



PERFORMANCE REPORT 2020/21

ANNUAL PERFORMANCE STATEMENT

This document provides a succinct and high-level summary of AWI's investments and is a companion to AWI's Annual Report 2020/21. Information provided here is not exhaustive and is meant as an indicative representation of what AWI has done on behalf of Australian woolgrowers during the past year.

This document is in line with the AWI's new Statutory Funding Agreement with the Commonwealth that requires AWI to act in accordance with and uphold five Performance Principles.

1. Stakeholder Engagement
2. RD&E and Marketing
3. Governance
4. Collaboration
5. Measurement and Evaluation

More information on the above five principles can be found in the 2020/21 Annual Report.



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 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'S VISION

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

STRATEGIC PRIORITIES

The 2020/21 financial year was the second 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. The five strategic portfolios of AWI are:

SHEEP PRODUCTION, SCIENCE AND TECHNOLOGY

MARKETING

PROCESSING INNOVATION & EDUCATION EXTENSION

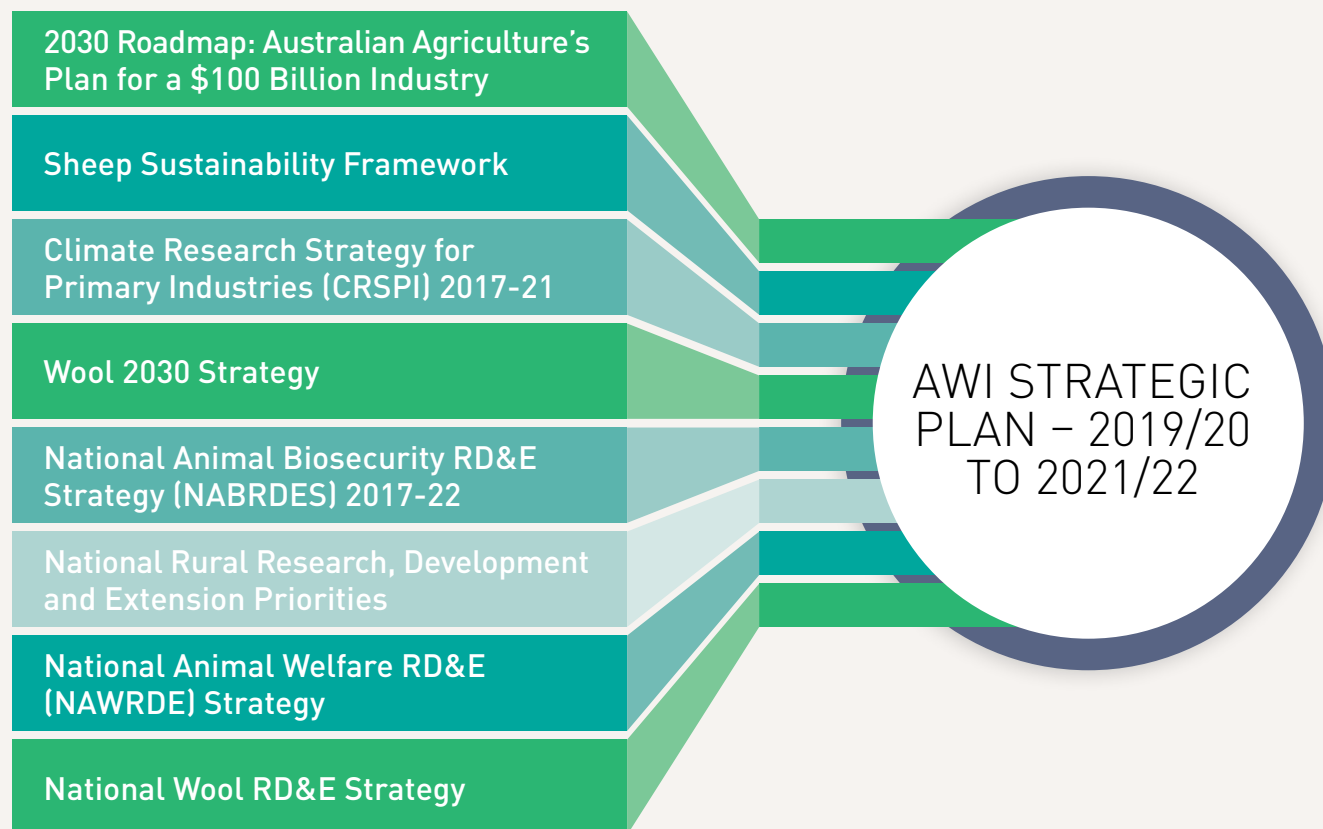
CONSULTATION

TRACEABILITY

The Strategic and Annual Operating Plans and their updates are available to view and download on the AWI website www.wool.com.

STRATEGIC ALIGNMENT

The AWI Strategic Plan is developed in consideration of broader wool industry and agriculture strategic plans, ensuring that where priorities align, AWI's investments recognise and support these other plans.



2020/21 GLOBAL HIGHLIGHTS



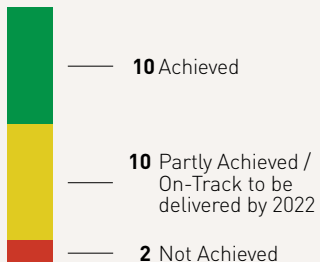


SHEEP PRODUCTION, SCIENCE & TECHNOLOGY

\$8.7 million
100 PROJECTS

Invested 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.

PERFORMANCE AGAINST 2020-21 TARGETS



A three-year project by the **University of Melbourne** to sample the DNA of field strains of blowflies from across the country, involved the **collection of more than 2,000 samples from 210 locations.**



WILD DOG CONTROL COORDINATION

In January 2020, the AWI Board approved the management proposal for Stage IV of the 'Vic Community Vertebrate Pest Management Coordinators Project'. In this stage, Vic **DELWP will provide 43% and AWI 57% of the \$1,454,490** for this project over three years



Merino Lifetime Productivity (MLP) Project (2015-2024) is an **\$8 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 three Boss websites – **WormBoss, FlyBoss and LiceBoss** – promote best practice for the management of sheep parasites at the farm level. It has been developed by a community of veterinary experts and parasitologists from across Australia and supported by the sheep industry.



Wild Dog Alert project 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.**



AWI's support of **Lifetime Ewe Management (LTEM)** has continued throughout 2020/21, with **349 woolgrowers currently enrolled in 57 groups** across Australia.

CONSULTATION



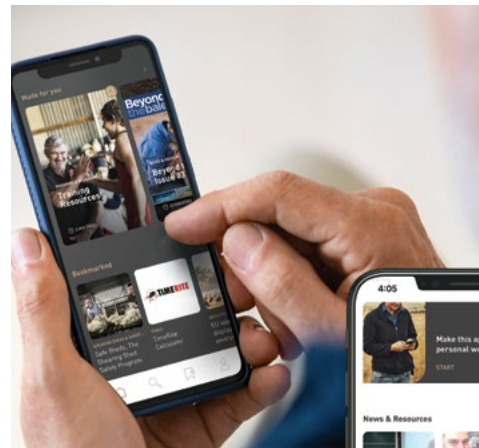
The **six state-based woolgrower networks** have continued to deliver valuable and timely on-farm information through **workshops, webinars, podcasts, newsletters, field days, social media and conferences** to a combined membership of almost **15,000 woolgrowers**.



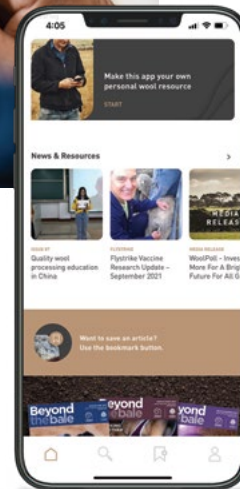
The 2021 Woolgrower Sentiment Survey showed that **75% of the woolgrowers** were positive about the future of the Australian wool industry (up from 54% in 2020). Furthermore **6.2/10 woolgrowers were satisfied with AWI engagement**.



A 10-year strategy for Australian woolgrowers, **Wool 2030**, was developed following extensive consultation and launched in December. See www.wool.com/2030



AWI launched its **AWI Grower App** that provides via smartphone the latest AWI news and resources to woolgrowers to support their business.



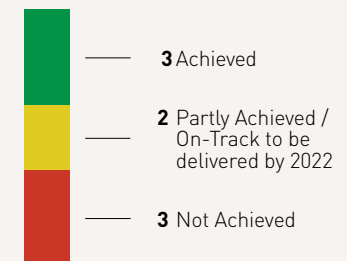
Beyond the Bale magazine was posted quarterly direct to nearly **40,000+** Australian woolgrowers and wool industry stakeholders.

The related *Beyond the Bale* e-newsletter was emailed to about 10,000 recipients.

\$2.5 million
23 PROJECTS

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

PERFORMANCE AGAINST 2020-21 TARGETS



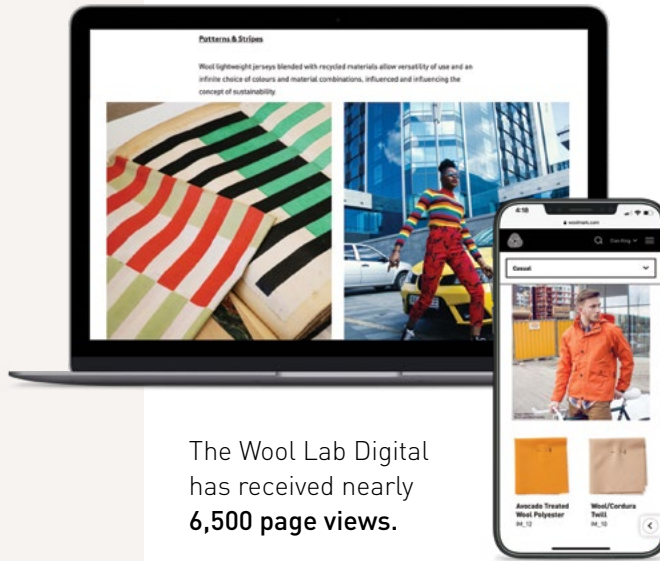
PROCESSING INNOVATION & EDUCATION EXTENSION

\$1.9 million
35 PROJECTS

Investments targeted 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.

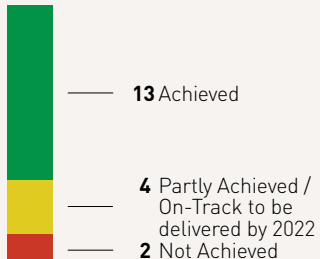


Sales staff of **21 brands and retailers** trained this year, exceeding the **target of 10**.



The Wool Lab Digital has received nearly **6,500 page views**.

PERFORMANCE AGAINST 2020-21 TARGETS



Participation in Wool4School increased greatly in 2020/21 with nearly **30,000 registrations globally**.



8,071 tertiary students participated in wool educational activities during 2020/21.



The Woolmark Learning Centre site, in 2020/21, had **552,000 page views**, **5,620 registrations** and **1,919 course completions**.



Pitti Connect digital tradeshow attended by TWC and it achieved more than a **quarter million visitors**, enabled it to connect with new brands and manufacturers who may not have had the opportunity in the past to visit the company's physical stand.

MARKETING



The Luna Rossa Prada Pirelli partnership garnered **\$31.3 million in earned media value**.



The Zalando campaign generated over **\$1 million in revenue with 6,849 units sold**. Overall, the campaign significantly overdelivered on awareness targets achieving more than 22 million impressions.

WOOLMARK PERFORMANCE CHALLENGE

There were **1,475 student registrations** for the Woolmark Performance Challenge (WPC). There were **338,861 views of webpages** on the WPC website during the 2020/21 year.

The consumer campaign for Amazon US and Canada had **8.4 million partner page views**. 57% of customers who purchased product on Amazon US were new-to-customers, showcasing that the campaign converted those who previously did not purchase/ consider Merino wool performance wear.



The International Woolmark Prize 2021 mentoring and education program, the Innovation Academy, reached more than **3,000 emerging designers and industry**. Six designers presented collections for Autumn/Winter 2021 made up of **70% Merino wool**.

AWI's China campaign was independently assessed by consultants, and the program is estimated to have delivered

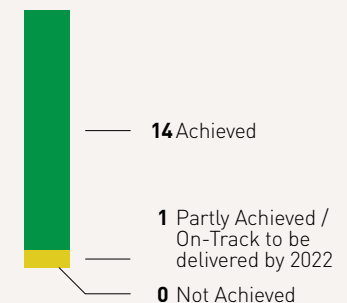
net benefits of **\$6.3 million** with a benefit-cost ratio of **3.2**

by increasing the value of sales and lowering inventory costs of wool apparel compared to what would have occurred without the program.

\$16.2 million
45 PROJECTS

Investments aimed 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.

PERFORMANCE AGAINST 2020-21 TARGETS



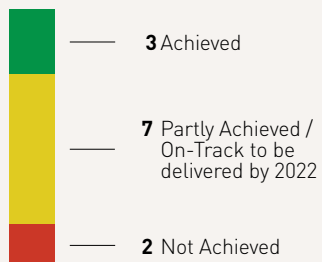
TRACEABILITY

\$1.8 million

27 PROJECTS

Investments tailored 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.

PERFORMANCE AGAINST 2020-21 TARGETS



In recent years, scientific studies funded by AWI have tested the sleep of older adults and found that **wearing wool is conducive to restful sleep**, attributed to the properties of wool that keeps the body in the 'thermal comfort zone'.

Partnered with **Everledger** to run block chain traceability trials.

The aim is to 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.



The following AWI-funded papers published in 2020:

- **Clothing lifespans:** What should be measured and how?
- **Laundry care regimes:** Do the practices of keeping clothes clean have different environmental impacts based on the fibre content?
- **What affects garment lifespans?** International clothing practices based on a wardrobe survey in China, Germany, Japan, the UK and the USA
- **Reducing environmental impacts** from garments through best practice garment use and care, using the example of a Merino wool sweater.



AWI is participating in the **United Nations FAO LEAP project** reassessing methane's contribution to global warming due to its short residence time in the atmosphere of about 12 years.

WOOL

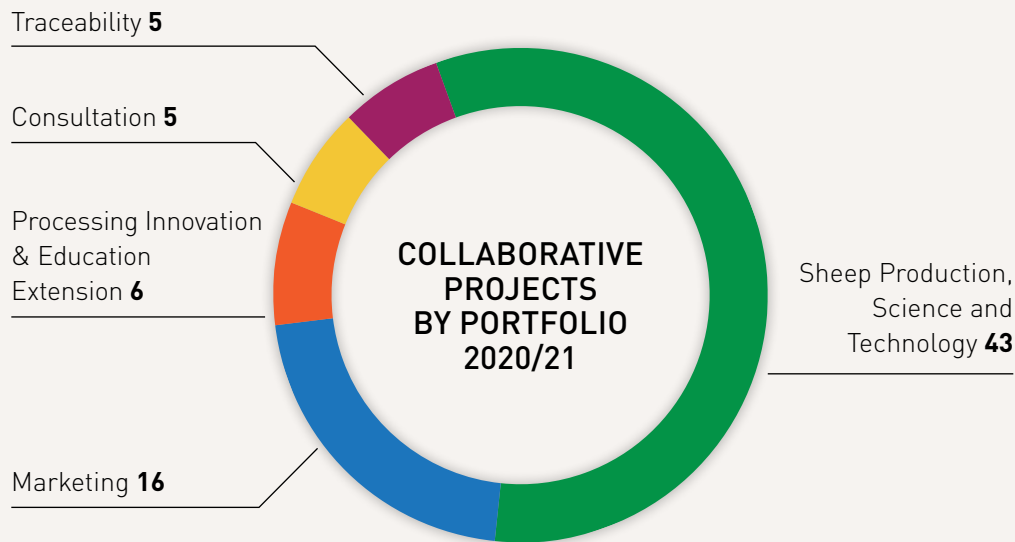
The WoolQ Market trading platform has conducted **10 online wool auctions listing some 2,677** bales of wool outside the traditional open cry system.



AgResearch study complements 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.

COLLABORATION IN FOCUS

AWI collaborated with **254 partners** through research & development corporations, public and private research organisations, brand partners, manufacturers, processors, producers, retailers and others.



In the 2020/21 financial year, AWI implemented **230 projects** and **75 were collaborative** in nature. Collaboration makes AWI investments more efficient and effective by reducing duplication, maximising leverage, and providing a greater platform for adoption.



The diagram above provides a snapshot of all the industry partners across our 2020/21 projects.

RURAL RESEARCH DEVELOPMENT CORPORATION (RDC) COLLABORATED PROJECTS

35 COLLABORATIONS WITH RDCs ACROSS 19 PROJECTS



AWI collaborated with MLA on 17 of these projects. Some of the projects under this partnership include:

1. Wool and Sheep Meat Survey
2. Sheep Sustainability Framework
3. AgHealth and Safety Partnership
4. P-Efficient Pastures
5. RHDV2 Product Registration – Stage 2
6. Virtual Fencing

COLLABORATION SNAPSHOTS



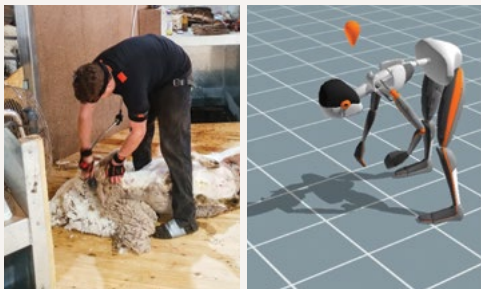
SHEEP SUSTAINABILITY FRAMEWORK

In April 2021, the Australian sheep and wool industry launched the world's first Sheep Sustainability Framework to demonstrate the industry's sustainable practices, identify areas for improvement, and better communicate with consumers. With funding, strategic and secretarial support from **AWI** and **MLA**, **WoolProducers Australia** and **Sheep Producers Australia** led the development of the Sheep Sustainability Framework. The Framework demonstrates the industry's commitment to continuous improvement by providing a system to monitor, measure and report the Australian sheep industry's performance against sustainability priorities.



DRYLAND LEGUMES PASTURE SYSTEMS

This project is developing recently discovered pasture legumes, together with innovative management techniques, to improve profitability and decrease production risk for mixed farms in the low and medium rainfall areas of southern Australia by increasing the adoption of novel legumes. These legumes will reduce nitrogen requirements, be a source of quality feed for livestock, increase soil fertility and reduce weeds and diseases for following crops. The project will also develop whole farm economic modelling to equip farmers with tools to adopt new pasture varieties and management practices, improving productivity and profits for wool, meat and grain producers. **AWI is investing in this \$18m project with DAWE, GRDC and MLA, with research partners Murdoch University, SARDI, CSIRO, DPIRD and Charles Sturt University, along with 10 grower groups from WA, SA, Victoria and NSW.**



UNDERSTANDING AND PREVENTING SHEARERS' INJURIES

AWI has partnered with the **University of Melbourne (UoM)** to investigate the mechanisms of lower back musculoskeletal injuries in shearers. With this knowledge, researchers aim to develop a practical and cost-effective prototype tool to be worn by shearers to detect when they are becoming vulnerable to potential injuries. In addition to AWI funding and UoM in-kind contribution, this project is also supported by an **Innovation Connections grant** from the Federal Government which aims to assist organisations to understand their research needs, and fund collaborative research projects. The results from this project will be used to evaluate safety interventions and shearing shed improvements more effectively, in a data-driven way, so that stakeholders can make the best decisions around improving safety for sheep shearers.



ENGAGEMENT WITH THE EU PRODUCT ENVIRONMENTAL FOOTPRINTING SCHEME

AWI has been leading a collaboration with **five partners (MLA, CRDC, GRDC, AgriFutures and SRA)** to engage with the developers of the European Union's Product Environmental Footprint scheme (PEF) since 2019. The scheme aims to assess the environmental impacts of agricultural and other products over the full supply chain to inform consumer purchasing decisions. The PEF project is expected to soon become the most influential market-facing reporting system for environmental credentials. AWI's continued funding of research into wool's environmental benefits underpins the ongoing marketing of Australian wool and aims to ensure that the EU develops an accurate and positive rating for products that contain wool.



FLYSTRIKE VACCINE RESEARCH PROGRAM

AWI is managing a collaborative research program, being delivered by the **Commonwealth Scientific and Industrial Research Organisation (CSIRO)** and **UoM**, to investigate the development of a flystrike vaccine. **AWI has contributed \$3.15 million** to this four-year program, with additional significant in-kind contributions from the two research organisations. To date, the CSIRO team has formulated and tested **more than 45 prototype vaccines and performed extensive laboratory trials** to measure the impact of the sheep response to the vaccine on blowfly larvae growth in vitro. The vaccine, when given to sheep, causes the sheep's immune system to build a defence system in the blood, using weapons called antibodies that will target key larval proteins. An annual vaccination to help protect sheep from flystrike is the holy grail in flystrike control and remains the key aim of the collaborative research program.



WOOL&PRINCE PARTNERSHIP

The collaboration with Wool&Prince, a US casual online brand, has focused on promoting benefits of wool for their PR and marketing stories. They created a traceable supply chain marketing campaign and having the woolgrowers highlighted including final films which were utilised across web, social, email and media. All garment samples were tested by Oritain to verify traceability. Verified Merino Wool Collection production and shipment volumes to Wool&Prince (Jan-Aug. 2020) were:

- **10,000 kilo (17.5 micron) circular knit collections**
- **6,000 kilo (18.5 micron) flat knit and/or woven collection**

TREASURE WOOL GODDESS DAY

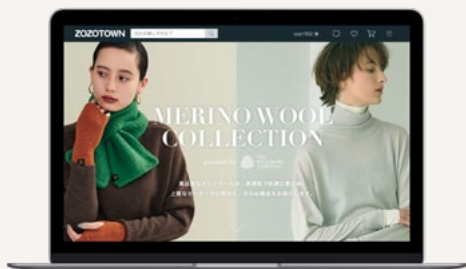
The Woolmark Company partnered with Net-A-Porter to launch the Goddess Day hero film and key visuals across the NAP TMALL shop, which featured 65+ brand partners. The Net-A-Porter partnership was extremely successful, resulting in **18% MoM Merino wool sales growth and 150% YoY wool sales growth.**

Partnering directly with brand partners such as **ICICLE, JNBY, MM and Edition** was also successful and drove significant sales **(51k Merino wool units sold equating to \$10M in sales)**. Partnering with these brands for the campaign also resulted in a **41% YoY increase in Woolmark certification ticket and label orders. \$918k of the Merino wool sales** were generated through the gift with purchase offering (Merino wool socks) – this initiative will be carried into future campaigns as it successfully drove increased sales.

The Farfetch China partnership was also highly successful with a **155% YoY growth in Merino wool revenue and 50% YoY growth in Merino wool orders** on the platform. The campaign also resulted in a **117% YoY increase in Merino wool product page visits and a 913% increase in searches for 'wool'**, highlighting the success of the campaign in both driving awareness and purchase consideration.

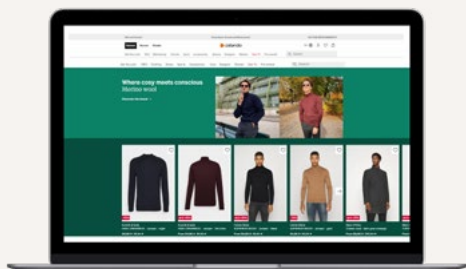
Marketing research evaluations found that the marketing campaign increased awareness of Merino wool characteristics and improved purchasing intent. Additionally, the marketing campaign delivered a sales result for partner brands that use Merino wool of **1.1 million units of apparel at a value of \$138.1 million (AUD).**





ZOZOTOWN

AWI worked with Japan's largest online fashion retailer **Zozotown** to increase purchases of Merino wool products by consumers for a month during the winter 2020/21 retail season. The campaign promoted **6,686 commercially available wool-rich apparel products**, available from more than 200 brands. The campaign content received 13.8 million impressions (the number of times the banners were displayed), which was **38% more impressions than projected**. **There was a 33%+ increase in sales value of wool products sold during the campaign.**



ZALANDO

AWI collaborated in a month-long campaign with Europe's largest online fashion retailer, **Zalando**, to showcase **Merino wool** to its customers and drive sales of **Merino wool menswear and womenswear apparel products**. Zalando engaged four noteworthy influencers (with a total following of 811,000+ followers on Instagram) to authentically communicate the message of Merino wool across their platforms and drive consideration to purchase wool apparel products. Their 11 Instagram posts and stories worked exceptionally well, receiving **1.6 million views by 774,000 unique users, with a strong engagement rate of 3.64%** (the category benchmark is 3.08%).



TAILORED MERINO WOOL KNITWEAR

AWI has collaborated with knitting machine company **Shima Seiki Italia** and three Merino wool yarn manufacturers in Italy – **Filati Loro Piana, Tollegno 1900, and Zegna Baruffa Lane Borgosesia** – to create a 'first of its kind' capsule collection that offers a new interpretation of tailoring by using an innovative form of knitwear. Titled '**Wool To Go – Tailored Knit**', the collection comprises three outfits that provide a modern and urban take on the classic formal look using knitted fabrics, rather than traditionally used woven fabrics. The garments are a showcase of the latest knitting technology from Shima Seiki as well as Woolmark-certified Merino wool yarns.



TECHNICAL GARMENT DEVELOPMENT & CONSTRUCTION

The Woolmark Company (product) technical team worked with trade **partners (EXPOTEX, Loro Piana S.p.A., Shima Seiki Italy)** to develop innovative technically constructed knitted garments for the fashion, sports and lifestyle markets. Traditional fashion and sports garments have been either produced on regular flat-knit knitting machines or constructed from circular knit fabrics by cut n sew method. With the growing trend towards less waste of materials in production and for greater functionality in a garment (for both performance and comfort), new knitting technologies utilising wool and wool blends need to be explored, developed, tested, and introduced to market.



WOOL.COM