



**MODERN SLAVERY STATEMENT
FOR THE REPORTING PERIOD
1 JULY 2021 TO 30 JUNE 2022**

This statement is made by Australian Wool Innovation Limited ACN 095 165 558 (AWI) pursuant to Section 13 of the Modern Slavery Act 2018 (Cth).

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1. AWI MISSION, VISION AND GOAL

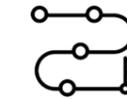
1.1 AWI'S MISSION:



To make strategically targeted investments to:

1. Enhance the profitability, international competitiveness and sustainability of the Australian wool industry; and
2. Increase demand and market access for Australian wool.

1.2 AWI'S VISION:



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

1.3 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.

2. AWI'S STRUCTURE, OPERATIONS AND SUPPLY CHAINS

2.1. AWI'S STRUCTURE

AWI is a public company registered in Australia. AWI's head office is located at Level 3, 24 York St, Sydney NSW 2000. AWI has approximately 14 subsidiary companies, principally based in Australia.

The use of the term "AWI group" in this document includes all subsidiaries controlled by AWI.

As of 30 June 2022, AWI Group had a total of 144 employees across 12 countries.

2.2. AWI'S OPERATIONS

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 within a regulated framework comprising legislation (Wool Services Privatisation Act 2000 [Cth]), regulations, and the Statutory Funding Agreement, an agreement between AWI and the Australian Government which defines the conditions under which AWI may invest wool levies collected from woolgrowers and Government-matched funds.



OFFICES

AWI operates in Australia, Europe, North America and Asia, with offices in the United Kingdom, Germany, France, Italy, Turkey, the United States, Japan, South Korea, mainland 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/>

2.2. Operations



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

AWI invests 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 AWI develops 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 AWI's state-based woolgrower networks and collaboration with industry experts and organisations, AWI provides 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.

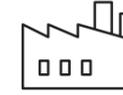


MARKET INTELLIGENCE

AWI provides various information services to its stakeholders. By undertaking a broad review of the global market for wool and competitor fibres, AWI is 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 Australian Wool Production Forecasting Committee, AWI aims 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.

2.2. Operations



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. AWI does 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 more than 20 marketing collaborations with brands and retailers in the previous financial year, with partners including Levis, Benetton, Sportscarft, Farfeth and Bloomingdales.

When AWI acquired The Woolmark Company in 2007, AWI became the owner of the Woolmark brand. The iconic Woolmark logo was established in 1964 and is the world's best-known textile brand. The Woolmark logo represents a commitment of quality between woolgrowers and consumers and has been applied to more than 5 billion products world-wide.

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.

2.3. AWI Business Supply Chain

2.3. AWI'S BUSINESS SUPPLY CHAIN

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 suppliers to assist with the running of local offices and projects.

Types of goods and services that the AWI group procures 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, and sources goods and services from, countries where modern slavery is far more prevalent than in Australia.

a. Modern slavery risks in AWI group's operations

The AWI group has a suite of group-wide policies and practices which are designed to uphold labour standards within its operations, including the operations of AWI and those of its owned and controlled entities, both in Australia and overseas. These policies and practices are implemented through actions taken at the group level (for more details, see Section 4 below). Accordingly, AWI considers that its modern slavery risks reside principally within its supply chains.

b. Modern slavery risks in AWI group's supply chains

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

- Manufacturing
- Marketing

During the reporting period, AWI's modern slavery profile continued to be impacted by the COVID-19 pandemic.



4. ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

4.1. Due Diligence

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

1. Additional training for the members of AWI's technical team is provided, due to their exposure to and close relationships with suppliers in 'high risk' countries. This training was provided during the reporting period and is on-going.
2. Where AWI group engages in product development activities with a supplier in a high-risk country, AWI will express the right to request an independent modern slavery audit from the supplier in the pre-contracting stage, covered under the relevant AWI group contract. The right to request such an audit is on-going throughout the relationship with the supplier.
3. Where AWI group engages in an activity with a supplier in a 'high risk' country, AWI group requests that supplier to sign a document entitled AWI's Modern Slavery Stance. Having done so, the supplier (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. Where AWI group engages in marketing activities with any external partner, the project lead and project manager will be responsible for investigating the counterparty to verify that there are no reported/suspected modern slavery cases against them.
5. Where AWI group is not able to assert substantial 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 partner'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

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 in both the AWI group's own operations and its supply chains.

4.3. Raising Awareness

All AWI group staff are periodically required to complete awareness training on modern slavery key principles, utilising a certified online training module.

Through this awareness training, staff are 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; and
- d. compliance rules and requirements for Australian State and Federal Modern Slavery Acts.

4.4. Remediation

AWI has adopted a Whistleblower Protection Policy under which directors and officers, managers, employees, and contractors and consultants providing services for AWI are encouraged to report concerns, including modern slavery-related concerns.

Reports may be made anonymously if preferred, including via the 'Your Voice' feature within the new human resources system that AWI adopted during the reporting period. Confidentiality and protection from victimisation are afforded to a person who makes a report.

In the event of AWI group identifying a case that may constitute modern slavery within its supply chain, AWI group will investigate the matter and consider the most appropriate follow-up action, including directly engaging with the supplier, requiring the supplier to submit to an audit, or, where necessary, ceasing to work with the supplier in question. This reflects AWI group's zero-tolerance policy on modern slavery practices.



5. ASSESSING THE EFFECTIVENESS OF THE ACTIONS TAKEN

AWI analyses its business and supply chain to identify areas of possible high risk in order to optimise the use of its resources in taking action against modern slavery risks.

From the identification of these high-risk areas, AWI has processes to implement additional measures as required, including due-diligence and training so as to mitigate the risk of entering into contractual arrangements with organisations where modern slavery practices may be taking place, or with individuals who condone those practices.

AWI also tracks its actions and measures their impact through the monitoring of relevant key performance indicators. For example, during the reporting period, 94.5% of employees across the AWI group received modern slavery training, and 98.5% of employees across the AWI group received Code of Conduct training.

6. CONSULTATION

In preparing this statement, AWI consulted with a cross-functional working group of employees with responsibility for the oversight of procurement, sustainability, legal and risk processes across the business. AWI management team members with specific operational responsibility for the entities owned or controlled by it were also asked to provide feedback on the statement prior to it being presented to its Board for final review and approval. All subsidiaries of AWI group are subject to the group-wide due diligence and remediation processes and training programs outlined above.

This statement was approved by the Board of AWI in December 2022.

A handwritten signature in black ink, appearing to read 'J. Laurie', is positioned above the name of the signatory.

Jock Laurie, Chairman of Australian Wool Innovation Limited



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