

ANNUAL OPERATING PLAN 2026–2027

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



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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

HOW WE OPERATE



Create, Innovate, Educate

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 and key stakeholders by strengthening the industry's resilience, supporting sustainable growth, and responding to evolving global opportunities and challenges

The AOP closely aligns with the industry Wool 2030 Strategy as well as the three-year AWI 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 2026–2027.

AWI is a charitable not-for-profit organisation incorporated in Australia responsible for delivering research, development and marketing for the Australian wool industry. AWI represents approximately 13,795 Australian woolgrower shareholders and invests on behalf of more than 91,202 levy payers. The company is funded by a levy of 1.5% on woolgrowers' wool revenue, with additional 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.

MESSAGE FROM THE CEO

BRYAN FRY

This Annual Operating Plan (AOP) for the 2026–2027 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.



The 2026–2027 Annual Operating Plan has a strong focus on delivering measurable benefits for woolgrowers and supply chain stakeholders through strengthening the profitability, competitiveness and sustainability of the Australian wool industry. Developed in alignment with AWI’s 2025-2028 Strategic Plan, this Annual Operating Plan provides a framework for generating value for Australian woolgrowers through targeted research, development, extension and market development initiatives with the aim of improving productivity and expanding market opportunities.

The company’s enhanced financial position following the improvement in the wool market means more work for Australian woolgrowers can be rolled out this year compared to the last twelve months. The industry continues to operate in a dynamic and increasingly complex environment. Challenges including rising production costs, workforce constraints, the seasons, shifting consumer preferences and increasing competition from alternative fibres and land use options. They all require a proactive and coordinated response. At the same time, significant opportunities exist to strengthen wool’s position as a natural, renewable and

high-performance fibre, supported by growing consumer interest in performance, luxury, wellness and biodegradability.

During 2026–2027, AWI will focus on two strategic pillars: growing demand and fibre advocacy, as well as supporting sustainable and profitable wool-growing. Through partnerships with global brands, retailers and supply-chain participants, AWI will actively work to incentivise demand for Australian wool, creating stronger market pull and reinforcing the value of the Woolmark brand. Concurrently, investments in on-farm research, wool harvesting innovation, workforce development and woolgrower extension will deliver practical outcomes that improve productivity, reduce costs, strengthen resilience and support long-term industry sustainability.

As the industry’s research, development and marketing company, AWI remains committed to meaningful consultation, evidence-based decision-making and transparent reporting. Through our investments and partnerships, AWI will deliver tangible outcomes for woolgrowers, increase industry resilience, stronger stakeholder engagement, increasing market demand.

CHALLENGES AND PRIORITIES



AWI PROGRAM SUMMARY 2025–2028

PILLAR 1

GROW DEMAND AND FIBRE ADVOCACY

	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 through certification and textile innovation 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

	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, to make wool harvesting easier, safer and more productive.
	WOOLMARK+	Driving nature-positive, traceable and commercially resilient Australian wool production.
	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

	DIGITAL, MARKET INTELLIGENCE AND SUPPORT & ADMIN	Support services to ensure that AWI is governed in an effective, efficient and cost-effective manner.
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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 deliver collaborative marketing campaigns that build awareness of wool’s benefits, strengthen Woolmark as a trusted quality signal, and drive measurable commercial uplift across Woolmark-supported partners.

AWI will also undertake direct-to-consumer campaigns to strengthen consumer consideration of wool, increase willingness to pay and reinforce the premium quality, natural performance, and sustainability credentials of Australian wool.

Marketing investment will focus on premium fashion and performance brands that can deliver scalable demand opportunities for Australian wool, while supporting measurable growth in wool adoption, partner engagement, and Woolmark brand value across global supply chains.

AWI will continue to leverage the Woolmark logo through the Woolmark Certification Program and targeted marketing initiatives to reinforce wool’s value proposition and strengthen Woolmark’s influence as a signal of quality, trust, and premium performance.

Investment focus	Targets	Reporting data source
Accelerate consumer pull and demonstrate that Woolmark-supported partner activity can increase demand for wool	Demonstrate measurable commercial uplift through Woolmark-supported partner campaigns and activations, with positive sales, sell-through or certified wool product performance versus an agreed baseline where partner data is available.	Partner-reported sales/sell-through data; e-commerce and campaign platform reports; retailer/brand post-campaign reports; Woolmark campaign summaries.
Strengthen Woolmark and wool as signals of quality, trust, value and premium natural performance	Maintain or improve wool consideration, willingness to pay and Woolmark quality/trust associations in priority markets.	Global consumer survey; campaign brand-lift studies; priority-market brand trackers; social/search intelligence.

PILLAR 1

GROW DEMAND AND FIBRE ADVOCACY

PROGRAM

TRADE ENGAGEMENT





PROGRAM

TRADE ENGAGEMENT

Through its global extension and technical network across the textile and apparel industries, AWI will build industry capability, confidence, and adoption of Australian wool through targeted education initiatives, sourcing support, technical expertise, and supply chain engagement.

AWI will work with brands, retailers, manufacturers, and future industry talent to deliver workshops, training programs, and technical collaboration activities that support measurable progression toward wool adoption and increased commercial engagement.

The program will continue to support the development and commercialisation of scalable wool product and process innovations that address barriers to wool adoption and support category growth across global markets.

AWI will also continue progressing its Woolmark+ roadmap to encourage adoption of circularity and nature positive initiatives throughout the value chain, while strengthening engagement with active Woolmark licensees and strategic supply chain partners.

Investment focus	Targets	Reporting data source
Convert strategic brand and supply-chain engagement into measurable progress toward wool adoption	Deliver the target of priority partners progressing through the wool adoption pathway: qualified interest > development brief > sampling/testing > adoption > scale/repeat.	Demand pipeline tracker; CRM/partner tracker; trade show/workshop follow-up; certification enquiries; partner meeting notes; adoption evidence.
Advance scalable wool product platforms that address key barriers to wool adoption and category growth	Progress 3–4 priority wool product platforms with evidence of partner development, testing, certification readiness or adoption.	Product platform tracker; technical briefs; sampling/testing logs; claims/proof packs; adoption pipeline; partner reports.
Build wool knowledge and confidence among industry, retail and future-talent audiences so adoption becomes more likely	Achieve measurable knowledge and confidence uplift among priority audiences and generate qualified follow-up actions into trade, brand or education pathways.	Pre/post training surveys; attendance/completion data; Woolmark Learning Centre data; retail training reports; follow-up/referral tracker.



PILLAR 1

GROW DEMAND AND FIBRE ADVOCACY

PROGRAM

EMERGING MARKETS



PROGRAM

EMERGING MARKETS

AWI will continue to pursue the development of new and emerging processing and manufacturing markets for Australian wool to support long-term industry competitiveness and reduce reliance on a limited number of markets.

The program will focus on building strategic supply chain partnerships, strengthening Woolmark brand presence, and supporting

new market participants through trade engagement, technical support, and relationship development activities.

This approach also aligns with the growing trend among brands and retailers to source garments closer to end markets, helping to reduce lead times, minimise logistical risks, and support more resilient and lower-emission supply chains.

Investment focus	Targets	Reporting data source
Engage new supply chain partners in target emerging markets	Engage new partners across emerging regions to expand the geographical partner base. Track active collaborations.	Collaboration and pipeline reports.
Trade show participation and exhibition to build leads and conduct market research	Visit 10 trade shows an exhibit at 2 tradeshows with 10 key discussions at each.	Tradeshow attendance and follow up data.
Short staple wool use in cotton spinning systems to increase wool blend uptake in emerging markets	Support short staple wool use trials with 6 cotton spinners in emerging markets.	Reporting data source; PIPD register.



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 improve productivity, profitability, and enterprise resilience, while reducing production risks and supporting long-term sustainability outcomes. Areas of investment include the genetic improvement of the Merino, animal health and welfare, reproductive efficiency, climate resilience, emissions reduction, and environmentally sustainable practices that support natural resource stewardship across the wool industry.

As technology continues to transform agriculture, AWI will work to ensure

Australian woolgrowers are well positioned to adopt new tools, data, and innovations that improve on-farm efficiency and decision-making. This includes investment in breeding tools, applied research, and grower-focused extension activities that support practical adoption outcomes.

AWI will also continue progressing its Woolmark+ roadmap to help woolgrowers and supply chain partners accelerate nature positive outcomes for the industry, strengthen sustainability credentials, and support long-term access to premium global markets.

Investment focus	Targets	Reporting data source
Integrated R&D to improve woolgrower productivity, profitability and enterprise resilience	Deliver collaborative, integrated R&D projects that improve woolgrower productivity and risk management.	R&D program reporting/grower engagement program reporting.
Research aligned with Woolmark+ to support environmental sustainability, animal health and welfare, climate resilience and premium market access	Deliver research aligned with Woolmark+ initiatives.	Woolmark+ program reporting/R&D project tracking.
Breeding tools to support sheep genetics, emissions reduction and business resilience	Deliver and disseminate genetic tools, data sets and evaluations that enhance woolgrower resilience and efficiency.	Genetics program reporting/extension and adoption reporting.

A close-up, macro photograph of wool fibers, showing their natural texture and color variations from light beige to dark brown. The fibers are layered and appear soft and fibrous.

PILLAR 2

SUSTAINABLE AND PROFITABLE WOOL-GROWING

PROGRAM

WOOL HARVESTING INITIATIVES



PROGRAM

WOOL HARVESTING INITIATIVES

AWI will continue its multi-pronged approach to improving wool harvesting through investment in training, technology, and R&D that supports a safer, more efficient, and productive wool harvesting industry, while maintaining strong animal welfare standards.

Investment will continue into biological wool harvesting research, including laboratory and trial-based assessment of wool weakening agents to evaluate safety, wool quality outcomes, application feasibility,

and future commercial potential. Animal welfare and ethics oversight will remain a core component of all in-vivo testing and development activities.

AWI will also progress research and industry collaboration on complementary harvesting technologies, including upright posture shearing platforms, sheep delivery systems, and shearing shed improvements, to support long-term industry resilience, workforce sustainability, and clip quality outcomes.

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 harvesting technologies to improve shearing efficiency.	Technical trial reporting/ R&D project reporting.
Animal welfare assurance as a core requirement in alternative harvesting solutions	Ensure wool harvesting R&D incorporates robust animal welfare and safety assessments.	Animal welfare assessment reporting/ethics and trial compliance records.

PILLAR 1
GROW DEMAND AND FIBRE ADVOCACY

PROGRAM

WOOLMARK+



PROGRAM

WOOLMARK+

Woolmark+ supports the long-term demand, competitiveness and market access of Australian wool by bringing together growers, brands and supply-chain partners around measurable sustainability, traceability and fibre advocacy initiatives. The program invests in science-based

frameworks, industry collaboration and market-led activities designed to strengthen wool’s premium positioning, improve transparency and trust across the value chain, and support greater recognition of wool within global environmental methodology, policy and legislation.

Investment focus	Targets	Reporting data source
<p>Support brand, supply-chain and woolgrower participation in programs that contribute to measurable fibre impact and premium trust</p>	<p>Grow Woolmark+ partner participation and cash/in-kind investment year-on-year, with evidence of active program progress.</p>	<p>Woolmark+ program tracker; contribution records; partner agreements; grower/brand/supply-chain participation data; program progress reports.</p>
	<p>Advocate for wool attributes to be accurately reflected in environmental footprint methodology and related legislation.</p>	<p>Policy milestone tracker; submissions; consultation responses; coalition activity; technical evidence packs; stakeholder engagement logs.</p>

A photograph of sheep in a red transport trailer. In the background, several men wearing hats and blue shirts are visible, likely shepherds or farm workers. The scene is outdoors under a clear sky.

PILLAR 2

SUSTAINABLE AND PROFITABLE WOOL-GROWING

PROGRAM

CAPACITY BUILDING & WOOLGROWER EXTENSION



PROGRAM


CAPACITY BUILDING & WOOLGROWER EXTENSION

AWI will continue to provide woolgrowers with opportunities to participate in practical programs, workshops, and extension activities that support improved management practices and increased on-farm productivity.

These activities will cater to a broad range of woolgrowers, from experienced producers through to the next generation entering the industry.

The six state-based AWI Networks will continue to play an important role in sharing knowledge, supporting ongoing learning, encouraging adoption of best practice, and strengthening engagement with woolgrowers across key wool-producing region.

Investment focus	Targets	Reporting data source
Maintain woolgrower engagement across AWI extension initiatives and networks	Maintain active participation and engagement across AWI Networks.	Active member participation reported by each extension network, including EDM engagement metrics such as open and click-through rates.
Deliver high-quality workshops and extension activities for woolgrowers	Maintain a minimum participant satisfaction score of 7.5/10.	Participation evaluation through exit surveys.

A man in a red tank top is shearing a sheep in a barn. The sheep is lying down, and the man is focused on his work. The background shows the interior of a barn with various equipment and structures.

PILLAR 2

SUSTAINABLE AND PROFITABLE WOOL-GROWING

PROGRAM

SHEARER AND WOOL HANDLER TRAINING



PROGRAM

SHEARER AND WOOL HANDLER TRAINING

AWI will continue to support hands-on, practical in-shed training for shearers, wool handlers, and wool harvesting staff across Australia to help attract, develop, and retain a skilled workforce for the industry.

Training activities will focus on improving workforce capability, productivity, professionalism, and clip preparation outcomes to support stronger returns for woolgrowers.

In addition to novice workshops and education initiatives targeted at students and new entrants, AWI will continue to support mentoring and skill development pathways that encourage ongoing participation and progression within the wool harvesting industry.

Support and training will be provided to upskill in other forms of on farm labour supply to retain resources within the wool harvesting initiative.

Investment focus	Targets	Reporting data source
Retain skilled wool harvesting staff	Maintain retention rate of trained wool harvesting staff year-on-year.	Annual trainee and contractor follow-up surveys.
Support workforce skill development and progression	Maintain progression rate into higher competency levels year-on-year.	AWI training participation and progression records.
Expand access to digital training resources	Increase engagement with digital wool harvesting resources year-on-year.	Online resource usage and engagement metrics.

PILLAR 2

SUSTAINABLE AND PROFITABLE WOOL-GROWING

PROGRAM

STAKEHOLDER ENGAGEMENT





PROGRAM

STAKEHOLDER ENGAGEMENT

AWI will continue to engage with a broad range of stakeholders across the Australian wool industry and supply chain, with woolgrower engagement remaining a central focus.

Through the Woolgrower Industry Consultation Panel (WICP) and the Woolgrower Consultation Group (WCG), AWI will maintain regular consultation with woolgrower representative groups to better understand industry priorities, emerging issues, and opportunities across the sector.

AWI will also continue to strengthen engagement with woolgrowers through clear, relevant, and accessible communications delivered across digital and print channels, helping ensure industry information and investment outcomes are effectively shared with growers.

In addition, AWI will work collaboratively with Federal and state government stakeholders to support awareness of wool industry priorities, AWI initiatives, and the outcomes delivered through AWI investments.

Investment focus	Targets	Reporting data source
Maintain strong engagement with woolgrowers and industry representatives through WICP, WCG, and AWI communications	Maintain or improve engagement and satisfaction across woolgrower consultation and communication channels year-on-year.	Annual stakeholder surveys, EDM engagement metrics, and website engagement reports.
Deliver clear, relevant, and accessible communications to woolgrowers across digital and print channels	Increase engagement with AWI communication platforms and content year-on-year.	Beyond the Bale EDM analytics, content engagement metrics, and user interaction data.
Continue improving wool.com to support accessibility, usability, and woolgrower engagement	Improve user engagement and accessibility across wool.com year-on-year.	Website user engagement metrics, navigation insights, and user behaviour reporting.

CORPORATE SERVICES

PROGRAM

DIGITAL MARKET INTELLIGENCE AND SUPPORT & ADMIN



PROGRAM

DIGITAL, MARKET INTELLIGENCE AND SUPPORT & ADMIN

AWI will continue to strengthen its digital systems and business processes to support efficient, responsive, and effective operations across the organisation.

AWI will also deliver market intelligence services that provide woolgrowers and industry stakeholders with timely, relevant, and accessible insights into global supply chains, market trends, pricing, and

industry sentiment to support informed decision-making.

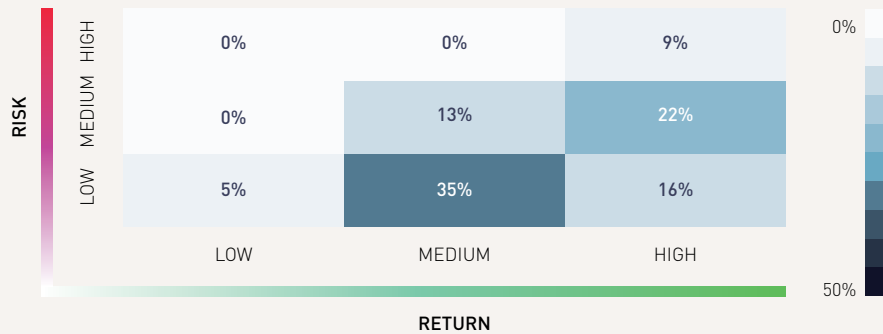
Corporate Services will continue to provide governance, compliance, financial, legal, operational, and administrative support across the global business, helping ensure effective business management and continuous improvement across AWI operations.

Program	Investment focus	Targets	Reporting data source
Market Intelligence	Deliver timely, relevant, and accessible market intelligence to support industry and business decision-making	Maintain or increase engagement with Market Intelligence content, reporting, and stakeholder services year on year.	Website engagement analytics, subscriber metrics, EDM open/click-through rates, response tracking logs, and stakeholder feedback.
Market Intelligence	Strengthen stakeholder engagement and uptake of Market Intelligence reporting and insights	Maintain subscriber engagement and industry utilisation of Market Intelligence outputs year-on-year.	Subscriber data, engagement analytics, and stakeholder feedback.
Support & Administration	Deliver efficient and effective corporate, legal, financial, and operational support services across AWI	Maintain effective governance, compliance, and business support processes across AWI operations.	Audit outcomes, compliance reporting, system implementation records, and internal service reporting.
Support & Administration	Improve business processes and operational efficiency across AWI and subsidiaries	Progress business system improvements and maintain effective financial and administrative controls.	Business system implementation reporting, financial compliance records, and audit reports.

BALANCED PORTFOLIO

AWI seeks to maintain a balanced investment approach by supporting medium to high-risk activities that have the potential to drive significant growth in demand for wool, while also ensuring the organisation remains stable, sustainable, and well positioned to

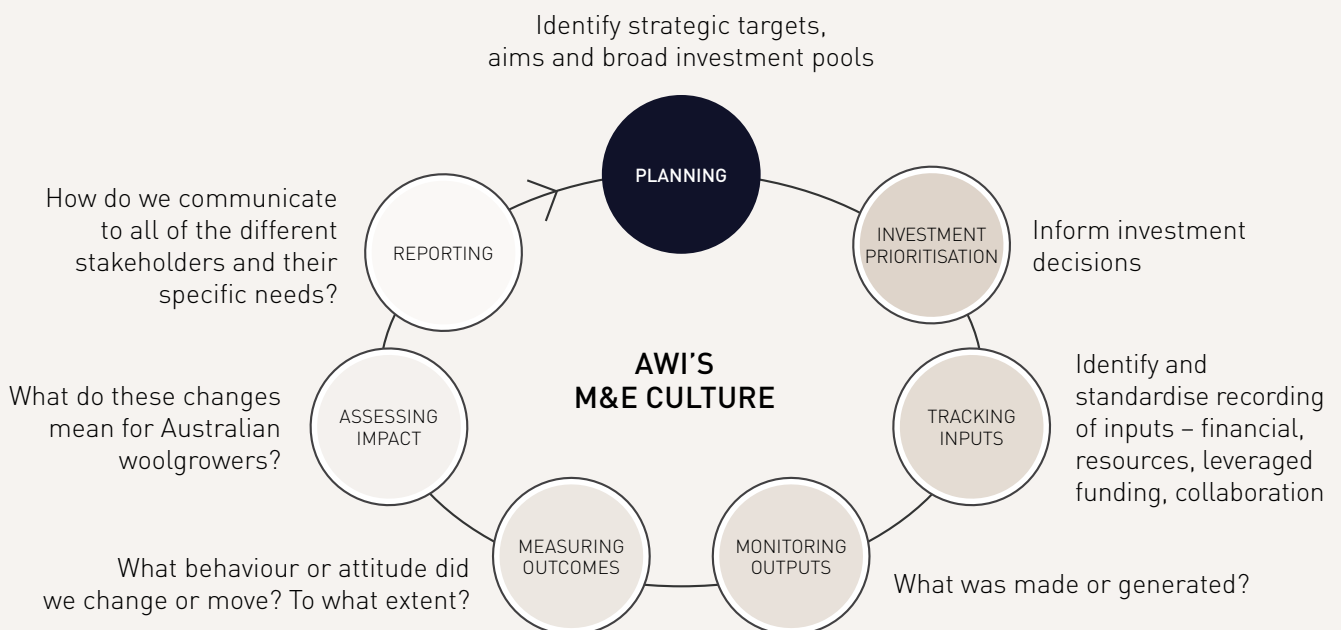
continue delivering value for woolgrowers into the future. The matrix below outlines AWI's targeted investment profile across risk and return categories for the 2026-27 financial year.



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, clear objectives, and consistent reporting processes to inform strategic planning, investment prioritisation, and program delivery.

By generating measurable insights and supporting evidence-based decision-making, the framework enables AWI to monitor performance, assess outcomes and impacts, identify opportunities for improvement, and strengthen reporting to woolgrowers and stakeholders.



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.

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.

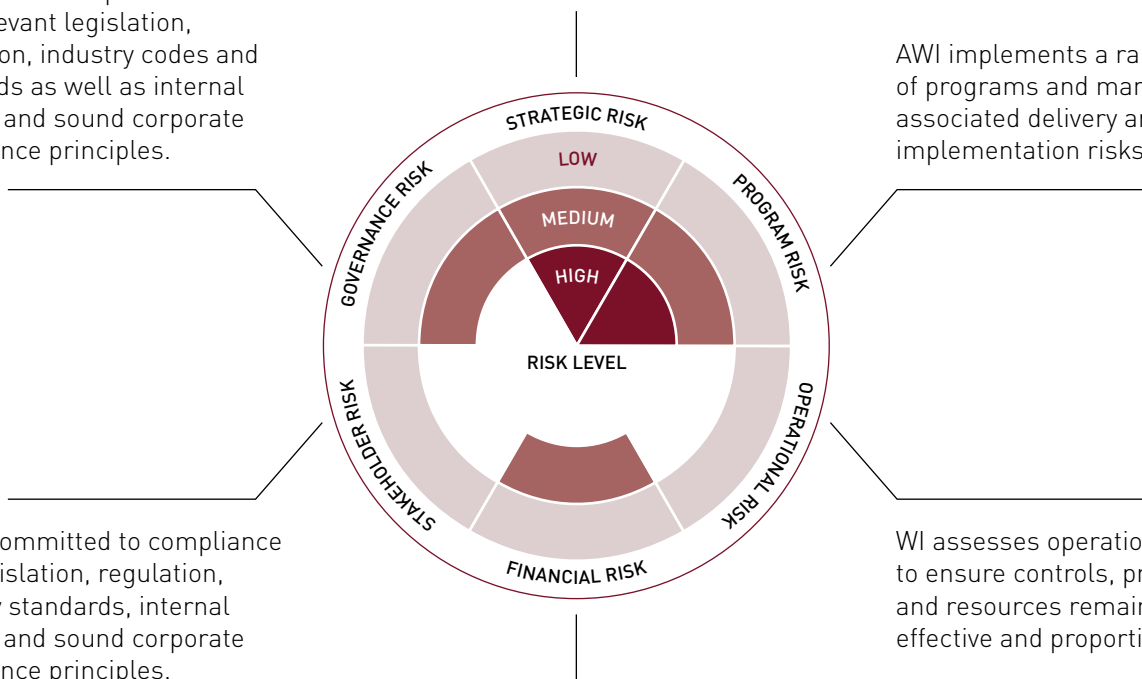
AWI monitors domestic and international risks impacting the wool industry, including consumer demand, legislation and trade conditions that may affect strategic delivery.

AWI implements a range of programs and manages associated delivery and implementation risks.

AWI is committed to compliance with legislation, regulation, industry standards, internal policies and sound corporate governance principles.

AWI manages financial risks across strategic and operational activities, balancing reserves and investment in R&D and marketing.

WI assesses operational risks to ensure controls, processes and resources remain effective and proportionate.



As a renewable, recyclable and biodegradable fibre created in nature, wool has sustainability at its core. 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 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 2026–2027

Revenue		Total ('000s)
	Wool levy	41,874
	Government contribution	13,680
	Woolmark licensing	4,866
	Other income	5,657
Total		66,017

Strategic reporting portfolio	Program	Total ('000s)
	Demand creation and fibre advocacy	31,114
Grow demand and fibre advocacy	Trade engagement	6,143
	Emerging markets	964
	Total	38,221
	Sustainable, profitable sheep production	6,531
	Wool harvesting initiatives	1,255
Sustainable and profitable wool-growing	Woolmark+	3,851
	Capacity building & woolgrower extension	3,423
	Shearer and wool handler training	2,651
	Stakeholder engagement	2,604
Total		20,315
Corporate Services		9,631
Total		68,167
Draw down from reserves		2,150

CORPORATE GOVERNANCE FRAMEWORK

GOVERNANCE PRINCIPLES

The main provisions governing the activities of AWI are:

- legislation applicable to AWI including the Primary Industries Levies and Charges Disbursement Act 2024 (Cth), the Primary Industries (Customs) Charges Act 2024 (Cth) and the Primary Industries (Excise) Levies Act 2024 (Cth);
- 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
- its 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 three standing sub-committees being:

- Audit and Risk Committee
- Research Development Committee
- Demand Creation Committee

There is also a Board Nomination Committee which is convened in director election years.

BOARD NOMINATION COMMITTEE

The Board Nomination Committee has three external members who are specifically described in the 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. The Chair is sourced after an executive search and selected by the BNC 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 Wool Industry Consultation Panel; and
- 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 www.wool.com/governance and includes:

- AWI Constitution
- Board and Company Diversity Policy
- Board Charter
- Board Nomination Committee Charter
- Charter of the Committees of the Board
- Code of Conduct and Business Ethics
- Communications Strategy
- Corporate Governance Statement
- Policy dealing with Equal Opportunity, Anti-Discrimination, Harassment, Victimisation and Bullying and Grievance Procedures
- Risk Management Appetite Statement
- Rules and Procedures Governing the Election of Directors
- Statutory Funding Agreement
- Whistleblower Policy

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.

BOARD EFFECTIVENESS

The 2025 annual review of Board performance was carried out with the assistance of an external governance adviser. This review, which included a review of the skills of Directors on the Board, found:

- The Board is discharging its duties effectively, providing the level of oversight required to protect the interests of AWI and its shareholders.
- Risk management continues to be a key strength. There is a systematic approach to risk management which is working effectively. Control systems are in place and operating effectively to ensure legal compliance and protection of AWI against fraud and reputation risk.
- Stakeholder relationships remain one of the highest scoring categories, reflecting efforts to improve relationships with stakeholders. Opportunities remain to further strengthen communications with growers.
- Board Committees continue to deliver the required outcomes. Opportunities to improve efficiency and better utilise Directors' time were identified and discussed.
- The Board has the collective skills and knowledge required to fulfil its responsibilities. Areas identified for further strengthening include Technology Transfer and Commercialisation, International Trade and Market Development, and Public Policy and Administration.

AWI BOARD SKILLS MATRIX

The core skill areas are reviewed annually by the Board, with the assistance of the external governance adviser, as part of the process for evaluating the performance of the Board, its committees, and Directors. The 2025 review included a self-assessment and external review of the skills and experience of each Director.

The review demonstrated that the AWI Board is operating effectively and efficiently in fulfilling its obligations to shareholders and the wool industry. Risk Management and Performance Oversight continue to be identified as key strengths of the Board.

There is clear evidence that the collective knowledge, skills, and experience of the AWI Board across the key skill categories are at a level that enables the Board to continue fulfilling its responsibilities effectively.

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 matters before the Board.

All Directors meet the criteria for independence in accordance with the ASX Corporate Governance Principles and Recommendations.

CODE OF CONDUCT AND BUSINESS ETHICS

AWI endeavours to be recognised as an organisation committed to high ethical standards in business.

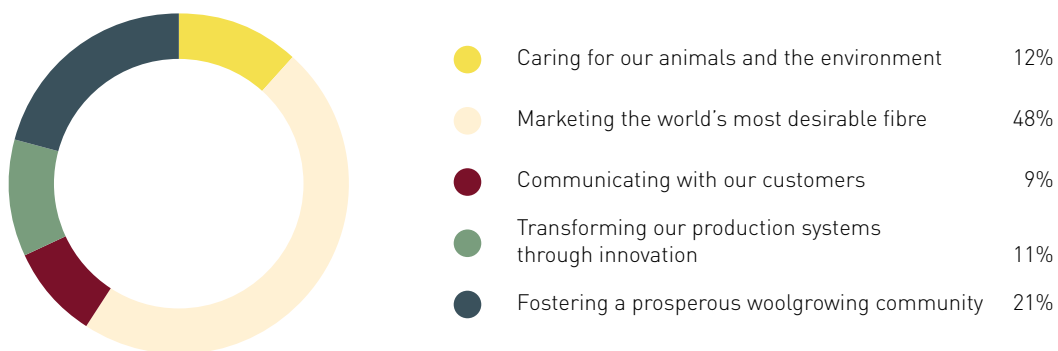
Transactions connected, directly or indirectly, to Directors and officers may occur in the ordinary course of AWI's business since the Board includes members actively involved in the wool industry.

AWI has a Code of Conduct and Business Ethics to ensure decisions are made in an ethical and responsible way, without being influenced by improper considerations, and to ensure contracts are undertaken on arm's length commercial terms and remain consistent with AWI's legal obligations.

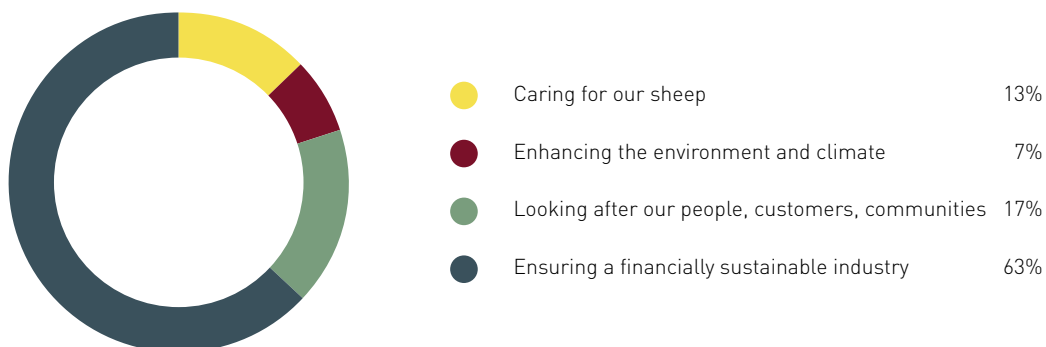
The Code is available on AWI's website at www.wool.com/governance.

ALIGNMENT OF AWI STRATEGIC PRIORITIES WITH INDUSTRY PLANS

WOOL 2030 PILLARS



SHEEP SUSTAINABILITY FRAMEWORK (SSF)



ALIGNMENT WITH AUSTRALIAN GOVERNMENT PRIORITIES

NATIONAL AGRICULTURAL INNOVATION PRIORITIES



SCIENCE AND RESEARCH PRIORITIES



We believe to be effective, accountable and productive, good consultation is essential. 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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THE ANNUAL OPERATING PLAN IS AVAILABLE ON
WOOL.COM