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**MODERN SLAVERY STATEMENT  
FOR THE REPORTING PERIOD  
1 JULY 2019 TO 30 JUNE 2020**

This statement is made pursuant to Section 13 of the Modern Slavery Act 2018 (Cth).

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# 1. ABOUT AWI

The use of the term “AWI group” in this document defines all subsidiaries controlled by Australian Wool Innovation Limited.

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

## 1.2. THE WOOLMARK COMPANY

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

To build demand for Australian wool, The Woolmark Company offices are strategically located to develop direct business relationships with global brands/retailers, textile manufacturers and fashion designers in key markets across Asia, Europe and the Americas.

## 1.3. AWI MISSION, VISION AND GOAL

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

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



### **AWI’s vision:**

To be a highly valued contributor to a vibrant, profitable and sustainable Australian wool industry.



### **AWI’s goal:**

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.

#### 1.4. AWI OFFICES

AWI's head office is located at Level 6, 68 Harrington St, The Rocks, Sydney NSW 2000.

AWI has subsidiary companies, operating overseas in Europe, North America and Asia, with offices in the United Kingdom, Germany, France, Italy, Turkey, the United States, Japan, South Korea, China, Taiwan, Hong Kong and India.

Contact details for these international offices can be found at: <https://www.wool.com/about-awi/contact-us/awi-offices/>

#### 1.5. AWI STAFF

As of 30 June 2020, AWI and its subsidiaries had a total of 174 employees across 14 countries.

# 2. AWI'S OPERATIONS AND SUPPLY CHAINS

# 2.1. Operations

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## LAND

AWI invests in land management research, development and extension to provide a sound base for the wool industry's ongoing commitment to environmental stewardship. The Australian wool industry has a unique opportunity to demonstrate that rural landscapes can be managed to effectively support profitable grazing enterprises and the natural environment.



## SHEEP

We invest in on-farm research and development to deliver new knowledge to woolgrowers and support the adoption of innovation to increase the profitability and sustainability of growing wool. Since 2001, AWI has invested more than AU\$74.5 million into research and development that focuses on the health and welfare of the Australian flock. Partnering with universities, industry bodies, government departments and research institutions we develop scientifically-based and proven management practices and innovations for woolgrowers to adopt.



## PEOPLE

AWI works to support the growth and development of the Australian wool industry by providing skills training, educational resources and programs, leadership initiatives and practical workshops for woolgrowers and wool industry professionals.

Through our state-based woolgrower networks and collaboration with industry experts and organisations, we provide support and opportunities to the stakeholders in the industry, from established woolgrowers and shearers to the next generation, to enhance their expertise and adoption of innovation.



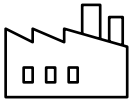
## MARKET INTELLIGENCE

Australian Wool Innovation provides various information services to its partners and woolgrowers. By undertaking a broad review of the global market for wool and competitor fibres, we are able to provide wool production forecasting, retail and trade market reports, consumer insights and trend monitoring, along with fibre market research.

As part of the AWI Wool Production Forecasting Committee, we also aim to provide the best possible estimates of future sheep numbers for the Australian wool production pipeline. This is done by producing consensus based authoritative forecasts of Australian wool production tri-annually.

## 2.1. Operations (continuation)

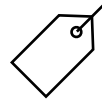
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### TEXTILE MANUFACTURING SUPPLY CHAIN

AWI's Processing Innovation & Education Extension team invests in the research and development of product and processing innovations throughout the supply chain.

Its key objective is to increase the profitability and sustainability of the wool processing and manufacturing supply chain and educate students, trade and retailers about the benefits of Australian wool. Developing innovative ways to work with wool can be achieved in two ways, either by AWI's in-house technical team, or by collaborating with supply chain partners including machinery suppliers. AWI also invests in the education of students, the trade and retailers on the characteristics of the wool fibre and the many possibilities of production and end use of Australian wool products and processes.



### MARKETING

AWI's marketing arm, The Woolmark Company, invests in marketing Australian wool across the entire supply chain. We do this to cement Australian wool's position as the ultimate ingredient in luxury apparel and as the world's most innovative, technically advanced natural fibre.

AWI's marketing is strategically focused to drive growth through sportswear, defend core categories through men's and womenswear collaborations and build the reputation for Australian wool through fibre advocacy campaigns. The Woolmark Company successfully launched 135 marketing collaborations with brands and retailers in the previous strategic period, with partners including adidas, Max Mara, Amazon, TMall and Country Road.

The iconic Woolmark logo was established in 1964 and is exclusively owned by Australia's woolgrowers. The Woolmark brand is the world's best-known textile brand, represents a commitment of quality between woolgrowers and consumers and has been applied to more than 5 billion products world-wide.



## 2.2. AWI Business Supply Chain

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AWI group has a global network of business and supply chain partners throughout Australia, Asia, Europe and North America.

All on-farm R&D activities that AWI group invests in are carried out in Australia. However, most off-farm research, development and marketing are carried out in Asia, Europe and North America. Additionally, in these regions, AWI group engages a variety of companies to assist with the running of local offices and projects. Types of companies engaged include but are not limited to, public relations, market research, printing and general goods and services in support of daily operations.



# 3. RISKS OF MODERN SLAVERY PRACTICES IN AWI'S OPERATIONS AND SUPPLY CHAINS

AWI is aware that modern slavery is a risk throughout its operations and supply chains. Whether directly or indirectly, AWI operates in countries where modern slavery is far more prevalent than in Australia.

Therefore, through assessing risk along AWI's operations and supply chains, AWI has identified the highest risk of modern slavery to be in the following areas:

- Manufacturing supply chain
- Marketing

Due to the nature and location of these activities, AWI has identified these areas as having the highest risk of modern slavery, and will implement processes and procedures to ensure that risk will be mitigated as best as possible.



# 4. ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

# 4.1. Due Diligence

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Where a supplier is identified as being engaged in an industry, operating or with a supply chain in a country that has been reported as being at risk for modern slavery practices, additional checks are carried out during the pre-contracting and contracting phase between AWI and the contracting party. This includes but is not limited to the following circumstances.

1. Additional training for the members of The Woolmark Company's technical team, due to their exposure and close relationships with manufacturers and factories in 'at risk' countries. This training has led to awareness raising practices only. However, under no circumstances will AWI staff be advised to audit a manufacturer or factory.
2. Under circumstances where AWI group engages in product development activities with a company in a high risk country, AWI will express the right to request an independent modern slavery audit from the manufacturer in the pre-contracting stage, covered under the relevant AWI group contract.
3. In circumstances where AWI group engages in an activity with a company in a high risk country, AWI group will request that said company sign a document entitled "AWI's Modern Slavery Stance" from July 2022. The roll out of this document has been postponed due to delays caused by the COVID-19 pandemic. Having done so, the company (and its subsidiaries) will have agreed to not being associated with actions relating to modern slavery. Furthermore, AWI has updated all of its standard contracts to include clauses relating to AWI group's zero tolerance to modern slavery.
4. Under circumstances where AWI group engages in marketing activities with any company, the project lead and project manager will be responsible for investigating the company to include no reported/suspected modern slavery cases against them. In the event of manufacturing by a 3rd party under this agreement, AWI will express the right to request an independent modern slavery audit from the manufacturer in the pre-contracting stage, covered under the relevant AWI group contract.
5. In situations where AWI group is not able to assert any control or influence over its business partner or their supply chains due to their size or market position, AWI group strives to obtain more transparency into the company's policies (for example business ethics, code of conduct or modern slavery statement) in order to fulfill appropriate due-diligence before entering into contract negotiations.

## 4.2. Policies & Processes

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All AWI contracts and licensing agreements across AWI group have been updated to reflect the company's zero tolerance policy on modern slavery. AWI's Code of Conduct & Business Ethics Policy has been updated to reflect a zero-tolerance approach towards conduct that may constitute modern slavery.

## 4.3. Raising Awareness

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All AWI group staff have been required to complete awareness training on modern slavery key principles, utilising certified online Safetrac module "Modern Slavery" before 30 June 2020. That training will be rolled out periodically for staff to make sure that the training is "front of mind". Through this awareness training, staff will be given information on the following topics:

- a. General introductory definitions and information about modern slavery;
- b. Identifying high risk countries and industries;
- c. Responsibility of people and companies acting against modern slavery;
- d. Compliance rules and requirements for Australian State and Federal Modern Slavery Acts.



## 4.4. Remediation

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In the event of AWI group identifying a case that constitutes modern slavery within their supply chain, AWI group will immediately cease work with the company in question, reflecting their zero-tolerance policy on acts relating to modern slavery.



# 5. HOW YOU ASSESS THE EFFECTIVENESS OF THE ACTIONS TAKEN

AWI has analysed its business and supply chain and identified areas of possible high risk. This is necessary to create an effective use of limited human and financial resources. From the identification of these high-risk areas, AWI has sufficiently implemented due-diligence and training measures so as to ensure that AWI does not enter into contractual arrangements with organisations where modern slavery practices may be taking place, or with individuals who condone those practices.



# 6. THE PROCESS OF CONSULTATION WITH ENTITIES OWNED AND/OR CONTROLLED BY YOU

All subsidiaries of AWI group have endorsed the due diligence and remediation processes and are willing to comply with necessary training where outlined above.



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