

Appendix A Deliverables against 2009/10 KPIs

MARKETING & OFF-FARM R&D OPERATIONAL REPORT 2009/10

Tickets and labels

Action	Progress
Finalise contract with the new preferred vendor, (SML Group) of tickets and labels. Ticket design and paper choice to be finalised.	Contract signed.
Map out processes and responsibilities across regions and with SML.	Responsibilities outlined and signed off by senior management.
Implement link to the on-line ordering system via the new wool.com website.	All communication materials for licensees refer to wool.com/tickets.
Develop sales pitch pack aimed at licensees to sell in benefits and ensure uptake.	Standard licensee pack completed, which is tailored according to local market requirements.
Develop roll-out plan for the introduction of refreshed tickets and labels and the new preferred global supplier.	Implementation Plan developed and being monitored. AWI aims to ensure that only the updated tickets and labels are used in the northern hemisphere autumn/winter season 2011. Initial roll-out commenced in Europe in April 2010 with Asia countries following in the second half of 2010.

Branding

Action	Progress
Finalise branding platforms options with key stakeholders and determine go-forward strategy and hierarchy for base, premium and top tier strategy in Apparel, MerinoPerform and Interiors. Revise any brand management policies that currently exist to reflect new hierarchy.	Branding strategy finalised and brand management policies revised. This included notifying all current Woolmark licensees in December 2009 of changes to sub-brands.
Review and rationalise other AWI/TWC brands.	Trademark portfolio reviewed continuously to ensure it reflects the current brand strategy.
Develop overall fibre and brand stories (Apparel, Interiors, MerinoPerform) to be used in sales presentation materials, on website, at trade fairs and all other key collateral.	A range of marketing collateral prepared for use globally by Key Account Managers. Where necessary this was translated into local languages for ease of use.
Update core brand toolkits, as required and as economically and simply as possible including swing tags, labels, base brochures, posters, core imagery, and educational materials.	Woolmark Brand Guidelines produced. Standard 'Introduction to Woolmark' brochure and flyer produced for use globally. Standardised swing tickets and labels have been developed as part of the Global ticket and label project and are being implemented over the next 6 to 12 months.

Business intelligence

Action	Progress
Conduct internally driven market research in all of the regions across the supply chain to determine the true information needs – what information would our supply chain partners be willing to pay a premium for?	Internal review of existing and desired information needs commenced in February 2010. Ongoing project to define and create internal Market Intelligence function commenced July 2011. Wool Production Forecasting Committee process mapped and under revision with a view to reduce overall cost, partner with industry to continue delivery of accurate forecast at a reduced project budget. Intelligence offer (mediums and mechanisms) to be defined by September 2010. Function due to be resourced and operational October 2010.
Develop potential service offering and delivery medium (newsletter, alerts, online) for supply chain partners and pressure test revenue potential.	Basic level of information to be provided to all licensees as a value add to license fees. Fee for service available for detailed regional analysis.

Increasing sales in apparel

Action	Progress
Initiate regional sales and marketing plans and reporting process. Prioritise potential targets and identify.	Sales and marketing plans were developed following the company's technical innovation meeting. Regional and consolidated reports are produced monthly detailing the brands/retailers with which we are working and the volumes of wool usage.
Develop sales 'pitch pack' (one for retailers/manufacturers and one for retailers and one for supply chain partners).	Global sales pitch packs were implemented for use by all AWI Key Account Managers. This comprises a presentation of AWI's new product offerings (AWI collections) and a brochure detailing the benefits of becoming a Woolmark licensee.
Continue defining and improving the value propositions for each tier within the structure – encourage a continuous improvement culture.	We have continued to fine tune what we can offer licensees regarding market intelligence, identifying each area's needs, eg retailers are interested in information about sourcing wool yarns, manufacturers are interested in information about new business opportunities by geographical regions.
B2B2C - Europe, Asia, USA and Australia – begin discussions with retailers and develop deal shapes to market and sell more Merino wool.	We have identified markets where (1) wool has been lacking, or (2) there is a possibility that the market would switch fibres to wool, ie where there is a chance of new business for wool. This has been successful and has resulted in AWI signing contracts with new licensees.
Develop separate list by region of potential licensees in addition to the target list. The goal will be to re-engage and sign-up former licensees and to secure new licensees.	A list of other large global players and influencers, where there is a possibility of to switch fibres to wool, has been developed and pursued.
Summarise results on a quarterly basis.	Results have been reported on a monthly basis.
Finalise corporate social responsibility (CSR) project plan and secure pilot retailer/manufacturer.	A CSR system has been trialled but is not being progressed.

Product innovation and marketing

Action	Progress
Knitwear and wovens.	AWI launched two new knitwear collections at SpinExpo New York: the Merino Touch™ collection and the Merino Casual collection, which take advantage of two strengthening consumer trends: the love of affordable luxury, and the casualisation of fashion. AWI also showcased the innovations at other trade shows, including Milano Unica in Milan – one of Europe's most prestigious woven apparel shows – Première Vision in Paris and the Spin Expo trade fair in Shanghai. AWI followed up the introductions made at the trade shows by conducting retailer and processor workshops in Asia, USA and Europe. AWI then worked with our supply chain partners to help transfer the technology and innovation to develop the products.
Product technology.	A project to develop an alternative to conventional chlorine-based shrink proofing is scheduled to commence with the Italian industry in September 2010. Assessment has been completed of four additional alternative technologies which provide alternatives to chlorine-based shrink proofing. AWI continues to access alternative technologies.

Merino Perform™

Action	Progress
Determine business model including licensing approach for both products. Finalise strategy including key targets and resources required.	Strategy completed. Merino Perform™ Next to Skin based on a license fee structure and Merino Perform™ Advantage (Sportwool™) continuing on a royalty base.
Merino Perform™ Next to Skin and Merino Perform™ Advantage licensees signed up.	Although there was target of 5, we have achieved 13 licensed partners spread over Japan (4), Europe (2), Korea (2), China (1), Australia (3) and Mauritius (1).
Develop pitch packs and any additional marketing collateral – the royalty program for Merino Perform™ Advantage needs to be given special attention.	Brochure, banners and flyers produced and collections developed and issued to the regional teams.
Product development launch. Technical Merino Perform™ socks. Two groups 'active' and 'thermal'.	Awaiting project approval. Initial discussions had with potential partners.
Launch B2B2C marketing programs with key 'hero brand' licensees in each sports segment (outdoor, golf, bikewear).	Project moved forward to 2010/11 pending the company general marketing development. Planned launch of activities around the ISPO fair in February. Exhibiting at the fair will allow a strong presence and good base for promotion of the Merino Perform™ programs as well as the introduction of new moisture management innovations.

Interior textiles

Action	Progress
Finalise the Interior Textile strategy and the global target list of manufacturers and retailers for B2B2C partnerships. Pursue potential partnership strategy with Wools of New Zealand, IWTO and British Wool Marketing Board.	Strategy defined in the AWI Strategic and Operational plan 2009/2010.
Review and revise the existing testing policy and associated charges.	Work in progress – all Woolmark testing is under ongoing review, as part of the Woolmark accredited laboratory project. This is conducted in consultation with key Industry bodies and Institutes worldwide.
Develop a sales pitch pack and product suitcase including: Sleep Study and/or similar scientific research studies, trend services, product collection ranging from affordable luxury to high-end mass market with information on supply chain and technology transfer, Point-of-Sale marketing materials, and link with apparel offers.	Updated point of sale content and care instructions created and launched at Heimtextil 2010 (Frankfurt). This collateral has been translated into Russian, Spanish, Italian and Serbian and in many cases has been produced by licensees so as to include the licensee's brand.
Strengthen our relationships with existing licensees, identify and establish relationship with key retailers globally to add to our target list	Woolmark Key Account Managers have worked actively to build relationships with new and existing companies. Linking our colour trend forecasting to Point of Sale collateral supports key benefits and features of wool bedding and flooring.
Participate in one or more trade shows such as Heimtextil in Europe, Intertext in China, Surfaces in USA.	Woolmark once again hosted the Woolmark Wool Arena. The Woolmark stand, along with its licensee co-exhibitors, not only markets the natural benefits of wool but showcases new and innovative products. In January 2010, Woolmark co-exhibited with eight partners. The co-exhibition model allows Woolmark participation to be a cost neutral exercise.

PR

Action	Progress
Develop concept, project plan and budget for Global Design Competition in consultation with stakeholders.	Concept developed with IMG (International Management Group). Proposal was terminated.
Identify and recruit leading designer targets and support programs that position Merino as the natural fibre for the world's best fashion.	Commitment from targeted designers to partner with AWI and introduction of wool into their collections and/or increase in volume used.

Building and transferring knowledge – off-farm

Action	Progress
Supply chain education.	<p>Korean apparel manufacturer Cheil has demonstrated its appreciation of the importance of sustainable land management by contributing money to an Australian land-management initiative. One day “Wool Appreciation Course” tailored for retail head office staff delivered to:</p> <ul style="list-style-type: none"> • Key European partners: Marks & Spencer, Pink, Debenhams, Thomas Pink, Mango, Induyco, Orfama and Mango (March). • Key Australian partners: Fletcher Jones (April) and Country Road (May). • (To be offered in the USA November 2010) <p>Hong Kong:</p> <ul style="list-style-type: none"> • Bi-monthly Merino School, offered by AWI Hong Kong, is a series of seminars covering updated information relating to technology, product innovation, and colour and fashion trends. The participants are practitioners in textiles and apparel business. • Program partnered with local trade and professional bodies, such as Clothing Industry Training Authority (CITA), Knitwear Innovation & Design Society (KIDS), Textile Institute-HK Section (TI), Textile Council of HK (HKTC), Hong Kong Apparel Society (HKAS), Development Centre of Vocational Training Council (VTC). • Program topics included: knitwear manufacturing (addressing perennial fabric faults), dyeing Innovations, Woolmark colour trends. • Partnered with Industry and vocational training provider to deliver in mill training. <p>Japan:</p> <ul style="list-style-type: none"> • Over 10 days during October and November 2009, Konaka, the third largest menswear specialty chain-store in Japan, sent all 1,107 employees from 200 retail stores to attend a one-day workshop delivered by AWI technical staff. Topics covered “Why wool for Suits?” and “High-performance suiting”.

Endorsements

Action	Progress
Finalise product endorsement strategy including: expansion of existing licensee brands to other countries and conversion of key non-licensee brands in all regions.	Endorsement strategy completed for Woolmark Apparel Care. Opportunities for both Woolmark Apparel Care and Woolmark Interiors Care continue to be explored. One technology endorsed.
Creation of wool-specific dry cleaning standard and assurance program.	Technical specification for dry cleaners drafted. Trial program planned for Japan. Preliminary trial initiated in Japan.

ON-FARM R&D OPERATIONAL REPORT 2009/10

Healthy and profitable sheep

Action	Progress
Effective genetic benchmarking	<ul style="list-style-type: none"> • Australian Sheep Breeding Values (ASBVs) for breech wrinkle now available through MERINOSELECT. • Website expanded to include semen and sale catalogues. • Improved analysis for Number of Lambs Weaned. • Accuracies introduced for indexes. • Merino Bloodline Comparison 1999-2010 released. • Merino Superior Sires No 15 released. • Sire Evaluation Site Reports released.
Commercialisation of DNA-based tools	<ul style="list-style-type: none"> • R&D continues into genomic enhanced estimated breeding values. • Improved DNA parentage technology likely to be released by private sector in near future.
Healthier sheep	<ul style="list-style-type: none"> • LiceSense lice extension campaign delivered by Landmark, Elders and Rural Co and by South Australia, Tasmanis, Queensland, New South Wales, Victoria and Western Australia departments of agriculture. Over 610 growers trained and over 7800 lice control manuals were distributed to woolgrowers. • The submission process for the registration dossier for the para-aminopropiophenone (PAPP) canid bait has commenced with the Australian Pesticides and Veterinary Medicines Authority currently reviewing the first half of the submission. • AWI continues to provide financial support for training in best practice mulesing, including the use of pain relief. Training conducted in South Australia and Western Australia: 18 EOI, 11 attended, 11 assessed Competent. A training delivery contract for the National Mulesing Assurance Program has been approved and negotiations with a training provider are continuing. • AWI will provide support for training, via the Livestock Contractors Association, in the application of Leader Products' "Anti Flystrike Clips" in the 2010 lambmarking season. • Breech Strike Prevention R&D Update held on 23 June; four sound slides and all PowerPoint presentations loaded on the AWI website at www.wool.com/flystrike. • Trials of Skintraction™ intradermal breech strike prevention method continue. • AWI Animal Welfare Forum, that includes the key animal welfare groups in Australia, met on a 6 monthly basis. • Ongoing communications with global retailers and retailer associations. Australian Veterinary Association quarterly audit of AWI's Breech Strike Prevention R&D program. • Global flystrike communication strategy developed and commenced implementation.

Lower cost wool preparation and early stage selling

Action	Progress
Shearer and wool handler training	<ul style="list-style-type: none"> • Training of 2368 participants as part of the Regional Coaching in Shearing and Skilled Wool Handler Training Program in six states, with an additional 251 workshop attendees.
Logistical efficiencies	<ul style="list-style-type: none"> • Commercial Upright Posture Shearing Platforms now readily available. Peak Hill Industries “ShearEzy” now selling around 20+ units per year. Hecton’s “Highlander” sold ex. Western Australia, <10 units, and “CalmShear” formerly Gum Hill (Lines family) also <10 units annually. Manufacturers report some overseas interest. • Specialist “ram shearer” businesses are emerging using Upright Posture Shearing Platform technology. One established in southern New South Wales using Hecton Highlander and a second commencing in Victoria using ShearEzy. • Alternative comb and cutter sharpening technology developed and proven to early stage shed testing. It requires further evaluation under Australian conditions. • Producer case studies now provide best practice guidelines of how to improve working conditions in shearing sheds. Examples are available on the AWI website www.wool.com.
Alternatives to shearing	<ul style="list-style-type: none"> • Project terminated as part of re prioritising of projects to meet lower on-farm expenditure targets for 2009/10.

Building and transferring knowledge - on-farm

Action	Progress
Professional development for growers	<ul style="list-style-type: none"> • AWI has continued to support the state based extension networks which reach over 3,500 woolgrowers and secure an estimated \$1.872million in funding and in-kind contributions from state departments and woolgrowers. In 2009/10, nearly 800 new members became involved within the networks. • Making More From Sheep Phase 2 has been refunded, with Meat & Livestock Australia as the managing agent. The second phase will have a greater emphasis on measured practice change and increases in skills knowledge and confidence of producers. The modules will be reviewed in 2010/11.
Australian Wool Production Forecast	<ul style="list-style-type: none"> • A new process is under development with a view to reducing overall cost and achieving efficiencies in the model.
Future leaders	<ul style="list-style-type: none"> • Four AWI funded PhD students completed their degrees in the areas of animal health and reproduction, pastoral grazing systems at Universities of Western Australia (2) Melbourne and Sydney.

Environmental sustainability

Action	Progress
Preparing for a carbon economy	<ol style="list-style-type: none"> 1. CCRSPI (Climate Change Research Strategy for Primary Industries) Phase 2 complete: Successfully co-ordinated research proposals for DAFF funding and developed network of collaboration, co-ordination, knowledge sharing between RDCs and agencies. 2. AWI participates in the National Reducing Emission from Livestock Research Program (REFLP) and AWI funding is directed to two projects: <ul style="list-style-type: none"> • Developing an individual measuring system for ruminants • Metagenomic analysis of feed utilisation and hydrogen balance for lower methane emissions. 3. Phenotyping of sheep at Falkiner Memorial Field Station for methane emissions completed. Sheep have moved to Sheep CRC projects for further analysis. 4. EverGraze complete: <ul style="list-style-type: none"> • Over 13,500 people participated in the project. Approximately 3,300 producers adopted EverGraze principles • 130 knowledge products developed, engagement with 11 Catchment Management Authorities (CMAs) and a further 6 agribusiness groups • 2010/11 planning year for R, D & E to June 2014. Additional data will be collected from three Native Pasture sites during 2010/11.

Supply chain and quality assurance – on-farm

Action	Progress
Fibre and product quality specification	<ul style="list-style-type: none"> • Evaluation of electronic bale identification. Farm to broker and early stage processor (ESP) trial conducted. No identifiable cost or operational efficiencies were identified at the farm or broker level. Potential for improved efficiencies of stock management for ESPs appears to exist.

SUPPORT OPERATIONAL REPORT 2009/10

Corporate communications

Action	Progress
Manage the WoolPoll 2009 process to conclusion.	Woolgrowers supported the 2% levy at WoolPoll 2009. 73.13% of votes cast were in favour of a levy of 2% or more. This result was from 53.70% of votes cast, and an increase from WoolPoll 2006. The voluntary poll of wool levy payers sets the future level of wool levy to be paid by woolgrowers towards marketing, research and development from July 2010.
Build a proactive relationship with the Federal Department of Agriculture, Fisheries and Forestry (DAFF) and monitor the requirements of the Statutory Funding Agreement (SFA) between the Commonwealth of Australia and AWI.	AWI has re-established a productive, open and positive relationship with DAFF. This is reflected by the successful completion of a number of key bodies of work including seamless negotiation of the 2010-2013 SFA, completion of the 2010-11 AWI Annual Operating Plan and completion of the 2010/11-2012/13 AWI Strategic Plan – all in accordance with government objectives and priorities.
Tender and reduce overall costs for <i>Beyond the Bale</i> and Annual Report.	We now write the <i>Beyond the Bale</i> magazine in-house which has reduced total costs (including printing and postage costs) to approximately \$1.25 per copy. We reduced the production and printing costs of the 2008/09 AWI Annual Report by over 85% from the previous year, a reduction of over \$100,000.
Project manage events, communication aspects of the Annual General Meeting (AGM). Identify opportunities to reduce costs of the AGM and regional meetings.	The 2009 AWI AGM was successfully held in Sydney and resulted in significant budget saving compared to previous inter-state AGMs.
Revise current market research plan aimed at growers to be more targeted and executed in a more cost effective manner.	AWI has undertaken a survey of growers regarding low cost, targeted, online delivery of information. The roll out of such online information dissemination is now underway.
Australian Wool Industry Free Trade Committee.	Priority for progressing this action was revised due to the slow developments in the China Free Trade Agreement.

Online communications

Action	Progress
Develop new messaging to support the overall brand structure and enter new content on web.	New content uploaded onto AWI website. Content is continually reviewed and updated.
Online developments.	A consolidated wool.com was launched: 17 sites were consolidated into a single point of access for all stakeholders. The new tickets and labels process was launched via wool.com. New social media initiatives were undertaken including a new Woolmark page on Facebook at www.facebook.com/woolmark .
Upgrade internal intranet to improve communication and adoption of tools.	Upgrade implemented.

Consolidation of project proposals/contracts

Action	Progress
Review proposed consolidated project proposal/contract document (aimed at simplifying the process) with legal and operational areas.	Completed, available for internal use from August 2009.
Create one-page overview and flowchart of new simplified process.	Completed, new process commenced from August 2009.
Implement revised process and document.	Completed August 2009.
Begin process mapping other key areas within the business to identify opportunities to simplify and improve.	Ongoing and is being integrated into AWI's feasibility work for an ERP system.