

Australian Wool Innovation Limited
ABN 12 095 165 558

Conflicts of Interest Directors and Officers

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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

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CONFLICTS OF INTEREST POLICY

1. Purpose - Commitment to ethical and responsible decision making

- 1.1 Australian Wool Innovation Limited (**AWI**) endeavours to be recognised as an organisation committed to high ethical standards in business.
- 1.2 The Board of AWI acknowledges that transactions involving Directors and Officers of AWI may occur in the ordinary course of AWI's business since the Board includes members actively involved in the wool industry including research, development, marketing and innovation required to increase the long term profitability of Australian woolgrowers.
- 1.3 The Board of AWI has adopted a number of policies, including this policy, a Code of Conduct and a Board Charter, to assist it to undertake decisions in an ethical and responsible way without being influenced by improper considerations, and to ensure that AWI's contracts are on arms length commercial terms and are consistent with AWI's legal obligations.
- 1.4 For the purposes of this policy:

“Directors” collectively refers to each current, serving Director during their respective terms of appointment and each “Officer” refers to each current serving Company Secretary or executive officer of AWI.

A reference to Directors throughout this policy includes a reference to Officers.

2. Application of this policy to Directors and Officers of AWI

- 2.1 This policy applies to each Director of AWI throughout their respective terms of appointment.
- 2.2 The process for management of conflicts of interest applicable to employees and contractors of AWI is set out in AWI's Code of Conduct.
- 2.3 This policy is not intended to be in derogation of any general law rules about conflicts of interest, including the Corporations Act or any provision in AWI's constitution that restricts a Director from having a material personal interest in a matter or holding an office or possessing property involving duties or interests that conflict with their duties or interests as an AWI Director.

3. Conflicts Rule under Corporations Act and this Policy

- 3.1 A Director must not place himself or herself in a position where there is an actual, perceived or potential conflict between his or her personal or business interests, the interests of any related entity or person or duties to any other company on the one hand, and the interests of AWI or his or her duties to AWI, on the other hand.
- 3.2 Under the Constitution of AWI, the Corporations Act 2001, the general law and this policy, Directors are required to disclose to the Board any material personal interest in accordance with sections 191 and 192 of the Corporations Act.
- 3.3 In compliance with section 195 of the Corporations Act 2001 any Director with a material personal interest in a matter being considered by the Board or a Committee of the Board may not be present when the relevant matter is being considered and may not vote on the matter, unless approval for participation is obtained from other non-interested Directors in accordance with the Act or approval for participation is obtained from ASIC.
- 3.4 In addition, any Director who has disclosed a conflict of interest in connection with any matter being considered by the Board or a Committee will not receive a copy of any paper dealing with the matter.

4. What is a conflict of Interest under this policy

- 4.1 In addition to sections 191, 192 and 195 of the Corporations Act, the Board considers that the rules in paragraph 3 of this policy should also apply to wider interests beyond the minimum prescribed by law, both to deal with perceived (apparent) conflicts or potential conflicts of interest and to ensure ethical decision making.
- 4.2 Except for transactions entered into in the ordinary course of business of AWI, an Interest must be disclosed to other Directors where the Director, or a spouse, partner, parent, child or sibling of the Director or the parent, child or sibling of the Director's spouse or partner, (collectively "Director's family"):
 - i) has any interest in any entity or related entity in relation to a body corporate as defined in section 9 of the Corporations Act, (Related Entity) with which AWI proposes to enter a contract or arrangement;
 - ii) is an officer (a Director, Company Secretary, executive officer or employee) of the entity or Related Entity with which AWI proposes to enter a contract or arrangement;
 - iii) has any direct or indirect financial interest or a right to benefits produced by the contract or arrangement with AWI (whether the

- right is actual, prospective or contingent and whether it is enforceable or not);
- iv) acts as the solicitor, accountant, auditor or other adviser for any entity or Related Entity with which AWI proposes to enter into any contract or arrangement;
- v) a company or a Related Entity of which the Director or the Director's family is a shareholder or an officer, is entitled to receive any payment from the contract or arrangement;
- vi) has an ownership or other interest either directly or indirectly in any entity or Related entity which transacts with AWI; or
- vii) is a trustee of a trust in relation to which the Director or the Director's family is capable of benefitting.

5. Disclosure of Interests

- 5.1 On appointment, each Director and Officer is responsible for considering whether they may have a material personal interest under section 191 of the Corporations Act or an Interest under this policy and if so, notifying other Directors of those interests either orally or in writing before the conflict arises. Notification to the other Directors can be made by notifying the Company Secretary of AWI.
- 5.2 The notice required must give details of:
 - (i) The nature and general extent of that interest; and
 - (ii) The relation of that interest to the affairs of AWI; and
 be given at or before a Directors' meeting as soon as practicable after the Director becomes aware of their interest in the matter.
- 5.3 The Company Secretary will include such disclosures in AWI's Disclosure of Relevant Interests register which will be included with each set of board papers for Board review and noted in the Board minutes.
- 5.4 Directors are responsible for keeping disclosures of their material personal interests and other Interests up to date and should ensure that all changes are disclosed to the Company Secretary as soon as is practicable. The Company Secretary is responsible for circulating changes to the Disclosure of Interests register to all Directors as soon as practicable after being made aware of any such disclosures.
- 5.5 Consideration by the Board of the Disclosure of Relevant Interests register will be a standing, first agenda item for each the Board meeting.
- 5.6 Any disclosure of material personal interests or other Interests by a Director at a meeting will be minuted as will the Board's consideration of the Disclosure of Relevant Interests register.
- 5.7 Directors may give a standing notice of the nature and general extent of any material personal interest or other Interest, in accordance with paragraph 5.2, which remains effective in relation to such interests, until

amended or withdrawn. A standing notice may be given at any time and whether or not the matter relates to the affairs of AWI at the time the notice is given. Any such standing or other notice will be included in the Disclosure of Relevant Interests and circulated to the Board at the next meeting after any such notice is given.

6. Management of Directors and Officers Conflicts of Interest - Participation with approval of other Directors

- 6.1 Where Directors consider that it is appropriate for a Director who has disclosed a material personal interest or other Interest (the Conflicted Director) to nevertheless be present and vote on the matter despite the conflict, they may approve the Conflicted Director remaining in the meeting while discussion takes place and voting on the matter.
- 6.2 The Director may be present and vote if Directors who do not have a Interest in the matter have passed a resolution that:
 - (i) identifies the Conflicted Director, the nature and general extent of the Director's interest in the matter and its relation to the affairs of AWI; and
 - (ii) states that those Directors are satisfied that the interest should not disqualify the Conflicted Director from voting or being present during discussion or voting.
- 6.3 The Conflicted Director may also be present and vote if he or she is so entitled by a declaration or order made by ASIC.
- 6.4 The resolution approving the Conflicted Director's participation will be minuted.
- 6.5 If there are not enough Directors to form a quorum for a Directors' meeting due to disclosed material personal interests or other Interests, one or more of the Directors (including a Conflicted Director) may call a general meeting and the general meeting may pass a resolution to deal with the matter. The Conflicted Director may consider or vote on a resolution to put the matter to general meeting.
- 6.6 A contravention of this policy by a Director does not affect the validity of any act, transaction, contract or arrangement, instrument, resolution or other thing. However, there are some instances where the failure to disclose a material personal interest or another Interest may be a criminal offence and result in penalties for the Conflicted Director.