

Annual Operating Plan

2022-2023

**AWI's purpose 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) has been developed following an extensive consultation process, starting with the work done by the Woolgrower Consultation Group (WCG) on the development of the Wool 2030 Strategy.

AWI Annual Operating Plan is closely aligned with the 3 year Strategic Plan and provides a framework for successful implementation of business objectives. This plan looks to inform levy payers, government and the wider wool industry on AWI's plans for the fiscal year 2022-23.

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 20,000 Australian woolgrowers

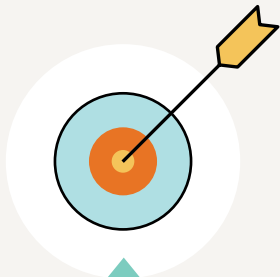
(shareholders) and represents more than 60,000 levy payers. The company is funded by a levy of 1.5% on wool revenue, with matching funds from the Australian Federal Government for eligible Research & Development expenditure.

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. This is the first year of the three-year Strategic Plan and the two documents have been developed in tandem.

What we are aiming to achieve



Our vision statement



Our purpose

- > To enhance the profitability, international competitiveness and sustainability of the Australian wool industry.
- > To increase value, demand and market access for Australian wool.
- > Through collaboration and consultation with stakeholders, to invest in research, development, extension and marketing initiatives whilst collaborating and consulting with stakeholders.



Our vision

To be a highly valued contributor through collaboration and consultation with stakeholders from farm to fashion in a vibrant wool industry and turn investment into returns through targeted innovations in research, development, extension and marketing.



Our goals

- > To position Australian wool as the sustainable, natural, renewable, and biodegradable fibre of choice.
- > To contribute towards an increase in the gross value of Australian wool production through AWI's efforts to increase demand, price and productivity.

Our 2022/23 Annual Operating Plan is a road map for the year ahead as we strive to meet our key priorities on behalf of Australian woolgrowers.

It is framed by the 2022/25 Strategic Plan and is a yearly plan to deliver on those priorities.

AWI is stepping up its efforts to help improve wool harvesting across Australia. Building on the success of the recent Wool Harvesting Open Day at the Falkiner Memorial Research Station we are showcasing the different shearing systems available today and also in development. Rolling out more learner and improver courses around Australia to train and retain shearers is an absolute must. AWI doesn't have all the solutions nor responsibilities for the shortage in shearing and wool classing staff, but we will continue to play a leading and collaborative role in fixing this long term problem.

Another key area is working on expanding the number of companies and locations that wool is processed and the signs are looking positive. Firstly, we are working with industry in assessing the opportunities and viability of more Australian based

early stage processing. Secondly through our Emerging Markets Strategy we are exploring what opportunities exist to process wool at the early stage in a number of developing markets including India, Bangladesh and Thailand. Our philosophy is simple, the more wool is a part of the textile industry either on its own or alongside other fibres – the better it is for growers.

Demand creation will always be a core part of what we do for growers, and we have to continue to be flexible in this area. This includes identifying markets that are doing well economically and free of lockdown. There is no point spending growers levy funds on markets where the shops are not open. The shift away from formal wear to casual wear is not new but the pandemic has accelerated the trend and we want consumers to buy better and buy wool. We also are doing more work in tapping into Generation Z (born from the mid 1990s until the early 2010s).

That flows nicely to sustainability. For consumers including many from Generation Z wool's values are appealing because it is natural, biodegradable and sustainable. We are not the by product of fossil fuels. But sustainability takes on a much broader meaning for wool growers. It is about their business in terms of finance, their land and the welfare of their sheep. Our research team will work on tackling the many challenges confronting the industry from flystrike management, pest management to make woolgrowing across Australia sustainable.

Last but not least is consultation, collaboration and engagement with growers, the wider wool industry and other key stakeholders. It's something we always strive to do better but also with the roll out of Salesforce as a measure and evaluation tool across the company will provide timely and accurate information on how we function in this space.



2022/23 will no doubt be a busy time and I am confident it will deliver many achievements on behalf of our shareholders the woolgrowers of Australia.

AOP alignment with AWI strategic objectives

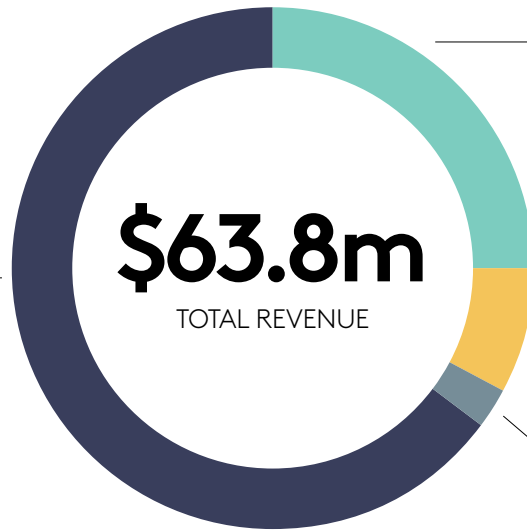
STRATEGIC REPORTING PORTFOLIO	PROGRAM	SUB-PROGRAM
SHEEP PRODUCTION	HEALTHY PRODUCTIVE SHEEP	Sheep Health & Welfare Vertebrate Pests Reproduction & Nutrition Genetics
	AGRI TECHNOLOGY	Hardware & Software Development
	TRAINING & TECHNOLOGY TAKEUP	Sheep & Wool Management Skills Wool Harvesting & Quality Preparation
MARKETING	TRADE MARKETING	Trade Marketing
	TALENT DEVELOPMENT	International Woolmark Prize Woolmark Performance Challenge
	CONSUMER MARKETING	Consumer Marketing Collaborations
CONSULTATION	WOOLGROWERS	Extension Networks Events & Forums Media
	INDUSTRY	Industry Representative Bodies
INDUSTRY DEVELOPMENT	WOOLMARK	Licensing Quality Control Business Development
	EDUCATION & EXTENSION	Retail Trade Student
	PROCESSING & PRODUCT INNOVATION	Technical Advice Sourcing & Supply Chain Connectivity
MARKET ANALYTICS	EMERGING MARKETS	Market Diversification
	SUPPLY CHAIN INITIATIVES	WoolQ Traceability
	BUSINESS INTELLIGENCE	Opportunity Identification Market Analysis
	FIBRE SCIENCE	Eco Credentials Wellness & Performance
SUPPORT ADMIN COSTS	CORPORATE SERVICES	Corporate Services Digital Services



	GROWING THE VALUE	WOOL HARVESTING	COLLABORATION & ENGAGEMENT	SUSTAINABILITY	STRENGTHENING THE SUPPLY CHAIN
			●	●	
			●	●	
			●	●	
			●	●	
		●	●	●	
	●			●	
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Income

Levy
\$41.3 million



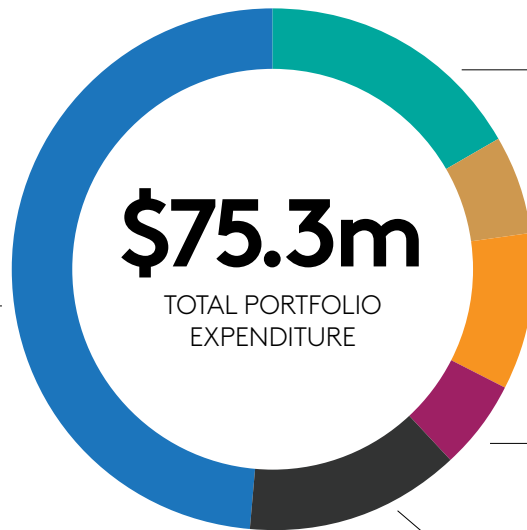
Government contribution
\$15.9 million

Woolmark
\$5.0 million

Other
\$1.6 million

Expenditure

Marketing
\$36.8 million



Sheep Production
\$12.5 million

Consultation
\$4.6 million

Industry Development
\$7.2 million

Market Analytics
\$4.2 million

Corporate Services
\$10 million

Reserves



\$100.4 million
Estimated opening reserves 30 June 2022

\$11.5m
DRAWDOWN

\$88.9 million
Estimated closing reserves 30 June 2023

Challenges and opportunities for Australian wool

The global operating environment has been in constant flux for the past two years as the pandemic and now the Ukraine/Russia conflict not only affect global macroeconomics, but also supply chain logistics and retail store operations. While some of these factors pose a threat to wool, many others open opportunities for demand growth.

COVID lockdowns changed the way people shop, with a fundamental shift toward online retail. And while bricks and mortar stores have re-opened and customers are returning, there remains a significant shift to e-commerce and the way consumers shop. A sustained appetite for purchasing online apparel is expected to grow for the next 3 years to 2025. The drivers for the online market include longer-term hybrid working, a heightened desire for convenience, an influx of older consumers shopping online and the increasing digital literacy.

For many brands and retailers, the lockdowns and travel restrictions exposed the significant risks associated with sourcing and supply chain disruption. Increased shipping costs and shipment delays mean brands are looking to diversify their manufacturing base, with renewed focus on 'nearshoring' options. Ensuring these emerging manufacturing markets have supply chain access and the technical skills to use wool is critical to ensure wool is the fibre of choice.

The push towards environmental and ethical sustainability has accelerated significantly since the pandemic as consumers now see their purchase decisions as an agent for change. This 'eco-awakening' has important implications for wool and how it is positioned as a natural, renewable, and environmentally friendly fibre choice. Having the evidence to back up any claims is paramount, as is ensuring circularity modelling is not biased by vested interests.

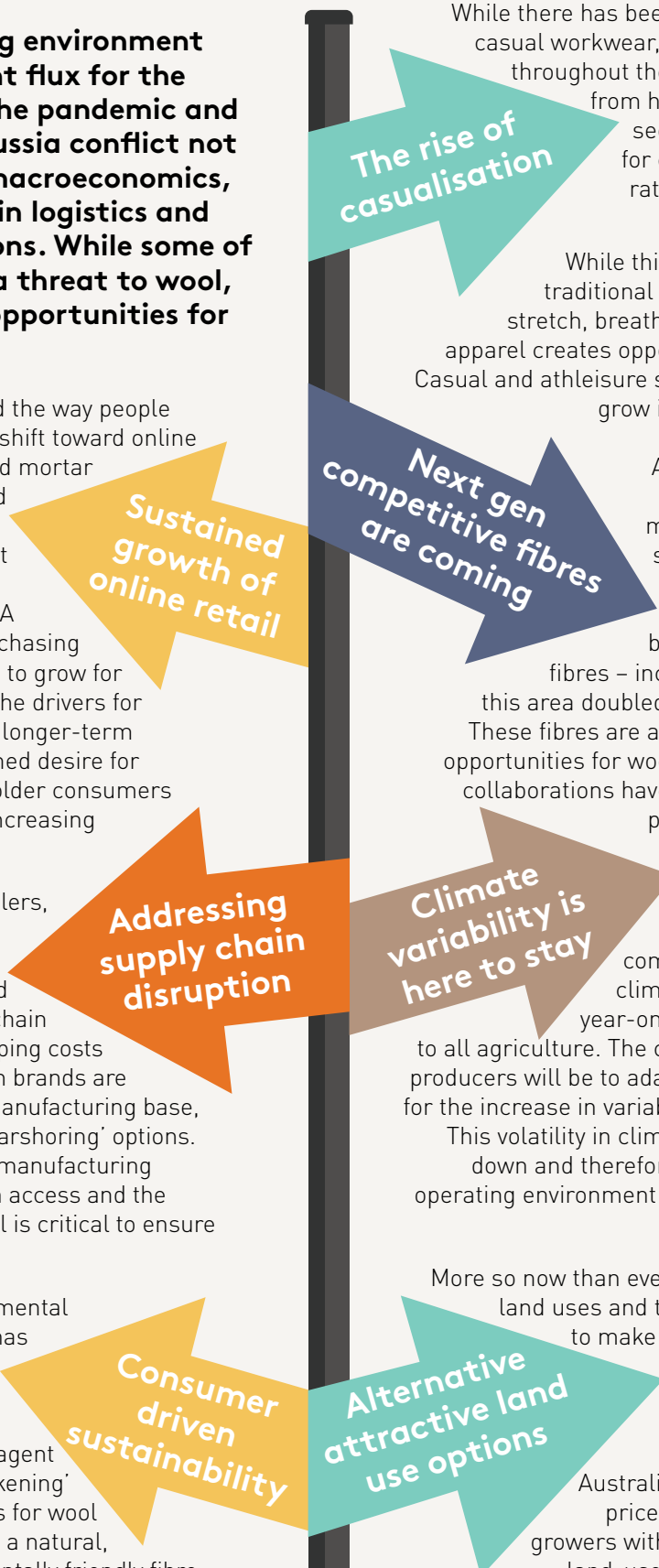
While there has been a continual shift towards casual workwear, this has been exacerbated throughout the pandemic due to working from home, a situation which has seen workers choose apparel for comfort and casual styling, rather than structured formal workwear such as suiting.

While this shift has impacted wool's traditional suiting market, the natural stretch, breathability and comfort of wool apparel creates opportunities within this trend. Casual and athleisure segments are forecasted to grow into the foreseeable future.

As the world looks for more sustainable textiles, fibres manufacturers are investing significantly into alternative plant-based and microbe-derived materials which biomimic traditional natural fibres – including wool. Investment in this area doubled because of the pandemic. These fibres are a threat, but can also create opportunities for wool, as product development collaborations have the potential to open new product categories for wool.

Despite some favourable seasonal conditions for woolgrowers experienced coming out of the drought, the climate variability is increasing year-on-year which poses a threat to all agriculture. The challenge for wool-growing producers will be to adapt their practices to adjust for the increase in variability of climatic conditions. This volatility in climate is not expected to slow down and therefore will be paramount to the operating environment of wool for the year ahead, and beyond.

More so now than ever, the competition between land uses and the choices producers have to make on how best to utilise their properties is increasing. Consecutive seasons of favourable conditions throughout most parts of Australia, and strong commodities prices across the board, provide growers with multiple viable, profitable land-use options. The challenge for wool will be to remain competitive in what's a prosperous agricultural industry at the current time.



STRATEGY

Sheep Production



PROGRAM:

Healthy Productive Sheep

The Healthy Productive program is broken down into four sub programs (Sheep Health & Welfare, Vertebrate Pests, Reproduction & Nutrition and Genetics) with an aim to efficiently achieve lifetime sheep health and welfare, timely pasture growth and more lambs without compromising future productivity. When woolgrowers succeed through genetic benchmarking or adjusting inputs or their management, they want to ensure their gains are not decimated by predators.

SUB PROGRAM:

SHEEP HEALTH & WELFARE

AWI aims to contribute towards the sustainable supply of apparel and broad wool through investment in projects to increase woolgrower knowledge and adoption of best practice sheep production, health and welfare practices enabling industry to demonstrate Australian wool's strong animal health and welfare credentials. Projects will cover sheep health and welfare, vertebrate pest management, reproduction and nutrition and genetic gain.

The Sheep Sustainability Framework defines sustainable sheep production in Australia, prioritises industry issues and measures industry performance against relevant indicators, providing a mechanism for the industry to demonstrate its commitment to continuous improvement. AWI recognises that sustainability encompasses the planet and its animals and its people and their prosperity and that each woolgrower will have defined their own sustainability goals for the type of wool they produce relevant to their own geographical and climatic environment. That is, their goals for

the productivity, health and welfare of their sheep. The wool industry's Wool 2030 Strategy is a guide for woolgrowers setting their own business targets.

In 2022/2023, AWI's Sheep Health & Welfare program priority investments are:

- The development and implementation of a flystrike extension program, giving woolgrowers confidence and tools to improve the lifetime welfare of their sheep, reduce their reliance on mulesing and crutching, optimise chemical use and increase whole farm profitability, through the provision of practical information and tools and access to accredited advisor support on flystrike management.
- On-going investigations into the development of a flystrike vaccine.
- Monitoring and surveillance of blowfly chemical resistance.

SHEEP HEALTH & WELFARE

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Ramping up the delivery of grower extension on flystrike management covering tactical responses, strategic risk management and breeding for flystrike resistance to reduce risk	35 woolgrowers extension events held on flystrike management knowledge and skills	Numbers of events held: It's Fly Time!, SimpliFly, ClassiFly
	80% of growers that participate in events report: <ul style="list-style-type: none"> a. Increased awareness of flystrike management tools b. Increased confidence to make changes to the way they manage flystrike 	Workshop exit surveys
Training growers and agriculture advisors in moving to a non-mulesed enterprise. This focus addresses the Wool 2030 target of growers having the confidence and tools to manage flystrike without mulesing	6 grower extension workshops held on moving to a non-mulesed enterprise	Number of StrateFly workshops held
	80% of growers that participate in workshops report: <ul style="list-style-type: none"> a. increased awareness of tools to manage flystrike without mulesing (Wool 2030) b. increased confidence in managing flystrike without mulesing (Wool 2030) 	Workshop exit surveys
	15 advisors trained to assist growers to move to a non-mulesed enterprise	Number of trained AmpliFly advisors
Flystrike vaccine development	Submission of prototype vaccine patent application	Application submitted
ParaBoss website and online resources are more accessible to growers	New ParaBoss website is complete	New website launched
Sheep Sustainability Framework online progress reporting dashboard development	Sheep Sustainability Framework (SSF) commences public reporting on progress	Visual Insight Dashboard created and is available
Commission additional research in flystrike management tools targeting the viability of the fly including chemical resistance	Projects commissioned for the 2022/23 financial year	Number of projects

STRATEGY

Sheep Production



SUB-PROGRAM: VERTEBRATE PESTS

AWI will continue to establish, develop and maintain vertebrate pest/wild dog control coordination services to initiate and demonstrate the very significant return to the wool and sheep industry of effective control of the predatory pests: wild dogs, feral pigs and foxes. Other pest species such as deer and rabbits are included where they are significant competitors for available feed on offer and/or post threat(s) to the productive and sustainable farm environment.

Different states/regions are at different stages in their development of self-sustaining provision of these services: e.g. Qld and WA are now relatively independent and self-sustaining in this regard; other states range in their capacity to provide pest animal control independent of wool industry initiatives and financial support.

The target pest species include – beyond the initial shock of wild dog predation – other species which are now having a relatively greater impact on production and/or environmental values in wool production systems.

VERTEBRATE PESTS

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Provision of vertebrate pest/ wild dog (VP/WD) control coordination co-funded with other sectors in states/ regions where coordination is newly/poorly/inadequately established	Coordination/engagement score > 5/10 (Scale 0 – 10)	VP/WD control coordination services provided in: <ul style="list-style-type: none"> • NE NSW • VIC
	Area(s) covered by WD/VP control Groups	SA: Evidence of continued VP/ WD control coordination services score provided in NE NSW, Vic and SA previously initiated and/or supported by AWI
Support for national organisation wide pest management initiatives which address issues facing the wool and sheep industry	Number of collaborators in funding tech National Wild Dog Management Coordinator	Milestone reports
	Electronic measures of usage and participation available at FeralScan® website	
Provide wool industry appropriate support to on-going integrated rabbit control	Easy producer access to information on best management practice for rabbit control, including the integration of bio and traditional rabbit controls	Information available on current bio-controls and where to access, and how to use them Information on best practice management of the suite of rabbit control tools
	On-going search for new bio- control tools for rabbit control	Regular evidence/reports of the outcomes of the search- investigate-analyse-identify process being implemented worldwide to locate potential new bio-controls for use in Australian rabbit control

STRATEGY

Sheep Production



Photo: Chontelle Perrin @chontelle_perrin_photography

SUB-PROGRAM: REPRODUCTION & NUTRITION

AWI aims to strengthen the sustainable supply of apparel and broad wool through investment in projects to increase woolgrower knowledge and adoption of best practice reproduction and nutrition practices.

Improved reproduction efficiency improves on-farm productivity whilst contributing to meeting the expectations of consumers by:

- Improving animal welfare outcomes (improved lamb survival and reduced ewe mortality);
- Improved emissions intensity (producing more from the same amount of ewes); and
- Efficient utilisation of resources under management.

Essential to improving reproduction performance is monitoring ewe condition score, managing ewes to condition score targets, pregnancy scanning, differentially managing ewes based on pregnancy status and providing well-prepared lambing paddocks – all of which is all underpinned by matching available feed to nutritional requirements.

REPRODUCTION & NUTRITION

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Improve the understanding of the use of hardseeded legumes in low rainfall environments to give woolgrowers greater options to manage a variable climate	Deliver 8 fact sheets which address key management considerations for utilising hardseeded legumes	Fact sheets released
Invest in pasture and forage plant genetic resources to enable researchers and plant breeders to better access and utilise germplasm for the benefit of the wool industry	Project contracted	N/A
Release updated information to industry regarding ewe condition score (CS) targets for joining and the value of feeding to improve CS	Release fact sheet reiterating CS targets for ewes at joining and detailing recommendations for management of ewes to those targets	Fact sheet released
	Update AWI extension packages with new recommendations and guidelines for pregnancy scanning	Key AWI extension investments updated (LTEM, PPE, WWW, MMFS)
Updated pregnancy scanning materials released to industry which promote pregnancy scanning for multiples and preferentially managing ewes based on pregnancy status	Release updated benefit cost analysis (BCA) showing the value of scanning in different wool-growing environments	BCA released
	Update AWI extension packages with new recommendations and guidelines for pregnancy scanning	Key AWI extension investments updated (LTEM, PPE, WWW, MMFS)
Tools made available to growers to assist them in choosing pasture species suited to their region and production system	New website is complete	Launch of the website
Research tools and practices to mitigate GHG emissions from sheep industry	Report on initial pen and grazing studies assessing Asparagopsis	Milestone reports

STRATEGY

Sheep Production



Photo: @two_young_nomads

SUB PROGRAM: GENETICS

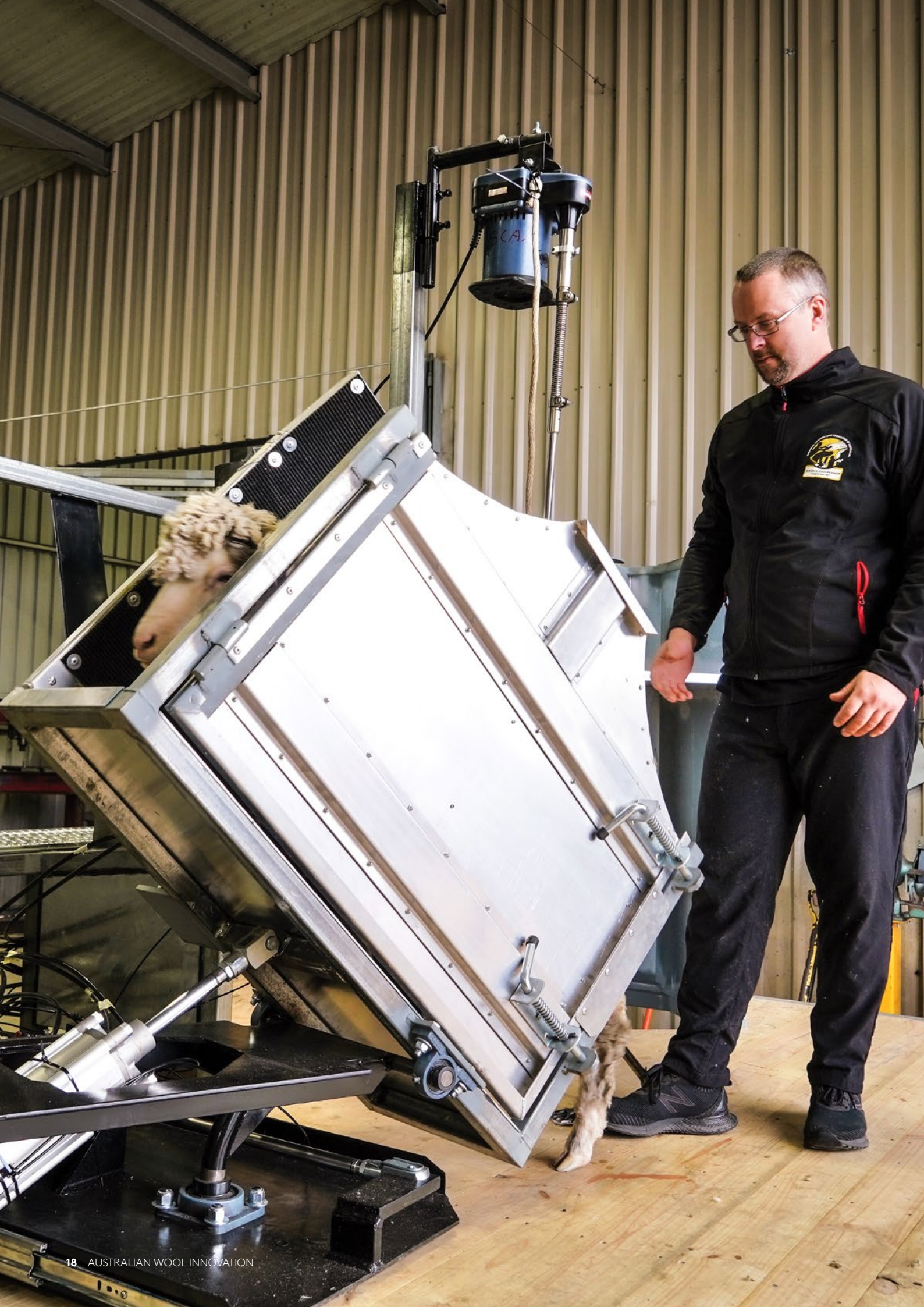
AWI will provide a broad range of woolgrowers with improving genetic benchmarking tools.

The focus will be on:

- Improving lifetime productivity and profitability through improved indexes and older age data
- Increasing flystrike and indicator trait phenotyping and genotyping
- Increasing genetic trends in key production and welfare traits
- Increasing confidence in breeding tools to reduce the risk of flystrike
- Increasing understanding and the public use of MERINOSELECT data quality scores

GENETICS

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Increasing reproduction outcomes	Towards the target Weaning Rate increase of 5 percentage points from 2020 to 2030. This equates to an increase of 0.5 percentage points per year	MERINOSELECT genetic trends for weaning rate from 2020 to 2030 MERINOSELECT trends in weaning rate as at June 2023
Increasing overall wool growing productivity	An increase of 4 Indexes points per year	MERINOSELECT and DOHNE genetic trends from 2020 to 2030 MERINOSELECT trends as at 30th June 2023
Breeding for increasing flystrike resistance	Towards the target of increasing phenotyping of Merino breech wrinkle, dags, stain and cover: by 2030 50% of MERINOSELECT current drop will have a breech wrinkle phenotype Increasing rate of Genetic Gain in both breech wrinkle and dags	MERINOSELECT data 2030 and 30th June 2023
Maintaining confidence in the MLP project and AGBU analysis	MLP Industry Steering Committee and Analysis and Reporting Committee meetings as required to maintain confidence in the project while it remains in the data collection phase	Meeting minutes that reveal member confidence and issues raised by members are being addressed in a timely fashion



STRATEGY

Sheep Production

PROGRAM:

Agri Technology

PROGRAM OVERVIEW

The Wool 2030 vision states that in 2030, wool production systems will employ a wide range of integrated technologies that make wool-growing less labour-intensive, more efficient and more appealing to a younger generation.

Woolgrowers will be highly skilled managers of sheep, pastures and data that will exploit new agri technologies such as the Internet of Things, remote sensing or machine learning.

On-farm technology has the potential to solve some of the challenges of wool production and increase the resilience of wool-growing systems to climate and other risks.

AWI will invest in advanced technology to enable data utilisation and provide objective measurement tools that can be used to accelerate genetic gains, improve animal welfare or increase wool production sustainability.

AWI will identify transformational technology to provide wool harvesting alternatives, improve shearing efficiency and facilitate new business models.

AWI will support initiatives to increase the uptake of technology.

SUB PROGRAM: HARDWARE & SOFTWARE DEVELOPMENT

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Wool harvesting innovation: alternative and/or innovative solutions to increase shearing efficiency and improve shearer and/or animal welfare	New projects commissioned	Number of projects
	Automated wool handling proof of concept delivered	
Develop or adapt new technologies to increase sustainability and wool production efficiency	New projects commissioned.	On farm trials conducted
	On farm validation of wearable sensors for two practical applications	
Support the development of data platforms and support tools to optimise decision making	AWI input in industry data platform exchange	WI participation in cross sector project work streams
Improve technology adoption by increasing awareness and capacity	Bureau of Meteorology (BOM) Climate outlook investment to be commenced	Contract executed



STRATEGY Sheep Production

PROGRAM: Training and Technology Takeup

PROGRAM OVERVIEW

Through the provision of a broad range of training initiatives, we aim to be a valuable contributor to the profitability and sustainability of Australian woolgrowers. Pursue encouragement and support of the next generation of wool industry workforce participants is critical to the growing prosperity of the Australian wool industry. Our programs in this area continue to expand and aim to help improve the engagement and motivation of young people, thereby developing and retaining skills the wool industry needs to be innovative in response to new challenges. Existing and future workers also have the opportunity for a solid base of hands-on practical skills and development pathways, through a suite of AWI programs and initiatives that train, encourage, and motivate.

Adequate numbers of highly skilled professional staff to harvest and handle a high-quality Australian woolclip in a timely and efficient manner is key to the profitability of the Australian wool industry. We remain committed to attracting and retaining the best new entrants into the harvesting industry, building the capacity and longevity of staff and increasing returns to woolgrowers through improved shearing, wool handling and clip preparation practices. We continue to fund hands-on practical training for shearers and wool handlers in the shed, aimed at increasing their skills, wellbeing and professional development. The training for harvesting staff will cover a wide range of experience – from novice to elite levels. AWI will explore on new technology takeups and continue on developments with the next phase of the catch and drag technology.

TRAINING AND TECHNOLOGY TAKEUP

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
With the broader adoption of innovative approaches to wool harvesting, such as upright and mobile shearing, multi-purpose sheds and easier catch/drag/release methods, AWI will work with industry to develop and deliver applicable training components	3,500 novice and intermediate level participants trained by AWI shearer and wool handler trainers	2020/21 – 4,143
AWI will continue to recognise elite shearing and wool handling through communication and promotion initiatives, as well as regional, state and national competition support	More than 1,000 participants in shearer and wool handling competitions nationally	2020/21 – 1,000
Retention of wool industry participants through access to skills building opportunities to increase their capacity in leadership, business, industry promotion and their confidence in the future of their industry	Ongoing retention rate of 75% of those trained yearly	2020/21 – 79%
AWI will continue to develop and make available key industry resources on best management practices and existing technologies across all facets of sheep production. Resources will be made available through a range of mediums including print, App development and AWI websites	AWI leadership and practical skills events delivered to participants receive a net promoter score of at least 7.5/10	AWI collaborates with other RDCs and organisations on a range of initiatives under this program and are evaluated separately by the lead group
	25,000 views of AWI Education & Extension wool harvesting, resources online	2020/21 – 23,712

PROGRAM:
Trade Marketing

PROGRAM OVERVIEW

Ensure long-term industry success by building Australian Merino wool's reputation as the world's premium sustainable fibre, optimal for building circular, traceable products through a digital first program of content, events and media to build a community of life-long wool advocates and Woolmark licensees.

The digitisation and consistent updates of these tools i.e. The Wool Lab, Certification portal and Woolmark Learning Centre ensures the latest innovations are effectively promoted to the global industry to guarantee innovation uptake, growth for Australian wool and positioning of the Woolmark Company as the global authority.

TRADE MARKETING

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
EU Sustainability Communications: influencing the PEF methodology for positive outcomes for wool	Positively influence MEPs and industry stakeholders to support changes to current PEF methodology	MEP engagement and support
The Wool Lab: an essential digital tool for brands and designers searching for the highest quality and innovative wool products in the market	Increase traffic to digital The Wool Lab resources by 10%	Google analytics
Woolmark Certification: build loyalty between the apparel industry and Australian woolgrowers by providing a globally recognised quality assurance program that communicates best practice and provenance	Design and build Woolmark certification brand portal	Delivery of portal
Woolmark Learning Centre: a central learning platform for students, brands, designers, manufacturers and licencees to broaden their wool knowledge	Increase student participation in online courses by 5%	2020/21 – 1,3326 registrations



PROGRAM:
Talent Development

PROGRAM OVERVIEW

Drive demand for wool by positioning Australian Merino wool as at the key ingredient for premium, sustainable apparel by targeting the future leaders of the fashion and textile industries.

TALENT DEVELOPMENT

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
<p>The International Woolmark Prize 2022/23 will be designed to generate long term incremental demand by connecting the world’s most promising emerging designers with the wool supply chain</p>	10% increase in brand awareness for Woolmark amongst fashion conscious consumers and industry stakeholders	Positive earned media coverage and content engagement
	Increased intent to produce wool amongst designers	Alumni Survey
	Increased intent to purchase wool amongst retail partners	Retail Partner Survey
	30 new trade leads	N/A
<p>The 2022/23 Woolmark Performance Challenge will aim to inspire science, technology, and design academics to develop innovative product solutions for performance-led apparel, by harnessing the unique natural properties of Australian Merino wool. Build strategic and collaborative relationships with global performance-focused brands – who have the potential to understand and adopt new innovations – and reinforces recognition of Australian Merino wool as the world’s greatest natural performance fibre</p>	5% increase in awareness for Merino wool’s performance capabilities	Social and media impressions
	20 new leads for sports industry brands and stakeholders	N/A

PROGRAM: Consumer Marketing

PROGRAM OVERVIEW

The consumer marketing program's purpose is to drive demand for Merino wool by driving awareness of Merino wool's technical and eco benefits to align with growing demand for sustainable, comfortable apparel through a multi-faceted direct to consumer marketing program of campaigns and brand collaborations.

We continue to establish Merino wool as a performance fibre of choice through strategic collaborations with elite sports teams and increase product availability through partnerships with sports industry leading brands.

The brand partnership strategy will see an increased focus on wool's durability and circularity for the new generation of consumers who are increasingly adopting a "buy less, choose better" philosophy.

We will continue to apply a 'content + ecommerce' model to partnerships allowing us to target consumers with fibre education and inspiration at point of purchase using detailed analytics to drive consideration and purchase of Australian merino wool.

CONSUMER MARKETING

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Brand Partnerships: with influential sporting brands, sustainable fashion brands and high volume retailers	Uplift in brand/retailer intent to increase wool product categories	Retailer survey
	Secure a minimum of 2 high profile sporting event/team sponsorships	Contracted partners
China Campaigns: drive large sales volumes with an affluent customer	Increase brand awareness for Woolmark and Merino wool benefits in China by 3%	51% – 2021 Brand Tracking Survey
	Sales driving partnership with major e-tailer	
Build a sense a pride in the Australian wool industry for a home-grown audience	Increase sentiment for Australian wool amongst Australian audiences through Woolgrower Sentiment Survey	Woolgrower Sentiment Survey
Educate Gen Z and Millennial audiences on the negative affects of synthetics and the eco credentials of wool	Increase consumer awareness of the relationship between synthetic clothing and fossil fuel	Campaign Survey Global Consumer Survey

STRATEGY Consultation

PROGRAM: Woolgrowers

PROGRAM OVERVIEW

AWI woolgrowers are central to all AWI activities and this program aims to ensure that we actively listen and engage with them in a meaningful way. During 2022/23 we will update and launch our new engagement plan and implement updated systems to assist in the capture and dissemination of the RDE&M programs.

WOOLGROWERS

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
AWI will overhaul the wool.com website to increase navigability and increase traffic	Increase click through rate on Wool.com website by 5%	Website traffic reports
Through the 5 extension networks, AWI will disseminate resources on best management practices, new and existing technologies and look to make these readily available	Increase number of active participants in AWI extension initiatives	Active members as reported by each extension network
Increase meaningful engagement with woolgrowers	Increase the grower sentiment in the Woolgrower sentiment survey by 2%	2021 - +66

PROGRAM: Industry

PROGRAM OVERVIEW

Following feedback in the latest Review of Performance, the WICP/WCG has further been enhanced to ensure that continual improvements are made and that the meetings enable industry and AWI to actively engage. During 2022/23 AWI will further look to improve the discussions. The WCG will now meet twice a year instead of just once. The Commonwealth is the single largest contributor of funds to AWI and over the next operating period we will increase the frequency and quality of collaboration with DAWE and other parts of Government for the benefit of Australia's

woolgrowers. The roll out of the Salesforce platform from May 2022 will better capture meetings and action items from stakeholders. This will provide important insights on the priorities of stakeholders and also measurement of our interaction with them.

INDUSTRY

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Regular interaction with members of the WICG/WCG	Increase member satisfaction in the industry forums WICP/WCG	Annual survey of representatives and members
Ensure the information provided at the WICP/WCG is easy to disseminate to members and that feedback is provided	Number of page views and dwell time on relevant pages	Wool.com website analytics
WICP Chair to attend Board meetings to provide direct feedback to the AWI board	WICP Chair to present to Board after every WICP meetings	Confirmation via AWI Board

STRATEGY

Industry Development

PROGRAM:

Woolmark

PROGRAM OVERVIEW

The Woolmark licensing program operates globally and allows for the logo to be applied to a range of qualifying products across apparel, interior textiles, bedding, floor coverings, laundry appliances and consumables, and sheepskins. It can also be used through the supply chain for yarns and fabrics.

In 2022/23 the Woolmark Licensing Program will have renewed focus on building upon and strengthening the license along the supply chain by encouraging spinners, weavers, knitters and garment makers

to pass on their Woolmark license to retailers and brands, as a value add to the sale of their wool products. Linked to AWI's Traceability Program, a chain of custody tool will be incorporated into the Woolmark Licensing Program, creating the ability for licensees to trace and validate the supply chain journey that the wool has travelled to reach a finished garment.

WOOLMARK

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Targeting new and existing brands and retailers with the value and benefits of the Woolmark Licensing Program	Increase brand and retailer licensees by 10%	Number of licenses
	Maintain the number of Tickets & Labels ordered by Woolmark licensees	24.8 million (FY 2020 – 2021)
Manage and maintain industry relevant specifications and testing standards	Annual survey and review of specifications	Survey and review of specifications



STRATEGY

Industry Development

PROGRAM:

Education & Extension

PROGRAM OVERVIEW

To educate both students and those in the textile and garment supply chain to ensure expertise and knowhow remains, and grows, within the industry.

AWI will develop, promote and deliver education programs via the Woolmark Learning Centre digital platform to a global audience of students (primary, secondary and tertiary), educators, manufacturers, trade, designers, brands and retailers. The courses

will be relevant to current processing and production techniques within the textile and garment industry and also address sustainability practices.

TWC participation at leading global trade shows and global industry development centres enables a platform for key company messaging and connection to trade partners. The exposure also increases opportunities for partnered innovation.

EDUCATION & EXTENSION

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Educate brands, retailers and floor staff on the wool fibre and its inherent benefits to increase wool sales	Deliver global training programs across womenswear, menswear, sportswear and interiors to a minimum of 30 retailers	Number of retailers trained
Develop a retail training portal via the Woolmark Learning Centre to ensure retail training programs are accessible online and in multiple languages.	Retail training portal development	Portal completion

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
<p>Educate supply chain to ensure growth of wool processing and production expertise, knowledge and knowhow within the textile and garment industry through tradeshows, development centres and trade events</p> <p>Exhibit at leading global trade shows to engage with trade partners to drive demand of wool</p> <p>Exhibit wool innovations at global development centres to attract brand collaboration for innovation of wool products</p>	<p>Leads at trade shows and trade events</p> <p>10 x Activations at global development centres</p>	<p>Leads and activation</p>
<p>Educate next generation of fashion designers to encourage adoption of wool in future garment and product collections and educate textile engineers to ensure ongoing expertise and knowhow within the industry</p>	<p>Increase participation in the Learn About Wool primary and secondary education program by 5%</p> <p>Increase global participation in the Wool4School secondary design competition by 5% across Australia, Italy and UK</p> <p>Increase participation in tertiary education programs by 5%</p> <p>Expansion of Wool Science program into India and 10% increase in student participation</p> <p>Increase Woolmark Learning Centre course completions by 10%</p> <p>6 new course developments on Woolmark Learning Centre</p>	<p>Learn About Wool kit orders</p> <p>Number of student registrations</p> <p>Number of students participating in tertiary education programs</p> <p>Number of students participating in Wool Science programs</p> <p>Number of Woolmark Learning Centre course completions</p> <p>New courses available on Woolmark Learning Centre</p>



STRATEGY

Industry Development

PROGRAM:

Processing & Product Innovation

PROGRAM OVERVIEW

To strengthen the supply chain with transfer of technical knowledge, knowhow and expertise to ensure a dynamic wool supply chain. Working with manufacturers and brands to both support and lead wool product and process innovations through to commercialisation, ultimately increasing consumption and demand for wool.

Through The Wool Lab, support industry connectivity and inspire designers and brands to incorporate wool textiles and products into their collections and product ranges.

PROCESSING AND PRODUCT INNOVATION

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
AWI/TWC Technical Team will support technical transfer of processes and product innovations to strengthen industry capabilities in both existing and emerging markets. Brand led innovations will also be supported	Maintain existing supply chain partners	Technical transfer delivered
	Increase trade partners by 10%	
AWI/TWC will focus on new research technologies as well as sustainable practices. This will include early-stage processing, yarn, textile and garment production and finishing	Increase brand led innovations by 20%	Number of product or process innovations commercialised
The Wool Lab remains a leading global sourcing tool for the most innovative, advanced and commercial wool yarns and textiles	Increase the number of supply chain partners contributing to the Wool Lab by 10% to drive demand of wool yarns and textiles	4 x themes @ 50 suppliers for each theme
AWI will develop Wool Lab Editions in line with global trends and industry manufacturing direction, such as sustainable practices, eg natural dyes. These Editions will be available through physical books and on The Wool Lab Digital platform	Increase swatch requests from The Wool Lab by 10%	Wool Lab swatch requests by region
	Further enhance The Wool Lab digital platform	Clicks on digital Wool Lab
		Enhanced The Wool Lab digital platform

STRATEGY

Market Analytics

PROGRAM:

Emerging Markets

PROGRAM OVERVIEW

Changes in demand, many of them accelerated by the economic dislocation will change the future composition of GDP for many countries with whom we trade. AWI is focused on identifying emerging markets and sectors that will recover quickly and drive demand as economies come through this unprecedented disruption. This will be done through global market trend analyses, including market drivers and market restraints. AWI will be able to identify markets that will emerge strongly and capitalise on the opportunity.

EMERGING MARKETS

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Through advertising with local trade publications and partnerships with local textile associations we aim to increase awareness or introduce Wool/Woolmark to new markets in the manufacturing supply chain	Building brand/wool awareness in the manufacturing supply chain in new markets through:	N/A
	Advertisements in local textile publications – 15 adverts over 3 markets	
	Click throughs on adverts – average of 100	
Research into new markets to identify wool use and gaps in the market around wool (ie sourcing, technical knowledge)	Run wool use surveys on 80 potential supply chain partners in 3 emerging markets	Running wool surveys and meetings with supply chain to gauge their wool knowledge and gaps in the markets around wool sourcing and use in manufacturing
	Meet with 30 supply chain partners over 3 markets	

PROGRAM: Supply Chain Initiatives

PROGRAM OVERVIEW

The AWI Traceability Portfolio acknowledges the growing saliency of provenance, corporate social responsibility and perennial concerns regarding supply chain efficiency and biosecurity. The Traceability portfolio seeks to provide tools to support the flow of information about Australian wool, up and down the supply chain to all parties; to communicate Australian wool's benefits, facilitate provenance and supply chain transparency. This vision has parallels with the Industry's Wool 2030 Strategy as a key theme to communicate value and foster a prosperous woolgrowing community.

SUPPLY CHAIN INITIATIVES

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Traceability to be incorporated into the Woolmark Licensing Program, creating the ability for licensees to trace/validate the supply chain journey that the wool has travelled to reach a finished garment	An electronic chain of custody tool integrated to the Woolmark Licensing Program	Integration of tool to Woolmark Licensing Program
Collaborate with the Australian wool industry bodies and government bodies to enhance Australian wool traceability systems.	Number of partners collaborated with on traceability systems	N/A
Connect Australian woolgrowers through the supply chain and ultimately to consumers	1000 woolgrower business registered on WoolQ Industry Network	WoolQ business registrations



STRATEGY

Market Analytics

PROGRAM:

Business Intelligence

PROGRAM OVERVIEW

AWI will enhance its market intelligence service, to help ensure Australian woolgrowers remain informed of activity across the global supply chain, including market prices, sentiment and trends. The aim is to build trust and transparency across the supply chain through an industry best-practice structured, targeted and measurable engagement model; and for this intelligence to influence, inform or contribute to AWI's business activities. There is an opportunity for reducing knowledge gaps between supply chain partners by an enhanced market intelligence function, and by acting as a conduit between sectors.

BUSINESS INTELLIGENCE

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Create the most valued market intelligence in the wool industry. Build demand and subscriber numbers as an indication of quality, well presented and sought-after information. Provide forecast analysis and insights into global trends to inform business owners of threats and opportunities across the supply chain	80% of users of AWI's Market Intelligence find it of 'high value' or above	2020/21 – 80%
	Increase subscriber numbers by 10%	Will be measured through SMS reports
	E-news click through rate of 12%	Measured through click through rate
	Market Intelligence area on AWI website receives 15,000 views per month	2020/21 – 12,949

**PROGRAM:
 Fibre Science**

Fibre Science Program is divided in to two sub programs (Eco credentials and Health & Wellness). Through the program the wool industry uses the evidence to promote to consumers that wool is the planet-friendly fibre of choice. AWI will add to the body of knowledge that consumers' personal micro-environment, their living and working environment and the global environment can all be improved by wool.

**SUB PROGRAM:
 ECO CREDENTIALS**

AWI will invest to demonstrate Australian wool's strong on farm eco-credentials and its credentials up the supply chain, within a circular economy to wool's biodegradation at the end of its life cycle.

This will support the industry's Wool 2030 aim that Australian wool production is moving towards carbon neutrality and AWI will provide the tools for growers to reach their individual carbon goals.

The investment will focus on:

- contributing towards environmental ratings schemes methodology to include microplastics and non physical durability criteria

- case studies showing woolgrowers' on farm biodiversity and how to get there
- the impact on the environment from consumers' care of garments
- evidence for sheep supplements to mitigate methane emissions
- evidence of the wool supply chain's circularity features.

ECO CREDENTIALS

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Development of environmental rating schemes for apparel that benefit wool and establish a level playing field with other fibre types	Obtained EU acknowledgment of the need to account for microplastics in PEF	Engagement with the EU Product Environmental Footprint program
	Gained the inclusion of non-physical durability criteria in the PEF Category Rules for apparel Publish a scientifically defensible review of the PEF Guidelines including recommendations to improve the methodology	Milestone reports

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Evidence of wool-growing as a proactive and forward-looking industry, carefully stewarding the environment	Produce and publish 10 case studies on the environmental and economic performance of woolgrowers undertaking a broad range of farming practices	Prepared property mapping, ecological assessments and natural capital and financial reports.
	Produce and publish 5 case studies on the biodiversity trends on farms undertaking described regenerative practices	Documented methods and data required to explore co-existence of biodiversity and profitability on wool-growing properties
	Investigate current and potential garment care scenarios evidencing how wool delivers better environmental outcomes	N/A
Generate new knowledge of wool's carbon account, including emissions at the national and farm scales and identifying plausible emissions mitigation strategies	Develop a report assessing the technical feasibility, cost-benefit and opportunities for achieving lower emission wool	N/A
	Publish a review of accounting methods for methane emissions from ruminants and the implications for global warming	N/A
	Publish a literature review of plausible strategies to achieve woolgrower mitigation goals	N/A
Help enable woolgrowers to capitalise on opportunities for new income streams, including carbon credits and biodiversity credits	Complete an analysis of the relationship between natural capital, biodiversity and farm profitability	N/A
	Report 2 adaptations that gradually reduce greenhouse gas emissions over time for a range of climatic regions	N/A
	Develop a "how to" guide for producers wishing to improve natural capital across the diversity of Australia's wool-growing areas	N/A
	Complete 2 extension events on carbon storage and assess the association between biodiversity, GHG emissions and productivity	N/A
Demonstrate the wool industry's alignment with the increasingly global policy transition towards a circular economy	Report on a gap analysis investigating the profitability of end-of-life pathways of wool relative to other fibre types	N/A
	Produce evidence from stakeholders in the recycled clothing supply chain of wool's circular attributes	N/A
	Generate an intelligence report for distribution to key stakeholders, informing them of the growing need to recover and recycle clothing and the implications of fibre type choices	N/A

STRATEGY

Market Analytics

PROGRAM:

Fibre Science

SUB PROGRAM:

HEALTH & WELLNESS

Scientific evidence of wool's benefits for human health and wellness is important to support AWI's investments in marketing performance wear ie multi-purpose next to skin apparel

AWI will continue its research in:

- evidence for improved sleep quality when sleeping in wool
- evidence from international studies on next to skin wool as a therapy for eczema

- tests for wool's breathability suitable for performance wear testing
- evidence for improved cognition when wearing wool under stressful situations

HEALTH & WELLNESS

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
Specified next to skin Merino garments improving sleep quality	Collect and analyse data on the impact of Merino wool and cotton sleepwear on the sleep outcomes and symptoms of post-menopausal women	Milestone reports
Specified next to skin Merino garments are therapeutic for eczema	Collect and analyse international data assessing the impacts of Merino garments on eczema sufferers	Milestone reports
Generate new test protocols to measure wool's breathability in dynamic conditions	Complete human testing and interpret the relationship between fabric, manikin and human test results to guide development of a method for measuring wool's breathability in dynamic circumstances	Milestone reports
Determine if there is an effect of fibre type on the cognitive performance of the wearer in stressful situations	Complete human testing of cognitive performance and symptoms during mentally stressful circumstances, while wearing wool and polyester base layer garments, in preparation for publication	Milestone reports



STRATEGY

Corporate Services

PROGRAM:

Corporate Services

PROGRAM OVERVIEW

Corporate Services provides key expertise, compliance, governance, support, and value to the global business in the areas of financial management, legal, measurement, evaluation, people & culture, and company secretarial support including IP portfolio management.

CORPORATE SERVICES

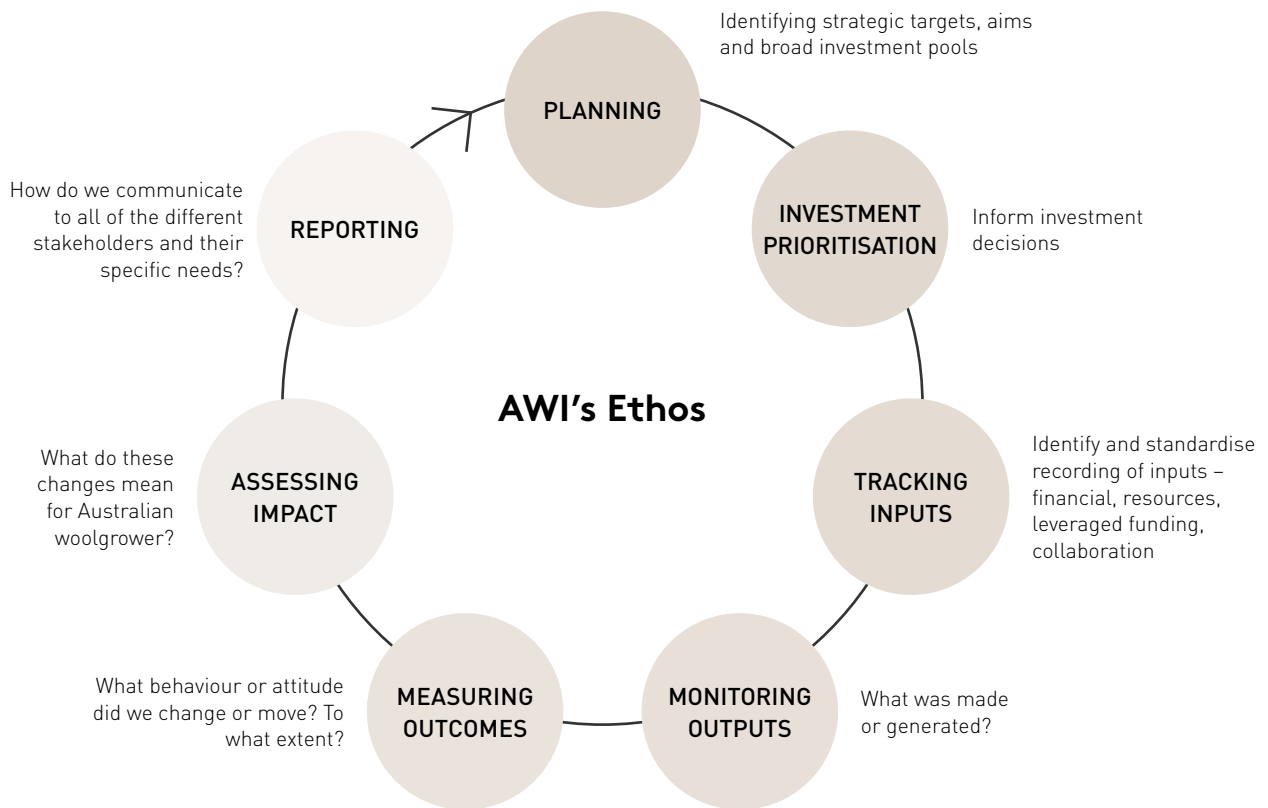
INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
People and Culture – Source, nurture and retain the best available talent for the business and ensure they have the required skills, processes, support, training and working environment to facilitate them performing at their best to deliver for woolgrowers. Fostering and nurturing a culture that has integrity, respect, and transparency at its core, and that celebrates diversity and inclusiveness	Improve employee engagement through the implementation of best practice programs and processes including Reward & Recognition, EAP, and Your Voice	Internal Survey
	Introduce a 360-degree performance review process across the business, starting with the Executive	360 Review completed for all the executive
Legal – supports 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 TWC and its subsidiaries and advising on privacy and data protection matters	Implement the Contract Express system within the organisation	Contract express used across organisation
	Reduce turnaround time on contract development	Internal Review

INVESTMENT FOCUS	TARGETS	BENCHMARK/ MEASUREMENT CRITERIA
<p>Finance – monitor and manage corporate financial compliance and reporting requirements globally, acknowledging the complexity and changing governance requirements across the company’s global footprint. Manages 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</p>	<p>Timely financial reporting to internal and external stakeholders</p>	<p>Internal Survey</p>
	<p>Unqualified audit report delivered</p>	<p>Audit completed</p>
<p>Measurement and Evaluation – provides a framework to measure, analyse, evaluate, and report on the performance of AWI’s investments on behalf of its stakeholders, implements and updates 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</p>	<p>Conduct three impact (cost – benefit) assessment of RD&E and marketing investments annually.</p>	<p>Impact Assessment Conducted</p>
<p>Digital – provides the systems that the organisation needs to deliver information with an aim to uplift the performance of AWI’s digital ecosystem by deploying various technological solutions to make AWI a digital transformative organisation</p>	<p>Number of digital integrations</p>	<p>N/A</p>
<p>Information Technology – provide support to the business for all hardware and software requests. Implement SLA to monitor support requests</p>	<p>Achieve SLA 90% of time</p>	<p>N/A</p>

Balanced portfolio and M&E framework

AWI's goal is to continue to support and increase the profitability and sustainability of the Australian wool industry through strategically targeted investments. The Measurement and Evaluation (M&E) framework provides the necessary data to guide strategic planning, to design and implement programs and projects. One of the key objectives under the M&E framework is to measure the return on investment through the programs/projects implemented.

The M&E framework covers objectives, indicators, data sources, plans for data collection, analysis, and reporting. In other words, it clearly outlines how data collected, analysed, and reported. M&E data provides quantifiable results to help program managers learn from project successes, challenges and are better prepared to respond to the ever-evolving project situations, determine what worked and what did not and why it did not work and how it could be improved.



Balanced portfolio involves risk-return principle that links high risk with high reward. The risk-return trade-off is one of the essential components of each investment decision to assess the projects undertaken by AWI. Some projects with high risk may yield higher return or vice versa.



Annual budget summary 2022-2023

STRATEGIC REPORTING PORTFOLIO	PROGRAM	SUB-PROGRAM
SHEEP PRODUCTION	HEALTHY PRODUCTIVE SHEEP	Sheep Health & Welfare Vertebrate Pests Reproduction & Nutrition Genetics
	AGRI TECHNOLOGY	Hardware & Software Development
	TRAINING & TECHNOLOGY TAKEUP	Sheep & Wool Management Skills Wool Harvesting & Quality Preparation
MARKETING	TRADE MARKETING	Trade Marketing
	TALENT DEVELOPMENT	International Woolmark Prize Woolmark Performance Challenge
	CONSUMER MARKETING	Consumer Marketing Collaborations
CONSULTATION	WOOLGROWERS	Extension Networks Events & Forums Media
	INDUSTRY	Industry Representative Bodies
INDUSTRY DEVELOPMENT	WOOLMARK	Licensing Quality Control Business Development
	EDUCATION & EXTENSION	Retail Trade Student
	PROCESSING & PRODUCT INNOVATION	Technical Advice Sourcing & Supply Chain Connectivity
MARKET ANALYTICS	EMERGING MARKETS	Market Diversification
	SUPPLY CHAIN INITIATIVES	WoolQ Traceability
	BUSINESS INTELLIGENCE	Opportunity Identification Market Analysis
	FIBRE SCIENCE	Eco Credentials Wellness & Performance
SUPPORT ADMIN COSTS	CORPORATE SERVICES	Corporate Services Digital Services

	PROGRAM BUDGET	STRATEGY	ALLOCATION OF CS BUDGETS	TOTAL PROJECTS	OPERATING THE SUPPLY CHAIN	TOTAL
	1,530					
	636	4,515				
	1,076					
	1,273		365	9,696	2,772	12,468
	848	848				
	786	3,968				
	3,182					
SUB-TOTAL	9331					
	1,909	1,909				
	2,727	3,054				
	327		1,089	25,655	11,128	36,783
	15,909	19,603				
	3,694					
SUB-TOTAL	24,566					
	1,091					
	285	1,949				
	573		76	3,138	1,455	4,593
	50	1,113				
	1,063					
SUB-TOTAL	3,062					
	91					
	136	593				
	366					
	178		207	4,087	3,149	7,236
	1,091	1,651				
	382					
	727	1,636				
	909					
SUB-TOTAL	3880					
	109	109				
	455	819				
	364					
	120	639	103	2,852	1,360	4,212
	519					
	682	1,182				
	500					
SUB-TOTAL	2749					
	1,090	1,090			9,112	
	750	750	(1,840)	-	902	
SUB-TOTAL	1,840					
TOTAL	45,428	45,428	-	45,428	29,878	75,306

Corporate governance framework

Governance principles

The main provisions governing the activities of AWI are:

- legislation applicable to AWI including the Wool Services Privatisation Act
- 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 Education and Extension Committee
- People and Culture 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. The Chair was initially appointed by the Secretary of the Department of Agriculture, Water and the Environment. However, the government appointee has now been replaced by an independent chair 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, nominated by the CEO of the Company (subject to approval by the independent Chair 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 Charter
- Charter of the Committees of the Board
- Board Nomination Committee Charter
- Code of Conduct and Business Ethics
- Corporate Governance Policy
- 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 2021 review included a self-assessment and peer review of the currency of skills and experience for each director and 360-degree feedback from senior executives in accordance with AICD best practice recommendations.

The skills matrix in the 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 skill 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

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 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 arm's length commercial terms and consistent with AWI's legal obligations.

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

Appendix

WOOL 2030 PILLARS

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

SHEEP SUSTAINABILITY FRAMEWORK (SSF)

SHEEP SUSTAINABILITY FRAMEWORK (SSF)	PRIORITY 1: GROWING THE VALUE AND INTERNATIONAL DEMAND FOR WOOL	PRIORITY 2: WOOL HARVESTING	PRIORITY 3: COLLABORATION AND ENGAGEMENT	PRIORITY 4: SUSTAINABILITY	PRIORITY 5: STRENGTHENING SUPPLY CHAIN
<p>Caring for our sheep</p> <ul style="list-style-type: none"> • Reduce, refine and replace painful husbandry practices • Implement best practice sheep management • Ensure humane processing and on-farm euthanasia • Prevent and manage disease 	✓		✓	✓	
<p>Enhancing the environment and climate</p> <ul style="list-style-type: none"> • Improve natural resource management • Responsible environmental practices • Encourage biodiversity • Reduce net greenhouse gas emissions • Adapt to a changing climate, including extreme weather events 				✓	
<p>Looking after our people, customers, communities</p> <ul style="list-style-type: none"> • Improve industry safety culture • Improve our people's health • Support and grow workforce • Encourage workforce diversity • Enhance community trust • Deliver products that customers demand 	✓	✓	✓		
<p>Ensuring a financially sustainable industry</p> <ul style="list-style-type: none"> • Maintain or increase industry profitability • Maintain or increase contribution to the Australian economy • Increase productivity and encourage innovation • Ensure positive market positioning and access • Guarantee product integrity and safety 	✓		✓		✓



THE ANNUAL OPERATING PLAN IS AVAILABLE ON
wool.com