



RULES AND PROCEDURES GOVERNING THE ELECTION OF DIRECTORS

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AUSTRALIAN WOOL INNOVATION LIMITED

(ACN 095 165 558)

Rules and Procedures Governing the Election of Directors

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Rules and procedures governing the election of directors

The following rules and procedures (**Rules and Procedures**) will govern the conduct at any general meeting of Australian Wool Innovation Limited (**AWI**) of the election of Directors. The Rules and Procedures are made pursuant to Rule 14.3(f) of the constitution of AWI (**Constitution**).

Capitalised words and expressions used in these Rules and Procedures which are not defined in these Rules and Procedures have the meaning given to them in the Constitution, unless the context requires otherwise.

1. Eligibility for nomination to the office of Director

Rule 14.3. (d) of the Constitution provides that a person (other than a retiring Director) will only be eligible for election to the office of Director at a general meeting if:

- (i) there is a vacancy to be filled;
- (ii) the person is nominated by:
 - (A) nominated by the Board; or
 - (B) nominated by means of a written nomination signed by in excess of 99 (or such lesser number as may be prescribed by the Law) of eligible shareholders An eligible shareholder is a shareholder with an entitlement to vote under the provisions of Rule **Error! Reference source not found.**; or
 - (C) recommended by the Board Nomination Committee
- (iii) the person consents to the nomination in writing; and
- (iv) the nomination and consent are received by AWI not less than 60 days nor more than 78 days before the meeting; and
- (v) the person has not been a member of the Board Nomination Committee in the past three years. However, a Director of the Company who has been appointed to the Board Nomination Committee in the past three years is eligible for election or re-election.

2. Shareholders' entitlement to nominate candidates for election

Each shareholder listed on the register of shareholders as at the time a nomination is received will be entitled to sign a nomination of a candidate for election to the office of Director at a general meeting.

Access to the Register of Members of AWI may be obtained in accordance with law and by application to the AWI Company Secretary.

3. Form of nominations and consents

3.1 Nominations

A nomination must:

- (a) be in writing;

- (b) in the form attached to these rules and procedures and called “Nomination Form”, and set out the following details in relation to each of the shareholders nominating the candidate:
- (i) the shareholder’s full name and address as they appear in the register of shareholders;
 - (ii) telephone number(s) of the nominating shareholder; and
 - (iii) be signed and dated by each shareholder nominating the candidate.

The Nomination Form must also be completed and signed by the Candidate, and all required documentation provided. A Nomination Form must pertain to one candidate only. It is not permissible for a Nomination Form to relate to multiple candidates.

Shareholders are not required to disclose their security reference number (SRN).

A nomination may consist of several documents in the same form each containing the signature or signatures of one or more shareholders nominating the candidate.

Candidates must obtain current nominations from shareholders as nominations obtained prior to an earlier general meeting(s) will be deemed to have lapsed.

In the event of inconsistencies between the name and address of the shareholder nominating the candidate and the register of shareholders, the Company Secretary will endeavour to resolve the inconsistency.

To assist shareholders in making nominations, a standard Nomination Form is available. To access the standard Nomination Form, visit www.wool.com or phone the AWI Company Secretary.

3.2 Consents

Any candidate nominated must consent to their nomination to the office of director of AWI. To assist shareholders, a standard Consent to Nomination form is available. To access the standard Consent to Nomination form, visit www.wool.com or phone the AWI Company Secretary.

4. Period for lodging nominations

In accordance with Rule 14.3(d)(iv) of the Constitution, to be considered at a general meeting, Nomination Forms and Consents to Nomination Forms, completed by candidates and accompanied by all required information, must be received by AWI not less than 60 days nor more than 78 days before the general meeting.

5. Place for lodging nominations

Nomination Forms and Consents to Nomination Forms, and all other required information as set out in these forms, must be addressed to the Company Secretary and left at, sent to, posted to, faxed to, or emailed to:

Australian Wool Innovation Limited
Level 6, 68 Harrington Street
The Rocks NSW 2000
Facsimile: 02 8295 4100
Email: jim.story@wool.com

6. Declaration of nomination

As soon as practicable after a Nomination Form and Consent to Nomination Form, and all other required information, are received by the Company Secretary, the Company Secretary will notify the Nominee as to whether the nomination has been properly made.

7. Voting system

If there are the same number of candidates as vacancies (or fewer candidates than vacancies), then the following system will apply. A candidate must receive more votes approving their election as a director than not approving their election as a director to be elected.

If the number of candidates exceeds the number of vacancies, then the following system will apply. The Chairman will call for a poll, and each shareholder may vote in favour of the appointment of as many candidates as they approve of up to and including the number of vacancies. The candidate or candidates (where there is more than one vacancy) with the greatest number of votes will be elected until all vacancies are filled. The remaining candidate or candidates will be excluded. If a shareholder votes in favour of the appointment of more candidates than the number of vacancies, such vote will be invalid. A candidate must receive more votes approving their election as a director than not approving their election as a director to be elected.

Candidates may be disqualified where they or their representatives solicit SRN's, including completed general meeting "Appointment of Proxy" forms, from shareholders

The Board shall communicate with shareholders in relation to directors' use of open proxies on resolutions relating to director elections and re-elections. This includes ensuring that:

- (a) a statement of the Chairperson's intent on voting on director election and re-election resolutions is provided in the relevant notice of meeting; and
- (b) the total number of open proxies held by the Chairman in relation to such resolutions is announced on the floor of the relevant shareholders' meeting.

8. Prevention of irregularities

The Board may take such action and give such directions as the Board considers necessary in order to ensure that no irregularities occur in or in connection with an election or to remedy any inconsistency or inadequacy that arises in the application of these Rules and Procedures.

Notwithstanding anything to the contrary in these Rules and Procedures, failure (other than a deliberative failure) to advise or notify a shareholder of or in relation to any aspect of the nomination will not render any election or appointment void, voidable or unenforceable.

If any doubt or dispute arises as to the validity of any nomination, any vote or any election, the decision of the Board will be final and binding on all interested persons.

9. Amendment to Rules and Procedures

In accordance with Rules 14.3(g) & (h), these Rules and Procedures may be amended by resolution of Directors, from time to time, providing not less than 75% of the Directors at the time of the passing of the resolution, vote in favour of the resolution. No resolution to alter the rules and procedures may be passed less than 75 days prior to

any annual general meeting. The decision of the Board as to the Rules and Procedures and the application of the Rules and Procedures is final and conclusive.



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