



# BOARD CHARTER POLICY

**Australian Wool Innovation Limited** ABN 12 095 165 558  
Level 6, 68 Harrington Street Sydney NSW 2000

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# AUSTRALIAN WOOL INNOVATION LIMITED

## BOARD CHARTER

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## **1. INTRODUCTION**

This Board Charter sets out the functions and responsibilities of the board of directors ('Board') and management of Australian Wool Innovation Limited ABN 12 095 165 558 ('AWI' or 'the Company').

## **2. RESPONSIBILITIES OF THE BOARD**

In accordance with Rule 16.1 of the Company's Constitution, the management and control of the business and affairs of the Company are vested in the Board. The Board may exercise all powers and do all things as are within the power of the Company and are not required to be exercised or done by the Company in general meeting. Without intending to limit this general role of the Board, the main functions and responsibilities of the Board include:

### **General oversight of the Company**

- 2.1 Defining the Company's purpose and setting the Company's strategic objectives by providing input into management's development of, and approving, corporate strategy, programs, policies and performance objectives;
- 2.2 Overseeing management in its implementation of the Company's corporate strategy and monitoring performance generally, as well as the way in which management is instilling the Company's values;
- 2.3 Overseeing the development, implementation and performance of Research and Development and Marketing programs and projects aimed at enhancing the long-term profitability of Australian wool growers;
- 2.4 Monitoring and evaluating financial and other reports to understand the health of the Company and identify the need for any follow up action;
- 2.5 Approving the Company's operating budget and approving, and monitoring the progress of, major capital expenditure, capital management, acquisitions and divestitures;
- 2.6 Overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- 2.7 Overseeing that the Company complies with all requirements under the Statutory Funding Agreement with the Commonwealth of Australia;

## **Governance**

- 2.8 Monitoring the effectiveness of the Company's governance practices;
- 2.9 Approving the Company's statement of values and Company's Code of Conduct and Business Ethics to underpin the desired culture within the Company;
- 2.10 Receiving information regarding material breaches of the Code of Conduct and reports of material incidents under the Whistleblowing Policy;

## **Risk management**

- 2.11 Setting the risk appetite within which the Board expects management to operate;
- 2.12 Satisfying itself that the Company has in place an appropriate risk management framework for both financial and non-financial risks, including reviewing systems for risk management, internal compliance and control, and legal compliance;

## **People and remuneration**

- 2.13 Appointing and, where appropriate, removing the CEO (or equivalent), determining remuneration for the position and overseeing succession planning;
- 2.14 Approving the appointment, terms and conditions and, where appropriate, approving removal of senior executives reporting to the CEO;
- 2.15 Satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- 2.16 Ensuring appropriate resources are available to senior executives for achievement of the strategic and operational objectives;
- 2.17 Monitoring the CEO's and other senior executives' performance and their implementation of strategy, and whenever required, provide feedback to, challenge and hold them to account;
- 2.18 Regularly evaluating the Board's performance, including that of individual directors;
- 2.19 Setting measurable objectives for achieving gender diversity across the Company;

## **Communication with shareholders**

2.20 Overseeing the Company's process for providing timely, balanced and accurate reporting of the Company's activities to shareholders.

### **3. COMPOSITION OF THE BOARD**

#### **3.1 EXPERTISE**

3.1.1 The Board, supported by the Board Nomination Committee, will endeavour to ensure that it has, or has access to, the appropriate range of expertise to properly fulfil its responsibilities in the following areas:

- (a) The Australian wool growing industry;
- (b) The wool processing industry in Australia and overseas;
- (c) Executive management of a corporation;
- (d) Financial and business management;
- (e) Corporate governance;
- (f) Product promotion and retail marketing;
- (g) Domestic and international market development and international trade;
- (h) Oversight and administration of Research and Development;
- (i) Research and development and commercialization of R&D outcomes;
- (j) Science; and
- (k) Conservation and management of natural resources.

3.1.2 The Board will review the range of expertise of its members on a regular basis and ensure that it continues to have, or have access to, the expertise set out in paragraph 3.1.1.

#### **3.2 INDEPENDENT DIRECTORS**

3.2.1 The majority of directors of the Company will be independent directors, and the Chairperson must be an independent director.

3.2.2 An 'independent director' is:

- (a) a non-executive, and not a member of management of the Company;
- (b) free from any business, interest, position or relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to exercise independent judgment (for example, family relationships and cross-directorships may be relevant in considering interests which may compromise

independence);

(c) considered by the Board to be independent by reference to the following criteria:

(i) the director is not, and has not, within the immediately preceding three years:

(A) been employed in an executive capacity by the Company or a member of the Company group; or

(B) been in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the Company or a member of the Company group;

(ii) the director does not receive performance-based remuneration or participate in an employee incentive scheme of the Company;

(iii) the director is not materially connected or otherwise affiliated with a substantial shareholder (i.e. a person who holds a substantial voting entitlement in the Company, where 'substantial' means 5% or more of the total number of votes attached to the shares in the Company);

(iv) the director is not an officer of, or otherwise associated with, a person with a relationship referred to paragraph 3.2.2(c)(i)(B);

(v) the director does not have close personal ties with any person who falls within any of the categories described in paragraphs (i), (ii), and (iv);

(vi) the director has not been a director for such a period that their independence from management and substantial shareholders may have been compromised; and

(vii) the individual circumstances of each director.

3.2.3 To avoid doubt, unless a director is a substantial holder, he or she is not to be considered to be lacking in independence merely because he or she is a woolgrower, and may in that capacity conduct business or otherwise have dealings with the Company from time to time.

3.2.4 The Board will consider and conclude on the independence of its non-executive directors each year. In relation to directors whose tenure has exceeded 10 years:

- (a) the Board shall document the process for the annual independence assessment in relation to such directors, and publish the outcome of such assessment in the Company's Annual Report; and
- (b) the outcome of such assessment shall be provided to the Board Nomination Committee for its consideration in any director election year.

#### **4. APPOINTMENT OF DIRECTORS AND INDUCTION**

4.1 Directors are appointed in accordance with the terms of the Company's Constitution and the Rules and Procedures governing the Election of Directors.

4.2 The key terms and conditions relevant to the appointment of members of the Board will be communicated to new directors in a formal letter of appointment, prepared by the Company Secretary.

4.3 To assist them in fulfilling their duties and responsibilities, all new directors appointed to the Board will undertake a formal induction program, co-ordinated by the Company Secretary and led by the Chairperson. The program covers matters including:

- (a) The strategic plan and purpose of the Company;
- (b) Critical issues facing the industry;
- (c) Key financial and non-financial risks facing the business;
- (d) Directors' responsibilities on the Board and Board Committees; and
- (e) Obligations to the Company and its stakeholders.

#### **5. ALLOCATION OF RESPONSIBILITIES**

##### **5.1 CHAIRPERSON**

5.1.1 The Chairperson and a Deputy Chairperson will be elected by the Board in accordance with the Constitution.

5.1.2 The Chairperson must be an independent director and the roles of the Chairperson and the CEO may not be exercised by the same individual.

5.1.3 The positions of Chairperson and Deputy Chairperson, if a Deputy

Chairperson is in place, will be reviewed annually by the Board at the first Board Meeting following the Annual General Meeting and a deliberative vote taken on the appointment to the position for the ensuing term.

5.1.4 The maximum term of a Chairperson will be for 8 years or the next Annual General Meeting after the period of 8 years, whichever is the later.

5.1.5 The Chairperson must retire from the Board at the same time as their term as Chair concludes. There will be a minimum roll off period of two years before a retiring Chairperson may stand for re-election as a director.

5.1.6 The Chairperson's main responsibilities are:

- (a) Effective leadership of the Board;
- (b) Efficient organization and conduct of the Board's functioning;
- (c) Chairing meetings of the Board, annual and special meetings with shareholders, and other important meetings;
- (d) Establishing the agenda for Board meetings in consultation with the CEO and the Company Secretary;
- (e) Providing guidance to directors as to what is expected of them;
- (f) Facilitating the effective contribution of all directors;
- (g) Promoting constructive and respectful relations between directors, and between the Board and management;
- (h) Briefing the CEO on issues concerning the CEO or the management of the Company arising in meetings of directors only;
- (i) Authorising the expenses of the CEO;
- (j) Providing support and advice to the CEO;
- (k) Leading the CEO performance evaluation process; and
- (l) Co-ordinating the process for Board and director evaluation.

## **5.2 CHIEF EXECUTIVE OFFICER ('CEO')**

5.2.1 The CEO is appointed by the Board.

5.2.2 The CEO is responsible for:

- (a) Ongoing management of the Company, its financial, physical and human resources, in accordance with the strategy, risk appetite, policies and programs approved by the Board;
- (b) Implementing the decisions of the Board;

- (c) Developing with the Board a consensus for the Company's purpose, values, vision and direction;
- (d) Advising the Board on the most effective organizational structure needed for achievement of the Company's objectives;
- (e) Appointing, subject to Board approval, senior executives reporting to the CEO;
- (f) Endorsing the terms and conditions of appointment of all other staff members;
- (g) Developing and implementing programs and policies for the achievement of the Company's objectives;
- (h) Providing strong leadership to, and effective management of, the Company in order to:
  - (i) Build staff commitment to, and strategically align the corporate culture with, the organisation's direction and objectives;
  - (ii) Encourage co-operation and teamwork;
  - (iii) Ensure that staff act with a high degree of ethics and probity;
  - (iv) Build and maintain staff morale at a high level;
  - (v) Achieve the planned outcomes;
- (i) Ensuring a safe workplace;
- (j) Ensuring that the Company has an effective performance management system;
- (k) Ensuring compliance with statutory requirements, Company policy, standards and procedures;
- (l) Ensuring there is an effective system in place for identifying, mitigating and managing financial and non-financial risks to the Company and its future success;
- (m) Keeping the Board informed on all matters which have, or are likely to have, a material impact on the Company;
- (n) Maintaining effective and positive relationships with the Board, staff, government agencies, shareholders and other key stakeholders;
- (o) Ensuring, together with the Company Secretary, that the agenda

and briefing materials for Board meetings are prepared and forwarded to directors in a timely and effective manner; and

(p) Attending all Board meetings.

5.2.3 The Board formally delegates to the CEO authority to incur all expenditures, up to a specified level delegated by the Board, as approved in the budget, subject to:

- (a) All CEO remuneration, other than normal monthly remuneration, being approved by the Remuneration and Appointments Committee;
- (b) All of the CEO's business related expenses being authorised or ratified by the Chairperson; and
- (c) The employment terms and conditions of executives reporting to the CEO being approved by the Board.

## **6. BOARD COMMITTEES**

6.1 To assist with the execution of its responsibilities, the Board has the authority under the Company's Constitution to establish and determine the powers and functions of the Committees of the Board.

6.2 The roles, responsibilities, composition and membership of the Committees of the Board are set out in the Charter of the Committees of the Board and the schedules attached to that Charter.

6.3 The Board may establish and disband Committees as required and as the Board sees fit for the good corporate governance of the Company.

6.4 The Board will regularly review the efficiency and effectiveness of the Committees of the Board and of the committee system generally to ensure that the system is working as an aid to Board decision making, that there is an appropriate flow of information between Committees and from the Committees to the Board, as well as whether the committees are appropriate, whether membership change would be beneficial and whether, due to legislative, strategic or other shifts, different committees are required.

## **7. ACCESS TO INFORMATION AND INDEPENDENT PROFESSIONAL ADVICE**

7.1 The Board will consider whether appropriate information is being provided by management to the Board in order for it to fulfil its

responsibilities. Directors are entitled to request and receive such information from the Company Secretary and from management as is necessary to support informed decision-making.

7.2 In the ordinary course of business, any requests for information should be made by directors to the Company Secretary or the CEO, as appropriate.

7.3 To facilitate independent judgment in decision making pertaining to the interests of the Company, each director has the right to seek independent professional advice at the Company's expense. However, prior approval from the Chairperson is required. If the Chairperson does not approve Company funding to obtain such advice, then the director may refer the request for consideration by the Board.

## **8. CHARTERS, CODES OF CONDUCT AND POLICIES**

8.1 The Board will from time to time review, amend as appropriate and approve the following charters, policies and codes of conduct which will be prepared in accordance with generally accepted industry standards:

8.1.1 Board Charter

8.1.2 Charter of the Committees of the Board

8.1.3 Code of Conduct and Business Ethics

8.1.4 Risk Management Plan and Framework

8.1.5 Fraud Control Plan

8.1.6 Intellectual Property Management Plan

8.1.7 Rules and Procedures governing the election of Directors

8.1.8 Schedule of Delegated Authority, including Financial Delegations

8.1.9 Directors' Expense Policy / Travel Policy



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