



Agrium  
**2010 UN Global  
Compact  
Communication  
on Progress**





# Agrium 2010 UN Global Compact Communication on Progress

## **Statement of Continued Support**

Agrium became a signatory to the United Nations Global Compact in April 2008. This global network is an ideal avenue for sharing and learning about best practices, and for continuing to engage in open dialogue with our stakeholders.

Our participation in the United Nations Global Compact clearly demonstrates to our employees, communities, suppliers, customers, and to the public, our deep commitment to continually improving our environmental, human rights, labour rights, and anti-corruption performance. We remain committed to the ten principles of the Global Compact and to the organization itself.

The following table includes descriptions of Agrium's commitment, systems, activities and outcomes that address the ten Global Compact principles.

**Mike Wilson**

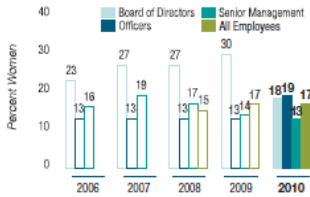
President and CEO

## Actions and Outcomes

Commitment and Systems	Actions & Outcomes																																																												
<p><b>Principle 1:</b></p> <p>Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p>See below “Disclosure on Management Approach: Labour Practices” and “Disclosure on Management Approach: Societal Issues”.</p>	<p>From the 2008-2009 Sustainability Report:</p> <div data-bbox="758 446 1843 836"> <p>We track the percentage of women at various levels within Agrium. A change in the number of positions for the Board of Directors and senior management since 2007 caused the percentage changes in those categories.</p> <p>All claims of alleged discrimination reported through our formal channels to the company have been investigated. Each has been resolved, with the exception of six ongoing matters.</p> <table border="1"> <caption>Percent Women (2005-2009)</caption> <thead> <tr> <th>Year</th> <th>Board of Directors</th> <th>Officers</th> <th>Senior Management</th> <th>Staff</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>18</td> <td>15</td> <td>9</td> <td>-</td> </tr> <tr> <td>2006</td> <td>23</td> <td>13</td> <td>16</td> <td>-</td> </tr> <tr> <td>2007</td> <td>27</td> <td>13</td> <td>19</td> <td>-</td> </tr> <tr> <td>2008</td> <td>27</td> <td>13</td> <td>17</td> <td>15</td> </tr> <tr> <td>2009</td> <td>30</td> <td>13</td> <td>14</td> <td>17</td> </tr> </tbody> </table> </div> <p>From the 2010 Performance Update:</p> <div data-bbox="758 941 1843 1209"> <p><b>Inclusiveness</b></p> <p>We track the percentage of women at various levels within Agrium. According to the independent Catalyst Census, roughly 14 percent of the officers in publicly traded companies in Canada in 2010 were women. At 19 percent women in officer positions, Agrium compares favourably with the national average. The drop in female representation on our Board is due to the unfortunate passing away of Germaine Gibara, and the filling of two open director positions by men.</p> <table border="1"> <caption>Percent Women (2006-2010)</caption> <thead> <tr> <th>Year</th> <th>Board of Directors</th> <th>Officers</th> <th>Senior Management</th> <th>All Employees</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>23</td> <td>13</td> <td>16</td> <td>-</td> </tr> <tr> <td>2007</td> <td>27</td> <td>13</td> <td>19</td> <td>-</td> </tr> <tr> <td>2008</td> <td>27</td> <td>13</td> <td>17</td> <td>15</td> </tr> <tr> <td>2009</td> <td>30</td> <td>13</td> <td>14</td> <td>17</td> </tr> <tr> <td>2010</td> <td>18</td> <td>19</td> <td>14</td> <td>17</td> </tr> </tbody> </table> </div>	Year	Board of Directors	Officers	Senior Management	Staff	2005	18	15	9	-	2006	23	13	16	-	2007	27	13	19	-	2008	27	13	17	15	2009	30	13	14	17	Year	Board of Directors	Officers	Senior Management	All Employees	2006	23	13	16	-	2007	27	13	19	-	2008	27	13	17	15	2009	30	13	14	17	2010	18	19	14	17
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Commitment and Systems	Actions & Outcomes
<p><b>Principle 2:</b></p> <p>Businesses should ensure that they are not complicit in human rights abuses.</p> <p>See below “Disclosure on Management Approach: Labour Practices” and “Disclosure on Management Approach: Societal Issues”.</p>	<p><b><u>Ensuring Consistent Standards in all our Operations</u></b></p> <p>Every year we become a more global company. Growing responsibly means that as we acquire new facilities worldwide we take reasonable steps to ensure they meet our standards. To do so, we undertake many measures.</p> <ul style="list-style-type: none"> <li>• We apply practices consistently across all operations through the implementation of 16 entity-wide policies.</li> <li>• EHS&amp;S management system integration at new facilities begins promptly after acquisition. Following implementation, we conduct a management system audit to ensure compliance, consistency and proficiency.</li> <li>• We provide anti-corruption training for senior management in high-risk areas.</li> <li>• We conduct country risk assessments for new ventures. We take security, corruption, human rights and sustainability risks seriously and, in certain cases, we will choose not to invest in certain jurisdictions regardless of potential returns.</li> <li>• We will often post a few expatriate employees at new international operations to ensure operations are consistent with our corporate standards. However, we strive to have our international operations run by local citizens. For example, we have no expatriates in our Argentine operations.</li> <li>• Although we do not have operational control over our joint interests in Egypt and China, Agrium executives sit on the joint interest Boards and have a direct influence over standards that are adopted.</li> </ul>

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<p><b>Principle 3:</b></p> <p>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>See below “Disclosure on Management Approach: Labour Practices”.</p>	<table border="1"> <thead> <tr> <th colspan="7">Other Social Measures</th> </tr> <tr> <th>Indicator</th> <th>Units</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Employees<sup>1</sup></td> <td>Number</td> <td>6,554</td> <td>6,618</td> <td>10,975</td> <td>11,153</td> <td>12,166</td> </tr> <tr> <td>Employee learning and development</td> <td>\$/employee</td> <td>--</td> <td>300</td> <td>740</td> <td>742</td> <td>305<sup>2</sup></td> </tr> <tr> <td>Employees covered by collective bargaining or belonging to unions</td> <td>percent</td> <td>--</td> <td>7.4</td> <td>4.7</td> <td>4.7</td> <td>5.6</td> </tr> <tr> <td>Breaches of customer privacy</td> <td>number</td> <td>--</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p><small>All employee-related data on this page is based on our regular full-time and part-time employee count, except for “Employees” in the table above.</small></p> <p><small>1. Includes regular full-time and part-time, casual and temporary employees.</small></p> <p><small>2. Excludes Wholesale due to a reporting system change to further improve reporting accuracy. Based on 2009 figures, Wholesale represented approximately 80 percent of the total learning and development investment amount.</small></p>	Other Social Measures							Indicator	Units	2006	2007	2008	2009	2010	Employees <sup>1</sup>	Number	6,554	6,618	10,975	11,153	12,166	Employee learning and development	\$/employee	--	300	740	742	305 <sup>2</sup>	Employees covered by collective bargaining or belonging to unions	percent	--	7.4	4.7	4.7	5.6	Breaches of customer privacy	number	--	0	0	0	0
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<p><b>Principle 4:</b></p> <p>Businesses should support the elimination of all forms of forced and compulsory labour.</p> <p>See below “Disclosure on Management Approach: Labour Practices”.</p>	<p>Agrium has no specific policies or programs on forced, compulsory, or child labour, but adheres to related laws where we operate. We do not operate in locations where there might be significant risk of incidents of child or compulsory labour.</p>																																										
<p><b>Principle 5:</b></p> <p>Businesses should support the effective abolition of child labour.</p> <p>See below “Disclosure on Management Approach: Labour Practices”.</p>	<p>Agrium has no specific policies or programs on forced, compulsory, or child labour, but adheres to related laws where we operate. We do not operate in locations where there might be significant risk of incidents of child or compulsory labour.</p>																																										

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<p><b>Principle 6:</b></p> <p>Businesses should support the elimination of discrimination in respect of employment and occupation.</p> <p>See below “Disclosure on Management Approach: Labour Practices”.</p>	<div data-bbox="758 331 1839 594" style="border: 1px solid black; padding: 5px;"> <p><b>Inclusiveness</b></p> <p>We track the percentage of women at various levels within Agrium. According to the independent Catalyst Census, roughly 14 percent of the officers in publicly traded companies in Canada in 2010 were women. At 19 percent women in officer positions, Agrium compares favourably with the national average. The drop in female representation on our Board is due to the unfortunate passing away of Germaine Gibara, and the filling of two open director positions by men.</p>  <table border="1" data-bbox="1522 370 1829 565"> <caption>Percent Women by Role (2006-2010)</caption> <thead> <tr> <th>Year</th> <th>Board of Directors</th> <th>Senior Management Officers</th> <th>All Employees</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>23</td> <td>13</td> <td>16</td> </tr> <tr> <td>2007</td> <td>27</td> <td>13</td> <td>19</td> </tr> <tr> <td>2008</td> <td>27</td> <td>13</td> <td>17</td> </tr> <tr> <td>2009</td> <td>30</td> <td>14</td> <td>17</td> </tr> <tr> <td>2010</td> <td>16</td> <td>19</td> <td>17</td> </tr> </tbody> </table> </div> <p>Agrium’s impact on our employees’ overall well-being can be considerable as we develop and implement talent management programs, policies and practices. We strive to create a safe work environment free from harassment and violence, and where all employees feel valued and are engaged in the implementation of company strategies.</p> <p>Here are some of the ways we’re attracting, retaining and respecting employees.</p> <p><b><u>Inclusive and Dynamic Workplaces</u></b></p> <ul style="list-style-type: none"> <li>• Our direction is broader than diversity—which is often about quotas—it is about inclusion. We define an inclusive workplace as “a respectful climate where we value diversity, leverage all talents, and strive to recognize and develop each person to their full, unique potential in creating business success.” Our goal is inclusion on many levels: social (e.g., race, age), values (e.g., personality, attitudes, culture), and information (e.g., knowledge, education, global experience). A diverse workforce allows us to better understand and communicate with a diverse population, thereby giving us a distinct advantage when creating and marketing our products. In 2009, we established an Inclusive Workplace Council.</li> </ul> <p>See also Principle 1.</p>	Year	Board of Directors	Senior Management Officers	All Employees	2006	23	13	16	2007	27	13	19	2008	27	13	17	2009	30	14	17	2010	16	19	17
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Commitment and Systems	Actions & Outcomes
<p><b>Principle 7:</b></p> <p>Businesses should support a precautionary approach to environmental challenges.</p> <p>See below “Disclosure on Management Approach: Environmental Protection” and “Disclosure on Management Approach: Product Stewardship”.</p>	<p>Our approach incorporates the precautionary principle, management systems, regular audits, and corrective action tracking. Our company-wide risk management system provides a process through which identified risks can be stored, classified, prioritized, and responsibly assigned. We employ about 90 control systems to achieve reliable and enhanced business management. We regularly conduct entity-level assessments that address key management system components (e.g., planning, responsibility, programs, monitoring, reporting).</p> <p><b><u>Food Security</u></b></p> <p>Nowhere is food security more tenuous than in Africa. We realize that food security can lead not only to improved nourishment, but more broadly, improved quality of life. In 2009, we entered into a partnership with the non-profit group Millennium Promise to address food security head on. Millennium Promise is dedicated to achieving the United Nations’ Millennium Development Goals—global targets for reducing extreme poverty and hunger by half while improving education, health, gender equity and environmental sustainability by 2015. Through the partnership, Agrium has agreed to invest significant funds and in-kind assistance such as bagging and shipping donated fertilizer. Pilot projects will run in 2010 in Nigeria and Kenya, where over 5,000 household farmers will have access to increased crop inputs, and where increased food production will improve food security for their households. Increased agricultural yields start a chain reaction that translate into better income security, better nutrition, access to health facilities and educational opportunities. We are hopeful that the partnership will expand into additional countries in subsequent years.</p>

Commitment and Systems (Principle 7, continued)	Actions & Outcomes
	<p><b><u>Climate Change</u></b></p> <p>Greenhouse gases are released through the production, distribution and use of our products. In the development of our climate change strategy, a variety of stakeholders have been engaged to identify internal and external opportunities to reduce emissions, enhance energy security and improve our industry’s competitiveness.</p> <p>Internally, Agrium’s climate change strategy focuses on the production stage of our business. Production is estimated to account for more than 95 percent of Agrium’s emissions. While considerable reductions have already been achieved through early action, we have committed to reduce our North American production emissions intensity overall (amount released per tonne of production) by 10 percent by 2020. This reduction is from a 2005 baseline and will be achieved through energy efficiency improvements, nitrous oxide (N<sub>2</sub>O) emission reductions, and carbon dioxide (CO<sub>2</sub>) capture for enhanced oil recovery (EOR). Please see the Production section of the 2008-2009 Sustainability Report for more discussion of our internal greenhouse gas reduction efforts.</p>



Commitment and Systems (Principle 7, continued)	Actions & Outcomes																			
	<p data-bbox="779 402 1310 440"><i>Summary of Agrium's Climate Change Strategy</i></p> <table border="1" data-bbox="779 456 1818 1003"> <thead> <tr> <th data-bbox="779 456 940 524">Location of Reduction</th> <th data-bbox="940 456 1262 524">Focus Areas</th> <th data-bbox="1262 456 1818 524">Status</th> </tr> </thead> <tbody> <tr> <td data-bbox="779 524 940 695" rowspan="3">Inside Our Operations</td> <td data-bbox="940 524 1262 561">N<sub>2</sub>O Emissions Reduction</td> <td data-bbox="1262 524 1818 561">Identified two U.S. projects</td> </tr> <tr> <td data-bbox="940 561 1262 599">Energy Efficiency Improvements</td> <td data-bbox="1262 561 1818 599">Developed inventory of potential projects</td> </tr> <tr> <td data-bbox="940 599 1262 695">CO<sub>2</sub> Capture for EOR</td> <td data-bbox="1262 599 1818 695">           Borger, Texas – 188,000 tonnes CO<sub>2</sub> in 2009            Redwater, Alberta – roughly 245,000 to a potential maximum of 550,000 tonnes a year of CO<sub>2</sub> emissions by 2013         </td> </tr> <tr> <td data-bbox="779 695 940 1003" rowspan="4">Outside Our Operations</td> <td data-bbox="940 695 1262 773">New Technologies</td> <td data-bbox="1262 695 1818 773">Marketing ESN<sup>®</sup>, which can reduce nitrous oxide emissions in the field, and the required volume of fertilizer due to improved nutrient efficiency.</td> </tr> <tr> <td data-bbox="940 773 1262 826">Aggregation of Farm Offsets</td> <td data-bbox="1262 773 1818 826">Purchased an offset aggregation business in 2010; business aggregated about 260,000 tonnes CO<sub>2</sub> in 2009</td> </tr> <tr> <td data-bbox="940 826 1262 863">Participate in Offset Markets</td> <td data-bbox="1262 826 1818 863">Purchased 25,000 tonnes of farm offsets in 2009</td> </tr> <tr> <td data-bbox="940 863 1262 1003">Support Grower GHG Reductions</td> <td data-bbox="1262 863 1818 1003">           Supporting 4R Nutrient Stewardship System that reduces nitrous oxide emissions by helping growers adopt region-specific best management practices            Helping to develop nitrous oxide reduction protocol, which is in its final phase of approval in Alberta, Canada         </td> </tr> </tbody> </table> <p data-bbox="751 1052 1835 1370">Some of our actions generate greenhouse gas reductions outside our own operations. Our efforts in this area include developing new products that reduce greenhouse gas emissions from farming activities, and our aggregation business that collects greenhouse gas offsets from growers for sale to large emitters. We also support grower efforts to reduce greenhouse gases through the development and implementation of best management practices. Although some of these actions do not directly benefit Agrium, we believe they are important in achieving societal and customer benefits. These efforts are outlined in the End Use section of the 2008-2009 Sustainability Report.</p>	Location of Reduction	Focus Areas	Status	Inside Our Operations	N <sub>2</sub> O Emissions Reduction	Identified two U.S. projects	Energy Efficiency Improvements	Developed inventory of potential projects	CO <sub>2</sub> Capture for EOR	Borger, Texas – 188,000 tonnes CO <sub>2</sub> in 2009 Redwater, Alberta – roughly 245,000 to a potential maximum of 550,000 tonnes a year of CO <sub>2</sub> emissions by 2013	Outside Our Operations	New Technologies	Marketing ESN <sup>®</sup> , which can reduce nitrous oxide emissions in the field, and the required volume of fertilizer due to improved nutrient efficiency.	Aggregation of Farm Offsets	Purchased an offset aggregation business in 2010; business aggregated about 260,000 tonnes CO <sub>2</sub> in 2009	Participate in Offset Markets	Purchased 25,000 tonnes of farm offsets in 2009	Support Grower GHG Reductions	Supporting 4R Nutrient Stewardship System that reduces nitrous oxide emissions by helping growers adopt region-specific best management practices Helping to develop nitrous oxide reduction protocol, which is in its final phase of approval in Alberta, Canada
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Commitment and Systems (Principle 7, continued)	Actions & Outcomes
	<p><b><u>Protecting Watersheds</u></b></p> <p>Excessive nutrient application can eventually result in damage to water bodies and wildlife habitat. Through our agronomists and certified crop advisors we consistently communicate to customers the need to adopt best management practices that focus nutrient use on the 4Rs – applying the right form of product at the right rate, right time and right place. Following the Global 4R Nutrient Stewardship Framework minimizes nutrient releases into the environment.</p> <p>Wetlands play an integral role in intercepting nutrients and improving water quality. Accordingly, we are directing significant community investments to programs that protect wetlands. During 2008-2009 we contributed more than \$400,000 toward habitat restoration and conservation in the Canadian prairie provinces. These projects are particularly innovative. Our partner, Ducks Unlimited Canada, will use our funds to purchase degraded but strategic land, restore it to its rightful ecological function and at time of resale, place perpetual conservation easements or long-term agreements on all or most of the land. The net proceeds of the resale of the land will be reinvested in new conservation lands.</p> <p>Our <i>Caring for our Watersheds</i><sup>™</sup> program partners with communities to create focused solutions to local watershed issues and encourages environmental stewardship by students. The program challenges students to think about their local watersheds and to spell out ways they can protect this essential asset. It encourages creativity, and financially rewards students and schools for the solutions they identify. Finalists who implement their ideas are</p>

Commitment and Systems (Principle 7, continued)	Actions & Outcomes
	<p>eligible for additional funding. The program currently operates in Southern Alberta, Central Alberta, Saskatchewan, Manitoba and Colorado. The goal is to also offer the program in South America, China and Europe.</p> <p><b><u>Best Management Practices</u></b></p> <p>We believe that following the 4Rs—applying the right form of product at the right rate, right place and right time—can result in significantly reduced environmental impacts from fertilizer use, while supporting growers’ economic and social goals. Best management practices (BMPs) are utilized within each of the 4Rs.</p> <p>Agrium has been a major contributor to developing the Global 4R Nutrient Stewardship Framework. The system has been adopted by the Canadian Fertilizer Institute in Canada, The Fertilizer Institute in the United States, the International Plant Nutrient Institute, the International Fertilizer Institute, and in 2009, the Association of Plant Food Control Officials. These associations are now working with researchers, governments and NGOs to establish educational programming, best practice research and measurement systems to support long-term implementation. For more information on our work with industry associations on the 4R system please see our website.</p> <p>We are continually working with researchers and growers to develop BMPs that support the 4Rs. Agronomists work with growers to identify the practices that best fit their soil, climate and farming operation. Ensuring unique and appropriate BMPs for each situation improves performance and grower adoption. Commonly used BMPs include: soil testing to optimize nutrient rate; controlled-release fertilizers or split applications to match nutrient availability with crop need; and, banding and buffer strips to keep nutrients in the right place.</p>

Commitment and Systems (Principle 7, continued)	Actions & Outcomes
	<p>Agrium provides a number of services that support BMP implementation on the farm. For example, when we apply inputs for farmers, we use global positioning systems to help determine variable rates for application, and adjustable spray nozzles to minimize drift of chemicals onto adjacent vegetation or land.</p> <p><b><u>Reducing Greenhouse Gases at End Use</u></b></p> <p>Greenhouse gas emissions from farming activities can be reduced through the use of best management practices. A tonne of greenhouse gas reduced on the farm can offset a tonne produced elsewhere. Agrium collects farm offsets for sale to large emitters, purchases offsets to reduce our own emissions, and supports the development of related protocols and technologies for growers.</p> <p><u>Farm Offsets</u></p> <p>Agrium owns Crop Reduction Offset Projects Ltd. (CROP), a greenhouse gas aggregation business in Alberta. CROP purchases offsets from growers, who have reduced emissions through the use of BMPs on their farms – providing growers with increased revenues. In 2009, CROP aggregated about 260,000 tonnes of CO<sub>2</sub> equivalent offsets from growers, and sold these offsets to companies who wanted to reduce their emissions.</p> <p><u>Creating New Reduction Tools</u></p> <p>Before an offset can be generated, a protocol must be developed to ensure the offset is real and verifiable. Agrium is supporting the farm offsets market by working with stakeholders to develop a nitrous oxide emissions reduction protocol. This</p>

Commitment and Systems (Principle 7, continued)	Actions & Outcomes
	<p>protocol defines the BMPs growers can use to reduce nitrous oxide emissions associated with nitrogen fertilizer applications on the farm. The protocol is based on the 4R nutrient stewardship system. When completed, this protocol will increase nutrient use efficiency, reduce nutrient losses to the environment, and provide the foundation for additional offsets, further contributing to growers' economic viability.</p> <p>Researchers estimate that implementation of this protocol could reduce field emissions of nitrous oxide by 15 to 25 percent, without reducing yields. Theoretically, if growers of Canada's top five crops followed the protocol, it is estimated that this would result in an annual reduction of 2.7 to 4.5 million tonnes of CO<sub>2</sub> equivalent. Additional research will be conducted to further quantify and improve the effectiveness of this protocol.</p> <p>Agrium provides BMPs that growers can use to reduce nitrous oxide emissions. Our controlled-release products generally increase yields and reduce nitrous oxide emissions per unit of nitrogen applied. Our retail group also provides growers with soil testing and variable rate application technologies that can help reduce emissions.</p>

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<p><b>Principle 8:</b></p> <p>Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p>See below “Disclosure on Management Approach: Environmental Protection” and “Disclosure on Management Approach: Product Stewardship”.</p>	<p><i>Here is an update on the commitments we made in our 2006-2007 Sustainability Report:</i></p> <table border="1" data-bbox="772 402 1629 1065"> <thead> <tr> <th data-bbox="772 402 1129 440">Commitment</th> <th data-bbox="1129 402 1629 440">Update</th> </tr> </thead> <tbody> <tr> <td data-bbox="772 440 1129 516">Set additional sustainability targets by 2009 year-end</td> <td data-bbox="1129 440 1629 516">Targets for reducing greenhouse gases and increasing charitable donations have been set (p.5). Additional targets are currently under consideration.</td> </tr> <tr> <td data-bbox="772 516 1129 613">Improvements in focus areas from employee survey</td> <td data-bbox="1129 516 1629 613">Based on our employee survey, there have been increases in satisfaction in the areas of: Employee Engagement, Teamwork, Supervisory and Leadership, Understanding of Compensation and Benefits, and Confidence in Leadership.</td> </tr> <tr> <td data-bbox="772 613 1129 690">Invest additional resources in employee learning and development</td> <td data-bbox="1129 613 1629 690">Although 2007 figures were estimated and 2009 figures were measured, we believe the substantial increase in funding for learning and development reflects our commitment to employees.</td> </tr> <tr> <td data-bbox="772 690 1129 766">Increase absolute and relative amounts of funds donated to non-profit groups</td> <td data-bbox="1129 690 1629 766">We have committed to donating \$7 million per year by 2015. This will result from a significant increase in the 2010 budget and planned 10 percent increases per year after that.</td> </tr> <tr> <td data-bbox="772 766 1129 820">Reduce environmental events by 25 percent from 2006-2009</td> <td data-bbox="1129 766 1629 820">We have reduced our environmental events by 35 percent from 2006 to 2009.</td> </tr> <tr> <td data-bbox="772 820 1129 873">Reduce greenhouse gas emissions</td> <td data-bbox="1129 820 1629 873">We have reduced our absolute greenhouse gas emissions by eight percent from 2007 to 2009.</td> </tr> <tr> <td data-bbox="772 873 1129 971">Improvements in energy efficiency</td> <td data-bbox="1129 873 1629 971">We launched an Emission Reduction and Energy Conservation program for manufacturing sites in 2009. 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The overburden is placed in existing open pits to backfill them as much as possible. Re-contouring and re-vegetating the backfill and roads complete</p>	Commitment	Update	Set additional sustainability targets by 2009 year-end	Targets for reducing greenhouse gases and increasing charitable donations have been set (p.5). Additional targets are currently under consideration.	Improvements in focus areas from employee survey	Based on our employee survey, there have been increases in satisfaction in the areas of: Employee Engagement, Teamwork, Supervisory and Leadership, Understanding of Compensation and Benefits, and Confidence in Leadership.	Invest additional resources in employee learning and development	Although 2007 figures were estimated and 2009 figures were measured, we believe the substantial increase in funding for learning and development reflects our commitment to employees.	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Commitment and Systems (Principle 8, continued)	Actions & Outcomes
	<p>the reclamation process. Re-vegetation includes seeding and planting with local species so the area can be used as grazing land for livestock and as a home to a variety of wildlife. Several years of monitoring are needed before reclamation can be considered successful.</p> <p><b><u>Tailings Management</u></b></p> <p>The mining and processing of potash and phosphate rock produces large volumes of waste that may cause a variety of adverse environmental effects if not managed and disposed of in a safe, stable and environmentally sound manner.</p> <p>Tailings produced at our Vanscoy potash operations are a mixture of salt particles, fine clay and brine and are a waste product of the potash milling process. The tailings are pumped in a slurry to the tailings management area where the salt and clay solids are allowed to settle, and some brine is reused in the mill. Surplus brine is pumped 1,675 meters below the surface into a formation that contains natural brine. Annual salt production is approximately 3.5 million tonnes per year. A portion of the salt (approximately 350,000 to 400,000 tonnes per year) is marketed for use as a cattle feed supplement, highway and road de-icing and stabilizing agents for road construction. Approximately 650,000 tonnes per year of salt is pumped below surface as brine. We are committed to minimizing the amount of salt tailings stored on surface by employing selective mining techniques to increase the grade of potash ore brought to the surface.</p> <p>Since 2006, we have been developing and implementing a long-term plan for the tailings management area to ensure it can handle the volumes of material generated over the next 70 years of operation. The plan specifies a reconfiguration of the tailings management area, including a new brine pond, new clay storage, and an expansion of the salt storage area.</p>

Commitment and Systems (Principle 8, continued)	Actions & Outcomes
	<p>Reconfiguration began in 2009 and will continue into 2011.</p> <p>At our phosphate mines, to expose the ore we extract significant amounts of overburden (e.g., clay), which we either place directly into the adjacent mined-out areas, or stockpile in specially engineered areas. Water from the tailings area is tested and treated prior to release to surface waters.</p> <p><b><u>Greenhouse Gases</u></b></p> <p>Key initiatives of our climate change strategy include reducing emissions through process and energy efficiency improvements, mitigating emissions through abatement of N<sub>2</sub>O, carbon capture and storage, and offset purchases.</p> <p><b><u>Energy Efficiency Improvements</u></b></p> <p>About 60 percent of the natural gas required to produce nitrogen fertilizer is used to obtain the hydrogen required to produce ammonia. Emissions related to this process cannot be reduced given current economically viable technologies.</p> <p>The remaining combustion natural gas can be managed to reduce CO<sub>2</sub> emissions by improving energy efficiency, and through other emission reduction opportunities. Government-sponsored studies estimate for the Canadian industry that a further three to five percent reduction in combustion emission intensity may be attainable. We have established an Emission Reduction and Energy Conservation project team to identify and evaluate opportunities at our production facilities.</p>



Commitment and Systems (Principle 8, continued)	Actions & Outcomes
	<p>In an effort to reduce production costs, Agrium has already implemented a number of efficiency and emissions reduction projects, including:</p> <ul style="list-style-type: none"> <li>• Installing efficient product dryers at Vanscoy, reducing energy use by 13 percent;</li> <li>• De-scaling heat exchangers at Redwater, reducing natural gas use by 114 million cubic feet; and,</li> <li>• Building a co-generation plant (power and steam) at Carseland, Alberta.</li> </ul> <p><u>Nitrous Oxide Abatement</u></p> <p>One of our greatest immediate opportunities for reducing greenhouse gas emissions is the implementation of nitrous oxide abatement technology at two of our US sites. This technology converts N<sub>2</sub>O emissions to nitrogen and oxygen. Nitrous oxide has a global warming potential that is 310 times more potent than CO<sub>2</sub>.</p> <p><u>Carbon Capture and Storage</u></p> <p>Carbon capture for enhanced oil recovery is another significant opportunity for reduction. This entails capturing CO<sub>2</sub> at our production facilities where it is purified and transported to an oil field. It is then pumped under high pressure into the reservoir. The CO<sub>2</sub> mixes with the oil remaining in the reservoir, causing it to become more mobile. Producing wells pump the oil to the surface where the CO<sub>2</sub> is separated from the oil and re-injected underground.</p> <p>At our Borger, Texas operation, approximately 163,000 tonnes of CO<sub>2</sub> were captured for EOR in 2008 and 188,000 tonnes in 2009. We recently signed an agreement to capture roughly 245,000 to a potential maximum of 550,000 tonnes a year of CO<sub>2</sub> emissions from our Redwater, Alberta facility, depending on production, to supply Enhance Energy's EOR projects in Alberta. This proposed project is scheduled to become operational in late 2012 or early 2013.</p>

Commitment and Systems (Principle 8, continued)	Actions & Outcomes
	<p data-bbox="751 331 1094 358"><b><u>Other Environmental Issues</u></b></p> <p data-bbox="751 397 1824 467">In addition to greenhouse gases, our production facilities are large sources for many other environmental indicators.</p> <ul data-bbox="800 509 1845 1401" style="list-style-type: none"> <li data-bbox="800 509 1845 699">• Our processes generate air emissions such as nitrogen oxides, sulphur oxides, volatile organic compounds and particulates. We have invested in and maintain pollution control equipment to reduce these emissions and ensure regulatory compliance. Current and planned emission reduction and energy conservation initiatives will further reduce air contaminant loading from our production facilities.</li> <li data-bbox="800 716 1845 867">• We use water in some of our production processes for formulating the products, and some for cooling. In some locations we use wastewater from municipal wastewater treatment plants as cooling water, and in most locations we recycle our cooling water.</li> <li data-bbox="800 883 1845 1034">• Our waste water and surface runoff water is either collected in ponds, or directly discharged. The water is tested, and if necessary, treated prior to reuse in the plant, or discharged to publicly owned treatment works, surface water, or onsite underground injection wells.</li> <li data-bbox="800 1050 1845 1401">• We generate hazardous and non-hazardous wastes at our production facilities, which are managed and disposed in accordance with regulations. A by-product at our phosphate production facilities in Conda, Idaho and Redwater, Alberta is phosphogypsum. Agrium and the phosphate fertilizer industry have investigated marketable uses (e.g., road construction, building material, fill, additive to highly saline soils, composting manure at feedlots) for this waste, but currently no viable market exists to handle the significant quantities of phosphogypsum we produce. This by-product is mixed with water to form a “slurry” and is pumped into a phosphogypsum pond. The solids settle out, the clear water is drained to a cooling</li> </ul>

Commitment and Systems (Principle 8, continued)	Actions & Outcomes
	<p>pond, and then returned to the plant for reuse. As the phosphogypsum ponds fill, containment dikes are raised. In new ponds a liner is placed under the pond to protect groundwater. Also, local air and water monitoring is conducted. The phosphogypsum management process is described more fully on our website.</p> <p><b><u>Environmentally Friendly Products and Services</u></b></p> <p>We believe that as long as the 4Rs are employed, our fertilizer products do not pose a significant threat to the environment. We continually use technology to improve our products for the benefit of our customers and the environment. This is especially true of our controlled-release nitrogen fertilizer ESN®. We are currently developing our Precise® line of controlled-release pesticides. With controlled-release, more of the product enters the crop and less is lost to the environment.</p> <p>As a significant retailer of seed, we also market improved seed varieties with new traits that reduce the requirement for chemical inputs such as herbicides.</p> <p>To manage pesticide use, staff at our retail branches advise growers on an approach known as integrated pest management. When making recommendations, our retailers will determine if the disease, weed or insect pressure has reached a threshold that makes a treatment economical. Our agronomists assess crop production problems and prescribe responsible actions, including mechanical or biological controls, monitoring, and if warranted, pesticides.</p> <p>By analyzing yield, soil and plant tissue tests, and weather and crop scouting data, our agronomists and certified crop advisors are able to help growers make better decisions. This advice helps to optimize inputs to reduce overall costs and nutrients lost to the environment.</p>

Commitment and Systems (Principle 8, continued)	Actions & Outcomes
	<p data-bbox="751 397 1285 430"><b><u>Ensuring Product Quality and Responsibility</u></b></p> <p data-bbox="751 467 1831 782">As the biggest retailer of crop inputs in the United States, we purchase numerous products from third-parties for resale at our outlets. Unlike our own products, we have less control over the quality of third-party products. One way to ensure product quality is to purchase and distribute crop protection products that are U.S. Environmental Protection Agency (EPA) registered. We have communicated our corporate responsibility values with our major suppliers and are working with them to understand and confirm their commitments to our standards. We perform analyses of third-party products to ensure compliance with stated specifications.</p> <p data-bbox="751 820 991 852">See also Principle 7.</p>

Commitment and Systems	Actions & Outcomes
<p><b>Principle 9:</b></p> <p>Businesses should encourage the development and diffusion of environmentally friendly technologies.</p> <p>See below “Disclosure on Management Approach: Environmental Protection” and “Disclosure on Management Approach: Product Stewardship”.</p>	<p>Agrium is working with researchers to grow more food through the use of best management practices and new technologies like controlled-release fertilizers. Controlled-release products time the release of nutrients to match the needs of the plant. These products limit the number of required applications to the crop, saving energy and time, minimizing loss to the environment, and boosting yields.</p> <p>One of our greatest immediate opportunities for reducing greenhouse gas emissions is the implementation of nitrous oxide abatement technology at two of our U.S. sites. This technology converts N<sub>2</sub>O emissions to nitrogen and oxygen.</p> <p>By analyzing yield, soil and plant tissue tests, and weather and crop scouting data, our agronomists and certified crop advisors are able to help growers make better decisions. This advice helps to optimize inputs to reduce overall costs and nutrients lost to the environment.</p> <p>See also Principles 7 and 8</p>

Commitment and Systems	Actions & Outcomes																					
<p><b>Principle 10:</b> Businesses should work against all forms of corruption, including extortion and bribery.</p> <p>See below “Disclosure on Management Approach: Labour Practices”, “Disclosure on Management Approach: Societal Issues” and “Disclosure on Management Approach: Community Engagement”.</p>	<p>We provide anti-corruption training for senior management in high-risk areas.</p> <p>We conduct country risk assessments for new ventures. We take security, corruption, human rights and sustainability risks seriously and, in certain cases, we will choose not to invest in certain jurisdictions regardless of potential returns.</p> <p>Recognizing that Agrium has distinct business divisions and operations in several countries, we empower divisions to set policies to address specific regional or cultural variations. However, to instill a consistent “tone from the top”, we have designated 16 entity-wide policies, including: our Code of Business Conduct and Ethics (Code); Delegation of Authority; Anti-fraud; Diversity; Harassment and Workplace Violence; Political Donations; and EHS&amp;S; among others. The Code is our means of management oversight for ensuring ethical behaviour. Among other issues, it addresses: conflict of interest, fair dealings, gifts, legal compliance, and confidentiality. We require all employees to annually acknowledge their compliance with the Code. Employees can use a confidential, anonymous hotline to report suspected breaches of the Code. Our legal department follows up on all calls and reports quarterly on all investigations to the Audit Committee of the Board. To make sure our policies are followed, corporate groups work with business units to develop implementation and training tools.</p> <div data-bbox="758 1135 1856 1297" style="border: 1px solid black; padding: 5px;"> <p><b>Other Economic Measures</b></p> <table border="1"> <thead> <tr> <th>Indicator</th> <th>Units</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Political donations</td> <td>\$ C</td> <td>3,600</td> <td>36,200</td> <td>4,250</td> <td>9,525</td> <td>9,050</td> </tr> <tr> <td>Financial assistance from government</td> <td>\$ million</td> <td>--</td> <td>9.8</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> </div>	Indicator	Units	2006	2007	2008	2009	2010	Political donations	\$ C	3,600	36,200	4,250	9,525	9,050	Financial assistance from government	\$ million	--	9.8	0	0	0
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Disclosure on Management Approach  
**Labour Practices**  
 2008-2009 Sustainability Report

## Adjust

### Changes to Systems to Improve Performance

Established Inclusive Workplace Council.

Adopted enhanced Drug and Alcohol policies.

Enhanced safety audit process.

Improved our human resources information system to enable better employee services.

Began new on-boarding process for employees.

Launched Leadership Development Framework.

## Plan

### Policy Commitments

Company-wide policies address: harassment and workplace violence; diversity; privacy; drugs and alcohol; and safety. Our Code of Business Conduct & Ethics addresses: conflicts of interest; fair dealing; corruption; and other ethical issues.

### Operational Responsibilities

Agrium's Senior Vice President, Human Resources (HR), oversees the HR function across the entire organization. Agrium's Senior Vice President, Legal, is responsible for the Code of Business Conduct & Ethics (Code). Agrium's Senior Director, EHS&S is responsible for providing corporate guidance and governance on safety and health.

## Successes & Shortcomings

Agrium was named one of Alberta's Top 50 Employers in 2008 and 2009.

In 2009, we experienced our lowest ever employee recordable injury rate.

Our low turnover rate creates a stable workforce and reduce costs (recruiting and productivity).

## Check

### Monitoring & Follow-Up

We conduct an employee survey every two years. The Legal department investigates breaches of our Code and reports quarterly on all investigations to the Audit Committee of the Board. We audit each business unit on safety management and performance on an annual basis. Company-wide key performance indicators that are factored into employee incentives include safety and people measures.

**Performance** (See our [performance](#).)

## Do

### Strategies & Procedures

Talent management is our overarching strategy that encompasses workforce planning, attraction and retention, development and diversity.

Employees can use a confidential and anonymous hotline to report suspected breaches of regulations of our Code of Conduct.

Each business unit develops a safety management system.

### Training & Awareness

Employees and contractors are required to acknowledge their compliance with our business conduct policies yearly. We conduct safety training at various levels: business unit leaders; facility-level leaders; site-specific; job-specific; and new employee orientation. HR Connections is our Intranet site for all employee human resources information.

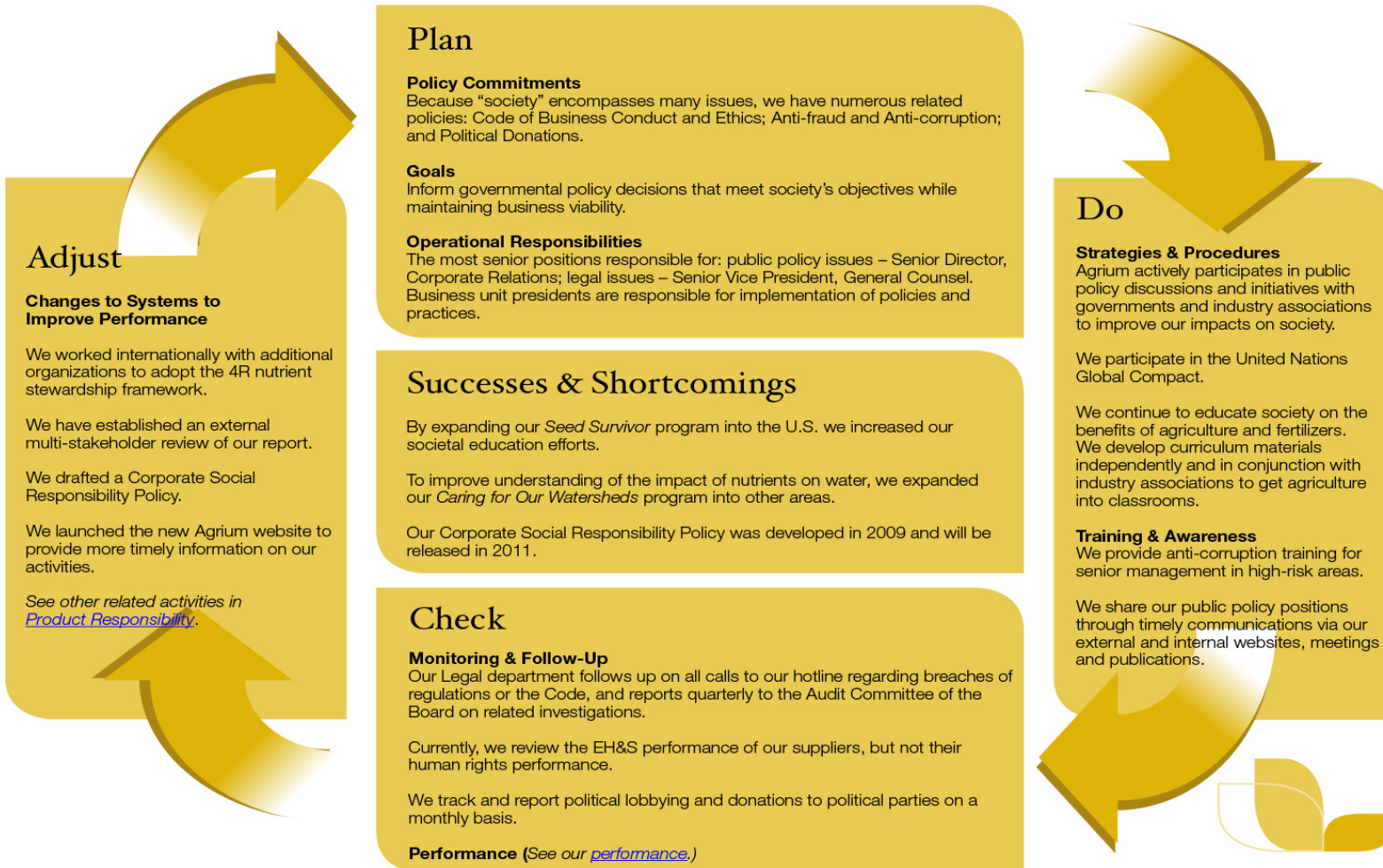




Disclosure on Management Approach

## Societal Issues

2008-2009 Sustainability Report







Disclosure on Management Approach

# Environmental Protection

2008-2009 Sustainability Report

## Adjust

### Changes to Systems to Improve Performance

Launched Emission Reduction and Energy Conservation Program for manufacturing sites in 2009, and assigned a person responsible for the program.

Enhanced audit program.

Increased production of ESN (controlled release fertilizer).

## Plan

### Policy Commitments

See our [policy](#), which was adopted in 1994 and most recently revised in 2008.

### Goals

Reduce greenhouse gas intensity from North American production facilities by 10% from 2005 levels by 2020.

### Operational Responsibilities

Agrium's Senior Director, EHS&S oversees related company-wide policies and programs.

Cross-functional groups develop tools and provide advice to business units on implementation and management.

Business unit presidents are responsible for implementation.

Our Corporate Environment Committee, comprising senior management representatives, establishes the standards necessary to meet our environmental performance objectives.

## Successes & Shortcomings

Environmental events (e.g., spills, non-compliances) decreased 31% from 2007 to 2009.

Successful integration of environmental management systems into former UAP sites.

Identified numerous energy efficiency projects to undertake.

## Check

### Monitoring & Follow-Up

We conduct internal EHS&S compliance audits at our facilities on a three-year cycle. Corrective actions for shortcomings are identified and implemented.

In compliance with regulations, we monitor air quality and water discharges at production facilities.

We use a customized data management system to track and analyze performance data.

**Performance** (See our [performance](#).)

## Do

### Strategies & Procedures

Our EHS&S Committee of the Board helps direct and govern environmental efforts.

Our EHS&S Management System clearly defines expectations, requirements, practices and procedures.

We track incidents to identify high potential and existing risks, and to enable early action.

### Training & Awareness

Our employee orientation sessions include EHS&S awareness and training.

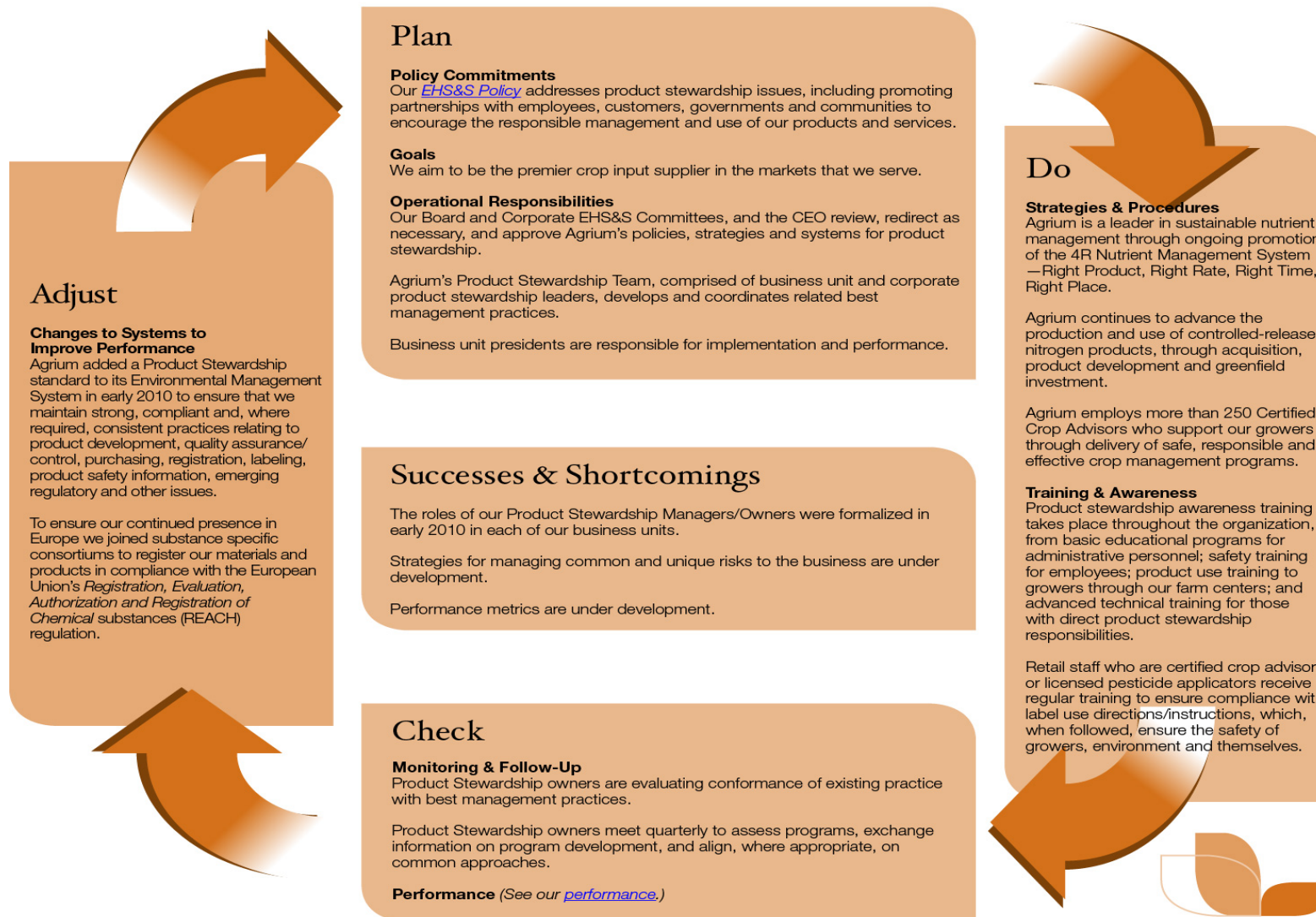
We encourage commitment and awareness to EHS&S through our President's Awards and related communications.



Disclosure on Management Approach

# Product Stewardship

2008-2009 Sustainability Report





Disclosure on Management Approach

# Community Engagement

2008-2009 Sustainability Report

## Adjust

### Changes to Systems to Improve Performance

We are increasingly focusing on flagship charitable investment activities such as Millennium Promise and Caring for Our Watersheds.

Community outreach training was expanded to include Retail regional managers in 2009.

## Plan

### Policy Commitments

Our Community Outreach Policy requires each major facility to develop a community outreach plan and to provide timely information to the community.

### Goals

We plan to donate \$7 million per year by 2015.

### Operational Responsibilities

Agrium's Senior Director, Corporate Relations, oversees all company-wide policies and programs related to community engagement. Our business units and production facilities customize community outreach plans to fit local considerations.

## Successes & Shortcomings

We contributed to more than 800 charitable organizations through our community investment programs.

Due to a focus on positive relationships, stakeholders have been understanding when projects go ahead (Vanscoy) or are postponed (Melville).

An employee Volunteer in the Community program that began with Retail was taken company-wide in 2008. Employees work on community projects on company time.

With recent business growth at Agrium we have found it difficult to keep up the proportionate amount of our charitable donations.

## Check

### Monitoring & Follow-Up

Effectiveness of our community investments is reviewed with our Corporate Social Responsibility committee twice a year.

Community outreach plans are reviewed annually with site management teams.

**Performance** (See our [performance](#).)

## Do

### Strategies & Procedures

Community outreach plans include how we engage local government officials, interest groups and local residents through neighbor visits, open houses, emergency preparedness planning, and educational activities.

We employ Community Advisory Panels for two production facilities.

We encourage non-profit organizations to apply online for assistance.

### Training & Awareness

Annual community outreach and crisis communication training is provided at all North American production facilities and terminals.

Numerous employees receive training on Grantstream, our donations tracking system.

We publish stories about our community involvement and contributions in our employee newsletter, Food for Thought.