

Annual Report

2021-2022



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Our vision statement



Front cover: One of the 15 young participants in the 2022 Hay Inc Rural Education Program, supported by AWI, which is helping young people gain hands-on agricultural skills, training and experience. PHOTO: Mads Porter Photography

About your company

AWI is the R&D and marketing organisation of 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 that defines the conditions under which AWI may invest wool levies and Government-matched funds.

AWI shareholders

AWI had 19,776 shareholders at 30 June 2022. AWI shareholders are able to shape the decision-making process of the company via their access to information and right to vote at AGMs. 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.

At 30 June 2022, there were 18,012 AWI shareholders that had paid \$100 or more in wool levies in the past three financial years and were eligible to vote. This was a decrease of 1,272 eligible shareholders during the past 12 months.

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.

See page 7 for a financial summary of the company's income and expenditure.

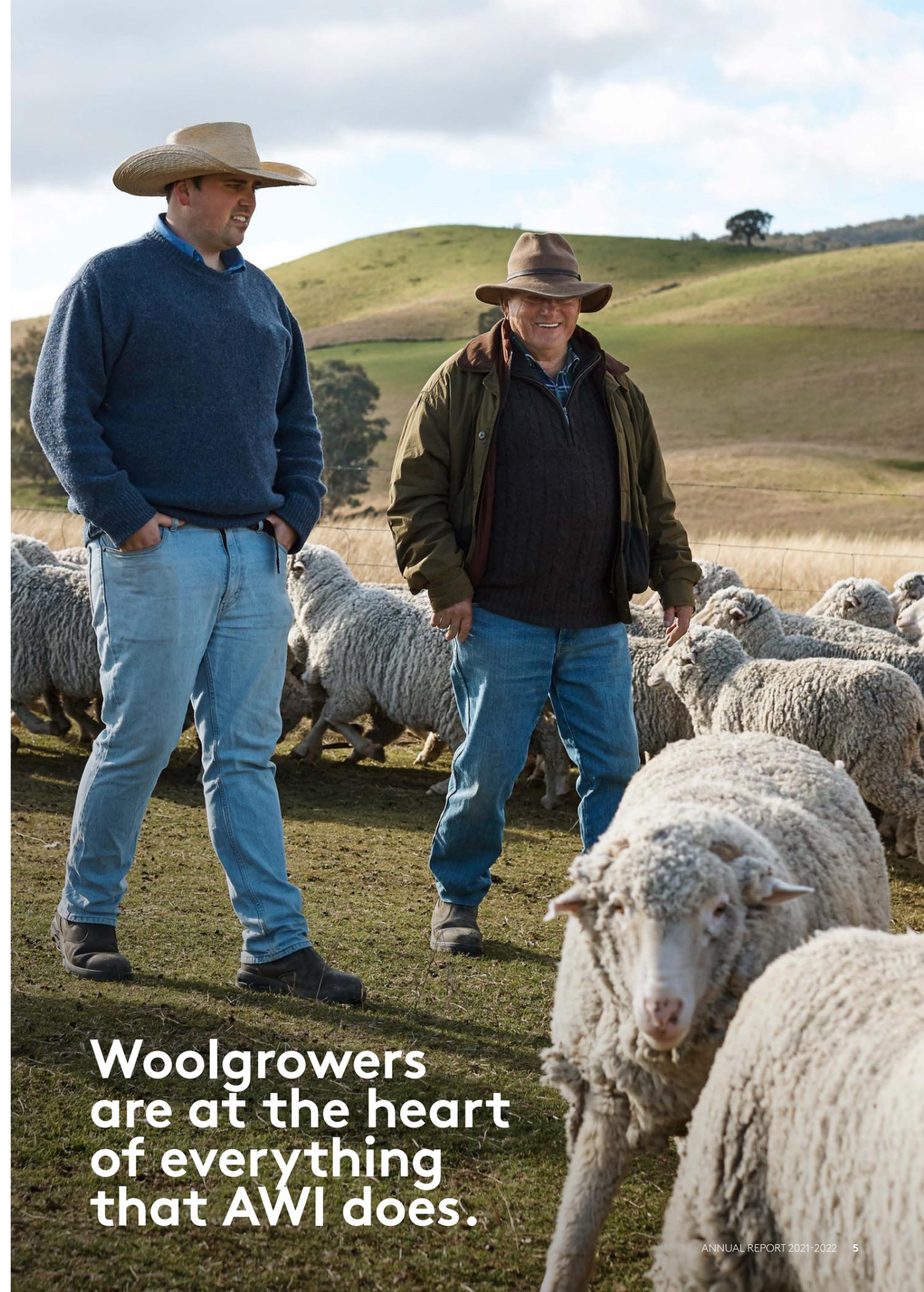
Woolgrowers vote every three years on the percentage of the sale price received for their shorn greasy wool that they would like to invest in industry R&D and marketing activities. In WoolPoll 2021, woolgrowers voted in favour of a 1.5 per cent levy.

Wool levy payers

AWI works on behalf of all wool levy payers, not just AWI shareholders. There were 66,610 wool levy payers at 30 June 2022.

Paying wool levies does not make the levy payer automatically a shareholder of AWI – they must apply. 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.

At 30 June 2022, there were 46,493 wool levy payers that had paid \$100 or more in levies in the past three years and so were eligible to become an AWI shareholder.



**Woolgrowers
are at the heart
of everything
that AWI does.**



SHEEP PRODUCTION

2021 Wool & Sheepmeat Survey indicated that the marking rate **Merino 92% to Non-Merino 93% to 2022**

SHEEP PRODUCTION

Over 4,500 novice and intermediate level wool harvesting participants trained by AWI



TRACEABILITY

GHG emission trends have been modelled and pathways for woolgrowers to reduce emissions have been detailed. **AWI continues** to actively participate in the EU PEF process.



2021/22 Highlights

MARKETING

The International Woolmark Prize (IWP) program was evaluated and the Benefit Cost Ratio (BCR) was **1.9 with an estimated return of \$2.1m**

The Zalando campaign saw an **increase of 42%** in merino wool units.

The 2022 Sportscraft campaign produced **624,934 total units** and 18,000kgs of wool was used



CONSULTATION

AWI Woolgrower Survey shows that **79% of growers find value** in AWI's Market Intelligence and Analysis

PROCESSING INNOVATION & EDUCATION EXTENSION (PIEE)

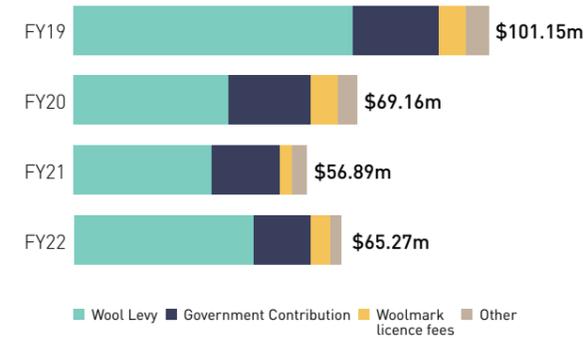
Three fully-fashioned garment product developments made commercially available



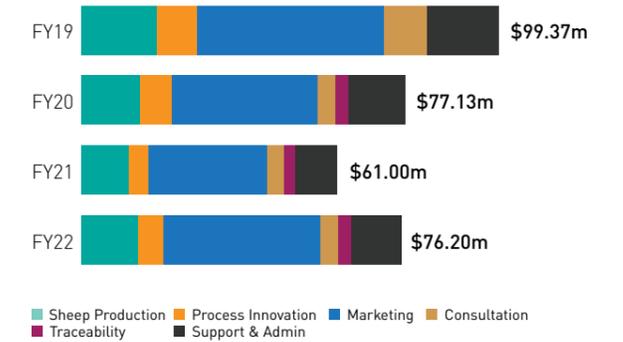


Summary statistics 2021/22

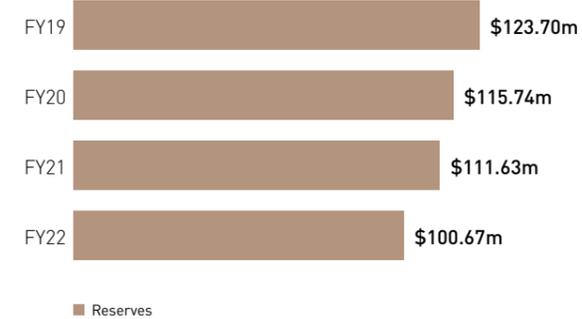
AWI Revenue



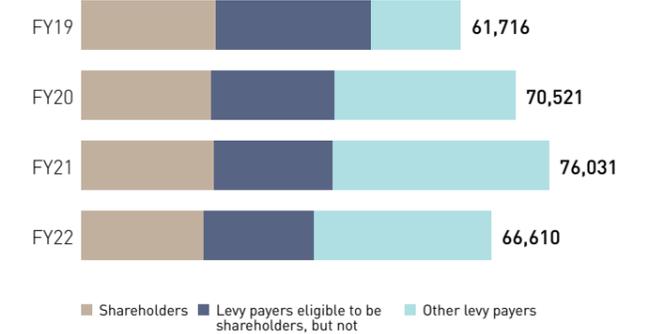
AWI Expenditure



AWI Reserves



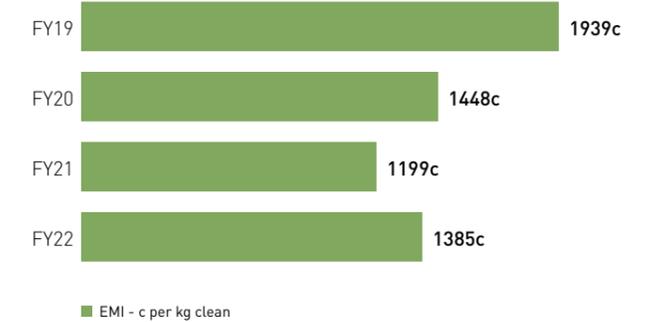
AWI Shareholders/Levy payers



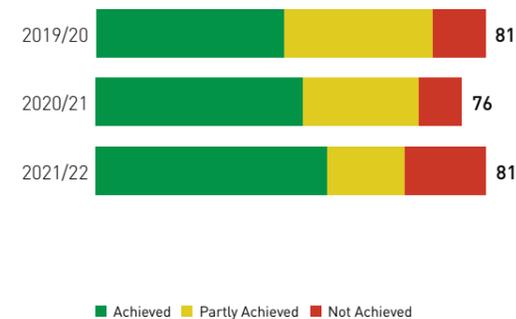
Australian Wool Production



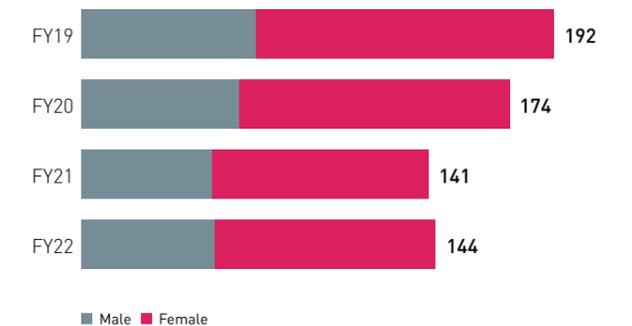
EMI



AWI KPI's



AWI Global Employees



AWI and the wool industry have weathered the economic storm created by COVID and our premium, natural fibre is well placed for the future.

Following the very unsettling 2020/21 year in which the EMI fluctuated wildly, including to a low of 858c, this past year (2021/22) has in contrast been characterised by a stable and relatively strong EMI averaging just short of 1400c for the year. Australian wool production volumes are continuing to recover, off the back of good rains across many wool-growing regions, with the 2021/22 season ending with 5.3% more Australian wool tested than the previous year.

Your board proudly protected woolgrower funds through COVID and as we said last year there would be the need to have a strategic draw down in reserves so we can re-invest on behalf of the wool industry. We do this by defending our fibre through projects like the "Wear Wool, Not Fossil Fuel" campaign and fighting for a fair assessment of the environmental footprint of wool in Europe. At the same time, we try and seize on marketing opportunities in Australia and overseas.

Overall, the company remains cautious and is financially constrained and are not in a position to do all the projects that woolgrowers want us to do.

While there has been somewhat of a recovery in global markets following COVID, there are still plenty of global challenges facing our and other industries, such as international shipping and logistic issues, and rising energy prices.

We also need to be adept in addressing challenges and fundamental changes in our own markets, including the environmental impact labelling proposals in the European Union, increasing demands for traceability, and the trends towards the casualisation of apparel and online retailing.

However, there are plenty of opportunities for Australian wool, such as the movement towards sustainable products – a global trend driven by consumers, trade and government. Wool's unique range of natural and performance benefits make the fibre ideal for a range of applications, from luxurious and high-performance Merino wool apparel through to hardwearing interior products for the home.

In the on-farm area, we have put extra resources into the matters of most concern to woolgrowers, especially attracting and retaining shearers and wool handlers, which is a priority area for AWI. We are also focussing on technology to make wool-growing easier and more productive, and in methods to make wool-growing more sustainable and adaptable to a changing climate.

In all we do, we are doing more listening to and connecting with woolgrowers, through industry representative bodies via the WICP and WCG, and directly at events and through our extension networks and communications channels.



In June we released a new three-year Strategic Plan that outlines the company's key research, development and marketing priorities, which have been developed to deliver the greatest value to woolgrowers. The Plan is a result of extensive collaboration, and it aligns with the Australian Government's R&D priorities and the Wool 2030 Strategy and Sheep Sustainability Framework.

I believe the Australian wool has a bright future and AWI will help maximise the opportunities and address the challenges facing woolgrowers. Our commitment to enhance the profitability, international competitiveness and sustainability of the Australian wool industry will never change.

Jock Laurie – Chairman
Australian Wool Innovation
25 August 2022

As a new CEO of AWI this year, I have seen the company work hard to address the issues that are of greatest importance to woolgrowers.

After the global disruption caused by COVID during the previous couple of years, 2021/22 was a year in which relative stability returned to businesses, economies and markets across the world. For AWI, reasonably good wool prices and increasing wool production during the year resulted in better-than-expected company revenue, with an increase of 14.7% from the previous year.

We increased the company's expenditure, by 24.9%, with more investment in all our portfolios but especially in the marketing area as consumer spending returned to some normality. Following a period during COVID when we prudently cut back on marketing, this past year we bolstered initiatives to develop and implement campaigns with high profile and influential brand partners – such as Benetton, Levi's and Sportscraft – to ensure wool product was available at retail and at the front of consumers' minds, thereby building demand for Australian wool.

Aligning much of our marketing with the mega-trend of eco-sustainability and circularity, we put extra effort into producing marketing collateral and campaigns that highlighted the environmental as well as technical benefits of Australian wool.

Our funding of scientific research into wool's environmental footprint, is now certainly helping the wool industry market Australian wool as the 'planet-friendly' fibre of choice.

Along the supply chain, we have continued to assist manufacturers to adopt innovative technologies that add significant value to their

wool products, and we have continued to invest in educating the trade and retail sectors and students about the attributes and benefits of Australian wool as a premium, natural fibre.

While wool-growing itself continued relatively as normal during COVID, one area that was affected was the availability of shearers and wool handlers. In response, AWI made a concerted effort during the past financial year to run extra novice and improver in-shed to attract new entrants into the industry and, importantly, provide them with a career pathway to help keep these newly trained individuals in the industry. In addition, AWI has also been progressing technology-based opportunities such as a portable, smart shearing handpiece; wearable tech and mobile sheep delivery units to reduce stress on the body and not only attract more people to the profession, but keep them in it for longer.

Other key on-farm areas which we have continued to invest during the year include flystrike R&D and extension, the Merino Lifetime Productivity project, wild dog control coordinators, Lifetime Ewe Management,

and technology such as smart tags to make wool-growing easier and more productive. Another crucial area in which we have invested is the engagement and motivation of young people in the wool industry, through initiatives such as our Breeding Leadership program, thereby developing and retaining skills the industry needs to be innovative in response to new challenges.

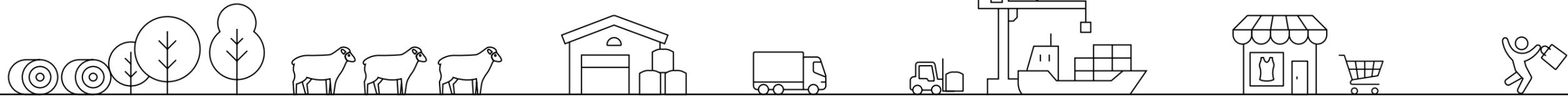


Traceability and provenance not only keep our fibre relevant but present significant commercial opportunities as global consumers increasingly demand more validated information. AWI is working closely and collaboratively with industry in the development of a national traceability scheme that defends us against exotic animal disease outbreak and ultimately allows wool growers to leverage these commercial opportunities into the future..

The Australian wool industry, like all industries, will continue to face challenges. But, as a new CEO of AWI this year, I also see plenty of opportunities and I firmly believe that the industry has a good future. I assure you that AWI, the wool industry's R&D and marketing body, will continue to work extremely hard in this role, on behalf of all Australian woolgrowers that fund the company.

John Roberts – CEO
Australian Wool Innovation
25 August 2022

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.

ON-FARM RESEARCH

Types of Collaborators

- RDCs
- Government
- Universities
- Private sector

Lead Research Collaborators

- MLA
- Murdoch University
- Centre for Invasive Species Solutions
- AgriFutures
- Charles Sturt University
- CSIRO
- Dairy Australia

Collaboration in on-farm research helped deliver innovative, efficient research. Partners' knowledge and experience were leveraged to minimise duplication and maximise returns to stakeholders.

Collaborated with 55 different partners across various projects

EXTENSION

Types of Collaborators

- RDCs
- Government
- Universities
- Schools
- Private sector

Lead Extension Collaborators

- MLA
- AgForce Queensland
- Agriculture Victoria

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.

Extension delivered to meet diverse needs in varied conditions

SUPPLY CHAIN RESEARCH & DEVELOPMENT

Types of Collaborators

- RDCs
- Manufacturers
- Retailers
- Brands
- Private sector

Lead Innovation & Development Partners

- Suedwolle
- La Caserene
- Shima Seiki Italy
- Santoni
- Loro Piana
- Tollengo

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 27 unique processing and manufacturing partners

MARKETING & FIBRE PROMOTION

Types of Collaborators

- Retailers
- Brands
- Other fibre organisations

Lead Marketing Partners

- Victoria Beckham
- Tmall (Chinese online retailer)
- Sportscraft
- Zalando
- Benetton
- Tracksmith
- Cabaia

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.

44 collaborative marketing partners from high fashion to sports

TRACEABILITY

Types of Collaborators

- Cape Wools
- American Wool Council
- AgriFutures
- Cotton Research and Development Cooperation
- MLA

Lead Traceability Partners

- Universities
- RDCs
- Private sectors
- Retailer

AWI collaborating with partners to provide tools to ease the flow of information about Australian wool up and down the supply chain to all parties. AWI provided scientific information to retailers and consumers to demonstrate that wool is a planet friendly fibre of choice.

Collaborated with key partners to provide tools to the wool supply chain to meet retail market calls for supply chain transparency and provenance stories

Portfolio highlights of 2021/22



Sheep Production, Science & Technology

4,000+ novice and intermediate level participants trained by AWI shearer and woolhandler trainers.

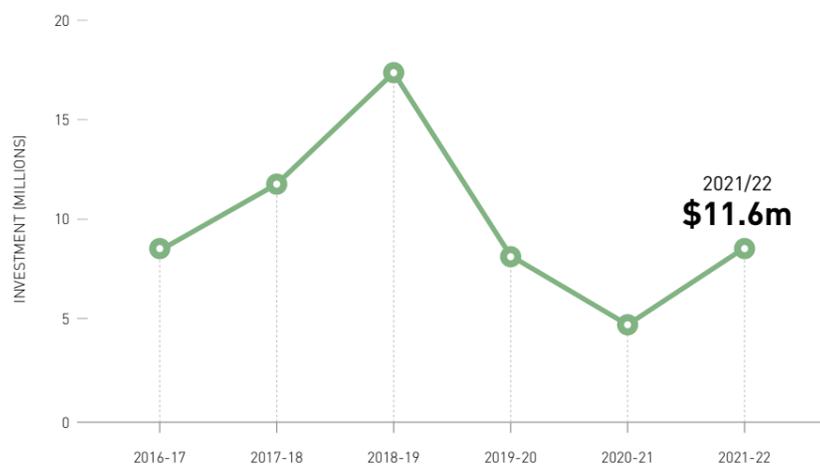
30% of the national flock has been influenced by Lifetime Ewe Management.

2500+ participants engaged in extension activities. 460 growers enrolled in LTEM.

Prototype vaccines reduce blowfly growth by up to 75%.

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.

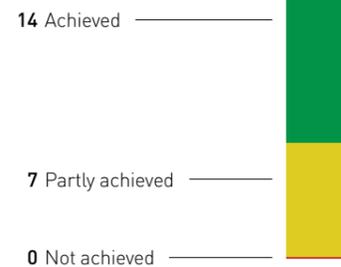
INVESTMENT OVER TIME



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

ANNUAL PLAN TARGETS

21 TARGETS



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

Shearer and wool handler training

AWI funds and supports hands-on practical in-shed training. We encourage learner shearers that have completed training to build up their skills and stay in the industry with the 'AWI Learner Shearer Toolbox'. It contains a handpiece and other shearing gear. 223 toolboxes have been presented this year.

Sheep delivery units

AWI has undertaken a project to develop a system that delivers sheep directly to the shearer, eliminating the time and energy that shearers spend on the catch and drag. It also minimises the chance of injury to the shearer from the dragging and twisting movements. There are two types of units: automatic and manual.

Flystrike vaccine

CSIRO with the support of AWI is about to complete the first three-year phase of research on the development of a flystrike vaccine. During this first phase, CSIRO tested more than 50 prototype vaccines in the laboratory, narrowing them down to two prototype vaccines. In laboratory tests, these two vaccines were shown to reduce blowfly larvae growth by up to 75% and to a degree impact larval survival. This is an exciting result, however the challenge now will be duplicating these results on the sheep's back.

A supporting project by the University of Melbourne to sample the DNA of field strains of blowflies from across the country has recently been completed. The data from this study has helped the CSIRO to determine whether the candidate proteins they are examining are similar across the different fly populations.

AWI's flystrike extension program

AWI has continued its investment in a broad extension program supporting woolgrowers to improve the lifetime welfare of their sheep, reduce their reliance on mulesing and crutching, optimise chemical use and increase whole farm profitability. Three of the six planned extension initiatives are now available:

It's Fly Time!™

Practical, just-in-time information in the lead up to, and during, high-risk flystrike periods.

DemystiFly™

Practical information about managing chemical resistance in blowflies.

SimpliFly™

A one-day workshop to develop a property-specific, strategic flystrike management plan.

MLP project

The AWI-funded Merino Lifetime Productivity (MLP) project 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 MLP project runs at five sites where the performance of 5,700 ewes, that are the progeny of 134 AI sires, are tracked through life as they proceed through four to five joinings and annual shearings. The five sites are: Balmoral (Harrow, Vic), Pingelly (Pingelly, WA), MerinoLink (Temora, NSW), Macquarie (Trangie, NSW) and New England (Armidale, NSW). A full suite of assessments is being undertaken on the 5,700 ewes.

Data collection was completed at the Balmoral site in February 2022 with the last data to be collected at the New England site in July 2024.

Wild dog control coordination

AWI funds wild dog coordinators to help landholders and communities work together to combat wild dog attacks. They also help coordinate on-ground wild dog control activities. The coordinators continue to demonstrate the value in wild dog and pest animal control nationally.

Detection of predation and disease

A three-year project co-funded by AWI has highlighted the potential for on-animal sensors, including the AWI smart tag, to indicate the presence of wild dogs around sheep, and detect the early incidence of health issues in sheep.

The goal is generation of real-time alerts to enable woolgrowers to intervene.

School Merino wether challenges

Merino wether competitions for school students are run in NSW, SA and WA with the aim to educate them about the commercial production of sheep. 1,200 students participated in Merino wether competitions across the three states in the 2022 school year.



Consultation

AWI staff were able to attend more than 100 events.

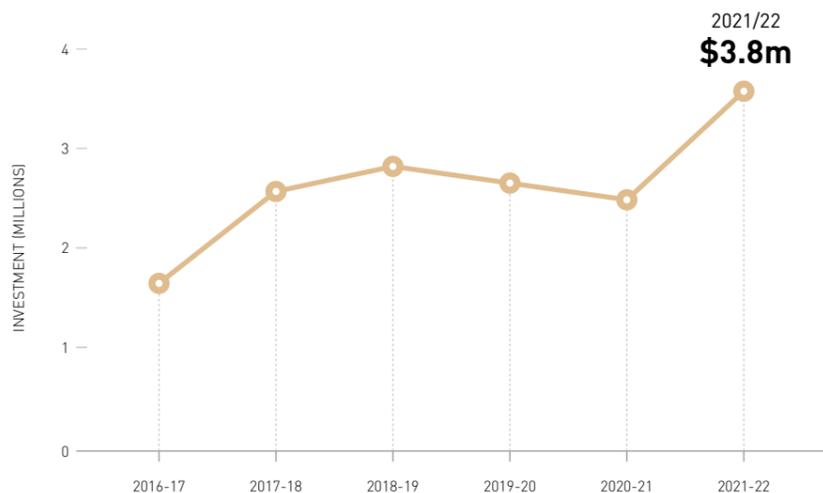
There are currently 15,927 active participants in AWI state-based extension initiatives.

The average WICP/WCG survey received rating of 7.9/10.

AWI Extension workshops received a 8.7 out of 10 recommendation score.

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.

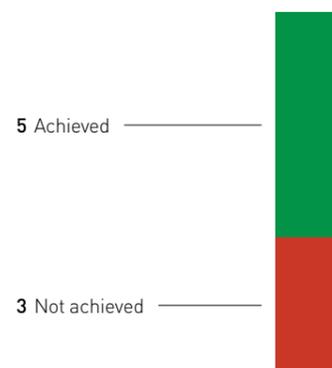
INVESTMENT OVER TIME



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

ANNUAL PLAN TARGETS

8 TARGETS



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

Lack of AWI resources due to a combination of restructure and natural attrition and Covid 19 impacted the target being achieved.

Portfolio highlights of 2021/22

Extension networks

Each network is there to support woolgrowers through the issues facing both new and experienced woolgrowers alike, seasonal challenges and opportunities, production issues, planning ahead, and topical and timely extension of communications relating to wool production.

During the past 18 months there have been more than 60 Future Wool events reaching 1,500 woolgrowers.

Events & forums

AWI staff and/or Board members have attended and provided support to more than 100 wool industry events during the year, despite many events having been cancelled due to COVID-19.

Those events attended during the year have included field days, sheep shows, ewe competitions, sheep classing workshops, ram sales, AWI Future Wool events, extension network Producer Advisory Panel meetings, and other sheep and wool industry meetings.

AWI communications

Beyond the Bale magazine was posted quarterly direct to about 36,500 Australian woolgrowers and wool industry stakeholders, and the related Beyond the Bale e-newsletter was emailed to about 10,500 recipients.

The Yarn podcast averaged 1,381 downloads for each of the 35 episodes produced during the year.

The Wool.com website received 220,769 visits during the year.

AWI social media channels include these channels, with respective followers at 30 June 2022 and percentage increase during the year:

7,793 followers (+8%)
 6,845 followers (+58%)
 5,294 followers (+28%)
 3,200 subscribers

Market intelligence

During the year, AWI's Weekly Price Reports were provided during sale weeks. Distribution is via email, SMS and on the Wool.com website. The reports include weekly EMI price movements, currency movements, the number of bales sold and passed-in, as well as weekly commentary from AWI on the markets.

Three Australian Wool Production Forecasting Committee reports were released – in August 2021, December 2021 and April 2022. AWI and MLA's joint Wool and Sheepmeat surveys of producers were conducted in October 2021, February 2022 and June 2022.

Consultation with representative bodies

AWI has two key forums through which we formally consult and engage with woolgrower representative groups.

The AWI Woolgrower Industry Consultation Panel (WICP) has nine members from national woolgrower representative organisations, is led by an independent chair, and also includes representatives from the Department of Agriculture, Fisheries and Forestry (DAFF) and AWI. Meetings were held four times during 2021/22 (August, October, March, May).

The AWI Woolgrower Consultation Group (WCG) is a broader group comprising 28 representatives. The WCG now meets twice a year.

Strategic Plan Consultation

Development of AWI's 2022/25 Strategic Plan was guided by feedback from our major stakeholders directly and also through the Wool Industry Consultative Panel (WICP) and the Wool Consultation Group (WCG). We formally presented on the plan to the WCG in December 2021 and May 2022, and to the WICP in February and May 2022. We also conducted a survey with members of both the WICP and WCG in March 2022. We received 31 responses, 22 of whom supported the priorities. Some of those suggestions which we have incorporate into the strategy are:

- the need to increase the value of wool as well as the demand for it
- the urgency of tackling the shortage of shearing through a variety of methods
- the need to address changing consumer demands and expectations

Liaison with 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.



Processing innovation & education extension

5,893 swatch requests from The Wool Lab.

AWI partnered and supported the Royal Agricultural Society in their Ag in a Box and Farm Days

12,818 visitors in total to the Woolmark digital trade show pages

Participation in 17 trade shows

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



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

ANNUAL PLAN TARGETS

19 TARGETS

9 Achieved
2 Partly achieved
8 Not achieved

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

Portfolio highlights of 2021/22

Innovation opportunities

Key areas include yarn development, fabric development, warp knitting, warp print, 3D printing, and dyeing with a focus on sustainable processes.

Footwear is also a priority as manufacturers and brands acknowledge the increasing consumer interest in comfortable wool footwear.

Retail education

We work with retail partners to help educate their sales staff about benefits of wool, so they can advise the consumer more appropriately.

The retail training results exceeded expectations, with 60 retail training programs delivered during 2021/22, exceeding the target of 10.

Woolmark Learning Centre

The Woolmark Learning Centre is a free web-based hub that houses world-class educational resources about wool for learners at all levels.

- Woven textile design and production (launched in October 2021)
- Sustainability and wool (launched in April 2022)
- Wool Appreciation Course now in eight new languages (launched in May 2022)
- Students successfully completed 1,189 courses on the Australian wool and manufacturing industry through the Woolmark Learning Centre digital platform

The Wool Lab

The Wool Lab continues to evolve, eleven years on from the launch of the first edition in June 2011.

It is a sourcing guide for designers and brands that contains swatches of a selection of the most innovative and quality wool fabrics, yarns and processes commercially available on the market from the best spinners and weavers in the world.

The digital, self-guided version of The Wool Lab, which was first launched in February 2021, continues. There were 42,573 webviews of The Wool Lab Digital in 2021/22.



Development Centres

We have seven Development Centres around the world:

- D-House Urban Lab, Milan, Italy
- La Caserne, Paris, France
- Windows of Textile Opportunities™, Amsterdam, Netherlands
- Wool Resource Centre, Hong Kong
- Nanshan Weave Centre, Shenzhen
- Xinao Knitwear Development Centre, Zhejiang
- Donghua Wool Education Centre, Shanghai

Tertiary education

During 2021/22, 4,365 tertiary fashion design students were educated about wool. Student engagement continued predominantly through the online delivery of the tertiary education programs, due to COVID-related restrictions on face-to-face learning.

Wool4School

First launched in 2012, The Woolmark Company's Wool4School fashion design competition enables high school students to not only learn the fundamentals of fashion design but also explore the benefits and versatility of wool.

This year, there were 15,015 student registrations across the three participating countries: Australia, Italy and the UK.



Marketing

Zozotown partnership saw a 42% increase in Merino wool units sold.

Feel Merino (USA & Canada) achieved 3% rise in awareness.

Global brand partnerships with Farfetch, Zalando, Castore, Victoria Beckham, Shaun the Sheep.

International Woolmark Prize acquired 486 new leads.

Portfolio highlights of 2021/22

Marketing the eco benefits of wool

We have a strong focus on producing marketing collateral that promotes Australian wool as eco-friendly and positions it as a future-proofed fibre that reflects consumer priorities.

Feel Merino campaign

The Feel Merino marketing campaign that was launched in November last year in North America succeeded in increasing consumers' awareness of Merino wool as a performance fibre that is soft on the skin and ideal for sports and outdoor pursuits. There were 616,000 clicks to the store on Amazon.com, which was an 86% increase from the previous year.

China e-commerce campaign with TMALL

More than 200 leading domestic and international brands joined the campaign showcasing and selling a myriad of premium Merino wool products.

The campaign received 54 million video views and \$122 million in wool sales which was an increase of 40% from the previous year.

2022 International Woolmark Prize

The International Woolmark Prize is an illustrious fashion award and talent development program. It aims to generate long-term demand for Australian Merino wool by building and strengthening the reputation of the fibre as the ultimate for sustainable luxury fashion.

For the 2022 program, seven designers, selected from more than 268 online applications, presented collections for Autumn/Winter 2022, made up of 70% Merino wool.

The United Colors of Benetton

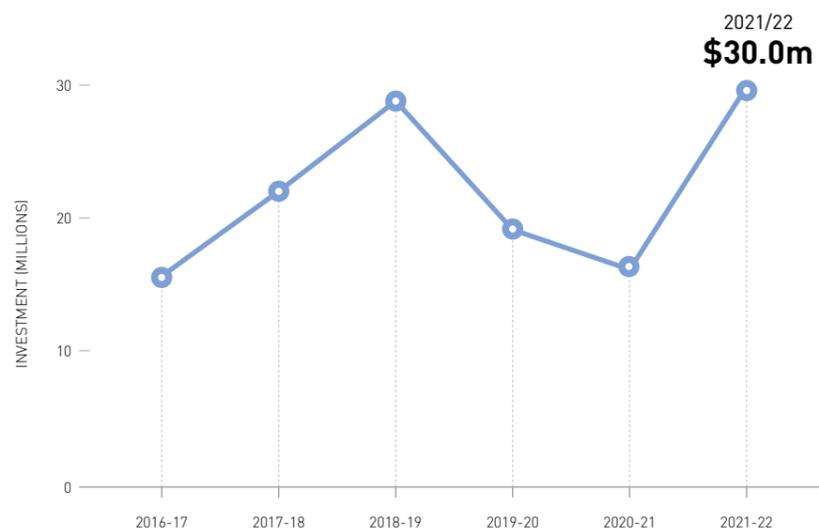
The United Colors of Benetton, launched more than one million Woolmark-certified Merino wool garments in its Autumn/Winter 2021 collection. The knitwear collection was launched in October in more than 2,500 stores across the world and promoted with dedicated online and offline initiatives.

Vilebrequin swim shorts

We teamed up with iconic French luxury swimwear brand Vilebrequin to launch a set of three Merino wool swim shorts ready for the northern hemisphere summer. The new shorts were launched online and in store during April.

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.

ANNUAL PLAN TARGETS

15 TARGETS

12 Achieved

1 Partly achieved

2 Not achieved



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

Online fashion retail partnerships

Examples of online platforms with which The Woolmark collaborated include:

- Farfetch – one of the world's largest luxury online retail platforms.
- Zalando – Europe's largest online fashion retailer.
- Bloomingdale's – the online shopping destination of the famous Bloomingdale's store in the USA.

Victoria Beckham

The eponymous British luxury fashion brand of world-famous Victoria Beckham launched in October 2021 its first traceable collection, comprising 20 womenswear and 14 childrenswear knitwear pieces made from 100% Australian Merino wool.





Traceability

Paper on Biodegradation of wool in marine and terrestrial environments submitted for publication.

Uma Wang traceable Merino capsule collection allows consumers to trace garments from farm to fashion

AWI continues to actively participate in the EU PEF process.

Portfolio highlights of 2021/22

EU Product Environmental Footprinting project

The European Union (EU) is taking a global leadership role in reducing the environmental impacts of humanity. Products for sale in the EU will soon include a label providing consumers with the EU's assessment of their Product Environmental Footprint (PEF).



AWI has been actively participating in the PEF process for three years and has been central to a Brussels-based campaign, known as 'Make The Label Count' (MTLC), to influence EU policy-makers to address the limitations of the PEF methodology prior to the adoption of PEF labelling.

this NCA method with a further ten wool farms soon to be done.

Chain of custody

Australian wool goes through many hands and processes from farmgate before it ends up in a product available at retail. There is usually little traceability of its journey. To help remedy this, AWI and digital transparency company Everledger successfully completed a 'proof of concept' that uses 'blockchain technology' to track and validate the exchange of ownership of selected wools as they moved along the supply chain.

Sportscraft

Sportscraft partnered with AWI on a 70-piece collection of traceable Australian Merino wool garments that champion the eco-credentials of the fibre and its journey from land to garment.

Sixth-generation farmer Michael Reynolds of 'Westside', NSW took centre stage in the marketing as one of the many woolgrowers that provide quality Merino wool for the collection.

Reducing greenhouse gas (GHG) emissions

Some recent AWI activities to help woolgrowers achieve lower emission wool include:

- AWI is leveraging \$3 million of woolgrower funding to access up to \$6 million of funding from Federal Government grants and research partners to identify the most effective methane-mitigating feed supplements for grazing sheep.
- Research is under way with MLA and other partners to identify the most effective suite of farming practices to sequester carbon into the soil and vegetation on-farm.
- Improving flock reproductive performance continues to be a key focus area for AWI.
- The impact of methane emissions from livestock on global warming is being assessed accurately.

WoolQ

In the everchanging business environment, WoolQ is now focussing on digital tools to support woolgrowers, that include a mailbox for information, benchmarking, farm management, pricing, showcasing of properties and industry connectivity.

Our new AWI management this year has a clear mandate for stronger consultation and collaboration with industry to remove duplication and accelerate resolutions and enhancements of key issues.

Shining a light on planet-friendly farming practices

Clothing brands and retailers are increasingly interested in sourcing their wool from farmers who can demonstrate use of environment-enhancing practices on their farm.

Programs in this area include:

- Funding a Natural Capital Accounting (NCA) study to develop an NCA framework to assess and communicate environmental credentials of individual wool-growing properties.
- Eleven case study farms have been assessed using

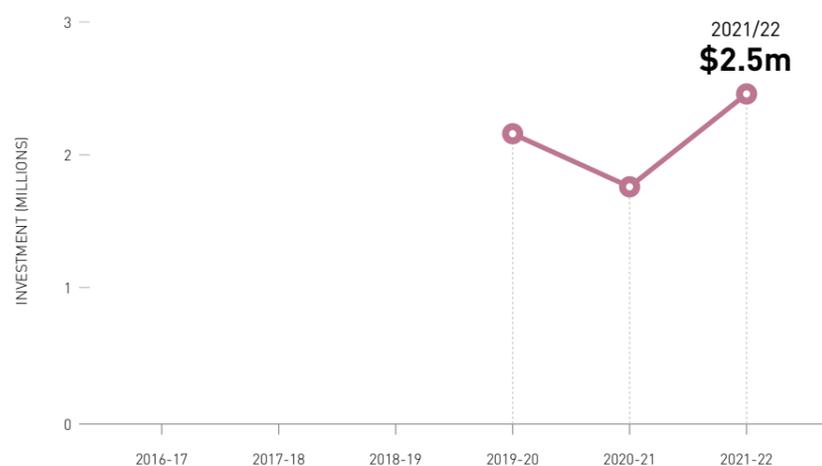
Fabric breathability

We wanted to test how comfortable wool base-layers are for outdoor activities including rock climbing and cycling. A three-year PhD project at North Carolina State University has been undertaken.

It has pointed to the wool base-layer being best at keeping athletes feeling warm and comfortable for an extended period after exercise.

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



This program began in 2019/20.

ANNUAL PLAN TARGETS

11 TARGETS



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

AWI board of directors

at 30 June 2022



Mr Jock Laurie – AWI Chairman

Mr Laurie was first elected to the Board in November 2015, and re-elected in 2021. He was elected as Chairman of the Board in July 2021.

Responsibilities:

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



Ms Georgia Hack

Ms Hack was elected to the Board in November 2021.

Responsibilities:

- Audit & Risk Committee member.
- People & Culture Committee member.

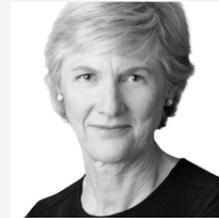


Mr Noel Henderson

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

Responsibilities:

- Audit & Risk Committee member.



Dr Michelle Humphries

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

Responsibilities:

- Chair, Research Development Education & Extension Committee.



Mr Don Macdonald

Mr Macdonald was elected to the Board in November 2017, and re-elected as a director in 2021.

Responsibilities:

- Research Development Education & Extension Committee member.



Mr David Webster

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

Responsibilities:

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



Mr James Morgan

Mr Morgan was elected to the Board in November 2013, and most recently re-elected in 2017.

Responsibilities:

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

Committees of the AWI board

The Board has three standing 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 provides 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 James Morgan

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 Michelle Humphries

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. The committee's responsibilities also include oversight of the Education & Extension portfolio.

The Company Secretary is Mr Jim Story BA, LLB, FGIA. Mr Story was appointed as company secretary in 2012. He 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.

For all Board of Directors biographies, see www.wool.com/about-awi/who-we-are/governance/board-of-directors/

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.

A document that provides a comparison of AWI's corporate governance principles to ASX Principles and Recommendations is available on the AWI website at www.wool.com/governance.

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. Operational matters delegated to the CEO are delineated.

There are three standing sub-committees being:

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

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

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. The Chair is sourced after an executive search and selected by the Board Nomination Committee itself.
- 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, appointed by the incoming members 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 are reviewed by the Board annually as a part of the process for evaluating the performance of the Board, its committees and directors. The 2022 review included a self-assessment and external review of the currency of skills and experience for each director.

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. 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.

AWI Board Skills Matrix 2022

Leadership & culture	4.57
The wool industry	4.57
Corporate governance	4.29
Stakeholder management	4.29
Finance & risk	4.29
Evaluation of & investment in R&D	3.86
Marketing & product promotion	3.86
International trade & market development	3.71
Technology transfer & commercialisation	3.71

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.

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. The independence review in 2022 was undertaken as a part of the annual Board review, and the methodology was for self and peer assessments by all directors.

In 2022, the tenure of one director, David Webster exceeded 10 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.

Other matters notified to AWI by the Commonwealth

Australian National Audit Office performance audit of AWI, notification sent on 23 June 2022.

Board effectiveness 2021

The evidence from the 2022 Board review demonstrates that the Board is effective.

- Matters are being efficiently and effectively handled.
- Governance systems are sound and are protecting the interests of the organisation and its shareholders.
- The Chair is providing effective leadership particularly in bringing people together and re-building cooperation.
- Directors are demonstrating goodwill and respect in their dealings with one another and management.
- Relationships between the Board and management are positive.
- There is good involvement of the Board in setting the strategic direction.

Code of Conduct and Business Ethics

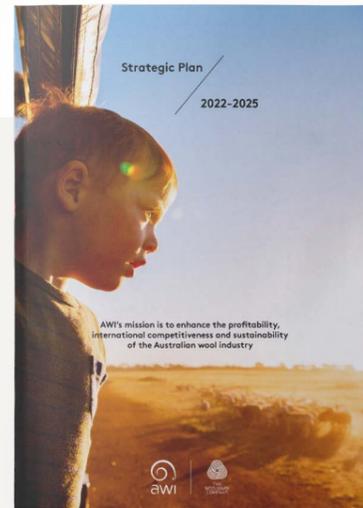
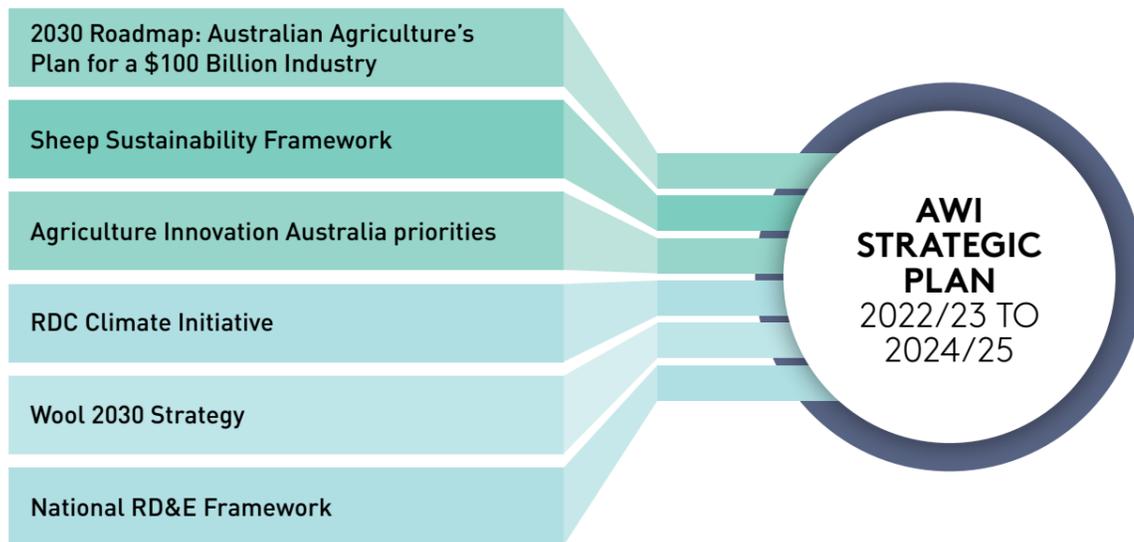
AWI endeavours to be recognised as an organisation committed to high ethical standards in business.

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.

Strategic alignment



This Annual Report covers the 2021/22 financial year which was the last year that AWI operated under its three-year Strategic Plan for 2019/20 to 2021/22. From 1 July 2022, the company has been operating under a new three-year Strategic Plan for 2022/23 to 2024/25.

When developing its three-year Strategic Plan, while AWI's R&D and marketing priorities are determined by woolgrowers through AWI's planning and consultation cycle (see page 24), the company also considers the:

- Australian Government's R&D priorities
- Strategic plans of the broader Australian wool and agricultural industries.

This strategic alignment ensures that AWI's investments recognise and support the priorities of the Australian Government and industry where appropriate.

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.

AWI takes into account the Australian Government's National Agricultural Innovation Priorities and the National Science and Research Priorities in setting its R&D investments, in addition to other directives and priorities the Government communicates to AWI.



National Agricultural Innovation Priorities

The National Agricultural Innovation Priorities were announced by the Australian Government in October 2021 as part of the National Agricultural Innovation Policy Statement. They replace the Australian Government's Rural Research, Development and Extension (RD&E) Priorities. See www.agriculture.gov.au for more information.

There are four innovation priorities based on the key challenges that the Government says Australia's agricultural innovation system needs to address by 2030.

1. Australia is a trusted exporter of premium food and agricultural products by 2030
2. Australia will champion climate resilience to increase the productivity, profitability and sustainability of the agricultural sector by 2030
3. Australia is a world leader in preventing and rapidly responding to significant incursions of pests and diseases through futureproofing our biosecurity system by 2030
4. Australia is a mature adopter, developer and exporter of digital agriculture by 2030.

National Science and Research Priorities

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.

National Primary Industries RD&E Framework

The National Primary Industries Research, Development and Extension (RD&E) Framework is a 2009 Australian Government initiative designed to encourage greater collaboration and promote continuous improvement in the investment of RD&E resources nationally. The rural RDCs including AWI, State Government agencies, CSIRO and universities are all signatories to the Framework. See www.npirdef.org for more information.

AWI previously participated in its own sector strategy, the National Wool RD&E Strategy 2011-2030, but this strategy is no longer active. However, the industry's Wool 2030 Strategy (see right), developed by woolgrowers, was a key reference point in the development of AWI's own Strategic Plan. AWI participates in several of the Framework's cross-sectoral strategies:

1. RDC Climate Initiative – this strategy supersedes the Climate Research Strategy for Primary Industries (CRSPI) 2017-21. AWI is participating in the RDC Climate Initiative through a contracted project with AIA – called AgriClimate Outlooks. Negotiations on more project projects with AIA are under way.
2. National Animal Biosecurity RD&E Strategy (NABRDES) – This strategy aims to provide the Australian livestock industries with innovative and integrated ways of preparing for, responding to and recovering from disease, pest and weed incursions. AWI continues to support the NABRDES financially and operationally.
3. 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.

AWI Strategic Plan 2022-25

Since 1 July 2022, the company has been operating under a new three-year Strategic Plan for the 2022/23 to 2024/25 financial years.

The key priorities for this period are:

1. Growing the value and international demand for wool
2. Wool harvesting
3. Collaboration, consultation and engagement
4. Sustainability
5. Strengthening the supply chain.

Access the Strategic Plan at www.wool.com/consultation

Rural Agriculture Innovation Priorities

	R&D	Marketing	Other	Total	Total
Trusted exporter	25,425	-	-	25,425	25%
Climate resilience	1,267	-	-	1,267	14%
Pests and diseases	2,680	-	24	2,704	5%
Digital agriculture	2,383	-	992	3,375	1%
Non R&D activities	-	43,411	-	43,411	55%
Total	31,755	43,411	1,016	76,182	100%
	44%	55%	1%	100%	100%



Industry strategies

Wool 2030 Strategy



Launched in December 2020, the Wool 2030 Strategy represented the fulfilment of recommendation 1.3.4 from the 2018 Review of Performance of AWI by EY, to 'Develop a ten-year wool strategy to inform AWI's three-year Strategic Plans'.

Oversight of the plan is provided by a Wool 2030 Steering Group comprising an independent chair and industry representatives. To access the strategy, visit www.wool.com/2030.

Sheep Sustainability Framework



Launched in April 2021, the role of the Sheep Sustainability Framework is to monitor, measure and report the Australian sheep industry's performance against sustainability priorities.

Sheep Producers Australia and WoolProducers Australia led the development of the Sustainability Framework with AWI and Meat & Livestock Australia providing funding, together with strategic and secretariat support. To access the Framework, visit www.sheepsustainabilityframework.com.au

Australian agriculture's 2030 Roadmap



Developed by the National Farmers' Federation and launched in October 2018, the 2030 Roadmap: Australian Agriculture's Plan for a \$100 Billion Industry is a cross agriculture industry strategy that rural RDCs are looked to as support for Roadmap activities.

See www.nff.org.au/policies/roadmap

Financial Report

2021-2022

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66	Independent auditor's report

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' or 'AWI') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

The following persons were directors of Australian Wool Innovation Limited during the financial year and up to the date of this report:

Mr J Laurie (Chairman)
 Ms C Garnsey OAM (until 19 November 2021)
 Ms G Hack (elected 19 November 2021)
 Mr N Henderson
 Dr M Humphries
 Mr D Macdonald
 Mr J Morgan
 Mr D A A Webster

Review of operations and results

	2022 \$'000	2021 \$'000
Revenue	65,273	56,891
Loss from continuing operations	(10,961)	(4,123)

Significant changes in the state of affairs

During 2021/22, AWI's annual revenue, which is largely dependent on wool levy income, was better than forecast at the beginning of the year, due to higher than anticipated levels of the Eastern Market Indicator and increased levels of wool production because of good rains over many wool-growing regions of Australia. With a total expenditure level during the year roughly as forecast, the company's loss during the year was approximately \$14 million less than budgeted.

The global Coronavirus (COVID-19) pandemic continued to affect world markets and the wool industry during the year. Although the number of new cases has now dropped from its peak at the end of January, there is still uncertainty regarding its ongoing effect on our key international markets, especially given the lockdowns in parts of China towards the end of the financial year, which have caused some significant international shipping and logistic issues. These international uncertainties have been made worse by the conflict in Ukraine, rising energy prices and an unsettled global economic environment with rising interest rates and inflation.

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.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing, especially regarding its effect on economic and shipping issues with China which is the major market for Australian wool. Overall, it is not practicable to estimate the potential impact, positive or negative, of the pandemic after the reporting date. Similarly, it is not practicable to estimate the potential impact of the ongoing conflict in Ukraine and unsettled global economic environment.

There has been no other matter or circumstance which has arisen since 30 June 2022 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

AWI has a new three-year Strategic Plan for the years 2022/23 to 2024/25 which was created in consultation with woolgrowers and other stakeholders. The new Plan seeks to address key industry issues and exploit opportunities across the global supply chain for Australian wool, from woolgrowers through to consumers.

The key priorities in the new Strategic Plan are:

1. Growing the value and international demand for wool – AWI will continue to advocate effectively at the international level to ensure robust demand for Australian wool in key markets.
2. Wool harvesting – Improving wool harvesting is the number one issue for many woolgrowers and AWI has a multipronged plan to tackle the issue head on and make a difference.
3. Collaboration, consultation and engagement – AWI will do more listening, more collaborating and more sharing of information, for the benefit of woolgrowers.

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 2022, and the numbers of meetings attended by each director were:

Director	Full meetings of directors		Meetings of Committees					
	A	B	Audit & Risk		People & Culture		Research Development Education & Extension	
	A	B	A	B	A	B	A	B
Mr J Laurie	10	10*	8	7	5	5	8	8
Ms C Garnsey [^]	5	5	4	4	2	2	–	–
Ms G Hack ^{**}	5	5	4	4	3	3	–	–
Mr N Henderson	10	10	8	8	–	–	–	–
Dr M Humphries	10	10	–	–	–	–	8	8*
Mr D Macdonald	10	10	–	–	2	2	4	4
Mr J Morgan	10	10	–	–	5	5*	8	8
Mr D A A Webster	10	10	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 2022.

[^] = Ms C Garnsey until the 19 November 2021.

^{**} = Ms G Hack was elected to the Board on the 19 November 2021.

4. Sustainability – AWI will work with all stages of the wool supply chain to achieve sustainability goals and deliver positive outcomes for people, planet and prosperity.

5. Strengthening the supply chain – AWI will continue to support supply chain partners in process and product developments and will continue to build awareness and educate future generations about wool.

AWI programs are supported by the support and administration 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.

Chairmanship

Mr J Laurie 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.

Indemnity and insurance of auditors

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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.

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 35.

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.



Mr J Laurie (Chairman)
Director

Sydney
25 August 2022

Auditor's Independence Declaration



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 2022.

This declaration is in relation to Australian Wool Innovation Limited and the entities it controlled during the year.



S P James Director
HLB Mann Judd

Sydney
25 August 2022

hlb.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

Financial Report – 30 June 2022

Contents

Financial statements	Page	This financial report covers Australian Wool Innovation Limited as a consolidated entity consisting of
Consolidated statement of comprehensive income	35	Australian Wool Innovation Limited and its controlled entities as listed in note 26 to the financial report.
Consolidated statement of financial position	36	The financial report is presented in Australian dollars.
Consolidated statement of changes in equity	37	Australian Wool Innovation Limited is a company limited by shares, incorporated and domiciled in
Consolidated statement of cash flows	38	Australia. Its registered office and principal place of business is:
Notes to the financial statements	39	Level 3, 24 York Street
Directors' declaration	63	Sydney NSW 2000
Independent auditor's report	64	A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 30, which is not part of this financial report.
		The financial statements were authorised for issue by the directors on 25 August 2022. 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 2022

	Notes	Consolidated	
		2022 \$'000	2021 \$'000
Revenue from continuing operations			
Operating revenue	3	64,641	55,885
Other revenue	3	632	1,006
		65,273	56,891
Other gain/(loss)	4	13	(138)
Expenses			
Project expenditure		(48,020)	(32,892)
Marketing		(10,545)	(11,948)
Sheep production		(2,610)	(2,620)
Processing innovation & education extension		(2,687)	(2,816)
Traceability		(1,279)	(913)
Consultation		(1,285)	(1,287)
Support & administration		(9,756)	(8,308)
Loss before income tax		(10,896)	(4,031)
Income tax expense	7	(65)	(92)
Loss from continuing operations		(10,961)	(4,123)
Loss for the year		(10,961)	(4,123)
Other comprehensive income			
Exchange differences on translation of foreign operations		27	14
Total comprehensive loss for the year		(10,934)	(4,109)
Total comprehensive loss for the year is attributable to:			
Owners of Australian Wool Innovation Limited		(10,934)	(4,109)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2022

	Notes	Consolidated	
		2022 \$'000	2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	8,013	20,141
Other financial assets	9	86,633	81,996
Trade and other receivables	10	8,618	11,621
Other current assets	11	1,076	642
Total current assets		104,340	114,400
Non-current assets			
Property, plant and equipment	12	680	729
Right-of-use assets	12	6,365	3,986
Intangible assets	13	10,563	11,124
Other non-current assets	14	921	983
Total non-current assets		18,529	16,822
Total assets		122,869	131,222
LIABILITIES			
Current liabilities			
Trade and other payables	15	8,406	8,475
Provisions	17	435	-
Lease liabilities	19	1,637	2,001
Deferred income	16	5,727	5,847
Total current liabilities		16,205	16,323
Non-current liabilities			
Lease liabilities	19	5,239	2,853
Provisions	18	728	415
Total non-current liabilities		5,967	3,268
Total liabilities		22,172	19,591
Net assets		100,697	111,631
EQUITY			
Contributed equity*	20	-	-
Reserves	21	1,138	1,111
Retained earnings	21	99,559	110,520
<i>Capital and reserves attributable to owners of Australian Wool Innovation Limited</i>		100,697	111,631
Total equity		100,697	111,631

*As at 30 June 2021 and 2022 contributed equity in the consolidated entity was \$100.
The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2022

	Notes	Attributable to owners of Australian Wool Innovation Limited			Total equity \$'000
		Contributed Equity* \$'000	Reserves \$'000	Retained earnings \$'000	
Balance at 1 July 2020		-	1,097	114,643	115,740
Loss for the year	21	-	-	(4,123)	(4,123)
Other comprehensive income	21	-	14	-	14
Total comprehensive loss for the year		-	14	(4,123)	(4,109)
Balance at 30 June 2021		-	1,111	110,520	111,631
Balance at 1 July 2021		-	1,111	110,520	111,631
Loss for the year	21	-	-	(10,961)	(10,961)
Other comprehensive income	21	-	27	-	27
Total comprehensive loss for the year		-	27	(10,961)	(10,934)
Balance at 30 June 2022		-	1,138	99,559	100,697

*As at 30 June 2021 and 2022 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 2022

	Notes	Consolidated	
		2022 \$'000	2021 \$'000
Cash flows from operating activities			
Levy, license, government grant and other receipts (inclusive of GST)		74,053	53,151
Payments to suppliers and employees (inclusive of GST)		(79,373)	(56,075)
		(5,320)	(2,924)
Interest received		368	1,371
Income taxes paid	7	(65)	(92)
Lease interest paid		(200)	(351)
Net cash outflow from operating activities		(5,217)	(1,996)
Cash flows from investing activities			
Payments for property, plant and equipment		(264)	(5)
Payments for held-to-maturity investments		(4,637)	-
Redemption of held-to-maturity investments		-	17,069
Proceeds from sale of property, plant and equipment		3	15
Net cash (outflow) inflow from investing activities		(4,898)	17,079
Cash flows from financing activities			
Lease payments		(1,887)	(2,175)
Net cash outflow from financing activities		(1,887)	(2,175)
Net (decrease) increase in cash and cash equivalents		(12,002)	12,908
Cash and cash equivalents at the beginning of the financial year		20,141	7,025
Effects of exchange rate changes on cash and cash equivalents		(126)	208
Cash and cash equivalents at end of year	8	8,013	20,141

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

30 June 2022

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 – Simplified Disclosures

The consolidated financial statements of the Group comply with Australian Accounting Standards – Simplified Disclosures 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 by the Coronavirus (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 marketing campaigns to ensure they target international markets that are recovering and where it is more likely an investment will yield results;
- 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.

Notes to the financial statements (continued)

30 June 2022

(a) Basis of preparation (continued)

(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.

(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.

(5) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(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.

(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 2022 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 statement of financial position 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 statement of financial position 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 at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

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.

Notes to the financial statements (continued)

30 June 2022

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.

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.

(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 1 – 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.

Notes to the financial statements (continued)

30 June 2022

- 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 more 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.

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.

(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

The Company'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 statement of financial position.

(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 30 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.

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.

(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.

Notes to the financial statements (continued)

30 June 2022

(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, AA-, A+, and A for long term and 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.

3: Revenue

	Consolidated	
	2022 \$'000	2021 \$'000
From continuing operations		
<i>Operating revenue</i>		
Wool levy	43,756	33,634
Government contribution	13,931	16,584
License fees	4,829	2,881
Royalties	1,617	1,953
Sale of goods and services	491	690
Other	17	143
	64,641	55,885
<i>Other revenue</i>		
Interest revenue calculated using the effective interest method	520	824
Rental and sub-lease rental income	112	182
	632	1,006
	65,273	56,891

4: Other gain/(loss)

	Consolidated	
	2022 \$'000	2021 \$'000
Net foreign exchange gain/(loss)	13	(138)

5: Expenses

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Depreciation and amortisation</i>		
Buildings	2	2
Plant and equipment	311	409
Leasehold improvements	21	249
Right-of-use assets	1,860	2,173
Website development	561	561
Total depreciation and amortisation	2,755	3,394
Superannuation expense	1,437	1,303

Notes to the financial statements (continued)

30 June 2022

6: Research, development and marketing expenditure

	Consolidated	
	2022 \$'000	2021 \$'000
Marketing	38,502	29,081
Sheep production	13,948	11,655
Processing innovation & education extension	6,192	4,818
Traceability	3,407	2,763
Consultation	4,377	4,159
Support & administration	9,756	8,308
Total RDM expenditure	76,182	60,784

7: Income tax expense

	Consolidated	
	2022 \$'000	2021 \$'000
(a) Income tax expense		
<i>Current tax on profits for the year</i>	65	92
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(10,896)	(4,031)
Tax at the Australian tax rate of 30% (2021 – 30%)	(3,269)	(1,209)
Non-taxable income, tax losses and temporary differences not brought to account	3,333	1,322
Differences in overseas tax rates	(10)	(43)
Adjustments for current tax of prior periods	11	22
Income tax expense	65	92

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.

8: Current assets – Cash and cash equivalents

	Consolidated	
	2022 \$'000	2021 \$'000
Cash at bank and in hand	8,013	20,141

Further details of cash and cash equivalents are set out in note 9.

9: Current assets – Other financial assets

	Consolidated	
	2022 \$'000	2021 \$'000
Term deposits	86,633	81,996
Cash and cash equivalents (note 8) and other financial assets are represented as follows:		
Unrestricted	25,414	24,365
Restricted as security against guarantees issued by the company's bankers (a)	3,432	2,572
Forward contract commitments (b)	13,700	14,800
Operating funds (c)	22,400	20,400
Emergency funds (d)	5,000	5,000
Innovation funds (e)	24,700	35,000
	94,646	102,137

(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 \$13.7 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 innovation 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 2022

10: Current assets – Trade and other receivables

	Consolidated	
	2022 \$'000	2021 \$'000
Net trade receivables		
Trade receivables	2,907	3,662
	2,907	3,662
Net other receivables		
Commonwealth matching funds and wool levy accruals	4,174	6,352
Other receivables	1,537	1,607
	5,711	7,959
	8,618	11,621

11: Other current assets

	Consolidated	
	2022 \$'000	2021 \$'000
Insurance prepayments	77	83
Other prepayments	778	424
Sublease	221	135
	1,076	642

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 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
Year ended 30 June 2021					
Opening net book amount	437	542	323	8,959	10,261
Exchange differences	–	(9)	(10)	(60)	(79)
Revaluation surplus	–	3	(5)	(44)	(46)
Additions	–	130	–	1,779	1,909
Disposals	–	(22)	–	(4,475)	(4,497)
Depreciation charge	(2)	(409)	(249)	(2,173)	(2,833)
Closing net book amount	435	235	59	3,986	4,715
At 30 June 2021					
Cost or fair value	954	3,690	2,647	6,936	14,227
Accumulated depreciation	(519)	(3,455)	(2,588)	(2,950)	(9,512)
Net book amount	435	235	59	3,986	4,715
Year ended 30 June 2022					
Opening net book amount	435	235	59	3,986	4,715
Exchange differences	–	(3)	5	44	46
Revaluation surplus	–	3	(8)	(68)	(73)
Additions	–	291	–	4,962	5,253
Disposals	–	(3)	–	(699)	(702)
Depreciation charge	(2)	(311)	(21)	(1,860)	(2,194)
Closing net book amount	433	212	35	6,365	7,045
At 30 June 2022					
Cost or fair value	954	3,513	2,680	8,269	15,416
Accumulated depreciation	(521)	(3,301)	(2,645)	(1,904)	(8,371)
Net book amount	433	212	35	6,365	7,045

Notes to the financial statements (continued)

30 June 2022

13: Non-current assets – Intangible assets

	Certification trademarks \$'000	Website development costs \$'000	Total \$'000
At 1 July 2020			
Cost	10,000	2,246	12,246
Accumulated amortisation and impairment	–	(561)	(561)
Net book amount	10,000	1,685	11,685
Year ended 30 June 2021			
Opening net book amount	10,000	1,685	11,685
Amortisation charge	–	(561)	(561)
Closing net book amount	10,000	1,124	11,124
At 30 June 2021			
Cost	10,000	2,246	12,246
Accumulated amortisation and impairment	–	(1,122)	(1,122)
Net book amount	10,000	1,124	11,124
Year ended 30 June 2022			
Opening net book amount	10,000	1,124	11,124
Amortisation charge	–	(561)	(561)
Closing net book amount	10,000	563	10,563
At 30 June 2022			
Cost	10,000	2,246	12,246
Accumulated amortisation and impairment	–	(1,683)	(1,683)
Net book amount	10,000	563	10,563

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.

14: Non-current assets – Other assets

	Consolidated	
	2022 \$'000	2021 \$'000
Lease deposits	803	672
Sublease	118	311
	921	983

15: Current liabilities – Trade and other payables

	Consolidated	
	2022 \$'000	2021 \$'000
Trade payables	1,885	2,612
Other payables	4,317	4,177
Project payables and accruals	2,204	1,686
	8,406	8,475

16: Current liabilities – Deferred income

	Consolidated	
	2022 \$'000	2021 \$'000
Unearned license income	5,442	5,648
Unearned sub-lease income	25	50
Unearned other income	260	149
	5,727	5,847

17: Current liabilities – Provisions

	Consolidated	
	2022 \$'000	2021 \$'000
Lease make good - 68 Harrington St.	435	–

The provision represents the present value of the estimated cost to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Notes to the financial statements

(continued)

30 June 2022

18: Non-current liabilities – Provisions

	Consolidated	
	2022 \$'000	2021 \$'000
Long service leave	258	276
Lease make good	470	139
	728	415

19: Leases

	Consolidated	
	2022 \$'000	2021 \$'000
Lease liabilities		
Current	1,637	2,001
Non-current	5,239	2,853
	6,876	4,854
Future lease payments are due as follows:		
Within one year	1,926	2,170
One to five years	4,045	2,706
More than five years	1,943	374
	7,914	5,250

The statement of comprehensive income shows the following amounts relating to lease liabilities:

Interest expense	200	351
Expense relating to short-term leases	13	24
Expense relating to leases of low-value assets that are not shown above as short-term leases	72	68
The total cash outflow for leases in 2022 was \$2,015,976		

20: Contributed equity

	2022 Shares	2021 Shares	2022 \$	2021 \$
(a) Share capital				
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	30 June 2022	30 June 2021
<i>Details</i>		
Australian Capital Territory	64	69
New South Wales	7,363	8,034
Northern Territory	2	3
Queensland	496	563
South Australia	3,305	3,593
Tasmania	606	636
Victoria	4,743	5,105
Western Australia	3,197	3,477
	19,776	21,480

21: Reserves and retained earnings

	Consolidated	
	2022 \$'000	2021 \$'000
(a) Other reserves		
Foreign currency translation	1,138	1,111
Movements:		
Foreign currency translation		
Balance 1 July	1,111	1,097
Currency translation differences arising during the year	27	14
Balance 30 June	1,138	1,111

Notes to the financial statements

(continued)

30 June 2022

21: Reserves and retained earnings (continued)

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	
	2022 \$'000	2021 \$'000
(b) Retained earnings		
Retained surplus at the beginning of the financial year	110,520	114,643
Net deficit attributable to the owners of Australian Wool Innovation Limited	(10,961)	(4,123)
Retained surplus at the end of the financial year	99,559	110,520

22: Key management personnel disclosures

	Consolidated	
	2022 \$'000	2021 \$'000
(a) Key management personnel remuneration		
Non-executive directors		
Short-term employee benefits	600,309	548,265
Post-employment benefits	60,031	52,084
	660,340	600,349
Other key management personnel		
Short-term employee benefits	2,149,610	2,037,176
Post-employment benefits	214,961	190,655
	2,364,571	2,227,831

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.

22: Key management personnel disclosures (continued)

(c) Details of remuneration

(i) Non executive Directors of Australian Wool Innovation Limited

2022 Name	Short-term employee benefits		Post-employment benefits	Total \$
	Directors' base fees paid \$	Committee fees paid \$	Superannuation \$	
Mr J Laurie	140,632	18,048	15,868	174,548
Ms C Garnsey	24,741	5,567	3,031	33,339
Ms G Hack	38,283	6,035	4,432	48,750
Mr N Henderson	62,503	6,608	6,911	76,022
Dr M Humphries	62,503	8,620	7,112	78,235
Mr D Macdonald	62,503	6,781	6,928	76,212
Mr J Morgan	62,503	14,883	7,739	85,125
Mr D A A Webster	62,503	17,596	8,010	88,109
Total	516,171	84,138	60,031	660,340

2021 Name	Short-term employee benefits		Post-employment benefits	Total \$
	Directors' base fees paid \$	Committee fees paid \$	Superannuation \$	
Mr J Laurie	56,253	7,032	6,012	69,297
Ms C Garnsey	126,569	19,689	13,894	160,152
Mr N Henderson	56,253	7,032	6,012	69,297
Dr M Humphries	56,253	7,032	6,012	69,297
Mr D Macdonald	56,253	7,795	6,084	70,132
Mr J Morgan	56,253	16,875	6,947	80,075
Mr D A A Webster	56,253	18,723	7,123	82,099
Total	464,087	84,178	52,084	600,349

Notes to the financial statements (continued)

30 June 2022

22: Key management personnel disclosures (continued)

(d) Other key management personnel

Mr J Roberts	Chief Executive Officer
Ms T Marshall	Chief Financial Officer
Mr S McCullough	Chief Marketing and Innovation 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	General Manager – People & Culture
Ms J Littlejohn	General Manager – Research
Mr K Wilde	General Manager – Consultation and Engagement
Mr J Reed	General Manager – Digital and IT

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	
	2022 \$'000	2021 \$'000
(a) Audit services		
Audit fees – domestic – HLB Mann Judd	100,015	95,342
Audit fees – international – HLB Mann Judd affiliates	94,382	88,794
Audit fees – international – Non HLB Mann Judd	5,532	7,369
Total remuneration for audit and other assurance services	199,929	191,505
(b) Non-audit services		
Tax compliance – HLB Mann Judd	20,000	17,100
Tax compliance – HLB Mann Judd affiliates	5,958	5,541
Total remuneration of non-audit services	25,958	22,641
Total remuneration	225,887	214,146

24: Commitments

	Consolidated	
	2022 \$'000	2021 \$'000
<i>(i) Research, development and marketing</i>		
Commitments payable in relation to research, development and marketing	13,748	14,766

24: Commitments (continued)

	Consolidated	
	2022 \$'000	2021 \$'000
<i>(ii) Forward exchange contracts</i>		
Commitments payable in relation to forward exchange contracts	8,961	7,288

The group treasury policy stipulates the parameters to protect known foreign currency exposures via forward exchange contracts.

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, G Hack, N Henderson, M Humphries, J Laurie, D Macdonald, 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 2022.

(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 2022.

Notes to the financial statements (continued)

30 June 2022

25: Related party transactions (continued)

(f) Transactions with other related parties

The following transactions occurred with related parties:

	Consolidated	
	2022 \$'000	2021 \$'000
Sale of goods and services		
Sale of services relating to marketing and wool testing activities to key management personnel of the entity*	14,072	14,727
Purchases of goods		
Purchase of goods and services relating to marketing and wool testing activities from key management personnel of the entity*	106,464	19,731

*For the period in which they held a key management personnel position.

(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	
	2022 \$'000	2021 \$'000
Current receivables (sales of goods and services)		
Key management personnel of the entity	-	6,737
Current payables (purchase of goods)		
Key management personnel of the entity	96	720

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	
			2022 \$'000	2021 \$'000
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

27: Economic dependency

Australian Wool Innovation Limited is dependent upon the receipt of Wool Levy and Matching Funds from the Commonwealth Government per clause 14 of the Statutory Funding Agreement between Australian Wool Innovation Limited and The Commonwealth of Australia.

Notes to the financial statements (continued)

30 June 2022

28: Events occurring after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing, especially regarding its effect on economic and shipping issues with China which is the major market for Australian wool. Overall, it is not practicable to estimate the potential impact, positive or negative, of the pandemic after the reporting date. Similarly, it is not practicable to estimate the potential impact of the ongoing conflict in Ukraine and unsettled global economic environment.

There has been no other matter or circumstance which has arisen since 30 June 2022 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.

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:

	2022 \$'000	2021 \$'000
Loss for the year	(12,808)	(4,134)
Total comprehensive loss	(12,808)	(4,134)
Statement of financial position		
Current assets	97,108	106,460
Non-current assets	53,917	53,530
Total assets	151,025	159,990
Current liabilities	5,928	5,855
Non-current liabilities	4,315	545
Total liabilities	10,243	6,400
Net assets	140,782	153,590
<i>Shareholders' equity</i>		
Retained earnings	153,590	157,724
	140,782	153,590

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

Australian Wool Innovation Limited Directors' declaration

30 June 2022

In the directors' opinion:

- (a) the financial statements and notes set out on pages 34 to 62 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
- (i) complying with Accounting Standards - Simplified Disclosures 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 2022 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.

Mr J Laurie (Chairman)
Director

Sydney
25 August 2022

Independent Auditor's Report



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 Entity") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, 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 directors' declaration.

In our opinion, the accompanying financial report of the Group has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards – Simplified Disclosures 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 Entity and 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 2022, 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 for 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 – Simplified Disclosures 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.



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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants
Sydney, NSW
25 August 2022

S P James
Director

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Performance principles

There are five principles set in the Statutory Funding Agreement guideline and these are stakeholder engagement, RD&E activities, collaboration, governance, and monitoring & evaluation. Against these principles there are Performance Indicators (KPIs) set out to be reported against. The table below shows the progress that has been made or the measures that have been set out.

Principles	Outcome	Key Performance Indicators	Key Achievements/measures
Collaboration	Undertake strategic and sustained cross industry and cross-sectoral collaboration that addresses shared challenges and draws on experience from other sectors	3.1 Completed, current and future R&D including commercialisation opportunities is accessible through the growAG platform.	141 projects on growAG platform. You can refer to the RDC collaborates projects on the following link:
		3.2 Number and quantum of cross-industry and cross-sector RD&E investments available.	AWI worked with 247 partners across the supply chain. We worked with other RDC's on 25 projects.
		4.1 Ongoing oversight, planning and reporting of investment activities is done in accordance with legislative and Australian Government requirements and timeframes.	Planning and reporting of investments are done in line with legislative and Commonwealth requirements.
Stakeholder Engagement	Engage stakeholders to identify research, development and extension (RD&E) priorities and activities that provide benefits to portfolio industries	1.1 Strategy prioritisation and development processes include appropriate consultation plans, based on the Best practice guide to stakeholder consultation.	Consultation plan developed and published.
		1.2 Demonstrated industry stakeholder engagement in the identification of RD&E priorities and activities consistent with the consultation plan in 1.1.	100 + Events and Forums attended 4 WICP and 2 WCG meetings
		1.3 Demonstrated incorporation of industry stakeholder feedback on RD&E priorities and activities. Where incorporation is not possible, demonstration of feedback to a stakeholder/s on why incorporation was not possible.	Creating a feedback portal on wool.com
Research, Development and Extension (RD&E) Activities	Ensure RD&E [and marketing] priorities and activities are strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges through a balanced portfolio.	2.1 RDC investments align with strategic plans and have demonstrated outcomes to levy payers and taxpayers, including through growth in the industry, increased profitability of producers, commercialisation, access to new markets.	FY 2022 – 300 projects implemented under RD&E and Marketing.
		2.2 Levy payers who participate in RDC supported extension and adoption programs: · gain new knowledge or new information to improve their long-term profitability, productivity, competitiveness and preparedness. · intend to make or have made changes to existing practices by adopting the outcomes of R&D.	FY 2023 – 173 projects have been initiated so far. Detail information can be found under each portfolio section.

Principles	Outcome	Key Performance Indicators	Key Achievements/measures
Governance	Governance arrangements and practices fulfil legislative requirements and align with contemporary Australian best practice for open, transparent, and proper use and management of Funds.	4.2 Demonstrated management of financial and nonfinancial risk.	Policies and protocols in place: 56 Culture Trainings – 93.5% Global Employees trained in WHS, Antibullying and Harassment, Discrimination New policies that have been adopted in 2021/22: 1 – 'Collaboration Framework' (October 2021) During the year, 94.5% of our employees across the group were trained on our Modern Slavery Training During the year, 98.5% of our employees across the Group were trained on our Code of Conduct Training
		4.4 Non-financial resources implemented effectively (Human resources, IT, IP etc).	Woolmarkable Reward and Recognition platform launched (March 2022) New HR system 'BoB' launched
Monitoring and Evaluation	Demonstrate positive outcomes and delivery of RD&E [and marketing] benefits to Levy Payers and the Australian community in general, and continuous improvement in governance and administrative efficiency.	5.1 Impact (cost - benefit) assessment of a broad cross-section of RD&E [and marketing] investments undertaken annually.	The following Impact Assessments have been undertaken: China Campaign (2 assessments 2021 and 2022). International Woolmark Prize LTEM

Balanced Portfolio

AWI continually reviews the company's risk appetite which can be influenced by a number of factors, including those considered during the preparation of the Strategic Plan such as the levy rate reduction and the impacts of COVID-19.

AWI seeks to balance the risk position between:

- investing in higher risk activities that may drive substantial growth in the demand for wool; and
- the need to remain a stable organisation with the capacity to continue to work for woolgrowers long into the future.

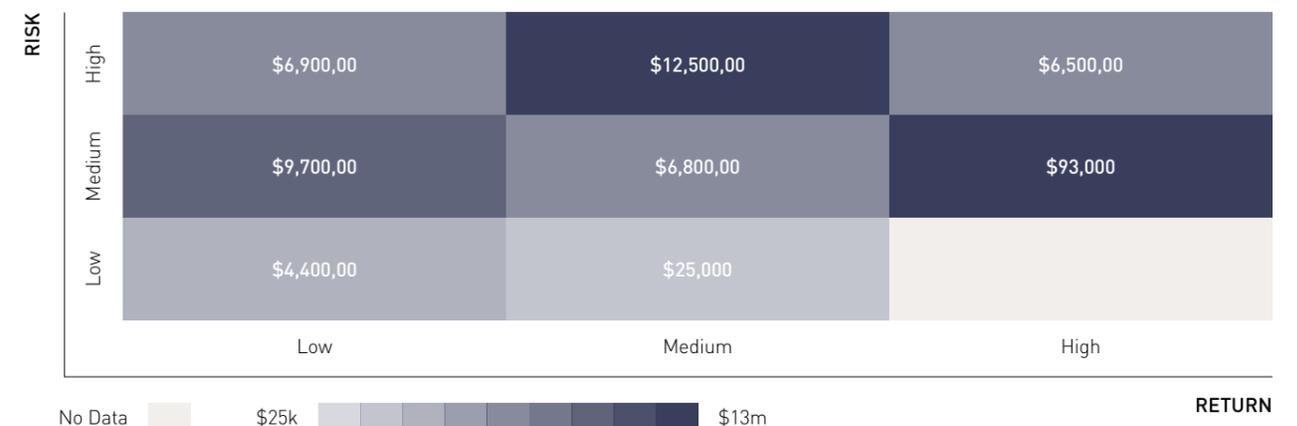


Figure1: 2021/22 Balanced Portfolio (Financials)



Appendices

2021-2022

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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 2021/22 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 15 (Management of Funds) and 16 (Application of the Funds) of the Statutory Funding Agreement dated 20 October 2020 (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 15 and 16 of the Agreement. Our responsibility is to express a conclusion on compliance with the Agreement as measured by the clauses 15 and 16 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 15 and 16 of the Agreement for the year ended 30 June 2022.

Our procedures included examining, on a sample basis, information to provide evidence supporting the compliance with clauses 15 and 16 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 15 and 16 of the Agreement for the period from 1 July 2021 to 30 June 2022.

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 15 and 16 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 15 and 16 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 15 and 16 of the Agreement for the period from 1 July 2021 to 30 June 2022.

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 15.1 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 15.1 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 15.1 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 15.1 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 15.1 of the Agreement for the period from 1 July 2021 to 30 June 2022.

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 15.1 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 15.1 of the Agreement for the period from 1 July 2021 to 30 June 2022.

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants
Sydney, NSW
25 August 2022

S P James
Director

h1b.com.au

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

Project list 2021-22

This list contains details of AWI projects in which costs incurred during 2021/22 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 2021/22
Australian Pastures Genebank - Phase 2	SARDI - Shared Services SA	263,980
Breaking Down the Barriers	Growing Positive Solutions Pty Ltd; Heiniger Australia Pty Ltd; I/O Merino Pty Ltd; Kondinin Information Services; Primary Employers Tasmania; The French Press; Wayne Duncan Hosie	513,136
Efficiency and Automation in Wool Harvesting	University of Technology Sydney	500,000
Flystrike Vaccine Fast-track Opportunity	CSIRO	300,000
Informed Development of a Flystrike Vaccine	The University of Melbourne	361,000
Lifetime Ewe Management 8	Rural Industries Skill Training; The trustee for A & B Thompson Withrop	417,561
Lifetime Productivity (AMSEA) Project	Australian Merino Sire Evaluation	777,044
Mitigating Methane with Asparagopsis	University of New England	530,000
Sensors to Reduce Reproductive Wastage	The University of Sydney	188,758
Shearer & Wool Handler Training 2021-22	ACA Shearing Pty Ltd; Advanced Lifestyle Training; Amanda Davis; Andrew Newstead; Andrew Ross; Anthony Kevin Monks; A-Sheep; Ashley Smith; Australian Agricultural Training; Bill Hutchison; Boorowa Shearing Contractors Pty Limited; Brian Anthony Sullivan; Cattleman's Country Motor Inn; Cumming Group Trust; Daniel McIntyre; Daniel William Thomas; DW Rural Agencies Pty Ltd; Elders Rural Services Australia Ltd; Elliot Learmonth; Grant Oliver Lester; Hauti; Janelle Haneti Elizabeth Herewaka; Ian Elkin.; James Ferguso; Janice Louise Behsmann; Jovan Taiki; K.L. Armour & M.R. Newton; Karenne Ann Bowden; Karl Goodman; Kevin Gellatly; Kidman Dunn Harold; Krystal Leigh Weatherall; Mathew John Haney; Michael Pora; Paul Hick; Penny Clout; Petrisse Leckie; Richard Leahy; Ross Thompson; Rural Industries Skill Training; Ryan Bowden; SCAA Shearer Woolhandler Training; Shire of Boyup Brook; Shireen Monds; South Regional TAFE; Tasman Farm; Thomas Kelly; Todd Wegner; Trevor Bacon Contracting; Wayne Duncan Hosie	2,142,218
Sheep Sustainability Framework Implementation	Kynetec Australia Pty Ltd; Meat & Livestock Australia Limited	193,714
Supplementary Wild Dog Coordinator to support SA Wild Dog Fencing	Department of Primary Industries and Regions (SA)	202,500
Victorian Vertebrate Pest Management Coordinators	Department of Environment, Land, Water and Planning (Vic)	241,335

CONSULTATION PROJECTS

Project title	Key providers*	\$ paid in 2021/22
BestWool/BestLamb 2020-23	Department of Jobs, Precincts & Regions (Vic)	190,000
Beyond the Bale 2021-22	D & D Mailing Services; Newstyle Printing Co Pty Ltd; Pulse Hub Pty Ltd	310,474
Sheep Connect NSW 2020-22	Megan Rogers Consulting Pty Ltd	200,000
The Sheep's Back 2020-2023	The Sheep's Back Network	180,000
Trade and Supply Chain	Ausfine Pty Ltd; Scott Daniel Carmody	190,247
WoolPoll 2021	AgCommunicators Pty Ltd; A-Sheep; Link Market Services Ltd; Minuteman Press Condell Park; Newstyle Printing Co Pty Ltd; Steven Bolt	529,434

PROCESSING INNOVATION & EDUCATION EXTENSION PROJECTS

Project title	Key providers*	\$ paid in 2021/22
Design Program Course Translations	Hogarth Australia Pty Ltd	242,642
The Digital Wool Lab 2021/22	Aussco Hong Kong Limited; ERMETE SRL; Getty Images Sales Australia Pty Ltd; Riccardo Rami Studio SRL; Serena Campelli; Studio 42 London Ltd; Torrissi Mattia; Touching Cloth Ltd	721,919

PROCESSING INNOVATION & EDUCATION EXTENSION PROJECTS

Project title	Key providers*	\$ paid in 2021/22
Trade Extension Engagement	APV Restaurant SRL; AssoServizi Biella SRL; Banfi Centro Stampa; Carruthers Associates; China Textile Information Center; Coop2service SRL; CTRIP.COM Computer Technology (Shanghai); Dalya Turizm; Design & Development GmbH Text; FESCO; Fiera Milano SPA; Futurex Trade Fair & Events, Giaquinto Kevin Rashid; GL Events Live; ITMA Services; Japan Wool Industry Association; Jérémie Léonard; M.A.A.T. SRL; MACHINA SRL; Marco Martini; NCE Multimedia SRL; Pitti Immagine SRL; Promductions SRL; S.i.tex SPA; SAS BIG FIVE; Shypka Olena; SML Europe Ltd; Sollazzo Alice; STARHOTELS SPA; Studio Grassi Design SRL; Technique en Agencement de Stands; Three60 Media Pty Ltd; Wool & Woollens Export Promotion; Zhongyao Culture& Development (Shanghai)	301,528
Wool Trade - Lab, Vision & Source	Evolution Recruitment Solutions Pty Ltd; Protein One Pty Limited; Zen Quality Assurance Pvt Ltd	309,985
Woolmark Learning Centre Phase 2	Access Workspace; Everitas; Evolution Recruitment Solutions Pty Ltd; Hogarth Australia Pty Ltd; Protein One Pty Limited; Southern Aurora Markets Pty Ltd; Zen Quality Assurance Pvt Ltd	546,812

MARKETING PROJECTS

Project title	Key providers*	\$ paid in 2021/22
Amazon Canada 2022	Podean AU Pty Ltd	204,167
Amazon USA 2022	Podean AU Pty Ltd	250,615
Benetton Europe - Never ending wool	Benetton Group SRL	240,448
Bloomingdales Fall 2021 Campaign	Bloomingdale's Inc	306,306
Castore Wimbledon 2020 - Andy Murray	J Carter Sporting Club Limited	178,009
China 2022 Consumer Program	Farfetch (Shanghai) E-commerce Co Ltd; Mother Shanghai Limited; Shanghai CatchOn & Co Ltd; Shanghai Mannai Culture Communication Co Ltd; Shanghai PLAYfilms Co,Ltd; Ying Zhi Advertising (Shanghai) Co Ltd	1,715,310
China and Japan A/W Consumer Program	CAIUS (Shanghai) Brand Development Co Ltd; Fin Design + Effects; Hangzhou Alimama Software Services Co Ltd; Ipsos (China) Consulting Co Ltd; Shandong Dellma Garments Co Ltd; Shanghai CBN Data Technology Co Ltd; Shanghai Wednesday Creative; The LoftWieden; Kennedy Advertising Inc; Ying Zhi Advertising (Shanghai) Co Ltd; Youmu Advertising Co Ltd; Zhongyao Culture & Development	5,452,859
China Social Media Retainer	Ying Zhi Advertising (Shanghai) Co Ltd	193,311
China Sportswear Content Partner	HYPEBEAST Culture Communication (Beijing) Co Ltd; Shengguang Jucheng (Shanghai) Digital Technology Co Ltd; Ying Zhi Advertising (Shanghai) Co Ltd	413,518
Eco Consumer Campaign Western Hemisphere	DVJ Insights UK; Park Village Ltd; PMG Worldwide LLC; Protein One Pty Limited	4,227,303
EU Communications Framework	Brunswick Group Advisory Limited; Brunswick Group LLP; Creative Kind Agency; Eco Age Limited	928,892
Farfetch Fall 2021 E-commerce	Farfetch UK Limited	311,475
Feel Merino 2022: Production	We Are Social	275,807
International Fibre Advocacy 2021/22	R. Peter Ackroyd Ltd	254,992
International Woolmark Prize 2022	Ahluwalia Studio Limited; Astrid Sonne; BYBORRE LAB BV; Chiltern Street Hotel Limited; Clémence Regaud Sotto; CR Fashion Book Ltd; Duval Timothy; EGONLAB SAS; Elite Model Management London Ltd; Female Reclining Limited; Getty Images (UK) Limited; Great Bowery Inc dba Camilla Lowt; Heckfield Catering Limited T/A Spri; Holli Rogers; Huxley Agency Limited; IAMSOUND Inc; Isamu Noguchi Foundation & Garden; Jonathan Sanders and Co Ltd; Jordan Dalah; Martin Senyszak Ltd; Matches Fashion; Michelle Dacillo; Mmuso Maxwell Pty Ltd; Money Talent Management Ltd; OB Media Partners Ltd; PETER DO, LLC; Rosie Lowe; RUISAUL (LUAS) NASH LTD; Special EFX Ltd; Studio Boum Limited; Tablet Rentals Limited; The Conde Nast Publications Ltd; The London EDITION; The Squad Management Ltd; Tilting the Lens Ltd; Tim Blanks; We Are Social; Ye Ye Culture Consulting Shanghai; Zak Studio Ltd	3,142,988
Italian Industry Strategic Planning 2021	Fabrizio Servente	354,994
Japan AW21 Consumer Campaign	We Are Social; Wieden and Kennedy Japan LLC; ZOZO Inc	806,708
Levi's Europe - Sustainability Shoe	APRIL SRL; Haze Media; Jean-Claude Mpassy; LITOSERVICE SRL; Meier. Germany, NSS SRL; Off One's Rocker Publishing Ltd; Ready 2 Fly SRL; THEY SAID Berlin; Titel Media GmbH	228,541
Make the Label Count Campaign	Brunswick Group Advisory Limited; Forum Europe Ltd	199,588
Perfect Moment x Woolmark AW22 Campaign	Net a Porter; Perfect Moment UK Limited	212,719

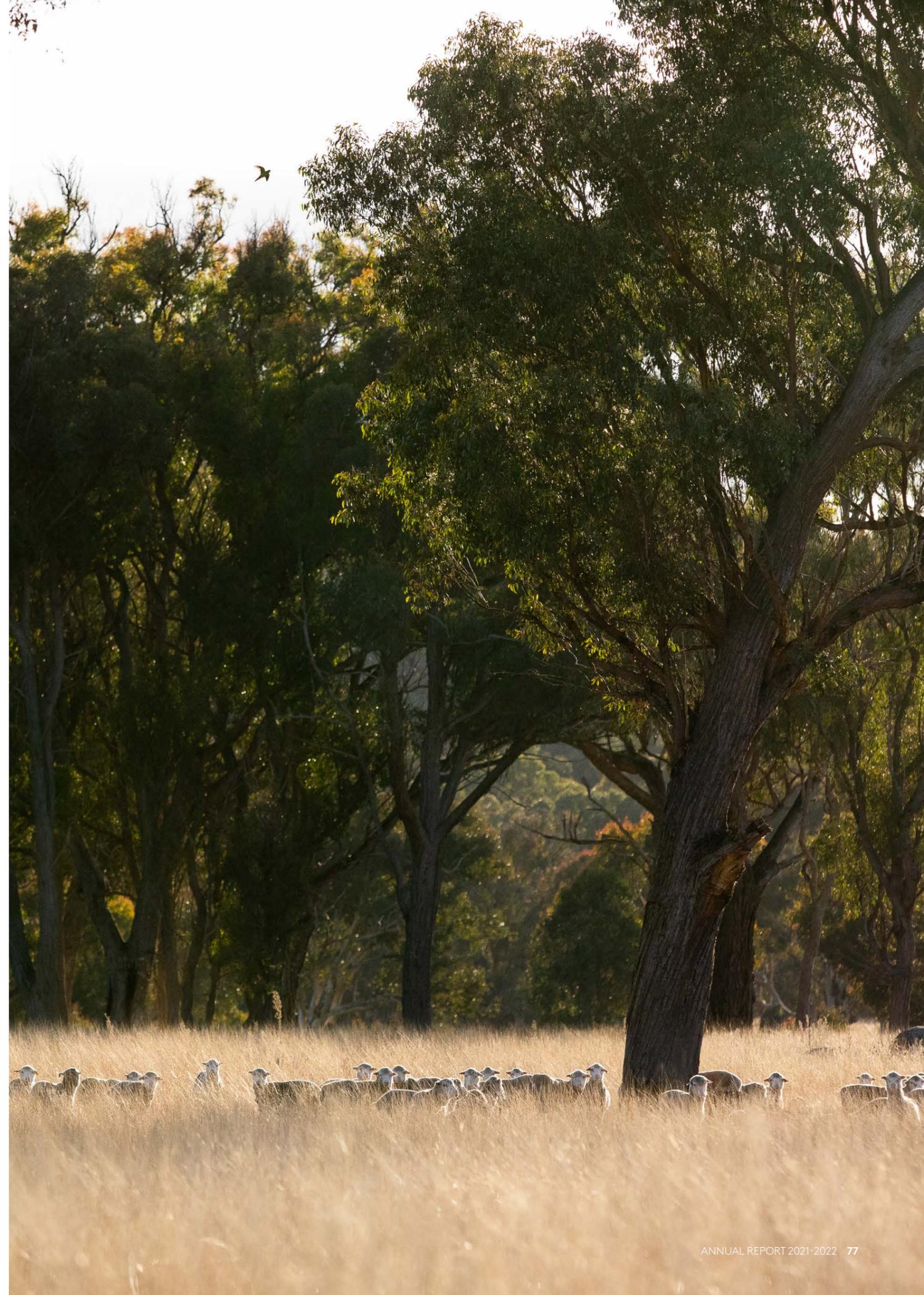
Project list 2021-22 (continued)

MARKETING PROJECTS

Project title	Key providers*	\$ paid in 2021/22
PR Agencies 2021/22	Beretta Silvia; BIZCE TANITIM; Eco Age Limited; Grapes Digital Private Limited; Lucien Pages; NAC Group Pty Ltd; Reference Studios GmbH; Shanghai CatchOn & Company Limited; Stephen Toal Ltd; We Are Raven Limited; Zak Studio Ltd	784,718
Shaun the Sheep - The Flight Before Christmas	Aardman Animations Limited; Facebook Ireland Limited; Hogarth Australia Pty Ltd; We Are Social G.K; We Are Social Pty Ltd; West Yorkshire Spinners Ltd; Ying Zhi Advertising (Shanghai) Co Ltd	293,199
Trade Marketing – Content Budget	Eco Age Limited; Ella Edwards; Hogarth Australia Pty Ltd; Online Marketing Gurus; We Are Social Pty Ltd	226,854
Trade Marketing – Trade Media 2021/22	Apparel Insider Ltd; Apparel Resources Pvt Ltd; BizClik Media Limited; The Chronicle of Higher Education; Facebook Ireland Limited; Fairchild Publishing LLC; Fibre2Fashion Pvt Ltd; Meta Platforms Ireland Limited; Penske Business Media LLC; Shanghai CatchOn & Company Limited; We Are Social Pty Ltd; We Are Social G.K; Ying Zhi Advertising (Shanghai) Co Ltd	319,486
Varner Group CUBUS Merino Premium	Cubus AS	274,604
Victoria Beckham Collaboration	Hogarth Australia Pty Ltd; Kendal and Partners Ltd; Victoria Beckham Limited	416,444
Western Hemisphere Social Media Program	Baker Street Studios Pty Ltd; Chic Artist Pty Ltd T/A The Artist Group; Daniel Knott Photography; Duncan Killick Pty Ltd; Facebook Ireland Limited; Jolyon Mason; Love Spool; Meta Platforms Ireland Limited; Priscilla's Model Management Pty Ltd; We Are Social Pty Ltd	312,450
Woolmark Certification Program Marketing	APL Media Limited; Apparel Resources Pvt Ltd; Fibre2Fashion Pvt Ltd; Gopali & Co; Online Marketing Gurus; Textile Journal; The Apparel News; We Are Social Pty Ltd; WWD Korea Co Ltd	255,588
Woolmark Performance Challenge – 2021	Creative Kind Agency; Francesco Saverio Matera; Hotel Les Deux Gares; Ibis Styles Hotel; Kettlewell Consulting; Kristine Sparow; La Caserne SAS; Master Engraving; ONE EVENTS; Reference Studios GmbH; Salina Janzan; Sekayi Mwila Fundafunda; The Good Goods; University of Oregon Foundation; We Are Social Pty Ltd	329,631
Zalando Fall 2021 E-commerce	Zalando Marketing Services GmbH	198,305

SUPPORT ADMINISTRATION COSTS

Project title	Key providers*	\$ paid in 2021/22
International Network Business Development	Ajay Pradhan; Audrey Laurencon; Born & Raised LLC; China Wool Textile Association; CTRIP.COM Computer Technology (Shanghai); Egencia UK Ltd; Ho Pui Yan Holly; Ines Kindel; Japan Wool Industry Association; Kunshan Jingdong Shangxin Trading Co; Plush.Consulting Co Ltd; Segard Masurel	346,303
Stakeholder Memberships 2021/22	Agricultural Innovation Australia; Australian Fashion Council Ltd; CRRDC Secretariat; International Wool Textile Organisation; Wool Industries Australia Inc	271,461



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
- Not achieved

Strategy	Program	Operating Target	Status	Comments
SHEEP PRODUCTION, SCIENCE & TECHNOLOGY				
AGRI TECHNOLOGY	Hardware and 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.	●	The ear infection/retention issues limited the development of some of the functionalities such as predation, that required long term trials in non-research environment. The LoRa version of the hardware has proved to be reliable under controlled conditions. On farm testing is required to fully understand robustness and data transmission capabilities. Ear welfare and new designs for the ear tags are still under development. The project to test new designs of the Ear Smart tag featuring 3-4 attachment pins has experimented delays due to difficulties to 3D print the prototypes.
		Artificial Intelligence (machine learning) applied for data analysis delivering accurate predictions for at least two sheep traits or paddock events.	●	Artificial Intelligence (machine learning) applied for: <ul style="list-style-type: none"> • Deep learning algorithm to automatically count wool follicles (Follicle density) • Predict feed intake and performance using datasets collected in grazing trials (AWI Smart tags) • Determine Mean Fibre Diameter on greasy wool (Automated wool handling system) • Fleece contamination and automated skirting wool (Automated wool handling system)
	Mechatronics	Proof of concept robotic shearing system delivered.	●	The handpiece project has delivered a portable and ergonomic handpiece with power capabilities comparable to the current wall mounted Heiniger Evo. The system can also collect performance data and record tensioning loads on the combs and cutters using a load-sensor. The project is to design, build and test components of a semi-autonomous wool handling system and it is progressing well. Innovation Connection grants supported UoM and AWI to deliver a wearable sensor system of reduced cost and complexity to monitor shearer's fatigue. In addition, a mobile application that allows users to operate the system themselves, and self-report other relevant data has also been developed.
	Novel Applications	Educational packages to increase technology adoption and digital literacy.	●	AWI sponsored 2 participants in the Hatch Farmers 2 Founders program (one with GRDC). The Hatch program is designed for individuals and teams who have an idea to solve a problem on farm or for the agri-food industry. This program included targeted content and ongoing intensive coaching including, customer discovery, plan to progress to MVP, training on relevant topics, networking, and collaboration among the participants.
	TRAINING TECHNOLOGY AND UPTAKE	Wool Harvesting and Quality Preparation	1,500 novice and intermediate level participants trained by AWI shearer and wool handler trainers.	●
Ongoing retention rate of 75% of those trained yearly.			●	223 Learner shearer tool kit supplied this financial year, with 97% have been retained.
Support the promotion of shearer and wool handling profile through support of elite competitions and competitors nationally.			●	AWI supported 30 competitions out of a target of 40. Unfortunately, 8 of these events were cancelled due to COVID-19 and funds rolled over to the next event.
Sheep and Wool Management		25,000 views of AWI Wool Harvesting resources online.	●	An average of 1,745 online resources viewed on the website per month.
		750 tertiary participants in AWI leadership and practical skills, events and online initiatives.	●	There were 5,362 tertiary participants in the AWI leadership and practical skills, events and online initiatives.
		AWI leadership and practical skills events delivered to participants receive a net promoter score of at least 7.5/10.	●	A net promoter score (NPS) of 9.6/10 was achieved for leadership and practical skills events that were delivered to participants.
	20,000 views of AWI Education & Extension resources online.	●	Education and Extension online resources received 18,968 views.	

Strategy	Program	Operating Target	Status	Comments
SHEEP PRODUCTION, SCIENCE & TECHNOLOGY				
HEALTHY AND PRODUCTIVE SHEEP	Reproduction and Nutrition	At least 1500 woolgrowers engaged in implementing beneficial feedbase guidelines and practices by 2022.	●	2500+ participants engaged in extension activities and 460 growers were enrolled in LTEM.
		Increasing Merino marking rates by 0.5% per annum.	●	Results from the tri-annual Wool & Sheepmeat Survey indicate that the marking rate increased from 83% in Feb 2021 to 86% in Feb 2022, and from 92% in Oct 2020 to 93% in Oct 2021.
		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.	●	At its most recent evaluation (completed in mid-2019), LTEM had achieved 30% of ewes in the national flock whose manager had participated, so it is likely this target will be achieved as LTEM is tracking well and there are many other complementary investments in this space delivering on this aim.
	Sheep Health and Welfare	Improve the understanding of two key areas to address climate variability; best practice for supplementary feeding and managing of resilient pasture species.	●	Due to budget constraints, AWI did not have a research investment in the effect of heat stress on reproduction performance in this strategic plan period. The supplementary feeding project has been extended further into next strategic period due to difficulty trial sites. Many growers did not need to supplementary feed with the excellent seasonal conditions of 2020 and 2021.
		Evidence of successful development of a flystrike vaccine prototype.	●	In-vitro, or laboratory, trials of the two lead prototype vaccines (narrowed down from 50 in total) have been shown to reduce blowfly growth rates by up to 75% to a degree impact larval survival. CSIRO is currently testing the prototype vaccines with on sheep in in vivo larval challenges.
Vertebrate Pests	Demonstrate a 10% increase in the adoption of welfare improved practices.	●	All contract milestones to date have been met. Demonstrated a 10% increase in the adoption of welfare improved practices.	
	Reduce the negative impacts of predation by 10% by 2022.	●	The long-term (2014 - 2020) average reduction in losses to predation due to AWI Community Wild Dog Initiative, and other "On-Ground" support, currently sits at 81%. Reduced predation on assisted groups flocks by 80%+.	
	Improve capacity to undertake pest animal control by 10% by 2022.	●	WD & VP Coordinator role projects have delivered – and now matured and the services are now being provided locally. In NSW, VIC and SA the roles are delivering, but the need is not yet mature.	
	Development of new rabbit bio-controls.	●	Delays due to COVID have caused a significant delay in producing contracted outcomes.	
Genetics	By 2022, 50% of Merino producers will be using genetic tools (e.g., Australian Sheep Breeding Values, Flock Breeding Values or wether trial data) in ram purchasing decisions.	●	From Wool Industry Profile May 2020 for practises during 2019, 44.7% of producers used genetic tools in their breeding program. 41.6 % of producers used at least one of the following tools Merino Sire Evaluation, Ram Select, MERINOSELECT ASBVs, Genomic DNA Tests. A further 2.9% used wether trials. The outcome will be determined with survey after the end of the strategic plan.	
CONSULTATION				
INDUSTRY	Woolgrower Representative Bodies	WICP and WCG members report AWI consultation efforts have been maintained or improved at 8.9 (approval rating out of 10).	●	The average WICP and WCG survey rating was 7.9 from the members who attended the December, March and May meetings. AWI will continue to request after every meeting for grower feedback through WICP / WCG surveys. From 1 Jan 2022, the WICP will meet four times per calendar year with the WCG meeting twice annually.
	Market Intelligence and Communications	70% of users of AWI's Market Intelligence find it of 'high value' or above	●	AWI Woolgrower Survey shows that 79% of growers find value in AWI Market Intelligence and Analysis.
Increase subscriber numbers by 10%.		●	A decrease of 1.49% in subscriber numbers from last financial year.	
WOOLGROWER	Extension Networks	The market Intelligence area on the AWI website receives 15,000 views per month.	●	On the AWI website page, the Market Intelligence section received a total of 127,048 views between 01 July 2021 - 30 June 2022, with an average of 10,587 views per month.
		15,000 active participants in AWI extension initiatives.	●	There are currently 15,927 active participants in AWI state-based extension initiatives.
	Events and Forums	AWI workshops delivered to participants receive a net promoter score of 7.5/10 (evidenced by exit surveys).	●	AWI workshops are highly valued by participants and a 8.7/10 NPS rating was achieved.
		400,000 views of AWI network resources online.	●	AWI network resources have been accessed more than 1,194,653 times during the past year.
	Support and engagement at more than 50 events and forums nationally.	●	AWI staff were able to attend 116 events . Below is the breakdown of those events: <ul style="list-style-type: none"> • Ram Sales – 25 • Classing Workshops – 8 • Future Wool Workshops – 32 • Other Events – 51 	

Performance against annual plan targets (continued)

Strategy	Program	Operating Target	Status	Comments
PROCESSING INNOVATION & EDUCATION EXTENSION				
PROCESSING INNOVATION	Partnered Innovation	Partner with six machinery companies for product or process development.	●	Leading machinery companies continue to collaborate and innovate directly with our global technical team and push innovations directly to designers and brands. In particular, sustainable processes and practices were a main focus of the partnership. The partnership with various companies is highlighted below. <ul style="list-style-type: none"> Suedwolle GmbH (yarn development) Karl Mayer (warp knitting) Recycrom (dyeing) Stratasys (3D print) Manphis (warp print) Coloreel (yarn dyeing) Toyoshima & Co Ltd (yarn food dye) Bio Dye India (natural plant matter dyeing) Natural Fiber Welding (yarn development) Evolved By Nature (yarn development) Furun Textile Co, Ltd (fabric development)
		Minimum of three fully-fashioned garment product developments made commercially available.	●	Target comfortably achieved with trend towards casual dressing continuing. <ul style="list-style-type: none"> Gondoliers 2nd collection Shima Seiki protection wear meets urban wear Santoni seamless merino underwear
		Minimum of five footwear developments made commercially available.	●	Wool shoe developments have been carried out with brands such as Levis, Onitsuka Tiger, Woodland, Birkenstock and Ugg . Technical developments include in-lays, shoe uppers, compression socks, water resistant running shoes and yarn developments.
		Research and commercial trial of one wearable technology.	●	No projects have commenced. No opportunities have been presented as retail activity has declined from the current pandemic.
WOOLMARK	Textile & Retailing Technologies	Partnered product developments to increase by 10%.	●	Engaged with various trade partners and developments took place in the following categories: 36 x knits; 21 x woven; 3 x automotive; 4 x workwear.
		Proof of concept novel retail technology application.	●	The WeChat program continues to deliver functionality for online tradeshows and 85 contacts captured from WeChat over the period.
		Proof of concept novel textile technology/fashion tech application.	●	The IWP trial was successful with all 6 IWP finalists adding NFC to their collections.
	Quality Control	Educational packages to increase technology awareness, adoption, and digital literacy	●	Smart tag booklet was produced and was circulated to varying offices, was also picked up as part of IWP and trade marketing.
		400 branded product samples purchased and processed through the QA program to maintain the integrity of the Woolmark brand.	●	Despite the continuous impact of COVID lockdown in different regions, 394 samples were purchased from both brick-and-mortar stores and e-commerce channels.
Licensing	Increasing use of the Woolmark logo on qualifying product by 5% as measured through the use of branded tickets and labels.	●	30.2 million tickets and labels were ordered for the financial year.	

Strategy	Program	Operating Target	Status	Comments
PROCESSING INNOVATION & EDUCATION EXTENSION				
EDUCATION EXTENSION	Retail Education	Deliver retail training programs across womenswear, menswear, and sportswear to a minimum of 25 retailers/brands globally.	●	60 retailers and brands were engaged in retail training globally. The Retail Education program has performed exceptionally well, exceeding its target for the financial year.
		Retail staff have successfully completed 100 retail training courses on the properties and benefits of Australian wool on the Woolmark Learning Centre digital platform.	●	The development of the Retail Training online course which will sit on the Woolmark Learning Centre (WLC) platform is behind schedule due to other development priorities E.g., The Wool Lab digital and WLC Phase II developments. As an interim solution, the existing 'Wool Introductory' short course will be integrated into the WLC platform and promoted for retail staff training. The planned launch for this course is July 2022.
	Student Education	Increase participation in the Learn About Wool primary and secondary education program by 2.5%.	●	The ongoing Covid-19 global pandemic has resulted in remote learning for students across Australia during the period July – December 2021 resulting in less Learn About Wool kits being required for the classroom. A shift in focus to the LAW website remains a priority. With face-to-face learning resuming across Australia in 2022 we did see a greater uptake in kit orders.
		(Lack of AWI resources due to a combination of restructure and natural attrition and Covid 19 impacted the target being achieved)	●	Wool4School registrations were 15,015 and has declined from years. Feedback from schools highlights the disruption caused by the Covid-19 global pandemic and students being significantly behind in key learning areas, resulting in co-curricular studies are being placed on-hold so that students can catch up. Focus is shifting to improving teacher online resources to further support remote learning environments.
EDUCATION EXTENSION	Student Education	Increase global participation in the Wool4School secondary design competition by 5% across Australia, Hong Kong, UK and Italy.	●	4,605 students participated in the tertiary education programs (Annual target – 7,583). The Naturally Inspiring program and Woolmark Performance Challenge continues to be the key driver for engagement with Fashion & Design students globally.
		Increase participation in tertiary education programs by 5%.	●	The Woolmark Learning Centre's growth continues and engagement with courses on the platform is encouraging and is being driven by new course releases and the global roll-out/promotions strategy. Students have successfully completed 1,189 courses on the Australian wool and manufacturing industry.
	Trade Extension	Students have successfully completed 2,000 courses on the Australian wool industry through the Woolmark Learning Centre digital platform.	●	The Wool Lab Digital has achieved 44,345 page views (exceeding the target of 10,396). Wool Lab presentations re-commenced in January 2022 with the return of the physical Wool Lab swatch kits for the Spring/Summer 2023 season.
		Increase the number of The Wool Lab views and presentations by 10%.	●	Due to the Omicron variant disrupting another key Winter sourcing period (Aut/Winter 2022/23 season), swatch requests via the Digital Platform were significantly down. There were only 5,893 swatch requests against a target of 14,078.
		Increase swatch requests from The Wool Lab by 1.5%.	●	Trade shows continue to experience huge disruptions due to the ongoing Covid-19 pandemic. The industry had great optimism that physical trade shows would return in 2021, however the Omicron variant delayed the return. Many trade shows across Europe either postponed to 2022 or pivoted back to digital only shows which has been disappointing for all. Physical trade shows were able to take place, remaining localised due to ongoing travel restrictions globally and there were 1,092 visitors to the physical tradeshows. The value of face-to-face engagement is significantly more beneficial than digital hence the target is partially achieved. There were 12,818 visitors in total to the Woolmark digital trade show pages.
MARKETING				
CONSUMER	Brand Partnerships	Partner with 2 global brand partners.	●	Direct brand partnerships have been explored in the fashion and performance sector and brand partnerships have continued to be integrated into global consumer advocacy campaigns to ensure an easy path to customer journeys. Global brand partners for 2021/22 include: Farfetch, Zalando, Castore, Victoria Beckham, Shaun the Sheep.
		Increase purchase intent of Australian wool by 10%.	●	Purchase intent target has been exceeded through Farfetch (89%) and Zoalndo (50%) partnerships.

Performance against annual plan targets (continued)

Strategy	Program	Operating Target	Status	Comments
MARKETING				
CONSUMER	Brand Partnerships	Achieve 5% increase of units of clothing with five brand partners with a global presence.	●	Brand partners saw a significant increase in YoY wool sales. A/W2021 saw an increase in the number of products referencing "Merino" within product names or descriptions. This equated to a +76% uplift for FARFETCH product overall and a +83% for Woolmark products specifically and correlated with increased user searches for "Merino", totalling 505K across the year (+11% vs 2020). China brand partners had significant increases as well, EPO (ME & Edition): 45% increase in Woolmark ticket orders for A/W20 vs A/W21, Eifini (MM): 57% increase in Woolmark ticket orders for A/W20 vs A/W21, Lily: Increase from 0 to 64,000 Woolmark tickets ordered for A/W20 vs A/W21, GXG: Increase from 0 to 39,800 Woolmark tickets ordered for A/W20 vs A/W21.
		5% increase in active engagement on owned media channels.	●	TWC owned, organic social posts garnered 402k engagements, achieving a 15% YoY increase in active engagement.
	Fibre Advocacy	Increase the Woolmark Company brand awareness by 5%.	●	Consumer campaigns are resulting in a significant uplift in Merino wool awareness in key markets. China campaign has achieved a 40.5% increase in awareness for Merino wool. The Feel Merino campaign achieved a +3pt uplift in awareness.
		Increase the Woolmark Company brand sentiment by 7%.	●	Consumer sentiment is positive and stable, increasing sentiment will be dependent on increasing overall awareness for Woolmark through increased investment in marketing exposure.
BUSINESS AND TALENT DEVELOPMENT		300 new leads per year.	●	IWP acquired 486 new leads.
	International Woolmark Prize	Achieve 50% of surveyed alumni as continued wool advocates post-award.	●	The annual IWP alumni survey was distributed to the IWP 2021/22 finalists and alumni. 95% of participants will communicate fibre benefits within their marketing and 95% of participants will communicate wool's eco-benefits within their marketing.
		60% of IWP Finalist collections commercialised.	●	5/7 (71%) IWP finalist collections commercialised.
		Achieve a 5% increase on active engagement on IWP related content.	●	There were 512k engagements on IWP-related social content, a 251% YoY increase.
	Woolmark Performance Challenge	Increase digital engagement by 20% year on year.	●	In 2021/22, WPC returned to a physical event format, which meant re-allocating budget that was spent on paid media (driving traffic to the website) in 2020/21 to the event budget for 2021/22. This ultimately reduced the number of website visitors. This was, however, replaced with an increase in highly quality leads being hosted at the event a La Casserne in Paris.
	Increase competition entry rate by 10%.	●	WPC2022 saw a reduced number of entries. This can be attributed to two key factors. 1. In 2020, we partnered with two brand partners to set and deliver briefs to students. Ultimately, this gave student twice as much scope for their submissions. 2. In 2021, the program transitioned back to a physical format as the world started to return to normal post COVID-19. With WPC experiencing an uplift in results during COVID, with the increased focus on remote/online learning, a decrease in entries was anticipated. The 2021 results are in line with/exceed pre-COVID results (i.e. 258 entries vs 184 entries pre-COVID). It is promising to see that the quality of submission continues to increase so we are pleased to report while quantity is down, the quality of submission continues to grow.	
	Increase average webinar attendance rate from 19 to 22	●	Average live attendance rate was 38 for 2022.	

Strategy	Program	Operating Target	Status	Comments
MARKETING				
TRADE	Fibre Advocacy	Increase trade leads by 50%.	●	The Trade Marketing program measures trade leads by the following: LinkedIn audience growth: +9.68% (12,756 to 13,991) & Trade persona contacts in the CRM: +33.18% (10,993 to 14,641). The target has been achieved.
		50% active engagement rate on owned content.	●	The LinkedIn strategy places us above industry benchmarks for engagement, and have been working to expand our strategy to other touchpoints with varied engagement rate metrics: EDMs, Website, Digital & Print Advertising, etc.
TRACEABILITY				
		Produce and publish evidence on 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.	●	White paper identifying the shortcomings of PEF methodology and proposing solutions is complete. Comparative study of biogenic and fossil-carbon fibres completed and publication in draft. Biodegradation of wool in marine and terrestrial environments submitted for publication.
		Produce and publish case studies on the environmental and economic impact of woolgrowers using regenerative farming practices.	●	Regenerative ag case studies completed in NSW, Victoria and Tasmanian and paper submitted proposing a NCA framework. Seven longer term case studies continue in Queensland. Fourteen new case studies commenced.
	Eco Credentials	Develop and publish a method for accounting for recycling in LCA	●	AWI has completed and published a cradle-to-grave analysis of closed-loop wool recycling and its role in reducing environmental impacts. A method has been proposed for accounting for the attributes of 'renewability' and 'biodegradability' in PEF.
FIBRE SCIENCE		Improve wool's environmental rating relative to synthetics, by working to establish a level playing field for rating apparel.	●	AWI continues to actively participate in the EU PEF process. Four peer-reviewed papers informing methodological recommendations and Five discussion papers proposing improved PEF methodology delivered. White paper identifying the shortcomings of PEF Method and proposing solutions has been completed.
		Generate new knowledge of wool's carbon account, including emissions at the national and farm scales and identifying plausible mitigation strategies.	●	GHG emission trends have been modelled and pathways for woolgrowers to reduce emissions have been detailed. Participating in UN study assessing methane. Methane mitigating supplements soon to be explored.
	Health and Wellness	Produce and publish evidence of specified next to skin Merino garments as improving sleep quality.	●	The Sydney University study evaluating the comparative benefits of wool and cotton sleepwear on post-menopausal women has been significantly delayed by COVID-19. The study is being gradually recommenced at a new site.
		Generate new test protocols to measure wool's breathability in dynamic conditions.	●	This study has identified that wool's ability to retain warmth during the cool-down period after exercise is a novel and previously unknown attribute of the fibre. It represents a significant marketing for the fibre. Physiological manikin testing has been shown to measure the attribute and work is underway to develop a fabric-level test.
SUPPLY CHAIN INITIATIVES	Fibre Identification & Tracing	Define new fibre-origin test method for adoption into the supply chain and use by laboratories.	●	This project has currently been completed and measured as a success, however not being used by laboratories throughout the supply chain. The potential option moving forward is for Oritain to be a preferred supply chain partner for Woolmark Licensees.
		Draft protocols for the chain of custody of wool through the supply chain ready for review by global wool industry bodies.	●	The proof-of-concept has been a success and a second phase to roll out the Supply Chain Builder to the Woolmark Licensees has started. In this phase, the protocols will be fleshed out and set out for review by global wool industry bodies.
	Wool Q	An increase of 250 woolgrowers adopting the WoolQ grower tools.	●	There was an increase of 114 woolgrowers adopting the WoolQ grower tools.
		Deliver a WoolQ tender selling option to compliment the WoolQ bulletin board and auction	●	WoolQ tender available on the platform.



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