



NAMOI COTTON LIMITED

CORPORATE GOVERNANCE STATEMENT

2022



NAMOI COTTON LIMITED
ABN 76 010 485 588

2022 Namoi Cotton Limited Corporate Governance Statement

Namoi Cotton Limited ('Namoi Cotton' or the 'Company') has adopted a program to review and improve its charters, policies and procedures periodically as required to ensure its corporate governance framework remains current and compliant with best corporate practice.

Namoi Cotton's corporate governance practices are outlined in this Corporate Governance Statement and addresses the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' – 4th Edition released in 2019 (referred to as 'ASX Principles or Recommendations'). Namoi Cotton has lodged with ASX the Appendix 4G (Key to Disclosures – Corporate Governance Council Principles and Recommendations) together with this Corporate Governance Statement and the Company's 2022 Annual Report.

The Namoi Cotton Charters and Policies for the Board and its current Board sub-committees referred to in this Corporate Governance Statement are available in the Corporate Governance section of Namoi Cotton's website at <https://www.namoicotton.com.au/investors/governance/> (collectively such policies are known as the "Corporate Governance Documents"). A copy of the 2022 Annual Report is also available on the Namoi Cotton website at [Investors | Namoi Cotton](#).

The 2022 Corporate Governance Statement is dated 8 July 2022 and covers the corporate governance practices and policies in place during the financial year ending 28 February 2022 and up to the date of this report. The 2022 Corporate Governance Statement was approved by the Board on 11 July 2022.

During the financial year ended 28 February 2022 and to the date of this report, the Board has undertaken a thorough review of its governance charters and policies to strengthen and enhance the company's governance platform. Namoi Cotton has monitored and updated the Company's risk management framework, including a review and identification of requisite Board skills, to ensure that the Company is in a strong and sustainable financial and operating position to achieve its strategic goals.

The Board Charter, Audit, Risk and Compliance Committee Charter, People Culture and Nomination Committee Charter, and Safety Committee Charter were all reviewed during calendar year 2022 to improve Board and committee governance standards to achieve a higher standard of accountability, transparency and reporting in the company, and also to address the 4th edition ASX Corporate Governance Principles and Recommendations. The various Board sub-committees are governed by their respective Charters which sets out the Committee's purpose, responsibilities, role, membership, meeting process, Board reporting obligations and assessment of performance.

The Board has taken a proactive approach to revising its governance policies and procedures to address the 4th edition ASX Corporate Governance Principles by initiating a review of its Code of Conduct, Risk Management Policy, Anti-bribery and Corruption Policy, Disclosure and Communication Policy, Diversity Policy, and a company-wide review of internal policies and procedures. The Company's Whistleblower Policy addresses and complies with the amendments to the *Corporations Act 2001* (Cth) and the *Taxation Administration Act 1953* (Cth) that are effective from 1 July 2019.

The Board sub-committees review matters designated within their respective Charters and make recommendations to the Board. The Board and sub-committee composition and attendance are set out in the Directors' Report within the 2022 Annual Report. The qualifications of Board and committee members and attendance at meetings is included in the Directors Report of the 2022 Annual Report.

Structure and Composition of the Board

The Namoi Cotton Constitution ("Constitution") provides that the Board must comprise an even number of Directors that is not more than a maximum of 8. Article 11.3 of the Constitution requires

that at all times one-half of the total number of Directors must be Grower Directors (the “Grower Director Representation Rule” or “Rule”) for so long as the Grower Directors Representation applies.

In accordance with the Constitution, the continuation of this Rule will be considered by shareholders at the 2022 Annual General Meeting (“AGM”). If shareholders approve the continuation of this Rule at the 2022 AGM, the Constitution requires shareholders to consider the Rule again at the 2027 AGM. If shareholders do not approve the continuation of this Rule at the 2022 AGM, the provisions of the Constitution relating to the Rule and any requirements imposed on Grower Directors will cease to apply at the conclusion of the 2022 AGM.

The Company has vacant Grower Director positions since the retirement of Glen Price in July 2021 and the recent change in classification of Tim Watson from Non-Executive Grower Director to Non-Executive Director.

If shareholders do not approve the continuation of this Rule at the 2022 AGM, shareholders will consider removing the requirement to have an even number of directors at the 2022 AGM.

Article 12 of the Constitution sets out the requirements to be eligible for a Grower Director.

A copy of the Constitution is available on the Namoi Cotton website at <https://www.namoicotton.com.au/investors/governance/>.

As at the publication of this governance statement the Non-Executive Director on the Board who is classified as being a Grower Director is Mrs Juanita Hamparsum. Tim Watson who is a Non-Executive Director, ceased to be classified as a Grower Director in 2022.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 – Roles and Responsibilities

The Board’s responsibilities and reserved decision-making parameters are set out in the Board Charter. The roles and responsibilities of the Board are defined in the Board Charter, and the respective Board sub-committee Charters (all of which are available on the Namoi Cotton website).

During the 2022 financial year the Board delegated day to day management, operation and administration of Namoi Cotton to the Chief Executive Officer (“CEO”), who has the authority to sub-delegate his duties to various members of the executive management team. The Board is responsible for reviewing the performance of the CEO.

Mr John Stevenson was appointed to the position of CEO of Namoi Cotton on 7 June 2021 and remains in that role as at the date of this Corporate Governance Statement. Mr Stevenson was appointed Chief Financial Officer (“CFO”) on 30 March 2020 and was replaced by Ms Sonya Ryan who commenced in the CFO position on 10th January 2022.

Recommendation 1.2 – Director selection

The process of the appointment and removal of Directors is governed by the Constitution.

The Board has a People, Culture, and Nomination Committee (“PCNC”) which has the responsibility for recommending to the Board candidates to be considered or nominated to act as a Director for the Board.

If a new Director is appointed by the Board as a casual vacancy or as an addition to the existing Directors during the year, then such appointee holds office until the conclusion of the next AGM of the Company and is eligible for election at that meeting.

In considering candidates for the selection, election and appointment to the Board, the PCNC and the Board assess a candidate’s background, qualifications, industry experience and personal attributes. As

part of this process and at regular intervals, the Board will conduct a skills assessment to ensure that Directors possess the appropriate skills, experience, and attributes to govern the Company.

The Board undertakes appropriate checks before appointing a new Director including reference checks, criminal and bankruptcy checks, academic qualifications checks and where applicable, Grower Director checks to ensure they meet the Grower Directors qualifications under the Constitution.

Recommendation 1.3 – Terms of Appointment

Namoi Cotton has written agreements with all Directors setting out the key terms and responsibilities of their appointment. Senior Executive employment contracts clearly state the terms of appointment and the expectations of the Company regarding performance including any performance-based incentives.

Recommendation 1.4 – Company Secretary

The Company Secretary has access to all Board members. The role of the Company Secretary is outlined in the Board Charter. The Company Secretary assists and advises the Board on governance and compliance matters.

Company Secretarial services are managed jointly by Ms Sonya Ryan and Mr John Stevenson, with Mr Andrew Metcalfe acting in an advisory capacity. Mr Metcalfe is an experienced independent Company secretary and governance consultant, having been a Company secretary and governance advisor to ASX listed companies for over 20 years.

Recommendation 1.5 – Diversity Policy

Diversity within Namoi Cotton is created by an inclusive working environment. Namoi Cotton has published its Diversity Policy on its website at <https://www.namoicotton.com.au/investors/governance/>, which promotes diversity of religion, race, ethnicity, gender, disabilities, age, cultural background, socio-economic background, sexual orientation, perspective, experience and other areas of difference.

In respect of the diversity strategy, the Board and Management:

- promote diversity in the Namoi Cotton workplace.
- support equal opportunity in the recruitment, selection and promotion of employees from different backgrounds, knowledge, gender and experience. The Namoi Cotton recruitment process is structured to provide equality in recruitment and unbiased selection and promotion decisions.

The Diversity Policy includes measurable diversity objectives that are reflected in the recruitment policy. The Board, in consultation with the PCNC, set measurable objectives for achieving diversity, in particular gender diversity. The intention is to achieve the objectives over time.

Measurable diversity metrics include:

- representation of roles by age and gender for Management, Team Leaders and Board levels.
- gender salary comparison in same role and same level positions.
- gender representation in talent and succession planning; and
- setting diversity targets.

As at the date of this Corporate Governance Statement, 20% of Namoi Cotton's employees (prior year 17.9%) is made up of women employed across all sites and locations. Namoi Cotton is committed to a diversity strategy aimed to promote the appointment of qualified, experienced, and diverse Directors,

Management and Employees to achieve Namoi Cotton's objectives on diversity.

Namoi Cotton's Workplace Gender Equality Act public report for 2021 is available on its website at <https://www.namoi cotton.com.au/investors/governance/>.

Recommendation 1.6 – Board and Committee Performance and Evaluation

The Board conducts annual evaluations of its performance and the performance of its Board sub-committees. The process of performance review enables the Board to identify areas for improvement. The Board performance evaluation, amongst other things, is based on Namoi Cotton's performance against long term objectives, the business plan and budgeted performance.

An external performance and evaluation of the Board and its Board sub-committees was undertaken in the reporting period. The report confirmed that the current Board have the appropriate mix of skill, experience and expertise to execute the Company's objectives and strategies.

Recommendation 1.7 – Senior Management Performance and Evaluation

Namoi Cotton's Corporate Governance Documents detail the procedures for performance review and evaluation. Senior Management are evaluated against individual performance and business measures on an ongoing basis. Namoi Cotton sets key performance indicators for its senior executives and performance is evaluated against these targets annually.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 – People, Culture and Nomination Committee

Namoi Cotton has established a People, Culture and Nomination ('PCNC') Committee to assist the Board in reviewing succession planning, remuneration policies and practices. The PCNC Charter sets out the Committee's responsibilities, structure, access to resources and information, meeting processes and performance evaluation. In addition, the Board has adopted a Remuneration Policy which is available on the Namoi Cotton website.

The primary function of the PCNC is to assist the Board in fulfilling its corporate governance responsibilities to:

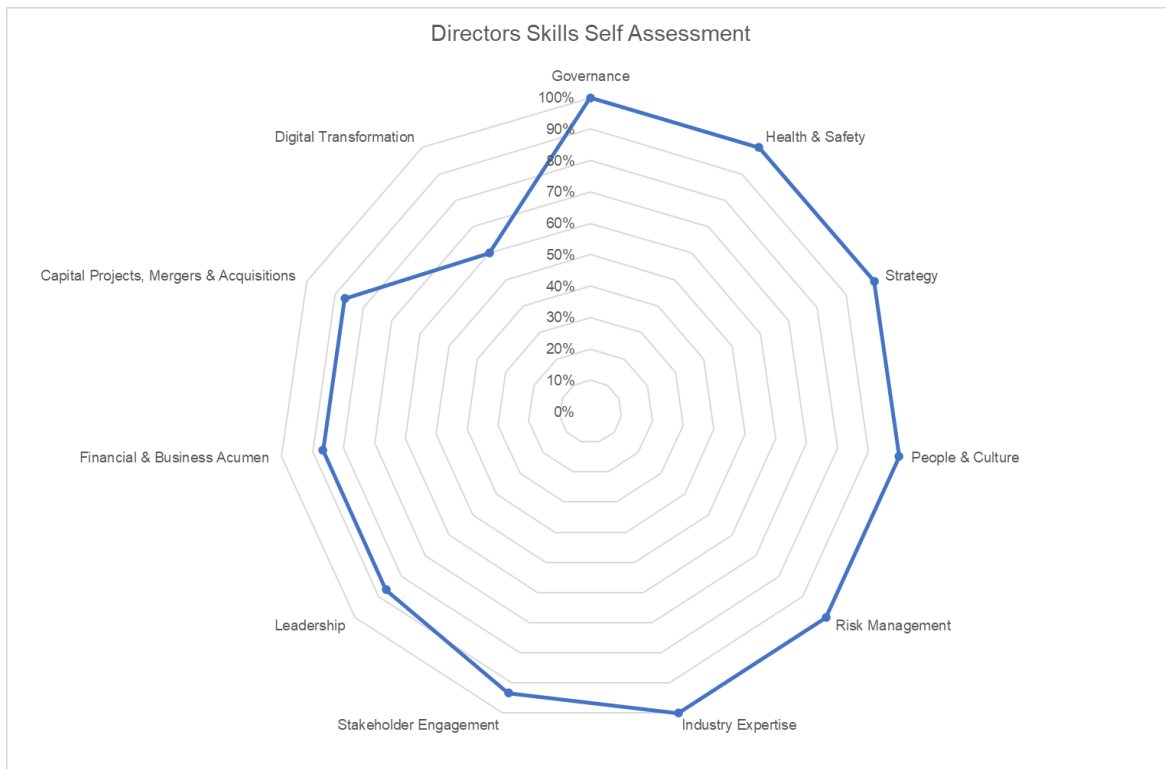
- ensure the Company has the appropriate ethical standards and corporate governance policies and practices in place in order to protect and enhance shareholder returns.
- ensure, so far as possible, that policies are properly embedded within the Company's operations and that all who work for and with the Company embrace these policies and standards as a normal and necessary element of managing the Company to maximise value for shareholders.
- establish appropriate remuneration levels and policies including incentive policies for senior executives; and
- identify and select appropriate individuals for nomination as members of the Board.

The Committee's Charter provides that the Committee meets at least twice per annum and its members comprise of at least three (3) non-executive directors including an independent chairperson.

Recommendation 2.2 – Skills of Directors

The Board composition requirements under the Constitution aims to achieve a mix of industry, finance, governance, trading, risk management, compliance, people, culture, digital and strategy experience. The composition is reviewed annually by the Board with the qualifications and experience of each Director set out in the Directors Report of the 2022 Annual Report.

A Board Skills Analysis was undertaken during the 2022 reporting period and the following chart depicts the mix of skills the Board currently has while providing guidance for expanding the skills base of Directors for the future needs of the Company.



Eligibility criteria

As laid out in Article 12.2 of the Constitution, to be eligible as a Grower Director a person must (in summary):

- have ginned at least 1,500 cotton bales in aggregate per cotton season at a Namoi Cotton gin in at least three out of the last five cotton seasons; and
- have ginned:
 - (i) at least 50% of their seed cotton production at any Namoi Cotton gin in at least three out of the last five cotton seasons; or
 - (ii) at least 50% of their seed cotton production which is grown within 100 kilometres of any Namoi Cotton gin at a Namoi Cotton gin in at least three out of the last five cotton seasons; and
- is the registered owner or lessee (of a long-term lease) of cotton farming property which can plant a minimum of 150 hectares of seed cotton annually and is capable of producing 1,500 cotton bales in aggregate per cotton season to be ginned at a Namoi Cotton gin,

Or:

- be employed in a senior executive or senior managerial role by a client of Namoi Cotton who has, or which has a significant involvement in the Australian cotton industry (and have held that position for at least 5 years); and
- have had their nomination as a Grower Director unanimously approved by the Directors.

Exemptions and annual reviews of eligibility criteria

If a Grower Director ceases to satisfy any of the eligibility requirements set out above due to drought, flood or loss of crop due to hail or spray drift, then the Directors may, in their absolute discretion, provide an exemption for one cotton season for that Grower Director when applying the eligibility requirements. The Directors must also review the eligibility of each Grower Director by assessing and determining whether they continue to satisfy the eligibility requirements on an annual basis at least 3 months prior to each AGM.

As at the publication of this governance statement the Non-Executive Director on the Board who is classified as being a Grower Director is Mrs Juanita Hamparsum. Tim Watson who is a Non-Executive Director on the Board, ceased to be classified as a Grower Director in 2022.

Board composition and length of service

The Board Charter states that directors have a maximum term of 12 years of continuous service and are subject to the retirement provisions contained in the Constitution and the ASX Listing Rules.

The Board composition, experience and skills is reviewed annually and as at the date of this Corporate Governance Statement the Board comprises (5) Non-Executive Directors.

Name	Position	Appointment Date	Last Re-Election
Tim Watson	Chairman & Non-Executive Director	17 December 2014	2020 AGM
Robert Green	Non-Executive Director	27 May 2013	2019 AGM
Juanita Hamparsum	Non-Executive Grower Director	7 June 2018	2021 AGM
Joseph Di Leo	Non-Executive Director	7 June 2018	2021 AGM
Ian Wilton	Non-Executive Director	17 June 2020	2020 AGM

Details of each Director including skills, experience and expertise are included in the 2022 Annual Report which is available on the Namoi Cotton website at [Investors | Namoi Cotton](#)

Recommendation 2.4 - Majority should be Independent Directors

The Board supports the principle that a majority of the Board should be independent. When determining the independent status of a Director, the Board considers whether the Director:

- is a substantial shareholder of Namoi Cotton or an officer of, or otherwise associated directly with, a substantial shareholder of Namoi Cotton,
- is employed, or has previously been employed in an executive capacity by Namoi Cotton or another member of the Namoi Cotton group, and there has not been a period of at least three years between ceasing such employment and serving on the Board,
- has within the last three years been a principal of a material professional adviser or a material consultant to Namoi Cotton or another member of the Namoi Cotton group, or an employee materially associated with the service provided,
- is a material supplier or customer of Namoi Cotton or another member of the Namoi Cotton

group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and

- has a material contractual relationship with Namoi Cotton or another member of the Namoi Cotton group other than as a director.

The Board, when assessing materiality, considers a qualitative approach rather than setting quantitative thresholds. In accordance with the Namoi Cotton governance policies, a relationship will be assessed as “material” in context of the nature, circumstance and activities of Namoi Cotton and the Director’s activities or its affiliates’ activities.

The Constitution of the Company requires the Board to comprise an even number of Grower Directors and Non-Grower Directors. Board recognises the need to have a majority of independent Directors but additionally that Board members must add value to the Company. The Board further recognises the need for the Board to comprise Directors who have a strong understanding of the Namoi Cotton business and the cotton industry, however with the ability to bring independent views and judgement to Board decision making and deliberations.

The Board must have Grower Directors who are required to have business relationships with Namoi Cotton for the ginning of cotton. Additionally, the Grower Directors must have the skills, knowledge, qualifications, and experience necessary to facilitate the proper functioning of the Board.

Mrs Hamparsum, as a Grower Director, is a cotton producer and sells cotton to Namoi Cotton and uses the Company’s ginning services. The Board regularly assesses whether or not the nature and extent of those transactions would cause the Grower Director not to be considered independent. The Board is satisfied that a Director is independent as to the nature and magnitude of their dealings with Namoi Cotton when they do not cause the Board to consider that the relationship would materially interfere with their independence when exercising their judgment. Mrs Hamparsum is capable of exercising independent judgement on all Board decisions.

Conflicts of Interest

Importantly, the Board has in place a process to ensure that conflicts of interest are managed.

The Code of Conduct provides that Directors must act in the best interests of the Company and must avoid participating in decisions and activities which may conflict, or be perceived to conflict, with their duties and responsibilities to Namoi Cotton.

The Directors must not enter into any arrangement or participate in any activity that would conflict with Namoi Cotton’s best interests or would be likely to negatively affect Namoi Cotton’s reputation.

If a potential conflict arises the Director must immediately advise the Board of the conflict of interest. If a potential conflict arises or is notified by the Director to the Board then the relevant Director with the conflict-of-interest issue must not participate in the discussion on the matter, receive Board papers on the matter and must leave the Board meeting whilst the matter is being considered. A review of Directors’ interests is made at every Board and sub-committee Meeting.

Recommendation 2.5 - Chairperson should be Independent and not CEO

The Board Charter provides that the Chairperson is an independent director and not the CEO. Mr Tim Watson is the Chairman and a Non-Executive Director.

Namoi Cotton acknowledges that a separation of roles between the chairperson and CEO is best practice corporate governance, to minimise the possibility of a lack of transparency and promote constructive debate at Board level.

Recommendation 2.6 - Induction program for New Directors

Namoi Cotton has a program of induction for new Directors. New and existing Directors are offered professional development opportunities and training internally and externally. Each Director may take independent legal advice at the expense of Namoi Cotton.

PRINCIPLE 3: INSTILL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Recommendation 3.1 – Company Values

Namoi Cotton’s purpose is to provide cotton growers an independent pathway to market whilst adding value along the supply chain. The Company’s core values are:

- a) **Integrity** – We keep our promises. We hold ourselves accountable to our commitments. We encourage everyone to have a voice to bring together many minds. We embrace diversity and differences in others. We speak out on bullying and harassment.
- b) **Teamwork** – We build strong partnerships with our customers and each other. We elevate others and celebrate collaboration. We promote a workplace that fosters friendship and loyalty. We support our local communities and environment.
- c) **Safety** – We place safety and health first. We take responsibility for the safety and health of ourselves and others. We promote a safe workplace and never walk past unsafe practices. We report, learn and improve from our safety incidents.
- d) **Excellence** – We are efficient and effective and get the job done. We put our customers at the forefront in our pursuit for high quality outcomes. We operate with optimism and resilience. We are a market leader driven by innovation and taking bold steps.

Recommendation 3.2 – Code of Conduct

The Code of Conduct guides and applies to the Directors, the CEO, management, employees and third parties dealing with Namoi Cotton. The purpose of the Code of Conduct is to provide a framework for decisions and actions in relation to ethical and responsible conduct in employment. It underpins the Company's commitment to integrity and fair dealing, to act ethically, sustainably, and responsibly in its business affairs, and to display and exercise a duty of care to all employees, clients and stakeholders. The Board has adopted the Code of Conduct and is committed to upholding the Company’s core values and ensuring that all business affairs of Namoi Cotton must be conducted legally, ethically, honestly and with integrity, and which also sets out the conduct and behaviour expected for employees, consultants, contractors, and business partners of Namoi Cotton. The Code of Conduct addresses Namoi Cotton’s position on personal and professional behaviour, ethical standards and policies, conflicts of interest, anti-bribery and corruption, dealings with external parties, confidentiality, privacy, fair dealing, discrimination, bullying, harassment, vilification, health and safety, compliance with laws and regulations, responsibility to shareholders and the financial community. A copy of the Namoi Cotton Code of Conduct is available on the Namoi Cotton website at <https://www.namoicotton.com.au/investors/governance/>.

Recommendation 3.3 - Whistleblower Policy

Namoi Cotton has adopted a Whistleblower Protection Policy (“WPP”) that complies with the amendments to the *Corporations Act 2001* (Cth) and the *Taxation Administration Act 1953* (Cth) that are effective from 1 July 2019.

The WPP is underpinned by a strong commitment to building a culture in Namoi Cotton that reflects sound governance and promotes ethical behaviour in the detection and management of fraudulent, corrupt, or improper conduct. The WPP provides protection to whistleblowers by establishing a mechanism for concerns to be raised on a confidential basis without fear of intimidation or reprisal.

The WPP applies to any individual who is either a current or former officer and director, employee, contractor, supplier, unpaid worker, or relative, dependent or spouse of any officer, employee, contractor and supplier, and collectively, to Employees and Stakeholders.

Whistleblowers perform a vital role in the community in exposing fraud, corruption and other misconduct, and whistleblowing ensures that corporate entities and organisations are held to account and operate within the confines of the law.

Employees and Stakeholders can raise any misconduct and unethical behaviour in relation to Namoi Cotton to the Chair of the Audit, Risk and Compliance Committee, or a person authorised by Namoi Cotton to receive disclosures that may qualify for protection (Whistleblower Protection Officer).

Employees and Stakeholders can also raise misconduct and unethical behaviour in relation to Namoi Cotton via a dedicated phone number and email address available to Employees and Stakeholders and can choose to remain anonymous to allay fear of retribution. A whistleblower cannot be subject to any civil, criminal, or administrative liability (including disciplinary action) for making a protected disclosure. A whistleblower cannot be subjected to any detriment or a threat of detriment because they made, or are believed to have made, a protected disclosure.

A copy of the Whistleblower Protection Policy is available on the Namoi Cotton website at <https://www.namoicotton.com.au/investors/governance/>.

Recommendation 3.4 - Anti-bribery and Corruption Policy

Australia has strict laws against bribery and corruption. The anti-bribery laws of some countries including Australia, the United States and United Kingdom can apply to actions carried out in other countries (i.e. wide-reaching extra-territorial effect). Responsible persons must comply with and uphold all laws against bribery, corruption and related conduct applying to the Company in all the jurisdictions where the Company operates.

Corrupt conduct involves the dishonest or partial use of power or position which results in one person/group being advantaged over another. Corruption can take many forms including, but not limited to:

- (a) official misconduct;
- (b) bribery and blackmail;
- (c) unauthorised use of confidential information;
- (d) fraud; and
- (e) theft.

Accordingly, Namoi Cotton has a strict policy not to offer or receive secret commissions or bribes to further its business interests.

Namoi Cotton is committed to adopting effective systems to counter bribery and related improper conduct and to monitor and enforce these systems.

Share Trading Policy

The Board has adopted a Share Trading Policy which regulates dealing in Namoi Cotton securities by Designated Persons including Directors, Key Management Personnel, employees, contractors and consultants of Namoi Cotton and their related parties. Designated Persons must not deal in Namoi Cotton securities if they are in possession of price sensitive information which would, if the information were publicly known, be likely to have a material effect on the price or value of Namoi Cotton Securities; or influence persons who commonly invest in securities in deciding whether or not to deal in Namoi Cotton Securities. Under the Share Trading Policy, Designated Persons must not buy,

sell or subscribe for Namoi Cotton securities except during permitted periods.

The Share Trading Policy provides that Designated Persons may not deal in Namoi Cotton securities during the following periods:

- a) the period from the end of the Company's financial year (28 February, or 29 February in a leap year) until 48 hours after the announcement of the full year financial results for Namoi Cotton are received and announced to the general market by the ASX;
- b) the period from the end of the Company's half year (31 August) until 48 hours after the announcement of the half year financial results are received and announced to the general market by the ASX; and
- c) the period of 48 hours after the issue of any release to the general market by the ASX; and
- d) at any other time for a specified period as determined by the Board of Namoi Cotton.

A breach of the Share Trading Policy will be regarded by Namoi Cotton as serious misconduct which may lead to disciplinary action and/or dismissal.

A copy of the Share Trading Policy is available on the Namoi Cotton website at <https://www.namoicotton.com.au/investors/governance/>.

PRINCIPLE 4: SAFEGUARD INTEGRITY OF CORPORATE REPORTS

Recommendation 4.1 – Audit, Risk and Compliance Committee

The Board has established an Audit, Risk and Compliance Committee ("ARCC") which is governed by the Audit, Risk and Compliance Committee Charter and whose primary responsibility is to oversee the audit functions of the Company and ensures risks are identified and managed.

The Charter sets out its authority, objectives, structure, responsibilities, membership, meeting protocols, access to company personnel and information, reporting requirements and performance evaluation.

The ARCC Charter provides that the Committee will meet at least four (4) times annually and additionally as required and its members must comprise at least three non-executive Directors, the majority being Independent Directors, all of whom must be financially literate. The qualifications of members of ARCC and attendance at meetings is included in the Directors Report of the 2022 Annual Report.

During the 2022 financial year the CEO, CFO and senior management also attended ARCC meetings.

ARCC's responsibilities include:

- Corporate Reporting
- External Audit
- Internal Audit
- Risk Management, fraud and internal control
- Compliance and ethics
- Trading risk
- Any other matters the Board may refer to it from time to time.

ARCC receives updates from the CEO, CFO, management and the external Auditor.

Recommendation 4.2 - Financial Statement Confirmation

Prior to approving Namoi Cotton's 2022 Financial Statements (28 February 2022) the Board received from the CEO and the CFO a declaration that in their opinion the financial records of the entity had been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Namoi Cotton, and that the opinion had been formed on the basis of a sound system of risk management and control which is operating effectively.

Recommendation 4.3 - Integrity of Corporate Reports

Namoi Cotton's auditors review the Company's Half Year Report, Annual Report, and Quarterly Activities and Cash Flow Report prior to publication. Apart from these documents, there are no other periodic Company reports. The Auditor's independence declaration forms part of the Directors' Report.

The external Auditor is invited to the Namoi Cotton Annual General Meeting to be available to answer questions from Shareholders.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 – Continuous Disclosure

The Board is committed to complying with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

Namoi Cotton's Disclosure and Communications Policy has been adopted to ensure:

- the promotion of investor confidence by ensuring that all investors have equal and timely access to material information concerning the Company, including material information about its financial position, performance, ownership, and governance; and
- providing announcements that are accurate, balanced and expressed in a clear and objective manner.

Namoi Cotton's website contains copies of all ASX releases covering areas such as market updates, annual and half yearly financial statements and material business updates. All ASX announcements are approved by the Board.

The Namoi Cotton Disclosure and Communications Policy establishes guidelines to facilitate compliance with the ASX Listing Rules by:

- identifying the requirements and types of information subject to disclosure under the ASX Listing Rules;
- providing quantitative and qualitative materiality guidance on whether information should be considered material;
- guidance on whether information is subject to the ASX Listing Rules Confidentiality Exception; and
- establishing procedures and processes for evaluating whether information is market sensitive which may require disclosure.

The Disclosure and Communications Policy is available on the Namoi Cotton website at <https://www.namoicotton.com.au/investors/governance/>.

Recommendation 5.2 - Market Announcements

The Board automatically receives a copy of market announcements immediately after release to ASX.

Recommendation 5.3 - Investor Presentations

Namoi Cotton releases a copy of any substantive investor presentation on the ASX Market Announcements Platform ahead of the presentation.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1 – Information to Investors via Website

The Board and management are committed to Shareholders being informed and kept up to date with Namoi Cotton's activities. Namoi Cotton has established a Disclosure and Communication Policy which is available on the Namoi Cotton website. The Disclosure and Communication Policy requires communication with Shareholders in an open, balanced, timely manner in order for market participants to make informed decisions on Namoi Cotton. The Board is committed to improving Shareholder communication practices by adopting technological developments and regulatory changes.

Information on Namoi Cotton, as well as its governance policies and procedures, is available to investors on the Company's website at [About Us | Namoi Cotton](#)

Recommendation 6.2 - Investor Relations

All information released to the ASX is posted to the Namoi Cotton website at [Investors | Namoi Cotton](#). Namoi Cotton's Annual Report is issued to Shareholders who have requested a copy.

Recommendation 6.3 - Participation at Meetings

Shareholders are encouraged to participate in general meetings via announcements issued to the ASX, information on the Company's website and by mailouts to all Shareholders prior to meeting of shareholders.

Notice of General Meetings are provided to Shareholders and posted on the Namoi Cotton website and Shareholders are encouraged to attend the AGM in person or virtually via a hybrid meeting arrangement. The Board is committed to enabling Shareholders to effectively participate in General Meetings by adopting ASX Corporate Governance Principles and Guidelines for improving Shareholder communication and participation.

Recommendation 6.4 - Substantive resolutions by Poll, not show of hands

Namoi Cotton shareholders are given the opportunity to vote on all substantive resolutions at the Company's AGM or at a General Meeting by way of Poll. Notices of meeting are sent out in advance of the meeting with proxy voting forms attached.

Recommendation 6.5 - Communicating Electronically

The Company's website provides contact details for Shareholders to communicate with either the Company's Share Registry or Namoi Cotton directly at [Investors | Namoi Cotton](#). Shareholders are offered the option of receiving information electronically from Namoi Cotton via the Share Registry.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1 – Risk Management

The Board recognises that risk management is a continuous and ongoing process. The CEO and CFO provided a written statement on the financial accounts to the Board that:

- Namoi Cotton's financial statements are prepared on the basis that there are appropriate internal controls and that there is sufficient compliance with their controls to ensure no material misstatement of Namoi Cotton's affairs and financial position; and

- Namoi Cotton’s risk management and control systems are operating effectively in all material aspects.

The CEO and CFO have given the Board their declaration in accordance with section 295A of the Corporations Act 2001. The CEO and CFO confirmed that the declarations are founded on a sound system of risk management and internal control and also that the system is operating effectively in all material respects in relation to financial risks.

The Board has established the following sub-committees to review the integrity of Namoi Cotton’s risk management systems:

- The Audit, Risk and Compliance Committee oversees the audit function, the compliance with financial and risk management policies and reviews the integrity of Namoi Cotton’s trading and operation risk limits and risk management systems of the Company.
- The Safety, Health, and Environment Committee (“SHEC”) reviews workplace health, safety and environment risks identified as part of the risk register.

Recommendation 7.2 - Risk Management Framework

Namoi Cotton is committed to identifying and managing economic, environment, and social sustainability risks which may create material exposure for Namoi Cotton in the short, medium and long term.

Namoi Cotton has established policies for the management and governance of material business risks for Namoi Cotton. The risk management framework for Namoi Cotton covers:

- financial risk – risks associated with financial outcomes. These risks include market risk, credit risk, liquidity risk;
- trading risk – risks associated primarily with the trading and marketing of cotton seed and related commodities, including movements in commodity and currency markets;
- operational risk – risks associated with normal operations. These risks include project management, systems, fraud, and day to day running risks; and
- regulatory and compliance risk – failure to comply with legislative requirements corporate and operational.

Namoi Cotton’s board is responsible for ensuring an appropriate framework (for both financial and non-financial risks) exists, including but not limited to the Delegations of Authority and risk register.

Namoi Cotton’s board sub-committees¹ are responsible for the following risk areas:

ARCC oversees the audit function as well as compliance with financial and risk management policies of the Company and is responsible for review and oversight of risk management policies and framework for Namoi Cotton and to make recommendations to the Board.

ARCC reviews and recommends to the board for approval at least annually the integrity of Namoi Cotton’s trading risk management policy, related credit and treasury policies and risk limits within the Risk Management Policy.

SHEC reviews workplace health, safety and environment risks identified as part of the risk register.

Namoi Cotton is primarily based in regional locations and the sustainability of these communities is

¹ The Trading and Operating Risk Committee was restructured due to a reduction in the lint cotton trading activities of the Group and its functions were assumed by the Audit, Risk and Compliance Committee effective from 28 September 2021

important to Namoi Cotton. Namoi Cotton supports local communities and organisations including regional schools, clubs, hospitals and emergency services.

Namoi Cotton is aware of the risk of water and water allocations for its clients and annually assesses the impact of water and water allocation risk internally and with external advisers.

Recommendation 7.3 - Internal Audit

Namoi Cotton does not have a permanent in-house internal audit function. The Board considers, that due to the size of Namoi Cotton, such function would not be cost effective. In June 2022, the Board engaged an independent third party to undertake specific internal audit functions over a period of two years reporting to ARCC who ensure internal policies and controls are in place and are being adhered to.

Namoi Cotton management has implemented risk and internal control systems for assessing, monitoring, and managing strategic, operational, financial reporting and compliance risks for the Company. The systems are based upon policies, guidelines, delegations, and reporting as well as the selection and training of qualified personnel. The internal processes are reviewed by the Company's external auditors during their regular audits.

The Board believes the control framework of formal audits and Company policies and procedures is well suited to the current size, operations, and stage of development of the business.

Recommendation 7.4 - Risk Exposure

The Namoi Cotton Alliance ("NCA") is a joint venture between Namcott Marketing Pty Ltd (51%), a wholly owned subsidiary of Namoi Cotton Limited, and Louis Dreyfus Company Melbourne JVP Pty Ltd (49%); a wholly owned subsidiary of Louis Dreyfus Asia Pte Ltd and is responsible for the warehousing, packaging and supply chain management of cotton lint and related commodities.

The Namoi Cotton Marketing Alliance ("NCMA") is a joint venture between Namcott Marketing Pty Ltd (15%), a wholly owned subsidiary of Namoi Cotton Limited, and Louis Dreyfus Company Melbourne JVP Pty Ltd (85%); a wholly owned subsidiary of Louis Dreyfus Asia Pte Ltd and is responsible for the marketing of cotton lint and has exposure to cotton markets.

The NCMA joint venture has potential exposure to a number of market and financial risks associated primarily with its cotton lint marketing business, which may include movements in commodity and currency markets. NCMA has assumed primary responsibility for ensuring NCMA's ongoing operations are appropriately funded. Namoi Cotton's exposure to NCMA's debt and other funding is limited to its 15% shareholding, and NCMA's debt is limited in recourse to the security of the NCMA assets and except to the extent Namoi's joint venture entity's liability is not satisfied from that limited recourse security, is further subject to a "cap" arrangement that place a limit on Namoi Cotton's exposure in any financial year to \$1.5 million.

NCL Management reviews and monitors these risk positions and provide guidance on these matters to the Namoi Cotton Board. The NCMA business comprises a Joint Venture Committee, Business Committee and Risk Management Committee to monitor and ensure that NCMA management is complying with the comprehensive Namoi Cotton Marketing Alliance Risk Management Policy. The risks governed by the Namoi Cotton Marketing Alliance Risk Management Policy include cotton price risk, cotton basis risk, cotton futures spread risk, foreign exchange risk, interest rate risk, credit risk, cotton grade risk and funding and liquidity risks. The NCMA Risk Management Committee and NCMA Joint Venture Committee, monitor compliance with the NCMA Risk Management Policy from time to time to ensure risks are managed within the appropriate trading risk parameters.

ARCC reviews Namoi Cotton's risk management framework annually to satisfy themselves the framework continues to be sound and reviews risk relating to cotton seed trading and operations.

SHEC considers and addresses safety issues and is specifically responsible for managing the environment and occupational health and safety risks of the Company.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1 - Remuneration Committee

Namoi Cotton has established a People, Culture and Nomination Committee (“PCNC”) to assist the Board in reviewing Namoi Cotton remuneration policies and practices. In addition, the Board has adopted a Remuneration Policy which is available on the Namoi Cotton website.

The PCNC conducts an annual assessment of the performance of the Board, Committees, the Directors, the CEO and Executive General Managers.

It is the Board’s responsibility to ensure that Namoi Cotton has the appropriate remuneration policies in place, which are designed to meet the needs of Namoi Cotton and enhance corporate and individual performance.

Recommendation 8.2 – Remuneration Policy

Namoi Cotton is committed to ensuring that remuneration packages for Directors and management are fair and reasonable.

Details of Namoi Cotton’s remuneration policies are set out in the Remuneration Report of the 2022 Annual Report, which is available on the Namoi Cotton website.

Senior Executive remuneration is reviewed on an annual basis. PCNC may seek benchmarking from external advisers to assist in Director and Senior Executive remuneration reviews.

Recommendation 8.3 - Equity Based Remuneration Scheme

Namoi Cotton has an Equity Based Remuneration Scheme in the form of a Performance Rights Plan which was approved by shareholders at the 2020 Annual General Meeting. A copy of the Performance Rights Plan is available upon request. Rights were issued to the CEO, CFO, and senior executives in 2020, 2021 and 2022. Specific share price hurdles have been put in place for recipients to be eligible for rights when they vest. Details of the scheme are set out in the Remuneration Report in the 2022 Annual Report, which is available on the Namoi Cotton website.