



NAMOI COTTON LIMITED

# CORPORATE GOVERNANCE STATEMENT

## 2020



NAMOI COTTON LIMITED  
ABN 76 010 485 588

## 2020 Namoi Cotton Limited (“Namoi Cotton”) Corporate Governance Statement

Namoi Cotton’s corporate governance practices are outlined in this Corporate Governance Statement. In developing the governance framework for Namoi Cotton the Board has considered the 3<sup>rd</sup> edition Corporate Governance Principles and Recommendations (“ASX Governance Principles”) published by the ASX Corporate Governance Council. Copies of the Namoi Cotton Key Policies and Charters 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 [www.namoicotton.com.au](http://www.namoicotton.com.au) (collectively such policies known as the “Corporate Governance Documents”). A copy of the 2020 Annual Report is available on the Namoi Cotton website.

The 2020 Corporate Governance Statement is dated 26 June 2020 and covers the corporate governance practices and policies in place during the 2020 Financial Year ending 29 February 2020 and up to the date of this report. The 2020 Corporate Governance Statement was approved by the Board on 26 June 2020.

During the financial year ended 29 February 2020 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.

The Board Charter, Audit Risk and Compliance Committee Charter, People and Culture Committee Charter and Trading and Operating Risk Committee Charter were all revised 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 new 4<sup>th</sup> edition ASX Corporate Governance Principles and Recommendations. The Board Charter was amended to state that directors have a maximum term of 12 years of continuous service, in addition to the retirement provisions contained in the Namoi Cotton Constitution and the ASX Listing Rules. The various Board sub-committees are governed by the respective Charter which sets out the Committee’s purpose, responsibilities, role, membership, meeting process, Board reporting obligations and assessment of performance.

The Board has also taken a proactive approach to revising its governance policies and procedures to address the new 4<sup>th</sup> edition ASX Corporate Governance Principles by initiating a review of its Code of Conduct, Securities Trading Policy, Anti-bribery and Corruption Policy, Disclosure and Communication Policy, Diversity Policy, and a company-wide review of internal policies and procedures. The Company has established a Whistleblower Policy that 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.

In addition to a review of the Board and Board sub-committee charters and to reflect the revised purpose and role of each Board sub-committee:

- the Audit Risk & Compliance Committee was renamed to the “Audit Risk and Compliance Committee”.
- the Trading & Operating Risk Committee was renamed to the “Trading and Operating Risk Committee”; and
- the Nomination & Remuneration Committee was renamed to the “People and Culture Committee”.

The Safety Committee is represented by all Board Members and the Board considers and addresses safety issues as designated by the Safety Committee Charter in each of its agreed Board Meetings.

The Board sub-committees review certain matters designated within their respective Charters and make recommendations to the Board.

During the 2020 Financial Year the Board and various sub-committees' composition and attendance are set out in the Directors' Report within the 2020 Annual Report.

### **Structure and Composition of the Board**

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

In January 2020, the Company held a General Meeting of Shareholders and sought their approval to amend Article 11.8 of the Namoi Cotton Constitution to read as follows: "In the event of a casual vacancy, that results in an uneven number of Directors, the Directors must specify whether the casual vacancy to be filled is a Grower Director vacancy or not a Grower Director vacancy and must appoint a person to fill that casual vacancy within 12 months of the casual vacancy arising". The effect of the amendment to Article 11.8 is that Directors are only required to appoint a Director to fill a casual vacancy if a Director has vacated the office and this results in an odd number of Directors on the Board. Where this occurs, the Directors will have 12 months to fill the vacancy.

Article 11.3 of the Namoi Cotton Constitution provides at all times 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](http://www.namoicotton.com.au) under the "Governance" tab.

At the date of the 2020 Annual Report the Non-Executive Directors on the Board who are in the classification of being a Grower Director are Mr Tim Watson, Mr Glen Price and Mrs Juanita Hamparsum.

The Board is reviewed annually and as at the date of this Corporate Governance Statement comprises (6) Non-Executive Directors.

Name	Position	Appointment Date	Last Re-Election
Tim Watson	Chairman - Non-Executive Grower Director	17 December 2014	2018 AGM
Glen Price	Non-Executive Grower Director	22 July 2009	2018 AGM
Robert Green	Non-Executive Director	27 May 2013	2019 AGM
Juanita Hamparsum	Non-Executive Grower Director	7 June 2018	2018 AGM
Joseph Di Leo	Non-Executive Director	7 June 2018	2018 AGM

Ian Wilton	Non-Executive Director	17 June 2020	Elected to casual vacancy position
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Details and skills, experience and expertise relevant to the position of Director are in the 2020 Annual Report which is available on the Namoi Cotton website [www.namoicotton.com.au](http://www.namoicotton.com.au) under the “Investors” tab.

## **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

### **Recommendation 1.1 – Recognise and publish the respective roles of the Board and Management**

The Board’s main 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 2020 Financial Year the Board delegated day to day management, operation and administration of Namoi Cotton to the Chief Executive Officer, who has the authority to sub-delegate his duties to various members of the management team. The Board is responsible for reviewing the performance of the Chief Executive Officer.

Mr Jeremy Callachor was Chief Executive Officer of the Namoi Cotton group until his resignation on 8 March 2019, at which time the Board appointed Mr Stuart Greenwood to act as the Interim Acting CEO (and also Chief Financial Officer). Mr Michael Renehan was appointed Chief Executive Officer on 1 September 2019 and remains in that role as at the date of this Corporate Governance Statement. Mr Stuart Greenwood resigned as Chief Financial Officer on 13 December 2019, at which time the Board appointed Mr Michael Newbury as Interim Acting CFO until he was replaced following the appointment of Mr John Stevenson as Chief Financial Officer on 30 March 2020 and who remains in that role as at the date of this Corporate Governance Statement.

### **Recommendation 1.2 – Undertake appropriate background checks on Directors and information to be given for election of directors**

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

The Board has a People and Culture Committee which has the responsibility for recommending to the Board candidates to be considered or nominated to act as a Director for the Board. Any recommendations are provided to 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 is required to stand for election by shareholders at the next Annual General Meeting.

In considering candidates for the selection, election and appointment to the Board, the People and Culture Committee 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 Grower Director checks to ensure they meet the Grower Directors qualifications under the Namoi Cotton

Constitution.

**Recommendation 1.3 – A listed entity should have a written agreement with each Director and Senior Executive**

Namoi Cotton has written agreements with all Directors and Senior Executives setting out the key terms and responsibilities of their appointment.

**Recommendation 1.4 – The Company Secretary is accountable to the Board, through the Chair, on matters with proper functioning of the Board**

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.

**Recommendation 1.5 – The listed entity should have a diversity policy with set parameters**

Namoi Cotton has a diversity and inclusive strategy. Diversity within Namoi Cotton is created by an inclusive working environment. Namoi Cotton has a publicly released Diversity Policy on its website which promotes gender, cultural and leadership diversity.

The Namoi Cotton Diversity Policy also sets out measurable objectives. The intention is to achieve the objectives over time as employment positions become available.

Namoi Cotton's Workplace Gender Equality Act public report for 2019 is available on its website.

Namoi Cotton at the time of this report has 17.1% of women employed on a full-time basis 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.

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.
- reward excellence on agreed goals to remove bias and promote equality; and
- identify and implement initiatives that encourage development of careers and enhance skills.

The Namoi Cotton diversity policy includes measurable diversity objectives and the recruitment policy. The Board in consultation with the People and Culture Committee sets measurable objectives for achieving diversity, in particular gender diversity.

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.

**Recommendation 1.6 – Board 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 internal performance and evaluation of the Board and its Board sub-committees was undertaken in the reporting period.

#### **Recommendation 1.7 – 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.

### **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

#### **Recommendation 2.1 – The Board should have a People & Culture Committee**

Namoi Cotton has established a People and Culture Committee to assist the Board in reviewing Namoi Cotton's succession planning, remuneration policies and practices. The Board has adopted a People and Culture Committee Charter which 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 People and Culture Committee is to assist the Board in fulfilling its corporate governance responsibilities that:

- 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 a year and comprises of at least three (3) non-executive directors as members including an independent chairperson. The qualifications of members of the Committee are set out in the Directors Report and Annual Report for 2020 and attendance at meetings is included in the Directors Report.

#### **Recommendation 2.2, 2.3, 2.4, 2.5 and 2.6 - Board skills matrix, Board Independence, Majority of Board being Independent, the Chairperson being Independent and Inducting New Directors and provide professional development opportunities**

##### **Composition of the Board**

The Board is to be comprised of individuals with an appropriate mix of skills, knowledge, qualifications and experience. The Namoi Cotton Constitution provides that the Board may comprise a maximum of eight (8) Directors. The Namoi Cotton Constitution provides that the Board must have an equal number of Grower Directors and Non-Grower Directors. The composition of the Board is reviewed annually by the Board. The qualifications and experience of each Director is set out in the Directors Report. The Board composition requirements under the Namoi Cotton Constitution aims to achieve a mix of industry, finance, governance, trading, risk management,

compliance, IT and strategy experience.

Article 11.3 of the Namoi Cotton Constitution requires the Board to be comprised of an equal number of Grower Directors and Non-Grower Directors (“**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 by way of special resolution. 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**

As laid out in Article 12.2 of the Namoi Cotton 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 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.

### **Independence**

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 Board recognises the need to have a majority of independent Directors but additionally that Board members must add value to the Namoi Cotton business. 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 have the skills, knowledge, qualifications and the experience necessary to facilitate the proper functioning of the Board.

Each of Mr Watson, Mr Price and Mrs Hamparsum (and Mr Boydell until his resignation in January 2020) as Grower Directors, are cotton producers and sell cotton to Namoi Cotton and use Namoi Cotton’s ginning services. The Board regularly assesses whether or not the nature and extent of those transactions would cause these Directors not to be considered independent. The Board is satisfied each of these Directors are independent as to the nature and magnitude of their dealings with Namoi Cotton as they do not cause the Board to consider that the relationship would materially interfere with their independence when exercising their judgment. Mr Watson, Mr Price and Mrs Hamparsum (and Mr Boydell until his resignation), are capable of exercising independent judgement on all Board decisions.

The Namoi Cotton Alliance Joint Venture 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 which holds 10.21% of the issued ordinary shares for Namoi Cotton Limited and under the ASX Listing Rulings is regarded as a substantial shareholder for Namoi Cotton Limited.

Mr Robert Green was, until 30 July 2019, appointed to the Namoi Cotton Alliance Joint Venture Committee to represent the interests of the LDC Group. Until that date, the Board did not consider Mr Green to be an independent Director. During the 2020 Financial Year and up to the date of this Corporate Governance Statement, the Board considers that Mr Green’s experience in the corporate sector and extensive agricultural industry skill base is invaluable to Namoi Cotton in advancing its business activities, and is confident that Mr Green exercised an independent judgment on all Board decisions.

Mr James Jackson, who resigned on 13 May 2020, is the Executive Chairman and major



shareholder for Australian Rural Capital Limited (ARC) which holds 9.61% of the issued ordinary shares of Namoi Cotton Limited. Under the ASX Listing Rulings, ARC is regarded as a substantial shareholder for Namoi Cotton Limited.

Having considered Mr Jackson's relationship with ARC and the principle of independence referred to above, the Board did not consider Mr Jackson to be an independent Director having regard to ARC's significant shareholding in Namoi Cotton and Mr Jackson's executive role with ARC. However during his tenure as a Director of Namoi Cotton, the Board considers that Mr Jackson's experience in the corporate sector, capital markets and extensive agricultural industry skill base is invaluable to Namoi Cotton in advancing its business activities, and is confident that Mr Jackson exercised an independent judgment on all Board decisions.

### **Conflicts of Interest**

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

The Board has a Code of Conduct which 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 Namoi Cotton 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 of the matter, receive Board papers on the matter and must leave the Board meeting whilst the matter is being considered.

### **Chairperson**

The Board Charter provides that the Chairperson is to be appointed by the Board. Mr Tim Watson is the Chairman and a Non-Executive Grower Director.

### **Director Induction**

Namoi Cotton has a program and process to induct new Directors. New Directors 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: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING**

### **Recommendation 3.1 – Listed entity should have a code of conduct and share trading policy** **Code of Conduct**

The Board has established a Code of Conduct, which guides and applies to the Directors, the Chief Executive Officer, 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 under the "Governance" tab.

### **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 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 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 under the "Governance" tab.

### **Whistleblower Policy**

Namoi Cotton has adopted a Whistleblower Protection Policy 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 Policy 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 Whistleblower Protection Policy provides protection to whistleblowers by establishing a mechanism for concerns to be raised on a confidential basis without fear of reprisal.

The Whistleblower Protection Policy 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, collectively, 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 under the "Governance" tab.

#### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

##### **Recommendation 4.1, 4.2 and 4.3 – Listed entity should have an Audit Committee, CEO and CFO declarations and Auditors available at the AGM to answer questions**

###### **Audit Risk and Compliance Committee**

The Board has established an Audit Risk and Compliance Committee which is governed by the Audit Risk and Compliance Committee Charter.

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

The Committee's Charter provides that the Committee will meet at least four (4) times annually and additionally as required and is structured to have at least three (3) non-executive directors including an independent chairperson. The qualifications of members of the Committee are set out in the Directors Report and Annual Report for 2020 and attendance at meetings is included in the Directors Report. All Committee members must be financially literate and at least one member of the Committee should have accounting or related financial management expertise and at least one member should have a detailed understanding of the industry in which Namoi Cotton operates.

During the 2020 Financial Year the Chief Executive Officer and senior management also attended Committee meetings.

The Committee's primary functions are to:

- Review the integrity of Namoi Cotton's financial information and systems, internal and external reporting.
- Review the internal controls, policies and procedures that Namoi Cotton uses to identify and manage business risks.
- Review the external Auditor's annual audit of the financial statements.
- Review and assess the external Auditors' activities, scope and independence.

- Review and assess the internal auditor’s activities, scope and independence.
- Review the management process for the identification of significant business risks and exposures (including fraud), and review and assess the adequacy of management information and internal control structures.
- Obtain regular updates from management, matters that may have a material impact on the Company’s activities.
- Communicate with specified external stakeholders with respect to its role. External stakeholders are current and potential external auditors and internal auditors as well as parties nominated by the Board.
- Communicate with Namoi Cotton’s financiers and bankers with respect to ongoing financial facilities.
- Review any reports of misconduct made in accordance with the Company’s Whistleblower Protection Policy.

The Audit Risk and Compliance Committee receives updates from the Chief Executive Officer, Chief Financial Officer, management and the external Auditor.

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

Prior to approving Namoi Cotton’s 2020 Financial Statements (29 February 2020) the Board received from the CEO and the Interim Acting 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.

The Auditor’s independence declaration forms part of the Directors’ Report.

## **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

### **Recommendation 5.1 – Make timely exposure and set policies to meet ASX Listing Rule 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 ASX releases covering such publications as market updates, annual and half yearly financial statements and material business updates. ASX announcements that are considered material and price sensitive 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 under the 'Governance' tab.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

### **Recommendation 6.1, 6.2, 6.3 and 6.4 – Respect rights of security holders**

The Board and management are committed to Shareholders being informed and kept up to date with Namoi Cotton's activities. All information released to the ASX is posted to Namoi Cotton's website [www.namoicotton.com.au](http://www.namoicotton.com.au). A copy of Namoi Cotton's Annual Report is issued to Shareholders who have requested one. The financial and annual reports for the past five years for Namoi Cotton are available on the Namoi Cotton website.

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.

Notice of General Meetings are provided to Shareholders and posted on the Namoi Cotton website and Shareholders are encouraged to attend the Annual General Meeting. 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.

The Policy also requires the attendance of the external Auditors at the Annual General Meeting to answer questions about the Namoi Cotton audit and contents of the Auditor's Report.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

### **Recommendation 7.1, 7.2 and 7.3 – Risk Management Committee, Review of Risk Management Framework and Internal Audit Function**

The Audit Risk and Compliance Committee is responsible for review and oversight of risk management policies and framework for Namoi Cotton and to make recommendations to the Board.

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.

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;
- 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 management has reported to the Board as to the effectiveness of Namoi Cotton’s management of its material business risks.

Namoi Cotton has established a Trading and Operating Risk Committee. The Committee has adopted a Charter which sets out its role, responsibilities, access to management and information protocols, meeting processes and performance evaluation.

Broadly the Trading and Operating Risk Committee is responsible for:

- reviewing and monitoring the policies and limits in the risk management policy;
- reviewing and monitoring the procedures adopted for treasury functions;
- reviewing and monitoring hedging strategies adopted by Namoi Cotton;
- receiving external reports relating to risk management activities.

The Namoi Cotton Alliance joint venture (in which Namoi Cotton has a substantial 51% interest), 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. The Trading and Operating Risk Committee and the Namoi Cotton Board receive reports on risk positions held by the Namoi Cotton Alliance. The Trading and Operating Risk Committee review and monitor these risk positions and provide guidance on these matters to the Namoi Cotton Board. The Namoi Cotton Alliance business comprises a Joint Venture Committee and Risk Management Committee to monitor and ensure that Namoi Cotton Alliance Management is complying with the comprehensive Namoi Cotton Alliance Risk Management Policy. The risks governed by the Namoi Cotton 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 Namoi Cotton Alliance Risk Management Committee and Namoi Cotton Alliance Joint Venture Committee, with oversight provided by the Trading & Operating Risk Committee monitor compliance with the Namoi Cotton Alliance Risk Management Policy from time to time to ensure risks are managed within the appropriate trading risk parameters.

The Audit Risk and Compliance Committee reviews Namoi Cotton’s risk management framework annually to satisfy themselves the framework continues to be sound. The Trading and Operating Risk Committee reviews risk relating to trading operations.

Namoi Cotton does not have an internal audit function. The Board considers that due to the size of

Namoi Cotton such function would not be cost effective however the Audit Risk and Compliance Committee ensure internal policies and controls are in place and are being adhered to. The Board may engage an independent third party to undertake an internal audit if necessary, at any time.

The Board has established a Safety Committee which comprises all Board members. The Safety Committee is responsible for managing the environment and occupational health and safety risks and is committed to advancements of safety systems, protective equipment and capital expenditure to mitigate environmental, occupational health and safety risks.

**Recommendation 7.4 – Should disclose whether it has material exposure to economic, environmental and social sustainability risks and if so, how such risks are intended to be managed**

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.

Economic sustainability risks for Namoi Cotton are financial management, maintaining market share, retaining existing ginning clients and obtaining new ginning clients, managing and trading the cotton seed business prudently. In addition, a major economic risk is the performance of the Namoi Cotton Alliance Joint Venture. Namoi Cotton Alliance key economic risks are supply and demand risks which can be impacted by cotton futures and foreign exchange trading conditions, overseas demand and regulatory conditions.

Namoi Cotton and Namoi Cotton Alliance have risk management policies which consider and provide limits for economic risk exposures. The Board exercises economic risk management by fiscal control on capital projects and approval of budgets.

Namoi Cotton manages risks in relation to environmental sustainability which include spills at gin sites, air and noise pollution or EPA license breaches. On a regular basis, Namoi Cotton conducts environmental risk assessments for each ginning site to comply with regulatory EPA requirements.

Namoi Cotton does not believe it has any material exposure to such environmental risks at the date of this statement, however this is monitored on an ongoing basis.

Namoi Cotton is primarily based in regional locations, the sustainability of these communities is important to Namoi Cotton. When possible, Namoi Cotton supports local communities and organisations. Namoi Cotton has various charity events in which it supports local 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.

**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

Namoi Cotton is committed to ensuring that remuneration packages for Directors and management are fair and reasonable. Namoi Cotton has established a People and Culture Committee 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 People and Culture Committee conducts an annual assessment of the performance of the Board, Committees, the Directors, the Chief Executive Officer 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.

Details of Namoi Cotton's remuneration policies are set out in the Remuneration Report of the 2020 Annual Report, which is available on the Namoi Cotton website.

Namoi Cotton may pay retirement benefits to Directors in accordance with the ASX Listing Rules and Corporations Act.

On 10 October 2017, Shareholders approved any Director serving two terms in office as at 10 October 2017 is entitled to a retirement benefit equivalent to two years' remuneration based on their remuneration for the 2017-2018 financial year.

Senior Executive remuneration is reviewed on an annual basis. The People and Culture Committee may seek bench marking from external advisers to assist in Director or Senior Executive remuneration reviews.

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## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

NAMOI COTTON LIMITED

ABN / ARBN:

76 010 485 588

Financial year ended:

29 FEBRUARY 2020

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: [https://www.namoicotton.com.au/fileadmin/html\\_templates/namoi/images/Namoi\\_Cotton\\_Corporate\\_Governance.pdf](https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Namoi_Cotton_Corporate_Governance.pdf)

The Corporate Governance Statement is accurate and up to date as at 26 June 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 26 June 2020

Name of Director or Secretary authorising lodgement:

ANDREW METCALFE  
COMPANY SECRETARY

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Diversity_Policy_June_2019_Final_-_web_version.pdf">https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Diversity_Policy_June_2019_Final_-_web_version.pdf</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Diversity_Policy_June_2019_Final_-_web_version.pdf">https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Diversity_Policy_June_2019_Final_-_web_version.pdf</a></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Diversity_Policy_June_2019_Final_-_web_version.pdf">https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Diversity_Policy_June_2019_Final_-_web_version.pdf</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www-oui.clevvi.com.au/fileadmin/html_templates/namoi/images/People_Culture_Committee_Charter_-_April_2020.pdf">https://www-oui.clevvi.com.au/fileadmin/html_templates/namoi/images/People_Culture_Committee_Charter_-_April_2020.pdf</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> in the Annual Report – Related Party Transactions ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	... our code of conduct or a summary of it: <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></li> <li><input checked="" type="checkbox"/> at <a href="https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Namoi_Cotton_Limited_-_Code_of_Conduct.pdf">https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Namoi_Cotton_Limited_-_Code_of_Conduct.pdf</a></li> </ul>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www-oi.clevvi.com.au/fileadmin/html_templates/namoi/images/ARCC_Charter_-_26_February_2020.pdf">https://www-oi.clevvi.com.au/fileadmin/html_templates/namoi/images/ARCC_Charter - 26 February 2020.pdf</a></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> in the Annual Report on pages</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Disclosure_and_Communication_policy_-_Namoi_Cotton_Limited_5_December_2018_-_Board_Approved.pdf">https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Disclosure and Communication policy - Namoi Cotton Limited 5 December 2018 - Board Approved.pdf</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at <a href="https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Disclosure_and_Communication_policy_-_Namoi_Cotton_Limited_5_December_2018_-_Board_Approved.pdf">https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Disclosure and Communication policy - Namoi Cotton Limited 5 December 2018 - Board Approved.pdf</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Disclosure_and_Communication_policy_-_Namoi_Cotton_Limited_5_December_2018_-_Board_Approved.pdf">https://www.namoicotton.com.au/fileadmin/html_templates/namoi/images/Disclosure and Communication policy - Namoi Cotton Limited 5 December 2018 - Board Approved.pdf</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www-oil.clevvi.com.au/fileadmin/html_templates/namoi/images/Trading_and_Operating_Risk_committee_charter_Mar_2020.pdf">https://www-oil.clevvi.com.au/fileadmin/html_templates/namoi/images/Trading_and_Operating_Risk_committee_charter_Mar_2020.pdf</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and that such a review has taken place in the reporting period covered by this Appendix 4G: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> [If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www-oi.clevvi.com.au/fileadmin/html_templates/namoi/images/People_Culture_Committee_Charter_-_April_2020.pdf">https://www-oi.clevvi.com.au/fileadmin/html_templates/namoi/images/People_Culture_Committee_Charter_-_April_2020.pdf</a></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> in the Annual Report pages [ ] and [ ]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at Annual Report pages [ ] and [ ]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>