

## PRIVILEGE AND CONFIDENTIAL

### Notes from Teleconference

**Time & Date** – Friday, 29 September 2017 at 10am

**Participants** – Colette Garnsey (CG), Meredith Sheil (MS), Stuart McCullough (SMC) and Natasha Hall

**Topic** – AWI Chairman's Attendance at Merino Select Group

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Discussions took place as to:-

- Whether SMC, in his capacity as CEO of AWI, was aware of the Ram Breeders Survey 2017.
  - SMC: Yes, at AWI there is a digital system in place for approving projects and this Project came through that process for his ultimate sign off. The process starts with the Project Manager, Neil Judd (NJ) then goes up the General Manager, Paul Swan (PS) for approval, and finally the Appropriation Request (AR) for the project goes to those with financial delegation to sign off, in this case being the CFO and then himself as CEO.
  - SMC: explained that the allocated budget for this Project was below the threshold that requires approval by the Board.
- Whether the CEO viewed the Project as being contentious?
  - SMC: No, he saw it as a focus group undertaking research which would ultimately benefit the company. It had been recommended by both NJ and PS.
  - SMC: Cannot recall any discussions being held in relation to the style of the meeting. SMC confirmed that at the time of approving the AR for the project he had no visibility as to the style of the meeting.
- What is AWI's general process is in relation to escalation of staff issues? Specifically, if a Project Manager has an issue, who would they go to?
  - SMC: if a Project Manager has an issue they normally go to their direct superior.
  - SMC: in this instance NJ's (as Project Manager) direct superior was PS who had left AWI by the time the focus group was held. Accordingly, NJ was able to go directly to SMC as Acting General Manager, Research with any questions or issues.
- Whether SMC, in his capacity as CEO of AWI, is available to deal with issues as and when they arise? Including when he travels (e.g. does the CEO have access to a computer, iPad or phone at all times, etc.)?
  - SMC: Always. In his 7 ½ years as CEO he has never not been available. The only exception to this was when he went to Stanford for a period of 6 weeks a few years ago but in that instance he assigned his delegation to the CFO and General Manager for Marketing.
  - SMC: Noted that even on holidays he is available and has in the past received and taken phone calls from all levels of AWI staff.
- Was the CEO aware of what a focus group is (in an AWI capacity)? What did the CEO envisage a focus group involved?

- SMC: SMC imagined that it would be a small group of growers sitting around a table being asked predetermined questions with those questions being asked by a facilitator. The aim of such a group would be to flush out ideas, concepts and issues that need to be addressed.
- Whether the CEO had experienced this particular style of focus group in his experience (namely where the client would observe the participants behind a mirror)? Whether SMC was aware if this particular style of focus group was common to other industries?
  - SMC: Has had no personal experience with this particular style of focus group.
  - SMC: Has not had experience with this particular style of focus group being used for agricultural industries.
- Was the CEO aware that the Chairman had decided to attend the focus group?
  - SMC: No.
- Whether during SMC's tenure as CEO that the Chairman attended various meetings, for example meetings with woolgrowers?
  - SMC: Yes. Not only does the Chairman attend AWI meetings but also other Directors' attend meetings as well. It is not uncommon at AWI, and as CEO, SMC welcomes such attendances.
  - SMC: In his experience, the Chairman usually asks to participate prior to attending the relevant meeting. Further, the Chairman usually only observes meetings; he doesn't usually actively participate. The Chairman generally provides feedback to both the CEO and Board as to the manner of the meeting from a process perspective.
  - SMC: Reiterated that the Chairman usually forecasts his attendance at a meeting but in this particular instance SMC was overseas on business so he did not flag his proposed attendance.
  - SMC: In the circumstances where the Chairman speaks to AWI staff without giving SMC prior notice he gives notice shortly after as a matter of process. Generally, the AWI staff also inform SMC of discussions with the Chairman as well. Accordingly, SMC generally gets two verifications that discussions took place.
- Whether SMC could recall if the Project was raised at any Board or Science and Welfare Committee (SWC) meetings prior to the focus group taking place?
  - SMC: His recollection is that the Project was first raised by Director Webster at the June 2017 Board meeting (which took place on 9 June 2017, a week prior to the first focus group meeting).
  - SMC: He did not believe that it was mentioned in any SWC or Board papers prior to this.
  - SMC: Presumes that Director Webster was alerted to the focus group meeting because a grower who had been invited mentioned it to him.
  - SMC: Remembers that it was raised by Director Webster at the June 2017 Board meeting and not the SWC, because NJ was not available to answer any questions.
  - SMC: Cannot recall whether Director Webster disclosed the issue that made him raise the focus group and presumes that Director Webster may have been interested in learning what the line of questioning may be.

- Whether this type of matter should have been highlighted to the SWC, particularly given the spectrum of participants?
  - SMC: The Project was approved in March 2017, and contracted in April 2017. In his opinion, it should have been mentioned in passing particularly given that by the June 2017 meeting all of the questions would have been prepared and the participants would have been determined.
  - SMC Not sure if the 'style' of the focus group would have been a topic of Board discussion.
  
- Whether the On-Farm/Research Team were aware that SMC was acting as General Manager, Research (after PS's departure)?
  - SMC: Yes. He met with the Team prior to the June 2017 Board meeting and asked them all to progress 'business as usual' and prepare amongst themselves a draft Research SWC Report for SMC to review and approve.
  
- When did SMC become aware of the incident, namely that participants complained that the Chairman had attended the focus group meeting?
  - SMC: From his memory, he was first made aware of the issue on 7 August 2017. He does not believe that he received a direct complaint from a grower. SMC thinks that NJ was the only AWI representative who received complaints directly from participants.
  - SMC: In an email received on 7 August 2017 from NJ, SMC had been notified that the Chairman had attended a focus group meeting and that a couple of participants had raised concerns about this. SMC admitted that he was slightly confused when he first read the email because to his knowledge there had been no recent focus group meetings, given that the focus group in question took place in June.
  - SMC: The email of 7 August 2017 highlighted that a couple of participants had felt that their privacy had been breached. Given this he asked that Natasha Hall (NH), as Group Manager Legal Services look into the situation and assess whether or not AWI had breached the participants' privacy.
  
- What communications have occurred between AWI and the participants since the incident?
  - SMC: It was his understanding that a letter of apology was sent shortly after the incident had been raised but he now knows that this is not factually correct. The letter that was sent to the participants after the incident in order to clarify that their information would be kept confidential. It essentially reassured the participants.
  - SMC: An open letter to woolgrowers was published by the media. He noted that in this letter he referenced an apology letter which he has explained above.
  
- Did the AWI approval process have details of the participants included in it?
  - SMC: SMC explained that at the approval process stage of a Project the topics covered are more about the intent of a project, how a project is going to get from A to B etc. SMC notes that it would have been uncommon to have listed at this stage of the process the participant and details of the style of the focus group.

Discussions closed.