



Recovery Underway? Time will tell

Company/ASX Code	Nufarm Limited (NUF)
AGM date	Friday 18 December 2020
Time and location*	Virtual Meeting, 10am
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Duncan Seddon assisted by Chris Lobb
Pre AGM Meeting?	To be arranged

*The Company intends to change its reporting date from 31 July to the 30 September each year. As a consequence of this there are two AGM's of the company being held consecutively. The first one is for the year ending 31 July 2020 and a second for the two months to 30 September 2020. In this report for brevity these meetings are combined.

The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

Nufarm Limited (NUF) is a crop protection and specialist seeds company. NUF products helps farmers to protect their crops against damage caused by weeds, pests and disease. Nufarm has manufacturing and marketing operations throughout Australia, New Zealand, Asia, the Americas and Europe and sells products in more than 100 countries. Due to a range of factors, mostly related to climatic conditions, NUF has run into strong headwinds in recent years.

However with drought breaking rains along the east coast of Australia, conditions and incomes for farmers have improved considerably. The question is whether NUF can capitalise on these improved conditions and return to paying dividends again.

Efforts have been made to reduce costs to improve margins. The interim 2 month reporting period to 30 September 2020 has also shown sales to have increased by 23% on the prior corresponding period (pcp). Pleasingly the business has demonstrated continued resilience to the impact of COVID-19.

The full year FY20 result disclosed a statutory net loss after tax of \$456m and underlying EBITDA from continuing operations of \$236m. The company completed the sale of its S. American business to major shareholder Sumitomo during the year which helped strengthen its balance sheet with reduced net debt.

Governance and culture

As detailed below the company is currently undertaking a Board renewal with 2 directors stepping down and another 2 indicating they will also retire from the board during their current tenure. NUF was active during the year, following an external review, of board committees including revamping committee charters and responsibilities. Pleasingly a significant improvement in the company's safety outcome with the best safety result achieved in the company's history.

Financial performance

In summary another disappointing year with the company having to book non-cash impairments against their European assets of \$215m. For the second consecutive year no dividend was declared or paid.

Key events

As approved at last year's AGM, the South American business sale was completed in April 2020. As part of this preference shares were issued to Sumitomo and subsequently repurchased. No other capital management activities were undertaken as the balance sheet remains in good shape with lower net debt notwithstanding COVID-19.

Key Board or senior management changes

The board consists of 9 directors, 7 independent, 1 nominee and the CEO. Gender diversity is at 22%. Some good work is being undertaken in addressing gender diversity within employee ranks.

The long standing director of 17 years and chairman of 10 years, Donald McGauchie, retired from the Board on 24 September 2020. He has been replaced as chairman by John Gilliam from that date (he joined the Board 31 July 2020), who is up for re-election at this meeting. The company has announced they are undertaking a structured approach to board renewal and have appointed Lynne Saint as part of this process. Anne Brennan is not seeking re-election at this meeting after 9+ years as a non-executive director (NED).

This is in line with the recent policy change to limit the tenure of NED's to 9 years and the Chairman to 12 years (provided they have served as Chairman for less than 6 years).

The Company has appointed a new CFO, Paul Townsend who commenced his role on 1 December 2020. The CEO, Greg Hunt, has held the position since May 2015.

Summary

(As at FYE)	2020	2019	2018	2017	2016
NPAT (\$m)	-91.3	38.3	-15.6	103.2	16.2
Share price (\$)	4.01	4.66	7.79	8.39	7.21
Dividend (cents)/share	0	0	0.11	0.13	0.11
TSR (%)	-4.2	-29.9	-12.00	3.50	8.6
EPS (cents)	-1.43	0.18	0.81	0.48	0.51
CEO total remuneration, actual (\$m)	1.649	1.160	1.464	1.539	1.428

For 2020, the CEO's total actual remuneration was **18.5 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2020 data from the Australian Bureau of Statistics).

Item 2	Adoption of Remuneration Reports (FY20 and Interim)
ASA Vote	For

Summary of ASA Position

Management determined to waive any STI entitlement in FY20 in light of the COVID-19 situation. This was not insignificant. However the Board did use its discretion to award certain STI payments to those executives involved in the successful sale of the S. American business. Unfortunately these were all paid in cash to the executives concerned.

Management have also agreed to waive any STI entitlement for the interim period and also agreed to a salary freeze for the second year running in light of disappointing outcomes for shareholders in the company. Likewise NED's have held their fees at current levels for the second year in a row although some adjustment to committee fees will be made to reflect changes in their structure and responsibilities.

None of the directors acquired additional shares during the period, notwithstanding the weakness in the share price. Some indication of support would have been a positive given some NED's do not hold shares to the equivalent level of their base fee.

No LTI vesting conditions applying to the FY18 awards were achieved and therefore no new equity will be issued as a result.

CEO rem. Framework for 2020	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1,294,688	40%	1,294,688	36.5%
STI - Cash	485,508	15%	743,135	21.0%
STI - Equity	485,508	15%	743,135	21.0%
LTI	971,016	30%	761,719	21.5%
Total	3,236,720	100.0%	3,542,677	100.0%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

Item 3	Re-election of Directors
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Item 3a	Re-election of Gordon Davis
ASA Vote	For

Fees \$190,270; shares 71,609 (value \$; \$278,000); joined 2011

Summary of ASA Position

Long standing member of the board and will support his re-election this year although we feel it is time that he moved on. He has indicated that he will not serve his full term to allow a replacement director to be appointed. Currently also a NED of Healius Limited and Midway Limited.

Item 3b	Re-election of John Gillam
ASA Vote	For

Joined July 2020, appointed chairman September 2020

Summary of ASA Position

He has had a 20-year career with Wesfarmers including CEO of Bunnings Group and MD of CSPB. Although he will be a clear asset to the company, he is fully loaded with the chairmanship of CSR Limited, chairmanship of Bluefit Pty. Ltd. and three other charitable directorships.

Item 3c	Re-election of Peter Margin
ASA Vote	Against

Fees \$215,086; shares 3,480 (value \$13,548); joined 2011

Summary of ASA Position

Another long standing member of the board who we think should consider moving on. He has indicated this will be his last term and will step down to allow a replacement to be appointed. After 9 years on the board his shareholding in the company is derisory. We have had in the past direct discussions with him on this matter and we have clearly different opinions as to the remuneration and shareholdings of independent company directors. We take the view that being a director is not like a salaried position and the director cannot maintain independence if that director is reliant on fee income. We clearly have a conflict here and we will vote against his re-election as matter of principle.

Holds the role of non-executive chairman of Asahi Holdings Pty Ltd and deputy chairman of Bega Cheese Limited – so his workload is considerable.

Item 3d	Re-election of Marie McDonald
ASA Vote	For

Fees \$200,790; shares 22,327 (value \$89,530); joined 2017

Summary of ASA Position

We have supported her election in the past. A lawyer by profession, she is a director of CSL Limited and Nanosonics Limited. We will continue to support her as a director of Nufarm but would expect her to acquire further shares to at least the equivalent value of her fees.

Item 3 of 2nd AGM	Election of Lynne Saint as a Director
ASA Vote	For

Election Sep. 2020

Summary of ASA Position

Lynne Saint has had many years experience with the Bechtel Group (large international engineering and contracting company). She is a director of Iluka Resources and no other commitments. We will support her election to the Board as an independent NED as she adds to the skills matrix with her accounting background. She will become a member of the Audit Committee following her election.

Item 4	New Constitution
ASA Vote	For

Summary of ASA Position

The proposed amendments are not controversial.

Item 5	Insertion of proportional takeover provisions
ASA Vote	For

Summary of ASA Position

The proposal is not controversial.

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