

Message from the CEO

On behalf of AWEX I want to welcome all our SustainaWOOL Members and Supply Chain Partners to the first SustainaWOOL Integrity Scheme News.

Thank you for your ongoing membership and support of the SustainaWOOL Integrity Scheme, and we look forward working with you to add value to your business.

In this first newsletter, we'd like to start by acknowledging the devastating impact of the ongoing drought and the widespread fires in many of our major wool production areas in Australia. The effects are not isolated to one area or community but is felt right across the industry in Australia and internationally. Our thoughts are with those on the frontline, and whose families have suffered loss.

I'd also like to acknowledge the tremendous leadership and generosity demonstrated by the founding partners of SustainaWOOL – Successori Reda, Vitale Barberis Canonico, and New England Wool.

It has been a huge 5 months since AWEX took on SustainaWOOL, with much achieved:

- On 26th July, we officially took over ownership of the SustainaWOOL, from New England Wool, Successori Reda and Vitale Barberis Canonico.
- In August, Dr Paul Swan was appointed as Program Manager for SustainaWOOL. Paul is well known in the industry and brings a wealth of expertise in the field of sustainability credentials to AWEX.
- In October, we launched the new SustainaWOOL website - www.sustainawool.com.au – the hub for all things SustainaWOOL.
- In October, we also introduced the new SustainaWOOL membership structure and welcomed the first of our new Supply Chain Partners (we now have 9, with more in the pipeline).
- On 15th January, AWEX achieved ISO9001-2015 certification for the SustainaWOOL and National Wool Declaration Integrity Programs.

Finally, I am confident that there is much to look forward to with SustainaWOOL in 2020. More members, more services, and more Supply Chain Partners accessing a greater range of wool and wool types for their customers.



Mark Grave
Chief Executive Officer

New Supply Chain Partners

The world's consumers increasingly demand the highest standards of wool production – embodying production sustainability, traceability and professional clip preparation.

Now industry-owned and operated through AWEX, SustainaWOOL has been opened to a much wider array of supply chain partners, from across the wool industry.

These new Partners complement our foundational partners – Successori Reda, Vitale Barberis Canonico, and New England Wool – and widen the opportunities for grower members to link to discriminating buyers.

We are very proud of our growing array of Partners, who now include:

- New England Wool (Founding Partner)
- Successori Reda (Founding Partner)
- Vitale Canonico Barberis (Founding Partner)
- Michell Wool
- Nanshan Zhishang
- Tianyu Wool Industry
- Segard Masurel Australia
- Modiano Australia
- PANTEX S.p.A. (Italy)
- CL7 s.a. (Switzerland)
- Moses and Son Wool Brokers

Over the coming months, we will focus on expanding this array of Partners, domestically and internationally.

ISO9001-2015 Certification

On 15th January we received the good news that we became certified under ISO9001-2015 for provision of independent Quality Assurance services to the Australian and International wool supply chain through the SustainaWOOL Integrity Scheme and National Wool Declaration - Integrity Program.

This achievement reflects months of hard work by the AWEX team, especially Quality Scheme Manager Dr Kerry Hansford.

It also underlines the integrity and objectivity of the AWEX internal processes – for the benefit of all members and Supply Chain Partners.



Continued membership growth

SustainaWOOL is Australia's largest wool integrity scheme and grower participation continues to grow.

We have just welcomed the 1,072nd accredited grower member, with representation from all sheep production states around Australia.

- 38% of accredited members are SustainaWOOL **GREEN** (Non-mulesed/Ceased mulesed (NM/CM))
- 62% are SustainaWOOL **BLUE** (Mulesed with Pain Relief (PR))

An interesting trend is that over 70% of new memberships this year have been SustainaWOOL **GREEN** (NM/CM).

This will be reflecting the broader trend within industry away from reliance on mulesing, but also increasing awareness of the value of the AWEX NWD and SustainaWOOL membership.

New website

On 1st of October, we launched the new SustainaWOOL website – sustainawool.com.au

The site is a convenient source of information about all things SustainaWOOL, including the basis of the integrity scheme, membership including Supply Chain Partnerships, Application and Renewal forms and downloads, and our contact details. Try it yourself!

Time to renew your membership

SustainaWOOL has moved to an annual membership-based model, and we ask that all members complete a new declaration each year. This allows you to keep your declarations up to date and allows us to keep our records current.

We ask that your accreditation be renewed on the anniversary month of your previous accreditation. We will contact you in the first week of the month prior to gently remind you of the need to renew.

Renewing your checklist declaration now very easy through the new SustainaWOOL Website (see: sustainawool.com.au/members/#apply):

- Download and complete the grower checklist, sending it back to us along with your payment details.
- Complete the application form online –the preferred approach is time is of the essence.

The value of SustainaWOOL membership

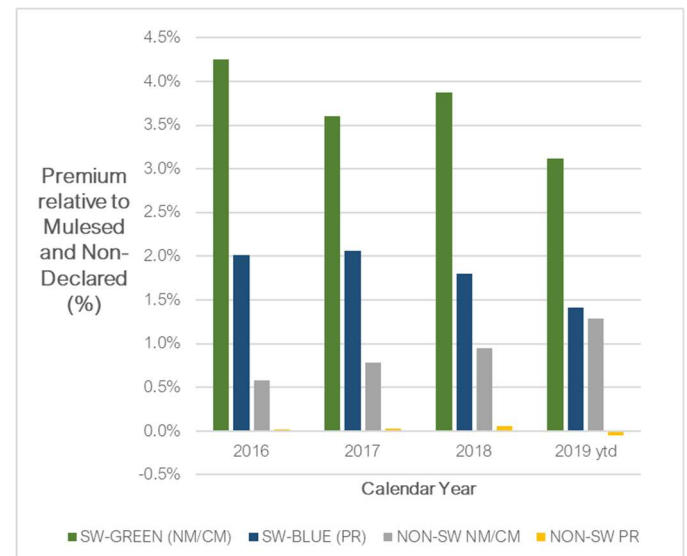
SustainaWOOL provides 3 types of benefit for growers:

1. **Practice improvement:** SustainaWOOL allows growers to self-assess management practices against stewardship benchmarks.
2. **Reputation:** SustainaWOOL provides growers a platform to declare stewardship practices and willingness to be audited to the world's wool buyers.
3. **Financial Reward:** SustainaWOOL **BLUE** and **GREEN** may be included in integrity-assured consignments.

With SustainaWOOL moving to an annual membership-based model, we thought we'd ask the obvious question on behalf of our members: *"Do the financial benefits of SustainaWOOL accreditation exceed the membership costs for Merino wool growers?"*

We compared the prices received by SustainaWOOL members for sound, full length Australian Merino fleece lots (P Cert) compared to non-members, and against those who do not declare. The results show:

- SustainaWOOL **GREEN** fleece lots attracted a 3 – 4% higher price than equivalent non-declared lots, and 1 – 2% higher than equivalent NM/CM lots.
- SustainaWOOL **BLUE** fleece lots attracted 1 – 2% higher price than non-SW PR-declared fleece lots.



Please note that these are historical market price data and should not be taken as representing future prices; and, the full report is available from the SustainaWOOL website. It will be updated and expanded in the coming months.

Pass-in rates

Another insight to the demand trends toward non- or ceased mulesed wool can be seen in the combined trend for passed-in and withdrawn-from-sale rate for NM/CM lots compared to Declared Mulesed. These rates look to be diverging, as shown for 3 time periods in the table below:

Time period	Passed-in & Withdrawn-from-sale rate (combined %, first-hand offers)		
	Declared mulesed	NM/CM	Difference
From Jul-16 (last 41 months)	9.1%	6.9%	- 2.2%
From Jan-19 (last 11 months)	18.6%	14.9%	- 3.7%
From Jul-19 (last 5 months)	26.4%	19.0%	- 7.4%

The results show that the NM/CM lot pass-in/withdrawn-from-sale rate averaged 2.2% lower than for Declared Mulesed for the entire 41-month period, but that this difference appears to have grown rapidly in 2019.

There are potential implications for the future auction outcomes in these categories, since passed-in or withdrawn-from-sale wool is eventually re-offered for sale and so makes its way back onto the show floor to compete against fresh wool of the same category.

We'll update and expand this analysis in the coming months, and report on our findings in our April 2020 News.

Upcoming events:

ISPO Munich 2020 (Jan 26 - 29, 2020)

- ISPO is the largest trade fair for the sports business, and a key event for the Merino supply chain and those interested in clothing sustainability (www.ispo.com/en/munich).
- SustainaWOOL and the NWD will be featured in an AWEX presentation, delivered by Dalena White (IWTO Secretary General).

Peter Westblade Scholarship – Wyvern Weekend 2020 (8-9 February 2020)

- The Peter Westblade Scholarship promotes practical skills to young people aspiring for a wool industry career (www.pwscholarship.com.au)
- Over the weekend of 8 – 9 February, 30 young wool professionals will gather at TA Field Estates 'Wyvern Station'. SustainaWOOL Program Manager Paul Swan will be one of the presenters.

National Wool Declaration Consultation

The 2019 review of the National Wool Declaration (NWD) is almost complete.

AWEX received submissions from 58 Australian and international stakeholders, and the AWEX Board has accepted several recommendations and is now seeking further industry comment and feedback on the proposed DRAFT NWD v8.0, available at: www.awex.com.au/media/1905/3137-2019-nwd-review-consultation-period-open.pdf.

Feedback is to be returned by COB 31 January 2020 to:

Mark Grave
Chief Executive Officer
Australian Wool Exchange Limited
By email: mgrave@awex.com.au
By post: PO Box 651, North Ryde, NSW 1670

Fire affected clips

AWEX has been contacted regarding the potential and likely issues that will be faced by growers and wool classers as a result of the recent fires in most states.

In response, AWEX has released practical information from AWEX Classer Registrar Fiona Raleigh, available online at: www.awex.com.au/media/1907/3139-classing-tips-for-fire-affected-wool.pdf

In summary, the recent fires will have affected the wool on sheep in many properties, such that the:

1. Wool has been burnt (fibre damaged by fire),
2. Wool has been singed where there is damage to the tip of the wool fibre, and/or
3. Wool is not burnt but has been affected by charcoal from sheep running on burnt ground.

Buyer feedback indicates that while charcoal is scourable, charcoal affected wool should be kept separate from wool that is not affected.

Classing strategies may include:

- Keeping wool from affected mobs separate and class the affected mob using standard classing methods, or
- Keep affected fleeces/parts of fleece within the mob separate to wool that is unaffected by fire or charcoal.

Examples of possible classed lines:

Line 1 - Unaffected wool.

Line 2 - Charcoal affected wool, no damage to wool fibre.

Line 3 - Burnt/singed wool where there is damage to the wool fibres - may also contain charcoal.

WoolClip update

WoolClip™ is an online internet and smartphone app which allows the user to create wool Specifications and NWDs.

With WoolClip you can:

- Create a Wool Book, and add and scan Bales,
- Create a Classer's Specification, create Mobs, and complete the NWD,
- Ensure online collaboration between the Classer, and Owner/Manager,
- Follow your wool along the Bale trail



WoolClip uses a simple, intuitive workflow designed to reduce workload and errors, and the smartphone app can be used to collect Mob and Bale details in the shed even where there is no signal or data connectivity.

Since WoolClip was launched by AWEX in July 2018, over 700 farm accounts and 57,000 bales have been processed – with 37,000 in the last 6 months alone!

For more information, visit the AWEX website (www.awex.com.au/woolclip/), or contact AWEX's David Cother by phone (+61 (02) 9428 6141) or by email (dcother@awex.com.au).



Interested to take part in an E-Bale trial?

For decades, our industry has been considering the application of electronic bale identification technologies where each pack has a machine-readable unique ID.

With 1.5 – 2 million individual wool bales filled each year on over 30,000 farms around Australia, and with rapidly evolving technology platforms, the challenges have been substantial.

However, the payoff is also potentially massive for our industry. The many potential benefits to our industry from electronic identification of wool bales include:

- **Improved bale traceability:** rapid identification and localisation of bales in the event of an emergency animal disease outbreak (e.g. Foot & Mouth Disease)
- **Improved information flow from farm to processor** (more accurate identification and location of bales)
- **Spin-off benefits:** including enhanced performance of electronic Woolclasser's Specification.

AWEX has been actively involved in E-bale technology and trials since 2013. Large scale trials are now underway on-farm and in-store, with new AWEX eBale labels containing:

- A barcode, for in-woolshed use (e.g. using WoolClip)
- An RFID tag, for use right along the bale logistics pipeline, both domestically and internationally.

The image below shows an AWEX eBale label attached to a conventional bale label.



If you are interested to find out more, or to potentially take part in an eBale trial, please contact AWEX's David Cother by email (dcother@awex.com.au) or by phone (+61(2) 94286141).