

AWI: ACCOUNTABLE TO WOOLGROWERS

WOOLGROWERS VOTE TO INVEST IN R&D AND MARKETING

Individual growers vote every three years to determine the levy rate and are able to vote 0% to close AWI if it isn't performing.



AWI SHAREHOLDERS ELECT BOARD

AWI shareholders directly elect Directors to the AWI Board, rather than political appointments made by government or agri-political groups, which is not allowed under AWI's Constitution.



WOOLGROWERS DETERMINE AWI'S PRIORITIES

AWI consults year round with woolgrowers to identify their priorities and guide AWI's activities.



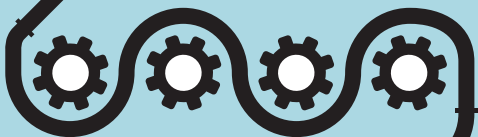
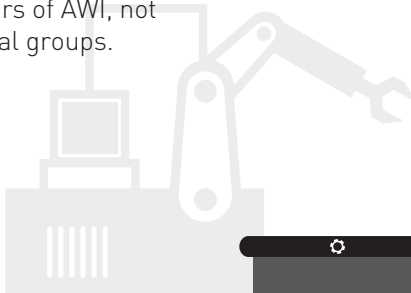
BOARD GOVERNANCE

AWI's Constitution was designed 'fit for purpose' to ensure accountability to all growers, not a few.

The AWI Board achieves good corporate governance by operating in line with the following:

- Corporations Act 2001
- Wool Services Privatisation Act 2000
- Statutory Funding Agreement (SFA)
- ASX Corporate Governance Principles and Recommendations
- Wool Services Privatisation (Wool Levy Poll) Regulations 2003
- AWI Constitution

AWI Board members have **fiduciary duties** and responsibilities under the **Corporations Act**, making them accountable to shareholders of AWI, not agri-political groups.



BOARD USES GROWERS PRIORITIES TO SET STRATEGY

Woolgrowers have entrusted the AWI Board to set AWI's strategy and make investment decisions for the company.

AWI OPERATIONS

AWI implements the strategy through its R&D and marketing activities.

WOOLGROWERS BENEFIT FROM R&D AND MARKETING

AWI is responsive to growers, driven by growers and delivering for growers.

INCREASED PROFITABILITY

INCREASED DEMAND

INDUSTRY SUSTAINABILITY



Woolgrowers are central to everything AWI does; they determine if AWI exists, they established how AWI is structured and they influence how AWI invests.

DELIVERING FOR WOOLGROWERS



AWI delivers for woolgrowers by:

- ✓ Investing in R&D to address production issues eg. Merino Lifetime Productivity
- ✓ Encouraging grower practice change to improve profitability eg. Lifetime Ewe Management
- ✓ Creating innovations in wool processing eg. Xinao-Woolmark joint venture
- ✓ Educating the next generation of textile technologists, fashion designers and retailers eg. International Woolmark Prize
- ✓ Developing new product innovations and creating new market segments for wool eg. sports and outdoor wear
- ✓ Increasing demand through marketing and education campaigns to teach designers and consumers of the functionality, performance and benefits of wool eg. Campaign for Wool

ACCOUNTABLE TO WOOLGROWERS



- AWI monitors activities and reports these to the Board, woolgrowers and government on a regular basis.
- Every 3 years AWI is required to undertake an independent Review of Performance to advise growers of how AWI has been performing. Informed by this report, growers vote at WoolPoll to determine the levy rate and are able to vote 0% to close AWI if they are not satisfied.
- Woolgrowers can find out how AWI is delivering the best bang for their buck through AWI's Beyond the Bale, The Yarn podcast, eNewsletters and Annual Reports.
- AWI reports to the government every 6 months on its compliance with the Statutory Funding Agreement to ensure AWI is operating in line with levy payers' and the Government's expectations.

EXTENSIVE GOVERNANCE ARRANGEMENTS

AWI was built in 2001 from the ashes of an industry crisis where its predecessor, AWRAP, and agri-political groups became out of touch with growers.

As a result, AWI's governance – including the legislation and AWI's Constitution – has been built 'fit for purpose' to ensure accountability to all growers, not agri-political groups.

To avoid past mistakes of the industry, a number of changes were made to AWI including:

- control of AWI was devolved from agri-political grower groups to individual growers;
- individual shareholders directly elect Directors to the Board, rather than political appointments made by government or agri-political groups, which is not allowed under AWI's Constitution;
- anyone can stand for election as Board Director if they raise the support of 100 shareholders;
- a Board Nomination Committee was established to provide shareholders with non-binding recommendations on the skills and experience of Board nominees;
- growers entrust the AWI Board, not individual growers or agri-political groups, with setting strategy and investment decisions of the company.

EFFECTIVE CONSULTATION




Through the Statutory Funding Agreement, the Government requires AWI to effectively consult with woolgrower groups every 6 months. AWI formally consults with grower groups every 4 months through AWI's Woolgrower Industry Consultative Committee (ICC) and publishes summaries on www.wool.com/consultation


AWI consults directly with woolgrowers at scores of industry events, field days, on farm ram sales and seminars all year round.


ENGAGE WITH AWI

If a grower wants to provide input to guide AWI's activities – they can do so easily in a number of ways:

- Call, email or write to AWI directly and let us know
- Become an AWI shareholder to elect the Board
- Visit the AWI stand at all major wool industry events around the country throughout the year
- If they are a member of one of AWI's 6 state-based extension networks you can let us know through the network
- If they are a member of a grower representative group ask them to feed the issue into AWI

 1800 070 099

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