

Corporate Governance Statement 2018



Corporate Governance Statement

Nufarm's board processes have been reviewed to ensure they represent and protect the interests of all stakeholders. This includes detailed consideration of the third edition of the Corporate Governance Principles and Recommendations, ('the ASX principles') published by the Australian Securities Exchange Limited's (ASX) Corporate Governance Council.

Nufarm's corporate governance practices can be viewed in the corporate governance section of our website: <http://www.nufarm.com/CorporateGovernance>

Compliance with ASX principles

The ASX Listing Rules require Nufarm to disclose the extent to which we have adopted the ASX principles. During this reporting period, Nufarm complied with all of the ASX principles contained in the third edition of the ASX principles.

Management and oversight of Nufarm

The board

The governing body of the company is the board of directors. The board's responsibility is to oversee the company's operations and ensure that Nufarm carries out its business in the best interests of all shareholders and with proper regard to the interests of all other stakeholders.

The board charter defines the board's individual and collective responsibilities and describes those responsibilities delegated to the managing director and senior executives. A copy of the board charter is available on the corporate governance section of the company's website.

The board has set specific limits to management's ability to incur expenditure, enter contracts or acquire or dispose of assets or businesses without full board approval.

The board's specific responsibility is to:

- ratify, monitor and review strategic plans for the company and its business units;
- approve financial and dividend policy;
- review the company's accounts;
- review and approve operating budgets;
- approve major capital expenditure, acquisitions, divestments and corporate funding;

- oversee risk management and internal compliance; and
- review codes of conduct and legal compliance.

The board is also responsible for:

- the appointment and remuneration of the managing director;
- ratifying the appointment of the chief financial officer and the company secretary. The company secretary has a direct reporting line to the chairman, and all directors have direct access to the company secretary, who is appointed by, and accountable to, the board on all governance matters; and
- reviewing remuneration policy for senior executives and Nufarm's general remuneration policy framework.

There are six scheduled board meetings each year. When necessary, additional meetings are convened to deal with specific issues that require attention before the next scheduled meeting. Each year the board also reviews the strategic plan and direction of the company.

At 31 July 2018, there are four board committees: audit and risk; human resources; nomination and governance; health safety and environment. All directors are entitled to attend any committee meeting.

Details of the attendances at meetings of board and committees during the reporting period appear on page 32 of Nufarm's 2018 Annual Report.

Nufarm undertakes appropriate checks before appointing or putting forward any director for election by shareholders and provides shareholders with all information relevant to their decision whether or not to re-elect the director.

All directors and senior executives have a written agreement with the company setting out the terms of their appointment.

Inclusion and diversity

Nufarm is a global organisation that aims to provide an inclusive work environment where individuals are valued for their diversity and empowered to reach their full potential. We believe we are stronger when our plans and operations reflect the thinking of all our people, representing a broad range of backgrounds, cultures and experience.

Highlights in the 2018 financial year

Nufarm is focused on improving inclusion and diversity outcomes across the business as we believe this will help realise the potential of each employee.

This financial year we established relevant policies, programs and initiatives to ensure inclusion and diversity are embedded in the way we conduct our business. Some examples include:

- Conducted a global analysis using our Inclusion and Diversity diagnostic to understand our current state and identify gaps;
- Established an Inclusion and Diversity Governance Structure and executive Steering Committee;
- Developed an Inclusion and Diversity strategy for financial year 2019;
- Implemented and deployed the new global Inclusion and Diversity policy;
- Introduced a contemporary talent and succession planning methodology that reduces manager bias in the assessment and selection cycle;
- Established a process for reviewing gender pay equality;
- Continued to establish recruitment metrics that assist us to drive increased female representation at Nufarm; and
- Continued to create a more inclusive work environment.

Other key initiatives supporting inclusion and diversity included:

- Introduction of One Nufarm Behaviours so employees can bring our values to life and use them to help guide their day to day activities.
- Continued regular employee opinion surveys to ensure more frequent feedback from employees;
- Implemented a Human Resource Information System (HRIS) to better capture diversity trends;
- Enabled a more inclusive work environment through our Grow Plan Succeed (GPS), a new real-time performance management program.
- Continued to leverage our global change leader network; and
- Introduced inclusive leadership training for all people managers.

Nufarm is a designated relevant employer under the Australian Workplace Gender Equality Act (WGEA), and whilst we complied with the WGEA requirements, improvements were seen in four of the six key Gender Equality Indicators.

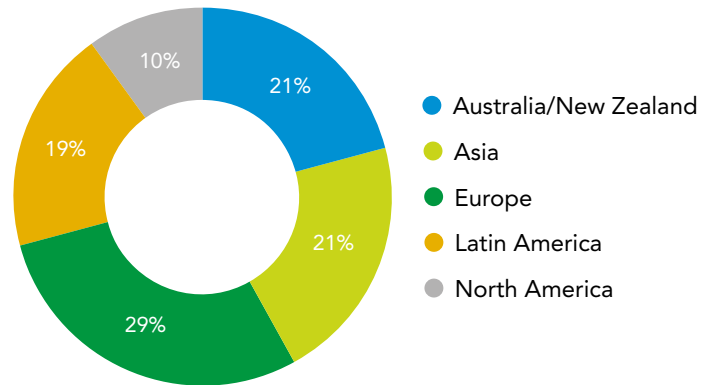
Nufarm's workforce

In the 2018 financial year we employed 3,217 (+28 FTE) people across five regions, an increase of less than one per cent from the previous year. This slight increase can be attributed to our continued focus on the customer with additional FTE headcount attributed predominantly to the sales function.

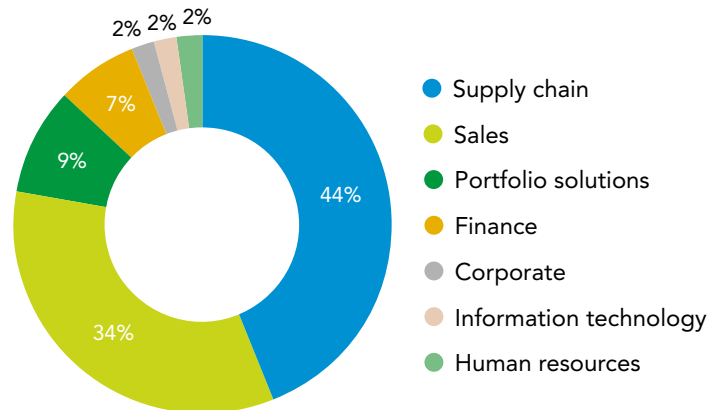
Most of our workforce remain full time with 86 per cent permanent employees and 14 per cent contract or non-permanent employees. Where the nature of the role allows it, we support flexible work arrangements with four per cent of our workforce operating with part time arrangements.

Parental leave was accessed by two per cent of the workforce. Males represented 18 per cent (less than one per cent of the male workforce) while Females represented 82 per cent (seven per cent of the female workforce) of parental leave taken.

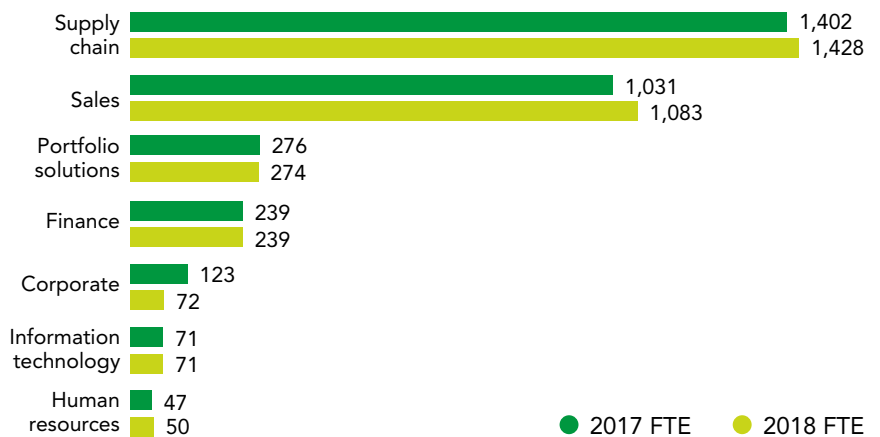
2018 FTE by region



2018 FTE by function



2017 FTE v 2018 FTE by function



Women at Nufarm

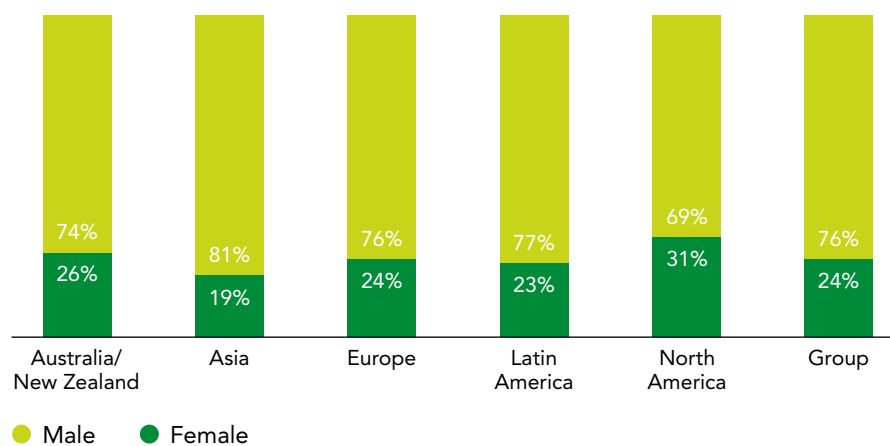
Nufarm's gender diversity is about empowering all our employees by actively addressing the barriers to equality, and creating a level playing field and inclusive culture for both men and women.

In the 2018 financial year we focused on improving female representation across all areas of the business, with 30 per cent of new or vacant positions filled by female candidates. This was a 33 per cent increase on female placement from 2017 (23 per cent). We achieved a slight increase in female representation to 24 per cent up from 23 per cent in 2017. This increase can be seen across most regions and functions at Nufarm.

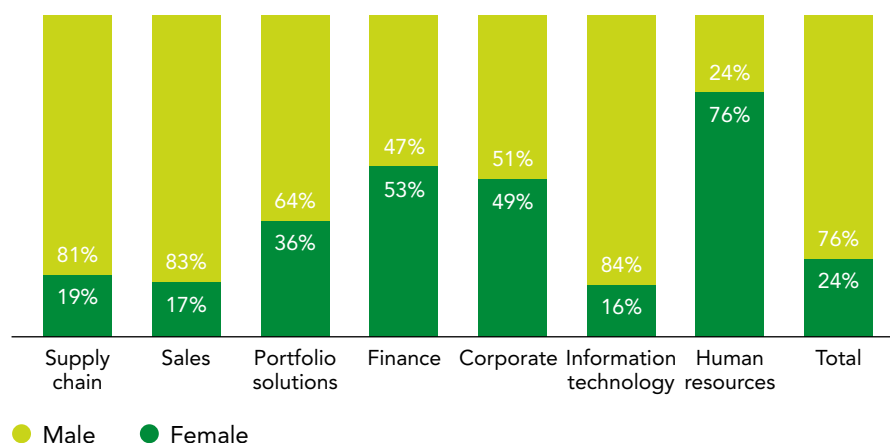
Female representation increased in the Australia and New Zealand region by three per cent and is attributed to broader inclusion initiatives introduced during 2018 including, but not limited to extending flexible working arrangements with the introduction of purchased leave and gender neutral parental leave policies, unconscious bias training and a forum to raise awareness of gender equality and women in agriculture. The ANZ region piloted some new recruitment strategies to reduce potential bias, including the introduction of inclusive language in advertisements to target wider talent pools. The Europe region also continues to target gender equality. In 2018 our UK Gender Pay Gap Report analysis also found Nufarm to be compliant with no issues to resolve.

Most functions improved female representation, with the increase in sales and supply chain being particularly notable. The sales function had a 20 per cent increase in female representation compared to last year and of the increased sales FTE headcount, 61 per cent of the roles were filled by females. The Supply Chain function saw a 14 per cent increase in the female population, representing an overall two per cent uplift in female population across our two largest functions.

Gender representation by region



Gender representation by function



In the female dominated functions of Finance and Human Resources male representation increased in 2018.

Females continue to represent 20 per cent of people leadership positions across Nufarm. Female representation at non-executive director level remains stable at 25 per cent while female representation increased at the Executive and Senior

Management level from 16 per cent in 2017 to 23 per cent this financial year. In 2018, 26 per cent of all internal promotions were filled by females, however our female representation at the level below the above categories (people manager level) has declined from 21 per cent in 2017 to 19 per cent in 2018.

Cultural diversity

Our global footprint enables a culturally diverse workforce of leaders and teams, representing local cultures and customers in over 100 countries. Twenty-five per cent of non-executive directors reside outside of Australia and our leadership team is culturally diverse, with at least six different cultural backgrounds represented. Nufarm's employee self-disclosed data indicates that our workforce originates from no less than 56 different countries and speaks at least 16 different languages.

Inclusion programs

To help grow Nufarm's local talent we continued to expand our regional youth strategy through a variety of global programs. The 2018 financial year saw the addition of an 'Agriculture Future of America' program that supports the development of a pipeline of talent through engaging and mentoring future agriculture leaders. We continue to recruit across the career lifespan with 32 per cent of new hires aged less than 30 years of age, 54 per cent between 30–50 years and 14 per cent over the age of 50. Our longer-term intent is to increase numbers in younger age groups, allowing us to grow and develop our internal talent to fill more senior opportunities more often.

Disability and Inclusion programs offered in North America provide opportunities for individuals with developmental disabilities and/or those living with mental illness to work part time in areas that fit their skills. In Brazil we continue to meet the agreed quotas to hire people with disabilities.

This year we also introduced NuLead, a One Nufarm Leader Development program. The program targets leaders at all levels of the business and aims to improve our inclusive leadership and coaching capability. The initial module focused on cultivating better connections through quality conversations that inspire employees to grow and learn, plan what is important and ultimately succeed through enabling quick solutions to challenges. More than 68 per cent of all managers participated in this program. This capability helped provide our leaders with the tools and techniques to have more effective conversations across the organisation and complements the performance management cycle. The second module focused on using evidence to reduce the bias in people-related decision making.

The 2018 financial year saw the introduction of One Nufarm Behaviours. The behaviours were launched with a One Nufarm Celebration day in regions, where all employees had the opportunity to celebrate our heritage and the achievement of 100 years working with farmers and growers and going from strength-to-strength to become the company we are today.

Employee opinion survey

In the 2018 financial year we also introduced a #talktous Employee Opinion Survey (EOS) mini survey to capture feedback from employees on the global initiatives introduced following the 2016 survey. Overall the result remained stable with sentiment moving in the right direction during a time of significant change. Progress against some of our global initiatives introduced following the 2016 EOS include:

- A positive sentiment towards the new contemporary and technology-enabled GPS cycle
- Our information and technology transformation continues to extend our global systems and processes into each region allowing employees to better serve our customers
- Employee recognition is still an area for improvement. And we recently introduced a global recognition program aligned to our One Nufarm Behaviours.

Progress against 2018 objectives

We deployed a global Inclusion & Diversity diagnostic across all regions, to better understand the challenges and opportunities associated with Inclusion and Diversity. This enabled us to develop a meaningful and appropriate inclusion and diversity strategy that can be measured and monitored.

Our global footprint enables a culturally diverse workforce of leaders and teams, representing local cultures and customers in over 100 countries.

Corporate Governance Statement continued

The table below demonstrate progress made against the FY18 objectives:

Objective	Progress
1 We will extend the Inclusion and Diversity diagnostic to take a global view of our current state and identify the gaps.	<p>The global diagnostic was completed, and we identified four key themes to focus on globally (Vision, Policies and Procedures, Knowledge and Capability and Remuneration)</p> <p>As part of establishing vision, an Executive Inclusion and Diversity Steering Committee has been established. This committee reviewed the global diagnostic to develop a more meaningful and measurable approach to our I&D strategy.</p> <p>Using a maturity model, we have identified current state and desired future state for our key Inclusion and Diversity themes with a three-year target plan. The Steering Committee will review and measure progress against the key themes.</p> <p>A global project team has been establishing to develop the action plan and measures against the key themes.</p> <p>Regional councils will be established to ensure both global themes and local needs are activated.</p>
2 Implement and deploy the new global Inclusion and Diversity policy. This will include each region conducting a regional Inclusion and Diversity self-assessment and establishing action plans with identified metrics in all regions.	<p>Inclusion and Diversity policy deployed, and the self-assessment diagnostic completed. Global governance framework established, and regional actions plans are being developed to reflect global themes and local requirements.</p>
<p>3 We will continue to provide opportunities to improve female representation at Nufarm through establishing recruitment metrics where:</p> <ul style="list-style-type: none"> at least one female candidate is included in the short list of candidates for positions in the top three levels of the company (CEO-2). one female representative is required on all interview panels for roles in the top three levels of the company (CEO-2). <p>Create a more inclusive work environment with at least 25 per cent of all people managers having participated in Inclusive Leadership training.</p>	<p>Recruitment at Nufarm is very focused on attracting the right talent through a direct sourcing model. A holistic approach is taken which includes many channels such as advertising, referrals, use of social media etc. This approach allows us to diversify our talent pool to ensure we have access to the best talent that have a broad range of experience.</p> <p>A conscious effort was made to reach out and connect directly with potential female candidates for most CEO-2 roles. Encouraging awareness of the opportunities at Nufarm. Although this effort was made during the talent sourcing stage it did not always eventuate to a female candidate making the shortlist. At least 56 per cent of roles had connection with females as part of the sourcing process and 33 per cent of CEO-2 roles were filled by females for external opportunities.</p> <p>We can confirm good progress has been made towards having a female representative as part of the selection process (94 per cent) for roles in the top three levels of the company and we are on track to hit this target.</p> <p>More than 68 per cent of all people managers have now completed the foundation to Inclusive Leadership Training. The second module developed for People Managers, 'Making remuneration decision with a growth mindset' uses evidence and guiding principles to help managers take a more holistic view to remuneration decision making and reduces unconscious bias.</p>

Focus for 2019

Nufarm believes that inclusion and diversity are both critical to our sustainable growth. A key enabler to achieving growth is to develop the talent and continue to build an inclusive culture.

As a continuation of our efforts we have now refreshed our strategic approach to Inclusion and Diversity and identified key themes to focus the company's attention and efforts.

2019 Objectives

1. Begin executing the Global three-year Inclusion & Diversity plan commencing with:
 - (a) Vision and Purpose:
Develop a clear vision for Inclusion and Diversity at Nufarm, articulate the value it will deliver, and develop a plan to engage employees and embed this commitment.
 - (b) Policy
Review all key people related policies with a lens to eliminate potential bias and encourage Inclusion and Diversity.
 - (c) Knowledge and Capability
Extend knowledge and capability training through multi channels and to a wider audience beyond people managers. Provide education to increase awareness of unconscious bias and reinforce an inclusive culture.
 - (d) Remuneration
Conduct a pay parity review for at least two regions and develop an action plan.
2. Extend our Inclusion and Diversity governance framework by establishing Inclusion and Diversity councils in all regions. These councils will lead and deploy the regional initiatives against the regional action plans that are aligned to the global themes.

These objectives are in addition to the continued focus of Nufarm's inclusion and diversity policy and current practices that are already yielding meaningful results.

Evaluating board and board committee performance

The board is committed to reviewing its performance and ensuring the board has the skills and knowledge to provide appropriate leadership and governance for the company.

The board is also committed to reviewing the performance of its committees and its directors.

In the current period the performance review of the board, its committees and its directors was facilitated by directors completing a self assessment survey and the chairman completing interviews with each director.

It is anticipated that an external assessment of board performance will be undertaken in 2018/2019.

Evaluating the performance of senior executives

As part of Nufarm's annual remuneration review, the performance of the senior executive team is reviewed first by the managing director, then the human resources committee and then by the board. In the case of the managing director, the human resources committee and the board conduct his review.

A performance evaluation of senior executives was undertaken in accordance with this process in the reporting period. The executive compensation principles and remuneration mix are set out in detail in the remuneration report on pages 34 to 49 of Nufarm's 2018 Annual Report.

Board of directors Composition

There are nine members of the board with a majority being independent non-executive directors. The board has an appropriate range of proficiencies, experience and skills to ensure the proper discharge of its responsibilities. Profiles of each board member, including terms in office, are on pages 6 and 7 of Nufarm's 2018 Annual Report.

The company's constitution specifies that the number of directors may be neither less than three, nor more than 11. At present there are eight non-executive directors and one executive director, namely the managing director, and the board has decided at this time that no other company executive will be invited to join the board.

Independence

Directors are expected to bring independent views and judgement to the board. The board has regard to, and applies, the recommendations and commentary in the ASX principles concerning the independence of directors.

At the date of this report, the majority of directors are independent with the exception of Dr Bruce Goodfellow and Toshikazu Takasaki (non-executive directors) and Greg Hunt (managing director and chief executive officer).

Donald McGauchie has been a member of the board for 14 years and chairman of the board for eight years. The board unanimously continues to support Donald as chairman, believing this to be in the clear interest of all stakeholders. Donald applies judgement independently of management in all decision making. He discharges his role with strong commitment to considerations of governance and disclosure.

Tenure

The board believes that the way directors discharge their responsibilities and their contribution to the success of the company determines their independence and justifies their positions.

The nomination and governance committee reviews the performance of directors who seek to offer themselves for re-election at the company's annual general meeting. The company's constitution requires directors to submit themselves for re-election at least every three years. The nomination and governance committee then recommends to the board whether or not it should continue to support the nomination of the retiring directors.

Chairman of the board

The chairman is elected annually at the directors' meeting immediately following the company's annual general meeting. Nufarm's chairman, Donald McGauchie, is an independent director.

The Nufarm board has stipulated that the role of the chairman and chief executive officer may not be filled by the same person. The roles of chairman and CEO are currently held by different people.

Nomination and governance committee
Donald McGauchie is chairman of the nomination and governance committee and Bruce Goodfellow and Frank Ford are members of the committee. A majority of the committee are independent directors, and the committee is chaired by an independent director. Profiles of each committee member are on pages 6 and 7 of Nufarm's 2018 Annual Report.

The committee met on three occasions in the 2018 reporting period.

A copy of the committee's charter and a summary of the policy and procedure for director appointments are available on the corporate governance section of the company's website. The charter must be reviewed annually by the committee and it was reviewed by the committee in the 2018 reporting period.

The committee's charter sets out the committee's membership requirements and includes the following responsibilities:

- ensuring the board has the appropriate size and composition to discharge its duties effectively;
- developing criteria for board membership, and developing processes for recruiting and retaining directors and identifying specific candidates for nomination;
- considering whether the board has an appropriate mix of skills, knowledge, experience independence and diversity outlined in the board skills matrix;
- developing a process for the evaluation of the performance of the board, its committees and directors;
- developing policies and procedures for the nomination and appointment of new directors including developing criteria for board membership;

- recommending changes to the membership of the board and making recommendations to the board on candidates it considers appropriate for appointment;
- developing induction and continuing professional development programs for directors;
- reviewing board succession plans;
- in conjunction with the human resources committee, ensuring the application of the diversity policy to the selection of board members;
- reviewing the time commitments required of non-executive directors and whether those requirements are met;
- reviewing any retiring non-executive director's performance and making recommendations to the board as to whether the board should continue to support the nomination of a retiring non-executive director;
- managing the process of managing director recruitment and transition on behalf of the board;
- reviewing and approving the company's corporate governance policies including its continuous disclosure protocol and securities trading policy;
- reviewing and recommending to the board the annual Corporate Governance statement; and
- reviewing the company's code of conduct and other ethical standards.

Nufarm recognises the valuable contribution made by each board member to the effective running of the company. When board positions become available, the company takes the opportunity to review the mix of skills and experience on the board in considering the skills and experience that a new director should possess.

This analysis forms the basis of selection criteria, which includes diversity, both as to gender and experience.

Nufarm applies a capability matrix to assess the collective capability of the board. This matrix covers qualifications, strategic and functional expertise, crop protection industry knowledge, business and board experience and diversity. Prior to initiating a search for a new

board member, these areas of capability are reviewed in light of Nufarm's strategy and the prevailing and expected market conditions.

The collective capability of the current board is assessed against requirements and the search then focuses on finding a board member who will best complement the current mix of capability on the board.

The capability matrix is also used to select induction, development and education activities for the board and to articulate the ongoing relevance of a board member's expertise prior to recommending re-election of that board member.

The board ensures that new directors are inducted to the company appropriately, including by sharing relevant industry knowledge, visits to specific company operations and briefings by key executives.

To assist in providing appropriate professional development opportunities for continuing directors to develop and maintain their skills and knowledge of the company, each year, Nufarm endeavours to hold one of the scheduled board meetings at one of the company's international locations allowing directors to inspect the relevant operation, meet local management, customers and other stakeholders. Furthermore, directors are also provided with access to regional general managers.

Access to independent advice to help directors discharge their responsibilities, any director can appoint legal, financial or other professional consultants at the expense of the company with the chairman's prior approval (which may not be unreasonably withheld).

The board charter provides that non-executive directors may meet without management present.

Conflicts of interest

Board members must identify any conflict of interest they may have in dealing with the company's affairs and then refrain from participating in any discussion or voting on these matters. Directors and senior executives must disclose any related party transactions in writing to the chairman.

Acting ethically and responsibly

Ethical standards

Nufarm operates in many countries and does so in accordance with the social and cultural beliefs of each country.

The company is politically impartial except where the board believes that it is necessary to comment due to any perceived major impact on the company, its business or any of its stakeholders.

We require all directors, senior executives and employees to adopt standards of business conduct that are ethical and which comply with the law. Where there are no legislative requirements, the company develops policy statements to ensure appropriate standards are maintained.

Copies of the company's code of conduct and anti-bribery policy are available on the corporate governance section of the company's website.

Safeguard integrity in corporate reporting

Financial reports

The company has put in place a structure of review and authorisation to independently verify and safeguard the integrity of its financial reporting.

The audit and risk committee reviews the company's financial statements and the independence of the external auditors.

Audit and risk committee

Frank Ford is chairman of the audit and risk committee and Anne Brennan, Gordon Davis, Peter Margin and Marie McDonald are members of the committee. The committee comprises independent non-executive directors and is chaired by an independent director. Profiles of each committee member are on pages 6 and 7 of Nufarm's 2018 Annual Report.

The committee met on four occasions in the current reporting period.

A copy of the committee's charter is available on the corporate governance section of the company's website. The charter must be reviewed annually by the committee and it was reviewed by the committee in the 2018 reporting period.

The charter sets out membership requirements for the committee, its responsibilities and provides that the committee shall annually assess the external auditor's actual or perceived independence by reviewing the services provided by the auditor.

The charter also identifies those services that:

- the external auditor may and may not provide; and
- require specific audit and risk committee approval.

The committee has recommended that:

- any former lead engagement partner of the firm involved in the company's external audit should not be invited to fill a vacancy on the board;
- the lead engagement audit partner will be required to rotate off the audit after a maximum five years' involvement; and
- it will be at least two years before that lead partner can again be involved in the company's audit.

Prior to the approval of the financial statements for any financial period, the board receives a declaration from the CEO and CFO that:

- the financial records of the company have been properly maintained;
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the company's financial position and performance; and
- that opinion has been formed on the basis of a sound system of risk management and internal control which operates effectively.

The company's external auditor attends the company's AGM and is available to answer questions for shareholders relevant to the audit.

Disclosure

The company has a detailed written policy and procedure to ensure compliance with its disclosure obligations under both the ASX Listing Rules and the Corporations Act. This policy is reviewed regularly with the company's legal advisers and was most recently amended in September 2017.

The company secretary prepares a schedule of compliance and disclosure matters for directors to consider at each board meeting.

A summary of the disclosure policy is available on the corporate governance section of the company's website.

Rights of shareholders

Information about Nufarm, including copies of:

- relevant market announcements and related information;
- annual report and financial statements; and
- presentations made to analysts and investor briefings,

are immediately made available on the company's website: www.nufarm.com. The corporate governance section of the website contains relevant corporate governance information, including copies of various policies.

Communication

Nufarm is committed to timely, open and effective communication with its shareholders and the general investment community.

Nufarm values a direct, two-way dialogue with shareholders and the company believes it is important not only to provide relevant information as quickly and efficiently as possible, but also to listen and understand shareholders' perspectives and respond to their feedback. Nufarm's communication policy aims to:

- ensure that shareholders and
- the financial markets are provided with full and timely information about its activities;
- ensure company compliance with its continuous disclosure obligations contained in the ASX Listing Rules and the Corporations Act in Australia, as well as industry guidelines such as the Australasian Investor Relations Association's Best Practice Guidelines for Communication between Listed Entities and the Investment Community;
- ensure equality of access to briefings, presentations and meetings for shareholders, analysts and media; and
- encourage and facilitate attendance and voting at shareholder meetings.

Information is communicated to shareholders:

- through the distribution of half year and annual reports;
- whenever there are other significant developments to report, by electronic means as well as by post; and
- when shareholders are provided with notice of the company's AGM and other general meetings.

Nufarm has a dedicated investor centre on the company's website which contains:

- all market announcements and related information which is posted immediately after release to the ASX;
- a calendar of events relating to shareholders;
- archived presentations made at the AGM and analyst and media briefings;
- notice of annual general meeting and explanatory notes;
- archived half year and annual reports;
- ASX announcements and financial results for at least the last three years; and
- the company's share price.

Management remains accessible to shareholders, analysts, fund managers and others with a potential interest in the company. Communications with external stakeholders are coordinated via a central contact point within the company.

Shareholders are encouraged to attend and participate at general meetings. To facilitate this, meetings will be held during normal business hours and at a place convenient for the greatest possible number of shareholders to attend.

The full text of notices and accompanying materials will appear on the company's website.

Information, including in relation to:

- the nature of the business of the meeting;
- conflicts of interest;
- voting restrictions; and
- directors' recommendations,

will be presented in a clear and concise manner designed to provide shareholders and the market with full and accurate information. Proxy forms will be provided in order to enable shareholders who are unable to attend the meeting to vote on the resolutions.

Nufarm encourages its shareholders to receive communications from and to send communications to it and its share registry electronically.

A copy of the company's communications policy is available on the corporate governance section of the company's website.

Identifying and managing risk

The board is committed to identifying, assessing, monitoring and managing its material business risks. To that end, the board has implemented a sound risk management framework which it reviews at least annually to ensure its effectiveness.

The board is responsible for the oversight of the company's risk management system. The board ensures that appropriate policies are in place to ensure compliance with risk management controls and requires management to monitor, manage and report on business risks.

The board delegates certain responsibilities to board committees and primarily to its audit and risk committee which is chaired by an independent director. The audit and risk committee's responsibilities include providing an oversight of the effectiveness of Nufarm's enterprise-wide risk management and internal control framework.

The company's risk management framework, policies and procedures set out the roles, responsibilities and guidelines for managing financial and operational risks associated with the business. The framework, policies and procedures have been designed to provide effective management of material risks at a level appropriate to Nufarm's global business. The risk framework, policies and procedures will continue to be enhanced as the group's operations develop and its range of activities expands.

Nufarm's group risk management department, led by the general manager global risk and assurance, manages the implementation of this framework across the group. Detailed risk profiles for key operational business units have been developed. These risk profiles identify the:

- nature and likelihood of specific material risks;
- key controls in place to mitigate and manage the risk;
- sources and level of assurance provided on the effective operation of key controls; and
- responsibilities for managing these risks.

The audit and risk committee charter requires the committee and the general manager global risk and assurance to review, at least annually, the group's risk management framework. In the 2018 reporting period, the audit and risk committee reviewed the effectiveness of the company's risk management framework to ensure that the framework remains sound.

Nufarm's internal audit function is headed by the general manager global risk and assurance who reports at each audit and risk committee meeting on the implementation and management of the enterprise risk management policy.

As explained in the audit and risk committee charter, the internal audit is designed to:

- assess the effectiveness of, or weaknesses in, the group's internal control framework including computerised information system controls and security, the overall control environment, and accounting, treasury and financial controls;
- consider significant findings and recommendations of the external auditors and internal auditors, together with management's responses thereto, and the timetable for implementation of recommendations to correct identified weaknesses in internal controls; and
- review, with the general manager global risk and assurance and the external auditors, the coordination of the audit effort to assure completeness of coverage of key business controls and risk areas, reduction of redundant effort, and the effective use of risk management and audit resources.

The nomination and governance committee is responsible for ensuring the company has appropriate governance policies and practices and appropriate ethical standards.

The committee is also responsible for reviewing and approving the company's continuous disclosure protocol and security trading policy. Copies of the continuous disclosure protocol and security trading policy are available on the corporate governance section of the company's website.

The health safety and environment committee assists the board in respect of the company's responsibilities in relation to health, safety and environment matters arising out of activities within the Nufarm group as they affect employees, contractors, visitors, customers and the communities in which the Nufarm group operates.

Nufarm has adopted a formal sustainability strategy to provide a globally aligned and planned approach to manage economic, social and environment sustainability risks. The health safety and environment committee receives an update at each of its meetings on the progress and development of the sustainability strategy.

Nufarm publishes an annual sustainability report and a copy of the 2018 report is available on the company's website.

All board committees report to the board on risk management issues within their area of responsibility.

A summary of the company's policies on risk oversight and management of material business risks is available in the corporate governance section of the company's website.

Health safety and environment committee

Gordon Davis is chairman of the health safety and environment committee and Toshikazu Takasaki and Marie McDonald are members of the committee. A majority of the committee are independent directors and the committee is chaired by an independent director. Profiles of each committee member are on pages 6 and 7 of Nufarm's 2018 annual report.

The committee met on three occasions in the current reporting period.

A copy of the committee's charter is available on the corporate governance section of the company's website.

The charter must be reviewed annually by the committee and it was reviewed by the committee in the 2018 reporting period.

Remuneration

The board has procedures to ensure that the level and structure of remuneration for executives and directors is appropriate.

Full details of the executive remuneration structure are set out in the remuneration report on pages 34 to 49 of Nufarm's 2018 Annual Report.

Human resources committee

Peter Margin is chairman of the human resources committee and Gordon Davis, Donald McGauchie and Anne Brennan are members of the committee. The committee comprises independent non-executive directors and is chaired by an independent director. Profiles of each committee member are on pages 6 and 7 of Nufarm's 2018 Annual Report.

The committee met on three occasions in the 2018 reporting period.

A copy of the committee's charter is available on the corporate governance section of the company's website.

The charter must be reviewed annually by the committee and it was reviewed by the committee in the current reporting period.

The committee's charter includes a responsibility to review and make recommendations to the board in relation to Nufarm's board and executive remuneration and talent strategy, structure and practice with regard to:

- Nufarm's strategic objectives;
- corporate governance principles; and
- competitive practices.

The specific matters the committee may consider include the review of:

- executive management and directors' remuneration, including the link between company and individual performance;
- current industry best practice;
- the outcome of the annual vote on the adoption of the remuneration report;
- different methods for remunerating senior management and directors, including superannuation arrangements;
- existing or proposed incentive schemes;
- retirement and termination benefits and payments for senior management; and
- professional indemnity and liability insurance policies.

The committee is responsible for seeking and approving independent remuneration advisers who will provide independent remuneration advice, as appropriate, on board, chief executive officer and other key management personnel remuneration strategy, structure, practice and disclosure.

The committee reports to the board on all matters and the board makes all decisions, except when power to act is delegated expressly to the committee.

The company distinguishes the structure of non-executive directors' remuneration from that of senior executives. Details of senior executive and non-executive directors' remuneration are set out in the remuneration report on pages 34 to 49 of Nufarm's 2018 Annual Report.

Nufarm has in place a short term incentive plan ('STI plan'). The rules of the STI plan provide that participants are not permitted to hedge any shares issued to them under the STI plan whilst those shares are held in trust.

Clause 10 of the company's security trading policy sets out the process by which key management personnel may seek approval to enter into a margin loan or other security arrangement in respect of Nufarm's securities. A copy of the security trading policy is available on the corporate governance section of the company's website.