



**2014 UN Global Compact
Communication on Progress**



Agrium 2014 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 human rights, labour, environmental, 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".

Chuck Magro

President and CEO

Actions and Outcomes

Commitment and Systems	Actions and Outcomes
<p>Human Rights Principles</p> <p>Principle 1:</p> <p>Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p>Principle 2:</p> <p>Businesses should ensure that they are not complicit in human rights abuses.</p> <p>See Appendix 1 below:</p> <ul style="list-style-type: none"> • “Disclosure on Management Approach: Employee Practices” • “Disclosure on Management Approach: Society” 	<p>As part of Agrium’s participation in the United Nations Global Compact, we have made the following human rights commitments:</p> <ul style="list-style-type: none"> • 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. • 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. <p><u>Policies and Codes of Conduct</u></p> <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. 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. Our 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 Corporate Social Responsibility (CSR) policy also addresses human rights.</p> <p>Agrium believes we can even further support human rights and sustainable development by working with our suppliers. In 2014, Agrium finalized a Supplier Code of Corporate Social Responsibility (CSR) Conduct. The Code sets out requirements in terms of human rights and other CSR issues, and states clearly that suppliers “must not tolerate child, exploitative, forced or compulsory labour, or corporal punishment.” Additionally, suppliers are encouraged to: allocate appropriate resources to achieve compliance with this Code, offer related employee training, develop related management systems, including procedures and assessments and communicate the requirements of this Code through their supply chain among others.</p> <p>As part of the Supplier Code processes, Agrium has a due diligence program developed to evaluate potential suppliers for the issues outlined in its Supplier Code of Conduct. This process is conducted internally and, where appropriate, externally. Because Agrium does not have operations in countries where risks of slavery, human trafficking, forced, compulsory or child labour in a commercial setting are high, Agrium uses a risk-based approach developed by an external provider and internal experts to identify those suppliers that</p>

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	<p>warrant more detailed reviews.</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. 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.</p> <p><u>Training</u></p> <p>All employees, including management, are trained on Agrium’s Code of Conduct and strategic risks on an annual basis. The standard Code of Conduct training for Agrium includes certifications of past and future compliance with the Code. Refresher training in these areas is mandatory for all Agrium employees in modules that highlight different aspects of our Code each year. In our sustainability report, we annually disclose the number of employees that received training related to the Code, anti-corruption and competition law each year (see Principle 10). For those employees working in high risk supply chain management roles, employees are educated about risks identified through our supply chain due diligence that may include human rights abuses including slavery, child labour or any other risk discovered.</p> <p><u>Compliance Hotline</u></p> <p>Agrium maintains an employee Compliance Hotline to respond to human rights and ethics related concerns. Accessible throughout the world in 11 languages, the Hotline is available for reporting any violations or suspected violations of our Code, other Agrium policies, or any other illegal or unethical behavior. Agrium has a non-retaliation policy designed to enable employees to raise good faith issues in a safe environment without fear of retaliation. The Hotline also promises anonymity where legally permissible. Agrium employees are encouraged to report to their supervisors, any member of senior management, or to the anonymous Hotline, any violations of our company’s Code.</p> <p>All calls to the Hotline or to the Legal Compliance Department are taken seriously. High risk matters are managed and handled by the Legal Compliance Department. Lower risk matters are handled by relevant departments (e.g., EHS&S and HR). For those matters that are substantiated, discipline is determined on a</p>

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	<p>case-by-case basis, but can include punishment up to and including termination. Our Legal Compliance department reports quarterly on investigations to the Audit Committee of the Board.</p> <p>As reported in our 2014 Sustainability Performance Update, during 2014, our Legal Compliance department received a total of 36 calls, either through our Hotline or directly. All calls were investigated and appropriate action taken. We appreciate how employees are supporting the compliance program’s purpose and mission. The overall increase in calls from previous years is likely due to an increase in awareness and a change to the program in which we started including calls to the Compliance Department even if they were not made through the Hotline. The increase in calls related to equal opportunity is likely due to emphasis on this topic during our annual signing of the Code of Ethics training. For more details see the table below.</p> <table border="1" data-bbox="619 643 1848 1057"> <thead> <tr> <th data-bbox="619 643 1407 683">Compliance Calls</th> <th data-bbox="1407 643 1562 683">2012</th> <th data-bbox="1562 643 1717 683">2013</th> <th data-bbox="1717 643 1848 683">2014</th> </tr> <tr> <th data-bbox="619 683 1407 724">Category</th> <th colspan="3" data-bbox="1407 683 1848 724">Number of Calls</th> </tr> </thead> <tbody> <tr> <td data-bbox="619 724 1407 760">Equal Opportunity/Diversity Issues</td> <td data-bbox="1407 724 1562 760">0</td> <td data-bbox="1562 724 1717 760">1</td> <td data-bbox="1717 724 1848 760">7</td> </tr> <tr> <td data-bbox="619 760 1407 795">Human Resources Administration and Actions</td> <td data-bbox="1407 760 1562 795">0</td> <td data-bbox="1562 760 1717 795">3</td> <td data-bbox="1717 760 1848 795">2</td> </tr> <tr> <td data-bbox="619 795 1407 831">Workplace Conduct Issues</td> <td data-bbox="1407 795 1562 831">4</td> <td data-bbox="1562 795 1717 831">6</td> <td data-bbox="1717 795 1848 831">8</td> </tr> <tr> <td data-bbox="619 831 1407 867">Legal and Regulatory Actions</td> <td data-bbox="1407 831 1562 867">3</td> <td data-bbox="1562 831 1717 867">2</td> <td data-bbox="1717 831 1848 867">0</td> </tr> <tr> <td data-bbox="619 867 1407 902">Environment, Health, Safety and Security</td> <td data-bbox="1407 867 1562 902">3</td> <td data-bbox="1562 867 1717 902">6</td> <td data-bbox="1717 867 1848 902">7</td> </tr> <tr> <td data-bbox="619 902 1407 938">Protecting Company Assets</td> <td data-bbox="1407 902 1562 938">2</td> <td data-bbox="1562 902 1717 938">1</td> <td data-bbox="1717 902 1848 938">4</td> </tr> <tr> <td data-bbox="619 938 1407 974">Calls with No Allegations</td> <td data-bbox="1407 938 1562 974">4</td> <td data-bbox="1562 938 1717 974">3</td> <td data-bbox="1717 938 1848 974">1</td> </tr> <tr> <td data-bbox="619 974 1407 1010">Other</td> <td data-bbox="1407 974 1562 1010">1</td> <td data-bbox="1562 974 1717 1010">0</td> <td data-bbox="1717 974 1848 1010">7</td> </tr> <tr> <td data-bbox="619 1010 1407 1057">Total</td> <td data-bbox="1407 1010 1562 1057">17</td> <td data-bbox="1562 1010 1717 1057">22</td> <td data-bbox="1717 1010 1848 1057">36</td> </tr> </tbody> </table> <p>For additional outcomes, please see the Performance Tables in Appendix 2, specifically the Workplace Section.</p>	Compliance Calls	2012	2013	2014	Category	Number of Calls			Equal Opportunity/Diversity Issues	0	1	7	Human Resources Administration and Actions	0	3	2	Workplace Conduct Issues	4	6	8	Legal and Regulatory Actions	3	2	0	Environment, Health, Safety and Security	3	6	7	Protecting Company Assets	2	1	4	Calls with No Allegations	4	3	1	Other	1	0	7	Total	17	22	36
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<p>Labour Principles</p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>Principle 4: Businesses should support the elimination of all forms of forced and compulsory labour.</p> <p>Principle 5: Businesses should support the effective abolition of child labour.</p> <p>Principle 6: Businesses should support the elimination of discrimination in respect of employment</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. Agrium's CSR policy also addresses human rights.</p> <p><u>Collective Bargaining</u></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.</p> <p><u>Health and Safety</u></p> <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 steward to an integrated Environment, Health, Safety and Security (EHS&S) Management System that includes policies and procedures describing EHS&S management and performance expectations applicable to our facilities worldwide. Our employee safety programs are aimed at providing the awareness, training, procedures, equipment and follow-up to ensure a culture of safety at Agrium. We conduct regular assessments at all Agrium locations to ensure conformance with our systems and compliance to applicable regulatory requirements.</p> <p>We did not meet our 2014 target employee total recordable injury (TRI) rate of 1.66, achieving an employee TRI of 1.79. However, we did meet and exceed our 2014 target contractor TRI rate of 0.98, achieving a contractor TRI of 0.59. These targets are evaluated and updated annually.</p> <p><u>Diversity and Inclusion</u></p> <p>Agrium takes action to support labour rights by maintaining and enhancing a diverse and inclusive workplace culture. At Agrium, people are valued because of, not in spite of, their differences. Agrium's Inclusive Workplace policy has been in place since 2004.</p> <p>A diverse workforce improves Agrium's business effectiveness and supports our overall sustainability as an organization, as well as supporting the personal success of our employees. In the past few years, Agrium has grown to more than 15,000 employees throughout the world. We recognize that employees of different ages, genders and cultures bring valuable experiences and perspectives in addition to having different needs. We define an inclusive workplace as "a respectful climate where we value diversity, leverage all talents, and</p>

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<p>and occupation.</p> <p>See Appendix 1 below:</p> <ul style="list-style-type: none"> • “Disclosure on Management Approach: Employee Practices” 	<p>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, gender), 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>Agrium also works to attract and retain younger workers through training, mentorship, and career management programs. Key programs targeted towards inspiring young people include our internships and summer student programs, the Engineer-in-Training program, Marketers-in-Training, and a six-month agronomy program in partnership with Purdue University. For those in the trades, Agrium manages apprenticeship programs for instrumentation technicians, millwrights, steamfitters/pipefitters, heavy duty mechanics, industrial mechanics, and welders. Additionally, Agrium’s Young Professionals Network (YPN), for employees up to age 35, focuses on networking, business knowledge and community involvement to help Agrium's younger employees communicate and collaborate across different business units.</p> <p>2012 was a baseline year for Agrium 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 on the basis of turnover, internal moves, and hiring practices. In 2014, Agrium set a target that women comprise at least 15% of the entry level executives and executive officer roles of the Corporation, and similarly 15% of the senior manager roles by 2019.</p> <p>Agrium maintains an employee Compliance Hotline to respond to a variety of ethics concerns or inquiries. We require employees to annually undergo refresher training and acknowledge their compliance with the Code. For more details, please see Principles 1 and 2.</p>

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	<p><u>Supply Chain</u></p> <p>We do not operate in locations where there might be significant risk of incidents of forced, compulsory or child labour. However, we further support human rights and sustainable development by working with our suppliers. In 2014, Agrium finalized a Supplier Code of CSR Conduct and began conducting in-person audits of suppliers on a risk basis. These audits have and will continue to use external experts or internal experts based on risk and cover a wide range of human rights issues including child and forced labour. For more details, please see Principles 1 and 2.</p> <p>For outcomes, please see the Performance Tables in Appendix 2, specifically the Workplace Section.</p>
<p>Environmental Principles</p> <p>Principle 7:</p> <p>Businesses should support a precautionary approach to environmental challenges.</p> <p>Principle 8:</p> <p>Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p>Principle 9:</p> <p>Businesses should</p>	<p>Agrium applies the precautionary approach to environmental challenges through our risk management process, use of management systems and regularly engaging our stakeholders. This structure enables us to be an environmental steward on the farm and in our own operations.</p> <p>PRECAUTIONARY APPROACH</p> <p><u>Enterprise Risk Management</u></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><u>Environment, Health, Safety and Security Management System</u></p> <p>Agrium stewards to an integrated Environment, Health, Safety and Security (EHS&S) Management System</p>

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<p>encourage the development and diffusion of environmentally friendly technologies.</p> <p>See Appendix 1 below:</p> <ul style="list-style-type: none"> • “Disclosure on Management Approach: Environmental Protection” • “Disclosure on Management Approach: Product Stewardship” 	<p>that includes policies and procedures describing EHS&S management and performance expectations applicable to our facilities worldwide. Agrium’s business units and, where appropriate, individual facilities augment these requirements with system controls necessary to manage the risks unique to those operations. At the operations level, program best practices are in place to achieve the desired outcome. Additionally, we enhanced our EHS&S Management System in 2010 with a detailed Product Stewardship Standard to ensure that we develop strong and compliant best practices.</p> <p>Our EHS&S Management System program is regularly audited to generate recommendations on areas for improvement. In addition to the measures we employ internally, we also abide by government and regulatory standards in the countries where we have operations. We believe that our performance rests on strong, continually improving business systems that extend beyond meeting regulatory requirements.</p> <p><u>Stakeholder Engagement</u></p> <p>Engaging with stakeholders throughout our value chain is central to Agrium’s sustainability practice. We believe in open, ongoing, two-way dialogue across a variety of communication channels. This approach is not only the right thing to do, it is essential to Agrium’s success and part of our license to operate that we earn through our daily actions. 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 to improve environmental, social and economic performance.</p> <p>ON THE FARM</p> <p>As a supplier of agricultural products and services with 1,450 retail facilities in North America, South America and Australia, our reach is extensive and global. A large portion of the environmental impacts related to fertilizers occurs at the farm where the products we manufacture and sell are applied. We take a two-pronged approach to reduce negative impacts. First, we collaborate with others to promote the uptake of scalable frameworks that reduce nutrient runoff and air emissions, such as the 4R Nutrient Stewardship System and Nitrous Oxide Emission Reduction Protocol (NERP). And second, we use technology and a variety</p>

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	<p>of services to prevent environmental losses while optimizing grower returns.</p> <p><u>4R Nutrient Stewardship System</u></p> <p>Nutrients are essential to life in proper quantities, but excess and unwise nutrient use can contribute to a variety of issues. Agrium is committed to reducing the impact of our products after they leave our hands. We are a key supporter in the development of the 4R Nutrient Stewardship System, which is a science-based framework that identifies best practices for producers who apply nutrients. Following the 4Rs—applying the right form of product at the right rate, right place and right time—minimizes nutrient losses to air and water, replenishes and protects soil quality, and can help minimize impacts on wildlife habitat. 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.</p> <p>Agrium has been a major contributor to developing and implementing the 4R Nutrient Stewardship System. This framework 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 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 global implementation.</p> <p>We are continually working with researchers and growers to develop best management practices (BMPs) that support the 4Rs. Our 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 looks beyond responsible fertilizer use on the farm. Excessive nutrient application at the farm level can eventually result in damage to water bodies and wildlife habitat. We direct significant community investments to programs that restore and protect wetlands, as they play an integral role in intercepting nutrients and improving water quality in downstream water bodies.</p> <p><u>Nitrous Oxide Emission Reduction Protocol</u></p> <p>The application of fertilizers generates greenhouse gases (GHGs) such as carbon dioxide (CO₂) and nitrous</p>

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	<p>oxide (N₂O) at farms. N₂O has a global warming potential of about 300 times more potent than CO₂. However, GHGs from farming activities can be reduced through the use of BMPs. Agrium worked with stakeholders to develop the Nitrous Oxide Emissions Reduction Protocol (NERP), which defines the BMPs growers can use to reduce N₂O emissions associated with nitrogen fertilizer applications on the farm. Based on the 4R Nutrient Stewardship System, this protocol helps to increase nutrient use efficiency and reduce nutrient losses to the environment. It also provides the foundation for generating GHG offsets that can further contribute to growers' economic viability since a tonne of GHGs reduced on the farm can sold to offset a tonne produced elsewhere.</p> <p>Researchers estimate that implementation of the NERP could reduce field emissions of N₂O 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 CO₂ equivalent. Additional research is being conducted to further quantify and improve the effectiveness of this protocol.</p> <p>The province of Alberta, Canada has adopted the NERP and many jurisdictions worldwide are now considering adoption.</p> <p><u>Products and Services</u></p> <p>Agrium works with researchers to grow more food through the use of new technologies like controlled-release fertilizers. Controlled-release products time the release of nutrients to match the needs of the plant. The improved nutrient efficiency allows farmers to reduce the volume of fertilizer required. These products limit the number of required applications to the crop, saving energy and time, minimizing loss to the environment, and boosting yields. As a significant retailer of seed, we research, develop and market improved varieties with new traits that reduce the requirement for chemical inputs such as herbicides.</p> <p>Beyond selling high quality products to our customers, our retail outlets also provide services that help 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 BMPs we help to develop. For example, through the use of global positioning systems we are able to apply nutrients and crop protection</p>

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	<p>products more precisely to reduce drift and overall application rates.</p> <p>IN OUR OWN OPERATIONS</p> <p>Product stewardship, water management and climate change are the major concerns associated with Agrium’s operations, as identified by Agrium and our stakeholders. We are also focused on preventing environmental releases and events to minimize risk and potential exposure.</p> <p><u>Product Stewardship</u></p> <p>We enhanced our EHS&S Management System in 2010 with a detailed Product Stewardship Standard to ensure that we develop strong and compliant best practices relating to product development, quality control, purchasing, registration, labeling/product safety information and emerging regulatory issues.</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><u>Water Management</u></p> <p>We use water in the production and manufacturing of our products. Where possible, we work to recycle and reuse water, including at some of our locations where we use wastewater from municipal treatment plants as process cooling water. Some locations recycle water numerous times in a closed-loop system. Some cooling water, along with some surface runoff water, is collected in on-site ponds.</p> <p>We are working with the communities where we have operations to become more efficient in water use. We also work with provincial and local governments to develop new water use and discharge standards for the Industrial Heartland area, where our Redwater and Fort Saskatchewan, Alberta facilities are located.</p> <p>Agrium’s water use, defined as water intake minus surface water discharge, has remained constant year-over-year, with some variability due to precipitation and site operations. Water intensity is related to our</p>

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	<p>production; generally, as production increases, water intensity decreases. In 2014, a decrease in production resulted in a nine percent increase in water use intensity (per unit of production) compared to five years ago.</p> <p><u>Climate Change</u></p> <p>We generate GHGs and other air emissions, directly and indirectly, through the production, distribution and use of our products. Agrium’s internal GHG reduction strategy focuses on the nutrient production stage of our business (estimated to account for more than 95 percent of Agrium’s direct emissions), and includes energy efficiency improvements, N₂O emission reductions, and CO₂ capture for enhanced oil recovery. In 2014, we set a target to reduce our direct North American Wholesale GHG emission intensity (per tonne of net fertilizer produced) by 20 percent, from our 2005 baseline, by 2020.</p> <p>We have reduced our North American Wholesale GHG emission intensity by almost four percent since 2005. We are pleased to see this efficiency gain, but continue to look for further improvements to meet our reduction target. The basic science of the nitrogen fertilizer production process places inherent limitations on the extent of the reductions we can achieve. Our focus has been, and continues to be, in collaborating with others to create meaningful change through frameworks that reduce impacts at the farm level, such as 4R and NERP, described above.</p> <p>Our company-wide direct GHG emissions have increased in absolute volume and intensity since 2010. Agrium’s emissions intensity highly depends on the nature of our operations for a particular year, varying primarily on factors such as operating time, plant turnarounds, catalyst changes, the ratio of ammonia to urea production, and our actual production volumes. For 2014, our emissions intensity increased due to plant downtime, the production mix at three of our major facilities, and lower production overall.</p> <p>In 2014, we reduced absolute GHG emissions by:</p> <ul style="list-style-type: none"> • Introducing a new catalyst at our North Bend, Ohio nitrogen operations that helped to reduce N₂O emissions by more than 50 percent. • Capturing and selling CO₂ emissions from our Borger, Texas operations for enhanced oil recovery. <p>Our indirect GHG emissions (for example, from purchased electricity), on both an absolute and intensity</p>

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	<p>basis, have remained relatively level since 2010.</p> <p><u>Environmental Events</u></p> <p>The number of environmental events (including reportable quantity releases, non-compliance incidents, and enforcement actions) declined 46 percent between 2010 and 2014. The majority of these events are unplanned ammonia releases that exceeded regulated amounts. We continue to work to identify root causes of these events, from which we can implement effective corrective action to reduce recurrence of similar incidents. In 2014, we exceeded our environmental incident rate/event index target of 0.16, achieving a rate of 0.11. This is target is evaluated and updated annually.</p> <p>For additional outcomes, please see the Performance Tables in Appendix 2, specifically the Environment Section, and the <u>Summary of Greenhouse Gas Emission Reduction Activities</u> table on our website.</p>
<p>Anti-Corruption Principles</p> <p>Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.</p> <p>See Appendix 1 below:</p> <ul style="list-style-type: none"> • “Disclosure on Management Approach: Employee Practices” • “Disclosure on Management Approach: Society” • “Disclosure on 	<p>Agrium operates in a wide range of jurisdictions globally. We work internally with employees and contractors, and externally with our suppliers, to be vigilant and proactive in preventing corruption.</p> <p>Every year, during the signing of the Code, all Agrium employees receive training on ethics and compliance-related topics (see table below). In the past, we trained all employees on anti-corruption and competition law every other year, with additional training provided to employees working on higher risk projects. We are currently planning to begin a program to train all employees annually on both competition law and anti-corruption as part of our Code of Conduct. We would then continue our practice to provide expanded training for the employees working on higher risk projects.</p> <p>We believe we can further support human rights and sustainable development by working with our suppliers. In 2014, Agrium finalized a Supplier Code of CSR Conduct. The Supplier Code identifies those principles that Agrium believes are important for CSR. The Code sets out requirements in terms of human rights and other CSR issues, and states clearly that suppliers “must not practice or tolerate any form of corruption, bribery, kickbacks, extortion, embezzlement, or insider trading.” Additionally, suppliers are encouraged to allocate appropriate resources to achieve compliance with this Code, offer related employee training, develop related management systems, including procedures and assessments and communicate the requirements of this Code through their supply chain among others.</p>

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Management Approach: Community Engagement”	As part of the Supplier Code processes, Agrium has a due diligence program developed to evaluate potential suppliers for the issues outlined in its Supplier Code of Conduct. This process is conducted internally and externally, where appropriate.				
	Anti-Corruption Training		2012	2013	2014
	Type of Training		Number of Participants		
	Online (5 minutes as part of Code of Conduct)		0	13,621	0
	Online (45-minute online course)		65	1,044	1,176
	In-Person - Employees		130	134	210
	In-Person - Contractors		0	8	0
	Total		195	14,807	1,386
	Anti-Trust/Competition Law Training		2012	2013	2014
	Type of Training		Number of Participants		
	Online (5 minutes as part of Code of Conduct)		0	13,621	0
	Online (45-minute online course)		70	3,079	374
	In-Person - Employees		0	208	301
	Total		70	16,908	675

Appendix 1:

Disclosure on Management Approach (DMA) Diagrams

Disclosure on Management Approach

Community Engagement



Adjust

Changes to Systems to Improve Performance

- Community Outreach is part of the Crisis Communications training provided to all facilities on an annual basis.
- We have increasingly focused our charitable investment activities on flagship programs such as Journey 2050 and Caring for our Watersheds.

Plan

Policy Commitments

- Every site manager is responsible for the development and implementation of Community Outreach programs.
- We will 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

- Our primary challenge is to increase society's understanding of the value of crop inputs and fertilizers.
- We have expanded our youth education programs such as Journey 2050, Seed Survivor and Nutrients for Life.
- We contributed \$8.8 million to 1,400 charitable organizations in 2014 through our community investments.
- Stakeholders received timely communications and were involved in decisions affecting their communities (e.g., the Redwater Fertilizer Operations sulfur dioxide emissions reduction, expansion at Vanscoy, Carseland construction.)

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 public inquiries regarding our production sites. We are piloting a site survey program in 2015.
- Community outreach plans are reviewed annually with site management teams.

Do

Strategies & Procedures

- Community outreach plans include how we engage government officials, not-for-profit organizations, special interest groups, and residents via neighbor visits, donations and sponsorships, 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 social media.
- We encourage and support local community involvement by our employees, who provide input on where local donations are made.
- We provide employee volunteer opportunities in local and global programs such as Caring for our Watersheds and United Way.

Reviewed and updated: July 2015

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 increased the distribution of 4R Nutrient Stewardship knowledge in Africa.

Plan

Policy Commitments

- Because "society" encompasses many issues, we have numerous related policies: Code of Business Conduct and Ethics ("Code"); Anti-fraud; Anti-corruption; Competition Law; Supplier Code of Conduct; 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; compliance and legal issues - Senior Vice President, Legal.
- Business unit presidents are responsible for implementation of policies and practices.

Successes & Challenges

- We are working to increase distribution and implementation of educational materials to help society better understand the value of crop inputs and fertilizers.
- 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 Australia.
- We have launched Journey 2050, an agriculture sustainability education program, and expanded our Seed Survivor program and support of the Nutrients for Life program.
- We need to draft a long-term sustainability plan to ensure continual improvement.

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 and the full Board on high risk investigations.
- We conduct due diligence on suppliers and intermediaries who meet a high risk criteria and require others to comply with our Supplier Code and Anti-corruption policies.

Do

Strategies & Procedures

- Agrium actively participates in public policy discussions and initiatives with governments and industry associations.
- We are guided by the United Nations Global Compact. We participated with the SDSN to help develop the Nutrient Solution.
- We continue to educate society on the benefits of agriculture and fertilizers. We develop curriculum materials independently and in conjunction with industry associations.

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.

Reviewed and updated: July 2015

Disclosure on Management Approach Employee Practices



Adjust

Changes to Systems to Improve Performance

We have:

- Enhanced our Leadership Development offerings, with a continued focus on development of internal Career and Leadership Programs;
- Continued to improve, benchmark key HR programs and adopt new best practices; and,
- Launched an entity-wide Driver Safety policy and implemented training programs on safe driving.

Plan

Policy Commitments

- Entity-wide policies address: Anti-fraud; anti-trust and competition law; anti-bribery and anti-corruption; harassment and workplace violence; inclusive workplace; employee privacy; corporate social responsibility; supplier code of conduct; environment, health, safety and security; and safe driving.
- Our entity-wide Code of Business Conduct and Ethics (Code) addresses: conflicts of interest; fair dealing; corruption; workplace discrimination; 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 Senior 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 2014.
- Agrium US/CPS was honored with Top 50 Most Engaged Workplaces Award 2014.
- We enhanced our Aboriginal Student Bursary Program for post-secondary students and developed a bursary program for women in select critical roles in North America.
- We established a new HR Shared Service Center for all Business Units across North America to be implemented in 2015.
- We set a target to increase the percentage of women in Senior Management.
- In 2014, we experienced one of our lowest ever employee recordable injury and lost time injury rates.

Check

Monitoring & Follow-Up

- 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 workforce planning, attraction and retention, development and diversity-inclusion.
- Employees can use a confidential and anonymous hotline to report suspected breaches of regulation or our Code.
- Our Board has oversight of executive succession plans, performance management and compensation.
- Each business unit utilizes an Environmental, 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.

Reviewed and updated: July 2015

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

- Agrium's Product Stewardship business unit teams apply the Corporate Product Stewardship standard to their respective parts of the business to reduce inherent product stewardship risks.
- Business unit presidents are responsible for implementation and performance.

Successes & Challenges

- We participated in the development of ResponsibleAg to promote the safe storage and handling of fertilizers industry-wide. All of Agrium's U.S. retail sites have registered to the program and are starting assessments.
- CPS only distributes U.S. EPA registered pesticides containing inert ingredients approved for food-use pesticide products.
- A current industry-wide challenge in North America is the implementation of the Global Harmonized System for hazardous materials classification, labelling and packaging. We've evaluated all of our products against this new standard and upgraded the quantity and quality of safety information on our Safety Data Sheets and labels.

Check

Monitoring & Follow-Up

- We gather information about our customers' ability to safely store and use our products.
- Product stewardship owners meet regularly within their business units 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 approved origin and regulatory status, and non-hazardous content.
- 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 500 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.

Reviewed and updated: July 2015

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.

Reviewed and updated:
July 2015

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 experience our lowest ever environmental incident rate in 2014.
- 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

Agrium uses the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines, combined with stakeholder feedback to help identify the indicators we publicly report. In accordance with these guidelines, we self-declare this report and its associated Internet content as achieving Application Level B. A GRI index is available on our website.

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

Environment¹	Units	2010	2011	2012	2013	2014
Greenhouse Gases - Direct	million tonnes CO ₂ e	3.06	3.41	3.81	3.62	3.23
Greenhouse Gases - Indirect (Electricity)	million tonnes CO ₂ e	0.87	0.84	0.82	0.83	0.85
Captured for Enhanced Oil Recovery	million tonnes CO ₂ e	0.27	0.33	0.33	0.26	0.27
GHG Intensity - Direct	tonnes CO ₂ e/tonne of net fertilizer produced	0.38	0.39	0.51	0.43	0.47
GHG Intensity - Indirect (Electricity)	tonnes CO ₂ e/tonne of net fertilizer produced	0.11	0.10	0.11	0.10	0.12
Energy Use²						
Total	terajoules	91,600	98,900	107,000	99,200	93,300
Intensity	GJ/tonne of net production	11.3	11.4	14.3	11.8	13.6
Environmental Events (Total)³						
Reportable Quantity Releases	count	43	23	25	30	22
Non-compliance Incidents	count	2	0	1	0	0
Enforcement Actions	count	3	2	7	0	4
Non-accidental Ammonia Releases ⁴	releases per thousand railcar movements	0.35	0.58	0.24	0.00	0.00
Air Emissions⁵						
Criteria Air Contaminants ⁶	tonnes	9,950	9,570	9,170	10,800	8,800
Other Air Emissions ⁷	tonnes	4,080	4,200	4,530	4,370	4,230
Water Pollutants	tonnes	3,000	3,430	2,860	2,350	2,720
Water Pollutants Intensity	tonnes/thousand tonnes of product	0.37	0.40	0.38	0.28	0.40

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 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.

³ Events that exceeded regulatory thresholds in their applicable jurisdiction. Excludes non-North American Retail environmental events.

⁴ 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.

⁵ Agrium reports emissions to the Canadian National Pollutant Release Inventory (NPRI) and United States Toxic Release Inventory (TRI).

⁶ Criteria Air Contaminants include CO, NOx, SOx, VOCs and particulates matter reported under NPRI.

⁷ The main substances included in “other air emissions” are ammonia, methanol, nitric acid, nitrate compounds, and sulfuric acid.

Environment¹	Units	2010	2011	2012	2013	2014
Water Use ⁸	million m ³	21.4	21.1	22.5	19.4	19.8
Water Use Intensity	m ³ /tonne of net fertilizer produced	2.67	2.43	3.00	2.30	2.90
Hazardous Waste	tonnes	13,800	23,500	21,600	13,600	13,900
Non-hazardous Waste ⁹	tonnes	13,400	14,600	14,700	22,800	35,800
Environmental Fines and Penalties ¹⁰	\$	44,729	489,597	530,626	484,071	265,421
Environmental Remediation Liabilities ¹¹	\$ million	125	131	170	165	169
Internal EHS&S Audits	count	417	517	688	757	726

⁸ Water use is defined as water intake minus surface water discharge.

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 increase in the past year is associated with the expansion projects at Vanscoy and Borger.

¹⁰ Fines and penalties settled in a particular year often relate to activities in prior years.

¹¹ Calculated on a discounted, inflation-adjusted basis.

Workplace	Units	2010	2011	2012	2013	2014
Employees ¹²	count	14,150	14,800	15,988	17,568	17,230
Regular	count	13,027	13,758	14,467	15,851	15,549
Temporary and Casual	count	1,123	1,042	1,521	1,717	1,681
Voluntary Turnover Rate	percent	7.3	9.8	9.6	9.8	11.0
Women at Various Levels						
Board	percent	18	22	15	15	25
Officers	percent	19	13	19	20	23
Senior Management	percent	13	13	15	16	12
Staff	percent	17	20	19	20	20
Safety						
Lost Time Injury Rate - Employees	cases per 200,000 hours worked	0.72	0.60	0.64	0.57	0.61
Lost Time Injury Rate - Contractors ¹³	cases per 200,000 hours worked	0.16	0.36	0.10	0.08	0.08
Recordable Injury Rate - Employees	cases per 200,000 hours worked	2.13	2.01	2.10	1.74	1.79
Recordable Injury Rate – Contractors ¹³	cases per 200,000 hours worked	1.40	2.07	1.23	0.64	0.59
Fatalities - Employees	count	1	1	0	0	0
Fatalities - Contractors	count	1	1	0	1	1
Employee Learning & Development ¹⁴	\$ per employee	305	850	750	881	671
Employee Survey						
Engagement Score	percent	--	83.3	--	--	--
Participation Rate	percent	--	81	--	--	--
Employees Covered by Collective Bargaining or Belonging to Unions ¹⁵	percent	5.6	6.4	6.3	8.2	9.0
Discrimination Complaints ¹⁶	count	4	6	3	3	5
Breaches of Customer Privacy ¹⁷	count	0	0	0	0	0

¹² Includes full-time and part-time permanent, casual and temporary employees as of December 31 of each year.

¹³ Includes contractors to Wholesale and AAT previous to 2013. For 2013 and 2014, the number includes contractor injuries for all locations in Wholesale, AAT and Retail.

¹⁴ Internal expenditures for training and educational activities. Excludes Wholesale expenditures in 2010 due to a reporting system change. Figures based on regular employee count.

¹⁵ Figures based on regular employee count.

¹⁶ This data is reported for North America only. These complaints are received by the Human Resources department and are separate from the compliance calls listed in the table on page 7 of the 2014 Sustainability Performance Update.

¹⁷ This data is collected for North America only. A privacy breach is defined as unauthorized access to, or collection, use or disclosure of "personal information". Personal information is any information about an identifiable individual, but does not include business contact information when collected, used or disclosed for the purposes of enabling the individual to be contacted in relation to his or her business responsibilities and for no other purpose. We primarily collect business information.

Community and Economy¹⁸	Units	2010	2011	2012	2013	2014
Economic Value Generated - Sales	\$ million	10,743	15,470	16,024	15,727	16,042
Economic Value Distributed						
Payments to suppliers ¹⁹	\$ million	8,742	11,924	12,405	12,714	13,338
Payments to employees ²⁰	\$ million	865	1,221	1,436	1,445	1,549
Payments to governments ²¹	\$ million	639	558	579	793	397
Investments in communities and non-profits	\$ million	4.5	6.7	7.5	9.2	8.8
Payments to providers of capital ²²	\$ million	122	165	249	535	646
Value Retained in Agrium ²³	\$ million	370	1,595	1,347	231	103
Community Investments	percent of pre-tax profit (5-year rolling average)	0.6	0.8	0.6	0.6	0.6
Coverage of Defined Benefit Retirement Obligations ²⁴	percent	61	51	59	76	75
Political Donations	\$ CAD	9,050	4,240	1,650	3,000	16,000
Financial Assistance from Government	\$ thousand	0	0	48	646	0

¹⁸ 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.

¹⁹ Payments to suppliers is the sum of cost of product sold, selling, general and administrative (excluding wages and benefits).

²⁰ Payments to employees includes wages and benefits.

²¹ Payments to governments include corporate income, property, sales, excise and production taxes.

²² Payments to providers of capital includes dividends and interest paid plus capitalized borrowing costs. These have been restated since the publication of our 2012-2013 Sustainability Report.

²³ Value retained is equal to 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.

²⁴ Calculated on a funded basis for registered defined benefit pension plans.