

Australian Wool Innovation Limited
ABN 12 095 165 558

Code of Conduct

Obligations to Stakeholders

Date approved by the Board: 17 June 2004
Amended: 24 May 2006

Contact

The Company Secretary

Australian Wool Innovation Limited

ABN 12 095 165 558

Level 30, 580 George Street, Sydney, NSW, 2000

Telephone: (02) 8295 3100

Email: companysecretary@woolinnovation.com

Website: www.woolinnovation.com.au

Contents

1.	Commitment to Good Corporate Governance	1
2.	Commitment to the Code	1
3.	Responsibilities to AWI Shareholders and the Australian Wool Growing Industry Generally	2
	3.1 Board of Directors	3
	3.2 Corporations Act 2001	3
	3.3 Shareholders	3
	3.4 Disclosure	3
4.	Responsibilities to Achieve Objectives	3
	4.1 AWI's mission	3
	4.2 AWI is a not-for-profit company	3
	4.3 Adoption	3
	4.4 Market Failure	3
	4.5 Advisory/consultation	3
	4.6 Accurate information	3
5.	Privacy policy	3
	5.1 AWI maintaining files on stakeholders	3
	5.2 National Privacy Principles	3
	5.3 AWI sources of information	3
	5.4 Non-disclosure of AWI information	3
	5.5 Stakeholder opt out	3
	5.6 Release of stakeholder information	4
	5.7 Access of stakeholder to their stakeholders information	4
	5.8 Questions	4
6.	Employment Practices	4
	6.1 Equal opportunity	4
	6.2 Diversity	4
	6.3 Health	4
	6.4 Safety	5
	6.5 Training and potential	5
	6.6 Use of AWI funds and resources	5
	6.7 Confidentiality	5
	6.8 Conflicts of interest	5
	6.9 Drug and alcohol use	5
	6.10 Consultants and Contractors	6
	6.11 Reputation	6
7.	Fair Trading and Dealing.....	7
	7.1 Competition Laws	6
	7.2 Bribes and Secret Commissions	6
	7.3 Gifts	6
	7.4 Agreements with Competitors	7
8.	Responsibilities To The Community	9
	8.1 Environmental protection	7
	8.2 Human rights	8
	8.3 Support for the community	8
	8.4 Political involvement	8
9.	Responsibilities To The Individual	9
10.	International Compliance	10
11.	Monitoring Compliance with the Code	10
12.	Other Corporate Governance Documents	10

CODE OF CONDUCT – OBLIGATIONS TO STAKEHOLDERS

1. Commitment to Good Corporate Governance

The Corporate Governance Principles referred to in Australian Wool Innovation Limited (AWI) Corporate Government Policy, approved and adopted by the AWI Board on 17 June 2004 proposes that AWI establish and disclose a code of conduct to guide compliance with legal and other obligations to all its legitimate stakeholders. AWI has adopted this Code of Conduct – Obligations to Stakeholders (**Code**). The Code outlines AWI's:

- 1.1 responsibilities to its Australian wool growing shareholders;
- 1.2 responsibilities to its stakeholders;
- 1.3 responsibilities to the Australian wool industry generally;
- 1.4 employment practices;
- 1.5 obligations relating to fair trading and dealing;
- 1.6 responsibilities to individual stakeholders;
- 1.7 responsibilities to the community;
- 1.8 method for compliance with legislation affecting AWI's operations; and
- 1.9 method for monitoring and ensuring compliance with this Code.

2. Commitment to the Code

- 2.1 AWI endeavours to be recognised as an organisation committed to the highest ethical standards in business. AWI aspires to be a role model in conducting its activities honestly and fairly. AWI is proud of the quality of its employees and of the professional reputation and image built by their work.
- 2.2 This Code reflects AWI's high standards of professional conduct and ethics in dealing with all of its stakeholders and AWI's commitment in complying with all applicable state, national and international laws.
- 2.3 AWI's primary reporting focus will always be its Australian woolgrower shareholders.

2.4 AWI considers that other important stakeholders are:

1. all other Australian woolgrowers;
2. employees;
3. the communities where AWI operates and other parties that have influence over or are influenced by AWI;
4. researchers and research organisations with which AWI invests;
5. wool industry pipeline businesses;
6. the Federal Government;
7. creditors;
8. suppliers;
9. contractors;
10. governmental and non-governmental organisations involved in the Australian wool industry;
11. global apparel retailers; and
12. consumers of Australian Merino woollen products.

2.5 AWI is firmly committed to compliance with the Code. Any action contrary to the Code will be treated very seriously.

2.6 AWI's Board of Directors and management will periodically review and update the Code.

3. Responsibilities to AWI Shareholders and the Australian Wool Growing Industry Generally

3.1 The Board of Directors of AWI recognises its responsibilities under company law to work for the best interests of all shareholders and to meet the legitimate expectations of Australian woolgrowers and the Federal Government as expressed through the Statutory Funding Agreement, Wool Polls and other communications.

3.2 AWI complies with all applicable provisions of the *Corporations Act 2001* and all other laws, rules and legislation affecting its operations.

3.3 Shareholders

3.3.1 AWI has a positive relationship with its shareholders. AWI always attempt to respond to their inquiries and requests as quickly as possible.

3.3.2 AWI is committed to delivering value for shareholders and exerts its best efforts to maximise shareholder benefits.

3.3.3 AWI treats all shareholders equally.

3.4 Disclosure: AWI values communication with its shareholders, other stakeholders and the Australian wool growing industry generally, and will

fulfil its duty to make full, fair and timely disclosure of relevant information to shareholders.

4. Responsibilities to Achieve Objectives

- 4.1 AWI's mission is to drive research, development and innovation (RDI) and marketing that will increase the long term profitability of Australian woolgrowers.
- 4.2 AWI will strive, through its investment decisions, to achieve commercially attractive business outcomes for Australian woolgrowers, and not simply to maximise its own income and profits, noting AWI is a not-for-profit company.
- 4.3 Adoption is essential to RDI success. AWI will work to ensure the relevance and cost effectiveness of research results to encourage adoption. Where a commercialisation path has been chosen, as a general principle, AWI will achieve this through licensing arrangements to provide products and/or services with appropriate royalties to AWI, rather than by owning businesses.
- 4.4 Market failure will be an important consideration in AWI's RDI investment decision making. AWI will incorporate a flexible market failure test into project evaluation processes.
- 4.5 AWI will develop advisory and consultation arrangements with shareholders, industry and researchers to contribute to the defining of relevant and technically sound research projects and objectives.
- 4.6 All RDI by AWI will also ensure that it provides accurate information so that stakeholders may make informed decisions.

5. Privacy policy

- 5.1 In some circumstances it will be necessary to maintain files about AWI's shareholders.
- 5.2 AWI is bound by the National Privacy Principles. The National Privacy Principles set the standards by which AWI handles information collected from shareholders.
- 5.3 AWI only maintains files about a shareholder from information provided by them or related companies as a consequence of information provided by the shareholder.
- 5.4 AWI does not disclose information about the shareholder except in the ordinary operation of the affairs of AWI, which may include providing information on a confidential basis to a mailing house when AWI sends out newsletters and other reports and publications to a shareholder.

- 5.5 At any time a shareholder may opt out of receiving communications from AWI (other than as required at law or for the operation of AWI's business, eg regarding payment of an account or to communicate in relation to a legal matter or a legal disclosure requirement).
- 5.6 Ordinarily AWI will not release shareholder information without the shareholder's consent. However, AWI advises that there may be occasions where AWI may be required to release the details of a shareholder, irrespective of whether the individual has consented to the disclosure of the information. This will occur where the law requires disclosure, such as pursuant to a Court subpoena.
- 5.7 A shareholder may, without reason, request access to the information held about that shareholder. If a shareholder believes that any information held about it is incorrect, incomplete or inaccurate it may request the information be amended. If AWI does not agree that there are grounds for amendment then AWI will add a note to the information stating that the shareholder disagrees with it.
- 5.8 Any questions regarding the operation of this Privacy Policy should be directed to the Company Secretary of AWI (details front cover page).

6. Employment Practices

6.1 Equal opportunity

AWI is an equal opportunity employer. This means that AWI does not unlawfully discriminate on the basis of racial origin, gender, age, ethnicity, marital status, disability, religious or philosophical beliefs, sexual preference or political affiliation. AWI considers allegations of harassment and unlawful discrimination as extremely serious and will take appropriate action.

6.2 Diversity

AWI promotes and supports a diverse workforce at all levels of AWI. It is AWI's belief that creating a work environment that enables AWI to attract, retain, and fully engage diverse talents leads to enhanced innovation and creativity in the implementation of AWI's main mission of funding RDI products and services.

6.3 Health

6.3.1 AWI strives to protect the physical and emotional health of all employees in the workplace; and

6.3.2 AWI has developed a set of core occupational health standards. These standards are implemented through education and training, and are regularly reviewed. The standards are in compliance with applicable health laws, regulations and appropriate practices.

6.4 Safety

6.4.1 AWI aims for a safe and accident-free workplace; and

6.4.2 AWI adheres to comprehensive safety standards focusing on hazard identification and risk assessment. These standards are implemented through education and training, and are regularly reviewed. The standards are in compliance with applicable safety laws, regulations and appropriate practices.

6.5 Training and potential

AWI believes in enabling employees to develop to the maximum extent of their abilities. AWI improves its employee's skills and competencies by regular performance reviews and undertaking education, training and coaching. AWI recognises potential and offers professional development opportunities within the Company.

6.6 Use of AWI funds and resources

6.6.1 employees must not use AWI, property, equipment or other resources for unauthorised personal benefit; and

6.6.2 employees should use AWI funds ethically, efficiently and effectively and not for personal benefit. Employees must report expenditures accurately. AWI will treat submission of a fraudulent expense report as serious misconduct.

6.7 Unlawful or Unethical Behaviour

6.7.1 employees should, and are encouraged to, raise any concerns regarding unlawful or unethical behaviour with their supervisor or superiors. AWI is committed to ensuring employees who raise concerns regarding unlawful or unethical behaviour are not subsequently victimised.

6.8 Confidentiality

6.8.1 employees are required to protect proprietary, commercial and other information that is confidential to AWI. Obligations of confidentiality continue after an individual's employment with AWI ends; and

6.8.2 information that is not publicly available concerning the activities, results or plans of AWI must only be used for authorised purposes.

6.9 Conflicts of interest

A conflict of interest involves a conflict between the duties of an employee of AWI and that employee's personal interests.

6.9.1 Personal interests include:

- (a) personal, professional and business interests that an employee may have; and
- (b) the personal, professional or business interests of people or groups that an employee is associated with.

6.9.2 If there is uncertainty as to whether a conflict of interest exists or may be perceived to exist employees should speak with their supervisor.

6.9.3 Employees must:

- (c) avoid any actual, potential or perceived conflicts of interest;
- (d) report breaches of this Code to their supervisor;
- (e) disclose all conflicts of interest as soon as an employee becomes aware of the conflict, to the best of that employee's knowledge, in accordance with this Policy; and

if an employee's circumstances change over time, make further disclosures as soon as that employee becomes aware of the conflict, in accordance with this Code.

6.9.4 Employees must disclose all relevant interests as soon as they become aware of a conflict or potential conflict. The disclosure of interest must be notified in writing (including by email) and provided to the employee's supervisor if an employee is making the disclosure.

6.9.5 The disclosure of interest must set out details:

- (f) the nature and extent of interest;
- (g) how the interest conflicts, may potentially conflict, or may be perceived to conflict with the responsibilities the employee has with AWI;
- (h) the date interest began; and

whether the employee has taken any steps to address or manage the conflict.

6.10 Drug and alcohol use

6.10.1 employees of AWI will not be under the influence of illegal drugs or excessive alcohol in the workplace or in any situation where they may bring AWI into disrepute with any of its stakeholders; and

6.10.2 smoking is not permitted in any part of the AWI indoor workplace.

6.11 Consultants and Contractors

References in this Code to employees will apply to people who are associated with AWI on a consultancy or contractual basis.

6.12 Reputation

6.12.1 Contractors and employees of AWI each personally acknowledge and agree that as an employee of or contractor to AWI they are ambassadors and representatives of both the Australian wool industry and AWI and must to the fullest extent reasonably possible do nothing to damage the standing of either in any place worldwide,

6.12.2 AWI does not intend to interfere with or direct employees, consultants or contractors in the conduct of their private lives, whether they are outside or inside Australia. AWI does however wish to emphasise to its employees, consultants and contractors that any conduct, whether during work hours or otherwise, that brings the Company or the Australian wool industry into disrepute will be taken very seriously and may lead to termination of an employee's, consultant's or contractor's contract with the Company.

6.12.3 Please also see Rules 10 and 11 of this Code of Conduct, entitled International Compliance and Monitoring Compliance.

7. Fair Trading and Dealing

7.1 Competition Laws

AWI believes that AWI, the Australian economy, Australian woolgrowers and the public generally all benefit if businesses compete vigorously. AWI, its employees, and representatives will treat all parties that they deal with fairly and will not engage in anticompetitive practices that unlawfully restrict the free market economy. AWI is therefore firmly committed to upholding the Trade Practices Act 1974 and corresponding state legislation.

7.2 Bribes and Secret Commissions

No payment in any form may be made directly or indirectly to anyone for the purpose of obtaining any favourable action or decision or for a secret commission. A violation of this policy will subject the employee to disciplinary action, which may include summary dismissal, and may be determined by a court of law as a breach of the criminal law.

7.3 Gifts

7.3.1 employees must exercise extreme care when giving or receiving business related gifts;

7.3.2 employees should exercise particular caution in regard to any offers of value, including hospitality, travel, accommodation, entertainment and other gifts when AWI is negotiating a contract and/or is in a contractual relationship with the giver of the gift and so may be in a position to influence, directly or indirectly the outcome of an AWI decision. There must not be an impression of an improper connection between any gift and business opportunities and/or decision;

7.3.3 the employee must consider the monetary value of the gift, local custom and legal requirements when determining whether a gift should on behalf of themselves personally or on behalf of AWI be retained, declined and/or returned. All gifts retained personally by an AWI employee must be reported to the CEO or the Company Secretary;

7.3.4 employees must not request gifts from any party including any party with whom AWI conducts business or may in the future conduct business; and

7.3.5 employees must not exchange gifts with AWI's competitors as this may create an actual or perceived conflict of interest. (see 7.4 below).

7.4 Agreements with Competitors

7.4.1 formal or informal agreements with parties competing with AWI (if any) that seek to limit or restrict competition in some way are often illegal. Unlawful agreements include agreements that seek to boycott certain suppliers; and

7.4.2 to ensure compliance with state and federal trade practices legislation, discussions with competitors regarding any of these potential agreements is a violation of AWI policy and will subject the employee to disciplinary action, which may include summary dismissal, as well as the potential for criminal prosecution.

8. Responsibilities To The Community

8.1 Environmental protection

AWI respects the environment and protects our natural resources. Wherever possible AWI will prevent or otherwise minimise and mitigate harmful effects of AWI's operations on the environment. Compliance with all environmental laws and regulations is the foundation on which AWI builds its environmental performance.

AWI also requires compliance with environmental laws and regulations with all parties with which it contracts, including researchers and RDI organisations.

8.2 Human rights

8.2.1 AWI supports human rights consistent with the United Nations Universal Declaration of Human Rights and AWI respects those rights in conducting AWI's operations around the world; and

8.2.2 AWI looks for opportunities to support positive efforts to promote broader understanding of human rights values, especially where they assist AWI's local communities.

8.3 Support for the community

AWI has a strong commitment to the improvement of society as well as the communities it serves and in which AWI operates. AWI encourages the support of charitable, civic, educational, environmental and cultural causes.

8.4 Political involvement

AWI does not directly or indirectly participate in party politics. AWI does not make payments to political parties or individual politicians in Australia nor in any country.

9. Responsibilities To The Individual

Collecting information on competing organisations (if any) from legitimate sources to evaluate the relative merits of their products, services, and marketing methods is proper and often necessary. AWI considers stealing information as a serious breach of this Code. In addition, seeking confidential information from a new employee who recently worked for a competitor, or an employee misrepresenting their identity in the hopes of obtaining confidential information from a competitor is strictly prohibited.

10. International Compliance

- 10.1 Where AWI operates outside of Australia, AWI will comply with all local and international laws. Employees are expected to know and follow the laws of the relevant area where AWI operates.
- 10.2 If the standards in the foreign jurisdiction are lower than and not in conflict with those imposed by Australian legislation then AWI must comply with the standard set by Australian legislation.

11. Monitoring Compliance with the Code

- 11.1 It is the responsibility of every employee of AWI to promote, and ensure compliance with, the Code.
- 11.2 AWI has established a system for reporting violations of any of AWI policies and this Code, as well as any suspected misconduct by any employee or representative of AWI. This may be done in writing to the Company Secretary of AWI.
- 11.3 AWI will not permit any form of retribution against any person, who, in good faith, reports known or suspected violations of this Code or any other AWI policy.

12. Other Corporate Governance Documents

For copies of AWI's various Corporate Governance charters, policies and codes, please follow the links below:

<http://www.wool.com.au/attachments/Publications/Corporate/AWIBoardCharter.pdf>

<http://www.wool.com.au/attachments/Publications/Corporate/AWICharterOfBoardCommittees.pdf>

<http://www.wool.com.au/attachments/Publications/Corporate/AWICodeOfConductDirectorsOfficers.pdf>

http://www.wool.com.au/attachments/Publications/Corporate/AWICodeOfConduct_200406.pdf

[insert link to Communications Strategy]

http://www.wool.com.au/attachments/Publications/Corporate/Rules_for_Election_of_Directors.pdf