

# ANNUAL OPERATING PLAN 2025–2026

Australian Wool Innovation's mission is to enhance the profitability, international competitiveness and sustainability of the Australian wool industry



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# STRATEGIC OBJECTIVES AND CONSULTATION PROCESS OVERVIEW

The AWI Annual Operating Plan (AOP) sets out the company's strategic priorities and investment focus for the year ahead. It reflects AWI's commitment to delivering value to Australian woolgrowers by strengthening the industry's resilience, supporting sustainable growth, and responding to evolving global opportunities and challenges

The AOP closely aligns with the Wool 2030 Strategy as well as the three-year Strategic Plan and provides a framework for successful implementation of business objectives. This plan informs levy payers, government and the wider wool industry on AWI's plans for the fiscal year 2025–2026.

AWI is a charitable not-for-profit organisation incorporated in Australia responsible for delivering research, development and marketing for the Australian wool industry. AWI is owned by

approximately 16,000 Australian woolgrower shareholders and represents more than 81,000 levy payers. The company is funded by a levy of 1.5% on woolgrowers' wool revenue, with matching funds from the Australian Federal Government for eligible Research & Development expenditure.

The AOP is prepared each financial year to advise on the focus of the activities for the fiscal year that aligns with the objectives and outcomes in the three-year Strategic Plan.

## What we are aiming to achieve





# OUR PURPOSE



To enhance the profitability, competitiveness and sustainability of the Australian wool industry through research, development, extension and demand creation.

# OUR GOAL



A thriving Australian wool industry.



# MESSAGE FROM THE CEO

JOHN ROBERTS

**This Annual Operating Plan (AOP) for the 2025–26 financial year outlines the main wool industry R&D and marketing activities in which AWI will invest on behalf of Australian woolgrowers who fund the company.**



This is the first year that AWI will operate under its new three-year Strategic Plan for 2025–26 to 2027–28. The Strategic Plan was produced in consultation with woolgrowers and wool industry bodies and includes the key, high-level R&D and marketing priorities of these bodies and the woolgrowers they represent. The activities detailed in this AOP reflect the priorities in the Strategic Plan.

On-farm R&D activities will focus on integrated projects across sheep genetics, animal health and welfare, reproduction, wool harvesting, and environmental sustainability. AWI will also deliver practical training programs to increase growers' adoption of best practice on-farm management and attract the next generation of wool industry professionals. All these initiatives aim to improve woolgrowers' resilience, productivity, and long-term success.

AWI and its subsidiary Woolmark will work on behalf of woolgrowers in key, lucrative markets across the world with the aim to increase the demand for Australian wool. We will partner with leading manufacturers, brands and retailers to explore new opportunities for Australian wool and carry out joint marketing campaigns that are cost effective as well as market focused. In some projects, the joint collaborations will involve us providing only in-kind support, such as giving advice on product quality improvements and marketing strategy, and offering the use of Woolmark marketing collateral. In the face

of legislative changes to product labelling in Europe we will continue to promote wool's many benefits over fossil fuel derived fast fashion.

However, AWI faces financial challenges. Given the limited financial reserves available to the company, AWI must now largely rely only on what it receives in revenue. AWI's main source of revenue is from the wool levy, which we anticipate will be less in 2025–26 than in 2024–25 due to the fall in volume of wool production across Australia. This means that the company's level of expenditure in R&D and marketing will be reduced this year compared to last year.

AWI already operates in a lean, efficient and transparent manner, so the company's reduced income means that we have had to make some tough choices about which projects and activities we can invest in. We will continue to invest in those areas that woolgrowers have told us are most important to them.

AWI and woolgrowers travel a similar journey. Despite the current challenges, the Australian wool industry has plenty of opportunities – the fundamental benefits of wool and long-term consumer trends play in wool's favour. I assure woolgrowers that AWI will continue to work hard on their behalf this year to increase the profitability and sustainability of wool-growing in Australia.



### Expanding the supply chain

- Nearshoring, need for new innovations, flexible manufacturing options, continued innovation



### Need to build confidence in the industry



### Next generation woolgrowers

# CHALLENGES & OPPORTUNITIES



### Traceability and provenance



### Sustainable fibre

- Natural, renewable, biodegradable and recyclable



### Climate dependence/ resilience

- Challenge & opportunity



### Cost of production/ gross margin



### Fibre advocacy



### Competition from competing fibres and land use



### Shifting consumer priorities

# AWI PROGRAM SUMMARY 2025–2028

## PILLAR 1

### GROW DEMAND AND FIBRE ADVOCACY

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#### DEMAND CREATION AND FIBRE ADVOCACY

Joint marketing campaigns with brands and retailers, and direct to consumer marketing, to increase demand for Australian wool.



#### TRADE ENGAGEMENT

Marketing the benefits of Australian wool to the textile trade to encourage them to include the fibre in their products.



#### EMERGING MARKETS

Development of new or re-emerging processing and manufacturing markets for Australian wool.

## PILLAR 2

### SUSTAINABLE AND PROFITABLE WOOL-GROWING

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#### SUSTAINABLE, PROFITABLE SHEEP PRODUCTION

On-farm research and development to help woolgrowers increase their productivity and reduce their costs of production.



#### WOOL HARVESTING INITIATIVES

Exploration of new technologies, including biological wool harvesting, to make wool harvesting easier, safer and more productive.



#### CAPACITY BUILDING & WOOLGROWER EXTENSION

Practical training to help woolgrowers make positive changes to their management practices to increase on-farm productivity.



#### SHEARER AND WOOL HANDLER TRAINING

Hands-on, practical, in-shed training to attract and retain new shearers and wool handlers in the wool harvesting industry, underpinned by a commitment to high standards of sheep welfare and ethical wool production.



#### STAKEHOLDER ENGAGEMENT

Consultation, communication and engagement with wool industry stakeholders including and especially woolgrowers.

## CORPORATE SERVICES

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#### DIGITAL, MARKET INTELLIGENCE AND SUPPORT & ADMIN

Support services to ensure that AWI is run in the most effective, efficient and cost-effective manner.



PILLAR 1

GROW DEMAND AND FIBRE ADVOCACY

PROGRAM

# DEMAND CREATION AND FIBRE ADVOCACY





## PROGRAM

### DEMAND CREATION AND FIBRE ADVOCACY

AWI will partner with leading brands and retailers in key markets to carry out collaborative marketing campaigns to build consumer awareness of wool's benefits and drive purchases of the partners' commercially available wool products. AWI will also undertake direct-to-consumer marketing campaigns to educate consumers about the benefits of wool.

The focus of the marketing will primarily be on manufacturers and brands in the premium fashion and performance

categories that can provide high volume and high value opportunities for Australian wool. In much of its marketing, Woolmark will focus on defending and promoting the eco-credentials of Australian wool.

AWI will also continue to capitalise on the enduring appeal of the Woolmark logo to deliver significant returns to Australian woolgrowers through its use in the Woolmark Certification Program as well as marketing campaigns.

Investment focus	Targets	Reporting data source
Consumer education, brand and influencer engagement.	1% increase in awareness of and consideration for Merino wool in USA/China	Campaign impact reports
Engaging and educational content creation.	Grow reach and engagement across our owned social channels by 15%	Social analytics
Partner with leading brands and retailers in the premium fashion and performance categories.	Secure 4 high-volume fashion brand/retail and 4 innovative performance partnerships	Contracted partners
Brand engagement, conversion marketing to drive purchases of the partners' commercially available wool products.	Average 10% year on year uplift in wool sales with brand and retail partners	Partner sales data
High profile collaborations, influencer engagement, industry and trade-relevant product development, innovation and research.	3,500 earned media clippings relating to Woolmark and Merino wool	CisionOne and Tribe Dynamics earned media reports
Engagement with European policy makers and advocacy of wool's positive benefits.	Influence impending textile legislation and amplify the ecological attributes of Australian Merino wool	Engage with and influence policymakers, via the Make The Label Count campaign, to level the playing field for wool compared with other apparel fibres

PILLAR 1

**GROW DEMAND AND FIBRE ADVOCACY**

PROGRAM

# TRADE ENGAGEMENT





## PROGRAM

### TRADE ENGAGEMENT

Through its extensive network of relationships spanning the international textile and apparel industries, AWI will build the textile industry's knowledge of the benefits and opportunities of including Australian wool in their products. AWI will provide sourcing support, technical know-how, and supply chain optimisation.

AWI will also work with brands and retailers to help educate their retail staff about Australian wool, and will foster the wool education and development of fashion and textile students.

AWI will progress its Woolmark+ roadmap, driving adoption of its initiatives throughout the value chain to deliver the circular fibre of choice and accelerate nature positive outcomes for the industry.

This program will also identify opportunities in key market segments and then partner with manufacturers, brands and retailers to carry out R&D, technology transfer and commercialisation of new wool processes and product lines: yarns, textiles and garments, products.

Investment focus	Targets	Reporting data source
<b>Empower global retail partners with wool knowledge to strengthen fibre advocacy.</b>	Deliver retail education programs to a minimum of 40 brands globally	Retail training reports
<b>Engage the global supply chain to drive demand and promote wool's value.</b>	Execute 30 trade engagement initiatives, including participation in global trade shows and the facilitation of targeted industry workshops	<ul style="list-style-type: none"> <li>• Education and Trade Application</li> <li>• Woolmark Performance Challenge</li> </ul>
<b>Support commercialisation of new wool innovations across key segments.</b>	Maintain number of product and process development and technical transfer projects across key market categories	PIPD register
<b>Build future-ready industry skills through digital learning platforms.</b>	Maintain Woolmark Learning Centre course completions	Woolmark Learning Centre Analytics
<b>Generate engaging and educational Woolmark+ content creation; presence at key global events.</b>	Drive awareness and engagement of Woolmark+ initiatives	<ul style="list-style-type: none"> <li>• Initiatives launched</li> <li>• Brands engaged</li> <li>• Earned media clippings</li> </ul>
<b>Expand brand trust and market reach via Woolmark certification uptake.</b>	3% increase in Woolmark licensees Minimum 30% of The Wool Lab suppliers are Woolmark licensees	<ul style="list-style-type: none"> <li>• Number of licensees</li> <li>• The Wool Lab analytics</li> </ul>





PILLAR 1

**GROW DEMAND AND FIBRE ADVOCACY**

PROGRAM

# EMERGING MARKETS



## PROGRAM

### EMERGING MARKETS

AWI will pursue the development of potential new processing and manufacturing markets for Australian wool. This will help reduce the risk of the Australian wool industry relying on a limited number of markets and ensure that Australian wool remains competitive.

This approach also aligns with the trend amongst brands and retailers to seek

the security of sourcing its garments from countries closer to the markets where they will be sold. This shift is partly the result of brands and retailers wanting to lessen lead times and logistical risks, but also because they are increasingly examining ways to reduce the carbon footprint of their supply chains.

Investment focus	Targets	Reporting data source
Engage new supply chain partners in target emerging markets.	Engage 30+ new partners across 3 emerging regions; track active collaborations	Reports in collaboration status and pipeline growth
Expand trusted wool branding globally; strengthen AWI's downstream influence and product assurance.	+10 new licensees in emerging markets	Number of licensees and retention updates with 85% renewal rate target
Establish and support new supply chain partners who are interested in or want to increase their knowledge of wool. Visit and exhibit at trade shows to build trade leads and conduct market research.	Visit 5 trade shows and exhibit in 2	Trade show attendance
To continue assessing the growth potential of wool in select markets through relationship building to improve local market intelligence for wool consumption.	Establish meaningful relationships in a minimum of three additional markets beyond the current emerging market focus of Bangladesh, Vietnam, and Portugal	CRM entries documenting initial contact and ongoing engagement with at least 2 relevant stakeholders per market



A high-angle photograph of a group of sheep in a field. The sheep are clustered together in the lower half of the frame, with one sheep standing apart to the right. They are in a field of dark brown soil and green grass. A corrugated metal fence runs diagonally across the upper half of the image. The text is overlaid on the left side of the image.

PILLAR 2

**SUSTAINABLE AND PROFITABLE WOOL-GROWING**

PROGRAM

# SUSTAINABLE, PROFITABLE SHEEP PRODUCTION





## PROGRAM


### SUSTAINABLE, PROFITABLE SHEEP PRODUCTION

This program will invest in on-farm R&D to help woolgrowers increase their productivity and reduce their costs of production. Areas in which AWI will invest include the genetic improvement of the Merino, animal health and welfare, increasing the reproductive efficiency of ewes and rams, and promoting environmentally sustainable practices that support long-term resilience and and natural resource stewardship across the wool industry.

Technology is rapidly changing many areas of agriculture – and AWI will aim to ensure Australian woolgrowers are on the front foot to take advantage of the latest opportunities.

AWI will also progress its Woolmark+ roadmap that is designed to help woolgrowers and supply chain partners accelerate nature positive outcomes for the industry, ensuring woolgrowers' commitments to nature are recognised and supported.

Investment focus	Targets	Reporting data source
Integrated R&D to improve woolgrower productivity, cost-efficiency, and resilience through practical tools and knowledge for decision-making and risk management.	Deliver integrated R&D projects that improve woolgrower productivity and risk management	<ul style="list-style-type: none"><li>• Delivery of cross-disciplinary R&amp;D projects that address more than one key production challenge (e.g. genetics + health + sustainability).</li><li>• Number of research outcomes transitioned to extension/adoption phases and or incorporated into AWI grower engagement programs.</li></ul>
Research aligned with Woolmark+ to support environmental sustainability, animal health and welfare, climate resilience, and premium market access.	Deliver research aligned with Woolmark+ initiatives	<ul style="list-style-type: none"><li>• Number of R&amp;D projects initiated or completed that are aligned with Woolmark+ initiatives</li><li>• Number of new or refined tools, frameworks, or data sets that help woolgrowers implement nature-positive practices and improve animal wellbeing.</li><li>• Integration of R&amp;D outcomes into Woolmark+ programs</li></ul>
Breeding tools to support sheep genetics, emissions reduction, and business resilience through improved woolgrower efficiency and adaptability.	Develop and disseminate breeding tools that enhance woolgrower resilience and efficiency	<ul style="list-style-type: none"><li>• Completion of research outputs related to trait selection for parasite resistance or climate adaptability.</li><li>• Completion of R&amp;D outputs that contribute to the development and update of breeding indexes or tools for commercial woolgrower use.</li><li>• Number of grower-facing activities (e.g. case studies, workshops, online resources) featuring these tools</li></ul>



PILLAR 2

**SUSTAINABLE AND PROFITABLE WOOL-GROWING**

PROGRAM

# WOOL HARVESTING INITIATIVES



## PROGRAM

### WOOL HARVESTING INITIATIVES

AWI has a multipronged approach to improving wool harvesting. In addition to training and support for shearers and wool handlers, AWI will explore new technologies to make wool harvesting easier, safer and more productive.

Investment will continue into biological wool harvesting to identify the most effective biological agent to create a

weakened zone at the base of the wool fibre that enables the fleece to remain securely on the sheep without a net until it can be mechanically removed.

Other technologies that will also be explored include upright posture shearing platforms, sheep delivery systems, and shearing shed improvements.

Investment focus	Targets	Reporting data source
Wool harvesting research to provide alternatives to traditional shearing and improve clip quality and preparation.	Advance the development of wool weakening technologies to improve shearing efficiency	<ul style="list-style-type: none"><li>• Completion of in-vitro (lab-based) testing and analysis of wool weakening agents.</li><li>• Progress on trials to evaluate safety, wool quality and feasibility of application.</li><li>• Technical reporting delivered outlining efficacy, risks, and potential for commercial scalability.</li><li>• Identification of commercial or research partners for future co-investment (if applicable)</li></ul>
Animal welfare assurance as a core requirement in the development of alternative harvesting solutions.	Ensure wool weakening R&D incorporates robust animal welfare and safety assessments	<ul style="list-style-type: none"><li>• Completion of welfare impact assessments as part of in-vivo trial protocols</li><li>• Independent ethics approval and ongoing oversight of animal testing procedures.</li></ul>



PILLAR 2

SUSTAINABLE AND PROFITABLE WOOL-GROWING

PROGRAM

# CAPACITY BUILDING & WOOLGROWER EXTENSION





## PROGRAM

### CAPACITY BUILDING & WOOLGROWER EXTENSION

AWI will provide opportunities for woolgrowers to get involved in practical programs and workshops that focus on making positive changes to their management practices to increase on-farm productivity.

The training will be suitable for a wide range of woolgrowers, from those who have been in the industry a long time to the next generation who are new to wool-growing.

The six state-based AWI Extension Networks will be fundamental to the spread of new ideas, continuing education, and the adoption of best practice. They will also give AWI a direct link to what is happening on-ground in wool-growing areas.

Investment focus	Targets	Reporting data source
Through the 6 extension networks, AWI will disseminate resources on best management practices, new and existing technologies and look to make these readily available.	Maintain participant engagement in AWI extension initiatives	Active members as reported by each extension network
AWI will improve and broaden best management practices of new and existing technologies.	AWI workshops delivered to participants receive a minimum satisfaction rating of 7.5/10	Participation evaluation through exit surveys



A woman with blonde hair tied in a bun, wearing a black tank top and black overalls, is shearing a sheep in a wooden barn. She is using a pair of clippers. The sheep is lying on its side on a wooden floor, and a large pile of white wool is visible. The background shows wooden stalls and a red fire extinguisher on the wall.

PILLAR 2

SUSTAINABLE AND PROFITABLE WOOL-GROWING

PROGRAM

# SHEARER AND WOOL HANDLER TRAINING





## PROGRAM

### SHEARER AND WOOL HANDLER TRAINING

AWI will fund hands-on, practical in-shed training for shearers and wool handlers across the country to attract and retain new entrants into the wool harvesting industry; increase workers' productivity, skills and professionalism; and increase returns to woolgrowers through improved clip preparation practices.

As well as providing novice workshops and education programs targeted at high school students, AWI will focus on mentoring and keeping full-time learner shearers engaged and improving their skills, with the aim to help retain them in teams on a stand.

As well as training shearers, AWI will also have a focus on attracting and retaining wool handlers and other wool harvesting staff.

Investment focus	Targets	Reporting data source
Retaining skilled wool harvesting staff to sustain workforce supply and maximise ROI on training programs.	50% retention rate for trained wool harvesting staff	Annual survey follow-up with trainees and shearing contractors to determine retention after 12 months
Quality assurance and relevance of AWI-funded wool harvesting training programs.	Average satisfaction rating is 8.10 or higher	Post-training survey results measuring overall satisfaction
Skill improvement within the wool harvesting workforce to improve skills depth and staff morale.	≥200 wool harvesting staff progressing to intermediate or improver level annually	Participant tracking in AWI training records to monitor progression from introductory to higher competency levels
Expansion of on-demand, scalable learning tools to improve accessibility and training reach.	≥1,200 views per year of AWI digital wool harvesting resources by wool harvesting staff	Monthly and annual tracking of unique views and repeat usage of wool harvesting online resources

PILLAR 2

**SUSTAINABLE AND PROFITABLE WOOL-GROWING**

PROGRAM

# STAKEHOLDER ENGAGEMENT





## PROGRAM

### STAKEHOLDER ENGAGEMENT

AWI will consult a wide range of stakeholders from within the Australian wool industry and along the wool supply chain. However, engagement with woolgrowers is a key priority.

AWI will formally consult and engage with woolgrower representative groups through its two key forums: the Woolgrower Industry Consultation Panel (WICP) and

the Woolgrower Consultation Group (WCG). They are effective avenues for woolgrower representative groups to inform AWI about woolgrower and industry priorities and needs.

AWI will also work productively with Federal and state government stakeholders to ensure an adequate understanding of the wool industry, AWI priorities, and outcomes of AWI's investments.

Investment focus	Targets	Reporting data source
Regular interaction with members of the WICP (Woolgrower Industry Consultation Panel) and WCG (Woolgrower Consultation Group).	Maintain member satisfaction in the industry forums WICP/WCG	Annual survey of representatives and members
AWI provides a wide array of print and digital communications to engage woolgrowers with clear, relevant, engaging and accessible content.	Growing engagement through electronic distribution of Beyond the Bale	Measured through EDMs and website traffic reports – increased engagement
	Woolgrower's satisfaction with communications from AWI	Woolgrower Sentiment Survey
AWI will continue to improve the wool.com website to increase navigability and increase traffic.	Maintain pageviews on wool.com	Website traffic reports



**CORPORATE SERVICES**

**PROGRAM**

# **DIGITAL MARKET INTELLIGENCE AND SUPPORT & ADMIN**





## PROGRAM

### DIGITAL, MARKET INTELLIGENCE AND SUPPORT & ADMIN

AWI will ensure its digital systems are developed and optimised to reflect AWI's ongoing commitment to enhancing efficiency across the business.

AWI will provide market intelligence services to ensure Australian woolgrowers remain informed of activity across global supply chains, market prices, sentiment and trends.

The Corporate Services function will also provide key expertise, compliance, governance, support, and value to the global business in the areas of financial management, legal, measurement and evaluation, personnel, and company secretarial support including IP portfolio management.

Program	Investment focus	Targets	Reporting data source
Digital	Provide responsive and effective support to the business for all IT and digital-related requests, including hardware, software, digital communications (e.g. e-newsletters), website updates, and CRM improvements.	Maintain or improve user ease-of-use rating	Corporate Services Survey results
Digital		Achieve all SLAs 90% of time	<ul style="list-style-type: none"> <li>• Service desk logs</li> <li>• CRM request logs</li> <li>• CMP request logs</li> </ul>
Digital		Conduct internal cybersecurity audits annually	Audit reports
Market Intelligence	Demonstrate the demand and utility of MI insights. Justifies continued investment in timely, accessible, high-quality reporting that shapes supply chain decisions.	Increase unique visits to the Market Intelligence section of wool.com	Website traffic reports
Market Intelligence	Validate the reach and practical uptake of MI. Supports resourcing for CRM improvements, targeted content delivery, and cross-team integration of intelligence.	Maintain active subscriber numbers; open/click-through rates	Maintain current number of subscribers to market intelligence reports
Market Intelligence	Support investment in skilled analysts, timely data sourcing, and tools to speed up stakeholder-responsive analysis.	Report audits (data source count); response logs; stakeholder satisfaction surveys	Individual responses to stakeholders, staff, timeliness and satisfaction with response

PROGRAM

DIGITAL, MARKET INTELLIGENCE AND SUPPORT & ADMIN (CONTINUED)

Program	Investment focus	Targets	Reporting data source
Support & Admin – Legal	Support staff with commercially sound legal solutions. In addition to providing legal advice, the team is responsible for managing the company's Intellectual Property (IP) portfolio and advising on IP matters, assisting with corporate governance matters and company secretary work for AWI and TWC and its subsidiaries and advising on privacy and data protection matters.	Continue to review and update AWI/TWC contract templates to incorporate changes to relevant national laws	Upload of each revised contract template to the intranet for business use
Support & Admin – Finance	Monitor and manage corporate financial compliance and reporting requirements globally, acknowledging the complexity and changing governance requirements across the company's global footprint.	Global rollout of new invoice approval process in all jurisdictions	New invoice system used in all AWI subsidiaries
Support & Admin – Finance	Manage the company's global investment and foreign currency exposures within the approved policies to safeguard corporate funds and minimise currency risk exposure. Provide useful and accurate financial reports to the business to enable effective decision making that meets the global financial compliance requirements.	Unqualified audit report delivered	Audit completed



PROGRAM

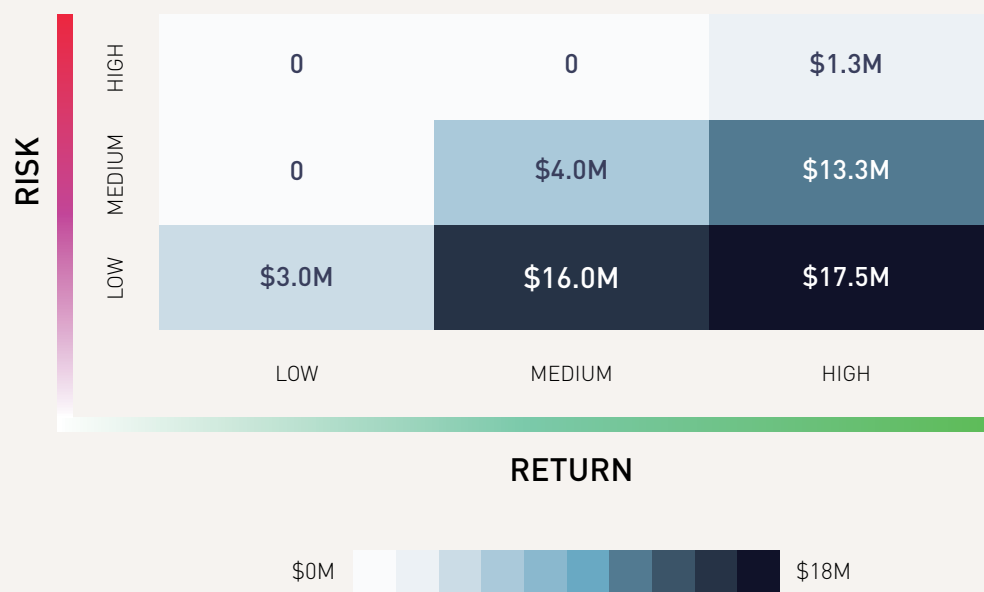
**DIGITAL, MARKET INTELLIGENCE AND SUPPORT & ADMIN (CONTINUED)**

Program	Investment focus	Targets	Reporting data source
Support & Admin – M&E	Provide a framework to measure, analyse, evaluate, and report on the performance of AWI's investments on behalf of its stakeholders. Implement and update systems and processes to assist in the consistent collection and analysis of information and data to inform investment decisions and report against AWI strategic and operational targets.	At least 3 impact assessments published	Number of impact assessments

# BALANCED PORTFOLIO

AWI seeks to balance its risk position by investing in medium to high 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.

The matrix below shows AWI’s targeted investment by risk and return category for the 2025–26 financial year.

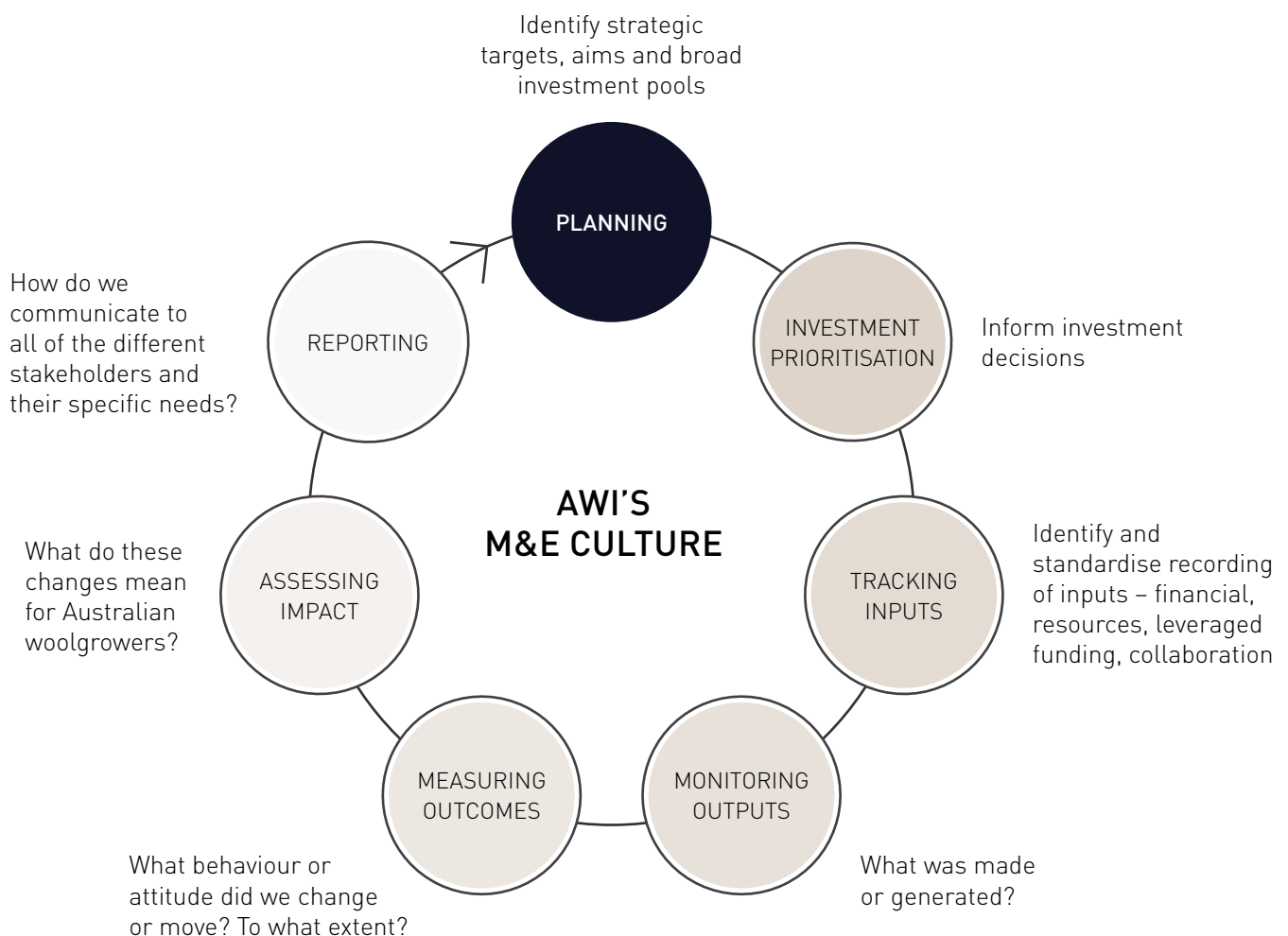




# MEASUREMENT AND EVALUATION

AWI aims to enhance the profitability and sustainability of the Australian wool industry through strategically targeted investments. The Measurement and Evaluation (M&E) Framework supports this goal by providing robust data to inform strategic planning and guide the design and delivery of programs and projects. It outlines clear objectives,

indicators, data sources, and processes for data collection, analysis, and reporting. By generating quantifiable insights, the M&E Framework enables program managers to assess what works, identify challenges, understand why outcomes vary, and apply these lessons to improve future initiatives.



# RISK MANAGEMENT

AWI has a risk management framework in place to effectively identify and manage risk across the organisation, aligned with the International Standard ISO 31000: Risk Management Guidelines that acts as a guide for companies for managing risk in a more formal manner.

AWI's risk management framework sets the requirements and responsibilities for staff and emphasises that it is everyone's responsibility to have appropriate controls in place and ensure the effectiveness of these controls in the reporting and management of risks.

Risks are identified, analysed, evaluated, and monitored at both an organisational (top down) and operational (bottom up) level, as well as at an individual project level. The purpose is to identify, assess, and prioritise risks, and then allocate resources to minimise, monitor, and control the probability and/or impact of future events.

There are three major environmental risks that AWI encounters and these are bushfires, flood, and drought. The direct impact of these risks is to the woolgrowers, and it also has a major impact on AWI and the

industry. The economic effects of this can be seen through the national flock size, average cut per head and shorn wool production. To mitigate these risks, AWI provides woolgrowers with a wide variety of resources and tools available to support them prepare for and reduce the impacts of bushfires, flood, and drought.

One of the major social risks is consumer purchase behaviour. There has been a continual shift towards casual workwear, a push which has seen workers choose apparel for comfort and casual styling, rather than structured formal workwear such as suiting. While this shift has impacted wool's traditional suiting market, the natural stretch, breathability and comfort of wool apparel creates opportunities within this trend.

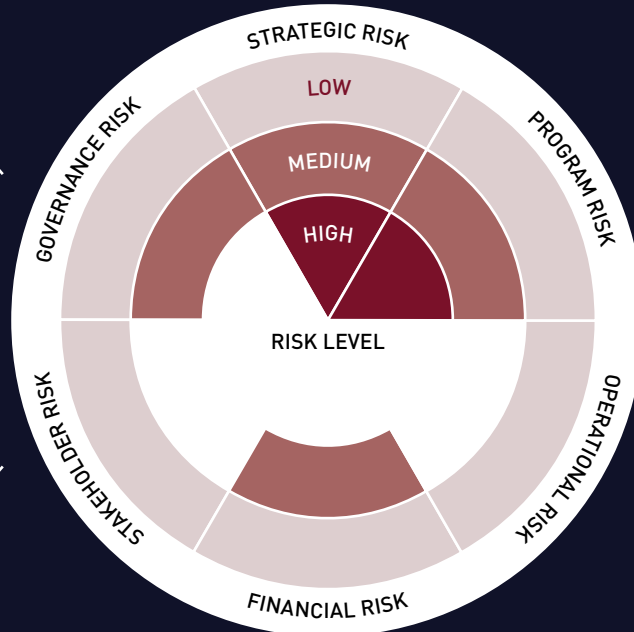
## RISK LEVEL

AWI recognises that the actual or perceived inability to deliver strategic initiatives could have a significant impact on its ability to achieve its objectives.

AWI has to keep abreast of domestic, international issues relating to the wool industry and strategic risks, e.g. changes in consumer demand, legislative impacts, and international trade relations.

AWI is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies and sound corporate governance principles.

AWI implements different types of programs and there are risks types associated with program and project implementations.




AWI works with various stakeholders across the supply chain and understands that there are certain risks that can arise working with stakeholders.

AWI carefully analyses risks in all its operational activities, including ensuring that the benefit of the risk control measures exceeds the costs of these measures. AWI has processes in place and can make resources available to manage operational risks to acceptable levels.

AWI assesses its financial risks both from a strategic and operational perspective. AWI always requires a balance between adequate reserves and expenditure on R&D and marketing.





The Australian wool industry is working together to enable all stages of the wool supply chain to achieve sustainability goals and deliver positive outcomes for people, planet and prosperity.

Woolmark+ presents a practical roadmap of initiatives designed to help woolgrowers and value chain partners achieve their sustainability targets, from reducing emissions to optimising productivity.

**[WOOL.COM/SUSTAINABILITY](https://www.wool.com/sustainability)**



# ANNUAL BUDGET SUMMARY 2025–2026

Revenue	Total ('000s)
Wool levy	29,510
Government contribution	14,455
Woolmark licensing	5,524
Other income	6,332
<b>Total</b>	<b>55,821</b>

Strategic reporting portfolio	Program	Total ('000s)
<b>Grow demand and fibre advocacy</b>	Demand creation and fibre advocacy	21,431
	Trade engagement	10,000
	Emerging markets	805
<b>Total</b>		<b>32,236</b>
<b>Sustainable and profitable wool-growing</b>	Sustainable, profitable sheep production	6,130
	Wool harvesting initiatives	444
	Shearer and wool handler training	2,467
	Capacity building & woolgrower extension	2,377
	Stakeholder engagement	3,110
<b>Total</b>		<b>14,528</b>
<b>Corporate Services</b>		9,057
<b>Total</b>		<b>55,821</b>

# CORPORATE GOVERNANCE FRAMEWORK

## GOVERNANCE PRINCIPLES

The main provisions governing the activities of AWI are:

- Legislation applicable to AWI
- 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
- AWI's 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.

## 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 four standing sub-committees being:

- Audit and Risk Committee
- Research & Development Committee
- People and Culture Committee
- Marketing and Product Innovation 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 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 Woolgrower 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 [wool.com/governance](https://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 Statement
- 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 Board review. The 2024 review included 360-degree feedback from senior executives in accordance with AICD best practice recommendations.

The skills matrix in the AWI Annual Report 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 skills 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.

## 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. This provides a systematic approach for the Board's oversight of the independence of all directors.

All directors meet all of the criteria for independence in accordance with the Principles and Recommendations.

## 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 Policy 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 arms length commercial terms and consistent with AWI's legal obligations.

The Code is available on AWI's website at [wool.com/governance](https://www.wool.com/governance).

# ALIGNMENT OF AWI STRATEGIC PRIORITIES WITH INDUSTRY PLANS

## WOOL 2030 PILLARS

Wool 2030 pillars	Total (\$ million)
<b>Pillar 1 – Caring for our animals and the environment</b> <ul style="list-style-type: none"> <li>• Growers have the confidence and tools to manage flystrike without mulesing</li> <li>• Australian wool production is moving towards carbon neutrality</li> <li>• More than 50% of wool is sold under a quality certification scheme</li> <li>• Woolgrowers are earning income from ecosystem services, including for carbon mitigation</li> </ul>	4.5
<b>Pillar 2 – Marketing the world’s most desirable fibre</b> <ul style="list-style-type: none"> <li>• New wool products are developed to meet evolving consumer needs</li> <li>• Australian wool attracts a price premium over equivalent wools from other countries</li> </ul>	21.8
<b>Pillar 3 – Communicating with our customers</b> <ul style="list-style-type: none"> <li>• Australian woolgrowers understand the market(s) they serve</li> <li>• 95% of Australian wool is sold with a completed National Wool Declaration or equivalent by June 2022</li> </ul>	10.3
<b>Pillar 4 – Transforming our production systems through innovation</b> <ul style="list-style-type: none"> <li>• Lamb weaning rates increase by 5 percentage points</li> <li>• Genetic gain is 2% per annum</li> <li>• Cost of harvesting reduces by 3% per annum in real terms</li> </ul>	5.8
<b>Pillar 5 – Fostering a prosperous woolgrowing community</b> <ul style="list-style-type: none"> <li>• Staff and contractors feel valued by the industry</li> <li>• The Australian wool industry is seen to be united and cohesive</li> <li>• Woolgrowing is perceived as a satisfying and profitable pursuit</li> </ul>	13.4
<b>Total</b>	<b>55.8</b>

# ALIGNMENT OF AWI STRATEGIC PRIORITIES WITH INDUSTRY PLANS

## SHEEP SUSTAINABILITY FRAMEWORK (SSF)

Sheep Sustainability Framework (SSF)	Total (\$ million)
<b>Caring for our sheep</b> <ul style="list-style-type: none"> <li>• Reduce, refine and replace painful husbandry practices</li> <li>• Implement best practice sheep management</li> <li>• Ensure humane processing and onfarm euthanasia</li> <li>• Prevent and manage disease</li> </ul>	8.0
<b>Enhancing the environment and climate</b> <ul style="list-style-type: none"> <li>• Improve natural resource management</li> <li>• Responsible environmental practices</li> <li>• Encourage biodiversity</li> <li>• Reduce net greenhouse gas emissions</li> <li>• Adapt to a changing climate, including extreme weather events</li> </ul>	7.6
<b>Looking after our people, customers, communities</b> <ul style="list-style-type: none"> <li>• Improve industry safety culture</li> <li>• Improve our peoples' health</li> <li>• Support and grow workforce</li> <li>• Encourage workforce diversity</li> <li>• Enhance community trust</li> <li>• Deliver products that customers demand</li> </ul>	14.0
<b>Ensuring a financially sustainable industry</b> <ul style="list-style-type: none"> <li>• Maintain or increase industry profitability</li> <li>• Maintain or increase contribution to the Australian economy</li> <li>• Increase productivity and encourage innovation</li> <li>• Ensure positive market positioning and access</li> <li>• Guarantee product integrity and safety</li> </ul>	26.2
<b>Total</b>	<b>55.8</b>



# ALIGNMENT WITH AUSTRALIAN GOVERNMENT PRIORITIES

## NATIONAL AGRICULTURAL INNOVATION 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. 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 [agriculture.gov.au](http://agriculture.gov.au) for more information. The table below shows the planned 2025–26 budget against the priorities.

Priorities	2025–26 allocation (\$ million)
<b>Trusted exporter</b> Australia is a trusted exporter of premium food and agricultural products by 2030	51.3
<b>Climate resilience</b> Australia will champion climate resilience to increase the productivity, profitability and sustainability of the agricultural sector by 2030	1.4
<b>Biosecurity</b> Australia is a world leader in preventing and rapidly responding to significant incursions of pests and diseases through futureproofing our biosecurity system by 2030	0.6
<b>Digital agriculture</b> Australia is a mature adopter, developer and exporter of digital agriculture by 2030	1.8
<b>Total</b>	<b>55.1</b>

## 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](http://www.science.gov.au) for further information. The table below shows the planned 2025–26 budget against the priorities.

Priorities	2025–26 allocation (\$ million)
Transitioning to a net zero future	2.5
Supporting healthy and thriving communities	1.0
Elevating Aboriginal and Torres Strait Islanders knowledge systems	0.5
Protecting and restoring Australia's environment	2.5
Building a secure and resilient nation	48.6
<b>Total</b>	<b>55.1</b>

A large flock of sheep is gathered in a field of tall, dry grass. In the background, a large, gnarled tree stands on the left, and a blue sky with light clouds is visible. The sheep are mostly white with some brown markings, and many are looking towards the camera. The text is overlaid on the right side of the image.

We believe to be effective, accountable and productive, good consultation is essential. As a company owned by Australian woolgrowers, AWI's activities – including the Strategic and Annual Operating plans – are directly driven by the wool industry, reflecting consultation with woolgrowers, industry and other key stakeholders including government.

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