**SHAREHOLDERS SUPPORTING THE MOTION**

Please complete all fields of information below in support of the proposed ordinary motion

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Full Name of AWI Share holder (Please Print) as per your AWI Shareholder registration** | **Contact Details (incl. postcode) as per your AWI Shareholder registration** | **Signature (for joint holding, any joint holder may sign)** | **Date** |
| **1** |  |  |  |  |
| **2** |  |  |  |  |
| **3** |  |  |  |  |
| **4** |  |  |  |  |
| **5** |  |  |  |  |
| **6** |  |  |  |  |
| **7** |  |  |  |  |
| **8** |  |  |  |  |
| **9** |  |  |  |  |
| **10** |  |  |  |  |

(Please provide and attach additional pages with the details and signatures of the required total of 100 or more eligible shareholders supporting the

Motions below)

**Proposed Motion: AWI cease immediately all investment in WoolQ Pty Ltd and block chain technology. WoolQ to be sold or wound up within nine months.**

**Please return your signed partition by email to “Robert Ingram” <**[**ingramrp@bigpond.net.au**](mailto:ingramrp@bigpond.net.au)**> by 15 Oct 20**

**EXPLANATORY NOTES**

WoolQ Pty Ltd is a fully owned subsidiary of AWI under the control of the AWI Board that operates as an electronic platform that facilitates the selling of wool.

Under the Statutory Funding Agreement (SFA)[[1]](#endnote-1) there are requirements as to what research and development AWI can fund and under what circumstances. Two of the requirements are:

* Investment cannot occur unless there is market failure
* Investment cannot be made into programs/ projects that sell wool

The ordinary motion is proposed given the following consideration

* There is **no market failure in the area of electronic wool selling platforms or block chain technology.**

Currently two electronic wool selling platforms operate (Wooltrade and Auctions Plus) and others are being developed. Block chain technology is used by players in the wool supply chain already and offers to AWI to take over and further develop and expand an existing system were rejected as AWI said it would develop its own block chain technology.

No up-to-date figures on expenditure on these two technologies is available but it is understood it is between $5.5 million and $ 7.0 million of shareholders monies has been expended in contradiction to the SFA and the recommendations of the WoolQ review committee[[2]](#endnote-2).

Investment in these technologies contravenes the SFA as there is no market failure. This contravention has been raised with the responsible Federal government department – Agriculture, Water and Environment.

* **WoolQ is now a wool selling platform which is a serious breach of the SFA.**

WoolQ now operates as a platform to facilitate the selling of wool. This is a serious breach under the SFA and the company’s Constitution.

The system has also failed in terms of market and grower adoption. Agents and exporters are opposed to WoolQ and refuse to adopt it – there is no and will be no adoption by the brokering and exporting segments of the industry, confirmed in discussions with representatives of these industry segments.

There is very limited adoption by wool growers of WoolQ. WoolQ weekly sales are an insignificant part of the trade, less than 1% on a weekly basis, because there is no market failure.

Involvement in this segment of the wool industry is outside of AWI's mandate under the SFA as an RDC – selling wool is outside of the SFA regulations. This breach has been brought to the attention of the responsible Federal government department – Agriculture, Water and Environment.

1. The Statutory Funding Agreement dictates the operation of AWI in order for government funds to be provided to the Company, which is around 15% of the company’s total funds each year [↑](#endnote-ref-1)
2. The WoolQ review committee recommended that the system only be implemented in collaboration and support of AWEX and AWTA. AWEX and AWTA have indicated that do not wish to participate in WoolQ. It is important to note the review committee did not raise or consider WoolQ violating the SFA in terms of market failure and the selling of wool. [↑](#endnote-ref-2)