

2021 REVIEW OF PERFORMANCE IMPLEMENTATION PROGRESS

THEME	RECOMMENDATION	AWI RESPONSE
STAKEHOLDER ENGAGEMENT	<p>Recommendation 1.1 – Develop and implement a stakeholder communication strategy</p> <p>Improve communication with stakeholders by developing a communication strategy. This will include:</p> <ol style="list-style-type: none"> 1. An analysis of key stakeholder groups, their interests, needs and best channels of engagement 2. Determination of a targeted communication plan for each key stakeholder group covering priority channel, content, and timing. 3. Evaluation of current communication channels to determine if these can be improved 4. Whilst implementing the strategy, supporting key staff who are engaging regularly with stakeholders with skills and training. 	<p>AWI supports continual improvement in the ways we engage, communicate and report communication with our key stakeholders.</p> <ol style="list-style-type: none"> 1. AWI will develop a communications strategy to ensure we are addressing key stakeholders' interests. 2. Communications channels will be reviewed annually to ensure they are fit for purpose. 3. Outward facing stakeholder engagement team members will be supported with industry best practice skills training and development. 4. Investigate stakeholder management tools for effective stakeholder engagement, tracking and reporting.
	<p>Recommendation 1.2 – Improve engagement with the wool industry</p> <p>Improve broader industry engagement by focusing on three critical areas:</p> <p>WICP: Increase mixed farming and next generation representation on the WICP, increasing membership to ten including the independent chair. Nominations should be sought from existing WCG and next generation representatives with voting from these groups to determine the new members.</p> <p>WCG: Increase engagement with WCG by having a forward agenda of industry issues to work through, for example: engaging the next generation of woolgrowers. And, facilitating smaller groups more frequently to encourage discussion on key issues.</p> <p>Extension networks and events: Formalise AWI staff reports highlighting feedback and issues raised by discussions at extension network meetings and events. These should be provided to both the WICP and the AWI Board for review and consideration to increase transparency.</p>	<p>The WICP/WCG Terms of Reference are reviewed annually to ensure they are fit for purpose.</p> <ol style="list-style-type: none"> 1. AWI will work with the WICP to update membership to include mixed farming and Next Generation representation. 2. Update the WCG TORs to a minimum of two meetings a year, including a focus on specific wool industry issues, and the formation of smaller working groups. 3. Update the format of the Consultation Team extension network reports.

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RESEARCH, DEVELOPMENT AND EXTENSION (RD&E) ACTIVITIES	<p>Recommendation 2.1 – Strengthen RD&E investment by developing strategic priorities with input from woolgrowers</p> <p>Improving the strength of AWI's investment in RD&E activities could be achieved by undertaking the below key actions:</p> <ol style="list-style-type: none"> 1. Leverage the Wool 2030 Strategy to align RD&E focus to industry strategic priorities, this includes determining outcomes and targets that align with the aspiration of the industry. 2. Reflect on and improve target setting for the RD&E programs. This could be achieved by regularly reviewing project and program targets and refining; developing some targets with consultation with industry (WICP, WCG) and woolgrowers, or can be benchmarked using historical data. 	<p>AWI will build on the mapping of the AWI Strategic Plan against the Wool 2030 Strategy by:</p> <ol style="list-style-type: none"> 1. Using that alignment as background information for the Wool 2030 Steering Group. 2. Design the next AWI Strategic Plan in support of all Pillars of the Wool 2030 strategy in consultation with the Wool 2030 Steering Group 3. Design targets for the next AWI Strategic Plan that support achieving the Wool 2030 Strategy targets in consultation with the Wool 2030 Steering Group. 4. Set R, D & E targets for future AWI Strategic Plans in consultation with industry and reviewed against benchmarks to ensure they are "realistic and achievable" as well as "sufficiently challenging".
RESEARCH, DEVELOPMENT AND EXTENSION (RD&E) ACTIVITIES	<p>Recommendation 2.2 – Commission an independent report to determine the impact of international sentiment towards mulesed wool</p> <p>The AWI Board should commission an independent report to measure current, and predict future trends, in international sentiment towards mulesed wool.</p> <p>This report will cover:</p> <ol style="list-style-type: none"> 1. An understanding of the current sentiment of consumers towards mulesed wool in Australia's current and predicted major wool markets and model future movements in trends. 2. Modelling on the financial and economic impact of these trends on wool price and wool production. 3. Use of report to inform AWI RD&E expenditure and assist in communications with both woolgrowers and the supply chain. Report should be published in whole or in part on Wool.com for all levy payers to access (where appropriate). 	<p>AWI will commission a sentiment survey on mulesed wool in key markets and report results to woolgrowers.</p>
RESEARCH, DEVELOPMENT AND EXTENSION (RD&E) ACTIVITIES	<p>Recommendation 2.3 – WoolQ Stakeholder engagement plan and go/no go analysis</p> <p>To re-set the intent and direction of the Wool Q program an internal review should occur which includes:</p> <ol style="list-style-type: none"> 1. The creation of an ongoing stakeholder engagement strategy for the program including re-engagement with the groups involved in the initial WSSR (2017) 2. A set of go/no go criteria for each component of WoolQ including timing these should be implemented. 	<ol style="list-style-type: none"> 1. Establish an internal review of the WoolQ platform to ensure it is meeting KPIs and set criteria for each component. 2. Update the WoolQ stakeholder engagement strategy to ensure continued participation/support by key industry groups.

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RESEARCH, DEVELOPMENT AND EXTENSION (RD&E) ACTIVITIES	<p>Recommendation 2.4 – Investigate the opportunity of a brand strategy for ‘wool’</p> <ol style="list-style-type: none"> 1. Investigate the viability and feasibility of developing and implementing a broader brand strategy for ‘wool’ as a fibre to complement the power of the existing ‘Woolmark’ brand. 2. Develop an approach targeting critical consumer segments and geographies to regularly monitor their sentiment towards wool and wool products across all fibre types. 	<ol style="list-style-type: none"> 1. Investigate the feasibility to integrate a broader ‘wool’ fibre brand strategy alongside the Woolmark brand 2. Update the approach to regular consumer sentiment surveys in key markets and fibres. Include consumer sentiment surveys for all direct-to-consumer campaigns over the AUD\$1M in investment level.
COLLABORATION	<p>Recommendation 3.1 – Include collaboration as a key pillar in strategic planning</p> <p>Expand the scope of the ‘Project Initiation Guidelines for Collaboration’ to marketing activities and agricultural promotion activities. This should include:</p> <ol style="list-style-type: none"> 1. Defined objectives of collaboration for AWI. 2. Criteria detailing how collaborative projects are prioritised and selected. 3. Criteria for prioritising potential collaborative organisation partners. 4. Publication of the framework online on Wool.com and use in project initiation assessment of collaboration opportunities. 	<ol style="list-style-type: none"> 1. Build on AWI’s existing ‘Project Initiation Guidelines For Collaboration’ to include new sections on Criteria for how collaborative projects are prioritised and selected and Criteria for prioritising potential collaborative organisation partners 2. Create a holistic collaboration framework where guidelines for each unit (sheep production, marketing etc) are clearly stipulated. 3. Ensure that indicators of measure are clearly reflected in the next strategic plan. 4. Provide more in-depth collaboration information in key documents i.e., Annual Report, Performance Report etc. 5. Stakeholder engagement and collaboration page to be created in wool.com with high level collaboration summary with project examples.
GOVERNANCE	<p>Recommendation 4.1 – Improve leadership capabilities and diversity</p> <p>To maintain the integrity of the democratic election process, while also enabling a diverse Board the role of the enhanced Board Nomination Committee becomes paramount. To enhance its ability to identify skills, experience, and a diversity of candidates the following actions are advised:</p> <ol style="list-style-type: none"> 1. A skills, diversity, and experience analysis against the future need of the industry, leveraging the Wool2030 Strategy, should be completed for both the AWI Board and AWI Executive. 2. This analysis should be repeated in line with industry updates to ‘Future Wool’ Strategy. 3. Outcomes of the analysis should be reported to AWI shareholders in advance of Board elections including the current skills and experiences matrix of the Board. 	<p>The Board Nomination Committee is an important part of AWI’s board nomination process. Following the 2021 board elections AWI’s board will review the BNC Charter taking in experiences gained through the 2021 process; the ROP recommendations will form part of the review.</p>

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GOVERNANCE	<p>Recommendation 4.2 – Inclusion of industry consultation in strategic decision making</p> <p>The Board have an opportunity to leverage the skills and experience of the WICP and WCG to litmus test key decisions and options whilst maintaining independence and ultimate accountability. Board representation as observers in the WICP/WCG meetings should remain with a more formalised process of inclusion of the discussions and findings. Ways to improve this include:</p> <ol style="list-style-type: none"> 1. Attendance of WICP chair at Board meetings to present minutes and outcomes of WICP meetings and stimulate discussion with the Board. This is captured in minutes and actions. 2. The Board to identify items of industry significance to be put to the WICP formally with a paper for discussion and recommendations to the Board. This should be provided with enough time for the WICP to undertake consultation with their respective industry members before attendance at WICP meetings. The Board remains independent and are not bound by the recommendations but must include these as part of their sovereign decision-making process. 3. Program achievement reports to be provided to the WICP and made available by the AWI website for all shareholders to have access. 	<p>Two key forums through which AWI formally consults and engages with woolgrower representative groups are the Woolgrower Industry Consultation Panel (WICP) and the Woolgrower Consultation Group (WCG). AWI's consultation model enables AWI to ascertain key R&D and marketing priorities of woolgrowers and industry.</p> <ol style="list-style-type: none"> 1. The AWI Board will identify industry significant matters for the WICP to consider, discuss, and make recommendations. 2. Following each WICP meeting the WICP independent chair will be invited to update the Board on the outcomes of the WICP. 3. Program achievement reports will be provided to the WICP and made available on the AWI website.
	<p>Recommendation 4.3 – 2022/23 Strategic planning to be simplified and aligned to best practice</p> <p>The AWI Board should oversee the strategic planning for the 2022/23 period and beyond by ensuring:</p> <ol style="list-style-type: none"> 1. Alignment to the industry owned Wool 2030 Strategy and its future iterations. 2. Alignment of AWI's vision and purpose with shareholders and levy payers. 3. Creation of organisational principles and objectives, and, ensuring they are considered at all levels of the organisation in relation to decision making. 4. Outcomes of strategies are tangible and measurable and feed into the organisation's M&E framework. 	<p>Wool 2030 is the wool industry developed and owned ten-year strategic plan.</p> <ol style="list-style-type: none"> 1. AWI will align our strategic intent with Wool 2030 in the development of the 2022 – 25 strategic plans including enhancing the M&E framework, review of our vision and purpose to ensure alignment with industry. 2. AWI will review the Woolgrower Test to ensure the underlying principles and objectives are clear to guide organisational decision making.

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GOVERNANCE	<p>Recommendation 4.4 – Enhance Executive performance management</p> <p>The AWI Board has an opportunity to enhance how the AWI executive performance management is conducted in line with best practice as outlined by the AICD. Key aspects that will deliver value are:</p> <ol style="list-style-type: none"> 1. Update the CEO measurement criteria to be in line with the AWI corporate strategy including corporate objectives and strategy level outcomes. 2. Incorporate a 360-degree review including the direct reports of the CEO. 3. Utilise a combination of questionnaires and interviews when required. 4. Formalise regular and ongoing feedback between the Board Chair and the CEO aligned to the performance measurement criteria. 	<p>In 2021 the CEO and senior executive annual reviews incorporated the addition of a 360-review which will continue in future annual reviews.</p> <ol style="list-style-type: none"> 1. The 360-degree review will be a standard mechanism as part of the CEO/Senior Executive annual reviews. 2. Following completion of the 2021 executive annual review cycle the executive performance criteria will be reviewed to ensure alignment with the AICD best practice guidelines. 3. Executive measurement criteria will be reviewed annually for currency with AICD recommendations and best practice standards.
	<p>Recommendation 4.5 – Board changes to be included in next independent review</p> <p>While changes are enacted or planned, given the timing of the implementation of two critical recommendations from the 2018 independent performance review, namely, 1.9.1 Board tenure and 1.12.3 enhanced board nomination committee. Accenture is unable to determine the impact of this adoption in relation to governance.</p> <ol style="list-style-type: none"> 1. While we are supportive of the changes it is recommended that these changes are included in the TOR for future independent review. 2. It is also noted that the change to Board tenure is dependent on Shareholder voting at the 2021 AGM. 	<p>The agenda for the 2021 AGM will include a motion for a change in the Constitution for a 10-year term limit for directors. A recommendation from the Board in support of the motion will be included with the meeting notice.</p> <p><i>[Note: additional terms of reference to future ROPs are at the discretion of the Secretary of DAWE]</i></p>

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GOVERNANCE	<p>Recommendation 4.6 – Modernisation of people management and culture</p> <p>AWI leadership can continue to enhance organisational culture by:</p> <ol style="list-style-type: none"> 1. Implementing current best practice HR programs, specifically; Recognition programs (outside of pay and benefits), and Inclusion programs to build unity and diversity in staffing. 2. Ensuring AWI's internal complaints and resolution management policies and processes are easily accessible by all staff, and, implement regular training for all managers in handling bullying and harassment complaints to meet globally accepted 'best practice' standards. 3. Instituting 360-degree performance feedback as an ongoing process across the organisation by providing training in giving and receiving feedback to all staff. 4. Prioritising regular staff engagement surveys and pulse checks to understand the status of staff better and be able to respond in real time to issues. 5. Increasing visibility of the regional and international offices to Sydney staff and leadership, face-to-face when travel is appropriate but through virtual meetings/briefings and digital communications. 6. Modernising HR technology platform(s) to reduce manual handling of day-to-day HR processes allowing the team to focus on the development of high value activities and programs. 	<p>At AWI great people and an engaging culture are key to our success. AWI promotes a culture which holds in high regard the values of innovation, transparency, accountability, and collaboration. We are committed to best practice HR, learning and development, and growing our people. To build on this we will:</p> <ol style="list-style-type: none"> 1. Implement a reward & recognition program. 2. Introduce training across the business on how to have difficult conversations and how to manage sensitive issues appropriately, including managing any grievances. 3. Ensure the process for investigating complaints or grievances is clearly defined and readily accessible to all employees. 4. Continue annual compliance training modules that address the issues of equal opportunity, discrimination, and victimization and racial discrimination. 5. Introduce 360° feedback as part of the annual performance review process and provide training to all staff on how to provide effective feedback. 6. Ensure a more regular rhythm of conducting employee engagement/sentiment surveys is introduced including pulse surveys. 7. Introduce more opportunities for employees, especially those overseas, to engage with each other, and Sydney head office 8. Identify a new HRIS to replace the existing system and work on an implementation plan.
MONITORING AND EVALUATION (M&E)	<p>Recommendation 5.1 – Build M&E maturity</p> <p>Continue to develop the maturity of M&E practices:</p> <ol style="list-style-type: none"> 1. Align M&E framework to corporate objectives and outcomes. 2. Create a proactive evaluation process to regularly review and iterate targets for programs. 3. Use reporting to derive business insights and inform business decisions. 4. Increase the scope of the M&E framework to monitor critical internal processes. 	<p>AWI will continue to evolve the M&E practices and capability.</p> <ol style="list-style-type: none"> 1. The M&E framework will be reviewed annually to incorporate any changes in systems and process. AWI agrees to create a system for internal process monitoring and this will be clearly reflected in the M&E Framework. 2. We will continue to provide data insight across the business through the database management system (Domo) that can inform business decisions and help in carrying out future evaluations on programs/projects.