achieves multiple benefits – fertilised pastures develop better ground cover with reduced risks of erosion, they grow faster and have more extensive root

systems that allow them to use rainfall (higher water-use-efficiency) and nutrients (higher nitrogen-use-efficiency) more effectively, delivering greater production per hectare of land (higher land-use-efficiency).

The project found that the critical P requirement of serradella (ie the soil test P level required for maximum growth) was significantly lower than that of subterranean clover, Australia's most widely-used pasture legume. However, serradella has not traditionally been sown regularly outside of southern WA, so pastures were sown and current cultivars assessed (often for the first time) in southern NSW locations and in central Victoria. In the Southern Tableland and Monaro regions of NSW, serradellas yielded comparably or better than subterranean clover when growing at a similar legume density, but it became clear that maintenance of legume density and

persistence of most serradella cultivars beyond the first few years after establishment was potentially problematic in these permanent pasture locations. However, of those cultivars tested, two were notable in terms of persistence – Avila and King – leading to the conclusion that cultivar suitability to the region in which it is sown is important. Some current cultivars are being used successfully in crop-pasture rotations where growing seasons are shorter and long-term persistence in a mixed pasture is less of an issue, and adoption of serradella in the crop-pasture zone is increasing.

The outcomes from the Phosphorus Efficient Pastures project have been integrated into a revised 'Five Easy Steps' P management decision tool to assist growers to target the use of P fertilisers to the most appropriate legume species they have.

PROGRAM HIGHLIGHTS

GENETICS

AWI investment in this program aims to increase the use of genetic evaluation information (both visual and measured) to improve genetic gain and profitability of the Merino.

MERINO LIFETIME PRODUCTIVITY (MLP) PROJECT

The AWI-funded MLP project is a \$7 million (plus \$5 million from partners) 10-year partnership between AWI, the Australian Merino Sire Evaluation Association (AMSEA), nominating stud Merino breeders and site hosts.

The MLP project runs at the five sites listed below where sire evaluation trials operate for the first two years and then continue tracking performance of ewe progeny of 134 sires as they proceed through four to five joinings and annual shearings.

Balmoral, Vic

Host: Tuloona Pastoral
Committee: Balmoral Breeders Association

Pingelly, WA

Host: Murdoch University / UWA
Committee: Federation of Performance Sheep Breeders (WA Branch)

MerinoLink, Temora NSW

Host: Moses & Son
Committee: MerinoLink Inc.

Macquarie, Trangie NSW

Host: NSW DPI
Committee: Macquarie Sire Evaluation Association

New England, NSW

Host: CSIRO
Committee: New England Merino Sire Evaluation Association



A segment of the attentive crowd penside at the Pingelly MLP field day in October 2019.

A full suite of assessments is being undertaken during the MLP project including visual trait scoring, the objective assessment of a range of key traits, classer gradings and index evaluations.

The 5,700 ewes in the MLP project are each having the following individual assessments taken:

- Annual classing in full wool for an overall Classer's grade as well as individual visual traits such as body wrinkle.
- Wool and fleece measurements taken annually.
- Scans annually for muscle and fat results.

- Condition score and body weights at key production times, eg pre-joining.
- Reproduction results via ultrasound scanning for pregnancy status, and then number of lambs reared from DNA samples of their progeny.
- In addition, each ewe is being classed for a number of functional traits including teeth and udder scoring.
- All ewes have WEC results monitored.

Results will be collated across year drops and sites into an extensive dataset which will be analysed for lifetime productivity, along with

breeding and selection options that enhance lifetime productivity and profitability. This will assist industry to select the most productive ewes relative to a range of environments, markets and genotypes.

Table 1 below shows the plan for the collection of these results and analysis across the sites and years.

The MLP project has collected 1,055,721 data points. This is 58% of the projected total for the project, which is currently estimated as 1,971,555 data records.

1,055,721
 datapoints have been
 collected, with
915,834
 datapoints remaining

All MLP data that can be used by MERINOSELECT is now flowing into the MERINOSELECT fortnightly analysis runs.

Drought has impacted on the three NSW sites during the past three years but the season for 2020 has improved considerably. Under exceptional drought circumstances, AWI funds supplementary feeding on a 50:50 basis with the site hosts. During the past three years, AWI has contributed \$513,000 in drought funding at the MerinoLink, Macquarie and New England Sites.

The COVID-19 impact and subsequent isolation restrictions caused additional planning and complexity. The COVID-19 requirements of isolation and social distancing measures were put in place and negotiation with contractors enabled all trial data to be collected. Some sites have had to postpone or reschedule field days.

MLP Newsletters, Site Reports and *Beyond the Bale* articles about MLP can be found on the AWI website at www.wool.com/MLP.

A report on Merino genetic trends, MERINOSELECT web searches and MLP Sire Diversity was included in AWI's 2020 Flystrike RD&E Technical Update. The report, titled 'Breeding and Selection - Industry Trends', is available at: www.wool.com/flystrikelatest/#research-recent-rde

There are also a series of MLP 'Add On' projects using the F1 ewes and wethers taking place. They include:

- Improving foetal aging (AWI and CSIRO)
- Assessing resilience and ewe survival (AWI and CSIRO)
- Genetic evaluation of productivity, efficiency and profit (AWI and Murdoch University)
- Evaluation of anti-Müllerian hormone in young ewes to predict lifetime fertility (AWI and Adelaide University)
- Comparison of classing within and across sire progeny groups (AWI)
- Comparing wool sampling site for fleece yield estimates (AWI)
- Wether carcass and eating quality (funded by MLA / NSW DPI and CSIRO)
- Footrot ASBVs for 650 MLP Pingelly wethers (funded by AHA and Murdoch University).

SIRE EVALUATION

Due to drought, only four sites have joined for a 2020 drop lamb, down from seven sites last year. These are: Balmoral, South Australia, Muresk and Yardstick. A total of 61 sires were joined at these sites, down from 102 sires the previous year. Macquarie, New England, North East Victoria, MerinoLink Yass and MerinoLink Boorowa did not join due to drought. Each site is self-funded through entry fees with AWI funding used for coordination, analysis, link sire funding and publication of results.

Sires entered at Sire Evaluation sites since 1989 are the sires or grandsires of 896,156 animals in MERINOSELECT. These represent 33.7% of all animals in the MERINOSELECT database. The extensive number and older age assessments taken on progeny in Sire Evaluation is adding significant value to the ASBVs in MERINOSELECT.

Visits to the Merino Superior Sires website increased 7.3% in 2019/20 on top of the 25% increase in 2018/19.

Semen stored for 50 years was used in the 2018 drop joining at the Balmoral site. The pooled semen from four sires was part of a semen freezing trial conducted by the University of Sydney in 1967, well before the use of frozen semen was commercialised in 1982. The progeny were on display at the Balmoral 2020 Field Day. A comparison of the progeny of current sires showed that there have been major improvements in productivity and visual wool and conformation traits over the past 50 years.

WETHER TRIALS

AWI assisted the Peter Westblade wether trial again this year.

Drought has impacted on the number of current wether trials with the last NSW DPI wether trial analysis published in September 2018 and available on the AWI and NSW DPI websites. The relative performance of 73 commonly used Merino bloodlines come from 25 wether trials conducted in NSW (24) and Tasmania (1) between 2007 and 2018. Bloodlines have been assessed for clean fleece weight, fibre diameter, liveweight, staple length and staple strength along with wool quality traits (style and colour). Simulation modelling using Grassgro™ generated two measures of financial performance of the bloodlines, expressed on a \$/head and \$/DSE basis. The previous 2006-2016 analysis reported data from 26 trials with 77 bloodlines.

TABLE 1: MLP PROJECT TIMEFRAME ACROSS SITES

Site	F1 ewe drop at each site						Last lambing at each site				
Balmoral	✓	✓		A2			✓			Analysis	Publication
Pingelly		✓	✓		A2			✓			
MerinoLink		✓	✓		A2			✓			
Macquarie			✓	✓		A2			✓		
New England			✓	✓		A2			✓		
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025

A2 denotes that both drops at a site have had their first adult assessments collected.

HARDWARE & SOFTWARE DEVELOPMENT

Automated data collection and analysis systems, such as AWI Smart Tags, can provide woolgrowers with real time information regarding their flock and property operations.

AWI SMART TAGS

AWI's smart tags aim to enable woolgrowers to track, monitor and assess the status of their flock in real time – and make more informed decisions to increase their enterprise's profitability.

The development of the AWI smart tags has made significant progress during this year. New versions of the hardware and software have been developed improving range, increasing the amount of data collected and reducing the time and resources to set up new trials.

Despite the delays caused by the COVID-19 restrictions, the research projects using AWI smart tags are also progressing satisfactorily.

- AWI Smart tags have been deployed in remote locations to test connectivity, performance, and robustness.
- Trials have been done to estimate feed intake using indigestible consumable tracers and from behavioural data provided by the AWI smart tags. Preliminary analysis suggests that the devices can predict average feed intake over two- to three-day periods.
- AWI smart tags have been used to detect a mounting event (in pen conditions) with good accuracy. Future analysis will prove if the tags can be used to identify the ram but also the ewe that is being served.



Dr Jaime Manning of CQUniversity deploying AWI smart ear tags on sheep at Dunraven Station at Barcaldine in Queensland.

WOOL FOLLICLE DENSITY AND DIAMETER

A project to develop a point-and-click scanner that enables woolgrowers to measure wool follicle density and diameter on farm has started during this year.

Improving wool follicle density is key for improving both wool production (weight) and quality (diameter), as these traits are negatively correlated.

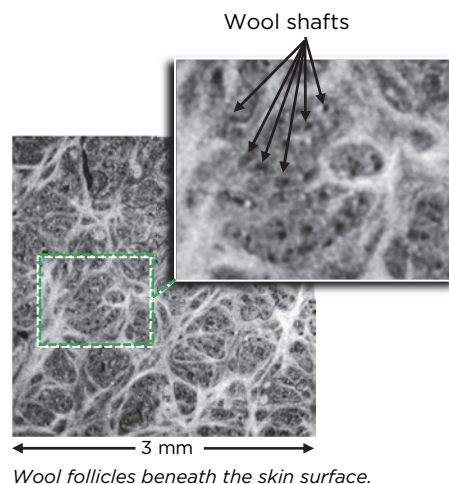
At present, to measure wool follicle density, a farmer must use histology, which involves a small biopsy sample of the animal's skin, chemically processing

it and analysing it under a microscope. This process is expensive and can take several weeks.

This project is looking at non-invasive imaging (Optical Coherence Tomography) that can look below the skin surface and analyse the wool follicles and blood vessels.

This will allow woolgrowers and ram breeders to identify high value sheep earlier, which could increase productivity of current sheep flocks and facilitate increased rate of genetic improvement.

With automated analysis software to measure the wool follicles, the entire process could be completed within a few minutes.



Wool follicles beneath the skin surface.

MECHATRONICS

AWI is investigating how mechatronics (a combination of mechanics and electronics) and especially robotics and automation can be applied to the wool harvesting industry.

SMART SHEARING HANDPIECE

A new project to revisit the design of current shearing handpieces has started this year.

Utilising current technologies and materials, the researchers aim to design a smart shearing handpiece – introducing information and efficiencies into the process and allowing for data to be gathered. Ultimately, they will explore concepts that improve the quality of the shearing process, while considering working conditions for users and animal welfare.

The long-term strategy behind the project is to feed into complementary projects covering other aspects of shearing, including robotic/automated shearing and fleece management.

SEMI-AUTONOMOUS WOOL HANDLING SYSTEM

Wool handling is a highly manual and repetitive task. Modern sensors, industrial controls, and engineering developments over recent years can be adapted to improve efficiency in the shearing shed.

During 2019/20, a three-year project has been initiated to design, build and test components of a semi-autonomous wool handling system, covering steps from the wool table through to baling, and involves four main components:

- Automated inspection system for identifying fleece contamination
- Automated skirting and removal of pieces
- Optical inspection for automatic wool classification
- Automated sorting and baling.

USING TECHNOLOGY TO HELP PREVENT SHEARING INJURIES

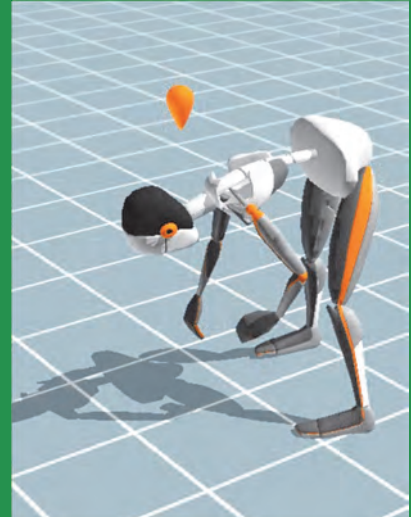
Pioneering high-tech research into shearers' muscle fatigue has identified several important features that could provide an early warning of lower back injuries. The research could also be used to evaluate the effectiveness of future injury-prevention options, such as wearable robotics.

The project, undertaken by the University of Melbourne, involved shearers in shearing sheds wearing sensors that enabled the researchers to monitor the motion and the muscle activities of the shearers in a real-life setting.

The initial objective of the project was to accurately identify the mechanisms of lower back musculoskeletal injuries in shearers. Once the primary contributors to injury risk were identified, the researchers developed a prototype 'sensing unit' in a back-stabilising belt that can be worn by shearers to alert them (via a display on a smartphone) when they are becoming vulnerable to potential injuries and which can propose optimal resting cycles.



The shearers in the trial wore sensors that enabled the researchers to monitor the motion and the muscle activities of the shearers in a real-life setting.



The important indicators of muscle activity that the researchers have identified can also be used to measure the effectiveness of future physical intervention strategies introduced into the sheep shearing process, such as ergonomic shed

redesign, changes in warm-up and stretching exercises, and changes in the rest-work cycle – and also wearable robotic solutions that reduce the risk of injury while still allowing the high degree of manoeuvrability required for shearing.

PROGRAM HIGHLIGHTS

NOVEL APPLICATIONS

Technology is rapidly changing many areas of agriculture – and AWI aims to ensure Australian woolgrowers are on the front foot to take advantage of the latest opportunities.

FARMERS 2 FOUNDERS PROGRAM

The pilot year of the Farmers2Founders program has concluded. F2F has engaged directly with more than 300 Australian primary producers from across industries and from all states and territories. Key activities in the pilot year included: workshops, masterclasses, and online recruitment initiatives; two pre-accelerator Ideas Programs; an accelerator Bootcamp Program; and an Early Adopter Program.

The Ideas and Bootcamp Programs were designed to help producers create and/or scale new ventures across agtech and value-added products.

The Early Adopter Program was designed to support producers to become strategic adopters of agtech and engage earlier and more confidently with technology vendors.

KPIs for the pilot year included participation, commercialisation, ecosystem relationship (agtech

incubators, investors, etc) and capability building metrics.

All targets were achieved, and qualitative feedback from participating producers in all programs was positive. Benefits cited by producers include helping them to think differently, work "on" (ie instead of "in") the business, build new skills, access new tools and networks, and advance their business ideas.



The Farmers2Founders Bootcamp event in Melbourne in February, in which participants pitched their new ventures to the audience.

GROWING A DIGITAL FUTURE FOR AUSTRALIAN AGRICULTURE

Since 2016, most of the Australian Rural Research and Development Corporations (RDCs) including AWI have been working together to support the development and adoption of digital technologies to benefit the Australian agricultural sector.

Growing a digital future for Australian agriculture was a collaborative initiative developed this year built on the findings of the Precision to Decision project, developing a digital capability framework to build the right digital skills for the Australian agricultural workforce; a best practice framework for data control and rights; and a digital maturity framework to guide agribusinesses in adopting digital technologies.

The supporting tools and frameworks developed provide a comprehensive and coherent framework for policy and strategy to support the development and adoption of digital technologies to benefit Australian producers.

SHEEP & WOOL MANAGEMENT SKILLS

AWI aims to help improve the engagement and motivation of young people, thereby developing and retaining skills the wool industry needs to be innovative in response to new challenges.

BREEDING LEADERSHIP

The eighth iteration one of AWI's flagship capacity building programs, Breeding Leadership, was delivered by Rural Directions in Clare, South Australia, in February 2020. Since 2006 178 participants have completed the Breeding Leadership Program, with many going on to make significant contributions to the wool industry.

Breeding Leadership stands as a keystone in AWI's capacity building portfolio, bridging the gap between education and extension of wool for students and high-level industry development opportunities such as Nuffield Farming Scholarships.

178

**Breeding Leadership
participants since
2006**

In the future, AWI intends to further utilise their investment in Breeding Leadership alumni by exposing them to stakeholder engagement mechanisms and establishing a clear alumni network. Such a network will form a key link in AWI's career progression pathway and further foster idea sharing among the industry's best and brightest.

2020 applications were again plentiful, and of a high quality. 24 participants from Queensland, WA, Victoria, NSW and South Australia undertook the week-long course building their skills in the areas of leadership, business strategy, conflict resolution and succession planning.

Breeding Leadership was very well received by participants, with an average value for each session of 96%.



The 24 participants of the 2020 Breeding Leadership course, pictured here with the Meyer family at Mulloorie Merino Stud in South Australia.

AUSTRALIAN RURAL LEADERSHIP PROGRAM

The Australian Rural Leadership Program (ARLP) graduates funded through the program by AWI use their learnings for the benefit of rural and regional Australia, and the sheep and wool industry in particular.

This year's AWI-supported ARLP place was awarded to Louise Martin from Macfarlane, near Tambo in Western Queensland. Louise is passionate about the rebuilding of the flock in Queensland and is looking forward to the opportunities afforded by the ARLP course. Course 27 is due to begin in November 2020, pending COVID-19.

Kirsty Wall from Bukkulla near Inverell in NSW is currently completing course 26, although the program is temporarily on hold. Since embarking on her ARLP journey, Kirsty is already making plans to further develop and galvanise her local grower group.

NUFFIELD FARMING SCHOLARSHIPS

Tom Hooke of Wanganella in NSW was awarded AWI's 2020 Nuffield Farming Scholarship and will research innovative regenerative agriculture processes for application in Australian pastoral sheep enterprises.

Tom and his family (see page 2) have a holistic approach to managing their 10,000 strong Merino flock on the western Riverina and Tom intends to explore low input, minimal intervention farming systems across the world and how such principles may apply to grazing sheep in Australia's pastoral zone.

Anthony Close of Culla in Victoria was AWI's 2019 Nuffield Farming Scholarship – and has already made a significant contribution to the industry and is very active in AWI's consultation mechanisms.

SCIENCE & INNOVATION AWARDS

Another strong round of applications was received for the Science & Innovation Awards for Young People in Agriculture. AWI reviewed nine applications and awarded the 2020 AWI Science & Innovation Award to Dr. Thomas Clune.

Tom is investigating the role that Chlamydia has on sheep health and lamb losses in Australian flocks – citing a strong correlation between Chlamydia infections and stillborns and abortions.



Minister for Agriculture David Littleproud presenting the award to veterinarian Dr Tom Clune. Photo: Steve Keough Photography

As part of the project, Tom plans to develop a quick, cheap and portable diagnostic tool for Chlamydia in sheep. Tom was presented his award in Canberra in February; his research is ongoing as part of his PhD project at Murdoch University.

OTHER YOUNG WOOLGROWER ACTIVITIES IN 2019/20

AWI continued to support many wool and sheep industry activities across Australia, including but not limited to the following:

- AgriFutures Horizon Scholarships
- Hay Inc rural traineeship programs
- Royal Agricultural Society School Farm Days
- Adelaide University Agricultural Students Association (AUASA) Growing The Future event
- Rotary Youth in Agriculture Sheep Program – Walcha
- National Merino Sheep & National Merino Fleece Judging Competitions.
- Young Farming Champions.

Many young woolgrower programs regularly supported by AWI were not run or were postponed due to the onset of the COVID-19 pandemic.

Many of the 16 sheep classing workshops (see page 29) were aimed at and attended by young woolgrowers.

ONGOING ENGAGEMENT

AWI is in the process of streamlining its education and capacity building pathways to yield greater returns on investment in this space, and to create a smoother and clearer pathway for young wool industry participants.

By clearly linking opportunities and creating alumni networks, AWI intends to constantly re-engage with the wool industry members in whom they have invested. Inviting alumni from these networks into AWI's consultation mechanisms will also prove valuable.

WOOL HARVESTING & QUALITY PREPARATION

AWI funding of shearer and wool handler training ultimately aims to improve returns to woolgrowers by increasing the value and quality of their wool clip.

SHEARER AND WOOL HANDLER TRAINING

In 2019/20, AWI funded training for shearers and wool handlers across a range of skill development activities. These included from learner to professional shearers and from novice to professional wool handlers.

The aim of the training is to attract and train new workers in the wool harvesting industry, and also build the capacity of existing staff through improved work practices (speed and quality) and longevity in the workforce.

Due to the COVID-19 pandemic, AWI had to either cancel or postpone its shearer and wool handler training for a few months across Australia. As a result, the total number of days trained and number of people trained is less than was anticipated for 2019/20.

Despite this, in the past financial year, nearly 1,400 days training were delivered through AWI-funded programs across Australia (see table below), which was only about 100 days less than the previous year. The delivery was a combination of in-shed training, novice schools and workshops.

1,397

shearer and wool handler training days delivered

Provided by Registered Training Organisations, and AWI's Independent Coaching Program, the face-to-face training focused on shearers and wool handlers in the shed, particularly on increasing their productivity, skills development and professionalism.



AWI shearing trainers at a shearing camp at Brookton in WA, teaching student Alister Williams of Wagin who went on after the camp to get a job with a local Wagin shearing contractor.

ONLINE TRAINING RESOURCES

With face to face in-shed training temporarily suspended for part of the year due to government social distancing directives, AWI's shearer and wool handler trainers created and rolled out a series of online training videos to promote best practice shearing and wool handling techniques. The videos were viewed more than 59,000 times up until the end of the financial year.

The videos were produced in collaboration with Shearing Contractors' Association of Australia Shearer Woolhandler Training Inc and are packed with tips, hints and practical advice on a range of topics, from setting up a grinder to improving clip preparation practices.

The videos were a great way of reaching people in the industry who AWI couldn't train face to face due to the COVID-19 restrictions. But the videos are suitable for anyone who works in shearing sheds who would like to brush up their own skills. Access the videos and AWI's other online training resources at www.wool.com/training-resources.

COMPETITIONS

In 2019/20, AWI sponsored 40 local shearing competitions across the country affiliated with Sports Shear Australia: NSW 12, Victoria 10, SA 7, WA 7, Tasmania 4.

Eight further competitions that AWI was sponsoring were cancelled due coronavirus or bushfires and AWI's sponsorship of those competitions is being rolled over to next year.

Part of AWI's support includes payment of a \$20 per head contribution towards entry fees for novice shearers and wool handlers.

AWI also provided support to state and the national shearing and woolhandling teams.

The aims of providing support to shearing competitions are to promote excellence in the wool harvesting industry, encourage young people to join the industry, and encourage continued development of techniques in shearing and woolhandling.

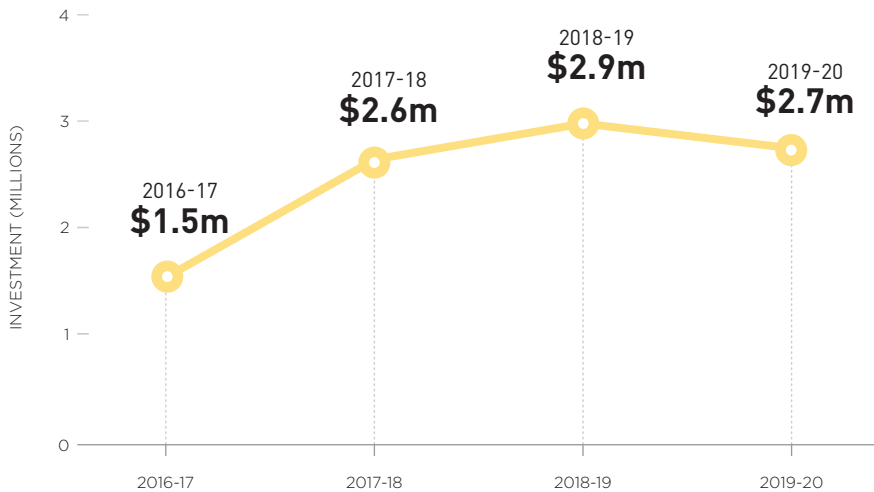
AWI's financial support for competitions makes a significant impact on the viability of many competitions.

2019/20 SHEARER AND WOOL HANDLER TRAINING ACTIVITIES		NSW	WA	VIC	SA	QLD	TAS	2019/20 TOTAL
In-shed shearer coaching	Days:	454	184.5	132	76.5	10	32	889
	Number trained:	1240	549	452	323	16	103	2683
In-shed wool handler coaching	Days:	55.5	137	84	18	5	34	333.5
	Number trained:	148	330	230	51	-	37	796
Novice/workshops	Days:	30	48	22	47	-	28	175
	Number trained:	227	129	69	158	-	51	634
TOTAL TRAINING DAYS PROVIDED		539.5	369.5	238	141.5	15	94	1397.5
TOTAL NUMBER COACHED/TRAINED		1615	1008	751	532	16	191	4113

CONSULTATION

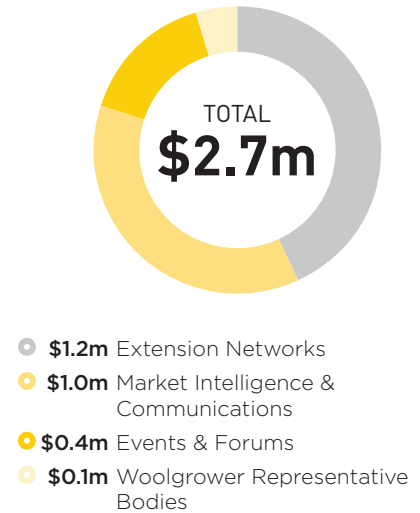
Portfolio objective: To build trust and transparency across the supply chain through an industry best-practice structured, targeted and measurable engagement model; and for this intelligence to influence, inform or contribute to AWI's business activities.

INVESTMENT OVER TIME



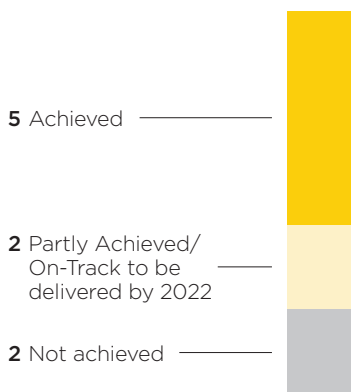
Information provided before 2019-20 fell under AWI's previous strategic period. Numbers included for comparison are indicative only.

2019-20 INVESTMENT BY PROGRAM



ANNUAL PLAN TARGETS

9 TARGETS



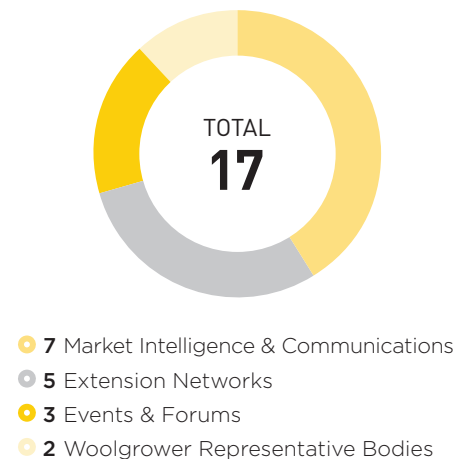
See Appendix C for complete list of performance against Annual Plan targets.

EXAMPLES OF KEY PARTNERS

Meat & Livestock Australia
 Charles Sturt University
 Department of Agriculture and Fisheries (Queensland)
 AWTA
 Animal Health Australia

See page 66 for further information on Collaboration.

PROJECTS COMPLETED



CONSULTATION HIGHLIGHTS



13,400+ Australian woolgrowers are active participants in AWI state-based extension networks



Consulted with government to help keep shearing going during COVID-19 restrictions



The Yarn podcast downloads have doubled to an average of **1,500** an episode



Newly created Woolgrowers Consultation Group (WCG) and future leaders guiding and informing the **Wool 2030 industry plan**

EXTENSION NETWORKS

AWI extends its R&D and training to woolgrowers across Australia, delivering localised industry information and events, and ultimately achieving measurable adoption and practice change.

STATE-BASED NETWORKS

AWI-supported extension networks continue to provide opportunities for producers to get involved in practical programs that focus on making positive changes to on-farm production and management practices. The networks are fundamental to the spread of new ideas, continuing education and the adoption of best practice.

The networks have proven their significant value and flexibility in the past 12 months – from supporting woolgrowers with drought information around issues such as containment feeding, feed budgeting and stock health to communicating emergency bushfire information and recovery.

For many, the New Year thankfully brought decent rains and with it demand for drought recovery information, flock rebuilding and how to maximise lambing. Beyond March though, messaging and information from the networks surrounded COVID-19 safety on-farm and guidelines around conducting COVID-19-safe shearing.

It has been a very busy time, requiring flexibility and that is what the AWI networks are for. The unforeseen disruption of the pandemic required all networks to dial up there remote and online communications, namely through webinars, podcasts, zoom meetings and increased social media to keep woolgrowers up to date. For those without decent internet coverage there have been more traditional newsletters and other publications.

POSITIVE FEEDBACK

Despite the global pandemic removing the chance to host face to face meetings post March, more than 500 face to face and online events were held throughout the year including the highly successful collaborative 'Back to Business' webinar series hosted by Sheep Connect NSW and Sheep Connect SA, developed for livestock producers impacted by drought, fire, flood, storms and global challenges.

500
 events organised
 through extension
 networks
8.9 out of 10
 likelihood that
 attendees would
 recommend the event

As with all AWI projects, the networks undertake rigorous evaluation. Key metrics include ratings by event participants for satisfaction (which averaged 8.6/10 for the year) and value of the event (8.2 out of 10). The 'net promoter' or likelihood to recommend events to others measured 8.9/10.



Lots of enthusiasm for a flock rebuild at the BESTWOOL/BESTLAMB coordinators conference in Bendigo in March.

AWI-SUPPORTED EXTENSION NETWORKS

AWI-supported networks are present in each state and each are run under the guidance of a Producer Advisory Panel.

- Sheep Connect NSW
- Sheep Connect SA
- Sheep Connect Tasmania
- BESTWOOL/BESTLAMB (Vic)
- The Sheep's Back (WA)
- Leading Sheep (Qld).

The networks promote and deliver key AWI programs, including the AWI-developed workshops: Winning With Weaners, Ramping Up Repro and Picking Performer Ewes.

To find your state grower network head to www.wool.com/networks.

EVENTS & FORUMS

AWI has had a strong presence at, and contribution to, woolgrower and industry events and forums across Australia, providing AWI with opportunities to listen to and work with woolgrowers.

AWI ATTENDANCE AT EVENTS

AWI staff and/or Board members have attended and provided strong support to more than 100 wool industry events nationwide during the year. Due to restrictions related to COVID-19, many other events that AWI would have attended from March through to June were cancelled.

Those events attended during the year have included field days, sheep shows

and tours, demonstration days, conferences, ewe competitions, sheep classing workshops, multi-vendor ram sales, extension network Producer Advisory Panel meetings, research organisation meetings, sheep and wool industry meetings, and other events such as post-bushfire meetings on Kangaroo Island.

All these activities involved direct woolgrower engagement and often involved direct presentations to

woolgrowers with opportunity for feedback and questions.

Attendance at events also enabled AWI to interview woolgrowers and researchers for episodes of AWI's *The Yarn* podcast, which enabled many more woolgrowers right across Australia to benefit from the events.

Of note, field days and sheep shows attended by AWI this year include Wagin Woolorama, Australian Sheep and Wool Show, Sheepvention,

Campbell Town Show, New England Merino Field Day, Great Southern Supreme Merino Show, Darkan Sheepfest, Mudgee Ram Show & Sale, amongst many others.

100
wool industry events
attended by AWI

Ewe competitions attended by AWI include those at Mid Lachlan, Gunning, Boorowa, Caragabal, Condobolin (Don Brown Memorial), Mudgee (Chris Naake Memorial), Trundle, amongst many others.

SHEEP CLASSING WORKSHOPS

Sheep classing workshops were held 16 times during the year in NSW (5), Victoria (5), Qld (3) and SA (3). They were attended by more than 250 woolgrowers from all kinds of Merino wool-growing enterprises.

The workshops are a practical way for woolgrowers of all ages to learn about increasing the production of their Merino flocks.

Through a combination of theory and hands-on components, experienced sheep classers lead the workshop and take commercial producers through the process of classing sheep, including understanding the type of sheep that breeders are aiming for, comparing individual traits between sheep, and other sources of information.



A practical sheep classing workshop, attended by 12 young woolgrowers, at Rod and Sue Miller's 'Glenpaen' property south of Horsham in Victoria.

PROGRAM HIGHLIGHTS

MARKET INTELLIGENCE & COMMUNICATION

AWI has enhanced its market intelligence service and communications to woolgrowers and other stakeholders to keep them informed about global markets and AWI's R&D and marketing activities.

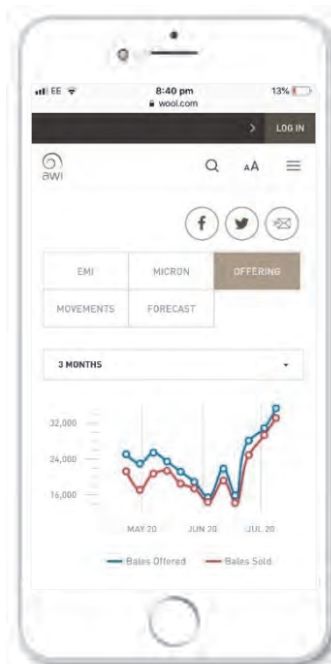
MARKET INTELLIGENCE

During the year, AWI's Weekly Price Reports were provided each Friday during sale weeks or at the end of the selling week as auctions were moved to earlier rosters later in the selling season. Distribution is via email, SMS and on the Wool.com website. The reports include weekly price movements, currency movements, and the number of bales sold and passed-in.

Up until April, the reports also included weekly commentary on the markets, however AWI suspended the commentary in April as the global economic impact of the coronavirus pandemic caused only imperfect information to be available. However, in the latter half of the year, there was a focus on AWI's international managers providing market insights to woolgrowers via AWI's *The Yarn* podcast.

Market intelligence data was also disseminated at various woolgrower and trade events throughout the year. Trade data and market intelligence reports were provided on demand to trade participants, educational institutions, manufacturers and retailers. Ongoing market intelligence wool pricing updates and special interest reports were provided quarterly in *Beyond the Bale*.

An important part of the revamp of AWI's Wool.com website in November was the introduction of interactive market intelligence information for woolgrowers, including a graphical display of EMI, offering, currency movements and forecast of bales sold.



The revamped Wool.com website includes a range of market intelligence information for woolgrowers.

AWI also continued to send wool prices and market intelligence direct to nearly 5,000 woolgrowers' mobile phones. Woolgrowers can subscribe for free at www.wool.com/sms.

Three Australian Wool Production Forecasting Committee reports were released - in August 2019, November 2019 and April 2020. AWI and MLA's joint Wool and Sheepmeat surveys of producers were conducted in July 2019, October 2019 and June 2020.

AWI COMMUNICATIONS TO WOOLGROWERS

Direct communications to woolgrowers continued to be a major focus for AWI this year.

The aim primarily is to keep woolgrowers up-to-date on AWI activities, make them aware of marketing initiatives to increase the demand for Australian wool, and provide them with information on new R&D to improve on-farm productivity and profitability.

Regular communications this year included:

Beyond the Bale magazine, posted quarterly direct to nearly 40,000 Australian woolgrowers and wool industry stakeholder, and the related *Beyond the Bale* e-newsletter emailed to about 10,000 recipients.

40,000
readers each quarter
of Beyond the Bale
magazine

AWI woolgrowers' newsletter, emailed monthly to about 10,000 recipients.

The Yarn podcast, which averaged more than 1,500 downloads for each of the 40 episodes produced during the year.

Wool.com website, which was revamped in November with a more user-friendly interface (ideal for reading on a smartphone) and updated information, especially market intelligence information which has proved very popular. There were more than a quarter of a million visits to the website during the year. Users are spending more time on the site than before, which is a positive outcome of the redevelopment.

AWI social media channels, which includes Twitter (@woolinnovation) which has nearly 7,000 followers, the new Facebook channel (@AustralianWoolInnovation) which was launched in February, Instagram

(@beyondthebale) which has 3,000 followers and YouTube (@AWIWoolProduction). The Woolmark Company also has a range of social media channels through which woolgrowers and other stakeholders can keep up to date on the company's marketing initiatives.

Woolgrower Menu, which provides a list of resources offered by AWI to support woolgrower's businesses. It was distributed with the March 2020 edition of *Beyond the Bale* and is available at www.wool.com/menu.

AWI also attended and/or presented at sheep and wool industry **events** across the country (see page 28) and **extension networks** (see page 28).

FEEDBACK FROM WOOLGROWERS TO AWI

Woolgrowers can provide feedback to AWI in person at the many **industry events** across the country attended by AWI staff and Board members.

Woolgrowers can also communicate with AWI via the free AWI Helpline telephone number **1800 070 099**, AWI Sydney telephone number **(02) 8295 3100**, email address **feedback@wool.com**, the Wool.com 'Contact Us' online form, and post (including the **Feedback Postcard** distributed with every edition of *Beyond the Bale*).

PROGRAM HIGHLIGHTS

WOOLGROWER REPRESENTATIVE BODIES

AWI regularly consults with woolgrower representative bodies to seek feedback on their members' priorities for R&D and marketing, and to support their knowledge of AWI activities and performance.

CONSULTATION WITH REPRESENTATIVE BODIES

AWI's new consultation model was developed with industry endorsement and rolled out this past year. It enables AWI to ascertain the key R&D and marketing priorities of woolgrowers and industry. It has two key forums through which AWI formally consults and engages with woolgrower representative groups.

Firstly, the **AWI Woolgrower Industry Consultation Panel (WICP)** which has seven members from national woolgrower representative organisations, is led by an independent chair, and also includes the Department of Agriculture and AWI representatives. The independent chairman during 2019/20 was respected agribusiness executive Ron Cullen.

The second forum, the **AWI Woolgrower Consultation Group (WCG)** is a broader group comprising 28 representatives of state and regional production-based woolgrower groups, as well as the members of the WICP. The current focus for the WCG is the development of a 10-year wool industry strategic plan called 'Wool 2030'.

WICP meetings are held three times per year and the WCG workshop is held once a year to coincide with key dates in AWI's planning cycle, enabling industry feedback to be considered in the company's decision-making. However, the WCG has been meeting more frequently this year (some online due to the current COVID-19 social distancing guidelines) as WCG is the principal oversight body for delivering a 10-year strategic plan for Australian woolgrowers (see the following section).

WOOL 2030

Wool 2030 is a new AWI project that aims to develop a 10-year strategic plan for Australian woolgrowers. The development of the plan was one of the recommendations arising from AWI's 2018 review of performance by EY. AWI's Woolgrower Consultation Group (WCG), plus 'next generation' representatives, are overseeing the project.

Wool 2030 is for the benefit of Australian woolgrowers as they are AWI's primary stakeholders and levy-payers. It will largely cover issues related to wool production and should not be seen as a plan for downstream sections of the Australian wool industry such as brokers, exporters or processors.

The WCG has met via webinar to discuss and contribute to the development of five key areas for the strategic plan. Five discussion papers (available at www.wool.com/2030) were developed and provided to WCG members for discussion and feedback:

1. Wool supply and demand
2. Demographics and flock productivity of the Australian wool flock
3. Social licence issues
4. Opportunities and threats
5. People in the wool industry

The discussion at the WCG will be used as critical input into the development of the plan. Further consultation with woolgrowers and wider industry stakeholders across the country will occur throughout the plan's development process, with delivery of the strategy expected in late 2020. Once drafted, the plan will be considered by the AWI Board.

Woolgrowers and members of the industry have been strongly encouraged to participate and have their say on the future of the industry.



Five discussion papers were released as part of the Wool 2030 project.

GOVERNMENT STAKEHOLDERS

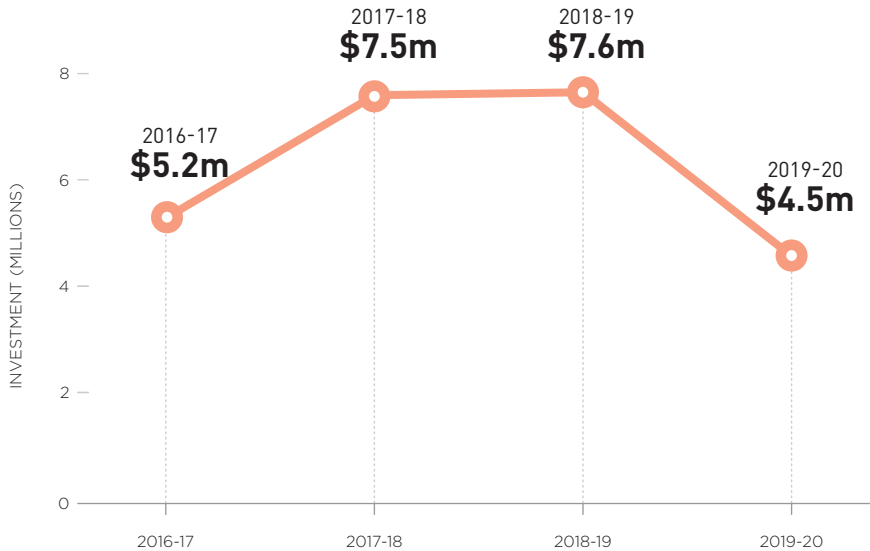
AWI has regular and informal discussions and meetings with government officials on a range of issues. AWI aims to work productively with Federal and state government stakeholders to ensure a sufficient understanding of the wool industry, AWI priorities, and outcomes of AWI's investments, and to ensure statutory compliance.

AWI also meets with the Department of Agriculture, Water, and the Environment on a six-monthly basis to ensure AWI is compliant in the 2016-2020 Statutory Funding Agreement (SFA). A new principles-based SFA is expected to be agreed to with the Federal Government in the second quarter of 2020/21.

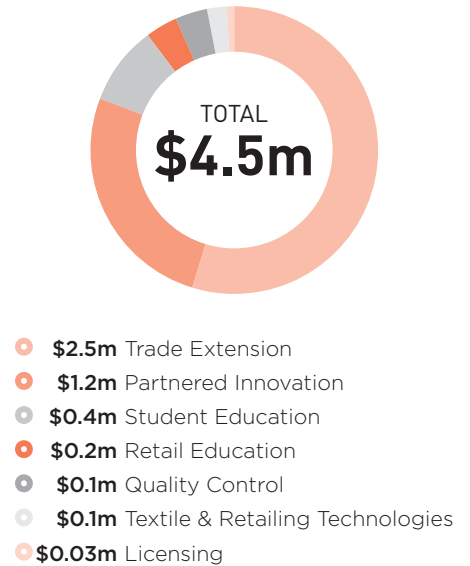
PROCESSING INNOVATION & EDUCATION EXTENSION

Portfolio objective: Increase the profitability and sustainability of the wool processing and manufacturing supply chain and educate students, trade and retailers about the benefits of wool.

INVESTMENT OVER TIME



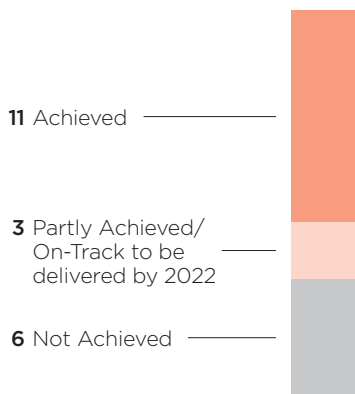
2019-20 INVESTMENT BY PROGRAM



Information provided before 2019-20 fell under AWI's previous strategic period. Numbers included for comparison are indicative only.

ANNUAL PLAN TARGETS

20 TARGETS



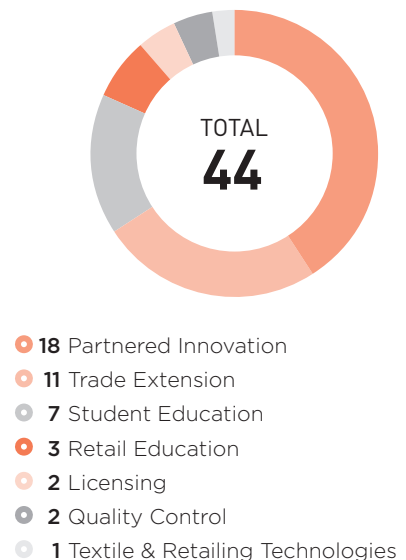
See Appendix C for complete list of performance against Annual Plan targets.

EXAMPLES OF KEY PARTNERS

Gucci
Santoni
Donghua University
Byborre
Knitwarm
Lenzing
Turkish Clothing Manufacturers Association

See page 66 for further information on Collaboration.

PROJECTS COMPLETED



PROCESSING INNOVATION & EDUCATION EXTENSION HIGHLIGHTS



Launched digital Woolmark Learning Centre - **1,100+ courses completed**



Technology transferred throughout the supply chain to drive efficiency and enhance wool's qualities



Collaborated with 80+ supply chain partners developing products and innovations for consumers globally



Wool placed as a performance fibre through **collaborations with brands like adidas, Gore-Tex and Prada**

TEXTILE & RETAILING TECHNOLOGIES

With the rise of modern technology, the way people engage with and purchase garments has changed, which provides new opportunities for AWI to drive sales of wool products.

SMART TAGS ON GARMENTS

Smart tags on apparel have provided an opportunity for AWI and The Woolmark Company to work with brands to educate consumers about the wool in their garments, enhancing the relationship with the customer (see box right).

Customers can now receive via smart tags more tailored information about a garment, without having to go away and spend time researching it themselves. This could be information such as care instructions, the supply chain or provenance of an item.

Smart tags enable brands to deliver information in as seamless a way as possible, helping to increase engagement (regardless of where in a garment's lifecycle the interaction may occur) – and sales.

Smart tags can also facilitate other connections, such as the ability to connect to a store's point of sale system, to a smart wardrobe or washing machine or even to help enable quicker recycling through identifying accurately a garment's composition.

WECHAT RETAIL AND CONSUMER ENGAGEMENT IN CHINA

WeChat is a Chinese messaging and social media app with more than one billion monthly active users. Given that the Chinese market has a preference for using WeChat rather than traditional email/SMS systems, AWI has undertaken a project to better connect with customers and clients in China through the use of WeChat.

AWI developed a more engaging experience for people who engage with the company at physical locations (eg trade show stands, Wool Resource Centre, seminars and other education initiatives) in China and Hong Kong.

AWI delivered education-based content in two primary areas: Caring for wool products (consumer and trade facing) and modules from the Woolmark Learning Centre (trade facing).

AWI also used QR codes to enable the downloading of educational material regarding the display the client has seen, while at the same time facilitating a data exchange with AWI to enable follow up communication.

NFC-EMBEDDED SHAUN THE SHEEP JUMPERS



As part of the Shaun the Sheep campaign with The Woolmark Company (see page 44), Australian fashion brand Double Rainbouu created fully traceable jumpers made of 100% Australian Merino wool of 19.5 micron sourced from 36 properties from across Australia.

Each jumper comes with Near Field Communication (NFC) chips in the swing tag and care label that activate with NFC-enabled smartphones, taking customers on a unique journey to learn about where and how their jumpers were made. For more information, head to woolmark.com/shaunthesheep.



An example section of Woolmark content on WeChat explaining the attributes and benefits of the wool.



A WeChat QR to access information about wool and Woolmark brand.

PARTNERED INNOVATION

Through R&D and technology transfer, AWI assists manufacturers to adopt innovative technologies that add significant value to their wool products.

CONTINUATION AND ADAPTATION

The Partnered Innovation program continued this year with leading machinery companies globally for the advancement of garment construction technologies in wool. Collaborations with machinery companies such as STOLL, Karl Mayer, Santoni and Shima Seiki resulted in new products for market such as knitted suits for more informal dressing, yoga and cycling collections, footwear and accessories.

Collaborations with leading spinners, knitters and weavers to create technically advanced and performance yarns, textiles and garments continued.

With the unexpected onset of COVID-19, the global Technical Team was tasked to consider developments relevant to post-COVID-19 consumer needs – and determine how the wellbeing landscape will change for the average person at home and in the workplace, for companies, health industries and communities. There is an opportunity for growth of wool consumption, because of the fibre's natural characteristics.

The Woolmark Company has identified the following categories for immediate focus by the Technical Team:

- Wellness and mindfulness
- Health industries
- Personal Protective Equipment (PPE)
- Workwear and safety
- Commuter/transit wear (including cycling and motor scooters).

The company has identified materials, technologies and processes in global regions, that will complement these categories.

Process and product developments continue with an almost new rigor by industry partners also looking for new opportunities.

PROCESS DEVELOPMENTS

The Woolmark Company has undertaken research and trials to identify opportunities and needs in key market segments for process innovation with Merino wool.

The company's aim has been to modify and create new wool processes towards more effective, sustainable and efficient processing methods where possible, plus transferring technology to industry partners for commercialisation of innovations for potential adoption by manufacturers and brands.

Process development examples during this year include:

- Anti-bacterial and anti-viral fabric and garment treatments (under non-disclosure agreements)
- Non-chlorine shrink resist treatments: research and trials for machine washable wool (under non-disclosure agreements)
- With the move for more sustainable processes and treatments of wool, waterless dyeing trials continue with Jeanologia in both garment and wool sliver knit.
- Natural dyes: yarn, textile and garments.

PRODUCT DEVELOPMENTS

The Woolmark Company has worked with textile supply chain manufacturing partners to transfer technologies to support growth in demand for innovative wool products for womenswear, menswear, sports/outdoor, footwear, workwear health and safety, automotive and interiors markets. The company has transferred technology to industry partners for commercialisation of innovations for potential adoption by manufacturers and brands.

Product development examples during this year include:

- A collaboration with BYBORRE to produce majority Merino wool base- and mid-layer garments designed for sub-zero climates.
- Advancements in knitting technology have facilitated the use of wool in footwear, which continues to be a growth area.
- Lightweight wool/silk fabric development with Nanshan using Optim technology, for leading Chinese fashion brand ICICLE for a new down jacket collection
- Knitted wool backpack using flat-knit technology with Shima Seiki
- Wool uniform development for the Chinese financial industry
- Arm warmers for use during sport, which have great elasticity and also provide UV protection
- Wool T-shirts for use during summer by Tokyo rickshaw drivers
- KnitWarm SilverTech Face Mask (non-medical) that uses a densely woven wool fabric (made using Optim technology) as the outer layer, which provides natural water resistance to protect the wearer
- Merino wool faux fur, which presents a natural alternative to animal hide and synthetics.



Developments in wool footwear are popular.



Faux fur, made from Merino wool.



KnitWarm SilverTech Face Mask.



Wool for Chinese finance workers' apparel.

RETAIL EDUCATION

Education and training of retail brands, who are key to influencing and providing customers with confidence to purchase wool products, ultimately results in increased sales of wool products.

BRAND & RETAILER TRAINING



Photo: andresr

Training retail staff to become wool 'product ambassadors' is a cost-effective way for AWI to market wool.

While eye-catching and informative in-store displays, posters and swing tickets can influence a consumer's purchasing decision when in a shop, it is often the retail staff who steer customers towards a choice, such as buying a wool product.

It is the knowledge and expertise of the customer-facing retail staff that often gives consumers the confidence to make the purchase.

Consequently, AWI has been working with many of its retail partners to help educate their sales staff about the natural properties and benefits of wool, so they can advise the consumer more appropriately.

Sales staff of
40
global brands and
retailers educated

Retail education run by AWI continues to see growth, with 40 brands and retailers trained this year, exceeding the target of 15. There was strong engagement with retail training programs in Japan, India, Italy and the USA. Restrictions in place due to COVID-19 meant that training of further brands had to be postponed. The Woolmark Learning Centre (see page 37) is also being promoted to brands and retailers.



Alistair and Isabel Lade (second and third from left) of 'Glenrannoch' at Seymour in Victoria displayed their property's exceptional eco-credentials and focus on technology and genetics, to a delegation of North American retailers during a visit in November 2019.

RETAILER WOOL TOURS OF AUSTRALIA

In a sign of growing interest in our natural fibre, its origin, animal welfare and traceability, two delegations of retailers this year travelled Down Under to see the origins of Australian Merino wool.

A delegation from Italian luxury brands Gucci and Versace visited in August 2019. A delegation from the Banana Republic and Hill City brands within the iconic US retailer GAP Inc, as well as popular Canadian athletic apparel retailer Lululemon, visited in November.

As a result of the visits, each of the brands expressed a greater appreciation for what it takes to produce Merino wool and were all impressed by the care and dedication woolgrowers have for their animals and the land.

With strong connections made between Australian wool and these significant brands and retailers, AWI looks forward to working with them further on product development, marketing and training initiatives identified during the visit.

A key learning from these successful trips is that whilst woolgrowers and brands/retails are at the opposite end of the supply chain, they each have the same values and goals regarding animal welfare, the environment and traceability.

EXPANDED WOOL PRODUCT RANGES FOLLOWING PAST RETAILER TOURS

Following an inspiring AWI-organised visit to Australian wool-growing properties in 2018, the biggest sportswear group in Japan, Descente, expanded the number of its products containing wool during the Autumn/Winter 2019/20 season as well as the Spring/Summer 2020 season.

The Descente Group is the largest Japanese sportswear group with annual sales of A\$1.87 billion and it operates several major sports and outdoor apparel brands including golfing brands Munsingwear and Lanvin Sport and outdoor brand Marmot.

Descente has in the past only used a small amount of wool. However, following the visit to Australia, it decided to expand its use of wool and convey the story of the fibre to consumers.

Japanese womenswear brand 23KU is another example of a brand that increased its use of Merino wool this year, following an AWI-organised visit to Australian wool-growing properties in 2018. The brand is now heavily promoting the fibre's origins in its marketing campaign (see page 48).

These two examples demonstrate the value of AWI-organised tours of Australian wool-growing properties by international brands and retailers.

TRADE EDUCATION

At leading global trade shows and at our resource and development centres, we continually explore new ways to promote Australian wool along the supply chain.

INTERNATIONAL TRADE SHOWS ATTENDED BY THE WOOLMARK COMPANY

- **Milano Unica** – apparel fabrics
9-11 July, Milan, Italy
- **Functional Fabric Fair** – apparel fabrics
22-23 July, New York, USA
- **Spin Expo** – yarn
3-5 Sept, Shanghai, China
(A seminar about wool was also provided by The Woolmark Company.)
- **Première Vision** – apparel fabrics
17-19 Sept, Paris, France
- **Intertextile** – apparel fabrics
25-27 Sept, Shanghai, China
- **TITAS** – sports/outdoor
7-9 Oct, Taipei, Taiwan
- **Performance Days** – sports/outdoor
13-14 Nov, Munich, Germany
- **Japan Best Knit** – apparel fabrics
4-5 Dec, Tokyo, Japan
- **India Fashion Forum** – apparel fabrics
17-18 Dec, Bengaluru, India
- **Pitti Uomo** – men's apparel
7-10 Jan, Florence, Italy
(This included a video message from Campaign for Wool patron HRH The Prince of Wales, broadcast at the trade show launch.)
- **Pitti Filati** – yarn and fabric
23-25 Jan, Florence, Italy
(This included the launch by Zegna Baruffa Lane Borgosesia of their Merino yarns designed for summer, with support from The Woolmark Company)
- **ISPO** – sports/outdoor
26-29 Jan, Munich, Germany
- **Outdoor Retailer** – sports/outdoor
29-31 Jan, Denver, USA
- **Milano Unica** – apparel fabrics
5-7 Feb, Milan, Italy
- **Première Vision** – apparel fabrics
11-13 Feb, Paris, France
(This included The Woolmark Company workshops for fashion schools and wool presentations on wool for the trade show audience.)



The Woolmark Company's stand at the Pitti Filati trade show in Florence in January 2020.

TRADE SHOWS

The Woolmark Company exhibited at the 15 international trade shows (see left) to showcase its new product developments and The Wool Lab to brands and retailers and inform them about the benefits of wool. The target audience at each of these trade shows is retail buying teams, designers and manufacturers.

In the last quarter of the financial year, trade shows across the world were postponed or cancelled due to the global coronavirus pandemic. Some trade shows are returning in the short term in a digital format. For example, Pitti Uomo A/W and Pitti Filati A/W, which were scheduled for June, have been postponed until January 2021, however they have launched a Pitti Connect digital platform running July-Oct 2020.

It remains to be seen how trade shows will be affected in the medium and long term, however it seems they might be a combination of the physical and the digital. AWI will be ready to resume its presence at trade shows once they open again, but in the meantime has been working on digital alternatives.

The postponement of Pitti Uomo and Pitti Filati, and the initial effects of COVID-19 on the January/February 2020 tradeshow, reduced trade show visitor numbers overall. However, The Woolmark Company still achieved engagement with 4,905 trade visitors to its stands, which is very close to its original target of 5,643.

AWI's presence at trade shows provides an important source of leads



The Woolmark Company presenting about wool at the Spin Expo trade show in Shanghai in September 2019.

for continual business development as well as the opportunity to support our trade partners. Following the trade shows, workshops about AWI's innovation collections and The Wool Lab were held individually with retailers and brands.

The AWI Marketing, Design and Digital teams supported AWI's presence at trade shows and trade development by providing marketing collateral and trade show booth design and digital engagement.

WOOL DEVELOPMENT CENTRES

Wool Development Centres currently existing at Nanshan Group (weaver), Xiniao (spinner) and Donghua University in China. These centres have been aligned with key Chinese strategic partners to ensure that wool inspiration and education is available to their clients and students. AWI continues to develop these existing centres by ensuring up-to-date information is available and that wool is at the forefront of mind when making a fibre selection.

THE WOOL LAB

Autumn/Winter 2020/21 edition

The Autumn/Winter 2020/21 edition of The Wool Lab – AWI's seasonal guide to the best available wool fabrics and yarns – involved 120 of the world's best spinners, weavers and finishers.

Following its release in June 2019, AWI teams had the chance to engage during trade shows numerous brands and designers from across the world including Benetton, Hugo Boss, Louis Vuitton, Max Mara, Marina Rinaldi, Ralph Lauren, Prada, Loro Piana, Marzotto, Dolce & Gabbana, Dormeuil, Decathlon, Christian Dior, Deckers and Versace.

Spring/Summer 2021 edition

The Wool Lab expanded this financial year to now also include a forecasting tool known as The Wool Lab Vision. The Spring/Summer 2021 edition of The Wool Lab and The Wool Lab Vision were launched by AWI at the Pitti Uomo apparel trade show in January in Italy and released in a digital format in May for ease of AWI partners and the supply chain.

While The Wool Lab continues to connect designers directly with spinners, knitters and weavers to source the world's best commercially available wool fabrics and yarns, The Wool Lab Vision aims to show the entire textile supply chain the future of wool, from innovative manufacturing processes which spark imagination to ground-breaking product developments.

The Wool Lab Vision acts as a tool to showcase what is currently in development, what AWI is working on within the supply chain and translating visionary concepts in wool. It allows for designers to collaborate with AWI and work back through the supply chain to innovate with wool and turn their concepts into reality.

The Wool Lab Vision allows manufacturers to showcase the latest yarn and textile technologies, machinery technologies for both product and process, and the diversity and potential of the fibre in apparel and lifestyle products. In this season of The Wool Lab, more than 100 of the world's best processors were involved.

AWI teams presented it during trade shows to a great network of designers and brands, including Hugo Boss, Ermenegildo Zegna, Loro Piana, Marzotto Group, MJ Bale, Woolrich, Benetton, Giorgio Armani, H&M, Lacoste, Paul Smith, Salewa, Salvatore Ferragamo, VF International, Missoni, adidas, Ortovox, Mammüt, Südwolle Group, Schoeller and Karl Mayer.

Viewers of The Wool Lab can scan the QR code of a swatch and immediately receive an email with the details of the requested swatches and the contact information of the suppliers, strengthening the connection between brands and manufacturers.

Autumn/Winter 2021/22 edition

The Wool Lab Vision Autumn/Winter 2021/22 has four forecasting books which are designed to encapsulate trends and lifestyle inspirations that can be translated into new and exciting wool products.

The launch of the Autumn/Winter 2021/22 edition of The Wool Lab Vision, which had been scheduled for the Pitti Filati trade show in June was postponed due to the cancellation of the show, and will be presented through Pitti Immagine's digital platform known as Pitti Connect from July until October 2020.

AWI has created digital assets to complement the release of the four Vision books, ensuring AWI's partners continue to have access to the future of wool.



The Spring/Summer 2021 edition of The Wool Lab and The Wool Lab Vision were launched by The Woolmark Company at the Pitti Uomo apparel trade show in January in Italy.

WOOL RESOURCE CENTRES



An event at the Wool Resource Centre in Hong Kong at which Xinao presented its Autumn/Winter product launch, provided China wool market updates, and shared their latest colour trends. There were about 65 attendees from different brands and supply chain partners such as VF Asia, Next and Südwolle Group.

Hong Kong

AWI's Wool Resource Centre in Hong Kong, launched in April 2016, continued this year to showcase Australian wool and help supply chain partners develop, produce and market products in this important region for wool.

The multi-functional space acts as a global hub for wool, enabling visitors – including spinners, knitters, weavers, retailers, designers, students and garment makers – to discover the versatility of Australian wool.

Australian woolgrowers travelling to Hong Kong were also welcomed to the Wool Resource Centre where they received presentations on developments in the region.

1,042 people from about 300 brands, designers, supply chain partners, educational institutions etc visited in 2019/20, a decrease in visitors from the previous year due to the trade impacts of COVID-19. The Wool Resource Centre was closed in February and reopened in May with a limitation of four guests per visit per meeting.

New York

A Wool Resource Centre was opened in New York in September 2019 and successful industry events have been held, eg Shima Seiki workshop and Tracksmith press day. A development plan was under way to fully activate the Resource Centre with further industry events and to link with the Hong Kong Wool Resource Centre to increase international awareness and engagement with the centres, however social distancing impacts of COVID-19 in the second half of the year have so far precluded the full roll-out.

STUDENT EDUCATION

Seminars, courses, competitions and online resources are promoted and held globally to educate and inspire future generations about the attributes and benefits of Australian wool.

WOOLMARK LEARNING CENTRE



The Woolmark Learning Centre is a web-based hub that houses world-class educational resources about wool for learners at all levels, including those entering the global textile industry as well as those already in it.

The site, available at www.woolmarklearningcentre.com, was officially launched in mid-December 2019, and by 30 June had 36,470 users, 66,225 sessions, 312,231 page views and 1144 course completions. The top countries accessing the site are Australia, India, United States, UK and China.

Free to access, the platform is an exciting development that is structured to facilitate both fundamental and masters-level education. It facilitates the education of all stakeholders in the global wool industry – from woolgrowers to textile engineers, students, trade, designers, brands and retailers.

36,470
users

66,225
sessions

312,231
page views

The Woolmark Learning Centre is optimised for use on a smartphone and tablet, as well as a desktop or laptop computer, and is available 24 hours a day, seven days a week, wherever and whoever you are in the world. The platform allows learners to complete courses specific to their needs, at their own pace.

Developed by industry experts, the coursework focuses on the following key content pillars:

- **Fundamentals of Wool** – an in-depth look at the wool fibre and its journey from farm to fashion.
- **Science and Technology Program** – courses about the wool fibre and textile manufacturing processes.
- **Insight Series** – Masterclass interviews with industry leaders.
- **Resources** – video content, factsheets and more...

The content of the platform will continue to develop over time with coursework in fashion and design, innovation and sustainability to launch soon.

While the Woolmark Learning Centre was developed last year in response to the global shift in education towards agile, self-paced, digital learning, the suspension of so much face to face schooling in countries across the globe due to the COVID-19 pandemic demonstrates how important platforms such as the Woolmark Learning Centre now are for education.

WOOL4SCHOOL

First launched in 2012, AWI's Wool4School fashion design competition has now involved about 125,000 students in four countries across the world (Australia, Hong Kong, UK, Italy). Participation in Wool4School increased this year with 25,500 registrations globally.

125,000
students involved in
Wool4School globally
since its launch

Through the competition, students not only learn the fundamentals of design but also explore the benefits and versatility of wool. The design project is planned carefully to fit within teachers' class work, whether for online learning or face-to-face lessons.

Now in its tenth year in Australia, the Wool4School design competition builds knowledge about Australian Merino wool among the nation's school students. It is open to all Australian school students from years 7 to 12, allowing all high school students to explore the versatility of Australian Merino wool and gain insights into the fashion industry.

The competition was extended overseas in 2015 to Hong Kong. It was launched into England in 2017 and extended the following year to the whole of the United Kingdom (England, Scotland, Wales and Northern Ireland). It was introduced in Italy in 2018.



Wool4School Australia Year 10 winner Prue Spencer had her 2019 winning design turned into reality.

LEARN ABOUT WOOL

Complementing AWI's Wool4School fashion design competition, AWI's Learn About Wool website (www.learnaboutwool.com) and kits, tailored to both primary and high school teachers and students, continued to offer a flexible and interactive range of resources that can easily be incorporated into everyday classroom activities.

The kits have been reviewed and updated to include additional materials which speak to key environmental global trends such as natural fibres, biodegradability and sustainability.

TERTIARY EDUCATION

Explaining the attributes, benefits and versatility of wool to textile and fashion students in the early stage of their careers is an important component of AWI strategy. There has been a greater than expected interest globally for educational materials, workshops and seminars from both fashion design and textile engineering institutions.

This year, seminars and workshops have been held with tertiary education institutions in countries across the world, often complemented with AWI's other educational activities, such as the Wool Performance Challenge 'Masterclass' workshops – see page 43.

6,879

tertiary students
participated in wool
educational activities
across the world

The Woolmark Company's 'Naturally Inspiring' seminars were held in London in February 2020 (attended by 240 students), and for the first time in Japan (attended by 54 students and tutors).



240 students attended and learnt about wool at the Naturally Inspiring seminar in London.

Unfortunately, other Naturally Inspiring seminars scheduled for Melbourne and Istanbul have had to be rescheduled due to the COVID-19 situation. Alternative remote online educational facilities, including AWI's Woolmark Learning Centre, were made available by AWI to students and teachers in these and other cities across the world.

In China, the seven core units of the wool processing course were delivered to textile engineering students at Yantai-Nanshan University. Units were also delivered to textile engineering and some design students at Jiaying University. As a result of the problems associated with the COVID-19 pandemic, all courses in spring and summer terms were delivered online and were augmented using courses on the Woolmark Learning Centre.

A textile educators' workshop was held with representatives of universities, institutes and textile colleges to discuss the Woolmark wool education program and introduce the Woolmark Learning Centre.

Three universities in India and one wool textile producer have obtained copies of the Woolmark course materials for use as part of their student/employee education programs.

TERTIARY SPONSORSHIPS & COMPETITIONS

AWI provided sponsorship and supported leading textile student design prizes to educate early career textile designers about the benefits of working with Merino wool. Examples this year included:

Australia: University of Technology Sydney global study tour.

Australia: Sourcing support to the Australian Wool Education Trust recipients.

China: Xiniao 'Knit for Next' knitwear awards.

Hong Kong: Hong Kong PolyU Institute of Textiles and Clothing's graduation award.

Italy: Collaboration with Italian fashion house Valentino and Italian company Dyloan Bond Factory and students from Accademia Costume & Moda.

Italy: Istituto Marangoni students developed fabrics, the best six of which were introduced within The Wool Lab Vision A/W 2021/22.

Japan: Next Generation Award at the Bunka Fashion Graduate University.

Belgium: Südwole Group and The Woolmark Company Award at the Royal Academy of Fine Arts Antwerp.

Turkey: Collaboration with the Australian Embassy and Bilgi University.

UK: A TexSelect and a Bradford Textile Society design award.

India: Tertiary fashion students learned about the benefits of Australian Merino wool, by taking part in the fourth annual edition of The Woolmark Company's Wool Runway initiative. This education program also gives students the opportunity to design an outfit made from Australian Merino wool and connect with key representatives from the textile and fashion industry. Nearly 100 students submitted their sketched designs to enter the competition.



A Woolmark Performance Challenge 'Masterclass' workshop held in Italy.

QUALITY CONTROL

The Woolmark Quality Control program operates to maintain the position of the Woolmark licensing program as a quality assurance mark through the supply chain.

The Woolmark logo is world-renowned and the most recognised label for textile product quality in the textile industry.

To protect the integrity of the Woolmark Licensing Program, The Woolmark Company runs a Quality Control Program through which the company locates and purchases samples bearing one of the Woolmark logos. The Woolmark Company then:

- reviews the use of the logo for compliance with the Woolmark brand guidelines
- submits the sample to an authorised laboratory for testing

against relevant Woolmark specifications

- follows up with the Woolmark licensee to address and correct any failures or misuse of the logo
- refers misuse of the logo by non-licensees to the AWI Legal team to address.

During the 2019/20 financial year, nearly 400 branded product samples were purchased and processed through the Quality Assurance Program to maintain the integrity of the Woolmark brand.



The Woolmark Quality Control Program ensures the integrity of the Woolmark brand.

LICENSING

Woolmark licensees are integral in the supply chain in terms of creating quality products that are able to be labelled for sale by retailers and brands throughout the world.

The Woolmark brand is owned by The Woolmark Company, a wholly owned subsidiary of AWI – and hence by Australian woolgrowers. It is one of the world's most recognised textile fibre brands and provides consumers with guaranteed fibre content and an assurance of quality.

Companies that become Woolmark licensees can use the Woolmark logo on their products as an independent quality endorsement thereby providing licensees with differentiation in the marketplace.

The Woolmark Licensing Program operates globally and allows for the logo to be applied to a range of qualifying products across apparel, interior textiles, bedding, floor coverings, laundry appliances and consumables, and sheepskins. It can also be used through the supply chain for yarns and fabrics.

The investment focus of the program has been on the maintenance of the supply chain and licensing database, and the maintenance of robust internal processes to ensure the licensing of the Woolmark logos through the supply chain to the end product is well administered.

2019/20 has been a tough year for textile businesses due to the COVID-19



The Woolmark Licensing Program is a quality assurance and product certification program for textiles. When consumers see products bearing the iconic Woolmark logo, they recognise quality, authenticity and value in paying more for them.

situation, which resulted in a decrease in the use of the Woolmark logo on qualifying products.

During 2019/20, a full review of the Woolmark Licensing Program was undertaken. The outcome will be a remodelled program that addresses the current needs of the industry and readies the company for change during these unpredictable times.

Many of the current systems will be updated including a more automated and intuitive application and testing process through a new Woolmark licensee portal which will assist partners externally and reduce administrative process internally.

The remodelled licensing program represents the next step towards immutable traceability of wool and the validation of origin and supply chain.



PURE NEW WOOL



WOOL RICH BLEND



WOOL BLEND
PERFORMANCE

Trusted by consumers for more than 50 years, the Woolmark brand has adorned more than 5 billion products since the creation of the original mark in 1964.

The Woolmark logo is the world's best-known textile quality fibre brand, representing a long-term commitment between woolgrowers, mills, brands and consumers.

The Woolmark licensing program is a textile quality assurance and product certification scheme that guarantees fibre content and quality to both consumers and the supply chain.

Benefits of Woolmark licensing:

- Independent certification of fibre content and quality assurance.
- Access to the world's best known textile fibre brand, the Woolmark logo.
- Access to expertise in marketing, wool supply chain, sourcing, technical, product development and quality testing.
- Access to supply chain networks from farm to fashion label.
- Access to, and opportunities for inclusion in, The Wool Lab.

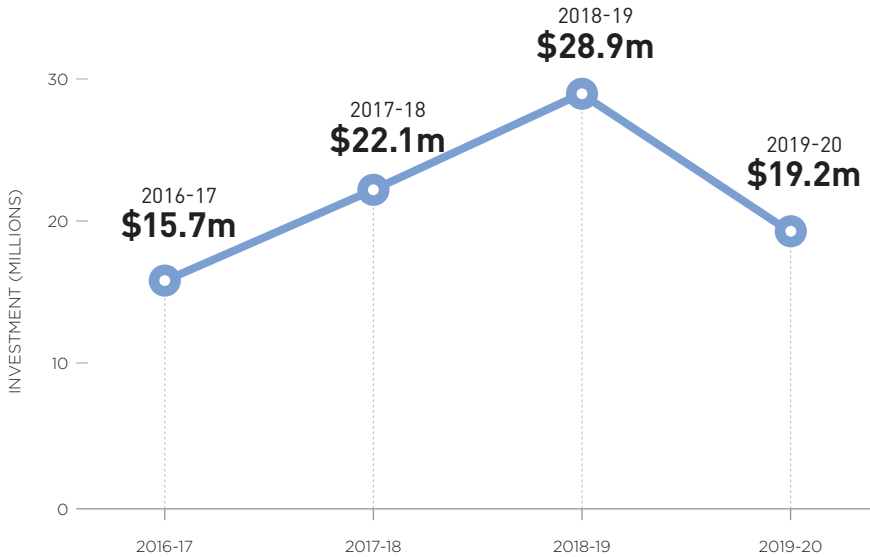
www.woolmark.com/certification

The Woolmark and The Woolmark Blend symbol are Certification marks in many countries. The Wool Blend symbol is a registered trademark in many countries. © 2020 The Woolmark Company Pty Ltd. All rights reserved. GD3909

MARKETING

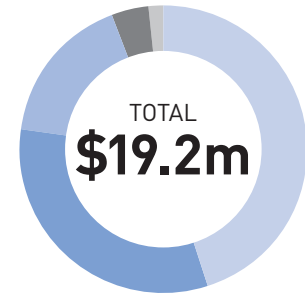
Portfolio objective: To continue to build demand for Australian wool by reinforcing its position in the market and solidifying a strong price to ensure a sustainable future for Australian woolgrowers.

INVESTMENT OVER TIME



Information provided before 2019-20 fell under AWI's previous strategic period. Numbers included for comparison are indicative only.

2019-20 INVESTMENT BY PROGRAM

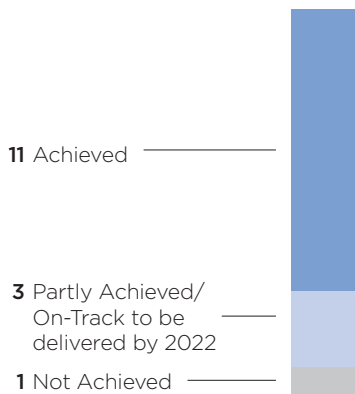


- **\$8.7m** Brand Partnerships
- **\$6.2m** Fibre Advocacy - Consumer
- **\$3.2m** International Woolmark Prize
- **\$0.8m** Fibre Advocacy - Trade
- **\$0.3m** Woolmark Performance Challenge

Program highlights for the Fibre Advocacy - Trade program are included in the Trade Education section on page 35.

ANNUAL PLAN TARGETS

15 TARGETS



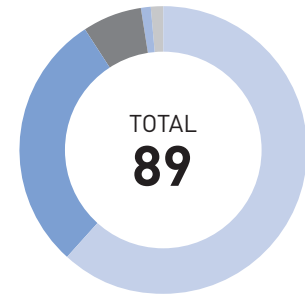
See Appendix C for complete list of performance against Annual Plan targets.

EXAMPLES OF KEY PARTNERS

- Fusalp
- Benneton
- Prada
- 3.1 Phillip Lim
- Shaun the Sheep
- Karl Lagerfeld
- Campaign for Wool

See page 66 for further information on Collaboration.

PROJECTS COMPLETED



- **55** Brand Partnerships
- **26** Fibre Advocacy - Consumer
- **6** Fibre Advocacy - Trade
- **1** International Woolmark Prize
- **1** Woolmark Performance Challenge

MARKETING HIGHLIGHTS



60% increase in Share of Voice for The Woolmark Company



New Trade Marketing program launched increasing trade email subscriptions by **480%**



Japanese sportswear brand - Descente - increased wool products in range by **60%**



374% increase in WPC webinar attendees learning about wool's qualities

INTERNATIONAL WOOLMARK PRIZE

The International Woolmark Prize is designed to generate long term incremental demand by connecting the world's most promising emerging designers with the wool supply chain.

WHAT IS THE INTERNATIONAL WOOLMARK PRIZE?

Relunched in 2012 by AWI's marketing arm, The Woolmark Company, the International Woolmark Prize generates long-term demand for Australian Merino wool.

Since its relaunch the prize has connected more than 600 of the world's leading fashion designers with Australian Merino wool.

The phenomenal interest in the award from fashion communities and media globally has helped put wool back on the agendas of a broader range of fashion designers, manufacturers, brands and retailers, and consequently into retail stores for consumers to purchase.

The competition's alumni (designers and judges) are imbued with a love of wool that often translates into their subsequent collections being wool-rich and setting global textile trends for mainstream retail brands.

IWP 2020 OUTCOMES

- 600+ designer alumni since 2012. 77% of surveyed alumni confirmed as wool advocates.
- Ten designers presented transparent collections for Autumn/Winter 2020 made up of 70% Merino wool.
- Content strategy supported by global paid media campaign targeting luxury fashion audience.
- Sustainable event held during London Fashion Week.
- Innovation Academy mentoring and education program building lifelong advocates of Merino wool.
- 39 ambassadors supporting amplification of key announcements.
- 374 new leads generated including designers, media, retailers and trade partners.
- Finalists' and winners' collections commercialised with Woolmark certification branding.



Models displaying the Merino wool garments by the 10 finalists in front of the crowds at the International Woolmark prize event, held during London Fashion Week.

TALENT SCOUTING THE NEXT GENERATION OF LEADERS

An expert Advisory Council made up of leaders of industry picked 10 finalists for this year's competition – selected from more than **300 online applicants from 47 countries**.

The 10 designers were supported by The Woolmark Company's Innovation Academy – a fast-track mentoring and education program (including a physical event in London and webinar series) helping brands with sustainable business growth and implementation of environmental best practices.

Each designer received support for the development of a **Merino wool capsule collection made up of 70% Merino wool** and their business.

This talent development program generates long-term demand for Australian Merino wool by increasing the knowledge of and lifetime loyalty to the fibre amongst designers and alumni. **77% of surveyed alumni in 2020 stated they were wool advocates.**

INCREASING AWARENESS OF AUSTRALIAN MERINO WOOL

The Woolmark Company **partnered with British Vogue** to announce the 10 IWP2020 finalists and this year's 'transparency' theme.

To reinforce the origin of the fibre and the integrity of the supply chain, **each finalist presented a transparent supply-chain**, using technology from

partner Provenance. Each designer will bring their supply chain to the shopper in a way that is accessible and trustworthy when the collections are commercialised in September 2020.

The 2020 International Woolmark Prize saw the **introduction of the inaugural Karl Lagerfeld Award for Innovation**, in honour of the late icon and International Woolmark Prize alumnus who won the coat category in 1954.

The program was supported by **39 ambassadors and leading industry taste-makers**, including the prestigious IWP judging panel, who supported with amplification of the prize, finalists and winners, across their social platforms. Ambassadors included actor Colin Firth and *Vogue* Australia's fashion director Christine Centenera.

MERINO WOOL PRESENTED DURING LONDON FASHION WEEK

The competition was judged, at the finals event held during London Fashion Week in February, by some of the most respected fashion industry experts – and the presentation was made in front of an audience of 530+ guests comprising VIPS, designers, retailers, buyers and the world's fashion media.

The final event had a **total media reach of 1.9 billion**.

The winner of this year's competition was Ireland's Richard Malone who created a collection of functional and beautifully made garments that minimise harm to the environment and

works towards creating a circular, sustainable fashion system.

The USA's Emily Adams Bode of BODE was crowned the first winner of The Karl Lagerfeld Award for Innovation and was praised for outstanding creativity and innovation, the same characteristics which led to Lagerfeld's history-making success back in the 1954 awards.

INCREASING SALES OF MERINO WOOL IN LUXURY BOUTIQUES

The ten finalists' and winners' collections will be commercialised from September 2020 though some of the world's most prestigious department stores and boutiques.

Despite Autumn/Winter sales being impacted industry-wide as a result of the COVID-19 pandemic, **60% of the IWP2020 finalists' collections will be commercialised.**

Sales have resulted in an **uplift of 71% year-on-year in wholesale value to more than \$1 million across 111 stores** including leading e-commerce platforms Farfetch, Mytheresa, SSENSE and MatchesFashion.

HIGHLIGHTS OF THIS YEAR'S COMPETITION

3.65 billion
 total media reach

- \$11.26 million media value
- 123% year-on-year increase in final event media reach
- 122% year-on-year increase in reach of Woolmark-owned social media to 12.9 million.
- 64% year-on-year increase in engagements on Woolmark-owned social media to 850,000.
- Broadcast coverage on Channels 7, 9 and 10 in Australia.
- 71% year-on-year increase in wholesale value to more than \$1 million across 111 stores.

FROM FARM TO FASHION



Anthea Sutherland interviewed by Nine News' Europe Correspondent Sophie Walsh at the International Woolmark Prize finals in London.

Woolgrower Anthea Sutherland of 'Pooginook' presented this year's International Woolmark Prize during London Fashion Week, in front of an audience comprising global fashion celebrities, fashion buyers, influencers and media.

"Many woolgrowers rarely have the opportunity to see the end products created by our precious fibre – especially at the stunning level we see here tonight," Anthea told the audience. "Each and every designer here tonight has done Australia's wool industry proud."

PROGRAM HIGHLIGHTS

WOOLMARK PERFORMANCE CHALLENGE

The Woolmark Performance Challenge is designed to develop innovative new product applications for Merino wool within the sports and performance market.

The Woolmark Performance Challenge is an annual competition for tertiary students from across the world to develop innovative new product applications for Merino wool within the sports and performance market.

Launched in 2018, the Woolmark Performance Challenge aims to really push the limits of product innovation by inspiring students from a wide range of specialisms – including science, technology and design – to harness the unique natural properties of Australian Merino wool.

1,358

student registrations

AWI's ultimate aim is for the initiative to increase the demand for Australian Merino wool in the activewear sector, the fastest-growing sector of the global textile business.

For the 2019 and 2020 competitions, The Woolmark Company was proud to partner with leading sportswear brands adidas and Helly Hansen respectively.

By engaging with such high-profile industry partners and showcasing to them the possibilities for forward thinking Merino wool innovations in the sports and performance market, AWI encourages these brands to think more about Merino wool for their own product ranges.

During the competition, the tertiary students from across the world are provided with an extensive range of educational resources about wool – including workshops and webinars – to not only arm them with information to assist in their competition entry, but to also encourage and inspire them to think about wool in their future careers.

In 2020, the three main regions that held innovation workshops were Italy, the UK, and Germany. However, Japan, India, Vietnam, and Australia also hosted activities. In Italy alone, more than 1,200 students participated in the workshops.

There have been more than 150,000 views of webpages on the Woolmark Performance Challenge website since this year's competition was launched, which is more than double the views of the previous two years together.

Registrations and submissions have grown year-on-year (see table right).



The 2019 Woolmark Performance Challenge finalists and judges.

Registrations and submissions

	2019	2020
Individual student registrations	1060	1358
Education institution registrations (& countries)	115 (21)	118 (24)
Individual submissions	184	358

FIBRE ADVOCACY

Continuing to build on the direct to consumer global strategy initiated in 2018, AWI highlights the technical and environmental benefits of Australian wool.

WOOL WINS GONDOLIERS A GREEN AWARD



Actress Shailene Woodley presented the Venetian gondoliers with the Eco-Stewardship Award at the 2019 Green Carpet Fashion Awards in Milan.

The gondoliers of Venice were awarded the Eco Stewardship Award at the 2019 Green Carpet Fashion Awards in Italy for their use of Australian Merino wool in their iconic uniforms.

The Green Carpet Fashion Awards – often referred to as the ‘Oscars of sustainable fashion’ – is a star-studded celebration of the best in sustainable fashion. It is a joint initiative of the National Chamber of Italian Fashion and sustainability consultants Eco-Age.

Media coverage of the uniforms reached **36 million** consumers

The iconic gondoliers of Venice were honoured with the award for the reintroduction of wool into their uniforms after an absence of more than a century. The estimated 60,000 tourists that usually visit Venice every day see the natural performance fibre in action on the city’s canals. The Woolmark logo is prominently displayed on all the uniforms and the gondolier stations.

The introduction in 2017 of 100% Merino wool uniforms worn by the 433 gondoliers was an initiative of The Woolmark Company together with iconic Venetian brand Emilio Ceccato (owned by Italian retailer Al Duca D’Aosta) and the Association of Venetian Gondoliers.



A clip from the short film Super Natural Wool, which complemented the global roll-out of the Shaun the Sheep movie Farmageddon, promoted the benefits of wool.

SHAUN THE SHEEP

AWI’s partnership with Shaun the Sheep during the global roll-out of his award-winning movie ‘Farmageddon’ proved to be a winner for wool – especially in the UK, China, Germany and Japan – with The Woolmark Company’s marketing initiatives exceeding its targets.

The campaign was aimed at driving the sale of Merino wool product by leveraging the association with the world’s most-loved sheep, plus educating the future generation of consumers about wool’s natural benefits.

The centrepiece of the marketing was a unique short animation film titled ‘Super Natural Wool’, created by the world-renowned animators of Shaun the Sheep, Aardman Animations, to showcase the natural benefits of wool.

The short film was distributed on social media, as well being featured at premieres of the movie worldwide. It received more than 17 million views globally.

The Woolmark Company also developed Shaun-inspired educational materials and online games for children, hosted on a campaign website www.SuperNaturalWool.com, and invested in a global media campaign to amplify awareness of Merino wool’s benefits as a ‘super natural’ fibre.

The marketing campaign was designed around creating an emotional bond with parents and grandparents through fun, captivating content. It achieved

‘positive engagement’ (an engagement is a like, comment, share, video view or link click) of more than 10 million, surpassing AWI’s target by 3 million.

The paid social campaign also blew away industry benchmarks. After seeing the campaign:

- Consumers’ intention to buy Woolmark-certified products is nine-and-a-half points above the industry benchmark at 16.3%
- Favourability of the Woolmark brand is nine points above the benchmark at 27.6%
- Recollection of the advertising is 12 points higher than the benchmark at 18.3%.

These are impressive figures and are indicative of a successful campaign to increase the demand for wool.

17 million views of the Super Natural Wool promotional film

The campaign also included decking out 19 electric taxis in Central London for a month to transform them into moving billboards for super-soft wool and the Woolmark brand. Once inside, passengers could view advertising on super natural wool with a total impact of 2.4 million.

ELITE ATHLETES SHOWCASE WOOL'S PERFORMANCE



Elite rock climber Andrea Hah wearing wool apparel while training.

A series of photos were shot of three elite Australian athletes wearing head-to-toe wool for their workouts: elite rock climber and Ninja Warrior contestant Andrea Hah, three-time Olympic middle-distance runner Jeff Riseley and former Houston Ballet dancer Rhys Kosakowski.

The photos captured them as they stretched, sprinted and climbed during their daily routines, wearing lightweight commercially available pieces from Australian brands Merino Country, XTM, ioMerino, Nagnata, M.J. Bale, Wilderness Wear and Bluey Merino and international brands including ashmei, Black Diamond, Tracksmith, Outerknown, Smartwool, Aclima, Devold, Ulvang, OROTOVOX and APL.

The series of photos were rolled out via The Woolmark Company's website, social media channels and *WOOL* magazine.

ECO MARKETING

The Woolmark Company promoted Australian Merino wool as eco-friendly, positioning it as a future-proofed fibre that reflected the changing consumer priorities and economic conditions of 2020.

The company's focus shifted from luxury products to eco-luxury, encouraging consumers to invest their money in quality wool garments that will last a lifetime and do not cost the earth, literally.

There was also a focus on sport and plastic-free performance (see box left), connecting natural fibres to the natural environment through adventure- and performance-focused ambassadors.

8.6 million
views on social and
web regarding wool's
eco-credentials.

The Woolmark Company's Marketing department used the R&D results from AWI's Eco Credentials program (see page 55) to market the fibre on topics such as:

- Wool's biodegradability in marine (as well as land) environments, in contrast to synthetics that also contribute to microplastic pollution.
- Life Cycle Assessment tools that improve the ratings systems for wool.
- The length of time that garments are used and kept for is the most influential factor in determining a garment's footprint on the planet (which is good news for wool).

Stories about the eco-credentials of wool had a web and social reach of 8.6 million. This included the use of Influencers on social media communicating about Merino wool in an authentic way.

The Woolmark Company also used its own digital and social media channels to promote the eco-credentials of wool, such as a new 'plastic-free hub' on Woolmark.com that offered consumers a guide to living more sustainably, with the help of wool. The company's social media received 3.1 million impressions for all its eco content.

The Woolmark Company partnered with lifestyle media brand *Mind Body Green* to create digital content, which received 8.1 million impressions. A similar partnership with flagship fashion-industry trade journal *Women's Wear Daily*, which included two eco stories about wool, had a reach for the print articles of 1.5 million plus 84,000 e-newsletter subscribers.

WOOL CARE IS EASY CAMPAIGN



In the humorous campaign, actress Anjelica Huston dishes out some pertinent life advice, while reminding consumers just how easy it is to care for wool clothes.

Consumer and artificial intelligence-based research shows that a perception that wool is difficult to care for is one of consumers' biggest barriers to purchasing wool products, so The Woolmark Company set out to change that.

Academy Award winner Anjelica Huston this year fronted a humorous and very successful campaign by The Woolmark Company, reminding consumers just how easy it is to wash and care for wool clothes.

The US-focused campaign with Anjelica Huston and fellow actress Katie

Michaels comprised a series of five entertaining short films that were rolled out across social media at the end of November, garnering two million video views and more than 11 million campaign impressions.

2 million
video views

124%
increase in traffic to
Woolmark.com

The digital-first campaign involved an SEO strategy to drive consumers to www.woolmark.com/care to find useful and engaging information about how easy it is to care for wool clothes.

The campaign boosted organic traffic to woolmark.com by 124% and increased consumers' time on the website by an impressive 40%.

In its entirety, the campaign delivered the site's highest ever monthly visits following its launch.

CAMPAIGN FOR WOOL



THE CAMPAIGN FOR WOOL

The Campaign was initiated and launched on Australia Day in January 2010 by its patron, His Royal Highness The Prince of Wales, to raise awareness amongst consumers about the fibre's unique, natural, renewable and biodegradable benefits.

The initiative encourages collaboration between an international community of woolgrowers, major fashion designers, retailers, manufacturers and interior designers.

The Campaign has been instrumental in educating consumers about the versatility of wool, and reconnecting them with its myriad uses – from luxurious fine Merino wool apparel through to beautiful hardwearing interior products for the home.

The global Campaign for Wool marked its tenth successful year with a focus on retail activation and consumer engagement, showcasing innovative and contemporary wool products across fashion and interiors.

Media engagement of 786 million

Wool Beach Lodge showcased the versatility and trans-seasonality of wool at a beach venue in Cornwall during summer. With more than 47 brands displaying products, consumers saw the breadth of wool's applications – from wool garments to interior textiles to some unexpected innovations like a wool-lined wet suit and a sustainable surfboard made from wool and bio resin. The event garnered excellent press and social media coverage, with a reach of 345 million.

Wool Week UK focused on retailer activations, with more than 300 brands participating across the UK. From exclusive exhibitions, screenings and styling events, to limited edition wool sweaters, bed and interior product launches, Wool Week 2019 celebrated the latest product releases and manufacturing experts in the world of wool.



HRH The Prince of Wales, delivering a recorded message for the textile trade at the Pitti Immagine Uomo trade show: "Only wool provides the ultimate reassurance of sustainability."



The Campaign for Wool showcased the versatility and trans-seasonality of wool at a beach venue in Cornwall. With more than 47 brands displaying products at the Wool Beach Lodge, consumers saw the breadth of wool's applications.

Wool Week Canada featured a capsule collection created by Canadian fashion designers and hosted at Canadian department store Holt Renfrew. The collection used British fabric woven with mostly Merino wool.

The British Embassy in Tokyo hosted an event attended by HRH The Prince of Wales and the UK Ambassador, at which 120 top decision makers in Japan – including the Deputy Prime Minister of Japan, Chairmen and CEOs of department stores, clothing groups, trading companies etc – were showcased the benefits of wool.

To launch the first day of the **Pitti Immagine Uomo** apparel trade show in

Florence, Italy, HRH The Prince of Wales delivered a personal recorded message promoting the natural benefits and eco-credentials of wool. The message was also showcased at an evening reception for key industry, media, bloggers and influencers.

During the **COVID 19 lockdown** In April, the Campaign for Wool collaborated in the UK with three-time best-selling author and wellness expert, Jasmine Hemsley, on a 'how to start knitting' guide to encourage people at home during the lockdown to take up knitting with wool as a way to pass time and be creative. The project gained an overall media reach of more than 384 million.

BRAND PARTNERSHIP

AWI develops and implements owned and co-marketing campaigns with transformational partners to build demand in key consumer markets for Australian wool.

KARL LAGERFELD – ‘KNIT KARL’ GLOBAL PROMOTION

The **KARL LAGERFELD** brand and The Woolmark Company share a history dating back to 1954, when the renowned fashion designer Karl Lagerfeld won the 1954 Woolmark Prize.

This year, the two brands launched a promotion that incorporated a competition in which the prize was one of 777 limited-edition ‘Knit Karl’ boxes that included Australian Merino yarn for winners to create one of four exclusive designs – for a jumper, scarf, cap or headband.

Designed for the digital-native generation, the competition involved searching for exclusive codes, to be entered by competition entrants at the special website KnitKarl.com.

The Knit Karl campaign very successfully raised awareness of the premium qualities of Australian Merino wool amongst an audience of knitters and fashion-forward consumers.

The campaign highlighted that Merino wool knitting yarn can be transformed into very fashionable garments. The Woolmark brand also gained great exposure.



Through the Knit Karl project, yarn made from Australian Merino wool was showcased as the ultimate luxury fibre, to a global audience of 540 million people in 181 countries.

BENETTON – ‘WOOL SO COOL’ PROMOTION IN EUROPE

Iconic Italian brand **United Colors of Benetton**, one of the best-known fashion companies in the world, partnered with The Woolmark Company to create a vibrant collection of Woolmark-certified jumpers crafted from Italian-spun yarns in 100% superfine Australian Merino wool.

The ‘Wool So Cool’ garments were part of Benetton’s Autumn/Winter 2019/20 range, available at 2,500 Benetton stores in the most important global markets. The windows of 32 of the brand’s premium stores plus high exposure corners in 150 other stores had a customised set-up promoting the collection and were branded with the Woolmark logo for two weeks.



United Colors of Benetton advertising for its 100% Merino wool jumpers.

More than 813,000 of the 100% Merino wool jumpers from the collection were sold at RRP during the season.

The collection capitalises on the benefits of Merino wool – its softness, quality and its colour fastness which brings the bright colours that are an iconic aesthetic of the Benetton brand.

The promotion embraced the playful aesthetic of Benetton with an environmentally conscious approach. Green is not just the colour of the United Colors of Benetton brand, it is also a philosophy, shared by The Woolmark Company, that has permeated the Benetton Group culture for decades.

Born in the 1960s, when the concept of sustainability was in its early days, Benetton’s commitment to the environment continues today, with environmental protection initiatives from the selection of raw materials to improving the efficiency of processes along the entire supply chain.

A ‘Wool So Cool’ launch event was held in Milan and attended by 150 VIP guests and influencers from the fashion and textile industry and the media.

There was high media coverage of the collection, reaching 38 million people. Online and social promotion by Benetton and The Woolmark Company was amplified using 49 key influencers.

7.6 million
 views of the Knit Karl
 campaign website

The key results of the campaign included:

- Competitors from 181 countries
- Global audience of 540 million people were reached
- Global PR value was received worth \$4 million
- The campaign website page received 7.6 million views
- Participants played the competition 972,000 times.

Traffic to the competition’s KnitKarl.com website was powered by a strong social media campaign. 158 key fashion influencers from 21 countries were engaged to post on social media about the initiative and 360 other micro-influencers created content on social media.

Vogue was the media partner for the promotion.

813,000
 100% Merino wool
 jumpers sold

LUNA ROSSA PRADA PIRELLI – PRELIMINARY PHASES



The Luna Rossa AC75 yacht, displaying the Woolmark logo on its sail. Inset: Team Director and Skipper, Max Sirena, wearing the official sailing team's waterproof and breathable Merino wool jacket, available to purchase in selected Prada stores and online on Prada.com.

As the official technical partner of the Luna Rossa Prada Pirelli America's Cup team, The Woolmark Company positions Australian Merino wool as a premium performance fibre, influencing global consumers to consider, and ultimately purchase, Australian Merino wool for activewear.

The 36th America's Cup presented by Prada is the showcase for the greatest sailors in the world to race the fastest boats on stadium-style racecourses in front of live audiences of hundreds of thousands, broadcast globally to millions of fans across multiple platforms.

Despite several regattas in the series having been cancelled this year due to COVID-19, the project is ongoing and most of the benefits of the partnership will be associated with the races that begin in December, leading up to the Prada Cup and then the America's Cup in March.

The Woolmark Company's commitment to championing innovation has seen the development of a Merino wool-rich uniform to support the entire Luna Rossa team and crew during training and sailing. The Woolmark-certified uniform includes: waterproof jacket (commercially available on the

Prada.com website), soft shell jacket, polo shirt, T-shirt, wet jacket, blouson, wetsuit and base-layers.

Highlights of the project, to June, include:

- Earned media reach of 302 million people
- Earned media value of \$1 million
- 3.5 million video views on Woolmark platforms
- 80,440 unique visitors to the waterproof jacket on Prada.com.

302 million
 media reach

3.5 million
 video views

80,440
 jacket web-views

PEARL iZUMi – CYCLING APPAREL

To help build the presence of Australian wool in the cycling apparel market, The Woolmark Company launched its first ever marketing partnership with a cycling brand based in the Americas.

One of the world's largest and most iconic cycling apparel brands, PEARL iZUMi expanded its use of Merino wool by launching a new range of wool blend garments.

Rigorous testing of its new apparel was undertaken by PEARL iZUMi and The Woolmark Company at the ACE Climate Wind Tunnel in Ontario, Canada, during which it was proved that the apparel keeps riders more

comfortable in cold and wet conditions than apparel made from pure synthetics.

The Autumn/Winter collection consisted of 13,000+ units across 14 styles (men's and women's), sold globally in the USA, UK and Europe.

The highlight pieces are the men's and women's long and short sleeve base-layers and the long sleeve jerseys. The collection also includes vests insulated with recycled wool, a neck gaiter, cap and hat. The new Merino wool line followed the success of PEARL iZUMi's Spring 2019 release of a Merino T-shirt and long sleeve ¼ zip top.

The launch campaign garnered huge press and social media coverage with a readership of more than 108 million people.



The addition of Merino wool to PEARL iZUMi's cycling apparel provided superior thermal regulation compared to pure synthetic cycling garments, to keep riders more comfortable.

23KU – LEADING WOMENSWEAR BRAND IN JAPAN



Woolmark-certified Merino wool apparel from Japanese brand 23KU.

One of the most popular womenswear brands in Japan, **23KU**, sold more than 205,000 Merino wool jumpers and cardigans, with support from The Woolmark Company.

205,000
 pieces of wool
 knitwear sold

Part of the marketing campaign involved the inclusion of six pages of information in its catalogue, featuring several of 23KU's key Merino garments as well as the background story about the origin of Merino wool in Australia. 350,000 copies of the catalogue were distributed at the brand's 250 stores and sent directly to its customers.

The same wool content was included in a special feature on its website, with digital promotion also through email and on its social media channels.

Attached to the wool garments being sold at its stores were 91,000 special swing tickets which included QR codes that guided customers to information about Merino wool on 23KU's campaign website. 23KU also made available 40,000 copies of a 'wool care guide'.



Joint marketing collateral promoting the Australian origin of Merino wool.

FARFETCH – ONLINE LUXURY FASHION RETAIL PLATFORM

With more and more luxury purchases being made online, The Woolmark Company collaborated with one of the world's largest luxury online retail platforms, **Farfetch**. The 3-month campaign ran during the northern hemisphere winter season to drive purchase intent whilst building fibre advocacy amongst Farfetch's far-reaching luxury womenswear audience.

Farfetch is one of the world's largest luxury online retail platforms with 17 million monthly views. Headquartered in London, Farfetch connects more than 2.1 million active consumers in 190 countries with 1,200 of the world's best brands, boutiques and stores.

A four-part wool feature on Farfetch enabled its customers to be inspired by creative editorial about new wool products and – importantly – then be guided along a pathway to purchase the garments online.

The feature showcased wool products from three brands resulting in an uplift of wool sales: Nagnata (+100% uplift), 3.1 Phillip Lim (+14% uplift) and Jil Sander (+59% uplift). The campaign also featured the most in-demand luxury brands and wool products showcasing the versatility of the fibre.

Sales of Merino wool
 products grew by
113%

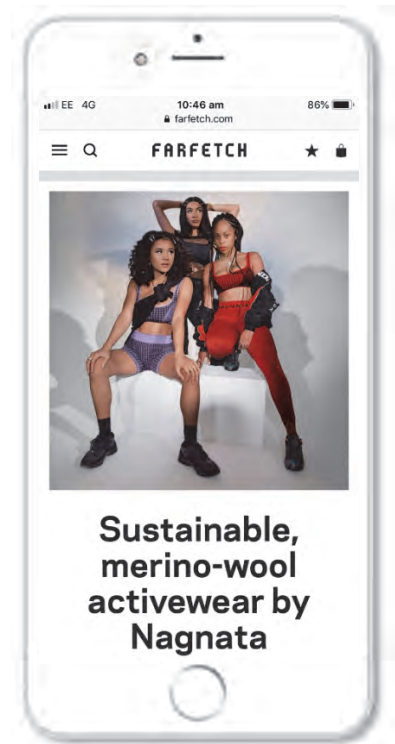
The campaign was amplified through a paid media and influencer program (involving eight fashion influencers endorsing Merino wool on their own social feeds) reaching 21 million luxury consumers.

The campaign was promoted across the Farfetch Positively Conscious hub, positioning wool products as sustainable choices to customers. Products with the Conscious filter have double the usual conversion rate.

Highlights of this year's partnership include:

- Sales of wool products grew 82% year-on-year and sales of Merino products grew 113%.
- Searches for 'wool' as a keyword increased by 88%; searches for 'Merino' increased by 134% year-on-year.
- Including 'Merino' in the product name increased purchasing rate by 152%.
- 78% increase in brands using 'Merino' in their product title year-on-year.
- Dedicated email sent out to 208,000 of Farfetch's engaged consumers.

The three-year partnership with Farfetch has achieved increased year-on-year consumer demand and sales for Merino product and demonstrates a successful fibre advocacy strategy targeting luxury shoppers in their preferred shopping destination.



Imagery from the Nagnata x Woolmark collection that featured on the Farfetch luxury digital retail platform.

PHILLIP LIM – SUSTAINABILITY FOCUS IN USA

Award-winning designer **Phillip Lim** collaborated with The Woolmark Company to release a new 28-piece ready-to-wear collection that highlighted the importance of natural fibres and Australian Merino wool in particular.

Phillip Lim is an American fashion designer who has garnered vast critical and commercial success with his eponymous fashion label, 3.1 Phillip Lim, since its launch in 2005.

By continuing to work closely with The Woolmark Company, Merino wool has become an integral part of Phillip Lim's sustainability mission.

In support of the collaboration, Phillip Lim spoke at a Council of Fashion Designers of America panel during New York Fashion Week about Australian Merino wool's eco-credentials. He also appeared at several international retail marketing activations, such as an in-store event for VIP shoppers at SSENSE in Montreal and several retail events in Tokyo including *Vogue Fashion's Night Out* shopping festival.

Working with The Woolmark Company's 'The Wool Lab sourcing guide' (see page 36), the designer also introduced wool denim and wool sherpa innovations in the collection.

TMALL – CHINA’S DIGITAL WOOL WEEK

The Woolmark Company has entered into a two-year partnership with China’s most influential business-to-consumer e-commerce platform, TMALL, to promote Australian Merino wool.

Activities began in September with the launch of the inaugural digitally focussed Wool Week in China, based around the theme ‘Live Naturally and Choose Wool’. Along with leading fashion brands, The Woolmark Company showcased the attributes and natural benefits of Australian Merino wool, including its breathability, next-to-skin softness and versatility.

120 million
 page views

Wool Week integrated TMALL’s online channel with multiple partner brands’ retail stores across China, which together catered to consumers’ diverse fashion needs. Key results of the campaign included:

- 1.7 billion media reach
- 120 million page views
- 1.5 million unique visitors
- 100+ brands participating
- RMB 50 million (\$10.3 million) gross merchandise value.



The Woolmark Company partnered with China’s most influential e-commerce platform, TMALL, to hold Wool Week.

IVY MODA – RETAIL GROWTH IN VIETNAM



The 15-piece Merino wool womenswear collection was available at 74 IVY Moda stores in Vietnam.

AWI supported one of the top four Vietnamese womenswear brands, **IVY Moda**, to launch a Woolmark-certified collection, raising consumers’ awareness of Merino wool as a premium fibre and its benefits.

A photoshoot, video, social media campaign and instore marketing highlighted the benefits of Merino wool. Training about wool was also given to the brand’s store managers as well as designers, marketing team, and quality control team.

85
 supply chain partners
 in Vietnam

AWI has worked in the Vietnamese market for eight years with the primary aim to develop new manufacturing supply chains for wool products. However, the market for wool now extends far beyond the manufacturing sector, allowing AWI to help introduce apparel products made from Australian Merino wool to consumers in the Vietnam domestic market.

Supply chain partners in Vietnam have grown from zero in 2012 to more than 85 today. AWI this year launched an ‘Emerging Markets strategy’ to identify and encourage potential new manufacturing hubs in Southeast Asia and the Indian sub-continent. The strategy aims to replicate the success that AWI has had in helping develop new manufacturing supply chains for wool products in Vietnam.



The joint marketing campaign was run online on the IVY Moda website and social media channels.

COVERNAT – CASUAL STREETWEAR IN KOREA

To increase awareness of Merino wool amongst young Korean consumers, The Woolmark Company partnered with influential streetwear brand **Covernat** to launch a Merino wool collection.

The brand’s Autumn/Winter 2019/20 collection – comprising knits, cardigans, coats and shirts made from Australian Merino wool – was promoted and sold through the online fashion megasite MUSINSA (which has a membership of 4.7 million customers) as well as Covernat’s own online mall and in 30 stores.



A classic wool look from Korean casual streetwear brand Covernat.

BLACK DIAMOND – NEW RANGE USES NUYARN TECHNOLOGY

Leading US-based mountaineering and outdoor brand **Black Diamond** expanded its use of Merino wool by 500% with its SolutionWool range of new products, co-developed with The Woolmark Company, including base-layers, a hoody and gloves.

The products all incorporate the same breakthrough NuYarn Merino technology used in the ultralight Rhythm Tee that was launched in April 2019 with 100% sell-through. The result is that Black Diamond’s new range is very light and lofty and has superior stretch, durability and performance.

Compared to standard ring-spun Merino, the fabric dries up to five times faster, is 35% warmer, has 35% more stretch, and the seams are up to 120% tougher.

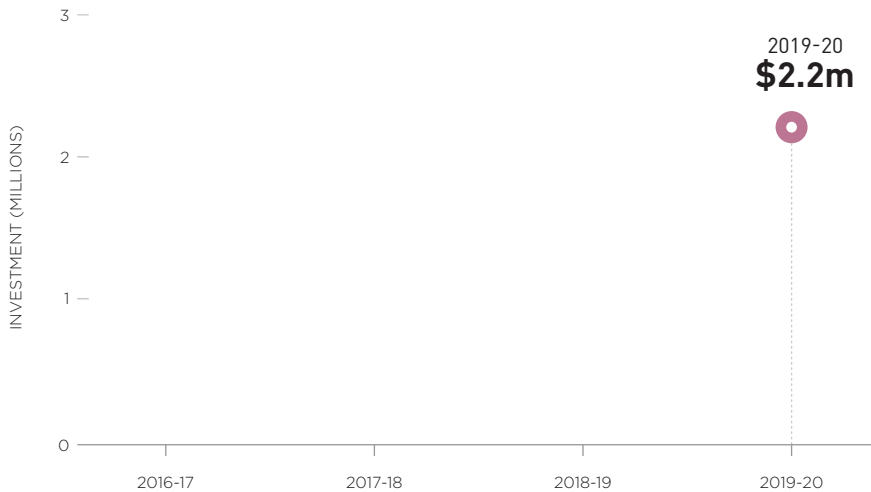


Black Diamond’s new SolutionWool base-layer range includes men’s and women’s products ideal for use in the great outdoors.

TRACEABILITY

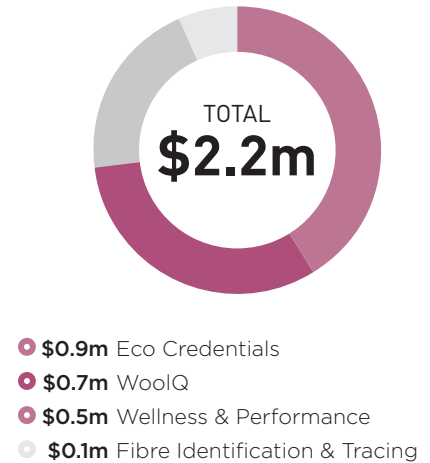
Portfolio objective: To provide tools to ease the flow of information about Australian wool up and down the supply chain to all parties; to communicate wool's benefits, facilitate provenance and supply chain transparency.

INVESTMENT OVER TIME



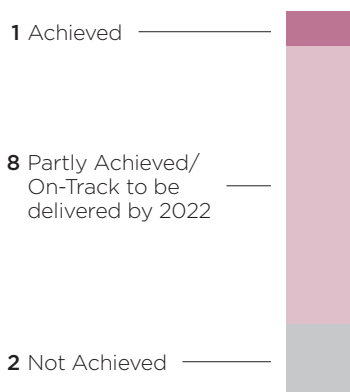
The Traceability portfolio is in its inaugural year. There is no historic expenditure for comparison.

2019-20 INVESTMENT BY PROGRAM



ANNUAL PLAN TARGETS

11 TARGETS



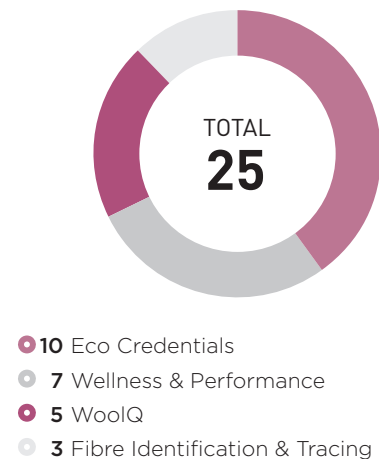
See Appendix C for complete list of performance against Annual Plan targets.

EXAMPLES OF KEY PARTNERS

University of Sydney
 Murdoch Children's Research Institute
 Oritain
 Sugar Research Australia
 AgriFutures
 Cotton Research & Development Corporation

See page 66 for further information on Collaboration.

PROJECTS COMPLETED



TRACEABILITY HIGHLIGHTS



Cradle-to-grave LCA study for a wool sweater published in The International Journal of Life Cycle Assessment



2,488 on the WoolQ platform



Partnered with Oritain to develop a Verification of Origin tool to prove **provenance** for Australian wool



650,000+ readers of AWI's research into wool's benefits for eczema sufferers globally

WOOLQ

WoolQ is a secure online platform where woolgrowers, classers, brokers and buyers can access digital tools to support all stages of the wool-growing and selling cycle.



The WoolQ eSpeci is an electronic version of the paper spec that allows you to capture, share and store your clip details digitally.

WOOLQ SERVICE OFFERING COMPLETED

The second half of 2019 saw the final piece of the WoolQ platform delivered from our developers, Levo.

The online auction, WoolQ Market, was added to the woolgrower tools to complete the WoolQ service offering. As well as offering woolgrowers a universal digital set of tools to assist them in making more informed decisions regarding the production and sale of their wool, having all this data in one place also provides woolgrowers and their agents with the ability to easily make year on year comparisons.

WoolQ also delivers a level of traceability by collecting and storing verifiable data from the shearing shed to the saleroom.

WOOLQ MARKET

The new WoolQ Market trading option was ready for delivery in July 2019 and efforts were made by AWI to engage with market participants to demonstrate its features. However, it was difficult to garner sufficient support from key players due to positive market conditions, so the decision was taken to defer the launch of the platform until there was confidence of increased industry support.

Like so many Australian businesses, WoolQ has been impacted by the coronavirus pandemic in a number of different ways. Firstly, our state-based field officers who have been at the

frontline working with woolgrowers assisting them in the use and adoption of the WoolQ grower tools, particularly the WoolQ eSpeci, were unable to travel due to the virus lockdown restrictions.

WoolQ Market suddenly offered the industry an additional business continuity option at a time when the traditional saleroom looked like being unavailable for a period of time due to the social distancing requirements being implemented by the government.

It was against the backdrop of this extraordinary operating environment, that WoolQ management decided to re-engage with interested market participants (both brokers and buyers) to showcase the operation and benefits of the WoolQ Market online auction.

The AWI board, understanding that delivering an alternative selling option at this time could be difficult for wool industry participants on a number of levels, agreed to launch WoolQ Market free of any exchange or other fees to existing registered market participants for a minimum period of six months.

In the three months to June 30, WoolQ Market conducted nine auctions selling wool outside the traditional open cry auction weekly timetable. AWI has received positive feedback from woolgrowers, brokers and buyers who pointed to the benefits of flexibility that WoolQ Market delivers.

FURTHER WOOLQ DEVELOPMENTS

On the back of woolgrower demand, early in 2020, the WoolQ Network was made available to international wool processors. This means that internationally based wool processors can build business profiles on the platform opening channels for direct communication between Australian woolgrowers and those who are processing their wool.

Additional WoolQ system enhancements which are currently being implemented include:

- The WoolQ Market Bulletin Board is designed to complement the WoolQ Market auction system. This is a static offer board which will be available to woolgrowers and their agents on a 24/7 basis.
- The WoolQ Tender Service that will allow a particular broker to offer specialty catalogues for sale over a limited time period (configurable by the broker) via a progressive

tender. This service has been requested by a number of supportive brokers.

- The WoolQ Broker Management Service. This service is aimed, in the first instance, at smaller wool brokers who are looking to engage with their clients solely and directly via the WoolQ platform. The service aims to deliver wool brokers a lower cost, lower touch woolgrower management service. AWI is working with a number of brokers who are looking to provide a more streamlined service to their clients at a lower cost.

2488

WoolQ registrations

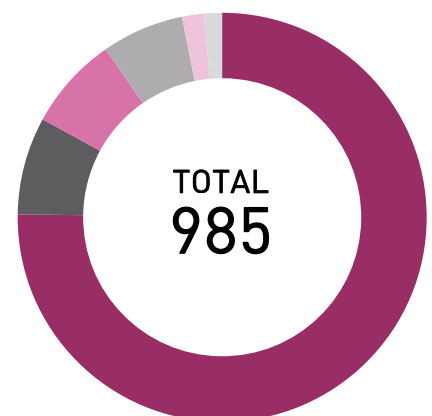
1033

eSpeci created

32,437

bales created

WOOLQ BUSINESS PROFILES at 30 June 2020



TOTAL
985

741	Woolgrower
76	Buyer
73	Classer
64	Broker
17	Contractor
14	Group



WOOL

A new way to sell wool. WoolQ Market is now available.

WoolQ is a secure online platform where woolgrowers, classers, brokers and buyers can access digital tools to support all stages of the woolgrowing and selling cycle

- 2,488 registered users**
- 985 businesses**
- 32,437 wool bales recorded**

As at 30 June 2020

It's time to join the Q. [Register](#) at www.woolq.com

We can help you set up your WoolQ account. Call us on 1800 070 099 or email info@woolq.com.

GD3916

FIBRE IDENTIFICATION & TRACING

AWI is investing in initiatives through the supply chain to enhance transparency and streamline the mechanisms for the sale of wool from farm gate to end consumer.

THE PROMINENCE OF PROVENANCE

This Fibre Identification & Tracing program is a new program, created by AWI in response to the growing calls from consumers and brands for supply chain transparency and information on the provenance of products. The program also aims to address perennial concerns regarding supply chain efficiency and biosecurity.

The program seeks to provide tools to ease the flow of information about Australian wool up and down the supply chain, which will help brands highlight and communicate the provenance and the benefits of the wool fibre used in their products.

During the 2019/20 year, scoping and proof of concept work was launched to help determine the process that AWI will undertake to deliver tools to trace and record the movement of Australian wool fibre through the supply chain from the farm gate to the end garment.

AWI has begun work on developing a mixture of scientific methods to distinguish Australian wool from other fibres, as well as a set of commercial tools to support transparency through the supply chain.

The Woolmark logo chain of custody

SCIENTIFIC TEST METHODS

Scientific research is aiming to define and develop fibre-origin test methods and/or techniques to conclusively and objectively identify Australian wool through the supply chain. The test methods must be suitable for adoption into the supply chain and use by laboratories.

The purpose of this investment is to create tools that give retailers and brands the capacity to confidently make the claim and tell the story of Australian grown wool for garments.

CHAIN OF CUSTODY

AWI is also investigating tools (such as blockchain) to support chain of custody of wool through the supply chain from farm gate to end garment. These tools will offer opportunity for linking to and extending WoolQ for greater visibility and transparency through the supply chain.

AWI has appointed a company to develop proof of concept trials for an electronic chain of custody tool (ECCT) for the Australian wool industry. The trials will track and validate the exchange of ownership of selected

wools as they move up the supply chain from farm, to overseas processing and through to finished products.

There will be an emphasis on providing an effective solution that can work across the global supply chain, diverse geographies, cultures and business practices – and display a degree of flexibility to include future value-add additions regarding, for instance, management of biosecurity threats.

Australian woolgrowers are the primary beneficiaries of the project as they will experience greater returns through price, efficiency and demand gains. An effective ECCT will provide Australian wool a marketable unique selling point. It will enable Australian wool to differentiate itself clearly and effectively in the global market

An ECCT has the potential to expand to promote wool's eco-credentials (through the process chain), the industry's corporate social responsibility, and woolgrowers' 'social license' to farm in an increasingly hostile global environment.

AWI is investing in tools and measures that can be used to prove the origin of Australian wool along the supply chain for three reasons:

1 Supply chain transparency



2 Linking the Australian woolgrowers to the Woolmark certification program

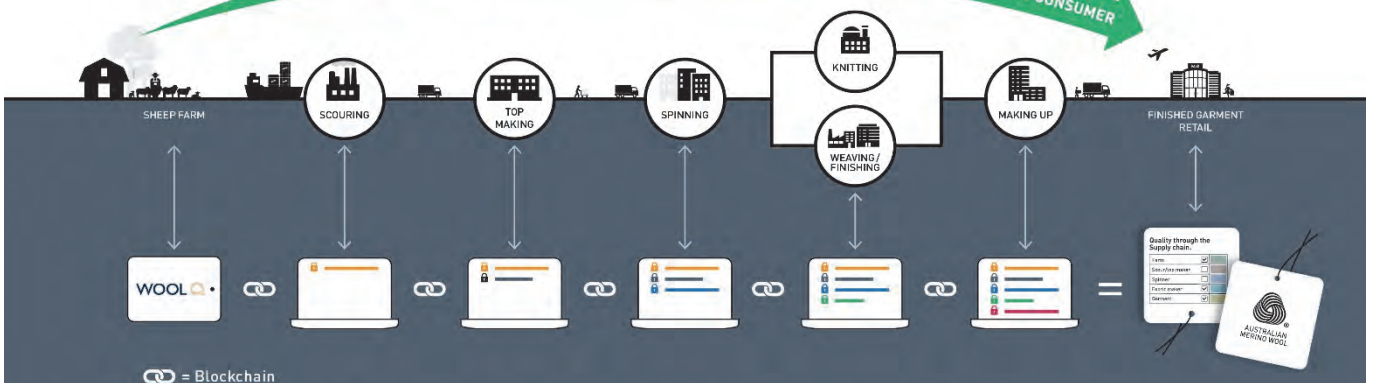
3 Markets are increasingly interested in claiming the origin of fibres in the textile supply chain

68 MILLION SHEEP in Australia produced 1.21 million bales sold at auction in 2019/20

98% OF WOOL is exported



AWI IS BRIDGING THE GAP BETWEEN FARM GATE AND CONSUMER



Blockchain (or distributed ledger) offers the opportunity to present supply chain information to consumers when required by brands and retailers. The data is entered into the blockchain by the supply chain partner and may be shared with other partners both up and down the supply chain. This offers the opportunity for woolgrowers to follow their wool post-sale.

HEALTH & WELLNESS

Demand for wool is being built by generating scientifically defensible evidence of wool's health and wellness attributes and enabling the textile trade to specify fabrics for function and comfort.

FLAME RESISTANCE PERFECT FOR MILITARY & FIRE PERSONNEL



PHOTO: Kiyoshi Hijiki / EyeEm

A new textile laboratory study, undertaken by AgResearch and funded by AWI, has assessed the fire resistance of fabrics used in commercial base-layer garments for military and first responder personnel, such as firefighters. The study concluded that the wool-rich fabrics offer the greatest skin protection, while the 100% synthetic fabrics performed the worst due to their propensity to melt and damage the skin.

In contrast to cotton and synthetic fibres, wool is known to have a natural resistance to burning, even when exposed to an ignition source for long periods. This is due to wool having a high ignition temperature, high limiting oxygen index and its self-extinguishing behaviour.

To enable world-first objective evidence comparing the protection offered by the base-layer garments, Ag Research used a new 'skin simulant' test method using samples of fresh pig skin.

The study concluded that blends of wool and fire-resistant treated viscose performed the best, while the 100% synthetic fabrics (polypropylene and polyester fabrics) performed the worst. This new test method demonstrated that while synthetic fabrics might be the most cost effective with regards to procurement, they would offer very little protection to the wearer.

The results of the study show that there is significant potential for wool base-layers to be used for protection as well as comfort by the military and emergency responders. The study is being publicised by AWI in trade publications, at trade shows and distribution to partner brands.

WOOL BENEFITS SLEEP

During the past few years, scientific studies funded by AWI have tested the sleep of both older and younger adults and found that wearing wool is conducive to restful sleep, attributed to the properties of wool fibres that help keep the body in the 'thermal comfort zone'.

The great value of these research investments on behalf of Australian woolgrowers is that AWI is now building a very solid and contemporary body of scientific evidence which supports claims that wool is beneficial to a good night's sleep, which should help build consumer demand for wool.

The results of the most recent AWI-funded study, focusing on older adults, were published in August 2019 in the journal *Nature and Science of Sleep*.

The study by the University of Sydney compared the effect on sleep quality of wearing single jersey Merino wool, cotton and polyester sleepwear, in warm conditions (30°C and 50% humidity) for participants aged 50-70 years old.

Overall, wool performed better than cotton and polyester for the majority of the 11 sleep quality parameters, while neither cotton nor polyester was better than wool for any parameter.

Another AWI-funded study under way at Sydney University is evaluating the comparative benefits of wool and cotton sleepwear fabrics on the sleep outcomes of post-menopausal women who often experience hot flashes and disturbed sleep.

The study was progressing well until February when it was put on hold because of COVID-19 measures. The study is now scheduled to recommence in August 2020 and be completed in late 2021.

WOOL IS GOOD FOR SKIN HEALTH

AWI continues with its work to produce and publish a strong body of evidence that demonstrates wearing superfine Merino wool next to skin is beneficial for eczema sufferers.

The research has shown that wearing superfine Merino wool significantly reduces the severity and symptoms of this chronic skin condition, challenging misconceptions that all wool is itchy.

A social media marketing campaign on The Woolmark Company's Twitter channel this year delivered more than 669,400 views of our content regarding

the benefits of superfine Merino wool in ameliorating eczema, including 86,700 views of a video with dermatologist Dr John Su of Murdoch Children's Research Institute delivering messaging about the benefits of superfine Merino wool.

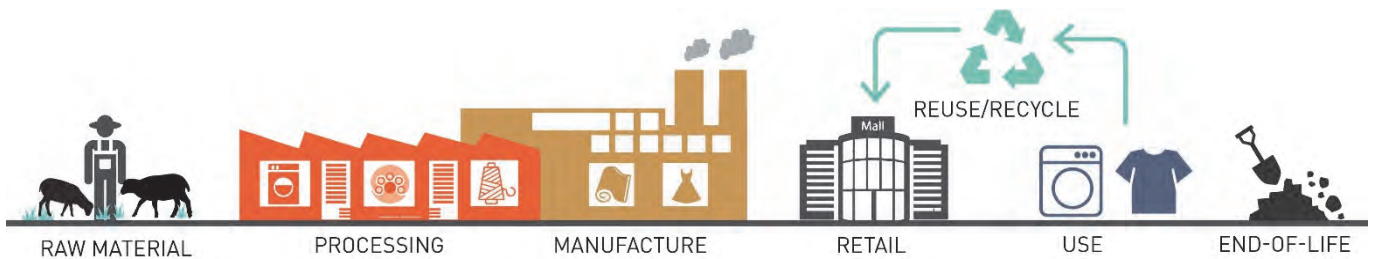
Further AWI-funded eczema studies in the USA and Norway commenced this year to broaden the geographic reach and demographics of AWI's research studies. Both studies were progressing well until February 2020 when the effect of COVID-19 started impacting research institutions. Both studies are now scheduled for completion in October 2021.



Research continues to promote the health and wellbeing benefits of Australian wool.

ECO CREDENTIALS

AWI funds scientific research into wool's environmental footprint, to help the wool industry market Australian wool as the 'planet-friendly' fibre of choice.



Life Cycle Assessment (LCA) measures the environmental impact of a product across its entire lifespan, from cradle to grave. The 'use phase' is critical because a garment that is worn often before disposal, which is the case for wool garments, has a lower overall environmental footprint.

COMPLETE LIFE CYCLE ASSESSMENT PUBLISHED

A ground-breaking new study that examined the environmental footprint of a wool garment shows that to fully understand the eco-credentials of a garment, it is crucial that its whole lifespan be considered, especially the time after the consumer has purchased it – which is good news for wool because wool garments tend to be used and kept for longer.

Wool apparel is produced in long supply chains, from the production of greasy wool on sheep farms, through processing to garment make-up, retail, consumer use, and end-of-life. Up until now, studies in Life Cycle Assessment (LCA) have focused on just particular segments of the supply chain.

However, the world-first new study, funded by AWI, provides a full cradle-to-grave LCA for the supply chain of a Merino wool jumper. It reports on the environmental impacts of a lightweight Merino wool jumper made from <20% Australian wool, processed in China and sold and worn in the European Union. The study demonstrates that consideration of the length of time a garment stays in active use is critical in LCA as it strongly affects the garment's overall environmental impact.

This is the first full LCA of a textile fibre to be published in a peer-reviewed journal, in this case *The International Journal of Life Cycle Assessment*. The study helps demonstrate the eco-credentials of wool in a world where there is increasing concern about society's trend towards 'fast fashion' and disposable clothing, and the effect on the environment of synthetic textiles.

EU PRODUCT ENVIRONMENTAL FOOTPRINTING PROJECT

Within a couple of years, products for sale in the European Union (EU) could be required to include a label that provides consumers with the EU's assessment of a product's environmental credentials – this is both a risk and an opportunity for wool.

AWI is engaging with the EU's Product Environmental Footprinting (PEF) project in collaboration with other rural Research and Development Corporations. The PEF is expected to soon become the most influential market-facing reporting system for environmental credentials to impact the products of Australian agriculture.

AWI's continued funding of scientific research into wool's environmental benefits will help ensure the EU develops an accurate and positive rating for products containing wool.

AWI advocates for robust science to underpin the PEF's rating methods, thereby maximising wool's reputation and minimising the risk that wool could be disadvantaged.

WOOL READILY BIODEGRADES IN MARINE ENVIRONMENTS

In a world increasing concerned about the effect on the environment of synthetic textiles, research funded by AWI has shown that machine-washable wool fibres as well as untreated wool fibres readily biodegrade in the marine environment, in contrast to synthetic fibres that do not.

The research found no evidence to support the idea that the polyamide resin used as part of the machine-washable wool treatment forms microplastic pollution.

The results of the study, undertaken by AgResearch, complement previous AWI-funded research into microplastic pollution from textiles, which recommends an increased use of natural non-synthetic materials, such as wool, in global textile markets.

GREENHOUSE GAS EMISSIONS

With growing international alarm at global warming and climate change, the Australian wool industry is working collaboratively with other livestock industries to investigate whether the impact of methane emissions from livestock on global warming is being accurately assessed.

The risk is that the wool and other livestock-based industries could be harmed if consumers' purchasing decisions or governments' regulatory decisions are based on ill-informed information.

AWI is funding a study to calculate the sheep greenhouse gas emissions, at the individual wool-growing property scale as well as the national scale, using an experimental new methodology and will compare the results with the current established methodology.

Significant research is also under way to assess and identify potential mitigation strategies (such as feed additives or low methane pasture species) for woolgrowers to achieve lower emission wool.

NATURAL CAPITAL ACCOUNTING

A recent AWI-funded study, undertaken by Vanguard Business Services, applied a Natural Capital Accounting approach to calculate the impact of farm environmental assets on the business performance of 11 wool-growing properties known to be undertaking some form of positive land management.

The study found that most of the farms, as an outcome of their normal management practices, are conserving and, in many cases, regenerating their farm's natural assets (eg soil and vegetation).

This 'first of its kind' study will help address inaccurate assumptions that the fashion and textile industries might have about wool and help AWI to position the wool industry as a proactive, leading and forward-looking industry, carefully stewarding the environment.

GOOD BUSINESS

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CORPORATE GOVERNANCE

CORPORATE GOVERNANCE FRAMEWORK

Governance principles

The main provisions governing the activities of AWI are:

- legislation applicable to AWI including the *Wool Services Privatisation Act*
- other legislation applicable to both companies and not-for-profit entities
- the Statutory Funding Agreement with the Commonwealth whereby AWI receives certain funding as the designated research body for the Wool Industry; and
- its Constitution.

The Board is committed to governance systems that enhance performance and ensure AWI operates legally and responsibly on all matters and maintains the highest ethical standards.

AWI's governance framework meets the best practice guidelines in the ASX Corporate Governance Principles and Recommendations (Principles and Recommendations) in implementing a corporate governance framework. While AWI is not a listed company, it uses these Principles and Recommendations as guidance in its governance practices to the extent that they are reasonably applicable to AWI's circumstances as a not-for-profit entity with charitable objects to act in the best interests of Australian woolgrowers.

Board functions and responsibilities

Key functions and responsibilities for the Board are set out in the Board Charter. The Board Charter specifies board responsibilities including general oversight of AWI; governance; risk management; people and remuneration; Chairperson responsibilities and communication with shareholders.

AWI Board Skills Matrix 2020

The Wool Industry
 Leadership & Culture
 Corporate Governance
 Finance & Risk
 Stakeholder Mgmt. incl. Government Rels.
 Tech. Transfer & Commercialisation
 Marketing & Product Promotion
 International Trade & Market Dev.
 Evaluation of & investment in R&D

Operational matters delegated to the CEO are delineated.

There are three standing sub-committees:

- Audit & Risk Committee
- Research Development Education & Extension Committee
- People & Culture Committee.

There is also a Board Nomination Committee which is convened in director election years.

The Board Charter and charters for each of the board committees are available on the website at www.wool.com/governance.

Board Nomination Committee

From 2019, the Board Nomination Committee has three external members who are specifically described in the updated Charter for this Committee and two incumbent board directors. The composition of the committee is as follows:

- A Chair independent of the wool industry and independent from AWI, initially appointed by the Secretary of the Department of Agriculture, Water and Environment
- Two independent non-executive Directors of the Company (other than the Chair of the Company)
- One representative of the wool industry independent from the Company, nominated by the Wool Industry Consultation Panel
- One representative from an international executive search firm, nominated by the CEO of the Company (subject to approval by the independent Chair of the Board Nomination Committee).

Corporate governance documents

AWI's corporate governance documentation is available on the AWI

website at www.wool.com/governance and includes:

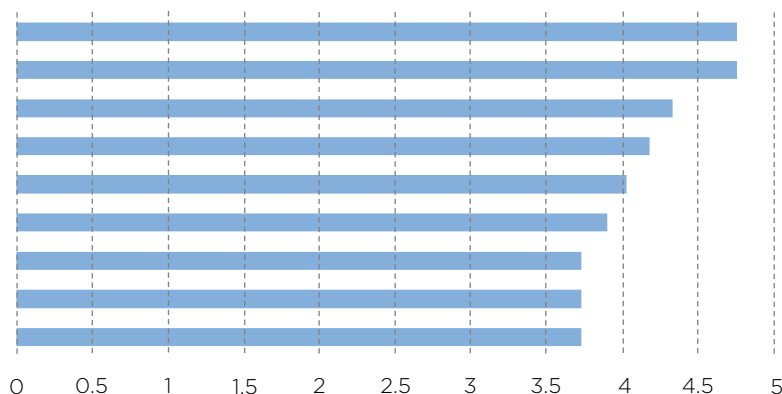
- AWI Constitution
- Board Charter
- Charter of the Committees of the Board
- Board Nomination Committee Charter
- Code of Conduct and Business Ethics
- Corporate Governance Policy
- Communications Strategy
- Rules and Procedures Governing the Election of Directors
- Statutory Funding Agreement.

AWI continues to review and develop these documents on a regular basis to ensure they remain relevant to the Company and encapsulate the high standards the Board and management are committed to achieving.

AWI Board Skills Matrix

With the assistance of an external governance adviser, core skill areas were reviewed by the Board as part of the 2020 review of board performance to ensure that they cover existing and emerging business and governance issues. The review included a self-assessment and external review of the currency of skill and experience in each of the core areas in order to assist the Board to identify any gaps in its collective skills which may need to be addressed.

The following skills matrix shows the extent to which directors collectively possess the desired skills and experience. The results demonstrate that the Board collectively has a good level of knowledge and skill to carry out its responsibilities effectively. At the same time, directors may access further expertise in the core skill areas, and in other areas not shown in the matrix, from within AWI and externally as appropriate.



GOVERNANCE

Legislative Governance	Corporate Governance	Board Governance	Fraud & Risk Governance	Financial Governance	Human Resources Governance
5 policies 124 pages Reviewed annually	11 policies 164 pages Reviewed annually	7 policies 62 pages Reviewed annually	5 policies 64 pages Reviewed annually	6 policies 28 pages Reviewed annually	10 policies 65 pages Reviewed annually

AWI governance and policies

Review of independence of directors

The Board maintains a Directors Disclosure of Interests Register which is reviewed as a standing agenda item at all board meetings. The materiality of disclosures is assessed by the Board to determine whether they may interfere with, or reasonably be seen to interfere with, a director's capacity to bring independent judgement to bear on matters before the Board. This provides a systematic approach for the Board's oversight of the independence of all directors.

In addition, directors who have served in that position for more than 10 years are assessed by the Board annually thereafter, as to whether they have become too close to management to be considered independent. This is in accordance with guidelines in the ASX Corporate Governance Principles. The review in 2020 was undertaken as a part of the annual board review, and the methodology was for self and peer assessments by all directors.

This process involves an externally facilitated peer and self-assessment using criteria which closely reflect the factors identified in the ASX guidelines for evaluating the independence of directors, with an emphasis on length of tenure and relationship with management.

In 2020, one director's tenure had exceeded ten years. An assessment was conducted in conjunction with the board performance review process and the Board found that the director met the criteria to a high level and was endorsed as an independent director.

All directors meet all of the criteria for independence in accordance with the ASX Corporate Governance Principles and Recommendations.

Board effectiveness

As part of the Board's annual review of its performance, increased emphasis has been placed on evaluating the effectiveness of the Board in contributing to the overall performance

of the organisation. The review found that the Board was particularly effective in setting clear direction for management; in ensuring that control systems are in place; and working to protect the organisation against fraud and reputation risk and in working efficiently, in a unified way, in the interests of woolgrowers. The Board continues to maintain a strong governance framework.

Performance of the Board at a strategic level is evident in the data provided in the three-year Strategic Plan and Annual Operating Plan.

Consultation with Industry stakeholders has been enhanced with the establishment of the Wool Industry Consultation Panel and the wider Woolgrower Consultation Group in 2019.

Code of Conduct and Business Ethics

AWI endeavours to be recognised as an organisation committed to high ethical standards in business.

Transactions connected, directly or indirectly, to directors and officers may occur in the ordinary course of AWI's business since the Board includes members actively involved in the wool industry.

AWI has a Code of Conduct and Business Ethics to ensure decisions are made in an ethical and responsible way without being influenced by improper considerations, and to ensure that AWI's contracts are at arm's length commercial terms and consistent with AWI's legal obligations. The Code is available on AWI's website at www.wool.com/governance.

COMPARISON OF AWI'S CORPORATE GOVERNANCE PRINCIPLES TO ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS (4TH EDITION)

Principle 1. Lay solid foundations for management and oversight

Recommendation 1.1

A listed entity should have and disclose a board charter setting out:

- the respective role and responsibilities of its board and management; and
- those matters expressly reserved to the board and those delegated to management.

AWI commentary

Refer to Board Charter at www.wool.com/governance

Recommendation 1.2

A listed entity should:

- undertake appropriate checks before appointing a director or senior executive, or putting someone forward for election as a director; and
- provide security holders with all material information in its possession relevant to a decision

on whether or not to elect or re-elect a director.

AWI commentary

Background checks on director candidates are undertaken by the Board Nomination Committee. The process for senior executive appointments includes background checking.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

AWI commentary

Offer letters are sent to new directors on appointment. All staff, including senior executives, are required to enter into engagement letters prior to commencement of duties.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to

the board, through the chair, on all matters to do with the proper functioning of the board.

AWI commentary

The company secretary is accountable directly to the board on all matters relating to board functions. The company secretary has a direct reporting line to the board chairman.

Recommendation 1.5

A listed entity should:

- have and disclose a diversity policy; and
- through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
- disclose in relation to each reporting period:
 - the measurable objectives set for that period to achieve gender diversity;

2. the entity's progress towards achieving those objectives; and
3. either:
 - the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
 - if the entity is a "relevant employer" under the *Workplace Gender Equality Act*, the entity's most recent 'Gender Equality Indicators', as defined in and published under that Act.

AWI commentary

The Diversity Policy is on the website at: www.wool.com/governance. AWI is not a "relevant employer" under the *Workplace Gender Equality Act*. The proportion of women at the date of this report is:

- Board. 2 out of 7 women, including the current Chairman (28%).
- Senior executives. 4 out of 8 women. Definition based on key management in accounting standards (50%).
- Workforce. 63% women.

Recommendation 1.6

A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- b) disclose, for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

AWI commentary

Board review is undertaken annually with assistance from an external governance practitioner. The review includes evaluation of board performance overall and individual directors.

Recommendation 1.7

A listed entity should:

- a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and
- b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

AWI commentary

Performance evaluations for senior executives are undertaken annually.

Principle 2. Structure the board to be effective and add value

Recommendation 2.1

The board of a listed entity should:

- a) have a nomination committee which:
 1. has at least three members, a majority of whom are independent directors; and
 2. is chaired by an independent director, and disclose:
 3. the charter of the committee;
 4. the members of the committee; and
 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

AWI commentary

Board Nomination Committee has five members of whom three are external persons and two are incumbent AWI directors. The Chair is one of the external persons. Refer to BNC Charter at www.wool.com/governance.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out of the mix of skills that the board currently has or is looking to achieve in its membership.

AWI commentary

A Board Skills Matrix is included in the Annual Report (see page 58).

Recommendation 2.3

A listed company should disclose:

- a) the names of the directors considered by the board to be independent directors;
- b) if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and
- c) the length of service of each director

AWI commentary

Independence of directors is reviewed on an ongoing basis. The length of service of each director is noted in their biographies in the Annual Report (see pages 10 and 11).

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

AWI commentary

All directors are considered to be independent directors in terms of the criteria in the ASX Corporate Governance Principles.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

AWI commentary

The role of the Chair and CEO are not undertaken by the same person.

Recommendation 2.6

A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

AWI commentary

There is a substantial induction procedure for new directors after appointment. Professional development opportunities for all directors include the AICD Company Directors course.

Principle 3. Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1

A listed entity should articulate and disclose its values.

AWI commentary

The AWI Strategic Plan includes a statement on Vision, Mission, Goal and Values (see page 5).

Recommendation 3.2

A listed entity should:

- a) have a code of conduct for its directors, senior executives and employees; and
- b) ensure that the board or a committee of the board is informed of any material breaches of that code.

AWI commentary

Refer to Code of Conduct and Business Ethics at www.wool.com/governance.

Recommendation 3.3

A listed entity should:

- a) have and disclose a whistleblower policy; and
- b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

AWI commentary

Refer to Whistleblower Policy at www.wool.com/governance.

Recommendation 3.4

A listed entity should:

- a) have and disclose an anti bribery and corruption policy; and ensure that the board or a committee of the board is informed of any material incidents reported under that policy; and
- b) Ensure that the board or a committee of the board is informed of any material breaches of that policy.

AWI commentary

AWI does not have a separate anti bribery and corruption policy, and instead deals with this as a part of the Code of Conduct and Business Ethics.

Principle 4. Safeguard the integrity of corporate reports

Recommendation 4.1

The board of a listed entity should:

- a) Have an audit committee which:
 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 2. is chaired by an independent director, who is not the chair of the board, and disclose:
 3. the charter of the committee;
 4. the relevant qualifications and experience of the members of the committee; and
 5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

AWI commentary

Refer to Audit & Risk Committee Charter at www.wool.com/governance. The biographies for directors include their qualifications and committee memberships (see pages 10-11). The directors report in the Annual Report includes details of meetings held and attendances during the year (see page 71).

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

AWI commentary

The board receives requisite declarations from the CEO and CFO.

Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate reports it releases to the market that is not audited or reviewed by an external auditor.

AWI commentary

Not applicable to AWI as an unlisted public company.

Principle 5. Safeguard the integrity of corporate reports

Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1

AWI commentary

Not applicable to AWI as an unlisted public company. Refer to Communications Strategy at www.wool.com/governance.

Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

AWI commentary

Not applicable to AWI as an unlisted public company. Procedure for external releases requires communications to all shareholders to be sent to all directors at the time of distribution.

Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst presentation materials on the ASX Market Announcements Platform ahead of the presentation.

AWI commentary

Not applicable to AWI as an unlisted public company.

Principle 6. Respect the rights of security holders

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

AWI commentary

Refer to governance suite at www.wool.com/governance

Recommendation 6.2

A listed entity should have an investor relations program that facilitates effective two-way communication with investors

AWI commentary

Not applicable to AWI as an unlisted public company. However, AWI has substantial stakeholder consultation arrangements including via the AWI Woolgrower Industry Consultation Panel and AWI Woolgrower Consultation Group (see page 30).

Recommendation 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders

AWI commentary

Refer to Communications Strategy at www.wool.com/governance. Annual General Meetings in recent years have included a capacity for shareholders to attend via webcast. The webcast for the most recent AGM is on AWI's website, and the results of elections and voting on resolutions are outlined on AWI's website at www.wool.com/agm.

Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than a show of hands.

AWI commentary

The use of a Poll is standard practice.

Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send communications to the entity and its security registry electronically.

AWI commentary

This is standard practice. WI encourages shareholders and levy payers to provide electronic access details for efficiency reasons.

Principle 7. Recognise and manage risk

Recommendation 7.1

The board of a listed entity should:

- a) have a committee or committees to oversee risk, each of which:
 1. has at least three members, a majority of whom are independent directors; and
 2. is chaired by an independent director, and disclose:
 3. the charter of the committee;
 4. the members of the committee; and
 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

AWI commentary

Refer to Audit & Risk Committee Charter at www.wool.com/governance. The directors report in the Annual Report includes details of committee meetings held and attendances during the year (see page 71).

Recommendation 7.2

The board or a committee of the board should:

- a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and
- b) disclose, in relation to each reporting period, whether such a review has taken place.

AWI commentary

Refer to Audit & Risk Committee Charter at www.wool.com/governance. The risk management framework is reviewed by this committee bi-annually.

Recommendation 7.3

A listed entity should disclose:

- a) if it has an internal audit function, how the function is structured and what role it performs; or
- b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.

AWI commentary

AWI does not have an internal audit function but relies on the processes and functions it employs to evaluate and continually improve the effectiveness of its governance, risk management and internal control process. Through this risk management process, any internal audit requirements identified are dealt with on a case by case basis. When necessary, external internal auditors have been engaged to fulfil specific reviews and report to the Audit and Risk Committee.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

AWI Commentary

AWI reports on risks in its Annual Report.

Principle 8. Remunerate fairly and responsibly

Recommendation 8.1

The board of a listed entity should:

- a) have a remuneration committee which:
 1. has at least three members, a majority of whom are independent directors; and
 2. is chaired by an independent director, and disclose:
 3. the charter of the committee;
 4. the members of the committee; and
 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;
 or
- b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that

such remuneration is appropriate and not excessive

AWI commentary

Refer to People & Culture Committee Charter at www.wool.com/governance. The directors report in the Annual Report includes details of committee meetings held and attendances during the year (see page 71).

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

AWI commentary

Refer to People & Culture Committee Charter at www.wool.com/governance. AWI undertakes an external benchmarking of remuneration for non-executive directors every three years. Remuneration for senior executives is benchmarked annually.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

- a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- b) disclose that policy or a summary of it.

AWI commentary

Not applicable to AWI as an unlisted public company.

RISK MANAGEMENT POLICY AND FRAMEWORK

There are expectations by key stakeholders, including key business partners and financiers, that risk is being managed efficiently and effectively.

In addition, the Commonwealth Government requires AWI to have a Risk Management Plan and a Fraud Control Plan under the Statutory Funding Agreement.

Most importantly, a more formal approach to risk and opportunity management serves to enhance the quality of business decision-making and acts as another form of assurance of the quality of our operations and services.

FRAUD CONTROL PLAN

AWI is committed to accountability and transparency in conducting its business.

The AWI Board believes that a strong corporate governance culture regarding fraud control is one of the cornerstones of this commitment and AWI's approach is to minimise the incidence of fraud and "other unethical behaviour" through the development, implementation and regular review of a range of fraud prevention and detection actions.

The desired outcome of this commitment is the elimination of fraud against AWI programs by staff and other persons. AWI considers that this policy applies to all Directors, employees, agents and contractors.

AWI will consider all avenues to recover losses due to fraud against the Company. Staff may also face action for misconduct under AWI's Code of Conduct and Business Ethics, and restitution for any money or property lost through fraudulent activity will be pursued.

The main objective of the Fraud Control Plan is to minimise the risk of fraud against AWI. This objective is achieved through reference to the Commonwealth fraud Control Guidelines including the adoption of the Australian Standard on Risk Management (ISO 31000) and the Australian Standard on Fraud and Corruption Control (AS 8001-2008) to identify fraud risks and to develop and implement actions to manage those risks.

AUDIT

AWI continues to maintain a strong focus on accountability and on its internal control environment. It engages the services of the following professional service firms:

HLB Mann Judd is engaged annually to conduct the external audit and report to AWI shareholders.

Ernst & Young, HLB Mann Judd and PricewaterhouseCoopers provide specific advice on taxation and other related matters pertaining to AWI and The Woolmark Company, as required.

MEASUREMENT & EVALUATION

Measurement & Evaluation provides a framework to measure, analyse and report on the performance of AWI's investments on behalf of its stakeholders – Australian woolgrowers

and the Australian Government. In 2019, AWI conducted a review of its existing M&E functions, resulting in the development of the enhanced *2019 Measurement & Evaluation Framework*

and the creation of a dedicated M&E team.

Throughout 2019/20, the M&E team have continued to update systems and processes to assist in the consistent

collection and analysis of information and data to inform investment decisions and report against AWI strategic targets. These include:

- The enhancement of Project Management processes to fully incorporate M&E targets and reporting (Project Proposal, Project Variations and Project Completion Reporting)
- The re-development of bi-annual Program reporting (Program Achievement Reports)

- The rationalisation of reporting frameworks to AWI's varied stakeholders; and
- The capturing of reliable data sources in a newly introduced data management system - Domo.

Efforts throughout 2019/20 move AWI closer to best practice in measurement, evaluation, and reporting practices. These developments are reflected in this document, the first Annual Report published under the new M&E Framework.

Performance and case studies where possible are quantified or supported by relevant data. This reflects the increasing saliency of quantitative data in conjunction with qualitative information and expertise. Together, quantitative and qualitative data provide a more holistic description of AWI's performance on the behalf of woolgrowers and the government.

REVIEW OF PERFORMANCE

As part of AWI's normal business cycle and Statutory Funding Agreement (SFA), every three years prior to WoolPoll, AWI is required by the Australian Government to have an Independent Review of Performance (ROP). AWI welcomes the regular review as the report assists AWI to refine its processes and approach to deliver long-term profitability for Australian woolgrowers.

The most recent review was conducted by Ernst & Young (EY); its report was released in July 2018. The report included 82 recommendations in the

areas of monitoring and evaluation, consultation and governance. For woolgrowers, the report means that their company, AWI, is being rigorously evaluated every three years, so opportunities for AWI to do better can be identified and addressed.

In September 2018, AWI launched an online ROP Implementation Portal (ROPIP) which has allowed woolgrowers and other stakeholders to monitor in real time AWI's progress in implementing the recommendations. The comments and status on the ROPIP are updated regularly.

An update on progress is also provided quarterly to woolgrowers, in the format below, in AWI's *Beyond the Bale* magazine.

Below is a summary of progress at 30 June 2020.

Disclosure: former staff

Finding 1.13.1 of the ROP recommended that AWI should "increase transparency of engagement of former staff as contractors ... by increasing the disclosure of these in future Annual Reports". During 2019/20 AWI did not engage any former staff as contractors.

REVIEW OF PERFORMANCE RECOMMENDATIONS AWI'S PROGRESS OF IMPLEMENTATION

As part of AWI's three-year business cycle, an independent review of performance (ROP) of AWI is routinely undertaken to assess the company's performance. The latest ROP was undertaken by Ernst & Young (EY) for the period 2015-2018. EY's report, which was published in July 2018, included 82 recommendations.

In September 2018, AWI launched its ROP Implementation Portal at rop.wool.com to provide detailed and up to date information to woolgrowers about the progress made by AWI in implementing the 82 recommendations. Displayed right is a summary of the overall progress, and the progress across each of the seven themes of the recommendations.

Further information is available at rop.wool.com

99%
OVERALL
IMPLEMENTATION
PROGRESS



THEME IMPLEMENTATION PROGRESS



* Percentage figure is calculated on the cumulative completion rate within each theme. Remaining recommendations at various completion stages. To view individual recommendation progress rates, visit rop.wool.com

STRATEGIC ALIGNMENT

AWI's investments align to broader wool industry and agriculture strategic plans. These plans bridge across the periods of AWI's Strategic Plan. Plans such as those under the National RD&E Framework guide activities not only within an AWI strategic period but join successive AWI strategic plans. The Framework includes plans for wool, climate change, animal biosecurity and animal welfare. Such plans help AWI address long term opportunities and threats facing Australian agriculture in a coordinated approach with other RDCs and research providers.

The *2030 Roadmap: Australian Agriculture's Plan for a \$100 Billion Industry* is a cross agriculture industry strategy where RDCs are looked to as support for Roadmap activities. The pillars of Customers and the value chain, Growing sustainably, Unlocking innovation, People and communities, and Capital and risk management are reflected in AWI's achievements. For example, AWI's launch of Wool Q, educating international students about Australian wool, measuring and reducing our environmental footprint for wool textiles, leadership training for young woolgrowers and joining the Rural Safety and Health Alliance of RDCs and the Sheep Sustainability Framework are important projects for the long term.

National RD&E Framework

AWI's RD&E aligns with the National RD&E Framework, a 2009 Australian Government initiative to improve the efficiency and effectiveness of RD&E delivery nationally through collaboration, coordination and resource focus. Strategies exist for all agricultural sectors including wool, in addition to cross sector strategies including animal welfare, biosecurity and climate change. The RDCs, including AWI, the State Government agencies, CSIRO and universities are all signatories to the intent. AWI participates in the National RD&E Framework through its own sector strategy, the National Wool RD&E Strategy, and also through support for three cross-sectoral Strategies, in partnership with other RDCs: the National Animal Welfare RD&E Strategy, the Climate Research Strategy for Primary Industries, and the National Animal Biosecurity RD&E Strategy.

National Wool RD&E Strategy

One of the successes has been that the National Wool RD&E Strategy has been

able to move research emphasis from on-farm R&D to consider issues of relevance right along the supply chain. The Strategy is very comprehensive and specific successes have occurred, including the detailed reproduction targets, which are built into the AWI Strategic Plan focusing on the pillars of lamb and ewe survival and weaner performance.

AWI Strategic Plan and Wool RD&E Strategy dates align well. The targets (some out to 2030) in the Strategy enables the current AWI Strategy (2019/20 to 2021/22) to be stretched. This is important given that AWI is facilitating the development a 10-year Wool Industry Strategic Plan. The Sheep Sustainability Framework, also in development, will include long term targets of relevance to the National Wool RD&E Strategy.

There have been other communication successes, involving the Southern Australian Livestock Council past Chairman invited to meetings which created links to MLA. Value has been added by holding occasional face-to-face meetings, enabling members to participate in tours of labs or processing facilities, however this did not occur in 2020 due to health regulations.

The networking opportunity created by the Strategy is considerable, for example engagement with University of Adelaide researchers has led to projects on technology innovation on fibre imaging, biological wool harvesting and discussions on sheep welfare.

For AWI, the Strategy provides an opportunity to highlight to the research community issues specific to the wool industry.

The Strategy looks out to 2030 and uses linkages for interdisciplinary issues. This Strategy has most in common with the Animal Welfare Strategy and there are strong links via DPIRD WA, the Strategy chair. There are so many overlapping areas, for example cotton, also as a natural fibre, faces some similar issues within the supply chain.

Climate Research Strategy for Primary Industries (CRSPI) 2017-20

AWI continued to participate in the CRSPI. This year, the National Conference was postponed due to COVID-19, however the strategy partners have continued to use the strategy as a platform for designing collaborative projects, for example, methane benchmarking. The RDCs

agreed to continue into FY21 to determine if a new strategy would duplicate existing opportunities for collaboration.

National Animal Biosecurity RD&E Strategy (NABRDES) 2017-22

AWI has continued to support the NABRDES financially and operationally, as well as actively driving the wool sector's own post farmgate biosecurity RD&E strategy (Australian Wool Industry Post-Farmgate EAD Preparedness RD&E Strategy), through Wool Industries Australia (WIA), and internationally, through the International Wool Textile Organisation's (IWTO) Wool Biosecurity Working Group.

The aim of the NABRDES is to facilitate nationwide consistency in prioritising biosecurity risks and applying a collaborative approach to RD&E that protects our animal food and fibre producing industries. Delivery of the NABRDES is coordinated by Animal Health Australia, and the 17 members (which includes all jurisdictions and livestock RDCs) contribute an equal share to fund the secretariat and costs associated with Strategy deliverables, meetings and an annual investment showcase.

National Animal Welfare RD&E (NAWRDE) Strategy

AWI continues its involvement in the NAWRDE Strategy, which commenced in December 2012. The purpose of the Strategy is to develop national arrangements to deliver strong collaboration amongst existing RD&E provider groups, and effective partnerships between investors and providers. The Strategy is implemented by the Strategy Committee, comprising all livestock industry RDCs, major RD&E providers and Government investors. Federal Government, Animal Health Australia and the RSPCA have observer membership status. Links to other organisations with interests in primary industry animal welfare RD&E occur through the Annual Forum and a corresponding members list.

The 26 Steering Committee members contribute an equal share to fund the secretariat and costs associated with meetings and the Annual Forum. Strategy administration, including the engagement of a part-time executive function, is managed on behalf of the Strategy members by Australian Pork Limited.

GOVERNMENT R&D PRIORITIES

The Australian Government is a major investor in AWI, collecting and disbursing statutory levies and providing taxpayer funds for eligible industry research, development and extension (RD&E) activities. As the wool industry's rural Research and Development Corporation (RDC), AWI is the Australian Government's primary vehicle for funding innovation in the wool industry.

While AWI's R&D and marketing priorities are determined by woolgrowers as identified by industry through AWI's Annual Planning and Consultation Cycle, AWI has also taken into account the Australian Government's National Science and Research Priorities and Rural Research, Development and Extension Priorities in setting its R&D investments, in addition to other directives and priorities the Government communicates to AWI.

The **National Science and Research Priorities** were announced by the Australian Government on 26 May 2015. The nine priorities are titled: Food, Soil and water, Transport, Cybersecurity, Energy, Resources, Advanced manufacturing, Environmental change and Health. See www.science.gov.au for further information.

The **Rural Research, Development and Extension (RD&E) Priorities** were announced on 20 May 2016. The four priorities and aims are:

- **Adoption of R&D** – Focusing on flexible delivery of extension services that meet primary producers' needs and recognising the growing role of private service delivery.
- **Advanced technology** – To enhance innovation of products, processes and practices across the food and fibre supply chains

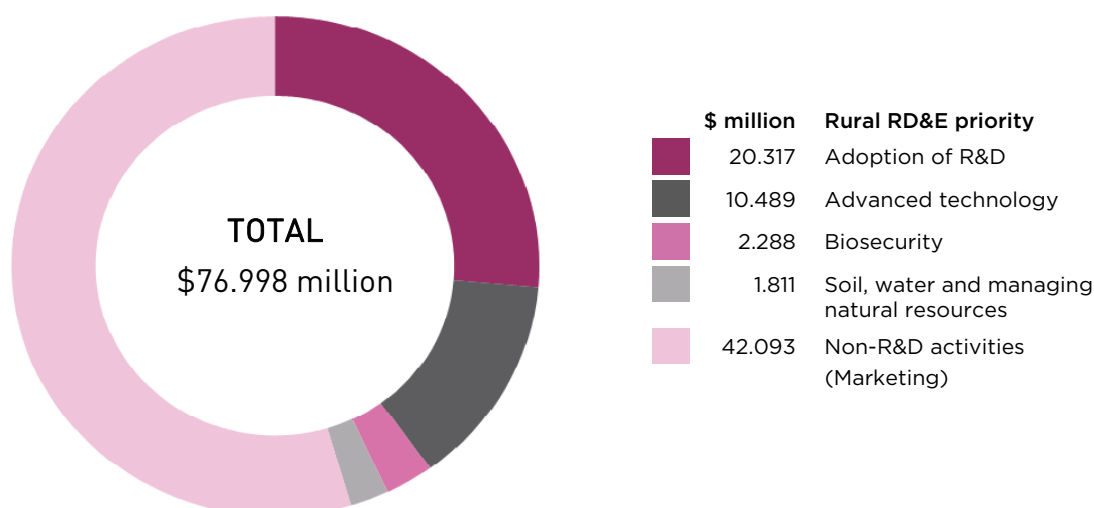
through technologies such as robotics, digitisation, big data, genetics and precision agriculture.

- **Biosecurity** – To improve understanding and evidence of pest and disease pathways to help direct biosecurity resources to their best uses, minimising biosecurity threats and improving market access for primary producers.
- **Soil, water and managing natural resources** – To manage soil health, improve water use efficiency and certainty of supply, sustainably develop new production areas and improve resilience to climate events and impacts.

See www.agriculture.gov.au for further information.

AWI investment during 2019/20 aligned to the Government's Rural Research, Development and Extension (RD&E) Priorities

Rural RD&E Priorities	R&D \$	Marketing \$	Other \$	Total \$	Total %
Adoption of R&D	19,929,000	-	388,000	20,317,000	26.4%
Advanced technology	10,489,000	-	-	10,489,000	13.6%
Biosecurity	2,095,000	-	193,000	2,288,000	3.0%
Soil, water and managing natural resources	1,811,000	-	-	1,811,000	2.4%
Non-R&D activities	-	42,093,000	-	42,093,000	54.7%
Total \$	34,324,000	42,093,000	581,000	76,998,000	100%
Total %	44.6%	54.6%	0.8%	100%	



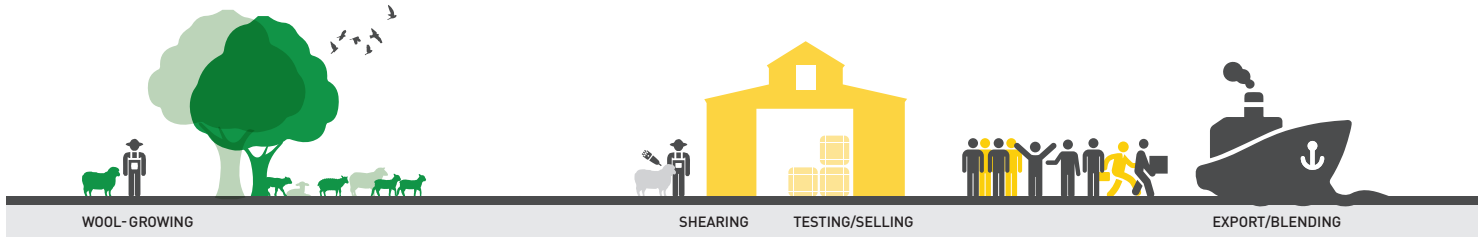
COLLABORATION

AWI maximises the investment of Australian woolgrowers and the Australian Government's funds through pursuit of collaborative opportunities with industry participants on-farm and throughout the supply chain. This enables effective sharing of knowledge, efficient investment of funds and a greater scope of activities. Through collaboration with Research & Development Corporations, public and private research organisations,

brand partners, manufacturers, producers and retailers, AWI leverages greater funds to invest in activities that deliver value to Australian woolgrowers.

Where possible, AWI pursues collaborators in projects for both cash and in-kind (goods, time and knowledge) contributions to deliver greater benefits to Australian woolgrowers and broader stakeholders.

In 2019/20 AWI collaborated with over **200 industry partners** from farm to fashion



ON-FARM RESEARCH

TYPES OF COLLABORATORS

- RDCs
- Government
- Universities
- Private sector

LEAD RESEARCH COLLABORATORS

- MLA
- Murdoch University
- PIRSA
- AWTA
- GRDC
- Dairy Australia

Collaboration in on-farm research helped deliver, innovative, efficient research. Partners' knowledge and experience were leverage to minimise duplication and maximise returns to stakeholders.

EXTENSION

TYPES OF COLLABORATORS

- RDCs
- Government
- Universities
- Schools
- Private sector

LEAD EXTENSION COLLABORATORS

- MLA
- Department of Environment, Land, Water and Planning (Victoria)
- Department of Agriculture and Fisheries (Queensland)
- TAFE SA

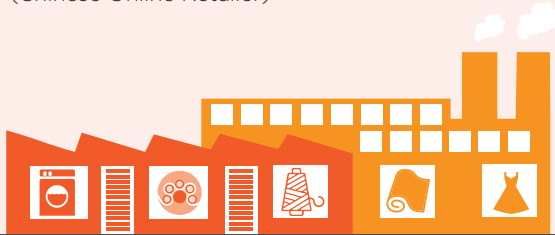
Collaborating with partners to deliver extension and education opportunities to Australian woolgrowers, ensures that messages are tailored to the needs of local woolgrowers. Providing multiple channels of communication expands AWI's reach and helps promote best practice across the industry.

Collaborated with all **14 other RDCs**

Extension delivered to meet diverse needs in varied conditions

“The Woolmark Company’s high quality and exquisite wool fabrics and innovations ... introduce quality Merino wool and excellent local brands to young consumers who are pursuing high quality and have [an] environmental consciousness.”

Mr. Xie Wei
Director – Tmall Fashion
(Chinese Online Retailer)



SCOURING TOPMAKING SPINNING KNITTING/WEAVING GARMENT MAKING

“We truly appreciate the support from TWC. We are now reviewing our marketing and merchandising strategies with natural fibres and performance in mind. Merino wool will be one of our new core materials from the viewpoints of sustainability and eco-credentials.”

Mr. Norio Ogawa
President – Descente Japan



RETAILERS/BRANDS CONSUMERS

SUPPLY CHAIN RESEARCH, DEVELOPMENT



TYPES OF COLLABORATORS

- RDCs
- Government
- Universities
- Manufacturers
- Retailers
- Brands
- Private sector



LEAD INNOVATION & DEVELOPMENT PARTNERS

- Shandong Ruyi
- Aussco
- Santoni
- AUNDE Achter & Ebels
- Stoll NY
- Sudwolfe
- Xinao
- Nanshan

AWI collaborated with manufacturing partners and textile organisations globally to explore unique applications of Australian wool. Leveraging the skills, knowledge and experience of global partners, wool’s natural properties can be fully realised. Linking brands with supply chain partners and transferring technology ensures wool is seen by the widest audience possible.

Collaborated with
81 unique processing and manufacturing partners

MARKETING & FIBRE PROMOTION



TYPES OF COLLABORATORS

- Retailers
- Brands
- Other fibre organisations



LEAD MARKETING PARTNERS

- Karl Lagerfeld
- Tmall (Chinese online retailer)
- Benneton
- Jil Sander
- Gore-Tex
- Ban XiaoXue
- Country Road

AWI collaborated with brands, designers, retailers (online and brick-and-mortar) and media partners to promote Australian wool. Through careful selection of partners, AWI leverages their market position and popularity to influence consumer perception of wool and drive purchase intent. Commercialising new developments in manufacturing helps to ensure wool is a premium fibre worth paying more for.

67 collaborative marketing projects from high fashion to sports

INTELLECTUAL PROPERTY

AWI has a portfolio of intellectual property (IP) assets comprising patents, plant breeders' rights, trade marks, registered designs, business names, copyright, domain names, and unregistered/confidential know-how. Some of these assets are owned jointly with other organisations, including Government departments, statutory corporations, CSIRO and commercial R&D companies.

In addition to the above IP assets, AWI is the beneficial owner of all IP assets owned by The Woolmark Company Pty Limited and its associated entities.

These include the WOOLMARK logo, WOOLMARK BLEND logo and WOOL BLEND logo which are registered in more than 90 countries across multiple classes of goods.

IP is an important company asset. AWI's objective is to control and manage its IP to the maximum benefit of Australian woolgrowers by ensuring rapid, widespread adoption or commercialisation of its IP along the wool supply chain.

AWI seeks to develop revenue from IP and invest it back into R&D and marketing on behalf of woolgrowers.

Registered IP owned by AWI (including The Woolmark Company) or in which AWI has an interest as at 30 June 2020

PATENTS - innovation patent certified in Australia

- Long range wireless monitoring systems

REGISTERED DESIGNS - registered overseas, not in Australia

- Breech Clip
- Dog Bone Clip
- Hockey Stick Clip

TRADE MARKS - registered in Australia and overseas

- Cool Wool
- Circle Logo
- Flyboss
- Liceboss
- Merino Active
- Merino Perform
- OPTIM
- MMX Wool Without Limits & Device
- Red Island
- Sam the Lamb
- Wormboss
- WOOL4SCHOOL
- XWOOL Device

TRADE MARKS - registered in Australia, not overseas

- Australian Wool Innovation
- AWI & Swirl Device
- Evergraze
- Making More from Sheep
- Timerite
- Woolcheque
- WoolQ
- Digibale

TRADE MARKS - registered overseas, not in Australia

- Gold Woolmark
- IWS
- Merinocool
- MERINOEASYCLEAN
- Merino Extrafine Wool
- merinofresh
- Mother and baby device
- No Finer Feeling
- Pure Merino Wool
- Pure New Wool
- SGP
- Si-ro-set

TRADE MARKS - registered overseas, not in Australia (continued)

- Solospun
- Sportwool
- Super Crimp
- Superior Merino
- Superior Merino Blend
- We Love Wool
- Wool in heart
- Woolmark Gold
- Wool Rich Blend
- Wool Runs On Grass

TRADE MARKS - registered globally

- Woolmark
- Wool Blend
- Australian Merino

PLANT VARIETIES - registered in Australia, not overseas

- Biserrula-Mauro
- French Serradella-Cadiz
- French Serradella-Margurita
- Persian Clover-Lusa
- Phalaris-Aquatica II
- Phalaris-Holdfast
- Subterranean Clover-Coolamon
- Subterranean Clover-Izmir
- Subterranean Clover-Mintaro
- Lotus Australis-LA07
- Birdsfoot Trefoil-LC07AUF
- Birdsfoot Trefoil-LC07AUYF
- Birdsfoot Trefoil-LC07AS
- Birdsfoot Trefoil-LC07AT
- Subterranean Clover-Bindoon

Note: the term 'registered' is used to describe an asset that is either registered or where an application for registration has been filed, or in the case of patents, where the patent has been granted.

FINANCIAL REPORT

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Australian Wool Innovation Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

DIRECTORS

The following persons were directors of Australian Wool Innovation Limited during the financial year and up to the date of this report:

Ms C Garnsey OAM (Chairman)
Mr N Henderson (elected 22 November 2019)
Dr M Humphries (elected 22 November 2019)
Mr J Laurie
Mr D Macdonald
Mr W B Merriman (until 22 November 2019)
Mr J Morgan
Dr M L Sheil (until 22 November 2019)
Mr D A A Webster

PRINCIPAL ACTIVITIES

Australian Wool Innovation Limited is a Not-for-profit, registered charitable company. Its principal activity as recorded in its adopted strategic plan is to increase the profitability and support the sustainability of the Australian wool industry through strategically targeted investments in research, development and marketing designed to optimise return on investment. To achieve this mission, the Group receives funding from the Commonwealth Government of Australia by way of a statutory wool levy imposed upon Australian woolgrowers and a capped research and development matching fund contribution. Funding is also generated from revenue in respect of the Woolmark certification and ordinary trademark annual licence fees.

REVIEW OF OPERATIONS AND RESULTS

	2020	2019
	\$'000	\$'000
Revenue	69,169	101,150
(Loss)/ profit from continuing operations	(7,575)	1,876

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the past 12 months, AWI's revenue, which is largely dependent on wool levy income, has fallen substantially. This is due to a combination of three things. Firstly, the reduction in the rate of wool levy from 2% to 1½%, which came into effect on 1 July 2019. Secondly, the fall in Australia's wool production caused by the drought and low sheep numbers. Thirdly, the fall in the Eastern Market Indicator, which has lost about 35% of its value during the financial year.

The global Coronavirus (COVID-19) pandemic has profoundly affected the wool industry, primarily due to weak consumer demand and significant falls in retail sales during the second half of the financial year. Given the drop-off in consumer spending across the globe, AWI's marketing teams have reviewed all its current marketing campaigns and collaborations, and stopped any expenditure on projects that relied on face to face shopping or were no longer expected to produce a return on investment. Those marketing funds have been held back to be made available at a later time when it is more likely an investment will yield results. Once AWI sees a market recovering, AWI will deploy the marketing funds that were held back as quickly as possible to try and stimulate demand.

As the above factors are expected to continue to impact company's revenue adversely, the company has reviewed its corporate structure and will reduce headcounts where possible.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There has been no other matter or circumstance which has arisen since 30 June 2020 that has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Despite the disruption during the past six months, AWI's Strategic Plan remains very relevant and robust. AWI continues to operate five key portfolios divided into 13 strategies and 29 programs. These seek to address key industry issues and exploit opportunities across the global supply chain for Australian wool, from woolgrowers through to consumers.

Woolmark Licensing - To support the wool textile supply chain during the global pandemic, a six month fee holiday was granted for 2020/21 licence fees.

Marketing - To continue to build demand for Australian wool by reinforcing its position in the market and solidifying a strong price to ensure a sustainable future for Australian woolgrowers.

Sheep Production - To lower the cost of production of wool on-farm by increasing the productivity of sheep and land, and increasing the efficiency of use of inputs and resources while maintaining Australia's reputation for sustainability.

Consultation - To build trust and transparency across the supply chain through an industry best-practice structured, targeted and measurable engagement model; and for this intelligence to influence, inform or contribute to AWI's business activities.

Processing Innovation and Education Extension - To increase the profitability and sustainability of the wool processing and manufacturing supply chain and educate students, trade and retailers about the benefits of wool.

Traceability - To provide tools to ease the flow of information about Australian wool up and down the supply chain to all parties; to communicate wool's benefits, facilitate provenance and supply chain transparency.

These portfolios are supported by the Corporate Services function enabling AWI to operate cost effectively through the efficient provision of a range of cross-company support services.

COMPANY SECRETARY

The Company Secretary is Mr Jim Story BA, LLB, FGIA.

MEETINGS OF DIRECTORS

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2020, and the numbers of meetings attended by each director were:

Director	Meetings of Committees									
	Full meetings of directors		Audit & Risk		People & Culture		Research Development Education & Extension		Stakeholder Engagement	
	A	B	A	B	A	B	A	B	A	B
Ms C Garnsey	12	12*	8	8	6	6	8	8	3	3
Mr N Henderson**	7	7	3	3	-	-	-	-	-	-
Dr M Humphries**	7	7	-	-	-	-	3	3	-	-
Mr J Laurie	12	12	8	8	-	-	-	-	-	-
Mr D Macdonald	12	12	-	-	3	3*	-	-	3	3*
Mr W B Merriman^	5	5	4	4	3	3	4	4	3	3
Mr J Morgan	12	12	-	-	6	6	8	8*	-	-
Dr M L Sheil^	5	5	-	-	-	-	4	4	-	-
Mr D A A Webster	12	12	8	8*	-	-	8	8	-	-

A = number of meetings held during the time the director held office or was a member of the committee during the year.

B = number of meetings attended.

* = denotes Chair as at 30 June 2020.

^ = Mr W B Merriman & Dr M L Sheil until the 22 November 2019.

** = Mr N Henderson & Dr M Humphries were elected to the Board on the 22 November 2019.

The Stakeholder Engagement Committee was discontinued on 31 January 2020.

CHAIRMANSHIP

Ms C Garnsey OAM was the Chairman of the Board throughout the year.

INSURANCE OF OFFICERS

During the financial year, Australian Wool Innovation Limited paid a premium to insure directors and officers of the Group. The insurance policy specifically prohibits disclosure of the nature and liability covered and the amount of the premium paid.

DIRECTORS' REPORT (CONTINUED)

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor/s for audit and non-audit services provided during the year are set out in note 23.

DIVIDENDS PAID

AWI's Constitution does not allow the company to pay any dividends.

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any particular or significant environmental regulations under either Commonwealth or State legislation.

STATUTORY FUNDING AGREEMENT OBLIGATIONS

In addition to annual reporting requirements, there are further reporting requirements imposed upon the parent company under the Statutory Funding Agreement between Australian Wool Innovation Limited and The Commonwealth of Australia.

A number of the matters identified in this report contain commercial in confidence information and the company has elected to exercise its prerogative to provide that report separately to the Commonwealth on an 'in confidence' basis.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 73.

ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, unless otherwise stated.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Ms C Garnsey OAM (Chairman)
Director

Sydney
28 August 2020

AUDITOR'S INDEPENDENCE DECLARATION



We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Australian Wool Innovation Limited for the year ended 30 June 2020.

This declaration is in relation to Australian Wool Innovation Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'S P James'.

Sydney
28 August 2020

S P James
Director

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HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

FINANCIAL REPORT - 30 JUNE 2020

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This financial report covers Australian Wool Innovation Limited as a consolidated entity consisting of Australian Wool Innovation Limited and its controlled entities as listed in note 26 to the financial report. The financial report is presented in Australian dollars.

Australian Wool Innovation Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 6, 68 Harrington Street
The Rocks
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 70, which is not part of this financial report.

The financial statements were authorised for issue by the directors on 28 August 2020. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the company. All press releases, financial reports and other information are available on our website: www.wool.com

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

		Consolidated	
	Notes	2020 \$'000	2019 \$'000
Revenue from continuing operations			
Operating revenue	3	66,888	98,042
Other revenue	3	2,281	3,108
		69,169	101,150
Other gain	4	336	995
Expenses			
Project expenditure		(42,217)	(66,409)
Marketing		(15,422)	(15,524)
Sheep production		(2,563)	(1,675)
Woolgrower services		-	(2,329)
Processing innovation & education extension		(3,079)	(2,786)
Traceability		(1,017)	-
Consultation		(1,213)	-
Support & administration		(11,485)	(11,444)
(Loss)/ profit before income tax		(7,491)	1,978
Income tax expense	7	(84)	(102)
(Loss)/ profit from continuing operations		(7,575)	1,876
(Loss)/ profit for the year		(7,575)	1,876
Other comprehensive income			
Exchange differences on translation of foreign operations		(392)	(99)
Total comprehensive (loss)/ income for the year		(7,967)	1,777
Total comprehensive (loss)/ income for the year is attributable to:			
Owners of Australian Wool Innovation Limited		(7,967)	1,777

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	Consolidated	
		2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	7,025	12,260
Other financial assets	9	99,065	98,655
Trade and other receivables	10	4,653	15,979
Other current assets	11	629	769
Total current assets		111,372	127,663
Non-current assets			
Property, plant and equipment	12	1,302	2,162
Right-of-use assets	12	8,959	-
Intangible assets	13	11,685	12,246
Other non-current assets	14	791	849
Total non-current assets		22,737	15,257
Total assets		134,109	142,920
LIABILITIES			
Current liabilities			
Trade and other payables	15	8,196	10,972
Lease liabilities	19	2,094	-
Deferred revenue	16	364	7,010
Total current liabilities		10,654	17,982
Non-current liabilities			
Lease liabilities	19	7,227	-
Provisions	17	336	329
Other non-current liabilities	18	152	902
Total non-current liabilities		7,715	1,231
Total liabilities		18,369	19,213
Net assets		115,740	123,707
EQUITY			
Contributed equity*	20	-	-
Reserves	21	1,097	1,489
Retained earnings	21	114,643	122,218
<i>Capital and reserves attributable to owners of Australian Wool Innovation Limited</i>		115,740	123,707
Total equity		115,740	123,707

*As at 30 June 2019 and 2020 contributed equity in the consolidated entity was \$100.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Attributable to owners of Australian Wool Innovation Limited			Total equity \$'000
		Contributed equity* \$'000	Reserves \$'000	Retained earnings \$'000	
Balance at 1 July 2018		-	1,588	120,342	121,930
Profit/ (loss) for the year	21	-	-	1,876	1,876
Other comprehensive income	21	-	(99)	-	(99)
Total comprehensive income for the year		-	(99)	1,876	1,777
Balance at 30 June 2019		-	1,489	122,218	123,707
Balance at 1 July 2019		-	1,489	122,218	123,707
Profit/ (loss) for the year	21	-	-	(7,575)	(7,575)
Other comprehensive income	21	-	(392)	-	(392)
Total comprehensive loss for the year		-	(392)	(7,575)	(7,967)
Balance at 30 June 2020		-	1,097	114,643	115,740

*As at 30 June 2019 and 2020 contributed equity in the consolidated entity was \$100.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated	
		2020 \$'000	2019 \$'000
Cash flows from operating activities			
Levy, license, government grant and other receipts (inclusive of GST)		88,676	106,266
Payments to suppliers and employees (inclusive of GST)		(92,983)	(100,754)
		(4,307)	5,512
Interest received		2,490	2,718
Income taxes paid	7	(84)	(102)
Lease interest paid		(527)	-
Net cash (outflow) inflow from operating activities		(2,428)	8,128
Cash flows from investing activities			
Payments for property, plant and equipment	12	(540)	(720)
Payments for other financial assets	9	-	(4,430)
Redemption of held-to-maturity investments	9	(410)	-
Proceeds from sale of property, plant and equipment		14	3
Payments for website development	13	-	(668)
Net cash (outflow) from investing activities		(936)	(5,815)
Cash flows from financing activities			
Lease payments		(1,903)	-
Net cash (outflow) inflow from financing activities		(1,903)	-
Net (decrease) increase in cash and cash equivalents		(5,267)	2,313
Cash and cash equivalents at the beginning of the financial year		12,260	10,254
Effects of exchange rate changes on cash and cash equivalents		32	(307)
Cash and cash equivalents at end of year	8	7,025	12,260

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Australian Wool Innovation Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia and is a Not-for-profit, registered charitable company.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Australian Wool Innovation Limited and its subsidiaries (the "Group").

The nature of the Group's operations and principal activities are described in the Directors' Report.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board. Australian Wool Innovation Limited is a Not-for-profit, charitable entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The consolidated financial statements of the Group comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention and comparative information

This financial report has been prepared under the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

(iii) Going concern

The financial report has been prepared on a going concern basis. Although the Group has been adversely financially impacted due to reduction in wool levy and Corona virus (COVID-19) pandemic, no material uncertainty exists in its ability to continue as a going concern. The Group has implemented following measures to mitigate the risk:

- Reviewed all current marketing campaigns and collaborations, and stopped any expenditure on projects that relied on face to face shopping or were no longer expected to produce a return on investment. Those marketing funds have been held back to be made available at a later time when it is more likely an investment will yield results;
- Reviewed corporate structure and will reduce headcounts where possible; and
- Reviewed its liquidity and reserve policy (refer note 9), the Group believes that it is in sound financial position and has sufficient surpluses available to deal with any unforeseen events.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Estimated impairment of the Woolmark certification trademarks

The Group tests annually whether the value of \$10,000,000 allocated to the Woolmark certification trademarks has suffered any impairment, in accordance with the accounting policy stated in note 1(g). These calculations require the use of assumptions regarding the separately identifiable future cash inflows relating to the brand, estimates of future costs required to support the brand and discount rates. Management determined budgeted cash flows based on license fees billed for the coming year and budgeted costs based on past performance and expectations for the future.

(2) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(3) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iv) Critical accounting estimates (continued)

(4) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the levy, licence, grants and other receipts, expenses, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there is no other known impact on the Group's operations as a result of the Coronavirus (COVID-19) pandemic.

(v) New and amended standards adopted by the group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following new Accounting Standard adopted during the year was most relevant to the Group:

- AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019 which replaces AASB 117 Leases ("AASB 117"). AASB 16 has been applied using the modified retrospective approach and comparative information has not been restated, as permitted under the specific transition provisions in the standard. The new accounting policies are disclosed in note 1 (f) and note 1 (m).

The adoption of AASB 16 has resulted in the Group recognising right-of-use assets and related lease liabilities in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. Operating lease expense is also no longer recognised for these operating leases and is now replaced by interest and depreciation expense in the statement of comprehensive income. For classification within the statement of cash flows, the interest portion is disclosed in operating activities as finance costs paid and the principal portion of the lease payments are separately disclosed in financing activities, as repayment of lease liabilities.

On adoption, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. The weighted average incremental borrowing rate that applied to the lease liabilities on 1 July 2019 was 5%.

The Group also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of adoption.

The following practical expedients permitted by AASB 16 were applied by the Group on adoption:

- The Group accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- The Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- The Group relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as at 1 July 2019.

The Group elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group has relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

(i) Measurement of lease liabilities

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the total lease liabilities recognised at 1 July 2019:

	\$'000
Operating lease commitments as at 30 June 2019	7,599
Short-term leases and leases of low-value assets not recognised as a liability	(990)
Other adjustments	4,712
Operating lease liabilities before discounting	11,321
Discounted using incremental borrowing rate	(1,677)
Total lease liabilities recognised under AASB 16 at 1 July 2019	9,644

(ii) Adjustments recognised in the statement of financial position on 1 July 2019

Adjustments recognised as a result of the adoption of AASB 16 affected the following items in the balance sheet on 1 July 2019:

	\$'000
Lease liabilities (current) - increase by	1,778
Lease liabilities (non-current) - increase by	7,866
Right-of-use assets (non-current) - increase by	9,644

The net impact on retained earnings on 1 July 2019 was \$nil

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australian Wool Innovation Limited as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of comprehensive income and balance sheet from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

The effects of all transactions between entities in the consolidated entity are eliminated in full.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Australian Wool Innovation Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- the assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date;
- income and expenses of foreign operations are translated into Australian dollars using the average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income through foreign currency reserve in equity.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Wool levies and government grants are brought to account when received or receivable from the Federal Government.

Reasonable assurance that the Commonwealth Matching Funds grant will be received occurs when the Group complies with all conditions outlined in the Statutory Funding Agreement.

Invoiced licence fees are deferred as a liability on the balance sheet and brought to account as revenue over the period of the licence.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue for the sale of goods is recognised when goods have been delivered to a customer and the risks and rewards of ownership have transferred to the customer.

Revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or other agreements to provide services.

Revenue for the disposal of non current assets is recognised when control of the asset has passed to the buyer.

(e) Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Woolmark Holdings Pty Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. Australian Wool Innovation Limited is not a party to the tax consolidated Group as it is exempt from tax.

(f) Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(g) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As a not for profit organisation, value in use may be assessed on the basis of depreciated replacement costs for a similar asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(h) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The loss allowance is recognised in profit or loss.

(i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, floating rate notes, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Other financial assets

Other financial assets are initially measured at fair value plus transaction costs and subsequently measured at amortised cost, less any allowance for expected credit losses.

Other financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(l) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter.

(m) Property, plant and equipment

All assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Purchases of property, plant and equipment costing less than \$5,000 are expensed in the year of acquisition.

Depreciation is calculated on a straight line basis to write off the net cost amount of each item of property, plant and equipment (excluding land) over its expected useful life to the economic entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessment for major items. The expected useful lives are as follows:

Buildings	10-20 years
Plant and equipment	2-10 years
Leasehold improvements	over the lease term

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1 (g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

• Right-of-use asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(n) Intangible assets

(i) Research and development

Research expenditure is recognised as an expense as incurred.

(ii) Trademarks and licences

This represents the Woolmark certification trademarks acquired by the Group. The Woolmark is well established and is expected to generate cash inflows for the Group for an indefinite period. Therefore the certification trademarks are carried at cost without amortisation, but are tested for impairment in accordance with note 1(g).

(iii) Website development

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

Website development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Website developments that are ready for use are amortised on a straight-line basis over a period of 4 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Provisions

Provisions for make good obligations and restructuring are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(p) Employee benefits

(i) Short-term obligations

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date plus overseas pension benefits are recognised in other payables and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long-term employee benefit obligations

The liability for long service leave is recognised in provisions and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

The provision for employee entitlements includes on costs of superannuation, payroll tax and workers compensation.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Dividends

AWI's Constitution does not allow the company to pay any dividend.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

(t) Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, unless otherwise stated.

(u) Parent entity financial information

The financial information for the parent entity, Australian Wool Innovation Limited, disclosed in note 29 has been prepared on the same basis as the consolidated financial statements, except investments in subsidiaries which are recorded at cost in the financial statements of Australian Wool Innovation Limited.

NOTE 2: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, other price risks and aging analysis for credit risk.

Risk management is carried out by Head Office Finance under policies approved by the board of directors. Group Head Office Finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

NOTE 2: FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

The Group's foreign exchange management policies include wherever possible creating natural hedges with the collection of licence income in the same currencies as the expenditure being incurred. The Group also purchased foreign exchange contracts during the year to minimise the exposure to fluctuations in the currency markets based on a proportion of budgeted cash flows.

Forward Exchange Contracts (Derivatives) are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent adjustment in the fair value of contract is recorded in the income statement with a corresponding impact in the Forward contract asset or liability.

(b) Credit risk

The Group has no significant concentrations of credit risk and credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Customers risk rating is assessed by the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings and compliance with credit limits by customers is regularly monitored by management.

Australian Wool Innovation Limited's investment policy is conservative and designed to minimise principal, interest rate and currency risk.

Risk of principal amounts invested is minimised by investing the majority of available funds in deposits with Standard & Poor's ratings AAA, AA+, AA and AA- for long term and A-1+, A-1 and A-1- for short term. A maximum of 25% of funds can be invested with Standard & Poor's ratings A-, BBB+, BBB and BBB- for long term and A-2, and A-3 for short term.

Risk of loss due to adverse interest rate movements is minimised by investing in term deposits for terms per the AWI investment policy.

Wherever possible funds invested are held in Australian dollars thereby minimising any foreign exchange risk.

The Group has policies in place to ensure that customers have an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and having funding available. Head Office Finance aims at maintaining flexibility in funding by keeping funds on call and term deposits with regular rolling maturity dates. The Group manages liquidity risk by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Given the cash reserves available borrowing facilities are not required.

(d) Fair value measurement

The net fair value of cash and cash equivalents, other financial assets and financial liabilities approximate their carrying values.

NOTE 3: REVENUE

	Consolidated	
	2020 \$'000	2019 \$'000
From continuing operations		
<i>Operating revenue</i>		
Wool levy	37,773	68,077
Government contribution	19,971	20,801
License fees	6,583	6,789
Royalties	1,707	1,963
Sale of goods and services	820	398
Other	34	14
	66,888	98,042

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 JUNE 2020

NOTE 3: REVENUE (CONTINUED)

	Consolidated	
	2020	2019
	\$'000	\$'000
<i>Other revenue</i>		
Interest revenue calculated using the effective interest method	2,181	2,907
Rental and sub-lease rental income	100	201
	<u>2,281</u>	<u>3,108</u>
	<u>69,169</u>	<u>101,150</u>

NOTE 4: OTHER GAIN

	Consolidated	
	2020	2019
	\$'000	\$'000
Net foreign exchange gain	<u>336</u>	<u>995</u>

NOTE 5: EXPENSES

	Consolidated	
	2020	2019
	\$'000	\$'000
<i>Depreciation and amortisation</i>		
Buildings	2	2
Plant and equipment	516	533
Leasehold improvements	288	394
Right-of-use assets	2,327	-
Website development	561	-
Total depreciation and amortisation	<u>3,694</u>	<u>929</u>

NOTE 6: RESEARCH, DEVELOPMENT AND MARKETING EXPENDITURE

	Consolidated	
	2020	2019
	\$'000	\$'000
Marketing	35,662	46,206
Sheep production	14,264	18,544
Woolgrower services	-	10,834
Processing innovation & education extension	7,861	10,056
Traceability	3,347	-
Consultation	4,377	-
Support & administration	11,485	14,527
Total RDM expenditure	<u>76,996</u>	<u>100,167</u>

NOTE 7: INCOME TAX EXPENSE

	Consolidated	
	2020 \$'000	2019 \$'000
(a) Income tax expense		
Current tax on profits for the year	84	102
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
(Loss)/ profit from continuing operations before income tax expense	(7,491)	1,978
Tax at the Australian tax rate of 30% (2019 - 30%)	(2,247)	593
Non-taxable income, tax losses and temporary differences not brought to account	2,343	(463)
Differences in overseas tax rates	(33)	(48)
Adjustments for current tax of prior periods	21	20
Income tax expense	84	102

The Group has not recognised deferred tax assets relating to tax losses or temporary differences arising from loss making operations as it is not probable that the benefits will be realised. AWI parent company is exempt from income taxes not indirect taxes.

NOTE 8: CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated	
	2020 \$'000	2019 \$'000
Cash at bank and in hand	7,025	12,260

Further details of cash and cash equivalents are set out in note 9.

NOTE 9: CURRENT ASSETS – OTHER FINANCIAL ASSETS

	Consolidated	
	2020 \$'000	2019 \$'000
Term deposits	99,065	98,655
Cash and cash equivalents (note 8) and other financial assets are represented as follows:		
Unrestricted	21,090	17,382
Restricted as security against guarantees issued by the company's bankers ^(a)	2,500	2,533
Forward contract commitments ^(b)	18,700	23,300
Operating funds ^(c)	23,800	27,700
Emergency funds ^(d)	5,000	5,000
Discretionary funds ^(e)	35,000	35,000
	106,090	110,915

- (a) Bank guarantees have been issued to a number of parties in respect of the company's liabilities. The company has given its primary bankers security over term deposits in respect of those amounts, such deposits attracting commercial interest rates.
- (b) A reserve of \$18.7 million has been created to cover contracted forward commitments.
- (c) Operating funds representing nine months of AWI operational costs are set aside to cover an unexpected cessation of levy and government contribution.
- (d) The Emergency reserve is set aside to cover any contingent expenditure arising from the wool industry's obligation under the Emergency Animal Disease Response Agreement.
- (e) The directors resolved to create a discretionary reserve to have funds available to exploit opportunities outside the normal strategic plan and to cover fluctuations in income over a long term period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 JUNE 2020

NOTE 10: CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated	
	2020 \$'000	2019 \$'000
Net trade receivables		
Trade receivables	494	3,037
	494	3,037
Net other receivables		
Commonwealth matching funds and wool levy accruals	1,896	8,963
Other receivables	2,263	3,979
	4,159	12,942
	4,653	15,979

NOTE 11: OTHER CURRENT ASSETS

	Consolidated	
	2020 \$'000	2019 \$'000
Prepayments		
Insurance	57	45
Other	572	724
	629	769

NOTE 12: NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS

	Land and buildings \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Right-of-use assets \$'000	Total \$'000
At 1 July 2018					
Cost or fair value	954	3,834	2,404	-	7,192
Accumulated depreciation	(513)	(3,140)	(1,162)	-	(4,815)
Net book amount	441	694	1,242	-	2,377
Year ended 30 June 2019					
Opening net book amount	441	694	1,242	-	2,377
Exchange differences	-	(21)	11	-	(10)
Revaluation surplus	-	28	1	-	29
Additions	-	703	-	-	703
Disposals	-	(8)	-	-	(8)
Depreciation charge	(2)	(533)	(394)	-	(929)
Closing net book amount	439	863	860	-	2,162
At 30 June 2019					
Cost or fair value	954	4,393	2,457	-	7,804
Accumulated depreciation	(515)	(3,530)	(1,597)	-	(5,642)
Net book amount	439	863	860	-	2,162

NOTE 12: NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS (CONTINUED)

	Land and buildings \$'000	Plant and equipment \$'000	Leasehold improvements \$'000	Right-of-use assets \$'000	Total \$'000
Year ended 30 June 2020					
Opening net book amount	439	863	860	-	2,162
Exchange differences	-	(28)	(1)	-	(29)
Revaluation surplus	-	9	11	61	81
Additions	-	227	263	11,225	11,715
Disposals	-	(13)	-	-	(13)
Transfers	-	-	(522)	-	(522)
Depreciation charge	(2)	(516)	(288)	(2,327)	(3,133)
Closing net book amount	437	542	323	8,959	10,261
At 30 June 2020					
Cost or fair value	954	4,432	2,749	11,304	19,439
Accumulated depreciation	(517)	(3,890)	(2,426)	(2,345)	(9,178)
Net book amount	437	542	323	8,959	10,261

NOTE 13: NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Certification trademarks \$'000	Website development costs \$'000	Total \$'000
At 1 July 2018			
Cost	10,000	1,578	11,578
Accumulated amortisation and impairment	-	-	-
Net book amount	10,000	1,578	11,578
Year ended 30 June 2019			
Opening net book amount	10,000	1,578	11,578
Additions	-	668	668
Amortisation charge	-	-	-
Closing net book amount	10,000	2,246	12,246
At 30 June 2019			
Cost	10,000	2,246	12,246
Accumulated amortisation and impairment	-	-	-
Net book amount	10,000	2,246	12,246
Year ended 30 June 2020			
Opening net book amount	10,000	2,246	12,246
Amortisation charge	-	(561)	(561)
Closing net book amount	10,000	1,685	11,685
At 30 June 2020			
Cost	10,000	2,246	12,246
Accumulated amortisation and impairment	-	(561)	(561)
Net book amount	10,000	1,685	11,685

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 JUNE 2020

NOTE 13: NON-CURRENT ASSETS – INTANGIBLE ASSETS (CONTINUED)

A value of \$10,000,000 is allocated to the Woolmark certification and ordinary trademarks and, based on a review of the current operations to date and intentions for future use, the directors are satisfied that no impairment of the carrying value has arisen since acquisition.

The Woolmark certification and trademarks, with an indefinite expected useful life, are expected to generate cash flows over an indefinite period of time.

The directors are committed to providing market research to support the profile of the certification and the trademarks.

The directors strive to build the reputation of the Woolmark certification and trademarks to consolidate its brand recognition globally.

NOTE 14: NON-CURRENT ASSETS - OTHER ASSETS

	Consolidated	
	2020	2019
	\$'000	\$'000
Lease deposits	791	849

NOTE 15: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	2020	2019
	\$'000	\$'000
Trade payables	1,730	4,936
Other payables	5,306	4,083
Project payables and accruals	1,160	1,953
	8,196	10,972

NOTE 16: CURRENT LIABILITIES - DEFERRED INCOME

	Consolidated	
	2020	2019
	\$'000	\$'000
Unearned license income	52	6,985
Unearned sub-lease income	50	25
Unearned other income	262	-
	364	7,010

NOTE 17: NON-CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	2020	2019
	\$'000	\$'000
Long service leave	336	329

NOTE 18: NON-CURRENT LIABILITIES - OTHER

	Consolidated	
	2020	2019
	\$'000	\$'000
Lease incentives	152	902

NOTE 19: LEASES

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	Consolidated	
	2020	1 July 2019
	\$'000	\$'000
Right-of-use assets		
Unearned license income	8,858	9,514
Unearned sub-lease income	73	88
Unearned other income	28	42
	8,959	9,644
Lease liabilities		
Current	2,094	1,778
Non-current	7,227	7,866
	9,321	9,644

(ii) Amounts recognised in the statement of comprehensive income:

The statement of comprehensive income shows the following amounts relating to leases:

	Consolidated	
	2020	2019
	\$'000	\$'000
Depreciation charge of right-of-use assets		
Buildings	2,266	-
Vehicles	47	-
Others	14	-
	2,327	-
Interest expense	527	-
Expense relating to short-term leases	240	-
Expense relating to leases of low-value assets that are not shown above as short-term leases	62	-

The total cash outflow for leases in 2020 was \$2,430,038

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 JUNE 2020

NOTE 20: CONTRIBUTED EQUITY

	2020	2019	2020	2019
(a) Share capital	Shares	Shares	\$	\$
Fully paid	37,462	37,462	100	100

(b) Movements in ordinary share capital

There was no movement in ordinary share capital during the year.

(c) Ordinary shares

A person has a right to one share in the Company if the Board is satisfied that their rolling wool levy or wool tax contribution is \$100 or more during the 3 previous financial years or the person is engaged in a wool producing business, as defined by the Company's constitution. This right does not entitle the shareholder to participate in any profit distributions or in any proceeds on the winding up of the entity. Where a person fails to satisfy these share criteria the share is returned to and held by the Company.

(d) Shareholder statistics

Details	30 June 2020	30 June 2019
Australian Capital Territory	67	74
New South Wales	7,892	8,167
Northern Territory	3	3
Queensland	555	573
South Australia	3,516	3,657
Tasmania	619	644
Victoria	5,003	5,134
Western Australia	3,395	3,478
	21,050	21,730

NOTE 21: RESERVES AND RETAINED EARNINGS

	Consolidated	
	2020	2019
	\$'000	\$'000
(a) Other reserves		
Foreign currency translation	1,097	1,489

Movements:

Foreign currency translation		
Balance 1 July	1,489	1,588
Currency translation differences arising during the year	(392)	(99)
Balance 30 June	1,097	1,489

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

	Consolidated	
	2020	2019
	\$'000	\$'000
(b) Retained earnings		
Retained surplus at the beginning of the financial year	122,218	120,342
Net (deficit)/ surplus attributable to the owners of Australian Wool Innovation Limited	(7,575)	1,876
Retained surplus at the end of the financial year	114,643	122,218

NOTE 22: KEY MANAGEMENT PERSONNEL DISCLOSURES

	Consolidated	
	2020	2019
(a) Key management personnel remuneration	\$	\$
Non-executive directors		
Short-term employee benefits	637,214	666,562
Post-employment benefits	60,535	63,323
	697,749	729,885
Other key management personnel		
Short-term employee benefits	2,197,695	2,253,542
Post-employment benefits	208,780	192,331
	2,406,475	2,445,873

The key management personnel of Australian Wool Innovation Limited includes those executives who have the authority and responsibility for offices of the company, either directly or indirectly.

Remuneration includes salaries, wages, superannuation and other employee provisions paid, payable or provided to or on behalf of Australian Wool Innovation Limited.

(b) Remuneration principles and policies

(i) Directors' fees

All directors are non executive, and fees and payments to directors reflect the demands which are made on, and the responsibilities of, the directors. All directors' fee payments are reviewed by the Board. The Chair's fees are determined independently to the fees of directors based on comparative roles in the external market. Both the Chair and non executive directors receive additional fees for their membership on committees.

(ii) Executive employment contracts

Remuneration and other terms of employment for the Executive Management Team are formalised in employment contracts. These employment contracts state a remuneration package (which is calculated on a total cost to the Group basis). None of these employment contracts include share options or termination notice period in excess of six months.

(c) Details of remuneration

(i) Non executive Directors of Australian Wool Innovation Limited

2020 Name	Short-term employee benefits		Post-employment benefits	Total
	Directors' base fees paid	Committee fees paid	Superannuation	
	\$	\$	\$	\$
Ms C Garnsey	140,632	26,433	15,871	182,936
Mr N Henderson	38,001	3,277	3,921	45,199
Dr M Humphries	38,001	3,277	3,921	45,199
Mr J Laurie	62,503	7,813	6,680	76,996
Mr D Macdonald	62,503	11,210	7,003	80,716
Mr W B Merriman	26,043	12,370	3,649	42,062
Mr J Morgan	62,503	17,430	7,594	87,527
Dr M L Sheil	36,981	4,931	3,982	45,894
Mr D A A Webster	62,503	20,803	7,914	91,220
Total	529,670	107,544	60,535	697,749

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 JUNE 2020

NOTE 22: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Details of remuneration (continued)

2019 Name	Short-term employee benefits		Post-employment benefits	Total
	Directors' base fees paid	Committee fees paid	Superannuation	
	\$	\$	\$	\$
Ms C Garnsey	123,834	21,202	13,778	158,814
Mr J Laurie	62,503	10,905	6,974	80,382
Mr D Macdonald	62,503	10,670	6,951	80,124
Mr W B Merriman	90,499	26,433	11,109	128,041
Mr J Morgan	62,503	17,700	7,619	87,822
Dr M L Sheil	81,384	10,645	8,743	100,772
Mr D A A Webster	62,503	23,278	8,149	93,930
Total	545,729	120,833	63,323	729,885

(d) Other key management personnel

Mr S McCullough	Chief Executive Officer
Ms T Marshall	Chief Financial Officer
Mr J Story	Company Secretary
Ms L Armstrong	General Manager - Marketing Communications
Ms J Davies	General Manager - Processing Innovation & Education Extension
Ms D Giorgiutti	Group Manager - Human Resources
Mr N Gosse	General Manager - Operations
Ms J Littlejohn	General Manager - Research
Mr J Roberts	General Manager - Eastern Hemisphere

NOTE 23: REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor/s of the parent entity, and its related practices:

	Consolidated	
	2020	2019
	\$	\$
(a) Audit services		
Audit fees - domestic - HLB Mann Judd	96,500	97,850
Audit fees - international - HLB Mann Judd affiliates	111,619	101,118
Total remuneration for audit and other assurance services	208,119	198,968
(b) Non-audit services		
Tax compliance - HLB Mann Judd	26,500	47,996
Tax compliance - HLB Mann Judd affiliates	5,064	-
Total remuneration of non-audit services	31,564	47,996
Total remuneration	239,683	246,964

NOTE 24: COMMITMENTS

(i) Research, development and marketing

	Consolidated	
	2020	2019
	\$'000	\$'000
Commitments payable in relation to research, development and marketing	18,737	22,988

(ii) Forward exchange contracts

	Consolidated	
	2020	2019
	\$'000	\$'000
Commitments payable in relation to forward exchange contracts	10,516	16,021

The group treasury policy stipulates the parameters to protect known foreign currency exposures via forward exchange contracts.

NOTE 25: RELATED PARTY TRANSACTIONS

(a) Parent entities

The parent entity of the Group is Australian Wool Innovation Limited.

(b) Directors

The names of persons who were directors of the company at any time are as follows: C Garnsey, M L Sheil, N Henderson, M Humphries, J Laurie, D Macdonald, W B Merriman, J Morgan and D A A Webster.

(c) Subsidiaries

Interests in subsidiaries are set out in note 26.

(d) Remuneration

Disclosures relating to directors and key management personnel remuneration are set out in note 22.

(e) Other transactions with directors and key management personnel or entities related to them

(i) Loan transactions and balances

There were no loan transactions or balances with directors and key management personnel or entities related to them during the year ended 30 June 2020.

(ii) Other transactions and balances

No director, or director related entity entered into a contract or had any other transactions other than normal terms and conditions with Australian Wool Innovation Limited during the year ended 30 June 2020.

(f) Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated	
	2020	2019
	\$	\$
<i>Sale of goods and services</i>		
Sale of services relating to marketing and wool testing activities to key management personnel of the entity*	22,150	7,094
<i>Purchases of goods</i>		
Purchases of goods and services relating to marketing and wool testing activities from key management personnel of the entity*	107,362	826,933

*For the period in which they held a key management personnel position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 JUNE 2020

NOTE 25: RELATED PARTY TRANSACTIONS (CONTINUED)

(g) Outstanding balances arising from sales or purchases of services

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties:

	Consolidated	
	2020	2019
	\$	\$
Current receivables (sales of goods and services)		
Key management personnel of the entity	-	7,094
Current payables (purchase of goods)		
Key management personnel of the entity	-	73,610

NOTE 26: CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2020	2019
			%	%
Subsidiaries controlled by Australian Wool Innovation Limited:				
Woolmark Holdings Pty Limited	Australia	Ordinary	100	100
Woolshare Nominees Pty Limited	Australia	Ordinary	100	100
WoolQ Pty Ltd	Australia	Ordinary	100	100
Subsidiaries controlled by Woolmark Holdings Pty Limited:				
The Woolmark Company Pty Limited	Australia	Ordinary	100	100
Australian Merino Pty Limited	Australia	Ordinary	100	100
Digibale Pty Limited	Australia	Ordinary	100	100
Subsidiaries controlled by The Woolmark Company Pty Limited:				
Woolmark International Pty Ltd	England	Ordinary	100	100
IWS Nominee Company Limited	England	N/A	100	100
Woolmark (Americas) Inc.	USA	N/A	100	100
Stichting International Wool Secretariat	Netherlands	N/A	100	100
Wollsiegel Verband	Germany	N/A	100	100
Woolmark (Italy) SRL	Italy	Ordinary	100	100
The Woolmark Company (HK) Limited	Hong Kong	Ordinary	100	100
The Woolmark (Shanghai) Company Limited	China	Ordinary	100	100
Woolmark Services India Private Limited	India	Ordinary	100	100

NOTE 27: ECONOMIC DEPENDENCY

Australian Wool Innovation Limited is dependent upon the receipt of Wool Levy and Matching Funds from the Commonwealth Government per clause 24 of the Statutory Funding Agreement between Australian Wool Innovation Limited and The Commonwealth of Australia.

NOTE 28: EVENTS OCCURRING AFTER THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There were no other events occurring after the balance sheet date which are known to the company or its directors.

NOTE 29: PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity, Australian Wool Innovation Limited, show the following aggregate amounts:

	2020	2019
	\$'000	\$'000
Balance sheet		
Current assets	106,236	118,423
Non-current assets	58,002	58,065
Total assets	164,238	176,488
Current liabilities	6,382	7,188
Non-current liabilities	1,304	1,083
Total liabilities	7,686	8,271
Net assets	156,552	168,217
<i>Shareholders' equity</i>		
Retained earnings	168,217	158,811
	168,217	158,811
(Loss)/ profit for the year	(11,665)	9,406
Total comprehensive income	-	-

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.

DIRECTORS' DECLARATION

30 JUNE 2020

In the directors' opinion:

- (a) the financial statements and notes set out on pages 74 to 98 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) complying with Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

This declaration is made in accordance with a resolution of the directors.



Ms C Garnsey OAM (Chairman)
Director

Sydney
28 August 2020

INDEPENDENT AUDITORS' REPORT

30 JUNE 2020



Independent Auditor's Report to the Members of Australian Wool Innovation Limited

Opinion

We have audited the financial report of Australian Wool Innovation Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated balance sheet as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance and cash flows for the year then ended; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

30 JUNE 2020



Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
28 August 2020

A handwritten signature in blue ink that reads 'S P James'.

S P James
Director

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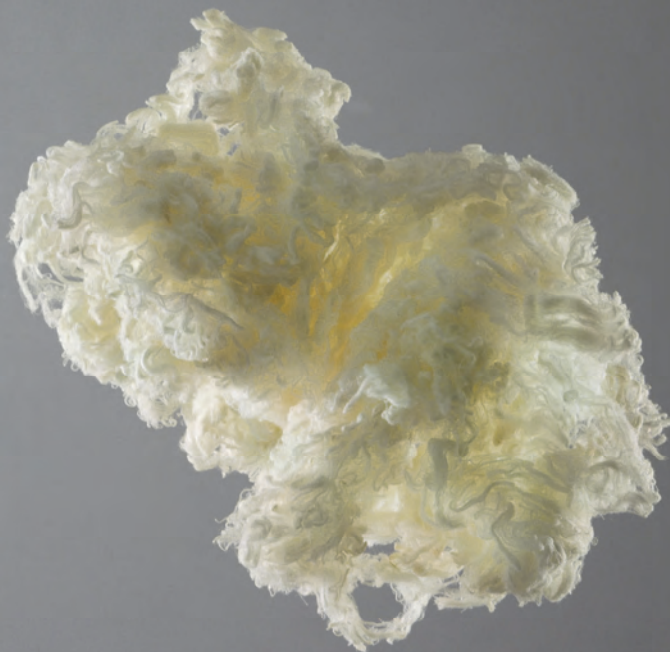
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APPENDICES

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REPORT ON COMPLIANCE WITH THE SFA

As a demonstration of AWI's transparency and good governance, AWI is including in this annual report, the report below by HLB Mann Judd regarding AWI's compliance with the Statutory Funding Agreement between the Commonwealth of Australia and AWI, and the efficacy of AWI's accounting systems, processes and controls during the 2019/20 financial year.



To the Directors of Australian Wool Innovation Limited

Report on compliance with the Statutory Funding Agreement

We have performed assurance procedures with regards to the compliance and operating effectiveness of Australian Wool Innovation Limited ("the Company") with the requirements of section 25 (Management of Funds) and 26 (Application of the Funds) of the Statutory Funding Agreement dated 26 October 2016 (the "Agreement") between the Commonwealth of Australia (the "Commonwealth") and the Company, as measured by the criteria outlined in Sections A and B below.

Use of Report

This report has been prepared for the Directors of Australian Wool Innovation Limited in accordance with the Agreement. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the directors of Australian Wool Innovation Limited, or for any purpose other than that for which it was prepared.

A. Reasonable Assurance on Compliance with the Agreement

Respective Responsibilities

Management of the Company are responsible for compliance with the Agreement as measured by clauses 25 and 26 of the Agreement. Our responsibility is to express a conclusion on compliance with the Agreement as measured by the clauses 25 and 26 of the Agreement, in all material respects.

Our audit has been conducted in accordance with applicable Standards on Assurance Engagements (ASAE 3100 Compliance Engagements) to provide reasonable assurance that Australian Wool Innovation Limited has complied with the Agreement as measured by the criteria in clauses 25 and 26 of the Agreement for the year ended 30 June 2020.

Our procedures included examining, on a sample basis, information to provide evidence supporting the compliance with clauses 25 and 26 of the Agreement. These procedures have been undertaken to form a conclusion as to whether Australian Wool Innovation Limited has complied in all material respects, with the Agreement, as measured by clauses 25 and 26 of the Agreement for the period from 1 July 2019 to 30 June 2020.

Inherent Limitations

Because of the inherent limitations of any internal control framework, it is possible that fraud, error or non compliance may occur and not be detected. An audit is not designed to detect all instances of non compliance with the Agreement as measured by clauses 25 and 26 of the Agreement, as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with the Agreement as measured by clauses 25 and 26 of the Agreement are undertaken on a test basis. The audit conclusion expressed in this report has been formed on the above basis.

Opinion

In our opinion, Australian Wool Innovation Limited has complied, in all material respects, with Sections 25 and 26 of the Agreement for the period from 1 July 2019 to 30 June 2020.

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B. Limited assurance regarding operating effectiveness of accounting systems, processes and controls

Respective Responsibilities

Management of the Company are responsible for the efficacy of the accounting systems, processes and controls to comply with paragraph 25.1 of the Agreement. Our responsibility is to express a conclusion regarding the operating effectiveness of the accounting systems, procedures and controls in accordance with the requirements of paragraph 25.1 of the Agreement.

Our review has been conducted in accordance with applicable Standards on Assurance Engagements (ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information) to provide limited assurance that Australian Wool Innovation Limited has complied with the Agreement as measured by paragraph 25.1 of the Agreement. Our procedures included examining, on a sample basis, information to provide evidence supporting the operating effectiveness of the accounting systems, processes and controls with paragraph 25.1 of the Agreement. These procedures have been undertaken to form a conclusion, that nothing has come to our attention that causes us to believe that the systems, processes and controls related to the management of funds were not operating effectively, in all material respects, in accordance with the requirements of paragraph 25.1 of the Agreement for the period from 1 July 2019 to 30 June 2020.

Inherent Limitations

Because of the inherent limitations of any internal control framework, it is possible that fraud, error or non compliance may occur and not be detected.

A review is not designed to detect all weaknesses in operating effectiveness as measured by paragraph 25.1 of the Agreement as it is not performed continuously throughout the period and tests performed are on a sample basis. Also, a review does not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Any projection of the evaluation of the effectiveness of accounting systems, processes or controls to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the degree of compliance with them may deteriorate.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accounting systems, processes and controls of Australian Wool Innovation Limited related to the management of funds, were not operating effectively, in all material respects, in accordance with the requirements of paragraph 25.1 of the Agreement for the period from 1 July 2019 to 30 June 2020.

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
28 August 2020

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S P James
Director

PROJECT LIST 2019/20

This list contains details of AWI projects in which costs incurred during 2019/20 totalled more than \$175,000 for each project.

The cost figures (in the right-hand columns) include both contract and ancillary payments. The costs in this list represent 'external costs' to suppliers directly related to the projects and not the 'internal costs' of AWI staff who manage those projects and other operating expenses. This project list does not form part of the audited financial reports.

SHEEP PRODUCTION, SCIENCE & TECHNOLOGY PROJECTS

PROJECT TITLE	KEY PROVIDERS*	\$ PAID in 2019/20
Australian Pastures Genebank	SARDI - Livestock Business Services	176,182
AWI Smart Tags	Kosalapov Iurii Aleksanrovich; Jinghon Electronics Limited; Shenzhen Tuko Technology Co Ltd; Shenzhen Heng Yu Xin Mechanical Technology Co Ltd	334,632
Development of Footrot Vaccine Best Practice	The University of Sydney	206,221
Farmers2Founders	Farmers2Founders Pty Ltd	284,500
Improving Drought Resilience through Cluster Fencing	Vanguard Business Services; Soils for Life	214,794
Improving the Economic Evaluation of the MLP Project	Murdoch University	314,542
In Shed Shearer and Wool Handler Training	Amanda Davis; Brian Anthony Sullivan; Michael Pora; Penny Clout; Janelle Hauiti Haneti Elizabeth Herewaka; Karenne Ann Bowden; Sarah Moran; The Trustee for The Hosie Family Trust; Pilcher & Co Pty Ltd; Richard Leahy; Australian Agricultural Training Pty Ltd; Rural Industries Skill Training; SCAA Shearer Woolhandler Training Inc; Rylington Park Management Committee; Kevin Gellatly	1,509,142
Informed Development of a Flystrike Vaccine	The University of Melbourne	662,000
Lifetime Productivity (AMSEA) Project	ASN Conferences Pty Ltd; Australian Merino Sire Evaluation	752,713
Shearer & Wool Handler Industry Competitions	Sportshear Australia (NSW) Inc; Sports Shear Australia Queensland; Sports Shear Australia SA; Sports Shear Tasmania Inc; Sports Shear Australia Victoria; Western Australia Competition Shearing Association plus Regional Shearing Competitions	186,120
Vaccine for Control of Flystrike	CSIRO	220,000
Vertebrate Pest Control: Bushfire Recovery	Department for Environment and Water (SA); Local Land Services	281,600
Wild Dog Coordination	AgForce Queensland Farmers Ltd; David Andrew Worsley; Department of Environment, Land, Water & Planning (Vic)	695,327

CONSULTATION PROJECTS

PROJECT TITLE	KEY PROVIDERS*	\$ PAID in 2019/20
Advertising and Communication	News Corp Aust; Rural Press Pty Limited	185,271
BestWool/BestLamb 2018-20	Department of Jobs, Precincts & Regions (Vic)	200,000
Beyond the Bale 2019-20	Clutch Media Pty Ltd; D & D Mailing Services; Newstyle Printing Co Pty Ltd	378,186
Leading Sheep 2018-21	Department of Agriculture & Fisheries (Qld)	194,910
National Regional Engagement	D&D Mailing Services; Premium Fulfilment Services Pty Ltd; Australian Association of Stud Merino Breeders Ltd; New England Merino Field Days Inc; Dubbo National Ram; Woodstock Memorial Show Inc; Royal Agricultural Society of Western Australia Inc; Midland Agricultural Association Inc	213,192
Sheep Connect NSW 2020-22	Megan Rogers Consulting Pty Ltd	230,000
Sheep Connect SA 2018-20	Primary Industries and Regions SA	200,000
The Sheep's Back 2018-20	The Sheep's Back Network	200,000
Trade and Supply Chain	Ausfine Pty Ltd; Scott Daniel Carmody; Talman Pty Ltd; Sentdale Pty Ltd	246,021

PROCESSING INNOVATION & EDUCATION EXTENSION PROJECTS

PROJECT TITLE	KEY PROVIDERS*	\$ PAID in 2019/20
Global Trade Fairs 2019-20	Messe Munchen GmbH; S.i.tex SpA.; Well Link Consultants Ltd; Zines Exhibition Services HK Limited; Shanghai Vitokey Corporate Image Dept; GL Events Live; Feri Milano SpA; PW Mackenzie Exhibit DBA	900,226
Product & Process Development	KnitWarm Limited; Intertek Testing Services Hong Kong Ltd; Mira Corporation; Stoll America Knitting Machine; Studio Eva de Laat; Zhejiang Xiniao Textiles Inc	193,635
The Wool Lab 2019-20	April SRL; Riccardo Rami Studio SRL; Serena Campelli; Torrisi Mattia	768,576
Wool Manufacturing Process Animation	Aixsponza GmbH	223,495

MARKETING PROJECTS

PROJECT TITLE	KEY PROVIDERS*	\$ PAID in 2019/20
3.1 Phillip Lim	BPCM NYC Ltd; 3.1 Phillip Lim Japan & Co Ltd; 3.1 Phillip Lim	316,257
Aardman Studios - Shaun the Sheep	Eco-Age; Havas Media Limited; We Are Social Pty Ltd; Aardman Animations Limited; Feref limited; 11 Worldwide Limited	1,405,417
America's Cup - Prada Luna Rossa	APRIL SRL; Luna Rossa Challenge SRL; Smith - Petersen SRL	1,696,758
Ban Xiaoxue Sustainable Knitwear	Beijing WizAd Mobile Technology; T Magazine China; Guangzhou Chuyuan Co Ltd	197,337
Campaign for Wool 2019-20	The Campaign for Wool Ltd	292,299
Care for Wool	Facebook Ireland Limited; We Are Social Pty Ltd; Born & Raised LLC	400,954
Consumer Campaign (Western Hemisphere)	Born & Raised LLC	989,232
Farfetch Choose Positively	Farfetch UK Limited	324,217
Global Ambassador Program	Jefferson AB (Relatable); KIMKOM Stefanie Kim; Eco-Age; Tribe Dynamics	246,274
Global Content	Ovato Print Pty Ltd; Gengo, Inc; Timo Helgert; B&A Reps; Byborre Labs BV; Chic Artist Pty Ltd	239,815
Global Social Media Program	Digital Luxury Group DLG (Shanghai); We Are Social Pty Ltd	523,899
Gondoliers Partnership 2019-20	Comune di Venezia	259,730
Green Carpet Fashion Award	A.Manzoni & C. SpA; Camera Moda SRL Unipersonale; RCS MediaGroup SpA	214,698
International Fibre Advocacy	R. Peter Ackroyd Ltd	277,290
International Woolmark Prize 2019-20	Superimpose Studio Ltd; London & Regional Ltd; Ludovic De Saint Sernin; Ghembheha GmbH; Fengchenwang Ltd; BODE New York; Malone Workshop Limited; The Condé Nast Publications Ltd	3,222,279
Italian Industry & Strategic Plan	Fabrizio Servente	450,084
Karl Lagerfeld	Baptiste Fernandez; Beijing WizAd Mobile Technology; Les Corsaires SAS; Les Publications Condé Nast; Olivia Palermo Group Inc; Facebook Ireland Ltd; Zegna Baruffa Lane Borgosesia SpA	1,238,394
Marketing and Business Development	Born & Raised LLC; Entente Agency Pty Ltd; MS Grace Pty Ltd	258,161
Meaning Behind the Mark	Art Partner Production LLC	252,855
PR Agencies 2019-20	Backbone Group; Lucien Pages; Shanghai CatchOn & Company Limited; Stephen Toal Ltd; Eco-Age	1,156,726
United Colors of Benetton	Benetton Group SRL	246,133
Victoria Beckham Collaboration	Kendal and Partners Ltd; Victoria Beckham Limited	994,624
Vogue Fashion Night Out Japan 2019	Condé Nast Japan; KuRoKo Inc	205,699
Woolmark Performance Challenge	Salina Janzan; Superimpose Studio Ltd; Jayne Esteve Cure Fashion	233,848

*The key providers indicated for each project are listed in alphabetical order. The list of providers is not necessarily a complete list of all providers for the project

TRACEABILITY PROJECTS

PROJECT TITLE	KEY PROVIDERS*	\$ PAID in 2019/20
WoolQ Ownership Options Evaluation	Port Jackson Partners Limited	201,303
WoolQ Platform Maintenance and Support	AWH Pty Ltd; EPiServer Inc; EPiServer AB; Levo Digital Pty Ltd; Microsoft Regional Sales Pte Ltd	243,359
WoolQ Strategic Advisory	Elevator Media Pty Ltd; Kaylon Pty Ltd; William Wilson; Wool Data Solutions Pty Ltd	198,732

SUPPORT ADMINISTRATION COSTS

PROJECT TITLE	KEY PROVIDERS*	\$ PAID in 2019/20
Digital Development & Maintenance	Levo Digital Pty Ltd	194,962
Digital Infrastructure - Support	Creative Folks Pty Limited; Levo Digital Pty Ltd	178,916
Eastern Hemisphere Business	Shanghai XiuXian Management Co; Ulvesund Business Development	180,393
Global Subscriptions	Aroq Limited; Euromonitor International (Australia) Pty Ltd; Independent Commodity Services Pty Ltd; Statista GmbH; Textile Media Services Ltd; WGSN Ltd; The ACNielsen Company (Australia) Pty Ltd; The Business of Fashion Ltd; Wool Textile Information Network	191,240
Western Hemisphere Business	Fashion Council Germany; LVMM SRL; Ulvesund Business Development	178,575

*The key providers indicated for each project are listed in alphabetical order. The list of providers is not necessarily a complete list of all providers for the project

PERFORMANCE AGAINST ANNUAL PLAN TARGETS

COVID-19 and the subsequent slowing of global commerce throughout 2020 significantly impeded AWI's performance as projects were delayed or ceased globally.

- Achieved
- Partly achieved/On-track to be achieved by 2022
- Not achieved

SHEEP PRODUCTION, SCIENCE & TECHNOLOGY

STRATEGY	PROGRAM	OPERATING TARGET	STATUS	COMMENTS
HEALTHY PRODUCTIVE SHEEP	SHEEP HEALTH & WELFARE	Evidence of successful development of a flystrike vaccine prototype.	●	Development of the flystrike vaccine prototype is in its second year of a four-year program with CSIRO and University of Melbourne.
		Evidence of investigations into novel pain relief options.	●	A stocktake of published pain relief research, including an investigation into novel pain relief options, has been completed.
		Development of integrated parasite management strategies to minimise the impact of chemical resistance.	●	An investigation by NSW DPI into the resistance status of blowfly field populations has been completed and will contribute to integrated pest management strategies to minimise the impact of chemical resistance.
		Evidence of successful development of wool bale biosecurity tools.	●	Implementation of 2019-21 Post-Farmgate EAD Preparedness RD&E Strategy under way.
		Demonstrate a 10% increase in adoption of welfare improved practices.	●	Analysis of benchmarking surveys and data sources is ongoing to inform a welfare index for the sheep industry. A benchmark has been set by the collaborative working group.
	VERTEBRATE PESTS	Demonstrate a 20% improved capacity of post-farmgate wool industry preparedness for an EAD.	●	An index of preparedness has been developed and industry funded projects are under development and is planned to commence in FY21.
		Reduce the negative impacts of predation by 10% by 2022.	●	An average reduction of 83% achieved as evidenced through post-program participation surveys.
		Improve capacity to undertake pest animal control by 10% by 2022.	●	Rationalisation of metrics and indicators of performance are being pursued.
	REPRODUCTION & NUTRITION	Development of new rabbit bio-controls.	●	Research into rabbit bio-control and understanding RHDV2 interaction with other strain immunity continues to make steady progress to prepare RHDV2 as a base registered product for Australia Pesticides and Veterinary Medicines Authority (APVMA). The targeted releases will aim to maximise economic and environmental benefits.
		At least 750 woolgrowers engaged in implementing beneficial feedbase guidelines and practices by 2022.	●	1,348 woolgrowers are currently engaged in implementing beneficial feedbase through three key AWI projects on pasture systems.
		Increase Merino marking rates by 0.5% per annum.	●	The average annual rate of gain in lamb marking rate from July 2012 – June 2018 for Merino x Merino joinings was between 1.0 – 1.4%.
		Complete the development of guidelines and extension workshops to improve reproductive rates that support the aim of 34% of ewes differentially managed to best practice by 2022.	●	Multiple workshops, publications and tools under development to support this target. Research outcomes will be integrated into existing extension packages as soon as they are available.
	GENETICS	Improve the understanding of three key areas to address climate variability; effect of heat stress on reproduction performance, best practice for supplementary feeding and managing of resilient pasture species.	●	Projects are in progress addressing gaps in supplementary feeding regimens and resilient pasture management.
		By 2022, 50% of Merino producers will be using genetic tools (e.g. ASBVs, Flock breeding Values, or wether trial data) in ram purchasing decisions.	●	49.4% of Australian woolgrowers reported using genetic tools in ram purchasing decisions.

STRATEGY	PROGRAM	OPERATING TARGET	STATUS	COMMENTS
AGRI TECHNOLOGY	HARDWARE & SOFTWARE DEVELOPMENT	AWI Smart Tag system delivers at least three practical functionalities driven by sensors, hardware is reliable and durable, and software is able to be updated remotely.	●	Smart Tags have undergone tests for robustness and reliability, fully automated the process of updating firmware and developed new algorithms to include mounting and rumination data.
		Artificial Intelligence (machine learning) applied for data analysis delivering accurate predictions for at least two sheep traits or paddock events.	●	Datasets of images have been collected to feed machine learning models to predict follicle density and diameter.
	MECHATRONICS	Proof of concept robotic shearing system delivered.	●	Project to understand shearer injuries and prevention under way. Analysis of shearing hand pieces for shearing commenced, and exploration of semi-autonomous wool handling systems initiated.
	NOVEL APPLICATIONS	Proof of concept novel user interface application.	●	IOS apps have been developed to register and test the Smart Tags and readers prior to their deployment in the paddock.
Educational packages to increase technology adoption and digital literacy.		●	Cross-RDC collaborative project Farmers 2 Founders program developed and delivered to 300 Australian primary producers. This program will enable the development of entrepreneurship and technology capabilities.	
TRAINING & TECHNOLOGY UPTAKE	SHEEP & WOOL MANAGEMENT SKILLS	1,500 tertiary participants in AWI leadership and practical skills events.	●	419 tertiary students were engaged in leadership and practical skills activities.
		AWI leadership and practical skills events delivered to participants receive a net promoter score of at least 7.5/10.	●	Participants in AWI leadership and practical skills events with an average valuation of 9.6/10.
		10,000 views of AWI Education & Extension resources online.	●	AWI Education and Extension resources received 20,000+ views.
	WOOL HARVESTING & QUALITY PREPARATION	3,000 novice and intermediate level participants trained by AWI shearer and wool handler trainers.	●	4,113 novice and improvers have received AWI shearer and wool handling training.
		Ongoing retention rate of 75% of those trained yearly.	●	72% of surveyed trainees retained in the industry.
		More than 1,000 participants in shearer and wool handling competitions nationally.	●	40 Sports Shear-affiliated competitions have been supported nationally with 828 shearers, 264 wool handlers and 264 novice shearers competing.
15,000 views of AWI Wool Harvesting resources online.	●	AWI wool handling resources are located under the People section of the AWI website and received 21,185 views.		
CONSULTATION				
INDUSTRY	EXTENSION NETWORKS	15,000 active participants in AWI extension initiatives.	●	There are currently 13,419 active participants in AWI state-based extension initiatives.
		AWI workshops with a net promoter score of 7.5.	●	AWI workshops are highly valued by participants rated as 8.9/10.
		20,000 views of AWI network resources online.	●	AWI network resources have been accessed more than 45,000 times during the past year.
	EVENTS & FORUMS	Support and engagement at more than 50 events and forums nationally.	●	100+ events and forums were attended by AWI staff.
MARKET INTELLIGENCE & COMMS	70% of users of AWI's Market Intelligence find it of 'high value' or above.	●	78% of growers see value in AWI's Market Intelligence and analysis.	
	Increase subscriber numbers by 10%.	●	2019/20 data to form baseline for future measurement.	
	E-news click through rate of 35%.	●	Click through rate is currently at 7.2%.	
	Market Intelligence area on AWI website receives 1,500 views per month.	●	AWI Market Intelligence currently garners 15,000+ views per month.	
INDUSTRY	WOOLGROWER REPRESENTATIVE BODIES	WICP and WCG members report AWI consultation efforts have been maintained or improved at 9 (approval rating out of 10).	●	WCG and WICP valuation of consultation efforts have declined slightly to 8 and 7 out of 10 respectively.

PROCESSING INNOVATION & EDUCATION EXTENSION

STRATEGY PROGRAM	OPERATING TARGET	STATUS	COMMENTS	
PROCESSING & PRODUCT INNOVATION	TEXTILES & RETAILING TECHNOLOGY	Proof of concept novel retail technology application.	● WeChat program completed and delivered with additional functionality (webinars) to enable further engagement.	
		Proof of concept novel textile technology/fashion tech application.	● Smart Tag Book developed facilitating customer access to tailored information about garments, enhancing wool's relationship with customers.	
		Educational packages developed to increase technology awareness, adoption, and digital literacy.	● Smart Tag Book was produced and will be circulated to international offices, and incorporated in future IWP campaigns and trade marketing activities.	
	PARTNERED INNOVATION	Partner with six machinery companies for product or process development.	● Partnered with seven industry partners including leading machinery companies such as Xinao, Suedwolle, UPW, Shima Seiki, STOLL, Santoni, Jeanologia.	
		Minimum of ten fully-fashioned garment product developments made commercially available.	● 10+ garment product developments made commercially available to consumers.	
		Minimum of five footwear developments made commercially available.	● Research into footwear developments ongoing as commercialisation strategies are pursued.	
		Research and commercial trial of one wearable technology.	● Delayed due to COVID-19 and market access.	
		Partnered product developments to increase by 20%.	● Engaged with 73 partners across 67 product and process developments.	
	EDUCATION EXTENSION	RETAIL EDUCATION	Deliver retail training programs across womenswear, menswear and sportswear to a minimum of 15 retailers/brands globally.	● 40 retailers and brands were engaged in retail training globally.
			Retail staff have successfully completed 50 retail training courses on the properties and benefits of Australian wool on the Woolmark Learning Centre digital platform.	● The Retail Training Course is currently unavailable on the Woolmark Learning Centre; an interim solution, the Wool Introductory course, will be integrated into the Woolmark Learning Centre for retail staff training.
TRADE EDUCATION		Increase the number of supply chain partners contributing to The Wool Lab by 2.5% to drive demand.	● 166 suppliers contributed to The Wool Lab. Due to COVID-19, the Autumn Winter edition was not created.	
		Increase swatch requests from The Wool Lab by 1.5%.	● 13,870 swatch requests were received, representing 61% of the target. The Autumn Winter edition of The Wool Lab was not created, limiting swatch requests.	
		Expand its Wool Resource Centres to USA (New York) to increase awareness.	● The centre was closed in March 2020 and the planned activation of the resource was not pursued.	
		Increase engagement at the most influential international yarn, fabric, sports/outdoor, machinery and technical shows by 2.5%.	● 4,900 industry participants were engaged, with growth recorded in Q1 and Q2. COVID-19 halted international trade shows, limiting engagement in Q3 and Q4.	
STUDENT EDUCATION		Increase participation in the Learn About Wool primary and secondary education program by 2.5%.	● 192 Learn About Wool kits were delivered to schools nationally, educating students about the wool industry.	
		Increase global participation in the Wool4School secondary design competition by 5% across Australia, Hong Kong, UK and Italy.	● 25,500+ students were engaged in Wool4School globally, representing a 5% increase in participation.	
		Increase participation in tertiary education programs by 5%.	● 6,879 students participated in tertiary education programs, representing a 37% increase.	
		Students have successfully completed 100 courses on the Australian wool industry through the Woolmark Learning Centre digital platform.	● 1,114 courses have been completed on the Woolmark Learning Centre in its inaugural year.	

STRATEGY	PROGRAM	OPERATING TARGET	STATUS	COMMENTS
WOOLMARK	QUALITY CONTROL (ASSURANCE)	400 branded product samples purchased and processed through the QA program to maintain the integrity of the Woolmark brand.	●	400 items were purchased and tested. Where failures were identified, follow up action is under way.
	LICENSING	Increasing the use of the Woolmark logo on qualifying product by 2.5% as measured through the use of branded tickets and labels.	●	Ticketing and labeling orders declined, propelled by COVID-19 and factory shutdowns.

MARKETING

TRADE	FIBRE ADVOCACY	Increase trade leads by 2.5%.	●	The newly developed trade marketing strategy secured a 155.85% increase in trade leads. This is expected to flatten in coming years.
		5% active engagement rate on owned content.	●	Trade marketing material garners 8.49% active engagement rate (significantly above comparable competitors).
BUSINESS & TALENT DEVELOPMENT	INTERNATIONAL WOOLMARK PRIZE	300 new leads per year.	●	379 new leads including designers, retailers, partners and ambassadors were generated.
		Achieve 50% of surveyed alumni as continued wool advocates post-award.	●	77% of surveyed alumni were confirmed wool advocates.
	Five commercial partners retain alumni collections after initial season.	●	Target is no longer reported against. Despite COVID-19's impact, six IWP finalists from 2019/20 are currently carried by 110+ stockists.	
	WOOLMARK PERFORMANCE CHALLENGE	Increase digital engagement by 20% year on year.	●	Digital engagement increased 523% for the Woolmark Performance Challenge.
Increase competition entry rate by 10%.		●	Woolmark Performance Challenge garnered a 195% increase in competition entries, from 359 to 1,358 participants in 2019/20.	
CONSUMER	FIBRE ADVOCACY	Increase webinar average attendance rate from 19.	●	Webinar attendance increased by 374% from 19 to 71 in 2019/20.
		5% increase in active engagement on owned media channels.	●	2019/20 data captured will form the baseline for measurement.
		Increase Share of Voice (SOV) by 8% for The Woolmark Company and Merino wool.	●	Share of Voice has increased by 60% for The Woolmark Company. This is expected to flatten in the coming years.
		Increase in campaign-specific brand awareness by 5%.	●	Brand recall metrics shows Woolmark content strategy is beating industry benchmarks for uplift rating.
	BRAND PARTNERSHIP	Increase in campaign-specific brand sentiment by 5%.	●	Shaun the Sheep campaign achieved a 9.5-point increase in Facebook's Purchase Intent score (864% over the industry benchmark). Mind Body Green (Eco-Campaign) achieved an overall 25% uplift in purchase intent.
		Partner with five global brand partners.	●	Three global partnerships have been secured in the past financial year - Karl Lagerfeld, Prada Luna Rossa, Victoria Beckham.
		Increase purchase intent of Australian wool by 5%.	●	Global market research results expected in December 2020.
		Achieve 5% increase of units of clothing with five brand partners with a global presence.	●	An average of 52% increase of woollen units of clothing across 22 brand partners.

TRACEABILITY

STRATEGY PROGRAM	OPERATING TARGET	STATUS	COMMENTS
SUPPLY CHAIN INITIATIVES	WOOLQ	●	An increase of 1,700 woolgrowers adopting the WoolQ grower tools. 479 users signed up in FY20 and 158 business accounts created. As at 30 June 2020, WoolQ had 2,488 profile registration or which 1,408 are woolgrower profiles.
		●	2% of all Australian wool traded via the WoolQ Market tool. 939 bales traded on WoolQ Market Auction in the financial year.
	FIBRE IDENTIFICATION & TRACING	●	Define new fibre-origin test method for adoption into the supply chain and use by laboratories. Contracted trial under way with Oritain.
		●	Draft protocols for the chain of custody of wool through the supply chain ready for review by global wool industry bodies. A competitive tender has been conducted and a preferred vendor selected to implement trials in the coming years.
SUPPLY CHAIN INITIATIVES	HEALTH AND WELLNESS	●	Produce and publish evidence of specified next to skin Merino garments as beneficial for eczema. Eczema studies in USA and Norway are under way. Project paused until FY2020/21 due to COVID-19.
		●	Produce and publish evidence of specified next to skin Merino garments as improving sleep quality. University of Sydney sleep study ongoing, collecting data on wool's impact on sleep quality.
		●	Generate new test protocols to measure wool's breathability in dynamic conditions Progress is being made towards the study's goal of linking fabric test results to the human experience of wool's breathability in dynamic circumstances.
	ECO CREDENTIALS	●	Produce and publish evidence how Sustainable Apparel Coalition environmental scoring disadvantages the value chains of natural and renewable biogenic carbon fibres compared to non-renewable fossil carbon derived fibres. Publications exploring the footprints of renewable and non-renewable fibres are in draft. Biodegradability study of renewable and non-renewable fibres in marine and terrestrial environments is complete. Publications are under development to influence the EU PEF rating scheme.
		●	Produce and publish case studies on the environmental and economic impact of woolgrowers using regenerative farming practices. Eleven case studies are complete and being drafted for publication. A longer term study is under way in Western Queensland.
		●	Complete a wool cradle-to-grave Life Cycle Analysis. The cradle-to-grave LCA study for a wool sweater has been completed and published in the <i>International Journal of Life Cycle Assessment</i> .
		●	Generate new knowledge for improving the on-farm carbon account. Study investigating new measures and pathways toward low greenhouse gas wool, is progressing well and will help inform strategy. The first paper investigating a new metric for assessing global warming impacts is in draft.

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- **YouTube** @AWIWoolProduction
- **Instagram** @BeyondTheBale
- **Beyond the Bale magazine online**
<http://beyondthebale.wool.com>

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The Woolmark Company:

Further information on the activities of AWI's marketing arm is available via:

- **Web** woolmark.com
- **Facebook** @thewoolmarkcompany
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