



# Leading the Industry

**SINCE FORMING IN 2004, MOSAIC HAS GROWN TO BE A GLOBAL LEADER IN PHOSPHATES AND POTASH CROP NUTRITION.** We are proud to be a competitive, low-cost producer with strong customer relationships and the financial strength to invest in growth and innovation. And we've led the industry in developing high-quality premium products that help growers succeed.



**None of Mosaic's success would be possible without our greatest asset—our people.**

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Each person at Mosaic contributes to our strategic priorities: Developing, engaging and empowering our people; growing and strengthening our business; and creating value for our stakeholders. And we conduct our critical work with an emphasis on abiding integrity and excellence, for the benefit of all our stakeholders.



## ■ Who We Are

**G4-56** No matter where Mosaic operates in the world, we ask that our employees adhere to the same companywide values. This common sense of purpose and responsibility ensures that we approach our work with a shared goal.

**G4-6** We mine phosphate rock in Florida and process rock into finished phosphate products at facilities in Florida and Louisiana. We mine potash in Saskatchewan and New Mexico. We have other production, blending or distribution operations in Brazil, China, India and Paraguay, as well as strategic equity investments in a phosphate rock mine in the Bayovar region in Peru and a joint venture formed to develop a phosphate rock mine and chemical complexes in the Kingdom of Saudi Arabia.

Mosaic conducts business through wholly and majority-owned subsidiaries, as well as businesses in which we own less than a majority or a non-controlling interest. We are organized into three reportable business segments: Phosphates, Potash and International Distribution. Additional information about our business and operating segments is provided in our [10-K Report](#).

# OUR MISSION, PRINCIPLES & PRIORITIES

MISSION: PRINCIPLES: We are  
Help the world grow the food it needs  
responsible, innovative, collaborative and driven

PRIORITIES: Develop, engage and empower our employees; Grow and strengthen our business; Create value for our stakeholders



# Sustainability Governance

MOSAIC'S APPROACH TO SUSTAINABILITY REFLECTS OUR COMMITMENTS TO GLOBAL FOOD SECURITY, THE ENVIRONMENT, OUR PEOPLE, THE COMMUNITIES WHERE WE OPERATE, AND

**OUR COMPANY.** We encourage each person at Mosaic to act responsibly and contribute to our company's success. It's our collective decisions and actions that must be ethical, strategic and sustainable.


Sustainability leadership begins with our Board of Directors. The Environmental Health, Safety and Sustainable Development (EHSS) Committee of the Mosaic Board of Directors provides oversight of our environmental, health, safety, and sustainable development strategic vision and performance.

View The [EHSS Committee Charter](#) for more information. The Board and Senior Leadership Team review the EHSS Committee's recommendations in order to develop new companywide policies, initiatives, targets and goals. A team of employees, overseen by a Vice President of Public Affairs, manages sustainability initiatives on a day-to-day basis.

The Mosaic Company [Senior Leadership Team \(SLT\)](#), led by our President and Chief Executive Officer, is primarily responsible for managing profit and loss and delivering growth. Implementation and delivery of Mosaic's business strategy and plan are monitored by SLT members. The SLT is supported in matters of sustainability by leading vice president- and director-level employees who are accountable for ensuring the goals are achieved through site-specific, business segment and companywide implementation.

**Mosaic's approach to sustainability reflects our commitments to global food security, the**





environment, our  
people, the communities  
where we operate, and  
our company

Mosaic participates in a number of sustainability initiatives:

- United Nations Global Compact (UNGC): Committing to 10 principles in the areas of human rights, labor, the environment and anti-corruption
- CDP and CDP Water: Improving transparency and performance with respect to greenhouse gas emissions and water
- Global Reporting Initiative (GRI): Promoting the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development
- IW Financial, Trucost, Vigeo, Corporate Knights, FTSE and Newsweek in partnership with Corporate Knights Capital: Providing data and information for analysis

# HIGHLIGHT

## NEW SULFUR MELTER STRENGTHENS OUR SUSTAINABILITY

We think about sustainability broadly and recognize that multiple performance metrics, including cost management, affect our ability to sustain our business and generate returns for shareholders. Our new sulfur melting facility at our New Wales, Florida, complex is a case in point.

Sulfur is a key ingredient in the manufacturing process of phosphate fertilizer, and Mosaic is the world's largest consumer of sulfur at 4.5 million tonnes per year. Managing the cost of and reliable access to sulfur is a competitive necessity.

Mosaic weighed market threats against the melter opportunities. First, most of the world's sulfur is traded as solid granules, but prior to the in-house melter Mosaic was unable to access that granular market and the price and sourcing flexibility it offered. Second, Mosaic traditionally had to source North American molten sulfur, which originates as a co-product of natural gas and petroleum refining, but as North America's low-sulfur shale gas and oil production grows, the North American sulfur supply is expected to tighten. Investing in the melter made sense, helping Mosaic increase its business sustainability and competitiveness.

The new melter—the largest in the world, with a capacity of 1 million tons per year—allows Mosaic to more competitively negotiate, manage and secure this critical raw material. The melter's integral filtration system gives Mosaic more control to improve sulfur purity, which translates to operational savings downstream in the sulfuric acid process, and the melter produces zero operational carbon emissions because it consumes excess steam and electricity already generated onsite.

# Sustainability Leadership

**IN ADDITION TO PARTICIPATING IN SEVERAL VOLUNTARY REPORTING INITIATIVES IN 2016, MOSAIC EARNED RECOGNITION FOR OUR SUSTAINABILITY DISCLOSURE AND PERFORMANCE PRACTICES.** For example, we were named to *Corporate Responsibility Magazine's* 100 Best Corporate Citizens for the seventh consecutive year, and we also earned recognition from CDP for demonstrating strategies to reduce our greenhouse gas emissions.

## Our Leadership on Climate Change

**G4-EC2** Mosaic's "Commitment on Climate Change" acknowledges that global climate change creates uncertainty for our business and poses challenges for the health and wellbeing of the world's populations—ecologically, socially and economically.

The potential financial implications with regard to the physical changes associated with climate change, as well as potential regulatory response changes, are discussed in Mosaic's CDP response and in Mosaic's 10-K Report.





# Resilient Results

**G4-DMA: WE ARE FOCUSED ON EXECUTING AGAINST OUR STRATEGIC PRIORITIES: DEVELOPING, ENGAGING AND EMPOWERING OUR PEOPLE; GROWING AND STRENGTHENING OUR BUSINESS; AND CREATING VALUE FOR STAKEHOLDERS.** Mosaic's sustainability targets are closely aligned with our operational and financial goals. We respond annually to CDP and use the Global Reporting Initiative (GRI) framework with the Mining and Metals Sector Supplement to report on our environmental and sustainability performance.

For more information on our management approach and financial progress, please see our [10-K Report](#)

and the remainder of our 2016 State of the Business Report.

**G4-EC1** Direct economic value generated and distributed.

## Our Economic Value Generated and Distributed

### **ECONOMIC PERFORMANCE** IN MILLIONS

	FY2013	2013	2014	2015	2016
<b>Revenue</b>	\$9,974.1	\$9,021.4	\$9,055.8	\$8,895.3	<b>\$7,162.8</b>

## OPERATING COSTS

IN MILLIONS

	FY2013	2013	2014	2015	2016
<b>Cost of Goods Sold</b>	\$7,213.9	\$7,006.0	\$7,129.2	\$7,177.4	<b>\$6,352.8</b>
<b>Selling, General and Administrative Expenses</b>	\$427.3	\$393.5	\$382.4	\$361.2	<b>\$304.2</b>
<b>Less: Unrealized Gain/Loss on Derivatives</b>	\$(15.2)	\$(0.4)	\$32.0	\$31.9	<b>\$(70.0)</b>
<b>Less: Depreciation, Depletion and Amortization</b>	\$604.8	\$655.6	\$750.9	\$739.8	<b>\$711.2</b>
<b>*Less: Wages and Benefits</b>	\$935.9	\$927.8	\$1,429.3	\$1,441.5	<b>\$1,358.1</b>
<b>Total Operating Costs</b>	<b>\$6,115.7</b>	<b>\$5,816.5</b>	<b>\$5,299.4</b>	<b>\$5,325.4</b>	<b>\$4,657.7</b>
<b>Wages and Benefits</b>	\$935.9	\$927.8	\$1,429.3	\$1,441.5	<b>\$1,358.1</b>

\*Mosaic Cost of Goods Sold and Selling, General and Administrative expenses from the [10-K Report](#) include wages and benefits. For the GRI report, wages and benefits are requested separately, so they are excluded here and added back in as a separate line item directly below.

## PAYMENTS TO PROVIDERS OF FUNDS

IN MILLIONS

	FY2013	2013	2014	2015	2016
<b>Dividends Paid</b>	\$426.6	\$427.1	\$382.5	\$384.7	<b>\$385.1</b>
<b>Payments for Share Repurchases</b>	0	0	\$2,755.3	\$709.5	<b>\$75.0</b>
<b>Interest Paid (Net of Amount Capitalized)</b>	0	\$6.9	\$121.9	\$126.2	<b>\$124.5</b>
<b>Total Payments to Providers of Funds</b>	\$1,303.0	\$434.0	\$3,259.7	\$1,220.4	<b>\$584.6</b>
<b>Retained Earnings</b>	\$11,603.4	\$11,182.1	\$11,168.9	\$11,014.8	\$10,863.4

## TAX (PAYMENT TO GOVERNMENT)

IN MILLIONS

	FY2013	2013	2014	2015	2016
<b>United States</b>	\$175.8	\$155.1	\$(5.5)*	\$79.4	<b>\$(45.0)</b>
<b>Canada</b>	\$123.2	\$107.6	\$87.9	\$112.8	<b>\$(25.3)</b>
<b>Brazil</b>	\$2.9	\$3.0	\$2.7	\$(5.9)	<b>\$(1.7)</b>
<b>Other</b>	\$(2.0)	\$(0.2)	\$28.1	\$7.0	<b>\$6.6</b>
<b>Total Income Taxes Paid</b>	\$299.9	\$265.5	\$113.2	\$193.3	<b>\$(65.4)</b>

\*2014 United States tax payments decreased due to 2013 overpayments and refunds. 2016 United States tax refunds relate to 2003 and FY2012 overpayments, while 2016 Canada tax refunds relate to 2015 overpayments.

## CANADIAN RESOURCE TAXES AND ROYALTIES EXPENSE

IN MILLIONS

	FY2013	2013	2014	2015	2016
<b>Canadian Resource Taxes and Royalties Expense**</b>	\$307.9	\$235.2	\$195.0	\$281.3	<b>\$121.6</b>

\*\*Represents tax expense during the period, not cash payments.

## OTHER NON-INCOME TAXES

IN MILLIONS

	FY2013	2013	2014	2015	2016
<b>Other Non-income Taxes***</b>	\$120.2	\$123.0	\$67.9	\$75.6	<b>\$82.0</b>

\*\*\*Other non-income taxes include property taxes and a Florida mining tax.

The combined 2016 contributions by The Mosaic Company, The Mosaic Company Foundation and The



## Mosaic Institute in Brazil provided more than \$17 million of support

### **Our Value to Neighbors and Partners Through Community Investment**

We believe it is our responsibility to utilize our financial resources, technical expertise and innovative spirit to help the world sustainably grow the food it needs through strategic partnerships with leading organizations. The combined 2016 contributions by The Mosaic Company, The Mosaic Company Foundation and The Mosaic Institute in Brazil provided more than \$17 million of support through companywide philanthropic grant making, the United Way campaign's dollar-for-dollar match, in-kind products and services contributions, and paid employee volunteerism, including pro bono, skills-based technical assistance and functional-specific services. Please see [G4-EC8](#) for more information.

Mosaic uses an online grant application system to receive and evaluate proposals for funding. By accessing the online grant application system, potential grantees are able to review Mosaic's focus areas, grant making guidelines, application deadlines and our non-discrimination policy. Establishing a standardized grant making system with stated guidelines and policies online has provided greater transparency to our partners, shareholders, employees and communities. Through this system, grantees provide reports on their outcomes, enabling Mosaic to evaluate the effectiveness of each grant.



## Mosaic makes community investments in the areas of food, water and local initiatives.

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- **Food:** Mosaic is committed to supporting organizations that advance global agricultural development, agricultural research and education, and hunger relief for community members in need. These programs, respectively, include: The Mosaic Villages Project in Guatemala and India; micronutrient deficiency research and mobile soil testing labs; and food drives, food distribution trucks and school backpack programs.
- **Water:** Mosaic supports organizations that work in watershed restoration, habitat conservation and nutrient stewardship. These programs, respectively, include: shoreline restoration and oyster reef installations; improved land management practices and wildlife protection; and 4R nutrient stewardship, which is best management practices for fertilizer application, minimizing field runoff and improving farmer yields.
- **Local:** Mosaic supports philanthropic or civic partnerships that enrich the long-term strength of communities in which Mosaic has offices and operations. These programs, respectively, include: local schools, health care institutions, museums; special projects and sponsorship of events; and housing and disaster relief.

**G4-EC3** Accounting for Benefit Plans.

## Our Defined Benefit Plan

## BENEFIT PLAN OBLIGATION

IN MILLIONS

	FY2013	2013	2014	2015	2016
Pension Plan Obligation	\$788.6	\$728.0	\$828.4	\$731.2	\$713.50
Fair Value of Plan Assets	\$707.6	\$736.9	\$812.1	\$726.7	\$715.60

**NOTE:** Please refer to the discussion of our defined benefit pension plans in our [10-K report](#).

## PENSION PLAN ASSET ALLOCATION

Plans
+ United States Pension Plans
+ Canadian Pension Plans
+ Investment Plan and Savings Plan

\*Only includes expense for Defined Plans in the United States. Subtotals may not always add up to totals due to rounding.

Participation and funding target attainment percentages for our United States and Canadian pension plans as of December 31, 2016, are as follows:



## BENEFIT PLAN PARTICIPATION AND TARGET ATTAINMENT (AS OF DECEMBER 31, 2016)

Location	Participants	Funding Attainment
United States (Hourly)	3,751	97.2%
United States (Salaried)	3,708	98.2%
Colonsay (Hourly)	647	107.4%
Colonsay (Salaried)	68	100.0%
Esterhazy (Hourly)	1,430	110.9%
Esterhazy (Salaried)	211	102.0%

**G4-EC4** Accounting for significant financial assistance from the government.

## Financial Assistance from Government

## 2016 TAX CREDITS AND SUBSIDIES

Country	Type	Amount
Canada	Research and Development Credit	\$5,470,851
United States	Research and Development Credit	\$881,263
United States	Mine Rescue Team Training Credit	\$20,152
Brazil	Employee Meal and Leave Subsidies	\$121,514
Brazil	Maternity Leave Subsidy	\$33,681
Brazil	Rouanet Law – Cultural Incentives	\$30,029
Brazil	Freight Tax Reduction – SUDENE and SUDAM	\$4,628,167

**NOTE:** All figures are reported in United States dollars. As actual 2016 figures were not available at the time of reporting, these figures represent actual 2015 amounts. The Brazil and Canada figures were calculated using an average income statement exchange rate used for financial reporting purposes.

# Actively Engaging

**G4-DMA: AS ONE OF THE WORLD'S LEADING CROP NUTRIENT COMPANIES, MOSAIC HAS A RESPONSIBILITY TO BE ACTIVELY ENGAGED IN THE PROMOTION OF SOUND AND SUSTAINABLE PUBLIC POLICIES.** We proactively educate all levels of our employees and government officials on the key issues our company and operations face, our value to operating communities, and our vital role in the world's food production.

Visit [mosaicco.com](https://mosaicco.com) for complete information on Mosaic's policies and commitments.

**G4-SO3, G4-SO5** Mosaic must comply with all applicable laws of the United States, and all other countries in which we do business, that are designed to prevent bribery and corruption. Violations may result in stiff penalties, including the disgorgement of profits, imprisonment and negative publicity.

Mosaic's [Code of Business Conduct and Ethics](#) demands strict compliance from our employees and requires any employees who have been assigned a company computer user ID—which is approximately 3,000 employees—to complete online code of conduct training and certify compliance with the code annually. Please see [G4-LA9](#) for more information.

Mosaic also maintains a 24-hour independently administered confidential and anonymous incident reporting hotline for all Mosaic employees. In addition, our company conducts a robust risk assessment to identify risks related to the U.S. Foreign Corrupt Practices Act (FCPA). A robust fraud risk assessment is also completed in the Sarbanes-Oxley compliance efforts.



## Mosaic has a responsibility to be actively engaged in the promotion of sound and sustainable public policies

Mosaic recognizes the significance of the FCPA and has established a [Worldwide Anti-corruption Policy](#). We conduct periodic FCPA audits of selected various geographic locations and respective individuals—including but not limited to: country managers, sales representatives, accounting/finance personnel and supply chain—whose job responsibilities require a keen awareness of and compliance with the FCPA.


Mosaic operates in a regulated industry and in areas throughout the world with varying degrees of perceived corruption. Mosaic also has routine interactions with foreign government officials and agencies related to obtaining licenses and approvals, customs, land use and other matters. The risk of corrupt practices exists in the countries where we operate as government officials and agencies are inherently involved in the production, sale, and distribution of our fertilizer products through the related laws and regulations governing

these activities.

The total number of business segments analyzed for risks related to corruption in 2016: three (Potash, Phosphates and International Distribution). The percentage of business segments analyzed for risks related to corruption in 2016: 100 percent (all three business segments). We also review select joint ventures including Miski Mayo in Peru and the Wa'ad al Shamal Phosphates Company in Saudi Arabia.

As of the date of this report, Mosaic had not identified any material violations of our anti-corruption policy and had not dismissed or disciplined any employee for corruption, nor declined to renew a contract with a business partner due to violations related to corruption.

**G4-SO4** Mosaic requires all salaried employees (which includes all management employees) to complete the online FCPA training. In addition to the online training, instructor-led training is also provided to certain employees based on their location and job responsibilities. As part of our Code of Business Conduct and Ethics certification process, which is required annually of all salaried employees, employees are specifically asked to certify as to their compliance with the FCPA in the past year.



**Mosaic requires all salaried employees, which includes management employees, to complete the online**



Most recently, the 2015 Code certification, completed in 2016, had a 100 percent completion rate. View [G4-LA9](#) for more information.

Board members receive the Code of Conduct training and are recertified annually, most recently with a 100 percent completion rate in 2016.

In regards to business partners, Mosaic's service agreements generally require suppliers to agree to follow the Mosaic Code of Business Conduct and Ethics, a section of which addresses Preventing Bribery and Corruption. The code states that suppliers adhere to the same level as required by Mosaic employees. Mosaic's purchasing policy requires suppliers to acknowledge Mosaic's Code of Business Conduct and Ethics biannually in writing.

Mosaic's [Worldwide Anti-Corruption Policy](#) and [Code of Business Conduct and Ethics](#) are both publicly available on our [Website](#).

**G4-SO7** In 2016, there were no legal actions for anti-competitive behavior, anti-trust or monopoly practices.

**G4-DMA: MOSAIC SUPPORTS ELECTED OFFICIALS, CANDIDATES FOR PUBLIC OFFICE, AND POLITICAL COMMITTEES THAT ARE SUPPORTIVE OF MOSAIC'S MISSION AND SHARE OUR VIEWS ON IMPORTANT ISSUES, SUCH AS MAINTAINING A STRONG NORTH AMERICAN MANUFACTURING AND MINING BASE, RECOGNIZING THE IMPORTANCE OF CROP NUTRIENTS IN MAINTAINING DOMESTIC AND GLOBAL FOOD SECURITY, AND SUPPORTING REASONABLE SCIENCE-BASED REGULATION WITH RESPONSIBLE ENVIRONMENTAL STEWARDSHIP.**

Mosaic is a member of organizations such as [The Fertilizer Institute](#), which represents the public policy needs of the fertilizer industry in the United States. Please see [G4-15](#), [G4-16](#) for a list of the industry organizations of which we are members.

**G4-SO6** Amounts of political contributions are reported based on when Mosaic issued the check, which in some cases may be in a different year than when the check was delivered and reported by the receiving candidate or organization. Contribution levels vary in accordance with election cycles in local and regional communities where we operate.

## **POLITICAL CONTRIBUTIONS**

IN U.S. DOLLARS

	FY2012	2013	2014	2015	2016
<b>United States</b>	\$350,500	\$195,423	\$154,400	\$217,139	<b>\$230,570</b>
<b>Canada</b>	\$4,000	\$5,800	\$12,000	\$9,936*	<b>\$48,630*</b>

**NOTE:** United States political contributions include both “hard” and “soft” money donations, with contributions made from Mosaic Company Political Action Committee (PAC) included in the United States total. 2016 in-kind donations for the United States totaled approximately \$718.

\*The Canadian figures for 2016 were converted to USD using the currency exchange rate on December 31, 2016. Since the figures were not converted on the actual date of the contribution, the amount in USD on the date of the contribution may differ slightly from what is reported here.



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