



Namoi Cotton Limited Board Charter

1. CHARTER

This Board Charter sets out the composition, role and responsibilities of the Board for Namoi Cotton Limited (“Namoi Cotton”) and which responsibilities are delegated to Committees of the Board or Management.

2. COMPOSITION OF BOARD

For Namoi Cotton to be governed effectively the Board maintains a relevant mix of skills and qualifications to oversee the management requirements of Namoi Cotton.

The Board for Namoi Cotton is governed by the Namoi Cotton Constitution, ASX Listing Rules and the Corporations Act 2001 (Cth).

The Namoi Cotton Constitution provides the Board must comprise an even number of Directors that is not more than a maximum of 8.

A lesser even number than 8, may be determined at the Board limit by the Directors in accordance with the Corporations Act and subject to article 11.2 of the Namoi Cotton Constitution.

Article 11.2 of the Namoi Cotton Constitution provides subject to the Corporations Act, Namoi Cotton in a general meeting may approve by ordinary resolution to increase or reduce the number of Directors from 8 for the Board.

Article 11.3 of the Namoi Cotton Constitution provides always one-half of the total number of Directors must be Grower Directors (the “Grower Director Representation Rule”) for so long the Grower Directors Representation applies.

Article 12 of the Namoi Cotton Constitution sets out the requirements to be eligible for a Grower Director. A copy of the Namoi Cotton Constitution is available on the Namoi Cotton website www.namoicotton.com.au under the “Governance” tab.

At the date of this Annual Report the Non-Executive Directors on the Board which are in the classification of being a Grower Director are Mr Stuart Boydell, Mr Tim Watson, Mr Glen Price and Mrs Juanita Hamparsum.

The Board is reviewed annually and currently comprises (8) Non-Executive Directors.

With the Board composition requirements of the Namoi Cotton Constitution aims to achieve a mix of industry, finance, governance, trading, risk management, compliance, IT and strategy experience.

The Constitution requires the Board to be comprised of an equal number of Grower Directors and Non-Grower Directors until at least Namoi Cotton's 2022 AGM (and thereafter, subject to renewal) ("**Grower Director Representation Rule**").

The Grower Director Representation Rule operates from the conversion of Namoi Cotton from a co-operative to a public company until at least the 2022 Namoi Cotton AGM, when the Grower Director Representation Rule will be voted on by shareholders. If approved, the Grower Director Representation Rule will again be voted on at the 2027 Namoi Cotton AGM and if approved, at any subsequent Namoi Cotton AGM. If the Grower Director Representation Rule is not approved at any of these meetings by way of special resolution it will cease to apply.

The Grower Director Representation Rule will also cease to apply if Namoi Cotton's main undertaking ceases to be a cotton ginning business.

Eligibility criteria

In summary, to be eligible to be appointed as a Grower Director (and to continue to qualify to be a Grower Director once appointed), 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:
 - 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
 - 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 annually can plant a minimum of 150 hectares of seed cotton 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.

For further details on the Grower Director Representation Rule please refer to articles 11 and 12 of the Constitution.

3. POWERS, ROLE AND RESPONSIBILITIES OF THE BOARD

The Namoi Cotton Constitution provides that the Board is ultimately responsible for all matters relating to Namoi Cotton.

The Board responsibilities for Namoi Cotton include:

- (a) reviewing the membership of the Board and considering appointment and re-election of Board Members;
- (b) reviewing and implementing Board succession planning;
- (c) establishing goals for the Chief Executive Officer and Management;
- (d) establishing and developing strategic direction and performance objectives for Namoi Cotton;
- (e) monitoring the implementation of strategy by Management developed by the Board;
- (f) ratifying the appointment and removal of Management (Senior Executives);
- (g) reviewing, ratifying and monitoring systems of risk management, internal codes of conduct and legal compliance;
- (h) monitoring and reviewing the effectiveness of Namoi Cotton's risk management systems, policies, practices and procedures;
- (i) approval of annual budgets and financial objectives;
- (j) approving annual capital expenditure, acquisitions and projects outside levels delegated to Management;
- (k) monitoring the progress of capital expenditure projects;
- (l) approving finance facilities arrangements and funding lines;
- (m) reviewing the performance of the Chief Executive Officer;
- (n) approving joint venture transactions;
- (o) reporting to Shareholders;
- (p) ensuring compliance with statutory and legal obligations, corporate governance and internal codes of conduct;
- (q) determining whether the statutory accounts are true and fair;
- (r) approving statutory financial reports prior to release to market;
- (s) developing controls to ensure management are efficiently managing Namoi Cotton's resources;
- (t) delegating appropriate duties to the Chief Executive Officer and Management;
- (u) the acquisition, establishment, disposal or cessation of any significant aspects of business units or assets for Namoi Cotton;
- (v) issuing shares, options or other securities in Namoi Cotton;
- (w) significant changes to organisational or legal structures; and

- (x) establishing sub-committees and appointing members to the Audit and Compliance Committee, Marketing Financial Risk Management Committee and Nomination and Remuneration Committee and approving the respective Charter.

4. CORPORATE GOVERNANCE

The Namoi Cotton Board:

- (a) regularly reviews and approves the Namoi Cotton corporate governance principles; and
- (b) evaluates compliance with Namoi Cotton's corporate governance principles and the ASX Corporate Governance Principles and Best Recommendations.

5. REPORTING

The Namoi Cotton Board is responsible for:

- (a) approving and monitoring external financial reporting and market releases to Namoi Cotton Shareholders, the ASX and ASIC; and
- (b) monitoring the effectiveness of internal reporting and control systems.

6. REMUNERATION – BOARD - MANAGEMENT

Non- Executive Directors remuneration must be approved by the Shareholders and any increase must be approved by the Shareholders at the general meeting. Non-Executive Directors are not entitled to bonus or incentive payments. The Board is to receive Director Fees approved by the Shareholders. Article 11.9 provides the remuneration of the Directors is a yearly sum of \$850,000 or any higher amount from time to time determined by the Company at a general meeting. The amount is to be divided in the proportion and manner the Director's agree, and in default of agreement, among the equally.

On 10 October 2017 Namoi Cotton under a general meeting with Shareholders received approval for any Directors serving in office at 10 October 2017 serving two terms is entitled to a retirement benefit equivalent to two year's remuneration based on their remuneration for the 2017-2018 financial year.

The Board or Nomination and Remuneration Committee may ask for independent advice on Non- Executive Director remuneration.

The Directors are reimbursed for expenses incurred in the undertaking of their duties, for example travel and accommodation.

The Namoi Cotton Board is responsible for:

- (a) approving the remuneration policies for Namoi Cotton;
- (b) approving the remuneration for the Chief Executive Officer and all direct reporting Management;
- (c) approving and establishing performance assessment criteria for the Chief Executive Officer and Management and regularly reviewing actual performance against such set criteria; and
- (d) establishing remuneration policies for Non-Executive Directors.

7. MANAGEMENT

The Namoi Cotton Board's role in respect of Management includes:

- (a) appointing, renewing and removing the Chief Executive Officer;
- (b) ratifying the appointment of the Chief Financial Officer and other Management that directly report to the Chief Executive Officer;
- (c) reviewing succession planning for the Chief Executive Officer and Senior Management; and
- (d) setting delegation parameters for the Chief Executive Officer.

8. BOARD APPOINTMENT

The procedures for the appointment and removal of Directors are governed by the Namoi Cotton Constitution and ASX Listing Rules. The Board may appoint Directors to fill casual vacancies or additional director, subject to the Grower Director Representation Rule, up to the maximum number of Directors permitted under the Constitution. If the Board appoints a new Director during the year, that Director must stand for election at the next Annual General Meeting.

Directors do not have a fixed term, but are subject to the retirement provisions contained in the Namoi Cotton Constitution and the ASX Listing Rules, at minimum Directors must submit themselves to Shareholders for re-election at least every (3) years.

The above requirement is subject to article 11.4 of the Namoi Cotton Constitution which provides that there must be an election of Directors at each Annual General Meeting.

9. BOARD COMMITTEES

Namoi Cotton has established the:

- (a) Audit and Compliance Committee;
- (b) Marketing and Financial Risk Management Committee; and
- (c) Nomination and Remuneration Committee.

The Board has set out in the Charter for each Committee its responsibilities, composition and meeting requirements.

10. BOARD MEETINGS

The Chairman, who may instruct the Chief Executive Officer or Company Secretary to do so, will arrange Board Meetings from time to time. The Board Meeting notice is to include date, place and agenda for the Board Meeting.

The Board is permitted to meet without the Chief Executive Officer and Management when required, minimum once a year.

The quorum for Board Meetings is four Directors.

11. CHAIRPERSON

In accordance with the Namoi Cotton Constitution the Chairperson can be any Non-Executive Director elected to the Board. The Chairperson may be removed from the Chairperson position by a resolution of the Directors when reasonable notice of such resolution is given to all Directors.

The Chairperson is responsible for leadership of the Board, chairing Board Meetings and briefing the Directors on issues which arise and communicating with the Chief Executive Officer.

12. COMPANY SECRETARY

The Company Secretary must:

- (a) co-ordinate and complete the dispatch of agenda's, briefing materials and Board minutes to the Board and attend Board Meetings;
- (b) record, maintain and distribute the minutes of all Board and Committee Meetings;
- (c) monitor compliance with the Namoi Cotton Constitution and Corporate Governance Policies, ASIC and ASX Listing Rules and lodge statutory reports as and when required;
- (d) keep the Board updated on corporate governance and director liability; and
- (e) be accessible to the Board and individual Directors.

The Company Secretary will also be the Secretary for the Sub Committees established by the Board (under point 9) unless otherwise agreed by the Board.

13. INDEPENDENCE

The Board supports the principle that each Director should be independent.

Namoi Cotton's Directors must:

- (a) be free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment on decisions relating to the Namoi Cotton business and operations;
- (b) not act in conflict to Namoi Cotton's interests;
- (c) act in the best interest of Namoi Cotton; and
- (d) act in accordance with the Namoi Cotton Constitution, Corporations Act 2001 (Cth) and the ASX Listing Rules.

14. INDUCTION AND EDUCATION

Namoi Cotton has an induction program for all new Directors. The program is implemented by the Namoi Cotton Human Resources Department and the Company Secretary. The induction program aims to provide the new Director with:

- (a) detailed knowledge of the Namoi Cotton business (including the company's financial position, strategy, operations and management policies) and structure;
- (b) general knowledge of the Cotton Industry;
- (c) information to allow the new Director to make informed decisions as soon as possible; and
- (d) an overview of the new Director's duties.

15. PERFORMANCE REVIEW

Each year the Board will evaluate and review the Board's performance with the Nomination and Remuneration Committee.

The evaluation will:

- (a) compare the Board's performance with requirements of this Charter; and
- (b) set goals for the upcoming business year.

16. INDEMNITY OF DIRECTOR AND OFFICER INSURANCE

The Namoi Cotton Constitution require Namoi Cotton to indemnify a Director to the extent permitted by law for liability which arises from acting as director for Namoi Cotton. The Namoi Cotton Constitution also provides Namoi Cotton may pay a person for a contract insuring a person who is a director of Namoi Cotton against liability incurred by that person as a director of Namoi Cotton.

Namoi Cotton maintains a Director and Officer Insurance Policy to satisfy the Namoi Cotton Constitution obligations. Namoi Cotton has entered a Deed of Indemnity with each Director and Senior Manager.

17. REVIEW OF CHARTER

The Board will review the Board Charter annually or as and when required.

18. PUBLICATION

The Board Charter is available on the Namoi Cotton website.