

CREATING RIPPLES OF CHANGE

**2013**  
**UN Global Compact**  
Communication on Progress





## Agrium 2013 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.

A handwritten signature in black ink, appearing to read "C. Magro", with a stylized flourish at the end.

**Chuck Magro**

President and CEO

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## Actions and Outcomes

Commitment and Systems	Actions and Outcomes
<p><b>Principle 1:</b></p> <p>Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p>See Appendix 1 below:</p> <ul style="list-style-type: none"> <li>• “Disclosure on Management Approach: Employee Practices”</li> <li>• “Disclosure on Management Approach: Society”</li> </ul>	<p>Although Agrium operates mostly in countries where there are numerous regulations addressing human rights issues and there is low risk of human rights abuses, we take our role to “respect, protect and remedy” human rights seriously. We continue to develop a due diligence process and supplier code of conduct guidelines that include human rights. Our new CSR policy also addresses human rights. Agrium's policies and Code of Business Conduct and Ethics outline our employees' rights and obligations for building a respectful and discrimination-free workplace.</p> <p>As part of our participation in the United Nations Global Compact, we have made the following human rights commitments:</p> <ul style="list-style-type: none"> <li>• We will not take part in human rights abuse, and will not engage or be complicit in any activity that solicits or encourages human rights abuse.</li> <li>• In providing for the protection of company personnel and assets by public or private security forces, we will promote respect for, and protection of, human rights.</li> </ul> <p>Agrium is committed to the health and safety of our employees, contractors, customers and neighbors, and the security of our employees, products and facilities. We promote business practices that respect the value of human life.</p> <p>Our employee safety programs are aimed at providing the awareness, training, procedures, equipment and follow-up to ensure a culture of safety at Agrium. At Agrium, we are committed to the implementation of our Environment, Health, Safety and Security Management System at all levels of the organization. We conduct regular assessments at all Agrium locations to ensure conformance with our systems and compliance to applicable regulatory requirements.</p> <p>For outcomes, please see the Performance Tables in Appendix 2, specifically the Workplace Section.</p>
<p><b>Principle 2:</b></p> <p>Businesses should ensure that they are not complicit in human rights</p>	<p>Agrium is interested in operating in developing nations, not only to expand our markets, but also to help provide the essential building blocks for economic development. We believe that the ability to produce safe and abundant food is fundamental to reducing poverty, advancing education and stabilizing economies.</p> <p>In deciding if we should enter a specific developing nation, we conduct an assessment that looks at risks related to corruption, economic sanctions, land disputes, or a poor record on human and indigenous rights,</p>

Commitment and Systems	Actions and Outcomes
<p>abuses.</p> <p>See Appendix 1 below:</p> <ul style="list-style-type: none"> <li>• “Disclosure on Management Approach: Employee Practices”</li> <li>• “Disclosure on Management Approach: Society”</li> </ul>	<p>among other considerations. Once we decide to enter a country, we also make commitments to apply our company-wide policies (often exceeding national regulations), source supplies and employees locally as much as possible, and invest in the communities where we operate.</p> <p>When we enter a new region, we don’t assume to know the local culture. We strive to have our international operations run by local citizens, applying our company-wide standards.</p> <p>Our Code of Business Conduct and Ethics (Code) is our means of management oversight for ensuring ethical behavior. Among other issues, it addresses: conflict of interest, fair dealings, gifts, legal compliance, and confidentiality. Our new CSR policy addresses human rights. We continue to develop a due diligence process and supplier code of conduct guidelines that include human rights.</p> <p>Employees can use a confidential, anonymous hotline to report suspected breaches of regulations or of our Code. Our legal department follows up on all calls and reports quarterly on investigations to the Audit Committee of the Board. We require employees to annually undergo refresher training and acknowledge their compliance with the Code. We provide anti-corruption training for senior management in high-risk areas. To make sure our policies are followed, corporate groups work with business units to develop implementation and training tools.</p> <p>Should a human rights issue arise, the senior vice president of human resources would address it in accordance with applicable legislative standards and the principles of the Fundamental Human Rights Conventions of the International Labour Organization.</p> <p>See also Principle 1.</p> <p>For outcomes, please see the Performance Tables in Appendix 2, specifically the Workplace Section.</p>
<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>Agrium’s relationship with labour unions is critical to the reliable operation of our facilities. Employees at Agrium are free to organize into trade unions. We have operated for many years without a labour disruption to operations. We successfully renegotiate union contracts regularly. For outcomes, please see the Performance Tables in Appendix 2, specifically the Workplace Section.</p>

Commitment and Systems	Actions and Outcomes
<p>See Appendix 1 below:</p> <ul style="list-style-type: none"> <li>• “Disclosure on Management Approach: Employee Practices”</li> </ul>	
<p><b>Principle 4:</b></p> <p>Businesses should support the elimination of all forms of forced and compulsory labour.</p> <p>See Appendix 1 below:</p> <ul style="list-style-type: none"> <li>• “Disclosure on Management Approach: Employee Practices”</li> </ul>	<p>Agrium’s new CSR policy addresses human rights. We continue to develop a due diligence process and supplier code of conduct guidelines that will not tolerate forced or compulsory labour. We do not operate in locations where there might be significant risk of incidents of forced or compulsory labour.</p> <p>See also Principle 1.</p>
<p><b>Principle 5:</b></p> <p>Businesses should support the effective abolition of child labour.</p> <p>See Appendix 1 below:</p> <ul style="list-style-type: none"> <li>• “Disclosure on Management Approach: Employee Practices”</li> </ul>	<p>Agrium’s new CSR policy addresses human rights. We continue to develop a due diligence process and supplier code of conduct guidelines that will not tolerate child labour. We do not operate in locations where there might be significant risk of incidents of child labour.</p> <p>See also Principle 1.</p>

Commitment and Systems	Actions and Outcomes
<p><b>Principle 6:</b></p> <p>Businesses should support the elimination of discrimination in respect of employment and occupation.</p> <p>See Appendix 1 below:</p> <ul style="list-style-type: none"> <li>• “Disclosure on Management Approach: Employee Practices”</li> </ul>	<p>In the past few years, Agrium has grown to more than 15,800 employees. To continue to thrive locally and globally, we must capitalize on our differences by setting corporate direction and policy to ensure that we have an experienced, diverse, and inclusive workforce comprising international talent. We recognize that employees of different ages, genders and cultures bring valuable experiences and perspectives in addition to having different needs. Our policies and practices are inclusive and respect the diversity of our workforce.</p> <p>Agrium's policies and Code of Business Conduct and Ethics (Code) outline our employees' rights and obligations for building a respectful and discrimination-free workplace. Employees can use a confidential, anonymous hotline to report suspected breaches of regulations or of our Code. Our legal department follows up on all calls and reports quarterly on investigations to the Audit Committee of the Board. We require employees to annually undergo refresher training and acknowledge their compliance with the Code.</p> <p>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).</p> <p>To support workplace diversity, Agrium formed the Agrium Women’s Leadership Group (AWLG) in 2004. The AWLG was established to provide mentoring, networking and development opportunities for women within Agrium as a means to support efforts to attract and retain female employees at Agrium. The AWLG embraces a broad, inclusive vision to “Recognize, Develop and Enable Women’s Potential at Agrium”. The AWLG is open to any employee of the company and not only provides programs, mentoring and networking opportunities for women, it also helps participants define career paths, encourages flexible and creative solutions to business challenges. The AWLG inspires managers and leaders to demonstrate and support workplace diversity and equity.</p> <p>In 2010, Agrium introduced in-person leader workshops and a self-guided online learning tool to employees to enrich our understanding of the benefits and challenges that diversity and inclusion bring to our lives at work – and in our communities. Since its introduction, close to 700 employees have attended in-person workshops. During our on-line learning pilot of the Harvard ManageMentor® Diversity-Inclusion Module, which ended in July 2013, more than 1600 employees participated in the online training.</p> <p>2012 was a baseline year for us in determining our current diversity strength. In order to better understand diversity in business units and across the company, we are monitoring and tracking the diverse populations</p>

Commitment and Systems	Actions and Outcomes
	<p>on the basis of turnover, internal moves, and hiring practices.</p> <p>For outcomes, please see the Performance Tables in Appendix 2, specifically the Workplace Section.</p>
<p><b>Principle 7:</b></p> <p>Businesses should support a precautionary approach to environmental challenges.</p> <p>See Appendix 1 below:</p> <ul style="list-style-type: none"> <li>• “Disclosure on Management Approach: Environmental Protection”</li> <li>• “Disclosure on Management Approach: Product Stewardship”</li> </ul>	<p>Our approach incorporates the precautionary principle, management systems, regular audits, and corrective action tracking.</p> <p>Evaluating and balancing risk is a vital, ongoing responsibility at Agrium. We address risk through a structured Enterprise Risk Management (ERM) process and team. We integrate the environment, health and safety of our employees and the public into this process and continually scrutinize our operations to identify potential risks and find ways to eliminate or mitigate them.</p> <p>Agrium uses a risk matrix tool to assess the potential impact of risks, ranking them based on how likely they are to occur and the severity of their impact. We then apply this understanding to mitigate risks. We constantly monitor our businesses to ensure risk mitigation processes are in place. Internal auditors review a wide array of topics from financial controls, compliance, operations and processes, to safe storage of products.</p> <p>We engage stakeholders on sustainability throughout the value chain often from a precautionary approach. We work with regulators and industry experts to extract raw materials in a manner that will minimize long-term environmental impacts and enable reclamation of the land. In our production processes, we work with our employees and external experts to maximize energy efficiency, reduce emissions, and prioritize safety. We work with customers, carriers and government to continually improve the security and effectiveness of our distribution system. We work with researchers, industry associations, and growers to ensure our products are applied using best management practices (BMPs) to improve environmental and economic performance.</p> <p><b><u>Best Management Practices</u></b></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</p>

Commitment and Systems	Actions and Outcomes
	<p>systems to support long-term implementation.</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 are utilized within each of the 4Rs.</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> <p>Agrium also 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>Energy Efficiency and Emissions Reduction</u></b></p> <p>We engage a variety of stakeholders in the development of our climate change strategy, in order to identify internal and external opportunities to reduce emissions, enhance energy security and improve our industry’s competitiveness. Stakeholders include governments and industry associations, with whom we work to help develop policies and regulations that are effective, efficient and fair.</p> <p>Greenhouse gas emissions from farming activities can be reduced through the use of best management practices. A tonne of greenhouse gas emissions reduced on the farm can offset a tonne produced elsewhere. Agrium supports the development of related protocols and technologies for growers and collects farm offsets for sale to large emitters.</p> <p><b><u>Creating New Reduction Tools</u></b></p> <p>Before a greenhouse gas offset can be confirmed and accounted for, a protocol must be developed to provide technical requirements used to ensure the offset is real and verifiable. Agrium worked with stakeholders to develop a nitrous oxide emissions reduction protocol. This 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 Framework,</p>

Commitment and Systems	Actions and Outcomes
	<p>described above. This protocol helps to 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>Alberta has adopted this protocol and many jurisdictions worldwide are now considering adoption.</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> <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, such as reduced tillage, on their farms — providing growers with increased revenues.</p> <p>For additional outcomes, please see the Summary of Greenhouse Gas Emission Reduction Activities table in Principle 8.</p>
<p><b>Principle 8:</b></p> <p>Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p>See Appendix 1 below:</p>	<p>Agrium effects meaningful environmental change by creating, implementing and measuring programs to enrich and improve the natural environment in which food is grown. We also work with customers to ensure our products contribute the maximum value to their crops while minimizing nutrient losses to the environment.</p> <p><u>Climate Change</u></p> <p>We generate greenhouse gases and other air emissions, directly and indirectly, through the production, distribution and use of our products.</p> <p>Agrium's direct greenhouse gas emissions have increased by 16 percent since 2009, while production</p>

Commitment and Systems	Actions and Outcomes
<ul style="list-style-type: none"> <li>• “Disclosure on Management Approach: Environmental Protection”</li> <li>• “Disclosure on Management Approach: Product Stewardship”</li> </ul>	<p>increased 28 percent during that time. Our greenhouse gas emissions intensity—a measure of efficiency—has decreased by 9 percent since 2009.</p> <p>Agrium’s internal greenhouse gas (GHG) reduction strategy focuses on the nutrient production stage of our business since it is estimated to account for more than 95 percent of Agrium’s direct emissions. Our strategy to reduce greenhouse gases includes energy efficiency improvements, nitrous oxide (N<sub>2</sub>O) emission reductions, and carbon dioxide (CO<sub>2</sub>) capture for enhanced oil recovery. We have an Emission Reduction and Energy Conservation project team that identifies and evaluates opportunities at our production facilities.</p> <p><u>Energy Efficiency Improvements</u></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.</p> <p>In an effort to reduce natural gas use 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, Saskatchewan, reducing energy use by 13 percent;</li> <li>• de-scaling heat exchangers at Redwater, Alberta, 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 Emissions Reductions</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>

Commitment and Systems	Actions and Outcomes
	<p><u>Carbon Dioxide Capture and Storage</u>            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>After the success in recapturing CO<sub>2</sub> at our Borger, Texas operation, we recently signed an agreement to capture CO<sub>2</sub> emissions from our Redwater, Alberta facility, to supply Enhance Energy's Enhanced Oil Recovery (EOR) projects in Alberta.</p> <p>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.</p>

Commitment and Systems	Actions and Outcomes		
	<b>Focus Areas</b>	<b>Details</b>	<b>Inception</b>
	Energy Efficiency Improvements	Ongoing application and management of energy efficiency study recommendations at our Conda (Idaho) Phosphate Operation	2004
		Improved pressure safety valve performance and upgraded equipment, including exchangers and ammonia reformer pre-heaters, at Carseland (Alberta) Nitrogen Operation	2013
		Use of improved energy tracking and analytics at our Borger (Texas) Nitrogen Operation	2012
		Implementation of an Operator Training System simulator, to facilitate more efficient and reliable plant operation, particularly during start-ups, at our Fort Saskatchewan (Alberta) Nitrogen Operation	2012
		Installation of variable fan speed controls to improve cooling tower efficiencies at our Fort Saskatchewan and Joffre (Alberta) Nitrogen Operation	2012
		Use of rail indexers, which allow us to precisely position rail cars to optimize loading and reduce locomotive use on site at our Redwater (Alberta) Fertilizer Operation	2012
		Debottleneck of Profertil nitrogen facility in Argentina will result in more efficient gas utilization, lowering emissions intensity	Expected completion late-2014
	N <sub>2</sub> O Emissions Reduction	We have installed N <sub>2</sub> O reduction technology at two of our three operating U.S. nitric acid plants and have plans to install N <sub>2</sub> O reduction technology at our third plant during 2015 or beyond, depending on reduction technology performance currently under evaluation.	1982
	Co-generation at Carseland, Alberta	Facility generates heat and electricity that contributed 29,000 tonnes of CO <sub>2</sub> credits in 2013	2002
	CO <sub>2</sub> Capture for Enhanced Oil Recovery (EOR)	245,000 tonnes of CO <sub>2</sub> captured in 2013 at our Borger Nitrogen Operation	2000
		Enhance Project: CO <sub>2</sub> emissions from our Redwater Fertilizer Operation will be captured for EOR and sold to a third party.	Initiated in 2007; commencing operations in late-2015
	Participate in Offset Markets	Purchased 75,000 tonnes of offsets in 2013	2009
	Aggregate Farm Offsets	Our offset aggregation business, CROP, aggregated more than 1.7 million tonnes of CO <sub>2</sub> credits from farmers during 2008-2012 for emission-reducing practices, and sold the credits to large emitters.	2008
	Emissions from Future Facility Developments or Expansions	Application of Best Available Control Technology (BACT) to minimize emissions from future facility developments or expansions. Our recently announced expansion of the Borger, Texas urea facility will incorporate BACT.	Future
	<p>Agrium is committed to reducing the impact of our products on the environment after they leave our hands. We are a key supporter in the development of the Global 4R Nutrient Stewardship Framework. This science-based system identifies best practices for producers who apply nutrients. We believe that following the 4Rs — applying the right source of nutrients at the right rate, right place and right time — can result in significantly reduced environmental impacts from fertilizer use. 4R practices minimize nutrient losses to air</p>		

Commitment and Systems	Actions and Outcomes
	<p>and water, replenish and protect soil quality, and can help minimize impacts on wildlife habitat. Protecting the environment doesn't have to come at the expense of economic and social goals. The 4R system helps to produce more food for growing populations, and provides growers with the economic returns required to support their families and to build communities. We have been active in making sure this approach grows globally. See Principle 7.</p> <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 direct significant community investments to programs that protect wetlands. Since 2008 we have contributed almost \$1.2 million toward habitat restoration and conservation in the Canadian prairie provinces. With our partner, Ducks Unlimited Canada, our funds are used to purchase marginal but strategic land, restore it to its original 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 are reinvested in new conservation land.</p> <p>For outcomes, please see the Performance Tables in Appendix 2, specifically the Environment Section. See also Principle 7.</p>
<p><b>Principle 9:</b></p> <p>Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Nutrients are essential to life in proper quantities, but excess and unwise nutrient use can contribute to a variety of environmental issues.</p> <p>Agrium is working with researchers to grow more food through the use of best management practices (see Principle 7) 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><b><u>Environmentally Friendly Products and Services</u></b></p> <p>Beyond selling high quality products to our customers, our retail outlets also provide services that help</p>

Commitment and Systems	Actions and Outcomes
<p>See Appendix 1 below:</p> <ul style="list-style-type: none"> <li>• “Disclosure on Management Approach: Environmental Protection”</li> <li>• “Disclosure on Management Approach: Product Stewardship”</li> </ul>	<p>reduce environmental impacts. 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 to optimize inputs to reduce nutrients lost to the environment, and overall costs. With advances in technology, we are moving toward customized production prescriptions. Because we also apply to our customers’ fields a significant portion of the crop inputs we sell, we are able to follow the best management practices we help to develop. For example, through the use of global positioning systems we are able to apply nutrients and crop protection products more precisely to reduce drift and overall application rates.</p> <p>On the product side, our expanding production and sales of ESN (controlled-release nitrogen) helps to deliver nitrogen when the crop needs it, with significant reductions of nitrogen loss to the air and surrounding watershed. The improved nutrient efficiency allows farmers to reduce the volume of fertilizer required. Also as a significant retailer of seed, we market improved varieties with new traits that reduce the requirement for chemical inputs such as herbicides.</p> <p><b><u>Ensuring Product Quality and Responsibility</u></b></p> <p>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>Key initiatives of our internal climate change strategy include the use of technology to reduce emissions through process and energy efficiency improvements, mitigating emissions through abatement of N<sub>2</sub>O, and carbon capture and storage (see Principle 8).</p> <p>For outcomes, please see the Performance Tables in Appendix 2, specifically the Environment Section.</p>
<p><b>Principle 10:</b> Businesses should work against all forms of corruption, including extortion and bribery.</p>	<p>In deciding if we should enter a specific developing nation, we conduct an assessment that looks at risks related to corruption, economic sanctions, land disputes, or a poor record on human and indigenous rights, among other considerations. Once we decide to enter a country, we also make commitments to apply our company-wide policies (often exceeding national regulations), source supplies and employees locally as much as possible, and invest in the communities where we operate. See Principle 2.</p>

Commitment and Systems	Actions and Outcomes
<p>See Appendix 1 below:</p> <ul style="list-style-type: none"> <li>• “Disclosure on Management Approach: Employee Practices”</li> <li>• “Disclosure on Management Approach: Society”</li> <li>• “Disclosure on Management Approach: Community Engagement”</li> </ul>	<p>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> <p>We provide anti-corruption training for senior management in high-risk areas.</p> <p>For outcomes, please see the Performance Tables in Appendix 2, specifically the Community and Economic Section.</p>

## **Appendix 1:**

### **Disclosure on Management Approach (DMA) diagrams**

## Disclosure on Management Approach Community Engagement

### Adjust

#### Changes to Systems to Improve Performance

- Community outreach training was expanded to new locations (e.g., Europe).
- We have increasingly focused our charitable investment activities on flagship programs such as *Millennium Promise* and *Caring for our Watersheds*.

### 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 will donate \$7 million per year by 2015. Agrium accomplished this goal in 2012, ahead of schedule. We will look at updating this target in 2015.

#### Operational Responsibilities

- Agrium's Senior Director, Sustainability and Stakeholder Relations, oversees all company-wide policies and programs related to community engagement and investment.
- Our business units, production facilities and retail sites customize community outreach activities to address local needs.

### Successes & Challenges

- We contributed \$9.2 million to more than 1,300 charitable organizations in 2013 through our community investment program.
- Stakeholders received timely communications and were involved in decisions affecting their communities (e.g., the Hartsville facility fire, expansion at Vanscoy, Carseland construction).
- We have expanded our *Seed Survivor* program and support of the *Nutrients for Life* program. Despite these efforts, we need to continually increase society's understanding of the value of crop inputs and fertilizers.

### Check

#### Monitoring & Follow-Up

- Effectiveness of our community investments is reviewed with our executive Corporate Social Responsibility Committee twice a year.
- We follow up on all inquiries from the public.
- Community outreach plans are reviewed annually with site management teams.

### Do

#### Strategies & Procedures

- Community outreach plans include how we engage local government officials, interest groups, and residents through neighbor visits, open houses, emergency preparedness planning and educational activities.
- Two large production facilities in Alberta, and a smaller facility in Ohio, participate in Community Advisory Panels.
- We partner with non-profit groups to advance mutual community programs.

#### Training & Awareness

- We publish stories about our community involvement and contributions on our Intranet.
- We encourage and support local community involvement by our employees.
- We provide employee volunteer opportunities in local and global programs such as *Caring for our Watersheds* and *Seed Survivor*.



## Disclosure on Management Approach Society

### Adjust

#### Changes to Systems to Improve Performance

- We have significantly increased financial support for broad educational initiatives.
- We worked with jurisdictions and industry associations internationally to adopt the 4R Nutrient Stewardship framework.
- We have become more engaged in initiatives in Africa and South America.

### Plan

#### Policy Commitments

- Because “society” encompasses many issues, we have numerous related policies: Code of Business Conduct and Ethics (Code); Anti-fraud and Anti-corruption; and Political Donations.

#### Goals

- Inform governmental policy decisions that meet society’s objectives while maintaining business viability.

#### Operational Responsibilities

- The most senior positions responsible for: public policy issues - Senior Director, Sustainability and Stakeholder Relations; legal issues - Senior Vice President, Legal.
- Business unit presidents are responsible for implementation of policies and practices.

### Successes & Challenges

- To improve understanding of the impact of nutrients on water, we have expanded our *Caring for our Watersheds* program across North and South America and now to Australia.
- We need to draft a long-term sustainability plan to ensure continual improvement.
- We have expanded our *Seed Survivor* program and support of the *Nutrients for Life* program.
- Despite these efforts, we need to continually increase society’s understanding of the value of crop inputs and fertilizers.

### Check

#### Monitoring & Follow-Up

- Our Legal department follows up on all calls to our hotline regarding breaches of regulations or the Code, and reports quarterly to the Audit Committee of the Board on related investigations.
- We currently review the EHS&S performance of our suppliers, but not their human rights performance.

### Do

#### Strategies & Procedures

- Agrium actively participates in public policy discussions and initiatives with governments and industry associations.
- We participate in the United Nations Global Compact.
- We continue to educate society on the benefits of agriculture and fertilizers. We develop curriculum materials independently and in conjunction with industry associations to get agriculture into classrooms.

#### Training & Awareness

- We provide training to employees on the Code, strategic risks, anti-corruption and competition law.
- We share our public policy positions on internal and external websites, at meetings and in publications.

## Disclosure on Management Approach Employee Practices

### Adjust

#### Changes to Systems to Improve Performance

##### We have:

- Enhanced our Leadership Development Framework, Career and Leadership Program Development and Global Mindset for Leaders workshops;
- Enhanced our rotation program for new graduates: IT, Finance, Accounting, EIT, MIT, Crop Consultants;
- Established a new exit interview process;
- Strengthened the Agrium's Women's Leadership Group focus and governance;
- Launched a Driver Safety policy and implemented training programs on safe driving; and,
- Benchmarked key HR programs and adopted many best practices.

### Plan

#### Policy Commitments

- Company-wide policies address: Executive compensation; succession planning; pension oversight and administration; performance management; harassment and workplace violence; diversity-inclusion; privacy; drugs and alcohol; environment, health and safety; and safe driving.
- Our Code of Business Conduct and Ethics (Code) 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.
- Agrium's Vice President, Operational Excellence, is responsible for corporate operational efficiency solutions, guidance and governance on safety and health.

### Successes & Challenges

- Agrium was named one of Canada's Top 100 Employers and Best Diversity Employers in 2012 and 2013.
- Agrium US/CPS was honored with Top 50 Most Engaged Workplaces Award 2013.
- We created an Aboriginal Student Bursary Program for post-secondary students in Canada.
- Plans are in place to address an aging workforce, including phased-in retirement programs.
- We are continuing programs to increase female representation in our workforce.
- In 2013, we experienced record low employee recordable and lost time due to injury rates.

### Check

#### Monitoring & Follow-Up

- We conduct an employee survey every 18-24 months.
- 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.
- Key performance indicators such as safety and people measures are factored into incentives for numerous employees.

### Do

#### Strategies & Procedures

- Talent Management is our overarching people strategy that encompasses work-force planning, attraction and retention, development and diversity-inclusion.
- Employees can use a confidential and anonymous hotline to report suspected breaches of regulations of our Code.
- Our Board has oversight of executive succession plans, performance management and compensation.
- Each business unit utilizes an Environment, Health and Safety management system to improve processes and performance.

#### Training & Awareness

- Employees and contractors are required to annually acknowledge their compliance with our Code.
- We conduct safety training at various levels: business unit leaders; facility-level leaders; site specific; job-specific; and new hire orientation.
- We use our Intranet site to supplement and detail employee human resources information.



Disclosure on Management Approach  
Product Stewardship

## Adjust

### Changes to Systems to Improve Performance

- We have developed a Product Stewardship Standard in our Environmental Management System to help ensure that we maintain strong, compliant and, where required, consistent practices relating to product development, quality assurance/control, purchasing, registration, labeling, product safety information, emerging regulatory and social issues.
- An integrated product lifecycle risk analysis is under development.

## Plan

### Policy Commitments

- Our EHS&S Management System is designed to identify and address product stewardship risks and issues by looking across the value chain from raw material procurement to manufacturing, transport, use and future disposal.
- We promote partnerships with stakeholders to encourage the responsible management and use of our products and services.

### Operational Responsibilities

- Our Board and Corporate EHS&S Committees, and the CEO review, redirect as necessary, and approve of Agrium's policies, strategies and systems for product stewardship.
- Agrium's Product Stewardship business unit teams develop and share best management practices.
- Business unit presidents are responsible for implementation and performance.

## Successes & Challenges

- An ongoing industry-wide challenge is the safe storage and handling of hazardous materials such as ammonia and ammonium nitrate (AN).
- We participated in the development and ongoing reviews of industry-wide initiatives to address fertilizer safety throughout the value chain, including ResponsibleAg in the U.S. and the Ammonia and AN Codes of Practice in Canada.
- Our process safety experts created an industry-leading AN safe handling and storage standard. All of our manufacturing facilities will be performing gap analyses to ensure compliance with this standard.

## Check

### Monitoring & Follow-Up

- We gather information about our customers' ability to safely store and use our products.
- Product stewardship owners meet regularly to assess programs, to exchange information on program development and to align, where appropriate, on common approaches.

## Do

### Strategies & Procedures

- Our focus extends across the entire product life cycle to monitor risks relevant to our products and services.
- We examine legal and regulatory compliance risks, and factor in environmental impacts and societal expectations of our products.
- We assess incoming raw materials and finished products for origin and regulatory status.
- We evaluate our customers' ability to safely store and use our products as intended.
- We continue to develop and promote agricultural best practices, including the 4R Nutrient Stewardship System – Right Source, Right Rate, Right Time, Right Place.

### Training & Awareness

- We conduct a variety of training: safety and security training for employees; product use training to growers; and advanced technical training for those with direct product stewardship responsibilities.
- We employ more than 475 Certified Crop Advisors who support growers through delivery of safe, responsible and effective crop management practices. They receive regular training regarding product safety and compliance.

## Disclosure on Management Approach

# Environmental Protection



### Adjust

#### Changes to Systems to Improve Performance

- We have improved our process safety management practices in order to reduce the number of environmental incidents.
- We have installed secondary containment systems to help control any inadvertent releases or spills.
- Our Retail Business Unit revised its ammonia construction standards to include remote shut down valves on process controls to prevent unintended releases.



### Plan

#### Policy Commitments

- Our Environment, Health, Safety and Security (EHS&S) policy was adopted in 1994 and most recently revised in 2014. It is reviewed on an annual basis.

#### Goals

- We strive for continuous reduction in our rate of environmental incidents.
- We have set a new target to reduce our direct North American Wholesale GHG emission intensity 20 percent by 2020 from a 2005 baseline.

#### Operational Responsibilities

- Agrium's Corporate EHS&S Department 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 EHS&S Committee, comprised of senior management representatives, provides governance and direction necessary to meet our environmental performance objectives.

### Successes & Challenges

- We experienced our lowest ever environmental incident rate in 2013.
- We met and exceeded our original 2020 target to reduce greenhouse gas intensity from North American Wholesale production facilities by 10% from 2005 levels, achieving a reduction of 23% by the end of 2011.
- We need to improve our measurement and reporting of water use and water quality.

### Check

#### Monitoring & Follow-Up

- We conduct internal EHS&S compliance audits at all of our facilities on a three-year cycle. Corrective actions for shortcomings are identified and implemented.
- In compliance with regulations, we monitor and report air quality, water and storm water discharges, and waste generation at specified production facilities.
- We review our performance quarterly and look for ways to continually improve.



### Do

#### Strategies & Procedures

- Our EHS&S Management System clearly defines expectations, requirements, practices and procedures.
- We investigate and track environmental incidents to identify root causes and implement corrective actions.
- We employ water recycling and energy efficiency programs.

#### Training & Awareness

- We provide ongoing EHS&S training sessions to employees that includes environmental awareness and incident prevention training.
- We promote commitment and awareness to environmental stewardship through our President's Awards and communications.



## **Appendix 2:**

### **Performance Tables**

The "--" in the table below signifies that the indicator was not available or measured for a particular year.

Environment <sup>1</sup>	Units	2003	2009	2010	2011	2012	2013
Greenhouse Gases – Direct <sup>2</sup>	million tonnes CO <sub>2</sub> e	4.64	3.14	3.06	3.41	3.81	3.64
Greenhouse Gases – Indirect (Electricity)	million tonnes CO <sub>2</sub> e	--	0.82	0.87	0.84	0.82	0.83
Captured for Enhanced Oil Recovery	million tonnes CO <sub>2</sub> e	--	0.19	0.27	0.33	0.33	0.25
GHG Intensity – Direct <sup>3</sup>	tonnes CO <sub>2</sub> e per tonne of net production	--	0.47	0.38	0.39	0.51	0.43
GHG Intensity – Indirect (Electricity) <sup>3</sup>	tonnes CO <sub>2</sub> e per tonne of net production	--	0.12	0.11	0.10	0.11	0.10
Energy Use <sup>4</sup>							
Total	terajoules	--	90,000	91,600	98,900	107,000	99,200
Intensity <sup>3</sup>	GJ/tonne of net production	--	13.6	11.3	11.4	14.3	11.8
Environmental Events (Total) <sup>5</sup>	count	52	35	48	25	33	30
Reportable Quantity Releases	count	--	28	43	23	25	30
Non-compliance Incidents	count	--	1	2	0	1	0
Enforcement Actions	count	--	6	3	2	7	0
Non-accidental Ammonia Releases <sup>6</sup>	releases per thousand railcar movements	1.32	0.43	0.35	0.58	0.24	0.00
Air Emissions <sup>7</sup>							
Criteria Air Contaminants <sup>8</sup>	tonnes	13,900	9,790	9,950	9,570	9,170	10,800
Other Air Emissions	tonnes	4,890	4,250	4,080	4,200	4,530	4,370
Water Pollutants	tonnes	3,045	2,870	3,000	3,430	2,860	2,350
Water Pollutants Intensity <sup>3</sup>	tonnes per thousand tonnes of fertilizer	--	0.43	0.37	0.40	0.38	0.28
Water Use	million m <sup>3</sup>	--	18.7	21.4	21.1	22.5	19.4
Water Use Intensity <sup>3</sup>	m <sup>3</sup> per tonne of net production	--	2.81	2.67	2.43	3.00	2.30
Hazardous Waste <sup>9</sup>	tonnes	--	10,500	13,800	23,500	21,600	13,600
Non-hazardous Waste	tonnes	--	12,800	13,400	14,600	14,700	22,800
Fines and Penalties <sup>10</sup>	\$	--	830,507	44,729	489,597	530,626	484,071
Environmental Remediation Liabilities <sup>11</sup>	\$ million	87	140	125	131	170	165
Internal EHS&S Audits	count	85	566	417	517	688	757

1. Includes statistics for Wholesale manufacturing and terminals, Retail manufacturing, and AAT manufacturing. Retail manufacturing began reporting in 2011. AAT manufacturing began reporting non-hazardous waste and water use in 2012 and is included in all other categories. Fines and Penalties, Environmental Remediation Liabilities, and Internal EHS&S Audits are reported organization-wide.

2. The 2012 figure has been restated since the publication of our 2012 Performance Update.

3. The 2012 figure for this measure has been restated due to a re-calculation of production numbers for 2012.

4. Includes natural gas, fuel and electricity use at our facilities. Retail began reporting in 2011. Almost 95 percent of our energy use is from natural gas.

5. Excludes non-North American Retail environmental events. Reporting categories have changed to better align with internal reporting. Reportable Quantity Releases include releases to air, water, or land that exceeded regulatory thresholds in their applicable jurisdiction, and releases of any regulated substance.

6. Includes the unintentional release of ammonia while in transit, including loading and dispensing of the product, which is not caused by a derailment, collision or other rail-related accident.

7. Agrium reports emissions to the Canadian National Pollutant Release Inventory (NPRI) and United States Toxic Release Inventory. Criteria Air Contaminants include CO, NOx, SOx, VOCs and particulates reported under NPRI.

8. The 2012 number has been restated since the publication of our 2012 Performance Update.

9. Agrium typically recycles between 40 to 60 percent of our non-hazardous waste. It is often more difficult to find recyclers for our variable hazardous waste streams. The increases in the past two years are due to a clean up at one facility and the addition of a new facility.

10. Fines and penalties settled in a particular year often relate to activities in prior years. Prior to 2010, the total includes all fines for Retail, not just environmental fines.

11. Calculated on a discounted, inflation-adjusted basis. Amounts for 2009 and prior were prepared in accordance with previous Canadian generally accepted accounting principles in place prior to the adoption of IFRS.

12. Includes full-time and part-time permanent, casual and temporary employees. Includes Viterra employees for 2013.

13. Figure for 2012 was revised post publishing of the 2012 report. Includes Viterra employees for 2013.

14. Includes contractors to Wholesale and AAT previous to 2013. In 2013 the number includes contractor injuries for all locations in Wholesale, AAT and Retail.

15. Internal expenditures for training and educational activities. Excludes Wholesale expenditures in 2010 due to a reporting system change. Figures based on regular employee count. For 2013 it does not include Viterra employees.

16. Figures based on permanent employee count. Includes Viterra employees for 2013.

17. This data is collected for North America only.

Workplace	Units	2003	2009	2010	2011	2012	2013
Employees <sup>12</sup>	count	4,667	11,153	14,150	14,800	15,988	17,568
Regular	count	--	10,177	13,027	13,758	14,467	15,851
Temporary and Casual	count	--	976	1,123	1,042	1,521	1,717
Voluntary Turnover Rate <sup>13</sup>	percent	--	5.4	7.3	9.8	9.6	9.8
Women at Various Levels							
Board	percent	--	30	18	22	15	15
Officers	percent	--	13	19	13	19	20
Senior Management	percent	--	14	13	13	15	16
All Employees	percent	--	17	17	20	19	20
Safety							
Lost Time Injury Rate – Employees	cases per 200,000 hours worked	1.18	0.67	0.72	0.60	0.64	0.57
Lost Time Injury Rate – Contractors <sup>14</sup>	cases per 200,000 hours worked	1.15	0.18	0.16	0.36	0.10	0.08
Recordable Injury Rate – Employees	cases per 200,000 hours worked	4.30	2.22	2.13	2.01	2.10	1.74
Recordable Injury Rate – Contractors <sup>14</sup>	cases per 200,000 hours worked	4.02	2.95	1.40	2.07	1.23	0.64
Fatalities – Employees	count	--	0	1	1	0	0
Fatalities – Contractors	count	--	0	1	1	0	1
Employee Learning & Development <sup>15</sup>	\$ per employee	--	742	305	850	750	881
Employee Survey							
Engagement Score	percent	--	83.6	--	83.3	--	--
Participation Rate	percent	--	81	--	81	--	--
Employees Covered by Collective Bargaining or Belonging to Unions <sup>16</sup>	percent	--	4.7	5.6	6.4	6.3	8.2
Discrimination Complaints <sup>17</sup>	count	--	--	4	6	3	3
Breaches of Customer Privacy <sup>18</sup>	count	--	0	0	0	0	0

Community and Economy <sup>19,20,21</sup>	Units	2003	2009	2010	2011	2012	2013
Economic Value Generated – Sales	\$ million	--	9,129	10,743	15,470	16,024	15,727
Economic Value Distributed							
Wages & Benefits <sup>22</sup>	\$ million	--	--	865	1,221	1,436	1,445
Expenses <sup>23</sup>	\$ million	--	8,306	8,742	11,924	12,405	12,714
Taxes Paid <sup>24</sup>	\$ million	--	162	639	558	579	793
Community Investments	\$ million	--	2.6	4.5	6.7	7.5	9.2
Dividends & Interest Paid	\$ million	--	124	122	165	223	474
Value Retained in Agrium <sup>25</sup>	\$ million	--	535	372	1,595	1,374	292
Community Investments	percent of pre-tax profit (5-year rolling average)	--	0.4	0.6	0.8	0.6	0.6
Coverage of Defined Benefit Retirement Obligations <sup>26</sup>	percent	--	--	61	51	59	76
Political Donations	\$ CAD	--	9,525	9,050	4,240	1,650	3,000
Financial Assistance from Government	\$ thousand	--	--	--	--	48	646

18. A privacy breach is defined as unauthorized access to, or collection, use or disclosure of personal information. This data is collected for North America only. We primarily collect business information.

19. All financial information prior to 2010 is prepared in accordance with previous Canadian generally accepted accounting principles.

20. All financial information that appeared in our 2012 financial reports has been restated to reflect the adoption of IFRS 11 Joint Arrangements requiring equity accounting for joint ventures and discontinued operations. Prior years have not been restated.

21. Sales, expenses and dividends/interest paid have been restated since the publication of our 2012 Performance Update.

22. Includes Vitera employees for 2013.

23. Expenses are the sum of cost of product sold, selling, general and administrative but exclude wages and benefits. 2009 expenses included employee wages and benefits.

24. Includes corporate income, property, sales, excise and production taxes.

25. Value retained is simply value generated (i.e., sales) minus value distributed (i.e., wages and benefits, expenses, taxes paid, community investments, and dividends and interest paid). This is not a financial reporting indicator and should not be confused with retained earnings.

26. Calculated on a funded basis for registered defined benefit pension plans.