

Corporate Governance Statement

2019



Grow a better tomorrow

Corporate Governance Statement

Nufarm's governance framework and 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.

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 (third edition).

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 directors' individual and collective responsibilities and describes those responsibilities delegated to the managing director and senior executives. The board has delegated to the managing director the day to day leadership and management of the company, including the responsibility of managing and overseeing the interface between the company and the public and to act as the principle representative of the company. 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, including continual improvement of reporting frameworks; and
- review and approve 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 2019, there are four standing 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 26 of Nufarm's 2019 annual report.

Nufarm undertakes appropriate checks before appointing or supporting the nomination of any director for election by shareholders and provides shareholders with all material information relevant to their decision whether or not to elect or 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 2019 financial year

This year we commenced delivery of our Inclusion and Diversity strategy. Our goal is to embed inclusion and diversity in the way we conduct our business, wherever we operate around the world. Activities included:

- conducting six Inclusion and Diversity executive steering committee meetings;
- establishing a process and undertaking a global pay parity review;
- creating a checklist to assess our 'people policies' for bias, and commencing policy reviews around the world;
- continuing unconscious bias awareness training;
- raising awareness of inclusion and diversity through regular communications, assisting to improve employee consciousness of the benefits of a more inclusive work environment;
- continuing the introduction of our contemporary talent and succession planning methodology that reduces manager bias in the assessment and selection cycle, with a broader range of leaders now utilizing the methodology; and
- continuing to establish recruitment metrics that assist us to drive increased female representation at Nufarm.

Other key initiatives supporting inclusion and diversity included:

- continuing to introduce inclusive leadership training for all people managers as they are promoted or join Nufarm; and
- introducing our One Nufarm Behaviours recognition program where 565 people were recognised with 1,518 badges of appreciation.

The Australian Workplace Gender Equality Act (WGEA) deems Nufarm as a designated relevant employer. We comply with the WGEA requirements and saw improvements in three of the six key Gender Equality Indicators.

Nufarm's workforce

At the end of this financial year we employed 3,315 people (2018: 3,217 people) across five regions, an increase of less than three per cent from the previous year. More than half of this increase is attributed to enhancing the sales and supply chain requirements in Europe as part of an acquisition. Additional roles were also created in the corporate part of the business relating to developing integrated business planning and commercial capabilities across the organisation.

Most of our workforce remain full time with 91 per cent permanent employees and nine per cent contract or non-permanent employees. Where the nature of the role allows it, we support flexible work arrangements with five per cent of our workforce operating with part time arrangements. In 2019, males represented 33 per cent of part-time workers, up from 27 per cent in the prior year.

We continue to recruit across the career lifespan with 33 per cent (2018: 32 per cent) of new hires aged less than 30 years of age, 54 per cent between 30-50 years and 13 per cent over the age of 50. This aligns with our longer-term intent to increase numbers in younger age groups, allowing us to grow and develop our internal talent to fill more senior opportunities more often.

2019 FTE by region



2019 FTE by function



2019 FTE v 2018 FTE by function

	2019	2018
Supply Chain	1,463	1,428
Sales	1,112	1,083
Portfolio Solutions	279	274
Finance	240	239
Corporate	95	72
Information Technology	72	71
Human Resources	54	50

Women at Nufarm

Nufarm's focus on gender diversity is designed to empower all employees by actively addressing the barriers to equality and creating a level playing field and inclusive culture for both men and women. To this end we are committed to working towards a target of not less than 30 per cent of either gender making up our workforce.

We are focused on improving female representation across all areas of the business, with 31 per cent of new or vacant positions filled by female candidates in 2019 (2018:30 per cent). Forty-six per cent of all hires from outside the business were female, reflecting the benefits of our policy of having one female on the panel for all executive and senior management external appointments, as well as one female on the short list for this group. Overall, we maintained female representation at 24 per cent across the organisation.

Female representation increased in Portfolio Solutions (up three per cent), Finance (up one per cent), Corporate Functions (up four per cent) and Manufacturing Shop Floor (up one per cent). Our highest level of female representation can be found among our professionals, representing 27 per cent. Male representation increased to 25 per cent in Human Resources from 24 per cent in the prior year.

Females represent 19 per cent of people leadership positions across Nufarm. The board considers gender diversity as a relevant consideration in its succession planning. The percentage of female non-executive directors increased to 29 per cent (2018: 25 per cent) due the overall number of board members being reduced. A review conducted in March revealed our board gender diversity was better than our global industry peers. The executive and senior leadership level female representation remains consistent at 23 per cent.

Forty-six per cent of external appointments to the senior management level were female. In contrast 14 per cent of internal promotions to senior management level were female. Twenty-three per cent of all internal promotions across the organisation were filled by females compared to 26 per cent last year. Lateral moves showed a higher female representation of 34 per cent (2018: 20 per cent) and 23 per cent of all global mobility was represented by females.

Gender by region

FY2019	Female	Male
ANZ	26%	74%
ASIA	18%	82%
Europe	25%	75%
LATAM	23%	77%
NA	31%	69%

Gender by function

FY2019	Female	Male
Supply Chain	19%	81%
Sales	17%	83%
Portfolio Solutions	39%	61%
Finance	54%	46%
Corporate	53%	47%
Information Technology	13%	87%
Human Resources	75%	25%

Gender Pay Parity Review

We conducted a global gender pay parity review across all regions. Gender pay was analysed for employees performing the same type and level of job in the organisation. The methodology follows the principle of equal pay for equal work. Results of the gender pay parity review demonstrated that each region is remunerating employees at parity.

Cultural diversity

Our global footprint enables a culturally diverse workforce of leaders and teams, representing local cultures and customers in over 100 countries. Due to a retirement from the board, 15 per cent of board members now reside outside Australia (2018: 25 per cent). Our executive and senior management team remains culturally diverse with at least 15 different cultural backgrounds represented. Nufarm's employee self-disclosed data indicates that our workforce originates from no less than 63 different countries and speaks at least 19 different languages. Nufarm also has four per cent of employees working in a different country to their birth country.

Progress against 2019 objectives

In 2019 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 global inclusion and diversity strategy that can be measured and monitored over a three-year period. The table below demonstrates progress made against our objectives in the first year of the strategy.

OBJECTIVE	PROGRESS
1 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.	The CEO announced the new inclusion and diversity policy and communicated its importance. Regular communication on inclusion and diversity issues is taking place through existing employee channels.
2 Policy Review all key people related policies to eliminate potential bias and encourage inclusion and diversity.	Developed an unconscious bias policy checklist that has been used to review over 50 per cent of key people policies across each region. The remainder of these key people policies are scheduled for review in FY2020. Some of the changes implemented to our policies were: <ul style="list-style-type: none">• gender neutral language applied• images updated to demonstrate greater diversity• definitions included• inclusive position statement added
3 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.	Developed an online program to be deployed to all senior leaders by December 2019 and used for all employees in North America and Australia/New Zealand by end 2020. Argentina conducted unconscious bias training for 40 key employees and Brazil intends to use this same program in 2020.
4 Remuneration Conduct a pay parity review for at least two regions and develop an action plan.	Conducted a global pay parity review in all five regions. Results of the gender pay parity review demonstrated that each region is remunerating employees at parity.
5 Other 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.	One region has established their council representing different functions of the business. In addition, they have various working groups responsible for delivery of the region's initiatives. Other regions have inclusion and diversity action plans with their councils being formed this year.

Focus for FY2020

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

As a continuation of our efforts we now continue into year two of our inclusion and diversity strategy through extending our themes and objectives from last year deeper into the organisation; focusing additional efforts towards developing greater gender equality with our internal talent pipeline; and conducting our interim regional inclusion and diversity audit.

FY2020 objectives

Inclusion and diversity strategy goals	2020 inclusion and diversity objectives
<p>1 Vision and Purpose Goal Diversity is actively understood and represented by all employees who promote an inclusive culture. Difference is celebrated across the company and there is a solid understanding of how inclusion and diversity can contribute to achieving business objectives.</p> <p>By 2022</p>	<p>Continue with the communications plan and regular inclusion and diversity articles, with a targeted campaign specifically designed for our senior management level.</p>
<p>2 Policy Goal Inclusion and diversity policy underpins other HR strategies. Policies and procedures are regularly reviewed, and where special circumstances allow, alternative solutions are put in place to ensure attraction and retention of a diverse workforce.</p> <p>By 2020</p>	<p>Review all key people related policies to eliminate potential bias and encourage inclusion and diversity.</p>
<p>3 Knowledge and Capability Goal All employees understand what diversity and inclusion is and the competitive advantages it brings, are aware of their responsibilities in contributing to a diverse and inclusive environment, and how to do so effectively.</p> <p>By 2022</p>	<p>Extend knowledge and capability training to a wider audience beyond people managers. Provide education to increase awareness of unconscious bias and reinforce an inclusive culture.</p> <ul style="list-style-type: none">• Deploy the unconscious bias training to 100% of our senior leaders.• Launch NuLead Principles as part of our continuous effort to develop inclusive leadership.
<p>4 Remuneration Goal Remuneration practices ensure there is no bias based on difference.</p> <p>By 2022</p>	<p>Address the identified anomalies from the pay parity review. Conduct an annual gender pay analysis to identify any gender bias during the salary and short-term incentive review.</p>
<p>5 Talent Goal The board and senior leadership to have not less than 30 per cent of people of each gender. Succession plan coverage reflects the diversity of the organisation.</p> <p>By 2022</p>	<p>Take the new talent and succession cycle deeper into the organisation to provide greater talent visibility to the board and senior management.</p> <p>Have one female on the panel for all senior leadership level appointments and the commitment of having one female on the short list for all senior leadership roles.</p> <p>Launch a new employee value proposition externally that has three foundational pillars, one of which focusses entirely on inviting people to 'Come as you are', to represent and continue to build our inclusive and diverse workplace. These pillars will form part a new recruitment marketing campaign in 2020.</p>

These objectives are in addition to the ongoing activities under 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. An external assessment of the board will be undertaken by the end of 2019 calendar year.

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 the 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 29 to 52 of Nufarm's 2019 annual report.

Board of directors

Composition

There are eight members of the board with a majority being independent non-executive directors. The board collectively has an appropriate range of proficiencies, experience and skills to ensure the proper discharge of its responsibilities. Profiles and tenure of each board member, including terms in office, are on pages 4 and 5 of Nufarm's 2019 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 seven 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 Toshikazu Takasaki (non-executive director) and Greg Hunt (managing director and chief executive officer).

Donald McGauchie has been a non-executive director since 2003 and has been chairman since 2010. The board recognises that length of tenure is an important factor in assessing a non-executive director's independence. After reflecting on Donald's tenure, the board assessed Donald as independent on the basis that he continues to test and challenge senior management constructively and always provides independent judgement on matters presented for board decisions. Donald has indicated that, if re-elected at the 2019 AGM, he does not intend to serve a full term on the board and plans to retire from the Board once there has been a transition to a new Chairman.

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.

In addition to the annual director performance evaluations undertaken, 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. During the period, the other members were Frank Ford, Bruce Goodfellow (until 6 December 2018) and Marie McDonald (from 25 July 2019). All members of the committee are independent directors, and the committee is chaired by an independent director. Profiles of each committee member are on pages 4 and 5 of Nufarm's 2019 annual report.

The committee met on three occasions in the 2019 reporting period. The individual attendances of members at committee meetings is disclosed on page 26 of Nufarm's 2019 annual report.

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 is reviewed annually and will be reviewed in the coming year to ensure alignment with the ASX principles (fourth edition).

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 as 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 inclusion and 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 succession 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. Such Induction programs are regularly reviewed in relation to emerging business and governance issues related to the entity.

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.

Directors may access independent advice to help them 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.

Act lawfully, 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 responsible and 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. The board is informed of any material breaches of either policy.

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 corporate reporting.

The audit and risk committee review 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 only independent non-executive directors and is chaired by an independent director who is not the chair of the board. Profiles including the qualifications and experience of each committee member are on pages 4 and 5 of Nufarm's 2019 annual report.

The committee met on four occasions in the current reporting period. The individual attendances of members at committee meetings is disclosed on page 26 of Nufarm's 2019 annual report.

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 will be reviewed in the coming year to ensure alignment with the ASX principles (fourth edition).

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, in their opinion:

- 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.

Timely and balanced 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 and was most recently amended in September 2017.

Disclosure is an agenda item for consideration at all board meetings.

The company secretary ensures directors receive copies of all material market announcements promptly after they have been made.

Any new and substantive investor or analyst presentation will be released to the market on the ASX market announcements platform ahead of any presentation.

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 ASX market announcements platform, following which they are then uploaded to 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 meetings 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. Shareholders are also encouraged to send questions to the auditor prior to the meeting.

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,

Rights of shareholders (continued)

Communication (continued)

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.

All substantive resolutions at a company meeting of security holders shall be decided by a poll rather than by a show of hands.

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 is reviewed at least annually to satisfy itself that it continues to be sound. For more information regarding Nufarm's risks refer to pages 19 to 24 of Nufarm's 2019 annual report.

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 non-financial 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. The framework aims to deal adequately with contemporary and emerging risks, such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change.

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 2019 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 2019 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 4 and 5 of Nufarm's 2019 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 will be reviewed in the coming year to ensure alignment with the ASX principles (fourth edition).

The committee charter includes:

- consideration of health, safety and environmental issues that may have a strategic business and reputational implications for the Company;
- reviewing the setting of appropriate health, safety and environmental strategies and policies;
- monitoring compliance with Nufarm Group's HS&E policy;
- reviewing significant health, safety and environment incident investigation reports;
- monitoring the environmental performance of Company activities; and
- reviewing sustainability practice and performance.

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 29 to 52 of Nufarm's 2019 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 only independent non-executive directors and is chaired by an independent director. Profiles of each committee member are on pages 4 and 5 of Nufarm's 2019 annual report.

The committee met on five occasions in the 2019 reporting period. The individual attendances of members of committee meetings is disclosed on page 26 of Nufarm's 2019 annual report.

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 will be reviewed in the coming year to ensure alignment with the ASX principles (fourth edition).

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 policies, practices and structure of non-executive directors' remuneration from those of senior executives. Details of senior executive and non-executive directors' remuneration are set out in the remuneration report on pages 29 to 52 of Nufarm's 2019 annual report.

Nufarm's securities trading policy prohibits key management personnel and certain other employees from entering into transactions which operate to limit the economic risk of security holdings in Nufarm over unvested entitlements. In addition, 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.