
AWI REVIEW OF PERFORMANCE REVISED IMPLEMENTATION PLAN – 29th October 2018



INTRODUCTION

Australian Wool Innovation (AWI) is the industry services body for the Australian wool industry. AWI invests in research, development and marketing projects that reflect the priorities of Australian woolgrowers and the Commonwealth Government, in order to enhance the profitability, international competitiveness and sustainability of the Australian wool industry; and increase demand and market access for Australian wool.

AWI receives the majority of its income from a compulsory levy from Australian woolgrowers, with the Commonwealth Government providing matching payments for research and development. As a result, AWI has special accountability and reporting requirements to wool levy payers and the Government. These are outlined in the Statutory Funding Agreement 2016-2020, which requires AWI to undergo a triennial independent Review of Performance (ROP) and report this to levy payers and the Government.

On the 27 February 2018, following a statement by the Hon David Littleproud MP, Minister for Agriculture and Water Resources, Ernst & Young (EY) was engaged by the Department of Agriculture and Water Resources (DAWR) to conduct the triennial independent review of AWI. The review considered AWI's performance and governance covering the period of 2015-18, along with additional matters that were raised by industry and government.

This made the review significantly different from previous years in both nature and scope, not least involving the views of over 400 woolgrowers recorded together with 56 written submissions and face to face interviews with over 100 stakeholders and public comment. AWI welcomed the expanded review and fully cooperated at every stage, submitting over 1300 documents to ensure the consultants had access to all the information required to make their recommendations.

Since receiving EY's final report with its 82 recommendations in July, the AWI Board has convened two additional meetings specifically to review the report and make its deliberations. AWI has met with DAWR officials to discuss a number of the recommendations to clarify interpretation. AWI has also listened extensively to the views of woolgrowers and other stakeholders, which in addition to external advice, has informed our response and planned activities going forward.

AWI has embraced the recommendations, acknowledging there are areas where it can enhance its operations and improve delivery of its services to Australian woolgrowers, with the report providing a detailed roadmap to assist that process.

Of the 82 recommendations, AWI has agreed to the vast majority (75) of the recommendations outright, with two recommendations agreed in principle. There are five recommendations that the AWI Board believe will result in significant change to the "DNA" of the company and as such, AWI intend to put options to shareholders for consideration at an Extraordinary General Meeting (EGM) in early 2019. All of the recommendations that require a change or repeal to AWI's Constitution will be put to shareholders to adopt or consider, as per the rules of the Constitution.

UNDERSTANDING THE IMPLEMENTATION PLAN & AWI'S PROGRESS ON IMPLEMENTING THE RECOMMENDATIONS

Transparency and information flow with woolgrowers, government and industry is of critical importance to AWI. As the content in this Implementation Plan is static as at the time of writing, to better inform woolgrowers, the government and other stakeholders AWI launched an online portal on 10 September 2018 to report ongoing progress and activity against each recommendation. The portal will be live for the duration of the Implementation Plan, with progress reviewed weekly and updated accordingly. The portal can be accessed at rop.wool.com

For the convenience of stakeholders, this Implementation Plan reports against the recommendations in seven broad themes; **Collaboration, Constitution, Governance, Consultation, Monitoring Evaluation and Reporting, People and Culture**, and finally **ROP Implementation and Recommendations**.

Each theme provides a summary and an overall response that includes AWI personnel responsible, and each recommendation outlines AWI's proposed action and implementation timeline that was proposed by EY. In some instances, AWI's implementation timeline differs to that which is proposed by EY. This is highlighted in the AWI Action column accordingly.

Notably, many of the recommendations are interrelated and therefore should not be read in isolation. For ease of review, AWI has indicated throughout the Plan where recommendations are related.

To ensure consistency, the Plan also reports against the 12 themes that EY outlined in its report, including:

1. AWI's purpose and role in the industry should be better defined (Recommendations 1.2.1, 1.2.2)
2. AWI should prepare a long-term Strategic Plan (Recommendations 1.1.8, 1.3.4, 1.3.5, 1.14.2)
3. Stakeholder consultation arrangements should be improved (Recommendations 1.1.6, 1.2.1, 1.5.1, 1.5.2)
4. Monitoring and evaluation should be improved (Recommendations 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.1-1.4.5, 1.6.1-1.6.3, 1.7.4, 1.14.2)
5. There should be more and better collaboration with other RDCs and research bodies for improved efficiency of research spending (Recommendations 1.7.1-1.7.3)
6. Governance arrangements should be updated (Recommendations 1.1.1-1.1.5, 1.1.7, 1.1.10, 1.9.1-1.9.6, 1.9.8-1.9.10, 1.10.1-1.10.5, 1.11.1 – 1.11.19, 1.12.1-1.12.4)
7. The Director nomination and election processes should change to enable a broader skills-based Board (Recommendations 1.1.3 -1.1.5, 1.9.4, 1.9.5, 1.9.10, 1.10.4, 1.11.3, 1.12.1-1.12.4)
8. Constitutional changes are required to support good corporate governance (Recommendations 1.1.5, 1.9.1, 1.9.10, 1.10.1-1.10.5, 1.11.1-1.11.19, 1.12.4)
9. Employment practices should be updated and strengthened (Recommendations 1.6.3, 1.8.3, 1.9.2, 1.9.7, 1.13.1-1.13.3, 1.14.3, 1.14.5, 1.14.6)
10. Risk and compliance practices should be strengthened (Recommendations 1.1.1-1.1.7, 1.1.10)
11. Implementation of the recommendations in this Review should be regularly assessed and reported upon (Recommendations 1.1.8, 1.8.2, 1.14.7)
12. AWI funding by levy payers (Recommendations 1.14.1, 1.14.4)

1. COLLABORATION

Summary:

EY Theme 5: There should be more and better collaboration with other RDCs and research bodies for improved efficiency of research spending (Recommendations 1.7.1-1.7.3)

Adoption of a “collaboration first” approach should be a strategic pillar of AWI. Enhancing the quality of AWI’s relationships with potential research collaborators will enable AWI to collaborate in more ways with other relevant RDCs and research bodies, to better invest woolgrower and taxpayer funds, and see better research outcomes.

AWI’s overall response:

AWI acknowledges its relationships both with the wool industry, the global wool supply chain and domestic and international R&D providers including the RDCs, are essential to its success. Collaboration enables AWI to leverage woolgrower funds, it stimulates creative discussion and new project ideas, and is a constant reminder that we are delivering services to an agri-ecosystem.

AWI is committed to implementing a range of measures to establish a more sustained, systematic and broader engagement and collaboration methodology to deliver end-to-end cross-collaboration and to create deeper and greater levels of engagement and relationships across AWI's network.

Implementation of these recommendations will be led by AWI’s General Manager, Research.

Ref No.	EY Finding	EY Recommendation	AWI Action	EY Timeline
1.7.1	While AWI already has a level of communication with cross-collaborators, the current engagement and communication approach is mostly tactical and, on a project-by-project basis. There is an opportunity for AWI to lift the overall commitment and engagement level across their collaboration network by applying a more strategic, longer-term, collaborative approach that is appropriate for the type of organization.	<p>In line with recommendation 1.7.3, establish a more sustained, systematic and broader engagement approach for the end-to-end cross-collaboration in order to create deeper and greater levels of engagement and relationships across AWI’s collaboration network:</p> <ul style="list-style-type: none"> – Strengthen communication and engagement across multiple channels (e.g. enhance the quality of briefings and feedback sessions to provide greater opportunities for two-way communications) – Conduct an early stage dialogue with potential collaborators to provide opportunities to address queries on selection criteria and requirements – Consider providing more information in feedback letters (e.g. greater explanation on the rationale for AWI’s decision, more context on the specific issue) <p>This should be implemented by 31st January 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Currently AWI’s project initiation comes from three channels; formal call for proposals, commissioned work and ad hoc submissions throughout the year.</p> <p>AWI will develop Project Initiation Guidelines for its project managers to enhance AWI’s collaboration opportunities. These guidelines will identify the opportunities for collaboration across key AWI areas; the range of collaborator consultation activities undertaken by AWI staff; outline expectations of staff to support improved partnerships; and record the outcomes in AWI’s updated project management system and tools. AWI will publish these Project Initiation Guidelines and updated processes on its website so it is available to applicants. These will enable AWI to enhance reporting and transparency with stakeholders on how AWI has identified and monitored collaboration efforts.</p>	31/01/2019

The Project Initiation Guidelines document will be reviewed annually and listed in AWI's new Deed of Delegation to CEO policy document.

To further enhance guidance to prospective collaboration partners, AWI will provide clear project selection criteria to applicants on AWI's Call for Proposals website. This will also guide and enhance the quality of feedback AWI provides to applicants on assessed proposals.

Currently AWI and MLA have formal annual 'Eureka' meetings to discuss opportunities for alignment and identify gaps in investment. AWI will formalize the outcomes of these meetings, and hopefully with the cooperation of MLA, make the outcomes public.

Further AWI will ensure the outcomes of these meetings are fed back into AWI's project initiation process and will use outcomes to improve feedback to potential partners and inform its annual review of its Project Initiation Guidelines.

In September 2018, AWI brought forward its annual call for proposal process by two months to align with MLA's annual call for RD&A projects. The intention of bringing forward this key activity by AWI was specifically to improve collaboration and strategic alignment of levy payer funds with MLA.

To ensure alignment across AWI operations, management will capture relevant data, including collaboration, within AWI's project management system. This will be embedded in an updated-suite of AWI project management tools.

AWI will formalize its current process for state-based meetings with potential RD&E and commercialisation partners by publishing details of the process on its website. To enhance dialogue and opportunities for further collaboration, AWI will ensure all potential

			<p>partners (including agencies, universities, RDCs and CRCs etc.) are aware of these meetings and AWI's processes and guidelines for co-investment. AWI currently co-invests with other RDCs where strategic objectives align. AWI will develop and publish on its website, an RDC strategic collaboration model which maps AWI priority areas and issues common to other RDCs. This will assist AWI to identify opportunities for working together and may present new areas for co-investment.</p> <p>This recommendation also relates to 1.2.1, 1.7.2, 1.7.3, 1.8.3 and 1.13.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.7.2	AWI has developed procedures for selecting parties for collaboration. However, through written submissions and stakeholder interviews, some stakeholders indicated a perception that these practices on party selection were not always followed through.	Comply with procedures for selecting parties for collaboration and implement a tracking system to monitor the process and ensure that procedures are correctly and consistently followed through. This should be implemented by 31 st January 2019.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>To enhance AWI's improved collaboration (outlined in 1.7.1), AWI will update its suite of project management tools from project initiation to completion to including new fields which will support AWI's ability to monitor and track compliance with internal procedures and the newly-developed Project Initiation Guidelines.</p> <p>AWI will publish these Project Initiation Guidelines and processes on its website available to applicants. These will enable AWI to report more transparently on how AWI has identified and monitored collaboration efforts.</p> <p>This recommendation also relates to 1.2.1, 1.7.1 and 1.7.3.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019
1.7.3	Independent woolgrower research showed that	Develop a cross-RDC collaboration model as part of the	<p>AWI AGREES WITH THIS RECOMMENDATION.</p>	30/04/2019

	<p>45% of woolgrowers believe that AWI collaborates well with other agricultural Research and Development bodies.</p>	<p>long-term industry strategy, detailing the following:</p> <ul style="list-style-type: none"> – definition and role of cross-RDC collaboration (e.g. MLA) – method of sharing resources – method of accessing different markets – funding allocation – ownership of IP – governance and structure – sponsorship from Executives – Reporting of progress and outcomes <p>This should be developed through extensive consultation with levy payers and implemented by 30th April 2019.</p>	<p>AWI currently co-invests with other RDCs where strategic objectives align. AWI will develop and publish on its website, an RDC strategic collaboration model which maps AWI priority areas and issues common to other RDCS. This will assist AWI to identify opportunities for working together and may present new areas for co-investment.</p> <p>AWI will include the cross-RDC collaboration model in its Strategic Plan, publish it on the website and provide to any funding proponents which will be informed through collaboration and consultation with levy payers.</p> <p>This recommendation also relates to 1.2.1, 1.7.1, 1.7.2 and 1.12.1.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI’s ROP Implementation Portal.</p>	
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2. CONSTITUTION

Summary:

EY Theme 8: Constitutional changes are required to support good corporate governance (Recommendations 1.1.5, 1.9.1, 1.9.10, 1.10.1-1.10.5, 1.11.1-1.11.19, 1.12.4)

Changes to the Constitution would support high levels of good governance in the organisation. This is a requirement given the clear expectations of regulators and the community of Board performance, especially as AWI is funded by compulsory levies and tax payer funds.

AWI's overall response:

AWI is committed to reviewing and updating its Constitution and SFA to ensure best practice and high levels of good governance are maintained. AWI notes the importance of these recommendations given the organisation's funding model and its position as the industry services body for the Australian wool industry. As per the rules of the Constitution, all of the recommendations that require a change or repeal to AWI's Constitution will be put to shareholders to adopt or consider at an Extraordinary General Meeting (EGM) in early 2019.

Implementation of these recommendations will be led by AWI's Company Secretary.

Ref No.	EY Finding	EY Recommendation	AWI Action	EY Timeline
1.10.1	Our review of the AWI Constitution showed a number of areas where it could be improved – to better reflect ASX's Corporate Governance Principles and Recommendations, the Corporations Act (Cth) 2001 or to incorporate provisions from other RDC constitutions that better express good corporate governance and are more appropriate for a company of its type.	Review and update the AWI Constitution and SFA obligations to reflect the recommendations set out in Annexure 2 and 9. The Constitution should be updated regularly to remain relevant with the current purpose of AWI and reflect better practice governance standards. This should be renewed following extensive stakeholder input and tabled at the 2019 Annual General Meeting, with proposed amendments to be circulated well in advance.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges the need to formalize and document the regular review, updating of its policies and procedures as appropriate to ensure its governance standards reflect currently applicable ASX Principles.</p> <p>To date, AWI has managed requirement by regularly reviewing its framework of corporate governance documents. However, AWI has not recorded the dates of each of these reviews. Going forward, when these reviews are conducted, the date of the most recent review will be recorded to provide greater transparency.</p> <p>There are a number of recommendations that require minor changes to AWI's Constitution, subsequently the AWI Board have agreed these will be put to shareholders to adopt.</p> <p>There are five recommendations that the Board</p>	1/11/2019

			<p>believe will result in significant change to the “DNA” of the company and as such, AWI intend to put options to shareholders for consideration.</p> <p>As per the rules of the Constitution, all of the recommendations that require a change or repeal to AWI’s Constitution will be put to shareholders to adopt or consider at an EGM in early 2019.</p> <p>This recommendation also relates to 1.1.2, 1.1.5, 1.9.1, 1.9.4, 1.9.5, 1.9.8, 1.9.10, 1.10.1, 1.10.3, 1.10.4, 1.10.5, 1.11.1-1.11.19 and 1.12.3.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI’s ROP Implementation Portal.</p>	
1.10.2	<p>Clause 15.4 of the SFA requires AWI to consult with the Commonwealth on amendments to the AWI Constitution. While this is a consultation requirement, it may act as a veto power.</p>	<p>Consider further amendments to clause 15.4 of the SFA in order to allow for greater flexibility in proposing amendments to AWI’s Constitution. This should be implemented by 31st January 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI has had a number of discussions with DAWR since July 2018 and have already noted those recommendations which will be put to shareholders for consideration as they require shareholder adoption to change the Constitution.</p> <p>AWI will continue to discuss these issues with DAWR at joint fortnightly forum established for the purposes of monitoring the implementation of these recommendations (per recommendation 1.14.7), AWI will ensure that DAWR is aware of the proposed resolutions that will be put to shareholders at the EGM in early 2019.</p> <p>The next SFA will be renegotiated in 2020 and AWI will review 15.4 to ensure it is not prohibitive in proposing amendments to AWI’s Constitution.</p> <p>This recommendation also relates to 1.11.1-1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI’s ROP Implementation Portal.</p>	31/01/2019

<p>1.10.3</p>	<p>AWI's Constitution should be reviewed to reflect the corporate governance recommendations arising from the Financial Services Royal Commission once it has concluded.</p>	<p>Review and update the AWI Constitution in light of the further and final recommendations arising from the Financial Services Royal Commission following its conclusion. This should be completed by 31st July 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges the need to formalize and document the regular review, updating its policies and procedures as appropriate to ensure its governance standards reflect currently applicable ASX Principles.</p> <p>AWI is monitoring the Royal Commission's proceedings, its interim report, and will review the final findings once published.</p> <p>This recommendation also relates to. 1.1.2, 1.1.5, 1.9.4, 1.9.5, 1.9.8, 1.9.10, 1.10.1, 1.10.2, 1.10.3, 1.10.4, 1.10.5, 1.11.1-1.11.19 and 1.12.3</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	<p>31/07/2019</p>
<p>1.10.4</p>	<p>AWI needs to more actively monitor whether its Constitution and governance practices support a broader skills-based Board.</p> <p>Rule 13.3(d) of the AWI Constitution represents a dilemma for how the Board of AWI is structured in terms of balancing a desire to have deep representation of the wool industry with a requirement of public company independence of Directors and to satisfy its obligations in the SFA to have a broader skills-based Board. It is possible that appropriate candidates that satisfy a skills-based matrix would not be able to easily obtain the requisite 100 eligible shareholder signatures required to seek nomination.</p>	<p>Publish the Board's skills matrix and emphasise to shareholders the importance of a broad skills-based Board in all Director election material in line with recommendation 1.9.4.</p> <p>Delete Rule 13.3(d) of the AWI Constitution that specifies candidates obtain the requisite 100 eligible shareholder signatures required to seek nomination. This would make the AWI Director selection process aligned with other RDCs who do have a broader skills-based Board. Industry representation is still a key requirement for the AWI Board and the skills matrix under clause 14.3(b) of the SFA specifically mentions this as a requirement. The purpose of the recommendation is to recalibrate the balance of skills on the AWI Board. This should be implemented by 31st October 2018. Please also refer to and implement in conjunction with recommendation 1.11.3.</p>	<p>AWI WILL PUT THIS TO SHAREHOLDERS FOR CONSIDERATION.</p> <p>AWI acknowledges the first part of this recommendation and has commenced inclusion of a board's skills matrix, including in the current 2018 Annual Report.</p> <p>AWI considers the second part of this recommendation to be problematic. AWI notes that the recommendation to repeal Rule 13.3(d) of the AWI Constitution, which requires a board candidate to obtain 100 shareholder signatures to seek nomination, is closely related to the process that will be decided for the new Board nomination Committee (BNC) under recommendation 1.12.3.</p> <p>Recommendation 1.12.3 suggests that the new process of the BNC should be allowed to remove any candidate who was assessed as not meeting the sufficient requirements for the target skills. Currently, any candidate who has obtained their 100</p>	<p>31/10/2018</p>

			<p>signatures is able to stand for election. AWI believes that this current election process is more open.</p> <p>AWI will present options to shareholders for their consideration at an Extraordinary General Meeting (EGM) in early 2019.</p> <p>This recommendation also relates to. 1.1.2, 1.1.5, 1.9.4, 1.9.5, 1.9.8, 1.9.10, 1.10.1, 1.10.3, 1.10.4, 1.10.5, 1.11.3 and 1.12.3</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.10.5	Clause 14.3 of the SFA requires AWI to have a skills-based Board however this is not reflected in the Constitution.	Include a rule in the AWI Constitution that requires a skills-based Board. This should be completed by 31st October 2018.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges the benefits of having a skills-based Board and agrees to include a reference to a skills-based Board in the organisations Constitution consistent with the SFA, reflecting its changes from time to time.</p> <p>This recommendation also relates to. 1.1.2, 1.1.5, 1.9.4, 1.9.5, 1.9.8, 1.9.10, 1.10.1, 1.10.3, 1.10.4, 1.10.5, 1.11.3 and 1.12.3</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/10/2018
1.11.1	Not contained in the AWI Constitution	Section 198B be included so that a negotiable instrument is only signed, drawn, accepted, endorsed or otherwise by two or more Directors.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges this recommendation relates to negotiable instruments, and notes AWI's suite of delegations.</p> <p>As a minor change to AWI's Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019.</p> <p>This recommendation also relates to 1.10.1 – 1.10.3,</p>	31/01/2019

			<p>1.111.1 – 1.11.19</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.11.2	<p>Consistent. Section 198C also provides that the Board may vary a conferral of powers on the managing Director (which is not covered in Rule 14.1).</p>	<p>The powers to vary be included.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges that this recommendation relates to including the powers to vary.</p> <p>As a minor change to AWI's Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019.</p> <p>This recommendation also relates to 1.10.1 – 1.10.3, 1.111.1 – 1.11.19</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019
1.11.3	<p>Rule 13.3 provides that a Director will be elected at AGMs. However, only person who is nominated by the Board or by more than 99 shareholders (or a lesser number prescribed by law) who are entitled to vote is eligible to be appointed a Director. This has restricted the number of persons who is eligible to be elected at AGM to be a Director.</p>	<p>Rule 13.3 is amended so that any shareholder can nominate a person to be elected as Director.</p>	<p>AWI WILL PUT THIS TO SHAREHOLDERS FOR CONSIDERATION.</p> <p>AWI notes that this recommendation relating to appointment of directors is closely related to the outcome of 1.10.4 and 1.12.3.</p> <p>Recommendation 1.12.3 suggests that the new process of the BNC should be allowed to remove any candidate who was assessed as not meeting the sufficient requirements for the target skills. Currently, any candidate who has obtained their 100 signatures is able to stand for election. AWI believes that this current election process is more open.</p> <p>These options will be taken to shareholders for their consideration at an EGM in early 2019.</p> <p>This recommendation also relates to. 1.1.2, 1.1.5, 1.9.4, 1.9.5, 1.9.8, 1.9.10, 1.10.1, 1.10.3, 1.10.4,</p>	31/01/2019

			1.10.5, 1.11.3 and 1.12.3 Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	
1.11.4	Not contained in the AWI Constitution	While section 201K would ordinarily be included in a company's Constitution to give the Director the flexibility to appoint an alternate if necessary, this is usually on the basis that the Director is representing a particular shareholder or group of shareholders. Given the shareholding structure and purpose of RDCs and AWI in particular, it is not appropriate for AWI to include an equivalent of section 201K in its Constitution.	AWI AGREES WITH THIS RECOMMENDATION. AWI notes this comment in relation to alternate Directors and agrees with EY that no action is required. Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	31/01/2019
1.11.5	Section 203F(1) provides that a person ceases to be a managing Director if they cease to be a Director. Rule 14.1 provides that the managing Director ceases to be a managing Director upon him or her ceasing to hold office as a Director if the Board so resolved. Section 203F(2) provides that the Directors may revoke or vary an appointment of a managing Director.	Rule 14.1 be amended to incorporate section 203F(1) so the managing director automatically ceases to be a managing director upon him or her ceasing to hold office as a director, and to include the rights of directors under section 203F(2).	AWI AGREES WITH THIS RECOMMENDATION. AWI acknowledges that this recommendation relates to the termination of appointment of managing director. As a minor non-controversial change to AWI's Constitution is required to implement this recommendation, and while AWI does not currently have a managing director, this will be taken to shareholders for their consideration at an Extraordinary General Meeting (EGM) in early 2019. This recommendation also relates to 1.10.1 – 1.10.5, 1.111.1 – 1.11.19 Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	31/01/2019
1.11.6	Not contained in the AWI Constitution.	Section 204F be included to make it clear that a secretary holds office on the terms and conditions (including remuneration) that the directors determine.	AWI AGREES WITH THIS RECOMMENDATION. AWI acknowledges that this recommendation relates to the terms and conditions of office for secretaries. As a minor change to AWI's Constitution is required to implement this recommendation, this will be	31/01/2019

			<p>taken to shareholders for their consideration at an Extraordinary General Meeting (EGM) in early 2019.</p> <p>This recommendation also relates to 1.10.1 – 1.10.5, 1.11.1 – 1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.11.7	<p>Section 248A(1) provides that the directors may pass a resolution without a meeting if all of them entitled to vote on the resolution sign a document stating that they are in favour of the resolution set out in the document.</p> <p>Rule 15.8 provides that a resolution is valid if it was signed by:</p> <ul style="list-style-type: none"> – all director; or a majority of the directors entitled to vote if notice has been given to all directors. 	<p>To demonstrate good corporate governance, Rule 15.8 be amended so that a resolution is only passed without a directors' meeting if all the directors (as opposed to a majority of directors) entitled to vote sign the resolution.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges that this recommendation relates to the circulation of resolutions of companies with more than one director.</p> <p>As a minor change to AWI's Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an Extraordinary General Meeting (EGM) in early 2019.</p> <p>This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019
1.11.8	<p>Consistent to a large extent except that section 248E(2) also provides that the directors must elect a new chair if a previously elected chair declines to act (as opposed to merely not present at the meeting).</p> <p>Section 248E(2) used the term "must" which connotes a mandatory requirement for a new chair to be elected while Rule 15.4 used the term "may" which connotes an optional requirement.</p>	<p>Rule 15.4 be amended to be consistent with section 248E(2) to ensure that any meeting will be chaired.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges that this recommendation relates to chairing directors' meetings.</p> <p>As a minor change to AWI's Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019.</p> <p>This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on</p>	31/01/2019

			AWI's ROP Implementation Portal.	
1.11.9	Section 248F provides that unless the directors determined otherwise, the quorum for a directors' meeting is 2 directors and the quorum must be present at all times during the meeting Rule 15.1(b) provides that the quorum is 2 directors or 50% of the number of directors if the company has more than 4 directors. The only exception to this requirement is that when the directors appoint a new director to increase the number of directors so that it is sufficient to constitute a quorum. It also requires a quorum to be present at the meeting.	Rule 15.1(b) be amended to require a quorum to be present "at all times during the meeting".	AWI AGREES WITH THIS RECOMMENDATION. AWI acknowledges that this recommendation relates to the quorum at directors' meetings. As a minor change to AWI's Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019. This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19. Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	31/01/2019
1.11.10	Section 249J(4) provides that a notice of meeting sent by fax or other electronic means is taken to be given on the business day after it is sent. However, Rule 17.2 provides that such notice is considered to have been served when the transmission is sent	Rule 17.2 be amended so that a notice sent by electronic means is taken to be given on the business day after it is sent. This may avoid disputes or complaints when the notice is sent outside the normal business hours.	AWI AGREES WITH THIS RECOMMENDATION. AWI acknowledges that this recommendation relates to notice given by post or fax. As a minor change to AWI's Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019. This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19. Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	31/01/2019
1.11.11	Section 249J(5) provides that a notice of meeting given to a member by electronic means nominated by the member is taken to be given on the business day after the day on which the member is notified that the notice of meeting is available. However, Rule 17.2 provides that such notice is	Rule 17.2 be amended so that a notice sent by electronic means is taken to be given on the business day after it is sent. This may avoid disputes or complaints when the notice is sent outside the normal business hours.	AWI AGREES WITH THIS RECOMMENDATION. AWI acknowledges that this recommendation relates to notice given by electronic means As a minor change to AWI's Constitution is required to implement this recommendation, this will be	31/01/2019

	considered to have been served when the transmission is sent		<p>taken to shareholders for their consideration at an EGM in early 2019.</p> <p>This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.11.12	Not contained in the AWI Constitution	Section 249M be included	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges that this recommendation relates to notice of adjourned meetings.</p> <p>As a minor change to AWI's Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019.</p> <p>This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019
1.11.13	<p>Section 249T(1) provides that the quorum for a general meeting is 2 members and the quorum must be present at all times during the meeting. Rule 11.2(a) provides that the quorum is 60% of all shareholders or 50 shareholders (whichever is lesser) and that no business may be transacted unless a quorum is present at the commencement of the meeting.</p> <p>Section 249T(2) sets out how quorum is determined. There is no similar provision in the AWI Constitution.</p> <p>– Sections 249T(3) and (4) provide that if quorum is not present within 30 minutes after the meeting time, the meeting is adjourned to the date, time and place as specified by the director (otherwise</p>	<p>– Rule 11.2(a) be amended to require a quorum to be present “at all times during the meeting” (as opposed to only at the commencement of the meeting);</p> <p>– Section 249T(2) be included; and</p> <p>– Rule 11.2(b) be amended to be consistent with sections 249T(3) and (4)</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges that this recommendation relates to quorums.</p> <p>As a minor change to AWI's Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019.</p> <p>This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019

	the same date, time or place). Rule 11.2(b) provides that the meeting is dissolved if quorum is not present within 30 minutes unless the Chairman adjourns the meeting. The adjourned meeting will be dissolved if no quorum is present at the adjourned meeting.			
1.11.14	Not contained in the AWI Constitution.	Section 249W(2) be included.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges that this recommendation relates to business at adjourned meetings.</p> <p>As a minor change to AWI’s Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019.</p> <p>This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI’s ROP Implementation Portal.</p>	31/01/2019
1.11.15	<p>Section 250E(1) provides that at a meeting of members of a company with a share capital, each member has 1 vote on a show of hands, and 1 vote for each share they hold on a poll. Rule 12.1(b) and Rule 5.3 provide that on a poll, each shareholder has 1 vote for each whole \$100 Rolling Wool Levy Amount registered by the Company at the time of the vote. The Board will make its determination not later than 35 days before the AGM.</p> <p>Section 20E(3) provides that the chair has a casting vote and any vote they have in their capacity as a member. Rule 5.3 provides that the Chairman does not have a second or casting vote if he or she is a shareholder.</p>	Rule 5.3 be amended so that the Board make its determination before any general meeting (as opposed to AGM only).	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges that this recommendation relates to how many votes a member has and transfers of shares.</p> <p>As a minor change to AWI’s Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019.</p> <p>This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI’s ROP Implementation Portal.</p>	31/01/2019

1.11.16	<p>Section 1072A(2) provides that the personal representative is entitled to the same rights as the deceased shareholder whether or not registered as a shareholder.</p> <p>Rule 9 contains similar concepts. However, rule 12.2 provides that the personal representative may vote at the general meeting if he or she satisfies the Board at least 48 hours before the general meeting that he or she is a personal representative.</p>	<p>Rule 12.2 be amended so the personal representative can vote at the meeting as soon as they satisfy the Board that he or she is a personal representative.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges that this recommendation relates to the transmission of shares on death.</p> <p>As a minor change to AWI's Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019.</p> <p>This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019
1.11.17	<p>Not contained in the AWI Constitution</p>	<p>Section 1972B be included.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges that this recommendation relates to the transmission of shares on bankruptcy.</p> <p>As a minor change to AWI's Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019.</p> <p>This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019
1.11.18	<p>Not contained in the AWI Constitution</p>	<p>Section 1972D be included.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges that this recommendation relates to the transmission of shares on mental incapacity.</p> <p>As a minor change to AWI's Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019.</p>	31/01/2019

			<p>This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.11.19	Section 1072F(4) provides that the directors may suspend registration of transfer of shares.	Rule 8 be amended to give the directors the flexibility to suspend registration of transfer of shares.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges that this recommendation relates to directors having the flexibility to suspend registration of transfer of shares.</p> <p>As a minor change to AWI's Constitution is required to implement this recommendation, this will be taken to shareholders for their consideration at an EGM in early 2019.</p> <p>This recommendation also relates to 1.10.1, 1.10.2, 1.10.3, 1.11.1 -1.11.19.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019

3. CONSULTATION

Summary:

EY Theme 1: AWI’s purpose and role in the industry should be better defined (Recommendation 1.2.1, 1.2.2)

A ‘purpose statement’ that clearly outlines the role of AWI in the industry will benefit both AWI and their key stakeholders. AWI should ensure that it is making investments in areas where market failure has been demonstrated and will continue to occur in alignment with their role as an RDC.

EY Theme 2: AWI should prepare a long-term Strategic Plan (Recommendation 1.1.8, 1.3.4, 1.3.5, 1.14.2)

The world is rapidly changing, and successful organisations need to develop a long-term strategy to sustain growth. Longer term 10-year Strategic Planning will enable AWI and the industry to codesign the future of the research and marketing needs of the industry. Research and marketing priorities should seek to mitigate risks and optimise opportunities across the entire industry. This plan should be regularly reviewed.

EY Theme 3: Stakeholder consultation arrangements should be improved (Recommendations 1.1.6, 1.2.1, 1.5.1, 1.5.2)

Enhancing the quality of AWI’s communication and relationships with key industry representative organisations and other stakeholders should be a priority, as this impacts many other aspects of AWI and its operations. Effective and respectful stakeholder engagement should be a key corporate asset for AWI. The current ICC arrangements should be significantly improved.

AWI’s overall response:

AWI has been focused on improving the effectiveness of its consultation with woolgrower representative groups over the past two years. AWI agrees that constant improvement of its stakeholder engagement is imperative, not only to ensure AWI continues to meet industry expectations, but also to ensure AWI's activities are effectively communicated.

AWI recognises the need to put in place better processes and mechanisms to formalise and document the feedback that AWI receives from woolgrowers to ensure this is reported back into the business and improve the consultation model to enable AWI to provide feedback to stakeholders on its activities. This will ensure that stakeholders feel that AWI is listening and acting on their advice.

Implementation of these recommendations will be led by AWI’s General Manager, Corporates Affairs and Market Access.

Ref No.	EY Finding	EY Recommendation	AWI Action	EY Timeline
1.1.6	The Review notes AWI are compliant with clause 15.1 however the SFA is broad and not specific – 56% of sampled woolgrowers indicated that AWI communicates well with levy payers about what’s happening	Strengthen engagement in line with recommendations and timeframes recommended in Annexure 1.5 Engagement assessment. These include: <ul style="list-style-type: none"> – 1.5.1 stakeholder engagement plan with measurements of performance – 1.5.2 review and update of the ICC to better 	AWI AGREES WITH THIS RECOMMENDATION. This recommendation highlights that while AWI is compliant with its SFA requirements, it can do more to improve communications and engagement with its levy payers.	30/04/2019

<p>– 43% said that AWI gives me opportunities to have my say about what they do 37% indicated that AWI listens to woolgrowers before making its decisions measures are provided.</p> <p>The review has identified a number of significant opportunities to improve engagement and consultation processes which are outlined in the engagement evaluation in Section 7.5. Submissions received by the Review and our independent woolgrower research indicated that there are opportunities for AWI to develop more effective, respectful and meaningful engagements.</p>	<p>incorporate the interests of stakeholders and levy payers</p> <p>This change should be implemented by 30th April 2019.</p>	<p>In working towards an improved consultation mode, including the ICC, AWI has reviewed comments relating to consultation in submissions made by stakeholders to the ROP, in addition to suggestions put forward in recent times particularly by woolgrower representative groups.</p> <p>AWI has conducted an initial workshop with 20 woolgrower representative groups on 9 October 2018 to further explore ways to improve the model and understand their expectations and needs. Based on the key principles arising from this workshop and subsequent discussions with the current ICC, AWI will work with these stakeholders to develop a new consultation to ensure it meets industry standards and expectations, whilst also meeting the business needs of AWI.</p> <p>A key element of this new model will be formalised processes across the business to capture outcomes from consultation with woolgrowers, and a feedback mechanism showing how this information has been used within the business.</p> <p>AWI's consultation model encompasses not only the ICC but also other engagement and communication activities undertaken within AWI, and looking at how improved functioning of these and awareness of these by woolgrowers can be achieved.</p> <p>Appropriate and meaningful metrics will be developed to allow greater transparency of actions taken and the value delivered to woolgrowers and AWI.</p> <p>This will be discussed by AWI's management at its strategic planning workshop in November, discussed further with woolgrower representative groups and the AWI, before being finalised and implemented by April 2019.</p> <p>This recommendation also relates to</p>
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			<p>recommendations 1.5.2, 1.2.1 and 1.5.1.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.2.1	<p>Independent woolgrower research indicated that ROI transparency is a key area of improvement for AWI:</p> <ul style="list-style-type: none"> – 44% of sampled woolgrowers are concerned about the effectiveness of AWI investment of funds <p>Of this, 30% indicated that investments should be reaping better returns, 29% asked for greater transparency on where the funds are being invested</p>	<p>Develop by 30th April 2019:</p> <ul style="list-style-type: none"> – A 'purpose statement' that clearly outline AWI's role in the industry moving forward as part of an industry-wide, longer term strategy. These should be developed through stakeholder consultations and focus on pre-competitive services – A consultation framework outlining how feedback from stakeholder groups will be sought and addressed in AWI's future investment decisions, in line with Annexure 1.5 Engagement assessment – A collaboration plan with RDCs in cases where AWI and other RDCs can play to each other's strengths and expertise in their respective industry, in line with Annexure 1.7 Collaboration assessment. This provides an opportunity to seek collaboration with MLA on a sheep production strategy 	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Since 2009, AWI has made efforts to clearly explain its role as "the research, development and marketing organisation for the Australian wool industry." AWI's mission and vision have also remained focused during this time: "to enhance the profitability, international competitiveness and sustainability of the Australian wool industry; and increase demand and market access for Australian wool."</p> <p>As AWI moves into its new strategic period 2019-21, AWI will review its purpose within the planning period for AWI's next strategic plan 2019-2021.</p> <p>This process will include consultation of an industry 10-year plan, the M&E framework and RDC collaboration model among other things.</p> <p>AWI is committed to improving its consultation processes and enabling all woolgrowers the opportunity to provide feedback on the organisation's activities and operations.</p> <p>In working towards an improved consultation mode, including the ICC, AWI has reviewed comments relating to consultation in submissions made by stakeholders to the ROP, in addition to suggestions put forward in recent times particularly by woolgrower representative groups.</p> <p>AWI has conducted an initial workshop with 20 woolgrower representative groups on 9 October 2018 to further explore ways to improve the model and understand their expectations and needs.</p> <p>Based on the key principles arising from this workshop and subsequent discussions with the current ICC, AWI will work with these stakeholders to</p>	30/04/2019

			<p>develop a new consultation to ensure it meets industry standards and expectations, whilst also meeting the business needs of AWI.</p> <p>A key element of this new model will be formalised processes across the business to capture outcomes from consultation with woolgrowers, and a feedback mechanism showing how this information has been used within the business.</p> <p>AWI's consultation model encompasses not only the ICC, but also other engagement and communication activities undertaken within AWI and looking at how improved functioning of these and awareness of these by woolgrowers can be achieved.</p> <p>Appropriate and meaningful metrics will be developed to allow greater transparency of actions taken and the value delivered to woolgrowers and AWI.</p> <p>This will be discussed by AWI's management at its strategic workshop in November before being finalised and implemented by April 2019.</p> <p>The issue relating to RDC collaboration is addressed in recommendations 1.7.1, 1.7.2 and 1.7.3.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.3.4	<p>AWI's current strategic plan does not provide a strategic long-term vision. The wool industry has not adopted a long-term view, which is different to RDCs in other industries (e.g., in addition to Dairy Australia's own strategic plan, there is a 5- year industry plan in place (Dairy Moving Forward).</p>	<p>Develop a ten-year wool strategy to inform AWI's three-year Strategic Plans. This will need to be developed with broad consultation across the industry, including levy payers and other RDCs. This will enable AWI to identify major long-term opportunities (e.g. sustainability, provenance, productivity improvement, partnerships and risks). AWI must also address how to mitigate industry risks, such as conducting a strategic risk assessment and allocating funds accordingly (e.g. for flystrike prevention research). This plan should reviewed regularly (e.g. every 3-5 years). This may result in a shift to fewer and higher impact projects and a need to move</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI operates on a three-year strategic planning cycle to align with WoolPoll timing and until 2016, the Statutory Funding Agreement.</p> <p>As part of AWI's new consultation model, AWI intends to convene a national strategic planning workshop, bringing together industry stakeholders in early 2019 to specifically consult on AWI's next strategic plan 2019-2021. As part of this forum AWI intends to seek input for the proposed 10-year industry strategy. It is envisaged that the newly</p>	31/07/2019

		<p>into the pre-competitive space and tackle bigger and higher return opportunities in a more sustained manner. This should be implemented by 31st July 2019.</p>	<p>formed ICC would play a key role in the consultation and development of an industry strategy.</p> <p>While acknowledging the merit of this recommendation, AWI does note that at the request of the Australian Government, the Australian wool industry developed the National Wool Research, Development and Extension (RD&E) Strategy. The Strategy defines the priority objectives for the wool industry in the long-term, based on a national collaborative approach to all wool research, development and extension. This strategy informs AWI's investments.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.5.1	<p>AWI provides a stakeholder engagement plan to the public, available on its website. AWI has increased stakeholder engagement and consultation in the latest Strategic Planning period. However, submissions received by the Review and our independent woolgrower research indicated that there are opportunities for AWI to develop more effective, respective and meaningful engagements.</p>	<p>Develop by 30th April 2019:</p> <ul style="list-style-type: none"> – Develop a stakeholder engagement plan that includes measurements of performance. This plan should be flexible enough to allow for modification to lift performance as required – Invest in multichannel stakeholder feedback consultation to facilitate two-way conversations and more interactive dialogues (e.g. digital means, such as social media). Develop channels that enable AWI to become more explicit in terms of how decisions are formed 	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI is committed to improving its consultation processes and enabling all woolgrowers the opportunity to provide feedback on the organisation's activities and operations.</p> <p>In working towards an improved consultation mode, including the ICC, AWI has reviewed comments relating to consultation in submissions made by stakeholders to the ROP, in addition to suggestions put forward in recent times particularly by woolgrower representative groups.</p> <p>AWI has conducted an initial workshop with 20 woolgrower representative groups on 9 October 2018 to further explore ways to improve the model and understand their expectations and needs.</p> <p>Based on the key principles arising from this workshop and subsequent discussions with the current ICC, AWI will work with these stakeholders to develop a new consultation to ensure it meets industry standards and expectations, whilst also</p>	30/04/2019

			<p>meeting the business needs of AWI.</p> <p>A key element of this new model will be formalised processes across the business to capture outcomes from consultation with woolgrowers, and a feedback mechanism showing how this information has been used within the business.</p> <p>AWI's consultation model encompasses not only the ICC, but also other engagement and communication activities undertaken within AWI, and looking at how improved functioning of these and awareness of these by woolgrowers can be achieved.</p> <p>Appropriate and meaningful metrics will be developed to allow greater transparency of actions taken and the value delivered to woolgrowers and AWI.</p> <p>This will be discussed by AWI's management at its strategic workshop in November before being finalised and implemented by April 2019.</p> <p>AWI is currently reviewing its existing Measurement and Evaluation Framework to identify gaps in the current system and ways to improve how the organisation measures outcomes and communicates the results, measurable outcomes and information with its stakeholders.</p> <p>This recommendation also relates to recommendations 1.5.2, 1.2.1 and 1.1.6.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.5.2	There is scope for AWI to improve its engagement and consultation feedback review process via standardisation. There is currently no standard process for documenting and reviewing feedback from stakeholders, nor notification to feedback	Redefine the ICC arrangements to ensure a more independent advisory body. This upgraded advisory body should provide independent advice to AWI on investments made, and to identify and recommend opportunities for AWI to consider. The ICC should be	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges this recommendation and is seeking industry advice and feedback on elements to be included in a new consultation model to ensure it</p>	31/01/2019

	<p>providers of any action. This significantly inhibits organisational transparency.</p>	<p>renamed to signal these changes. This should occur by 31st January 2019.</p>	<p>meets industry standards and expectations.</p> <p>In working towards an improved consultation mode, including the ICC, AWI has reviewed comments relating to consultation in submissions made by stakeholders to the ROP, in addition to suggestions put forward in recent times particularly by woolgrower representative groups.</p> <p>AWI has conducted an initial workshop with 20 woolgrower representative groups on 9 October 2018 to further explore ways to improve the model and understand their expectations and needs. Based on the key principles arising from this workshop and subsequent discussions with the current ICC, AWI will work with these stakeholders to develop a new consultation to ensure it meets industry standards and expectations, whilst also meeting the business needs of AWI.</p> <p>A key element of this new model will be formalised processes across the business to capture outcomes from consultation with woolgrowers, and a feedback mechanism showing how this information has been used within the business.</p> <p>AWI's consultation model encompasses not only the ICC, but also other engagement and communication activities undertaken within AWI, and looking at how improved functioning of these and awareness of these by woolgrowers can be achieved.</p> <p>The newly formed (and re-named ICC) will remain the key forum for AWI to consult with grower representative groups on grower priorities and AWI's activities and investments.</p> <p>Specifically based on the outcomes from the consultation workshop held on 9 October 2018, it is anticipated an independent chair will be appointed, the group will have a well-defined role, mission and charter to improve its effectiveness, contribution to</p>	
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			<p>and awareness of AWI activities.</p> <p>Appropriate and meaningful metrics will be developed to allow greater transparency of actions taken and the value delivered to woolgrowers and AWI.</p> <p>This will be discussed by AWI's management at its strategic workshop in November before being finalised and implemented by April 2019.</p> <p>This recommendation also relates to recommendations 1.5.1, 1.2.1 and 1.1.6.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
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4. GOVERNANCE

Summary:

EY Theme 6: Governance arrangements should be updated (Recommendations 1.1.1-1.1.5, 1.1.7, 1.1.10, 1.9.1-1.9.6, 1.9.8-1.9.10, 1.10.1-1.10.5, 1.11.1 – 1.11.19, 1.12.1-1.12.4)

A number of significant changes should occur to AWI's governance arrangements in order for woolgrowers to have the best possible RD&M organisation, and in view of continuing developments in expectations of Board performance and corporate governance in Australia. This includes a maximum of 10-year terms for Directors. Specific examples are included in themes 7 and 8.

EY Theme 7: The Director nomination and election processes should change to enable a broader skills-based Board (Recommendations 1.1.3 -1.1.5, 1.9.4, 1.9.5, 1.9.10, 1.10.4, 1.11.3, 1.12.1-1.12.4)

The implementation of a broader skills-based Board should be accelerated through a more independent Board Nomination Committee. Open proxies should be voted in favour of Board candidates recommended by the BNC.

EY Theme 10: Risk and compliance practices should be strengthened (Recommendations 1.1.1-1.1.7, 1.1.10)

There is an opportunity to strengthen compliance reporting against the SFA to make sure that reporting is against all obligations, so that it can be appropriately monitored.

AWI's overall response:

AWI is committed to strengthening the organisation's governance arrangements, with a view to establishing itself as a leader in good corporate governance across the rural Research and Development Corporations. AWI notes the importance of these recommendations given the organisation's funding model and its industry position as the services body for the Australian wool industry. As per the rules of the Constitution, all of the recommendations that require a change or repeal to AWI's Constitution will be put to shareholders to adopt or consider at an Extraordinary General Meeting (EGM) in early 2019.

Implementation of these recommendations will be led by AWI's Company Secretary.

Ref No.	EY Finding	EY Recommendation	AWI Response and Action	EY Timeline
1.1.1	The Review was unable to assess section 4.8 of the SFA due to a lack of evidence to demonstrate that licence for material shared with the Commonwealth is obtained. AWI confirmed that their practice for complying with this obligation is that they do not licence any third-party intellectual property. However, this is not documented. Better and standard practice is for companies to maintain a register of third-party IP that outlines copyright and licences.	<p>Document the current process of maintaining a register for licences and regularly review it to confirm that when material is shared with the Commonwealth that this obligation is satisfied.</p> <p>Maintain a register for third party IP that outlines copyright and licences. Use this register to track licences obtained from third parties and confirm that licences have been obtained for the Commonwealth where this information is provided to the Commonwealth. This</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>To date, AWI has managed this SFA requirement by ensuring all information provided to the Commonwealth does not contain third party IP.</p> <p>However, AWI acknowledges it doesn't maintain a register of third-party IP for materials that are provided to the Commonwealth.</p> <p>Going forward to address this recommendation AWI is currently developing a new process which will</p>	31/07/2019

		should be implemented by 31st July 2019.	<p>require material shared with the Commonwealth to be reviewed for third party IP, and in cases where it does contain third party IP, details of this together with any applicable licences will be recorded and maintained in a register of third-party IP.</p> <p>It is envisaged that this will be fully implemented by March 2019.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.1.2	AWI does not fully comply with section 14.1 of the SFA as they do not adequately maintain, implement and regularly review a framework of good corporate governance practice (as assessed in section 7.9 Corporate governance). Governance documents are reviewed annually however this process is not documented and the Constitution has not been updated since 2011, which is prior to the introduction of the ASX Corporate Governance Principles in 2014.	Strengthen corporate governance framework in line with the recommendations and timeframes 1.9.1 – 1.9.10 recommended in Annexure 1.9 Corporate governance. This needs to consider clear ownership of Board review, government framework and approach to regularly refresh frameworks. It should be developed through extensive stakeholder consultations. Updates should be made available on AWI's website. This should be implemented by 31 st July 2019.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>To date, AWI has managed this SFA and best practice requirement by regularly reviewing its framework of corporate governance documents.</p> <p>However, AWI has not recorded the dates of each of these reviews.</p> <p>Going forward, when these reviews are conducted, the date of the most recent review will be recorded to provide greater transparency.</p> <p>AWI has already commenced this process. It is envisaged that all related corporate documents and policies will be reviewed as appropriate. To further ensure policies are reviewed in the appropriate timeframe, the FAC monitor and ensure compliance.</p> <p>It is envisaged this will be completed by July 2019.</p> <p>This recommendation also relates to 1.1.2, 1.1.3, 1.1.5, 1.9.1-1.9.10, 1.10.1, 1.10.3, 1.10.4, 1.10.5 and 1.12.3.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/07/2019
1.1.3	AWI does not fully comply with section 14.2 of the SFA as the documented rules on board appointments and composition does not include	Update the Board Charter to include requirements for diversity, renewal and succession planning. We recommend that diversity is an additional characteristic	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Since the report has been finalised AWI has developed, and the Board has approved, a Diversity</p>	31/07/2019

	requirements for diversity, renewal and succession planning.	to be considered as part of the assessment of key skills for the Board. This should be implemented by 31st January 2019.	<p>Policy which was adopted by the AWI Board at its September 2018 meeting.</p> <p>AWI will provide guidance to the BNC that in addition to recommending candidates for shareholder consideration, they should also take into account renewal and succession planning as specific factors.</p> <p>Given AWI's direct election model by shareholders, AWI cannot guarantee diversity, succession and renewal in the election of future directors, and will recommend the BNC take these factors into account in making its recommendation to shareholders.</p> <p>This will be implemented prior to the next AWI director elections in 2019.</p> <p>This recommendation also relates to 1.1.5, 1.9.8 and 1.12.4.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.1.4	AWI does not fully comply with section 14.3 of the SFA as the assessment completed of the board skills does not include legal and compliance.	Ensure that the skills being assessed are in alignment with those outlined in the SFA, and in conjunction with other recommendations relating to implementation of Board skills matrix. This should be implemented by 31st January 2019. Please also refer to recommendation 1.10.5 for recommended amendment to the Constitution.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI recognises that currently no AWI Director has legal and compliance skills, however the Company Secretary and General Manager of Legal Services advise the Board on issues as required. On a broader nature, the Board seeks external expert counsel and advice – including legal counsel - on matters which they or the management team do not possess expertise.</p> <p>Since the report has been finalised AWI has compiled a Board skills matrix which has been included in the organisation's 2018 Annual Report. The skills criteria in the matrix has included all matters set out in section 14.3 of the SFA. AWI's Board charter will be reviewed to ensure consistency with the</p>	31/07/2019

			<p>requirements in the SFA.</p> <p>This recommendation also relates to 1.9.4, 1.9.5, 1.12.3.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.1.5	<p>AWI does not fully comply with section 14.4 of the SFA as the Board Nomination Committee Charter conflicts with the requirements of the SFA as it does not have membership of a majority of Independent Directors. The BNC Charter states membership should have two independent Directors and three persons who are not Directors.</p>	<p>Amend section 14.4 of the SFA in line with recommendation 1.12.3 for the Board Nomination committee in Annexure 1.12 Assessment of proxies and Board Nomination Committee. This change should be implemented by 31st January 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>The ASX Principles provide guidance and tests for boards to determine the independence of their directors. AWI's assessment of its directors based on the ASX guiding principles for independence, is that all of its directors are independent.</p> <p>EY's assessment of independence differs from the currently applicable tests in the ASX Principles. AWI's rationale for this determination based on the application of EY's determination of independence could make it difficult for woolgrowers to be considered eligible for director elections.</p> <p>However specifically in relation to the new BNC model (outlined in recommendation 1.12.3) AWI will meet the intent of this recommendation, by ensuring that the majority of BNC members are not directors of AWI. AWI has proposed that of the five members, only two are directors of AWI, and hence the BNC will have a majority of independent members.</p> <p>AWI will take this recommendation to its shareholders for their consideration at an Extraordinary General Meeting (EGM) in early 2019.</p> <p>This recommendation also relates to. 1.1.2, 1.1.5, 1.9.4, 1.9.5, 1.9.8, 1.9.10, 1.10.1, 1.10.3, 1.10.4, 1.10.5, 1.11.3 and 1.12.3</p> <p>Progress on the implementation of this</p>	31/07/2019

			recommendation will be reported each week on AWI's ROP Implementation Portal.	
1.1.7	AWI does not fully comply with section 18.2 of the SFA as they did not agree the Terms of Reference for this performance review at least six months prior to the commencement of the Review. They did however commence negotiations approximately six months prior to the Review commencement	Agree Terms of Reference for the next performance review with the Commonwealth at least six months prior to the Review commencing. Amend the SFA to include an option to vary the Terms of Reference through agreement between AWI and the Department. Implement this change beyond 2019.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges this finding and notes that negotiations around the Terms of Reference for the Review of Performance had commenced with government in late 2017. However, due to the nature of broader industry and government discussions at the time, the subsequent Terms of Reference ROP were delayed with the Minister announcing the Terms of Reference in March 2018.</p> <p>Going forward, AWI will work with DAWR to ensure we meet the timeframe.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	2020
1.1.10	AWI's internal SFA compliance reporting is not against all obligations and not all information required to demonstrate compliance is outlined in the reports.	Strengthen compliance reporting against the Statutory Funding Agreement so that non-compliance is identified more proactively by AWI and actions are able to be taken sooner. This change should be implemented by the next reporting period following the review and by 31st January 2019.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Since 2012 AWI has reported on its compliance against the SFA, to the government. This compliance report was drafted with input from departmental officers at the time and did not include all SFA clauses, but rather only reported against those clauses requiring active reporting.</p> <p>Since the ROP was delivered, AWI has updated its SFA compliance report and now reports against each SFA clause. This was submitted to the government for the first time in its new form on 27 August 2018. AWI will continue to work with the department to improve this reporting. AWI will publish this report on its website for greater transparency from December 2018.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019

1.2.2	<p>Independent woolgrower research indicated that 44% of sampled woolgrowers are concerned about the effectiveness of AWI investment of funds. Of this sample, 22% believed that AWI is investing in the wrong areas. Various stakeholder interviews also revealed some concerns on the lack of alignment regarding aspects of AWI's role within the Australian wool industry. For instance, some stakeholders questioned whether AWI has gone beyond its remit of a not-for-profit organisation with the development of the WoolQ. about the effectiveness of AWI investment of funds. Of this sample, 22% believed that AWI is investing in the wrong areas.</p>	<p>Develop definitions and boundaries on what kind of investment activities are considered within AWI's remit as a levy-funded, not-for-profit organisation.</p> <p>This should be developed by 30th April 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI is currently updating the documentation and policies regarding the definitions and criteria used to assess investments in line with AWI's Constitution, purpose, vision and mission statement.</p> <p>This recommendation also relates to 1.2.1, 1.2.2</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	30/04/2019
1.9.1	<p>There is no maximum length of directorship for Board Members. Better practice indicates that leaping tenure can impact the independence of an individual. The ASX Corporate Governance Principles outline there should be consideration for the length of time someone has been the Director of the entity where his or her independence may have been compromised. It also outlines that after 10 years due consideration should be given to whether or not a director remains independent.</p>	<p>Implement maximum periods of Board Membership including for the Board Chair. We recommend ten years. We also recommend a minimum roll off period of two years (period of time Directors must remain off the Board before standing for re-election).</p> <p>The fact that a Director has served on a Board for a substantial period can mean that they have become too close to management and previous Board discussions to be considered independent. This recommendation should be reflected in the Constitution and applied in practice during the next Director election cycle.</p>	<p>AWI WILL PUT THIS TO SHAREHOLDERS FOR CONSIDERATION.</p> <p>The ASX Principles provide guidance and tests for boards to determine appropriate tenure of directors, particularly after serving ten years.</p> <p>Currently, there is no restriction within the ASX Principles on tenure of directors. The Principles require annual testing of independence after ten years.</p> <p>AWI currently undertakes this testing in accordance with the ASX Principles with directors who have served more than ten years.</p> <p>AWI recognizes the potential tension of balancing renewal of the board, with the retention of corporate knowledge of serving directors. AWI will take this recommendation to its shareholders for their consideration at an Extraordinary General Meeting (EGM) in early 2019.</p> <p>This recommendation also relates to 1.9.10, 1.10.1.</p>	11/19

			Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	
1.9.2	There is inadequate guidance for implementation of the Code of Conduct. There are no references made to external communication, social media channels. Further there are a lack of examples provided in plain language and mechanism for people to seek advice. No reference is made to a whistleblowing policy, mechanism and consequences.	Review and update the Code of Conduct to incorporate gaps identified from better practice: <ul style="list-style-type: none"> – Provide external communication – Provide social media channels – Provide examples provided in plain language – Provide a mechanism for persons to seek advice – Provide a reference to a whistleblowing policy, mechanism and consequences These should be implemented by 31st January 2019.	AWI AGREES WITH THIS RECOMMENDATION. AWI will complete a review of its Code of Conduct and Business Ethics and incorporate the recommendations as appropriate taking into account the issues raised in the recommendation including the implementation and associated processes. This recommendation also relates to 1.9.3, 1.9.6. Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	31/01/2019
1.9.3	There is opportunity to improve the process followed in a potential breach of the code of conduct. In line with good governance principles, more transparency of the investigation and recommendations for a potential Code of Conduct breach by a Director would be expected. Independent reviews are commonly used for potential breaches of the leadership of large organisations.	Develop an escalation matrix to support treatment of potential breaches of the Code of Conduct. This should include specific guidance on processes and escalations dependent on the role of the person and the severity of the potential breach. The highest escalation of potential breaches, including for Board Members, should be the subject of independent investigation by a reputable third party. These updates should be made by 31st January 2019.	AWI AGREES WITH THIS RECOMMENDATION. AWI will complete a review of its Code of Conduct and Business Ethics and incorporate the recommendations as appropriate taking into account the issues raised in the recommendation including the implementation and associated processes. This recommendation also relates to 1.9.2, 1.9.6. Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	31/01/2019
1.9.4	AWI has a document that outlines for each Director's skills against those in the SFA in their Board skills matrix. This is currently not publicly available; however, AWI indicated that this matrix will be included in its Annual Report 2017-18 and thereafter. As outlined in Annexure 1. 1 Legal compliance the skills are also not in alignment with those in the SFA.	Publicly disclose the Board skills needed by the Board. Consider if this is disclosed as a narrative, a table, or a combination of narrative and a table. The Board skills matrix should be publicly disclosed by 31st July 2019. As a minimum, ensure that the skills are in alignment with the SFA. This should be disclosed on the AWI website and the Board skills matrix should then be reviewed annually. [Please also refer to recommendation 1.10.4 and 1.1.4 for related recommendations about achievement of a skills-based Board.] This	AWI AGREES WITH THIS RECOMMENDATION. AWI has compiled a Board skills matrix which has been included in the organisation's 2018 Annual Report. The skills criteria in the matrix has included all matters set out in section 14.3 of the SFA. AWI's Board charter will be reviewed to ensure consistency with the requirements in the SFA. This recommendation also relates to 1.1.4, 1.9.4, 1.9.5, 1.10.4, 1.10.5, 1.12.3.	31/01/2019

		recommendation is in alignment with the practices of Dairy Australia which is included as an example in Annexure 14.	Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	
1.9.5	<p>AWI currently engages the services of an independent governance advisor who provides advice to the Board on it being a skills-based Board. He also conducts the annual performance review of the Board as a whole and as against each individual Director (assessing also their skills).</p> <p>However, there is no documented guidance in terms of how to implement a skills-based Board. The process to assess the skills of the Board is not outlined and the current assessment is done at a high level.</p>	Develop guidelines for implementation of a skills-based Board. These should include how the competencies of each Board Member should be reviewed and assessed, either following completion of a questionnaire by each Director or by some other method. This should be implemented by 31st January 2019.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI has undertaken a questionnaire method for each Director with peer and external review applied to the Board skills matrix 2018. AWI believes it meets current guidance in ASX Governance Principles. AWI's Board skills matrix has been included in the organisation's 2018 Annual Report.</p> <p>Going forward it is AWI's intention to provide further detail of this process to allow greater awareness of the various governance processes undertaken within AWI in its annual reports.</p> <p>Since the Report has been delivered, the AWI Board has commissioned new external expertise to advise AWI on a range of governance related issues.</p> <p>This recommendation also relates to. 1.1.2, 1.1.4, 1.1.5, 1.9.4, 1.9.5, 1.9.8, 1.9.10, 1.10.1, 1.10.3, 1.10.4, 1.10.5, 1.11.3 and 1.12.3.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019

<p>1.9.6</p>	<p>The Conflicts of Interest policy is outlined in the Code of Conduct and the Review identified the following opportunities for improvement based on better practice guidelines:</p> <ul style="list-style-type: none"> – Has a brief definition and does not describe what real and perceived conflicts are. It does provide examples of when conflicts of interest may occur. – Does not provide an overview of Directors’ duties – Does not describe the process for disclosure including the register and a standing agenda item at Board meetings – Does not provide direction as the point at which conflicts are so material that they effectively prohibit the individual from performing in their roles <p>Does not describe what is expected of a Director if the conflict is significant</p>	<p>Review and update the Conflict of Interest policy to incorporate:</p> <ul style="list-style-type: none"> – More comprehensive definition of a conflict of interest – An overview of Directors’ duties – Point of contact for guidance on conflicts, including guidance on how to manage conflicts and consult when the situation changes – Description of the process for disclosure including the register and a standing agenda item at Board meetings – Direction as the point at which conflicts are so material that they effectively prohibit the individual from performing in their roles – Describe what is expected of a Director if the conflict is significant <p>Current practice to manage conflicts of interest, including general and perceived conflict, can be further strengthened by providing greater clarity and transparency to growers. This should be implemented by 31st January 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI will complete a review of its Code of Conduct and Business Ethics and incorporate the recommendations as appropriate taking into account the issues raised in the recommendation including the implementation and associated processes. This review will also include enhanced provisions in relation to Conflict of Interests matters.</p> <p>This recommendation also relates to 1.9.2, 1.9.3.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI’s ROP Implementation Portal.</p>	<p>31/01/2019</p>
<p>1.9.8</p>	<p>AWI largely complies with the ASX Corporate Governance Principles based on review of all governance documentation and activities, however they are lacking a board diversity policy. Note: the alignment of the Constitution with ASX principles has been assessed separately.</p>	<p>Where AWI does not align with the ASX Corporate Governance Principles, include documented statements in order to be transparent on where alternative approaches are intentionally being taken to achieve an equivalent outcome. Please refer to recommendation 1.1.3 for recommendation specifically relating to adding a Board Diversity Policy. This update should be implemented by 31st January 2018.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Since the report has been finalised AWI has developed, and the Board has approved, a Diversity Policy which was adopted by the AWI Board at its September 2018 meeting.</p> <p>AWI will provide guidance to the BNC that in addition to recommending candidates for shareholder consideration, they should also take into account renewal and succession planning as specific factors.</p> <p>Given AWI’s direct election model by shareholders, AWI cannot guarantee diversity, succession and renewal in the election of future directors, and will recommend the BNC take these factors into account in making its recommendation to shareholders.</p> <p>This will be implemented prior to the next AWI director elections in 2019.</p>	<p>31/01/2019</p>

			<p>This recommendation also relates to. 1.1.2, 1.1.3, 1.1.5, 1.9.4, 1.9.5, 1.9.8, 1.9.10, 1.10.1, 1.10.3, 1.10.4, 1.10.5, 1.11.3 and 1.12.3</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.9.9	<p>There is an opportunity to strengthen governance mechanisms of accountability of the board to levy payers</p>	<p>Strengthen the mechanisms of accountability of the Board to levy payers, including:</p> <ul style="list-style-type: none"> – a new requirement in the Constitution regarding explicit Board performance criteria and a requirement for reporting on performance in the Annual Report. Performance measures should be both annual and strategic for the conduct and operation of the Board, relating to how it discloses its accountabilities to shareholders and levy payers. – modification of section 18 of the SFA to require the Review of Performance to be commissioned by the Department and the Terms of Reference to include an evaluation of Board contribution to performance This should be implemented by 31st October 2018. 	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Going forward it is AWI's intention to provide further detail of this process to allow greater awareness of the various governance processes undertaken within AWI in its annual reports.</p> <p>This recommendation also relates to 1.8.2, 1.9.9</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/10/2018
1.9.10	<p>The definition of an independent Director as outlined in AWI's Board Charter is generally compliant with the guidance outlined in the ASX Corporate Governance Principles. However, there are two areas where there are opportunities to strengthen this definition:</p> <ul style="list-style-type: none"> – There is currently no clause that considers the length of directorship which is one of the considerations in the ASX Corporate Governance Principle <p>AWI is slightly different to an ASX listed company as its shareholding is similar to a company limited by guarantee as opposed to a company limited by shares only. As the voting entitlement that</p>	<p>Enhance the definition of an independent Director included in the Board Charter to:</p> <ul style="list-style-type: none"> – Include a clause relating to the length of directorship in line with recommendation 1.9.1 – Revise the clause relating voting entitlements to better reflect that a Directors role as a Woolgrower can impact their independence Include these changes in the Board Charter by 31st October 2018. 	<p>AWI WILL PUT THIS TO SHAREHOLDERS FOR CONSIDERATION.</p> <p>The ASX Principles provide guidance and tests for boards to determine appropriate tenure of directors, particularly after serving ten years.</p> <p>Currently, there is no restriction within the ASX Principles on tenure of directors. The Principles require annual testing of independence after ten years.</p> <p>AWI currently undertakes this testing in accordance with the ASX Principles with directors who have served more than ten years.</p>	31/10/2018

	fluctuates with the WoolPoll means that no individual shareholder could reach a 5% substantial voting entitlement test		<p>AWI recognizes the potential tension of balancing renewal of the board, with the retention of corporate knowledge of serving directors</p> <p>AWI will take this recommendation to its shareholders for their consideration at an Extraordinary General Meeting (EGM) in early 2019.</p> <p>This recommendation also relates to. 1.1.2, 1.1.5, 1.9.1, 1.9.4, 1.9.5, 1.9.8, 1.9.10, 1.10.1, 1.10.3, 1.10.4, 1.10.5, 1.11.3 and 1.12.3</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.12.1	The use of open proxy votes can have the ability to change the outcome of resolutions, and the outcomes of elections of Directors. This is dependent on how many open proxies shareholders direct to the Chair of the meeting.	Open proxy votes allocated to sitting Directors for casting in elections of Directors should be exercised according to the BNC recommendation. The Rules and Procedures Governing the Election of Directors and the Board Nomination Committee Charter should be updated to reflect this change. This should be implemented at the 2018 AGM in preparation for the next cycle of Director elections in 2019	<p>AWI WILL PUT THIS TO SHAREHOLDERS FOR CONSIDERATION.</p> <p>AWI considers this recommendation to be problematic.</p> <p>This requirement undermines the rights of the shareholder to assign their voting entitlement to any individual – including directors – on the basis of trust to the assignment of their vote in accordance with the proxy holders' determination of the shareholders best interests.</p> <p>If on the other hand the shareholder intended to vote their entitlement in a specific manner, they would assign a directed proxy.</p> <p>The issue may be taken to shareholders at an EGM in early 2019.</p> <p>This recommendation also relates to 1.12.1, 1.12.2</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	22/11/2018

<p>1.12.2</p>	<p>AWI does not disclose the number of open proxies received by the Chair and how these votes are cast in respect to a resolution. Disclosure of this information is not required by law but does it does provide transparency of the will of shareholders.</p>	<p>Increase the transparency of the use of open proxies. The Chair should disclose at the beginning of the meeting the number of proxies they hold, how many are directed and undirected and of the undirected ones how he or she intends to vote. This practice should be implemented for the 2018 AGM.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>It is agreed for the Chair to announce on the floor of the meeting the number of open proxies held and their intention for how they will be voted.</p> <p>This recommendation also relates to 1.12.1, 1.12.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	<p>22/11/2018</p>
<p>1.12.3</p>	<p>The current process for member selection of the Board Nomination Committee is inappropriate as the chair of the Board has a substantial influence over the membership of the Committee that then reviews potential candidates for director roles.</p>	<p>The Board Nomination Committee (BNC) should comprise:</p> <ul style="list-style-type: none"> – A Chair independent of the wool industry and independent from AWI, initially appointed by the Secretary of the Department of Agriculture and Water Resources. This individual should be an eminent person with experience in commerce or government but who has no commercial or family interests in the wool industry – One Non-Executive Director of AWI, other than the Chair – A person with significant experience in the wool industry [who should be nominated by the President of the National Farmers Federation] – A senior executive from an international executive search firm, who should be nominated by the CEO of AWI, and subject to approval by the independent Chair <p>The intent of the BNC is to identify a pool of candidates that meet the requirements of the Board based on the Board skills assessment. For example, this would include the removal of any candidate who was assessed as not meeting sufficient requirements for the target skills sought by the Board. Potential candidates should be identified through a robust and transparent process including advertising for nominees. The BNC should also consider the independence of candidates in their review in</p>	<p>AWI AGREES WITH THIS RECOMMENDATION IN PRINCIPLE.</p> <p>AWI has embraced the intent of the EY recommendation which addresses both the membership and functioning of the BNC to ensure improved practice.</p> <p>AWI is sympathetic to the intent of the recommendation but have struggled with some elements which AWI believe have unintended consequences of diminishing the democratic rights of the current direct election model, which is a foundation principle of AWI.</p> <p><u>BNC Membership:</u> AWI supports the EY recommendation on membership but has proposed an additional member being an AWI director (not including the AWI Chair). This would retain EY's requirement for the majority of BNC members to be independent of AWI, while ensuring a majority and avoid the situation of the Chair of the BNC having to have a casting vote. The BNC membership would be renewed prior to each election cycle and operate through consensus.</p> <p><u>BNC Operations:</u> AWI has proposed a BNC model to DAWR which would ensure a wider pool of candidates while also enabling the current direct</p>	<p>31/10/2018</p>

		<p>alignment with updated independence criteria as per recommendation 1.9.10. The Board should have the opportunity to put forward candidates for the consideration of the BNC and will have the opportunity endorse the recommendations of the BNC prior to a Director election. The BNC should conduct an executive search function in addition to relying on nominations. The BNC should make a recommendation to shareholders which should be limited to the number of vacancies for Board positions. The Committee should be renewed prior to each election cycle and operate through consensus. The Chair of the Committee should have a casting vote to enable decisions to be made where the committee members are divided. Members should be remunerated according to applicable standards and parties responsible for nominating members of the BNC should consider diversity and other relevant standards for their appointees. The Chair of the BNC may decide to disclose the requisite skills gaps if they deem it suitable to do so. Open proxies should be used in alignment with recommendations of the BNC as per recommendation 1.12.1. The SFA and the Constitution should be updated to reflect these requirements as per recommendation 1.1.5. The recommendation does not intend for the BNC to remove the democratic rights of levy payers. This should be implemented by 31st October 2018 so that it is in operation for the next Director election cycle. Following the first election overseen by this model, the Independent Chair should work with AWI and Department to determine a long-term model for an independent BNC without requiring a nominee from the Department.</p>	<p>election system, ensuring candidates who are supported by AWI shareholders have the opportunity to sit on the board of the company.</p> <p>This would essentially result in a two-pronged approach for identifying candidates to be considered by the BNC. Firstly, the BNC would advertise to encourage a wider pool of candidates, who would not have to demonstrate shareholder support reflected by 100 shareholder signatures. This would allow candidates not known to shareholders to still be considered by the BNC. Secondly, those candidates who have secured the support of 100 shareholders.</p> <p>The BNC would review all candidates in the same manner taking into account the board skills matrix, board diversity requirements, and succession planning, renewals and its charter and criteria, recommending a defined number of candidates, limited to the number of positions open for election.</p> <p>To retain the open election process, all candidates who were able to obtain the 100 shareholder signatures would still be able to stand for election, regardless of whether or not they were recommended by the BNC. However, those candidates who do not have the support of 100 shareholders would only proceed to stand for election, if they were recommended by the BNC.</p> <p>This model addresses both the intention of EY's recommendation and remedies the unintended diminishing of AWI's current direct election model.</p> <p>Discussions with DAWR are ongoing and AWI expects these to be finalised well in advance of the proposed EGM in early 2019. The next SFA will be renegotiated in 2020 and AWI will review the relevant clauses to ensure it reflects the outcome of this</p>	
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			<p>recommendation.</p> <p>AWI will revise the BNC Charter to address these issues and anticipates this will be finalized prior to the EGM in early 2019.</p> <p>This recommendation and activity are interconnected with the recommendations relating to the skills-based board, the independence of director, the allocation of Directors proxies and requisite to obtain 100 shareholder signatures to stand for election. This recommendation also relates to. 1.1.2, 1.1.5, 1.9.4, 1.9.5, 1.9.8, 1.9.10, 1.10.1, 1.10.3, 1.10.4, 1.10.5, 1.11.3 and 1.12.3.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.12.4	The Board Nomination Committee selection process and Director elections are perceived by stakeholders to be 'controlled' by the current board.	<p>Board members or AWI should not be allowed to campaign for Director nominees. They should, however, be able to note if the Board supports the assessment and recommendations made by the Board Nomination Committee.</p> <p>This does not restrict the ability for the Board to communicate with shareholders. Members of the BNC should not nominate to be a Director of AWI until at least three years after their membership of the BNC ceases. Additionally, participation on a previous BNC should be included in the Director nomination materials shared with members. This is in line with behaviours of good governance and updates to the Board Nomination Committee Charter and Rules and Procedures Governing the Election of Directors should reflect this change. This update should be implemented by 31st January 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION IN PRINCIPLE.</p> <p>The Board's position on this recommendation will be informed by the outcome of the EGM in early 2019.</p> <p>This recommendation and activity are interconnected with the recommendations relating to the skills-based board, the independence of director, the allocation of Directors proxies and requisite to obtain 100 shareholder signatures to stand for election. This recommendation also relates to . 1.1.2, 1.1.3, 1.1.5, 1.9.4, 1.9.5, 1.9.8, 1.9.10, 1.10.1, 1.10.3, 1.10.4, 1.10.5, 1.11.3 and 1.12.3.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019
1.14.1	WoolPoll can be a costly process for the same	Conduct an independent assessment of the WoolPoll	AWI AGREES WITH THIS RECOMMENDATION.	1/01/2020

	outcome, where more stability may be more beneficial for both AWI and levy payers.	mechanism with an eminent person and involve levy payer and government input. Reduce the frequency from three years to five years, with a further step to be considered in the future that would remove the mandate to hold the WoolPoll at regular intervals, and instead, only conduct the poll if sufficient needs exist, as determined by levy payers. This change could promote stability in levy payer funds and also reduce costs, which could enable better investments of levy payer funds. This shift may also pave the way for more strategic conversations between the Board and the industry, increased focus on accountability of the Board to shareholders and thereby increase the level of shareholder engagement and participation. This should be implemented beyond 2019.	AWI notes the DAWR has advised that this recommendation is for the government to respond to and action, and any changes to the WoolPoll mechanism are a decision for wool levy payers. Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	
1.14.4	Sources of, and use of funding, have emerged as issues that need to be addressed. A successful RDC would have access to stable sources of funding over the longer term in order to promote sustained investments in areas of greatest need.	The Department should consider how to enable AWI to access, utilise, and arrange sources of funding, and how this could be extended to include the ability to access private capital for relevant purposes, such as investment in agreed post-competitive platforms and technologies for commercialisation. A number of RDCs created separate accounts to provide transparency of management of investments and provide effective oversight. This should be implemented by 31st July 2019.	AWI AGREES WITH THIS RECOMMENDATION. AWI acknowledges this recommendation and will explore funding models that seek to deliver stable funding sources to enable sustained investments in areas of greatest need. Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	31/01/2019

5. MONITORING EVALUATION & REPORTING

Summary:

EY Theme 4: Monitoring and evaluation should be improved (Recommendations 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.1-1.4.5, 1.6.1-1.6.3, 1.7.4, 1.14.2)

There will need to be improved disclosure of the methodology and assumptions made in monitoring and evaluation of projects, and better disclosure and strong links between investment dollars and benefits and outcomes for all groups of levy payers. The M&E framework should be systematically and explicitly used to improve decision making regarding levy payer funds.

AWI's overall response:

AWI accepts the importance of updating and consistently applying the Monitoring and Evaluation framework across the organisation and recognises the requirement to deliver and introduce requirements for achieving a minimum confidence level in evaluations of projects. In implementing these recommendations, AWI will aim to establish an M&E framework that is easily accessible for the organisation to monitor and report against its strategic targets, and that provides reporting that is meaningful and relevant for woolgrowers, the Government and other stakeholders. AWI notes the importance of these recommendations given the organisation's funding model and its position as the services body for the Australian wool industry.

Implementation of these recommendations will be led by AWI's Chief Financial Officer.

Ref No.	EY Finding	EY Recommendation	AWI Action	EY Timeline
1.1.8	AWI does not fully comply with section 30.2 of the SFA as its strategic plan does not include budget costs over the life of the plan.	Update the current Strategic Plan and ongoing Strategic Plans to include expected spending across the life of the plans. Review budget allocations with the ICC and publish these updates by 31st January 2019.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>In future financial periods, AWI will include a budget forecast for the full life of the organisation's Strategic Plan.</p> <p>AWI intends to meet the requirements of this recommendation in line with AWI's next strategic plan in June 2019.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019
1.1.9	AWI does not comply with section 31.1 and 31.2 of the SFA as they did not update its evaluation framework within six months of the agreement date.	Review and update the evaluation framework by 31st January 2019. The framework should be developed in consultation with the Commonwealth and AWI should participate in any Commonwealth or collective RDC evaluation projects relevant to its operations.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Prior to the commencement of the ROP, AWI was aware that improvement was required of its existing Monitoring and Evaluation Framework, including an executive with overall responsibility and appropriate resourcing.</p> <p>AWI commenced a comprehensive review of its Measurement and Evaluation Framework in July 2018. An independent advisor was appointed via a Request For Proposal (RFP) to assist AWI in updating and improving the current M&E framework. AWI has</p>	31/01/2019

			<p>used the EY report findings to inform this RFP. This includes identifying gaps in the current system and ways to improve how the organisation measures outcomes and communicates the results, measurable outcomes and information with its stakeholders.</p> <p>AWI will ensure that as work on the M&E framework progresses, these will be embedded within the business to ensure consistency of reporting and integration within existing business processes. A small executive team has been established to guide this work under the direction of the CFO with a number of workshops already being held with internal and external stakeholders, ensuring the new M&E Framework addresses not only the internal business needs of AWI, but also those of external stakeholders.</p> <p>Balancing the internal monitoring and reporting functions of the M&E Framework, with the development of meaningful and clear reporting to stakeholders remains a key focus of this work.</p> <p>To support clearer communication and reporting to stakeholders, key program information on a digital platform will be published on the website following the relevant Board reviews. This reporting will focus on more quantitative information against all strategic targets and will also be published within AWI's future annual reports.</p> <p>To facilitate greater ease of M&E information at the program and whole-of-organisation level, AWI will explore and deploy an appropriate system or database platform to centralise the capture of data and reporting information.</p> <p>AWI has identified a skill gap in this area and recruited a Data Analyst to assist in M&E across the business.</p>	
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			<p>The CFO will present initial ideas to the executive strategic workshop in November before finalizing the model, with implementation expected in January 2019. With the new framework to be implemented across the business for use, scheduled to be in place by end of January 2019, ahead of AWI's next strategic plan commencing 2019/20.</p> <p>This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.3-1.4.5, 1.6.1-3, 1.7.4 and 1.14.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.3.1	<p>Of the 97 strategic targets in AWI's previous Strategic Plan 2013-14 to 2015-16, AWI has indicated that in its 2015-16 Annual Report that it is on track for its strategic targets, except for 17 Partly Achieved targets and 2 strategic targets with Minor Slippage. In the sample of strategic targets provided to EY by AWI, we noted that AWI's progress reporting is generally consistent with the data they have provided.</p>	<p>Provide a progress update on all strategic targets, including those that were not considered to be achieved in line with previous Strategic Plans, in future Annual Reports. This should be based on AWI's Monitoring and Evaluation framework to ensure that a systematic process is in place for assessing and tracking progress, while ensuring that greater transparency to the public is provided. This change should be implemented by 31st July 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Additional controls have been identified to ensure reporting to stakeholders via the annual report includes all strategic targets. Included in the review of the Measurement and Evaluation Framework, AWI will investigate opportunities to update the progress achieved against the strategic targets via additional communication channels, possibly similar to the ROP Implementation portal developed to report clearly to stakeholders of AWI's progress in implementing the 2018 ROP recommendations.</p> <p>This recommendation also relates to 1.3.1-1.3.3, 1.3.5 and 1.6.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/07/2019
1.3.2	<p>Some strategic targets have a large quantitative component (e.g. 'develop six new global partnerships for menswear and womenswear').</p>	<p>Quantify progress to date, especially for strategic targets with a quantitative component, in future Annual Reports, to provide greater transparency. These strategic</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI is currently reviewing its existing Measurement and Evaluation Framework to identify gaps in the</p>	31/07/2019

	Although AWI has provided qualitative evidence to support its progress, it is difficult to make inferences whether AWI will be able to deliver within the specified timeframe.	targets should be linked to benefits so that they are more meaningful to stakeholders. This change should be implemented by 31st July 2019	current system and ways to improve how the organisation measures outcomes and communicates the results, measurable outcomes and information with its stakeholders in a meaningful manner. This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.3-1.4.5, 1.6.1-3, 1.7.4 and 1.14.2. Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	
1.3.3	For AWI's current Annual Operating Plan 2017-18, 12 programs were identified where progress was not reported at the executive level in the latest Program Activity Report (PAR) dated December 2017: <ol style="list-style-type: none"> 1. An additional 3.5 million kgs in new demand by 2019 2. Grow the Alumni database by 60 new designers annually 3. Grow media awareness and editorial coverage by \$10 million 4. Grow the retailer partner network by 3 new retailers from a base of 11 5. Additional 1.0 million kgs of new demand 6. Effective assistance to producer groups to establish the basis for sustainable long-term vertebrate pest control programs 7. Support for programs which enhance producers' ability to efficiently and effectively control Rabbits in the long-term Genetic Improvement 8. Broad range of Merino types included in the MLP project representative of industry usage 9. Assess and improve the understanding and application of data collected by sensor technology 	Ensure that status updates are provided for all strategic targets from the next quarterly PAR. This is especially important for new targets that were introduced in AWI's 2017-18 Annual Operating Plan (AOP) as there is no baseline data available to determine progress to date. AWI should also ensure that evidence is provided for each target in their future Annual Reports. Progress reports should be available ahead of all future reviews of AWI's Strategic Plans. This change should be implemented by 31st July 2019.	AWI AGREES WITH THIS RECOMMENDATION. This was raised in a Senior Management Meeting, ensuring all strategic targets are included in all PARs. This point will be re-emphasised at the Executive Strategic Planning workshop in November. Additional controls have been identified to ensure reporting to stakeholders via the annual report is complete. Included in this review of the Measurement and Evaluation Framework, AWI will investigate opportunities to update the progress achieved against the strategic targets via additional communication channels, to report clearly to stakeholders. This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.3-1.4.5, 1.6.1-3, 1.7.4 and 1.14.2. Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	31/07/2019

	<p>10. Develop software to maximise benefits of sensor technology for farmers</p> <p>11. Continue to provide strong and recognised support for over 50 wool industry events nationwide</p> <p>Development of train-the-trainer programs for greater and more efficient execution</p>			
1.3.5	<p>The targets set out in the Strategic Plan vary in the degree to which they are clearly meaningful to key stakeholders, in that they do not all provide a clear connection to the impact an individual target will have to a woolgrower's individual business.</p>	<p>Ensure that all strategic targets have a clear link between the target, the projects that will support achievement of the target and the impact to woolgrowers (e.g. how it will positively impact farm gate returns). This should be introduced from AWI's 2019-20 to 2021-22 Strategic Plan and should be linked to AWI's Monitoring & Evaluation framework in order to facilitate a systematic process for assessing and tracking progress on each strategic target. This should be implemented by 31st July 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI will take measures in creating the next organisational Strategic Plan to incorporate clear measurable targets and ensure linkage to the impact to woolgrowers and reported in a meaningful manner. This work will be undertaken in conjunction with the work being carried out on the revised Measurement and Evaluation Framework.</p> <p>This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.3-1.4.5, 1.6.1-3, 1.7.4 and 1.14.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/07/2019
1.4.1	<p>Despite a formal evaluation framework being in existence, benefits are not reviewed frequently enough to effectively communicate results of projects to industry stakeholders</p>	<p>Undertake a Post-Implementation Review at the completion of each project instead of at the end of Strategic Planning cycle. This should be implemented by 30th April 2019. This review should also include a calculation of the estimated and actual financial returns achieved on the investment using objectively assessable calculations.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Prior to the commencement of the ROP, AWI was aware that improvement was required of its existing Monitoring and Evaluation Framework, including an executive with overall responsibility and appropriate resourcing.</p> <p>AWI commenced a comprehensive review of its Measurement and Evaluation Framework in July 2018. An independent advisor was appointed via a RFP to assist AWI in updating and improving the current M&E framework. AWI has used the EY report findings to inform this RFP. This includes identifying gaps in the current system and ways to improve how</p>	30/04/2019

			<p>the organisation measures outcomes and communicates the results, measurable outcomes and information with its stakeholders.</p> <p>AWI will ensure that as work on the M&E framework progresses, these will be embedded within the business to ensure consistency of reporting and integration within existing business processes. A small executive team has been established to guide this work under the direction of the CFO with a number of workshops already being held with internal and external stakeholders, ensuring the new M&E Framework addresses not only the internal business needs of AWI, but also those of external stakeholders.</p> <p>Balancing the internal monitoring and reporting functions of the M&E Framework, with the development of meaningful and clear reporting to stakeholders remains a key focus of this work. To support clearer communication and reporting to stakeholders, key information from AWI's PARs (Program Achievement Reports) will be published on the website following the relevant Board reviews. This reporting will focus on more quantitative information against all strategic targets and will also be published within AWI's annual reports.</p> <p>To facilitate greater ease of M&E information at the program and whole-of-organisation level, AWI will explore and deploy an appropriate system or database platform to centralise the capture of data and reporting information. AWI has identified a skill gap in this area and recruited a Data Analyst to assist in M&E across the business.</p> <p>The CFO will present initial ideas to the executive strategic workshop in November before finalizing the model, with implementation expected in January 2019. With the new framework to be implemented</p>	
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			<p>across the business for use, scheduled to be in place by end of January 2019, ahead of AWI's next strategic plan commencing 2019/20.</p> <p>This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.3-1.4.5, 1.6.1-3, 1.7.4 and 1.14.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.4.2	<p>There is no clearly documented view of the total value of investment and returns delivered to each stakeholder group. This information would enhance the ability of AWI to provide transparency of expenditure. According to the Review's independent woolgrower research, there are opportunities for AWI to increase transparency of benefits delivery:</p> <ul style="list-style-type: none"> - 47% noted that the effectiveness of AWI spending decisions is fairly evaluated - 46% indicated that AWI is open and accountable about the investment decisions it makes 	<p>Identify key stakeholder groups, and subsequently develop a clear view of investment and return by these groups. Results should be published annually in the Annual Report. This should be implemented by 31st July 2019 for inclusion in the 2018-2019 Annual Report.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>As part of the review of the Measurement and Evaluation Framework, standardised metrics will be introduced where possible. AWI will explore and deploy an appropriate system or database platform to centralise the capture of data and reporting information. Responsibility for reporting on the total value of the investment and returns has been assigned to AWI's CFO.</p> <p>Part of the discussions already undertaken by the small executive team (referred to in Rec 1.14.1) included how data will be captured and reported by stakeholder group. Given the number of woolgrower groups within the industry, reporting by each group may not prove as helpful. Consequently, the current discussions are to explore the opportunity to capture and report on a state or wool production system basis.</p> <p>A small executive group has been established to guide this work under the direction of the CFO with a number of workshops already being held with internal and external stakeholders, ensuring the new M&E Framework addresses not only the internal business needs of AWI, but also those of external stakeholders.</p>	31/07/2019

			<p>This recommendation also relates to 1.4.5 and 1.6.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.4.3	<p>Based on EY's analysis of documentation received and interviews with AWI stakeholders, it appears that the majority of reporting is manually prepared, with limited ability to easily access or understand performance at a program or whole-of-organisation level. This limitation restricts the ability of AWI to make high quality decisions in a timely manner.</p>	<p>As part of the future Monitoring and Evaluation framework, AWI should include a range of standardised metrics that are tracked and monitored, supporting timely and quality decision making. This should be completed by 31st January 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>In addition to the work outlined in associated recommendations for the M&E Framework, to facilitate greater ease of M&E information at the program and whole-of- organisation level, AWI will explore and deploy an appropriate system or database platform to centralise the capture of data and reporting information. Responsibility for reporting on the total value of the investment and returns has been assigned to AWI's CFO.</p> <p>This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.3-1.4.5, 1.6.1-3, 1.7. and 1.14.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019
1.4.4	<p>AWI's current Monitoring and Evaluation framework appears to be out of date and no longer in use. Although AWI have advised that a new framework is being developed and implemented throughout the current strategic planning period, EY have not been able to objectively assess or review any work in progress documentation to verify this.</p>	<p>Update and publish the new Monitoring and Evaluation framework on AWI's website by 31st January 2019 and in line with recommendation 1.1.9. Also regularly release results achieved throughout the Strategic Planning periods in order to keep stakeholders informed</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Prior to the commencement of the ROP, AWI was aware that improvement was required of its existing Monitoring and Evaluation Framework, including an executive with overall responsibility and appropriate resourcing.</p> <p>AWI commenced a comprehensive review of its Measurement and Evaluation Framework in July 2018. An independent advisor was appointed via a RFP to assist AWI in updating and improving the current M&E framework. AWI has used the EY report findings to inform this RFP. This includes identifying gaps in the current system and ways to improve how the organisation measures outcomes and communicates the results, measurable outcomes and</p>	31/01/2019

			<p>information with its stakeholders.</p> <p>AWI will ensure that as work on the M&E framework progresses, these will be embedded within the business to ensure consistency of reporting and integration within existing business processes. A small executive team has been established to guide this work under the direction of the CFO with a number of workshops already being held with internal and external stakeholders, ensuring the new M&E Framework addresses not only the internal business needs of AWI, but also those of external stakeholders.</p> <p>Balancing the internal monitoring and reporting functions of the M&E Framework, with the development of meaningful and clear reporting to stakeholders remains a key focus of this work.</p> <p>To support clearer communication and reporting to stakeholders, key program information on a digital platform will be published on the website following the relevant Board reviews. This reporting will focus on more quantitative information against all strategic targets and will also be published within AWI's future annual reports.</p> <p>To facilitate greater ease of M&E information at the program and whole-of-organisation level, AWI will explore and deploy an appropriate system or database platform to centralise the capture of data and reporting information.</p> <p>AWI has identified a skill gap in this area and recruited a Data Analyst to assist in M&E across the business.</p> <p>The CFO will present initial ideas to the executive strategic workshop in November before finalizing the model, with implementation expected in January 2019. With the new framework to be implemented</p>	
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			<p>across the business for use, scheduled to be in place by end of January 2019, ahead of AWI's next strategic plan commencing 2019/20.</p> <p>This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.3-1.4.5, 1.6.1-3, 1.7.4 and 1.14.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.4.5	<p>Although monitoring and evaluation is a core capability for R&D organisations, no one in AWI is specifically appointed to own this framework. Further, there is no clearly documented view of the total value of investment and returns delivered to each stakeholder group. This information would enhance the ability of AWI to provide transparency of expenditure. There is an opportunity for AWI to increase organisational transparency, particularly relating to benefit delivery. According to independent woolgrower research, of woolgrowers interviewed:</p> <ul style="list-style-type: none"> – 29% need more information as to where the funds are being invested <p>22% believe they are investing in the wrong areas</p>	<p>Develop by 31st July 2019:</p> <ul style="list-style-type: none"> – Report on the value of investment and returns by stakeholder group in their Annual Report each year. This should be included in the 2018-2019 Annual Report – Appoint individuals within AWI to be accountable for understanding monitoring and evaluation of investment activities, and propagate this understanding in AWI and ensure that the M&E framework is effectively implemented – Educate employees such that there is a consistent understanding of their obligations relating to monitoring and evaluation of investment activities across AWI 	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>In addition to the work outlined in associated recommendations for the M&E Framework, to facilitate greater ease of M&E information at the program and whole-of-organisation level, AWI will explore and deploy an appropriate system or database platform to centralise the capture of data and reporting information. Responsibility for reporting on the total value of the investment and returns has been assigned to AWI's CFO. To support AWI meeting these enhanced M&E activities, AWI will provide training to staff and additional resources as required.</p> <p>This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.2-1.4.5, 1.6.1-3, 1.7.4 and 1.14.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/07/2019
1.6.1	<p>The Monitoring and Evaluation framework does not provide guidance on standardised metrics for projects and programs. As a result, this Review was not able to compare projects within the project portfolio and identify AWI's effectiveness in tracking and reporting on progress. This also limits</p>	<p>Where possible, introduce standardised, quantitative performance metrics as part of the Monitoring & Evaluation framework to enable comparison across AWI's project portfolio and transparency regarding benefits delivered to woolgrowers. These metrics should be monitored and assessed against progress on a regular</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>As part of the review of the Measurement and Evaluation Framework, standardised metrics will be introduced where possible. To facilitate greater ease of M&E information at the program and whole-of-organisation level, AWI will explore and deploy an</p>	31/01/2019

	AWI's ability to have a clear view of the returns being achieved on investments. In many cases, a high frequency is warranted in order to enable better reporting and assessment of AWI performance management and decision making. AWI has advised that a new Monitoring and Evaluation framework is current being developed.	basis under AWI's new M&E framework to allow for systematic tracking of AWI's progress. This should occur by 31st January 2019.	appropriate system or database platform to centralise the capture of data and reporting information. This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.3-1.4.5, 1.6.1-3, 1.7.4 and 1.14.2. Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	
1.6.2	Analysis of return on investment is only completed at the end of the strategic period.	Calculate woolgrower related performance metrics on an annual basis and measure actual performance against estimated performance. This will provide insights to stakeholders on how the investments are performing against targets and enable AWI to reallocate funding and resources if necessary, to maintain desired risk levels. This should occur by 30th April 2019.	AWI AGREES WITH THIS RECOMMENDATION. AWI currently reports progress against targets on an exception basis. From the 2018/19 Annual Report more detailed performance metrics against the strategic targets will be included. This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.3-1.4.5, 1.6.1-3, 1.7.4 and 1.14.2. Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	30/04/2019
1.6.3	The Monitoring and Evaluation framework does not have an explicit owner. As such, there are opportunities to encourage greater ownership of the framework within AWI to ensure that the framework is applied consistently. AWI has advised that a new Monitoring and Evaluation framework is currently being developed. AWI should provide greater transparency on ROI, BCR, detailed assumptions for the analyses conducted, and the economic effects on stakeholders other than woolgrowers. Other RDCs seem to be further progressed than AWI in this respect.	Develop by 31st January 2019: <ul style="list-style-type: none"> – Introduce explicit requirements for achieving a minimum confidence level (e.g. 95%) in evaluations of projects – Establish governance of the M&E framework and link the implementation of this framework to Executive performance to motivate greater ownership and responsibility amongst AWI Executives Disclose methodology for evaluation of investment portfolios, assumptions for the analyses, and benefits on stakeholders on AWI's website to provide greater transparency	AWI AGREES WITH THIS RECOMMENDATION. Responsibility for reporting on the total value of the investment and returns has been assigned to AWI's CFO. An internal Measurement and Evaluation Advisory Group has been established to ensure consistent application and transparency across the organisation. This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.3-1.4.5, 1.6.1-3, 1.7.4, 1.9.7 and 1.14.2. Progress on the implementation of this	31/01/2019

			recommendation will be reported each week on AWI's ROP Implementation Portal.	
1.7.4	Measurement and evaluation data collection is primarily done manually and is not easily accessible to support cross-collaboration decision making.	Establish a repository to better capture research data and create knowledge for AWI and cross-RDC collaborations through sharing of research outcomes. This would ensure that AWI is not replicating research and enable output of research to be accessible by other RDCs. This should be implemented by 31st January 2019.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>As part of the review of the Measurement and Evaluation Framework. To facilitate greater ease of M&E information at the program and whole-of-organisation level, AWI will explore and deploy an appropriate system or database platform to centralise the capture of data and reporting information.</p> <p>This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.3-1.4.5, 1.6.1-3, 1.7.4 and 1.14.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019
1.14.2	There have been stakeholder concerns relating to investments being made in areas where there is no market failure (e.g. WoolQ). Clause 26.2 from the SFA refers to AWI being able to apply levy funds to 'Other Activities' related to the industry. This is defined as 'activities of AWI (other than Marketing Activities and Research and Development Activities) that are supported by levy payers and shareholders that relate to a function for which there is market failure'.	Provide greater levels of evidence and transparency that investments are being pursued pre-competitive areas (e.g. where investment would not have occurred by manufacturers). This should be included in both Annual Reports or relevant communication to industry stakeholders, such as through the renewed ICC. This should be implemented by 31st January 2019.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI is developing new investment protocols which require detailed explanation and rationale for any investments that fall into 'other activities' including pre-competitive areas. In cases where AWI invests in these areas, AWI will provide an explanatory note in its annual reports going forward.</p> <p>This recommendation also relates to 1.1.8, 1.1.9, 1.3.1-1.3.3, 1.3.5, 1.4.3-1.4.5, 1.6.1-3, 1.7.4 and 1.14.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019

6. PEOPLE & CULTURE

Summary:

EY Theme 9: Employment practices should be updated and strengthened (Recommendations 1.6.3, 1.8.3, 1.9.2, 1.9.7, 1.13.1-1.13.3, 1.14.3, 1.14.5, 1.14.6)

Updated policies are required relating to engagement of former staff as contractors, particularly those staff who have been made redundant. More regular remuneration benchmarking will make sure that executive salaries remain in line with the AWI remuneration policy.

EY Theme 11: Implementation of the recommendations in this Review should be regularly assessed and reported upon (Recommendations 1.1.8, 1.8.2, 1.14.7)

The effective implementation of the recommendations in this Review requires a culture and behaviours that embrace uplift. There should be an implementation progress review commissioned by DAWR and AWI in 12 months' time, with the results published in advance of the 2019 AWI AGM.

AWI's overall response:

AWI acknowledges the need to develop and update policies and processes to strengthen and enhance its employment practices. AWI recognises the importance of these recommendations in supporting a culture and behaviours that embrace the changes outlined in this Implementation Plan.

Implementation of these recommendations will be led by AWI's Group Manager, Human Resources.

Ref No.	EY Finding	EY Recommendation	AWI Action	EY Timeline
1.9.7	The executive performance review process has no documentation provided that outlines this process and provides guidance to company officers. Evidence of the outcome of executive performance reviews was provided to the Review. It is the responsibility of the Remunerations and Appointments Committee to ensure AWI has an effective process as outlined in its Charter.	Develop documentation that outlines the executive performance review process and provides guidance to company officers. More generally AWI should review policies and procedures that support the implementation, transparency and effectiveness of governance arrangements. These updates should be implemented by 31st January 2019.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Currently AWI has a global performance review process which is documented and reported in the Human Resource (HR) information system. The HR team provides guidance, training and support to all employees and their managers to effectively review staff performance.</p> <p>Going forward AWI has commenced a review and updated as appropriate, the organisation's Remuneration and Performance Management System Policies. importantly this review will cover items not specifically addressed in individual's KPIs, such as performance and behaviour aligned to 'the woolgrower test' and AWI's corporate values.</p>	31/01/2019

			<p>It is expected this will be presented to the Board's Remuneration and Appointments Committee (RAC) and Board meeting in November 2018.</p> <p>Following their consideration, implementation of the policies will commence to support a culture of high performance being embedded across the company globally.</p> <p>This recommendation also relates to 1.6.3 and 1.14.5.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.13.1	AWI has no formal policy or process that outlines how contractors and engaged and managed	<p>Update redundancy and procurement policy to include guidelines for potential future engagement of employees who are made redundant (e.g. an employee made redundant cannot be engaged through a contract for six months after they leave AWI)</p> <p>Include policy for multiple contractors to be considered over a procurement value threshold. Another RDC indicated the threshold they applied was \$20,000 for this purpose</p> <p>Increase transparency around engagement of former staff as contractors, redundancy decisions and executive remuneration by increasing the disclosure of these in the annual report</p> <p>These changes should be made by 31st July 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI has reviewed its redundancy policy, specifically referencing outlining appropriate time intervals for former employees to come back into the business as either employees or contractors.</p> <p>It is expected this will be presented to the Board's Remuneration and Appointments Committee (RAC) and Board meeting in November 2018.</p> <p>AWI has also developed a Procurement Policy which also specifically outlines expectations and necessary approvals should former employees be considered for providing services to AWI. This was approved at the September 2018 Board meeting.</p> <p>This recommendation also relates to 1.13.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/07/2019
1.13.2	Based on a comparison with a selection of other organisations and standards, AWI's redundancy benefits and policy appears to be appropriate for	Develop an appropriate delegation of authority regarding ex-gratia payments. This should include a cap on the financial amount on which the CEO should	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI management has reviewed its redundancy policy</p>	31/07/2019

	an organisation of its type	consult with legal counsel prior to making an ex-gratia payment. This change should be made by 31st July 2019.	<p>which has addressed the provision of ex-gratia payments, providing clear guidelines and process to be followed.</p> <p>It is expected this will be presented to the Board's Remuneration and Appointments Committee (RAC) at the Board meeting in November 2018.</p> <p>This recommendation also relates to 1.13.1 and 1.8.3.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.13.3	At an aggregate level, AWI's executive remuneration is above the median when compared against matching positions in companies with an annual turnover between \$20 and \$100 million. Note this benchmarking was based on relevant domestic data and provides only an indication on the appropriateness of AWI executive level remuneration and does not consider matters such as specialised skills, roles and international staff.	Perform remuneration benchmarking against companies with (1) an annual turnover between \$80 and \$120 million or (2) employee headcount of 150-250 with a similar international reach on a regular basis (annually) so that it is consistent with AWI's remuneration strategy. This update should be implemented by 31st July 2019.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Reflecting the unique nature of the global AWI business, the position descriptions of the executive team and an outline of their respective roles and contribution to the strategic outcomes of AWI, AWI has engaged Korn Ferry Hay Group to undertake an independent Executive Remuneration Benchmarking review.</p> <p>This will be presented to the Board's Remuneration and Appointments Committee (RAC) and Board upon completion which is anticipated in early 2019 or earlier.</p> <p>This recommendation also relates to 1.9.7.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/07/2019
1.14.3	AWI does not have a Chief Operating Officer or Chief of Staff. However, AWI has made a number of changes to the senior roles with the aim of achieving an equivalence in line with recommendations in the previous performance	Introduce the role of a Chief Operating Officer in line with the recommendation made in the previous performance review. This will allow the CEO to focus on more strategic activities. This should be implemented by 31st January 2019.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges this recommendation and has created the position of General Manager Operations to allow the CEO to focus on more strategic activities. An appointment has been made to this role effective</p>	31/01/2019

	<p>review. Examples of related changes include:</p> <ol style="list-style-type: none"> 1. Undertook a number of retrenchments to return autonomy to regional offices for Marketing and product development 2. Appointment of a manager Operations and Office <p>Rationalising the number of people with a direct reporting line to the CEO. The CEO currently has 18 direct reports.</p>		<p>Monday 15 October 2018. As a result, seven direct reports are now reporting into the GM Operations instead of the CEO.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.14.5	<p>AWI has extensive documentation to support their operations and there are many recommendations to update this documentation as part of this Review. However, to successfully implement the change a cultural shift is required. These changes are not just a change due to review but also in response to changes in good practice. As a result, they need to implement by reforming the AWI business, rather than just seeing these matters of procedure or simply adding cost.</p>	<p>Exhibit cultural change required to make these changes successful. AWI needs to exhibit behaviours of good governance including accountability, transparency, integrity and stewardship. This should start with leadership agreement to the change followed by staff education and training. Surveys can be used to monitor the cultural change. This should be demonstrated by 31st July 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI has recently conducted a global Employee Engagement survey. One of the key attributes measured in this survey is organisational culture. AWI commits to conducting Pulse surveys annually, as required, to measure, monitor and track employee engagement.</p> <p>This recommendation also relates to 1.9.7.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019
1.14.6	<p>There are 82 recommendations included in this Review. To effectively and successfully implement them and the cultural change required to support them, capability uplift of staff is required.</p>	<p>Identify skills gaps relating to areas of significant change. Consider whether these gaps can be addressed through internal training or hiring of new staff and fill these gaps by 31st January 2019.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges the importance of ensuring the business is supported with the appropriate resources to implement the 82 recommendations. The Board and CEO are committed to ensuring strong support and leadership across the business.</p> <p>AWI plans to undertake a skills assessment across the company to identify key skills gaps. AWI HR will work closely with managers in the business, to identify appropriate measures to address these gaps and link to development plans and integrate into the annual performance review process.</p> <p>This recommendation also relates to 1.14.5.</p>	31/01/2019

			Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.	
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7. ROP RECOMMENDATIONS & IMPLEMENTATION

Summary:

EY Theme 12: AWI funding by levy payers (Recommendations 1.14.1, 1.14.4)

A shift in the WoolPoll mechanism could be contemplated to reduce the frequency from three years to five years. This would give longer term funding certainty to AWI, encourage long term investments in research, and reduce the costs of the WoolPoll. DAWR should consult with industry representative organisations and directly with woolgrowers about this.

AWI's overall response:

AWI notes the importance of these recommendations given the organisation's funding model, its relationship with its industry and Government stakeholders and its position as the services body for the Australian wool industry. AWI will continue to provide regular updates to government, woolgrowers and representative groups on how this Implementation Plan is progressing. AWI's online ROP Implementation Portal (rop.wool.com) will also provide greater transparency and real time progress of these recommendations.

Implementation of these recommendations will be led by AWI's Chief Executive Officer.

Ref No.	EY Finding	EY Recommendation	AWI Action	EY Timeline
1.8.1	Three recommendations are incomplete within the timeframe specified in AWI's Response & Implementation Plan. First, AWI has not addressed Conflicts of Interest in its Corporate Governance Policy (Recommendation 4). Second, although AWI has a Board Nomination Committee to assess candidate nomination, there is no evidence of a formal succession planning process in place to identify skill gaps for AWI's Board in the future (Recommendation 5). Third, the M&E framework is not sufficient to ensure that the process for measurement and evaluation is sustainably embedded into AWI (Recommendation 8). AWI has advised that it is considering mechanisms to inform Government on the progress against the 2015 Response & Implementation Plan.	<p>Implement each of the uncompleted recommendations from the 2012-15 performance review by 31st January 2019:</p> <ul style="list-style-type: none"> – Conflicts of Interest in its Corporate Governance Policy (Similar to recommendation 1.9.6 in this Review) – Formal succession planning process in place to identify skill gaps for AWI's Board in the future (Similar to recommendation 1.1.3 in this Review) – The M&E framework (Similar to recommendation 1.1.9 in this Review) <p>Each of these have been made as other recommendations as part of this Review.</p>	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI notes the three recommendations and is progressing with actions to ensure their completion.</p> <p>While AWI discusses progress on ROP Implementation Plans during formal and informal discussions including the six-monthly SFA meetings. This has included discussions on changes to the initial implementation plan for various recommendations where plans have changed.</p> <p>To allow greater transparency AWI has developed the ROP Implementation Portal (rop.wool.com) to provide real time progress of all recommendations.</p> <p>This recommendation also relates to 1.1.3, 1.1.9, 1.9.6 and 1.14.7.</p> <p>Progress on the implementation of this recommendation will be reported each week on</p>	31/01/2019

			AWI's ROP Implementation Portal.	
1.8.2	Of the 8 recommendations in the 2012-15 performance review, one recommendation is complete. Specifically, AWI has incorporated communication of strategic benefits in its strategic plan and other engagement channels (Recommendation 2)	In AWI's next future Response & Implementation Plan, specify and report the underlying activities that are required to address each recommendation outlined in this Review. AWI should allocate accountability and responsibility to individuals, and link implementation progress of the Plan to Board performance evaluation in order to encourage individuals to take ownership by 31st October 2018.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>AWI acknowledges this recommendation and has implemented a Review of Performance Implementation Portal (ROPIP) to report in real time on its progress implementing the 82 recommendations included in the independent review of performance report.</p> <p>The ROPIP was launched on 10 September 2018 and at that time contained only the EY findings and recommendations. Once AWI finalizes the implementation plan and incorporates feedback from the government, details of the activities underlying each recommendation will be published. Further as progress unfolds against each recommendation, AWI will be publishing weekly updates on actions taken to allow real-time reporting for stakeholders.</p> <p>This recommendation also relates to 1.8.1, 1.9.9 and 1.14.7.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019
1.8.3	Adjustments were made to five of the recommendations, such that AWI has made alternative arrangements to the development of a strategic benefit framework, Board skill matrix, the hiring of a COO / COE, and the Deed of Delegation (Recommendations 1, 3, 6, and 7). AWI has advised that post 2015 ROP period the Department streamlined its SFA meetings with the RDC's, to ensure consistency and appropriate monitoring and reporting against the SFA requirements. This included the requirement for AWI to report against its implementation and progress implementation to then previous ROP. In 2017 in discussion with the Department, AWI reported a change in its	Set out measurable and objective targets that can be tracked over time and communicate justifications for the adjustments of recommendations in this Review with both the Department and levy payers. AWI should communicate and agree the adjustments with the Department by 31st January 2019. Communication mechanisms may include reporting justifications in AWI's future Annual reports and to the ICC and the Department.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>While AWI discusses progress on ROP Implementation Plans during formal and informal discussions including the six-monthly SFA meetings. This has included discussions on changes to the initial implementation plan for various recommendations where plans have changed.</p> <p>To allow greater transparency AWI has developed the ROP Implementation Portal (rop.wool.com) to provide real time progress of all recommendations from the 2018 ROP.</p>	31/01/2019

	implementation plan.		<p>AWI has developed a Deed of Delegation for the CEO which has been approved by the AWI Board at the October 2018 Board meeting.</p> <p>This recommendation also relates to 1.8.1 and 1.14.7.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	
1.14.7	Ongoing dialogue should be maintained between the Department and AWI. This would provide significant value and support to the transformation outlined in the Review by providing clarification of the intent of the report, open dialogue on the timing of implementation and monitoring and management of risks.	Establish a governance forum for the purposes of the monitoring the implementation of these recommendations. This should include representation from AWI, the Department and industry. Any deviation from the recommendations made in this report should be approved through this forum. This should be established by 31st October 2018.	<p>AWI AGREES WITH THIS RECOMMENDATION.</p> <p>Throughout the review DAWR convened a weekly monitoring group to monitor progress of the review and enable timely action to be taken as required.</p> <p>At AWI six-monthly SFA meeting with DAWR on 27 August 2018 it was agreed that AWI and DAWR should continue to meet fortnightly to discuss this ongoing progress with the implementation plan for the foreseeable future. AWI agrees that the implementation of the recommendations outlined in this plan must be timely and transparent and involve key stakeholders throughout the process.</p> <p>To assist all stakeholders monitor AWI's progress on implementing the recommendations in the 2018 ROP, AWI has developed the Review of Performance Implementation Portal (ROPIP), which can be found at rop.wool.com This portal provides the implementation plan, but more importantly provides weekly updates on progress against each recommendation. An indication of total implementation is provided against all recommendations, in addition to individual recommendations.</p> <p>This recommendation also relates to 1.8.1 and 1.8.2.</p> <p>Progress on the implementation of this recommendation will be reported each week on AWI's ROP Implementation Portal.</p>	31/01/2019

ANCE IMPLEMENTATION PLAN