

Board Nomination Committee Report

1. Background to BNC Process for 2019

In compliance with AWI's Statutory Funding Agreement, an independent review of performance was undertaken by Ernst & Young in 2018 prior to the WoolPoll.

Recommendation 1.12.3, in the Governance section, suggested changes to the BNC composition which largely shaped the composition of the Committee for this round of Board nomination as described below.

2. Board Nomination Committee Composition

The BNC comprised 5 members, three of whom were independent of the AWI Board, and two were current, unconflicted Non-Executive Directors. The BNC comprised:

- 1) Dr Mary Corbett, Independent Chair, appointed by the Secretary of the Department of Agriculture
- 2) Dr Meredith Sheil, retiring AWI Board Member not seeking re-election
- 3) Mr James Morgan, current AWI Board Member
- 4) Mr Simon Cameron, Independent member nominated by the Woolgrower Industry Consultation Panel
- 5) Mr Guy Farrow, Independent member from an international executive search firm (Heidrick and Struggles)

3. Selection Process

The first task in the selection process was to convene a teleconference with the Committee members to confirm the BNC process and obligations in line with the BNC Charter, and discuss the timeline and activities for the process. The Committee also reviewed a standardised question template, and scoring grid to assist the members to consistently and fairly assess each candidate.

This teleconference was convened on 21st August 2019.

It was recognised that the BNC process as outlined in the Charter is currently aspirational, and certain paragraphs (e.g. 3.1.2 and 3.3.1 and 3.3.6) will not take effect until the next occasion. Hence, candidates for consideration would therefore need to meet the conditions of the Company's Constitution rule 13.3(d)(ii)(B), which requires a written nomination signed by at least 100 eligible shareholders.

Such applications were to be received between the period 6 – 24th September 2019.

4. Applications Received

A total of 8 conforming applications were received; 6 from male applicants and 2 from female applicants. Applications were received from NSW (5); VIC (1); SA (1); and WA (1).

As per the Constitution, three current Directors were retiring, two of whom were seeking re-election.

The 8 compliant applicants were (in alphabetic order):

- Paul Cocking
- George Falkiner
- Noel Henderson
- Janelle Hocking Edwards
- Philip Holmes
- Michelle Humphries
- Wal Merriman
- David Webster

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5. Interviews

All conforming applicants were invited to, and accepted, a face-to-face interview with the BNC, held in Sydney at the offices of Heidrick and Struggles on the 25th September.

In assessing each candidate, the BNC considered the required skill set identified in the Statutory Funding Agreement:

- Corporate governance
- Wool growing
- Wool processing
- Product promotion and retail marketing
- Domestic and international market development and international trade
- R&D, technology, technology transfer, commercialisation and adoption of R&D and innovation
- Conservation and management of natural resources
- Administration of research and development; and
- Finance and business management

as well as the gaps which would ensue with the 3 members retiring, the diversity of skills, gender, geographic location, the experience and knowledge of the wool industry and of the organisation, and the likely contribution to the Board.

Committee members were also cognisant of balancing board continuity, succession planning and loss of intellectual capital with “fresh eyes” and new ideas.

A consistent interview template was adopted by the BNC, which explored each candidate’s particular skill set, their motivation for applying to be on the Board, their knowledge of the industry, the company and the company’s strategic plan, as well as their understanding of corporate governance.

To assist the selection process, a weighted evaluation sheet was utilised for each candidate’s assessment.

At the conclusion of the interviews, 4 candidates were considered to bring significantly higher skills and experience than the others and have thus been identified as **recommended**. The BNC believes that any permutation of three of these four candidates to fill the vacant positions, when combined with the 4 current directors, would provide an excellent skills base for the AWI Board.

Whilst the other 4 candidates each had some skills and experience relevant to the wool industry, none were believed as suitable as those recommended candidates above.

6. Background & Referee Checks

Background Checks:

All candidates had standard police and bankruptcy background checks performed. No concerns were identified.

Referee Checks:

Although all new candidates were required to seek 100 signatures from eligible shareholders of endorsement, all candidates (including current Directors) were requested to provide details of two suitable referees. For the 4 recommended candidates, referee checks were performed for an opinion on the relative strengths of the candidate as a Board member for AWI. Solid, positive feedback on each candidate was obtained, and no concerns were identified.

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7. Nominations

On behalf of the AWI Board Nomination Committee, I am pleased to nominate the following four candidates for your consideration (in alphabetic order). The BNC is unanimous in recommending these nominations. A summary of the BNC's assessment is provided below.

It should be noted that nominations to the Board contain a diverse balance of skills, experience, gender; and every candidate brings passion and enthusiasm to their role.

- Mr Noel Henderson
- Dr Michelle Humphries
- Mr Wal Merriman
- Mr David Webster

1. Mr Noel Henderson (New candidate)

Experience: Mr Henderson has a long career in the construction industry, previously holding positions such as Executive Director and Chairman of Construction Division for listed company Multiplex Constructions Ltd. He is a first-generation farmer, based in the Macedon Ranges, Victoria. He owns Avington Merino, based on 5,000 acres and 15,000 merinos. He has significant commercial experience, domestically and internationally.

He has held a number of past directorships and is currently Chair of the Macedon Ranges AgriBusiness Forum.

Key Skills: Wool production, corporate governance, business management, trade and some R&D.

BNC Comment: Mr Henderson demonstrated a sound appreciation of the wool industry, its challenges and opportunities. He demonstrated knowledge of AWI and positivity about its future. Being a full-time farmer and wool producer, he would bring a "grass roots" approach to the Board. He has a keen interest in sustainability and good international networks particularly in Italy.

He is RECOMMENDED

2. Dr Michelle Humphries BVSc. MAICD (New candidate).

Experience: Dr Humphries has a strong scientific background, is a highly experienced sheep veterinary specialist and pioneer in artificial sheep breeding. She is a successful businesswoman, with a keen interest in genetics, animal health, welfare and biosecurity.

She holds Board positions with Murray Local Land Services and MerinoLink Ltd.

Key Skills: Science, R&D, Animal health and welfare, Sustainability, NRM and corporate governance

BNC Comment: Dr Humphries brings a distinct set of skills and experience relevant to AWI, particularly in the science and R&D area. She demonstrated a keen insight into the industry and the organisation and is passionate about animal health and welfare. She has a keen interest in biosecurity and is well networked through her professional memberships.

She is RECOMMENDED

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3. Mr Wal Merriman (Current Director, seeking re-election)

Experience: Mr Merriman runs a stud and commercial sheep enterprise and has been a Director (and past Chair) of AWI for 15 years. He has a deep knowledge of the industry and overseas markets. His tenure on the board has seen him strengthen corporate governance and champion woolgrower projects including WoolQ and Merino Lifetime Productivity.

Key Skills: Marketing and trade, wool growing and processing, governance, and R&D

BNC Comment: Mr Merriman has extensive experience and knowledge both of the industry and the corporation. A successful woolgrower, his hands-on experience and relationships with key markets in China and Europe are important skills around the Board table.

Re-election to the Board will capitalise on Mr Merriman's experience gained during his tenure and facilitate the transition of the new Chair and succession planning in general.

He is RECOMMENDED

4. Mr David Webster (Current Director, seeking re-election)

Experience: Mr Webster has a significant and varied corporate and Board career in the wool and mining industries. He has strong international marketing expertise and broad agricultural knowledge including meat and grain industries. He recognises the need for effective succession and is actively working to provide this.

He holds Directorships on AWTA and Athena Resources Ltd.

Key Skills: Wool production and marketing, business and finance, and governance,

BNC Comment: Mr Webster brings a depth of business expertise coupled with broad agriculture knowledge to his already extensive knowledge of AWI. Both his considered approach to risk management and his stakeholder management are considered essential for the Board.

He is RECOMMENDED

8. Conclusion

The BNC is satisfied the recommended nominations are suitably qualified for appointment because they have expertise in one or more of the key skills identified. The BNC is confident the nominees, if elected, will bring to the Board of AWI a high-level of strategic capability combined with a balance of skills, experience and commercial practicality to satisfy the needs of the corporation.



Mary Corbett

**Chairperson,
AWI Board Nomination Committee
October 2019**