



Namoi Cotton Limited  
Trading and Operating Risk Committee  
Charter

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## 1.0 Purpose

The Trading and Operating Risk Committee Charter sets out the composition, role and responsibilities of the Trading and Operating Risk Committee (the “**Committee**”). The Committee is a committee of the Board of Directors (Board) of Namoi Cotton Limited and its subsidiaries (Namoi Cotton or the Company) and is established by the Board of Namoi Cotton Limited.

The Committee assists the Board by monitoring the implementation of Board policy and making recommendations to the Board in respect of matters for which it is responsible.

The Committee’s primary functions are to:

1. Review the integrity of Namoi Cotton’s trading operation risk limits and risk management systems; and
2. Obtain regular updates from Company management on risk matters that may have a material impact on the company’s operation and trading activities.

The trading operations of Namoi Cotton include cotton seed, lint and trash within Namoi Cotton, its subsidiaries and the joint venture investment within Namoi Cotton Alliance.

## 2.0 Composition of the Committee

The Committee will be comprised of a minimum of three (3) Non-Executive Directors to be nominated by the Board.

For the Committee the following applies:

- (a) composition of the Committee is reviewed annually.
- (b) the effect of ceasing to be a Director of the Board is the automatic termination of appointment as a member of the Committee;
- (c) members will have a working familiarity with basic risk management principles and practices;
- (d) it is appropriate that members of the Committee have a range of different backgrounds, skills and experiences, having due regard to the operational and strategic risk profile of the Namoi Cotton.
- (e) at least one member of the Committee should have risk management and trading management expertise and at least one member should have a detailed understanding of the cotton industry; and
- (f) new members appointed to the Committee are required to undertake a formal induction, that includes an understanding of the Risk Management Policy for Namoi Cotton and Namoi Cotton Alliance and reviewing and understanding this Charter.

To ensure that the Committee is fulfilling its duties to the Board, the Committee will:

- (a) review, at least annually, the Committee Charter and recommend to the Board any appropriate amendments for approval;
- (b) review the annual work plan incorporating any changes in the Charter; and
- (c) with the inclusion of the Board, conduct an annual assessment of its performance annually against its chartered duties and responsibilities and provide a report of the findings to the Board.

The Chair of the Committee will be appointed by the Board. The Chair must be an independent Director who is not Chair of the Board.

Should the Chair be absent from a meeting and no acting Chair has been appointed, the members of the Committee present at the meeting shall choose one of the other members of the Committee to chair that particular meeting.

The Company Secretary for Namoi Cotton will act as the secretary for the Committee.

### 3.0 Key Responsibilities of the Committee

The Committee is responsible for reviewing and assessing the adequacy of Namoi Cotton's risk management framework, which will include:

- a) reviewing annually the Namoi Cotton Risk Management Policy.
- b) reviewing any recommended changes to the Namoi Cotton Risk Management Policy and Namoi Cotton Alliance Risk Management Policy and making recommendations on such changes to the Board.
- c) reviewing risk limits in the Namoi Cotton Risk Management Policy to ensure that they are adequate for the nature of the business being conducted by the Namoi Cotton group.
- d) receive from Company management reports on material business risks and review against risk management limits established for Namoi Cotton.
- e) monitoring of the insurance coverage for the Namoi Cotton group.
- f) receiving from Company management periodical reports on trading positions, foreign exchange positions, derivative positions, counter-party risk and credit risk.
- g) request Company management to review and report on any material exposures to economic, environmental, water legislation, agricultural legislation and social sustainability risks for the Namoi Cotton business;
- h) review dealings with sanctioned countries and counterparties and the processes implemented by Company management to ensure compliance with relevant legislation; and
- i) make recommendations to the Board on the appropriate trading risk reporting requirements noting that the Audit, Risk & Compliance Committee will assess the companies risk management framework.

### 4.0 Systems and Controls

The Committee will review and assess Namoi Cotton systems, controls and compliance framework, which includes:

- (a) monitoring the compliance with the Namoi Cotton policies, legislation and regulatory requirements and reporting of material breaches and non-compliance; and
- (b) ensuring Company management has implemented effective processes to ensure compliance with the Namoi Cotton policies, relevant laws and regulatory requirements.

### 5.0 Meetings, Process and Quorum

The Committee will meet at least four (4) times annually and additionally as required.

Two members of the Committee constitutes a quorum.

The Chief Executive Officer, Chief Financial Officer, Company Secretary and Executive General Manager – Customer Operations are invited to attend Committee meetings.

The Company Secretary will keep the minutes for Committee meetings.

The relevant documents to be considered at Committee meetings will be distributed by the Company Secretary to all Committee members.

The Committee may, by standing invitation, invite any person to attend all or part of a scheduled Committee meeting. Only Committee members are eligible to vote at Committee meetings.

## 6.0 Reporting to the Board

The Committee will update the Board from time to time and make relevant recommendations in relation to matters arising for consideration by the Board.

## 7.0 Access

The Committee has the right to:

- (a) access all books, records and documents for Namoi Cotton; and
- (b) appoint and engage independent legal or external risk management advice in relation to its duties, subject to the prior approval on expenditure by the Chairperson of the Board (which may not be unreasonably withheld).

## 8.0 Committee Performance

The Committee will review its performance annually and report to the Board periodically.

## 9.0 Review of Charter

The Committee will review the Charter at least annually and recommend to the Board any changes for approval.

The Charter may be amended by resolution of the Board.

## 10.0 Publication

The Charter will be available on the Namoi Cotton website.

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Adopted by the Board on 10 October 2017

Reviewed and updated by the Board in June 2019

Reviewed and updated by the Board on 23 March 2020