

SUSTAINABILITY

FEEDING THE WORLD RESPONSIBLY

**SUSTAINABILITY REPORT
2014-2015**



Agrium®

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FEEDING THE WORLD RESPONSIBLY

Feeding the world responsibly means helping farmers grow more food more efficiently, and doing it in ways that protect the environment, support economic vitality and enhance communities and human wellbeing. At Agrium, we believe that collaboration, innovation and commitment are keys to improving the lives of today's and future generations.

TO OUR STAKEHOLDERS



One of the greatest challenges the global community has ever faced is how to sustainably feed a rapidly growing population. This challenge is complex and won't be solved quickly, but we believe we have the partnerships, people and products to sustainably intensify agricultural production to meet future demands.

Complex global issues require a collaborative, coordinated response among a variety of stakeholders. To this end, Agrium has played an active role in initiatives that involve government, industry associations, regulatory agencies, non-governmental organizations, environmental groups, customers and community stakeholders. By working in partnership with many groups, we foster the big ideas and initiatives that contribute to a step change toward meeting global challenges. This is most evident in our collaboration and leadership on initiatives beyond our own operations on nutrient stewardship and agricultural greenhouse gas (GHG) reduction.

We also work in partnership with stakeholders as a good neighbor – protecting, growing and enriching the communities in which we operate to nurture a productive, long-term relationship. Our community investments are directed at improving conditions in health and wellness, environmental stewardship, and youth development. Increasingly, we are also focusing on gender and diversity programs.

While big ideas are important, the ongoing efforts of our employees every day are just as critical. Our vision will be accomplished through the contributions

of a challenged, engaged and continually learning workforce. Our 2015 employee engagement survey provided insights into how we can continue providing our people with these opportunities. I was pleased that 85 percent of survey participants said they are proud to work at Agrium. I am also pleased that Agrium has been recognized for our strong employee and environmental focus. Our internal initiatives like *Commitment to Zero* and *Operational Excellence* guide the efforts and decisions our employees make every day to run our business safely and efficiently.

Commitment to Zero is our vision that outlines Agrium's expectations and approach to environment, health, safety and security. Although our injury rates have declined in the past five years, two contractors and one employee tragically lost their lives at Agrium facilities during 2014 and 2015. That is unacceptable. With each incident, we conducted a thorough investigation and the learnings and outcomes are described in the safety section of this report. Our ultimate goal is zero injuries, and *Commitment to Zero* goes beyond factoring safety into our business; it makes safe work our only choice of action.

Operational Excellence is also a core value at Agrium, not a program. It involves continually optimizing our processes and facilities to reduce costs and increase efficiencies, often also improving our environmental performance. We took significant steps in this direction in the past two years and will continue to pursue opportunities in the coming years. *Operational Excellence* means we must be good stewards of capital, but never at the expense of safe operations.

In September 2015, representatives from Agrium joined world leaders to participate in the launch of the 17 United Nations (U.N.) Sustainable Development Goals (SDGs). The U.N. SDGs provide a set of ambitious global targets for participating countries, shaping policy development, organizational efforts and stakeholder engagement over the next 15 years.

Our company is well positioned to meaningfully contribute to many of the goals, most notably the end of hunger and poverty, the achievement of food security and improved nutrition, and the promotion of sustainable agriculture. Land, water and nutrients are key inputs into food production. The growing scarcity of land and water in many parts of the world makes

it imperative to use and manage these resources sustainably. Our focus on promoting nutrient stewardship and offering innovative products and precision agriculture services helps to increase crop input efficiency, resulting in less waste and potential runoff while improving crop yields and quality.

Agrium's mission is to help feed the world responsibly. We intend to fulfill this role by meeting our business objectives, while operating safely and protecting the environment, and contributing to the wellbeing of our many stakeholders.

I want to personally thank our employees, customers, neighbors, suppliers and shareholders for their assistance in shaping and improving Agrium. I am confident that our commitment to collaborating with stakeholders, aligned with the U.N. SDGs, will keep us on the right track.

Chuck Magro
President & CEO, Agrium Inc.

AGRIUM'S CONTRIBUTIONS TO ACHIEVING THE U.N. SUSTAINABLE DEVELOPMENT GOALS

GOAL	AGRIUM CONTRIBUTIONS	PRIMARY IMPACTS	SECONDARY IMPACTS
1 NO POVERTY 	<ul style="list-style-type: none"> Services and solutions 	<ul style="list-style-type: none"> Increased crop yields and food quality 	<ul style="list-style-type: none"> More income Improved diets and health Access to education
2 ZERO HUNGER 			
8 DECENT WORK AND ECONOMIC GROWTH 	<ul style="list-style-type: none"> Economic value distributed Employment Workplace practices 	<ul style="list-style-type: none"> Financial well-being Safe work Diversity respected 	<ul style="list-style-type: none"> Community economic vitality
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	<ul style="list-style-type: none"> Nutrient stewardship Public safety Responsible supply chain 	<ul style="list-style-type: none"> Safe, clean production Safe communities 	<ul style="list-style-type: none"> Environmental protection Improved growers' returns
13 CLIMATE ACTION 	<ul style="list-style-type: none"> Greenhouse gas target Nitrous Oxide Emissions Reduction Protocol Best Available Control Technology 	<ul style="list-style-type: none"> Reduced greenhouse gases 	<ul style="list-style-type: none"> Minimized impacts of climate change
14 LIFE BELOW WATER 	<ul style="list-style-type: none"> Nutrient stewardship Caring for Our Watersheds 	<ul style="list-style-type: none"> Reduced water pollution 	<ul style="list-style-type: none"> Educated farmers and students
15 LIFE ON LAND 	<ul style="list-style-type: none"> Agricultural intensification 	<ul style="list-style-type: none"> Improved soil health Minimized conversion of wild land to agriculture 	<ul style="list-style-type: none"> Biodiversity protected
17 PARTNERSHIPS FOR THE GOALS 	<ul style="list-style-type: none"> Shared value approach Participation in industry associations 	<ul style="list-style-type: none"> Wider adoption of best agricultural practices Increased public safety 	<ul style="list-style-type: none"> Increased yields Environmental protection

Although a case could be made that Agrium's activities support additional SDGs, this table focuses on those where we have the greatest impact.

ABOUT AGRIMUM

Agrium Inc. is a major producer and distributor of agricultural products and services in North America, South America, Australia and Egypt. Agrium supplies growers with products and services such as crop nutrients, crop protection, seed, and agronomic and application services, helping to meet the ever-growing global demand for food and fiber.

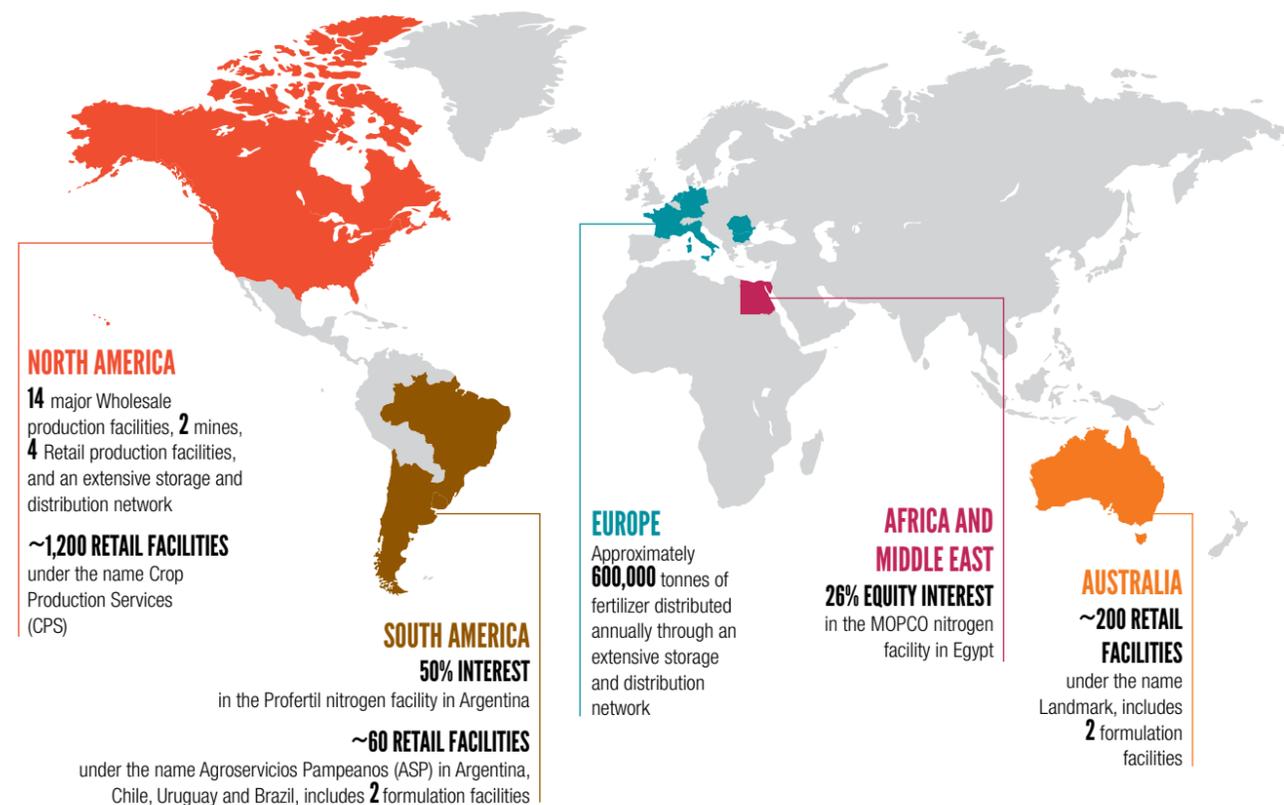
We produce nitrogen, potash and phosphate fertilizers, with a combined Wholesale capacity of more than ten million tonnes. Agrium retail-distribution has an unmatched network of over 1,400 facilities and more than 3,800 agronomists and field experts. We partner with over half a million grower-customers globally to help them increase their yields and returns on hundreds of different crops. Our Retail operations provide Agrium with stability, diversity and long-term growth potential, and our strategically positioned Wholesale operations with low-cost nitrogen and potash operations allow us to reach markets across North America and around the world.

Incorporated under the Canada Business Corporations Act and headquartered in Calgary, Alberta, Agrium had a market capitalization of

approximately \$12.3 billion and approximately 138 million shares outstanding as of December 31, 2015. Our shares trade on the Toronto and New York stock exchanges under the symbol AGU.

Agrium's **mission** is to help feed the world responsibly. Our **vision** is to be the world's leading provider of agricultural products, services and solutions. And our **strategy** is to offer growers a complementary portfolio of agricultural products, services and solutions that increase farm productivity, while providing growing returns for our shareholders.

We are a company with a global perspective, with operations in more than a dozen key agricultural countries, and products shipped to dozens more around the world.



COMPANY ACTIVITY 2014-2015

- In December 2014, we successfully completed the tie-in of our one million tonne production expansion at our Vanscoy, Saskatchewan potash facility, boosting the facility nameplate capacity to approximately 3 million tonnes per year.
- We commenced expansion of our Borger Nitrogen Operations in Texas that will add 610,000 tonnes per year of capacity, with completion expected by the end of 2016.
- In November 2014, we took an equity stake in CH Biotech R&D Co., Ltd., a plant health and nutrition technologies company. In August 2014, we took a controlling interest in Agricen, which delivers biochemical-based solutions for plant nutrition. We also announced in August 2014, a commercialization and technology development agreement with Actagro, a soil and plant health technology company. These activities enable our Retail organization to be at the forefront of new plant protection and nutrition technologies.
- We completed a debottleneck project at our joint venture nitrogen facility (Profertil) in Argentina to improve operating efficiency.
- Misr Fertilizers Production Company S.A.E., an organization in which Agrium has a 26 percent equity ownership position, made substantial progress on its planned nitrogen expansion project in Egypt in 2015.
- We divested our West Sacramento, California nitrogen product upgrade facility in December 2015, two storage and distribution facilities in March 2015, and our Turf and Ornamental business in July 2014.
- We completed acquisitions of 58 independent retail operations in 2014 and 2015, primarily in North America. To further optimize our distribution network and reduce operational costs, we closed or consolidated 186 branches, satellites and other retail locations during the reporting period.
- For more information on other company activities, our financial performance, our products and services, and our corporate structure, please view our 2015 Annual Report.

Key Financial and Production Indicators ¹	Units	2011	2012	2013	2014	2015
Employees ²	count	14,800	15,988	17,568	17,230	16,710
Sales	\$ million	15,470	16,024	15,727	16,042	14,795
Earnings (loss) from continuing operations	\$ million	1,508	1,516	1,080	798	988
Total assets	\$ million	13,140	15,805	15,977	17,108	16,377
Retail facilities ³	count	1,250	1,200	1,388	1,450	1,462
Major production and formulation facilities	count	26	24	24	25	23
Mines	count	3	3	2	2	2
Nitrogen production ^{4,5}	thousand tonnes	4,487	4,330	4,152	4,008	4,094
Phosphate production ⁵	thousand tonnes	1,142	985	1,111	1,133	1,142
Potash production ⁵	thousand tonnes	1,737	1,419	1,713	1,058	1,929
Other fertilizer production ^{5,6}	thousand tonnes	554	563	572	915	875

¹ Financial information for 2012 has been restated for the application of IFRS 11 Joint Arrangements requiring equity accounting for joint ventures and reclassifications resulting from discontinued operations. 2011 has not been restated.

² These figures include regular and temporary/casual employees as of December 31 of each year.

³ Includes retail centers, satellites, production and formulation facilities, terminals and distribution centers.

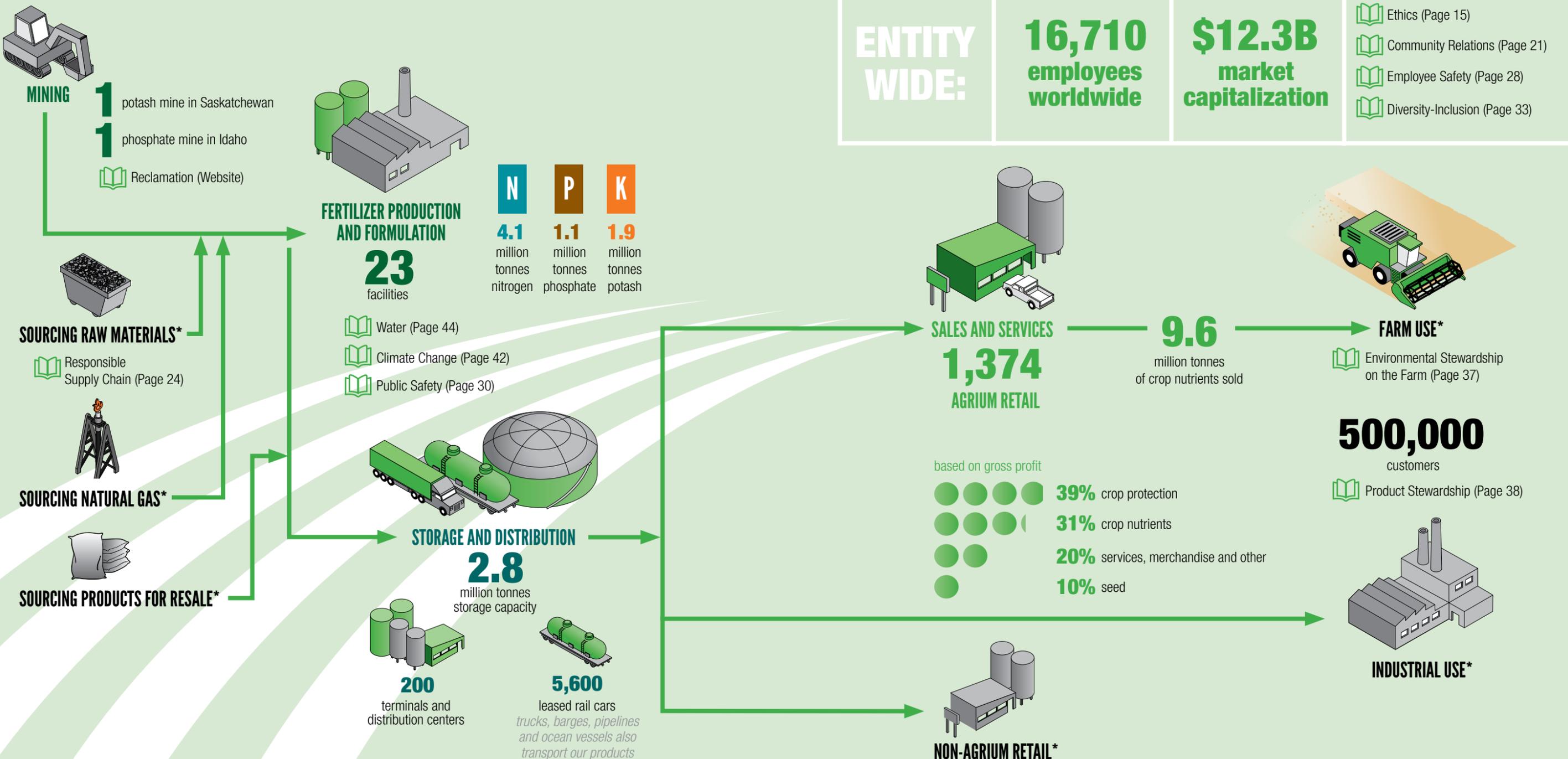
⁴ Includes production from our 50 percent joint venture interest in Profertil, Argentina.

⁵ Production is net of transfers.

⁶ Includes ammonium sulfate, ESN and other volumes.

SUSTAINABILITY ACROSS OUR VALUE CHAIN

READ MORE: This report focuses on the topics that matter most to Agrium and our stakeholders regarding our sustainability impacts and performance. Discussion on these material topics is available on the pages indicated. *(Statistics shown as of December 31, 2015)*



- Ethics (Page 15)
- Community Relations (Page 21)
- Employee Safety (Page 28)
- Diversity-Inclusion (Page 33)

*Non-Agrium entities

ABOUT THIS REPORT

Agrium publishes a comprehensive sustainability report with commentary and complete data every two years and a concise performance update in alternate years. This is Agrium's seventh biennial report and records our sustainability performance for 2014 and 2015. It focuses on environmental, social and economic metrics, highlights our achievements, challenges and governance framework, and reviews key sustainability initiatives.

- This report covers performance for each of the years ended December 31, from 2011 through 2015, unless otherwise noted, for Agrium Inc., and our subsidiaries and joint ventures in which we have a majority position. Any exceptions are explicitly noted with the relevant data. Our most recent Sustainability Performance Update was released in July 2015.
- References to Agrium, our, we, or the company mean Agrium Inc., our subsidiaries and our share in our significant equity and joint venture investments, unless the context indicates otherwise.
- To enable full integration of data systems, environmental, safety and community donation performance data for any company we acquire is provided for the year after acquisition forward.
- All financial data is reported in United States (U.S.) dollars, and product and environmental data are presented in metric units. Please refer to our 2015 Annual Report for more details on our financial performance.
- We continually strive to better define performance indicators and improve our measurement systems. Although we have reduced reporting limitations and exceptions, remaining occurrences are noted with the data.
- Agrium uses the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines, combined with stakeholder feedback to help identify the indicators we publicly report. This report was prepared in accordance with the Guidelines at the Core option level.
- The accuracy of this report is of vital concern to our stakeholders and Agrium. Our senior management and relevant functional specialists have reviewed all information in this report, and believe it to be an accurate representation of our performance. Agrium conducts a variety of external assurance activities on select data and information used in this report, including audits on financial, environmental, health and safety performance, management systems and compliance. We also conducted an internal review of the data, and associated gathering processes, in this report.

More information about Agrium's sustainability practices and performance is available on the sustainability section of our website. We regularly post web updates regarding our sustainability programs and progress throughout the year.

DEFINING REPORT CONTENT

To help determine the content of this report, we engaged external stakeholders and senior leaders at Agrium in separate workshops to identify which sustainability topics are most relevant to stakeholders and to the success of our business. External stakeholders represented investment analysts, academia, suppliers, customers, non-governmental organizations (NGOs), host communities and industry:

- Alberta WaterSMART
- Delisle, Saskatchewan
- Dow AgroSciences Canada Inc.
- Fertilizer Canada
- Field to Market
- International Plant Nutrition Institute
- NEI Investments
- Redwater (Alberta) Community Advisory Panel
- Sylvite Agri-Service
- The Earth Institute, Columbia University
- The Nature Conservancy

The participation and listing of these stakeholders does not imply endorsement of the materiality assessment process or of this report.

We also considered the following factors when structuring this report:

- Key concerns and future challenges facing the agricultural sector
- Relevant laws and regulations
- Voluntary commitments we have made
- Vital factors essential to our success, including our values, policies, strategies, management systems, goals and targets.

Other ways we gather insight into what we report comes from our daily interactions with customers and stakeholders, during community outreach activities, through our employee survey and hotline, at meetings with government representatives and during investor briefings. All of these forums provide valuable opportunities to listen and better understand what our stakeholders want to know about our sustainability performance.



An independent consultant presented the two groups with a list of more than 30 sustainability topics extracted from reporting guidance and industry reports, and facilitated the workshops. The groups discussed each topic and identified those that are of high relevance to either Agrium or our stakeholders. They are:

Foundations of Sustainability

- Ethics and Integrity
- Stakeholder Engagement

Society and Economy

- Chemicals and Crop Protection*
- Economic Value Distributed
- Food Supply and Security*
- Responsible Supply Chain

Safety

- Employee and Contractor Safety*
- Public Safety*

Workplace

- Diversity and Inclusion

Environment

- Greenhouse Gases
- Nutrient Stewardship*
- Product Stewardship
- Spills and Releases
- Water Use

* Both stakeholder groups (external and internal) identified these topics as highly relevant. Accordingly, they receive greater attention in this report. Detailed disclosures on management approach are included on our website.

BOUNDARIES FOR OUR MOST MATERIAL TOPICS

Many of our highly relevant topics can have an impact beyond the boundaries of our own operations, out into our value chain and society in general. In some cases we have quantified those impacts and they are included later in this report. In all cases, we discuss how we are managing our impacts on stakeholders.

We recognize that each of the topics can have impacts broadly, but the table below depicts where impacts related to the highly relevant topics predominantly occur.

WHERE IMPACTS PREDOMINANTLY OCCUR

TOPIC	WITHIN AGRUM		OUTSIDE OF AGRUM				
	Wholesale Facilities	Retail Sites	Suppliers	Host Communities	Farms	Society	
EMPLOYEE & CONTRACTOR SAFETY	✓	✓	✓				Page 28
PUBLIC SAFETY	✓	✓	✓	✓	✓		Page 30
CHEMICALS & CROP PROTECTION		✓	✓	✓	✓	✓	Page 38
NUTRIENT STEWARDSHIP				✓	✓	✓	Page 41
FOOD SUPPLY & SECURITY					✓	✓	Page 18

FOUNDATIONS FOR SUSTAINABILITY



At Agrium, we operate our business to high standards as both a leader in agribusiness and a company with significant scope and scale. Our efforts begin with sound governance and management of our own operations, and extend to include collaboration with industry partners and the influence we have on our customers, suppliers and communities. Collaboration and influence amplify our efforts to meet our vision of feeding the world responsibly.

COLLABORATION

Our mission to help feed the world responsibly means not only helping farmers grow more food more effectively and efficiently, but doing it in ways that protect the environment, support economic vitality and enhance communities and human wellbeing.

One of the greatest challenges the global community has faced is how to sustainably feed a rapidly growing population. This challenge is complex

and won't be solved quickly, but we believe we're stronger working together. By collaborating with multiple groups, we tap into greater resources and more ideas to develop programs and solutions with lasting impact from which we can learn and build. These collaborative efforts are the key to feeding the world responsibly and improving the lives of future generations. No single entity can solve this complex issue on its own.

GOVERNANCE AND MANAGEMENT

Effective corporate governance helps us demonstrate accountability to our shareholders and other stakeholders. These practices ensure that Agrium meets our corporate goals, while contributing to stability and equity in society.

Agrium's Board of Directors oversees our company's sustainability practice. Board Committees include the Environment, Health, Safety & Security Committee; Corporate Governance & Nominating Committee; Audit Committee; and Human Resources & Compensation Committee. These committees work with our Executive Leadership Team to review and evaluate key performance indicators and initiatives. Agrium's senior executive performance objectives are tied to the core financial, safety and environment, people and operational goals in our annual business plan.

We evolve our corporate governance practices to ensure they meet or exceed the requirements and recommendations of regulatory authorities. We work to understand the concerns of institutional shareholders and other stakeholders and inform them of Agrium's efforts.

The strategic management of sustainability is shared among numerous corporate groups: Sustainability and Stakeholder Relations; Environment, Health, Safety and Security (EHS&S); Human Resources; Investor Relations; Enterprise Risk Management; and Legal, among others. These groups monitor best practices, develop policies and standards, and support business units. The daily management of sustainability commitments and implementation of programs is guided by all Agrium business unit leaders and their teams.



Agrium's Executive Leadership Team (left to right)

Stephen G. Dyer
Senior Vice President and President, Retail Business Unit

Michael R. Webb
Senior Vice President, Human Resources

Chuck Magro
President & Chief Executive Officer

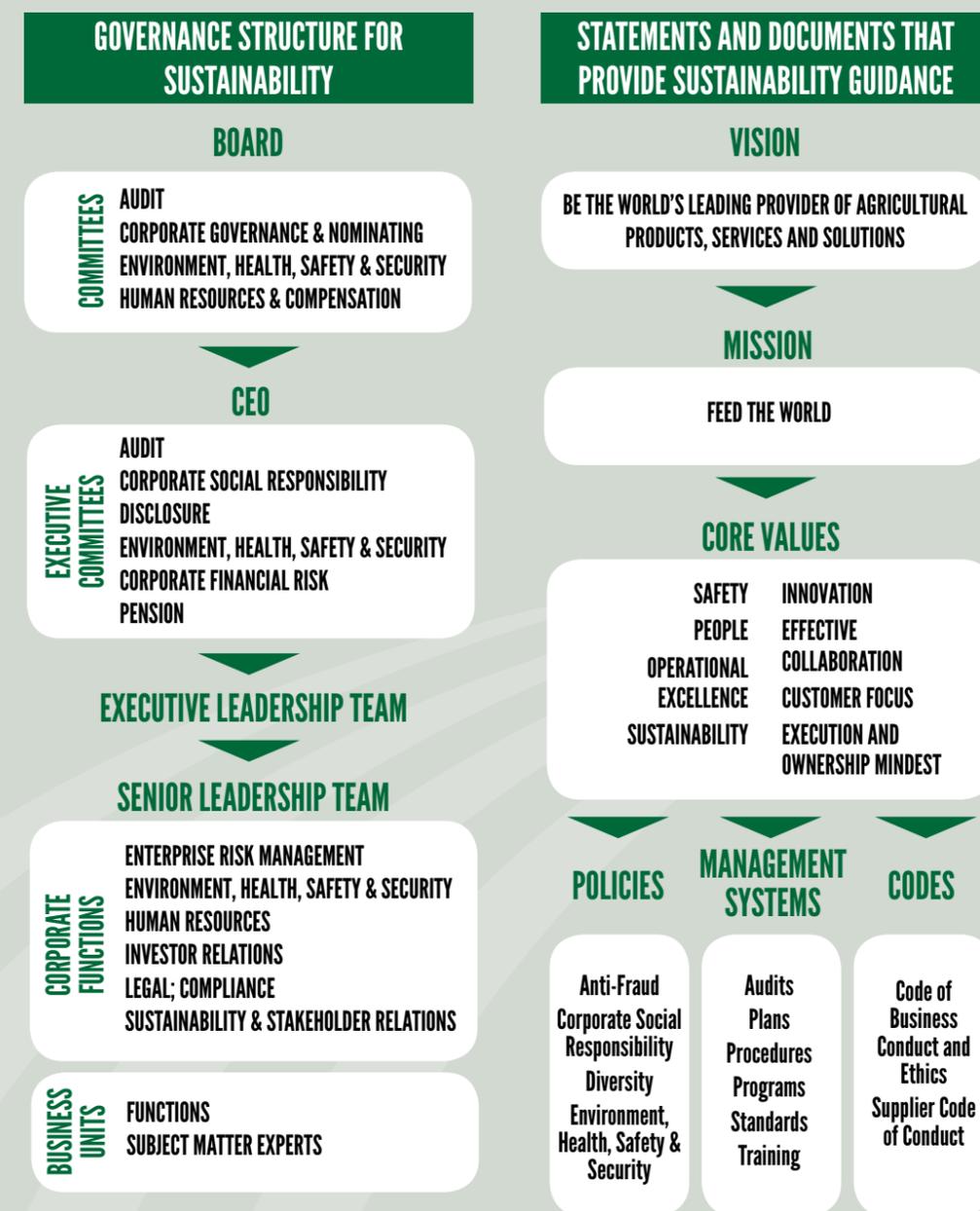
Leslie A. O'Donoghue, Q.C.
Executive Vice President, Corporate Development & Strategy & Chief Risk Officer

Susan C. Jones
Senior Vice President & Chief Legal Officer

Steve J. Douglas
Senior Vice President & Chief Financial Officer

Henry (Harry) Deans
Senior Vice President and President, Wholesale Business Unit

GOVERNANCE AND MANAGEMENT FRAMEWORK FOR SUSTAINABILITY



More specifically, our Disclosures on Management Approach (DMAs) provide an overview of how we address highly relevant issues to achieve continual improvement in sustainability. DMAs are available on our website for: Environment, Health Safety and Security; Public Safety; Chemicals and Crop Protection; Nutrient Stewardship; and Food Supply and Security.

Further information about our governance practices is available on our website.

COMMITMENTS

One of our management tools is to make commitments to our stakeholders and to ourselves. Once we make commitments, we develop plans to achieve them, and track our performance to ensure progress is made. Like any organization, we create

various internal targets to spur improvement in priority areas. The following table shows how we're progressing on our public sustainability-related targets.

Priority	Target	2015 Performance	Progress
Greenhouse Gas Emissions	Reduce our direct North American Wholesale greenhouse gas emissions intensity (per tonne of net fertilizer produced) by 20 percent by 2020, from a 2005 baseline.	15 percent reduction	✓ On Target
Women in Senior Leadership Roles	Women comprise at least 15 percent of senior leader roles (i.e., executive officers, vice presidents and typically roles reporting to vice presidents) by 2019.	13 percent	✓ On Target
Women on Board of Directors	Women comprise not less than 25 percent of the corporation's directors.	30 percent*	✓ Met target
Employee Total Recordable Injury Rate	1.71 in 2015	1.54	✓ Met target
Employee Lost Time Injury Rate	0.58 in 2015	0.49	✓ Met target
Contractor Total Recordable Injury Rate	0.85 in 2015	0.88	✗ Did not meet target
Vehicle Accident Rate	0.55 in 2015	0.45	✓ Met target
Environmental Incident Rate	0.17 in 2015	0.11	✓ Met Target

* Performance as of June 2016.

RISK MANAGEMENT

Every business decision is a risk decision. Evaluating and balancing risk is a vital, ongoing responsibility at Agrium. We also realize that every risk might also present business opportunities.

In addition to financial issues, we integrate the environment, health, safety and security of our employees and the public into a structured Enterprise Risk Management process.

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 also take into account inherent and residual risks, which are defined by our ability to control the risk. We then assign risk owners who apply

this understanding to mitigate risks as much as possible and continually monitor both the risk and its mitigation.

Internal auditors review risks on a number of factors, including financial controls, product prices and the labor market. In 2014-2015, we conducted more than 100 internal business audits, and 20 risk review and mitigation workshops with key employee groups to guide them in developing risk mitigation strategies. Internal experts conduct more than 700 EHS&S audits of compliance and other management system requirements specific to our facilities. Risk owners have access to a risk register where more than 100 active risks are profiled.

BUSINESS CONDUCT AND ETHICS

Agrium's Code of Business Conduct and Ethics (the Code) outlines our expectations for employee and Director behavior in areas that include conflict of interest, fair dealings, gifts, legal compliance, and confidentiality. Agrium's Directors and employees worldwide undergo refresher training and formally acknowledge their compliance with the Code on an annual basis.

Agrium continually evaluates and updates the effectiveness of our compliance programs. The Code, along with key company policies that include Anti-corruption, Corporate Social Responsibility and Competition/Anti-Trust are regularly reviewed and updated.

Employees can access our confidential 24-hour, externally administered Compliance Hotline throughout the world in 11 languages. The Hotline is available for reporting any violations or suspected violations of the Code, other Agrium policies, or any other illegal or unethical behavior. Every reported case is taken seriously and investigated as appropriate.

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 allows for anonymous reporting where legally permissible. Agrium employees are encouraged to report any violations of the Code to their supervisors or any member of senior management, or through the Hotline. Employees can also ask questions related to ethics and business conduct matters through a dedicated email address and through other avenues.

During 2015, Agrium addressed 38 inquiries made via our global Compliance Hotline and the Human Resources service center, which does not include reports made directly to managers, Human Resources staff, local incident management systems or via other legal processes. Of these, 18 were human resources-related or contained comments about the work environment, six involved allegations of misappropriation of company assets, four involved allegations of discrimination, three involved EHS&S allegations, three were categorized as other, and four were unrelated to ethics compliance. All calls were forwarded to our legal department, appropriate action was taken and the Board was advised. A substantiated allegation might result in employee education, discipline or dismissal, or revisions to our communications, procedures or policies.

Anti-Corruption and Anti-Bribery

As a global company, Agrium operates in a wide range of jurisdictions and is vigilant and proactive in preventing and detecting corruption. We regularly review our compliance with anti-corruption laws and regulations. We evaluate our current and potential operating jurisdictions for risk factors related to corruption and bribery, and require employees in key roles doing business in these areas to complete additional online and in-person training as appropriate.

In 2014-2015, all active regular employees were required to take a training module on corruption prevention as part of the annual renewal process for the Code. Additionally, for employees working in higher risk areas, we conducted online and in-person anti-corruption training sessions.

ETHICS TRAINING (Number of Employees)

Type of Training	Anti-Corruption				Anti-Trust/Competition Law			
	2012	2013	2014	2015	2012	2013	2014	2015
Online Refresher (as part of Code of Conduct)	0	13,621	0	14,730	0	13,621	0	14,730
Online Course	65	1,044	1,176	101	70	3,079	374	39
In-person	130	134	210	1,005	0	208	301	983
Total	195	14,799	1,386	15,836	70	16,908	675	15,752

STAKEHOLDER ENGAGEMENT

Engaging with our stakeholders is central to Agrium's sustainability practice. We believe in open, ongoing, two-way dialogue across a variety of communication channels, and addressing concerns in a meaningful manner. This collaborative approach is essential to Agrium's success and part of the ongoing license to operate that we earn through our actions on a daily basis.

We define stakeholders as persons or groups that Agrium directly or indirectly affects, as well as those who might have interest in Agrium. The type

and frequency of our stakeholder engagement is based on the scope and potential impacts of our operations, and the degree to which parties wish to be involved. In addition to one-on-one meetings and project information open houses, we undertake additional engagement activities.

For a general summary of how we engage with stakeholders, please visit our website.

The following table describes our responses to some specific stakeholder concerns in 2014-2015.

Stakeholder	Concerns in 2014-2015	How We Responded
Communities	Impact of phosphate mine expansion at Conda, Idaho: "Why open a new mine when the messes of the past are not cleaned up?"	Extensive engagement through meetings, website, ads, tours, etc. Prepared video highlighting our ongoing reclamation efforts. Regulatory submission included significant input from local individuals and groups, subject matter experts and local, state and federal government.
	Impacts of major expansion at Borger, Texas facility, and series of incidents at the site	Modifications to plan reduced noise and traffic concerns. Conducted community survey and held open house. Increased frequency and number of interactions. Page 22
Customers	How Agrium can help growers cut costs	Increased focus on precision agriculture services that accurately match crop input applications to improve yields and reduce waste. Page 37
	How Agrium can help retailers meet increasing production and safety information requirements in the food value chain	Conducted studies to determine product technical data required. Upgraded our product safety platform to issue updated safety information. Page 31
Employees	Career development	Expanded mentoring program for new hires in select disciplines. Increased leadership succession planning.
	How <i>Operational Excellence</i> affects them directly	Increased communications from senior management on successes and changes. Positioned <i>Operational Excellence</i> as a culture not a program. Provided timely notice to employees affected by reorganization.
Shareholders	Executive compensation structure	Updated our executive compensation policies and more than 97 percent of shareholders voted in favor of our 2015 "say on pay" resolution.
	Human rights in the supply chain	Implementing a Supplier Code of Conduct, inserted contract language in material contracts, conducted training and due diligence. Page 24
Society	Corporate action on reducing GHGs	Pursuing achievement of our reduction target through multiple channels, including optimization at our facilities and opportunities at the farm level. Page 43
	Loss of fertilizers and crop protection products to the environment	Applying and promoting nutrient stewardship broadly. Page 18 Increased focus on precision agriculture services that pinpoint crop inputs and minimize loss. Page 37
	How the agriculture industry can contribute to eradicating global issues such as hunger and poverty	Participated in the Sustainable Development Solutions Network and development of the 4R Nutrient Solution, both targeted at meeting the U.N. Sustainable Development Goals, including ending hunger and poverty. Page 18



SOCIETY AND ECONOMY

As part of our mission to feed the world responsibly, we believe Agrium has a responsibility to play a role in contributing solutions to challenging global issues. Our grassroots efforts around the globe help to improve soil health and crop yields, contribute to economic development in rural areas and foster responsibility across our supply chain. Additionally, Agrium and our employees make significant contributions to communities through monetary and voluntary support.



FOOD SUPPLY AND SECURITY

The U.N. predicts the world's population will reach nine billion people by 2050. Growing population, combined with finite agricultural resources, means meeting the ever-increasing demand for food is a critical challenge for our people and planet. Agrium is responding to this challenge by playing a leading role in creating and implementing innovative solutions to help growers meet rising demand.

By offering products and services that help growers increase their crop yields in an environmentally responsible way, we make an impact on the security of the world's food supply. Sustainable intensification of agriculture helps address the issue of food supply and security by meeting the following goals:

- producing more from the same land;
- increasing profits to growers, which in turn support community and economic development;
- reducing nutrient losses to the environment;
- protecting habitat; and
- improving soil quality.

Agrium supports these efforts through developing and implementing robust and wide-reaching education programs, and through the creation of innovative seed, fertilizer products and services.

Notably, Agrium contributed to the formation of the U.N. SDGs through our participation in the U.N.'s Sustainable Development Solutions Network Leadership Council.

More information on our management approach to food supply and security is available on our website. Our focus on nutrient stewardship, technology and our products also contribute to expanding food supply responsibly. More information on these subjects is available in the Environment section.

Promoting Best Practices in Agriculture

Agrium has been a long-time champion of the 4R Nutrient Stewardship System. The system helps farmers around the world to meet their economic, social and environmental goals by applying regionally specific best management practices in the areas of nutrient rate, time, place and source (see diagram page 19). Through the 4R system, farmers are able to sustainably intensify crop production. This means increasing yield without bringing more land into agricultural production, while reducing nutrient losses to the environment. The 4R system supports global goals to enhance food security, improve water quality, enrich soils, increase economic returns for farmers and build communities.



I believe that extreme poverty and hunger can be ended if all key stakeholders collaborate on solutions. We need governments and development practitioners to be sure, and we also need companies with vision, technology, and a deep commitment to sustainable development. Agrium is such a company: a global leader in sustainable development; committed to the U.N. Sustainable Development Goals; sharing knowledge around the world; and developing tools and know-how to raise agricultural yields while minimizing environmental harm.

Dr. Jeffrey Sachs
Director, The Earth Institute
Columbia University

4R NUTRIENT STEWARDSHIP SYSTEM



RIGHT SOURCE



RIGHT RATE



RIGHT PLACE

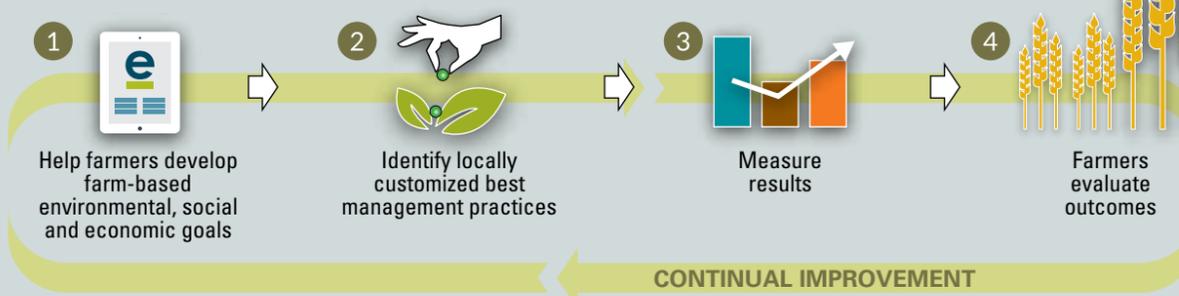


RIGHT TIME

We work closely with customers to help ensure they apply the Right Source of nutrients at the Right Rate, Right Place and Right Time.

Agrium's Echelon platform provides growers with very precise tools and technology to implement 4R nutrient stewardship in their operations.

Our 4R approach follows these 4 steps:



The 4R system is being adopted globally through shared value partnerships that bring diverse stakeholders together to locally implement 4R programs. In North America, several partnerships were created to address concerns of nutrient loading in local water jurisdictions. Industry, NGOs, farmers and government are also working to reduce GHG emissions by implementing 4R practices that decrease nitrous oxide (N₂O) emissions in the field.

The North America fertilizer sector launched a \$7 million 4R Research Fund in 2013 to support researchers conducting field data trials that help quantify the environmental benefits of 4R practices.

The impact of 4R is apparent in smallholder farming situations where soils are degraded and nutrient deficient. In partnership with the International Plant Nutrition Institute (IPNI), Agrium funded pilot projects in Kenya (2012-2016) and Morocco (2014-2017) to develop 4R recommendations for smallholder farmers leveraging IPNI's Nutrient Expert system. To expand local extension capacity of these recommendations to smallholder farmers,

Agrium worked with Millennium Promise (MP) building on our long-standing support of the Millennium Villages Project, which came to an end in 2015. The 4R Solution, as it is now known, evolved from the combined efforts of Agrium, IPNI and MP. In 2015, the 4R Solution pilot helped more than 100,000 smallholder farmers increase crop yields by an average of 28-38 percent (0-300 percentage range) using locally specific 4R recommendations. Agrium is partnering with industry, NGOs and government to expand the 4R Solution globally. This scalable sustainability solution has the potential to raise millions of smallholders from poverty while improving soil quality, and access to education and medical care.

In the coming years, Agrium will focus our efforts on more fully integrating 4R at the field level through customer outreach from our North American retail network. We will also focus on working with the sector to advance the 4R Solution, supporting existing and new regional 4R efforts, and on enhancing 4R measurement to support continuous improvement.

RESEARCH AND DEVELOPMENT

Our strategic investment in R&D and new technologies allows us to tackle challenges and create opportunities across the agricultural sector. Developing new products can take several years and several million dollars. In 2015, Agrium employed 100 employees and invested more than \$30 million in various aspects of R&D. Externally, partnerships with agricultural institutions and universities across North America enable collaborative agronomic research. Partnerships with suppliers help us to understand emerging technology offerings. Efforts in these areas positively impact the environment and our bottom line. Significant developments include:

- New precision agricultural technology (e.g., Echelon) provides growers with valuable crop input and seeding recommendations based on data from soil sampling, yield analysis, weather monitoring, field scouting, tissue sampling, aerial imagery analysis, record keeping and reporting. The goal is to apply fertilizer and crop protection products as precisely as possible to generate the most benefit;

- Controlled-release fertilizers that deliver nitrogen when the crop needs it most, significantly reduces the risk of nitrogen loss to the atmosphere or water;
- Leading-edge plant growth regulators that allow plants to use more available water and nutrients, aid in overcoming environmental stress factors (e.g., drought), and become less susceptible to disease, all of which lead to increased crop production and quality;
- Weed and drought resistant hybrid seed varieties allow growers to maximize their yields more efficiently;
- Reusing phosphogypsum (a by-product of processing phosphate ore into fertilizer) in ways that reduce our environmental impact and benefit the surrounding community;
- Innovative modifications at our production facilities that increase production rates and/or energy efficiency; and
- Systems and protocols that reduce environmental impacts (e.g., 4R Nutrient Solution, Nitrous Oxide Emission Reduction Protocol).

TEACHING THE NEXT GENERATION

We focus our educational programming on three areas: agricultural and nutrient stewardship; farm safety; and the environment. Our youth education programs are science-based, align with curriculum and teach sustainable practices that can result in long-term positive change. Our target audience is predominantly school children in rural and urban areas, but also includes growers and their families.

By leading the development of programs like Seed Survivor®, Caring for Our Watersheds®, Journey 2050™ and Agriculture for Life®, we help encourage a new generation to learn more about the challenges and opportunities we face in the world today and to take action. In addition to education, these programs often include a component that involves direct student participation in advancing sustainability. Agrium is committed to continue taking a leading role in teaching children about sustainability. Our website (www.growingthenextgeneration.com) consolidates information and resources for teaching the next generation about agriculture.



In 2015, approximately 230,000 youth were educated through these flagship programs and our other education partnerships.

Long term investments in education

\$3.3 million

- Agriculture **\$2.4 m**
- Environment **\$676 k**
- Farm Safety **\$266 k**

Expanding education programs with partners

259 charities
11 programs

Help educate more children

230,000 students
 4,560 classrooms
 1,524 schools

2015

Since 2013, participation has increased **7 percent** while our costs have decreased by **2 percent** over the same timeframe.

COMMUNITY RELATIONS

Agrium's success depends on productive, long-term relationships with a variety of stakeholders whom we directly or indirectly affect. Many of our facilities are located in rural areas, where we are often among the larger employers, giving us the opportunity to play an important role in these communities.

When we open, significantly modify or close a facility, we include neighbors, businesses and other local stakeholders in the decision-making process through dialogue and open houses. For more routine activities, we share information and ensure there are open lines of communication as well as opportunities for people to ask questions or provide comments. Community Advisory Panels for three of our major production facilities provide insights and often identify solutions to local issues. The panels comprise local industry, first responders, representatives from school districts and independent community members.

Community Investment

Agrium works in partnership with stakeholders to be a good neighbor – protecting, growing and enriching the communities in which we operate. In 2015, we supported more than 1,400 organizations in six countries, primarily groups committed to improving conditions in health and wellness, environmental stewardship, and youth development.

Agrium is a firm proponent of collaborating with others to amplify our efforts. As we achieve initial successes, we often engage other organizations in partnerships that create shared value.

Our employee donation-matching program also provides the opportunity to enlist Agrium's support

of causes to which employees have financially or otherwise contributed. We support the charitable causes that are important to our employees by matching donations up to \$300. It not only results in donations to highly impactful organizations, but employees can also be satisfied to know that their company cares about what matters to them.

Our extensive retail network in North America provides a valuable connection to the customers who use our products and to the communities where we operate. When a retail facility chooses to participate in the Community Outreach Program, all employees volunteer and receive one day's pay for one day of labor. During 2014-2015, more than 1,250 Agrium employees completed 182 outreach projects.

COMMUNITY INVESTMENT



Annual donations vary due to the completion of multi-year funding programs and to large one-time commitments. Our shared value partnership approach optimizes our partners' and our financial inputs.

CASE STUDY: EXPANSION OF BORGER FACILITY



Agrium began an expansion project at our nitrogen production facility in Borger, Texas in 2014. Before construction began, employees worked with the community to identify and respond to concerns that included increased traffic, access road location, and proximity to adjacent neighborhoods and the local hospital. As a result, several plan details were modified.

During the project, several unexpected events occurred, including noise disturbances, an accidental release resulting in contractor injuries and a security threat. Providing prompt public updates, working closely with local authorities and hosting an open house are ways we engaged the community during and after the events. Follow-up through increased communication was an integral part of our overall emergency response to these events.

I voiced my concern [regarding public safety near the Borger nitrogen facility] to Agrium's plant manager. He was very helpful and understanding with my concerns and educated me about some of the plant's safety features. I learned about anhydrous ammonia. We discussed the need to educate the community to help ease some of the concerns. Our meeting has eased my mind.

Borger, Texas resident

Agrium conducted a small community survey in 2015 that found 92 percent of respondents agreed or strongly agreed that Agrium has a positive impact on the local economy and 84 percent agreed that Agrium is a good local corporate citizen. Feedback received indicated that community members are interested in knowing more about Agrium and our activities in Borger. We continue to use information from the survey to guide our decisions, donations and outreach activities in the area.

STRATEGIC PARTNERSHIPS FOR SUSTAINABILITY

Agrium is a proponent of collaborating with others to amplify our collective efforts. We believe in creating solutions that can be replicated broadly. We help develop strong partnerships that refine the solutions, expand distribution and reach, increase credibility and decrease costs. The ongoing sharing of information and pooling of resources leads to more informed, effective and lasting outcomes. This shared value partnership model is depicted on our website. The following are some of the most significant partnership-based sustainability initiatives and organizations in which Agrium participates.

International Initiatives

As a member of the **U.N. Global Compact**, Agrium has committed to aligning our operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.



www.unglobalcompact.org

Agrium is a member of **Field To Market**, a diverse alliance working to create opportunities across the agricultural supply chain for continuous improvement in productivity, environmental quality, and human well-being. The group provides collaborative leadership that is engaged in industry-wide dialogue, grounded in science, and open to the full range of technology choices.



www.fieldtomarket.org

The **U.N. Sustainable Development Solutions Network (SDSN)** mobilizes scientific and technological expertise to promote practical problem solving for sustainable development, including the development, implementation, and monitoring of the Sustainable Development Goals (SDGs). Agrium has recently worked with the SDSN to share 4R practices with small landholder farmers in Africa. An Agrium executive serves on the SDSN Leadership Council.



www.unsdsn.org

Educational Initiatives

We focus our educational initiatives in three areas: agricultural and nutrient stewardship; farm safety; and the environment. By leading the development of the programs highlighted below, and working with approximately 100 partners, we help encourage a new generation to learn more about the challenges and opportunities we face in the world today and to take action.



www.caringforourwatersheds.com



www.seedssurvivor.com



www.journey2050.com



www.agricultureforlife.ca

Industry Associations

We support and participate in numerous industry associations that share our dedication to creating more efficient plant production with a key focus on environmental protection and safety. Our participation in a specific industry association does not imply endorsement of every position taken by the association. In cases where positions differ, we often use our leverage from within the association to make positive and broad long-term change.



www.fertilizer.org



www.ipni.net



www.tfi.org

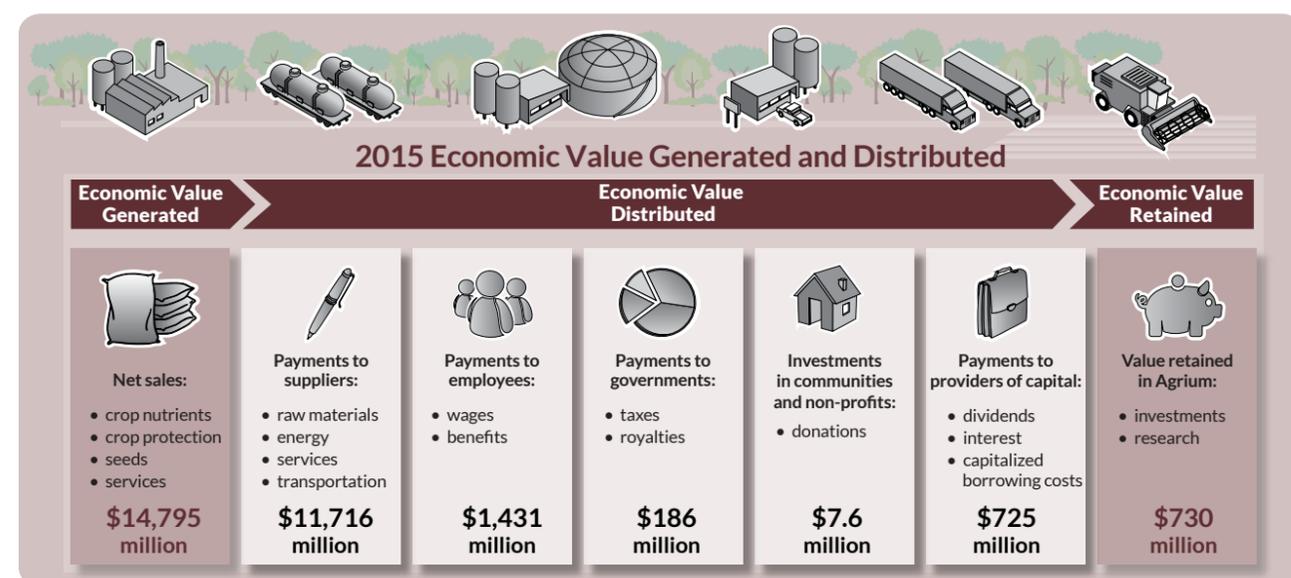


www.fertilizercanada.ca

ECONOMIC IMPACTS

Our business offers growers agricultural products, services and solutions that increase farm productivity and profitability, while providing employment and business opportunities to thousands of rural communities, many of which have limited economic prospects. The multiplier effect means that considerable indirect jobs and opportunities are created as well.

We create a positive economic impact by generating wealth, and distributing it to a variety of stakeholders. Our business interactions with more than 10,000 suppliers and vendors worldwide generate significant economic benefits. The taxes and royalties we pay to governments provide support to public services and infrastructure development in various jurisdictions. A portion of the economic value retained in Agrium is reinvested in R&D (see page 20).



RESPONSIBLE SUPPLY CHAIN

We believe Agrium's role in supporting sustainable development includes evaluating our significant suppliers to ensure they maintain high standards of performance on safety, the environment and human rights.

In 2014, we finalized a Supplier Code of Conduct. The policy, and the contractual language that supports it, encourages collaboration and greater alignment between Agrium and our large suppliers on corporate social responsibility practices and commitments.

In 2015, we began the process of implementing the Supplier Code in all new contracts with suppliers that meet our risk threshold. In addition, we identified

more than 140 existing suppliers that required review. Many of our suppliers have their own codes that are aligned with Agrium's. For those codes that are not aligned, we are working to ensure these suppliers acknowledge our Supplier Code. The review and screening is not a one-time event, but a continuous process as suppliers and their activities evolve. Through this process, four potential suppliers were turned away in 2015 due to concerns regarding child labor practices and corruption. A public reporting hotline complements the Supplier Code.

Implementing the Supplier Code across our organization also includes employee training. Beginning in 2015, we augmented our training on our

Code of Business Conduct and Ethics with specific training and testing on the Supplier Code targeted at higher risk employee groups.

We continue to monitor international standards and developments to assess whether the Supplier Code or its associated review criteria require

revision. Agrium exercises due diligence to promote respect for human rights, and is guided by laws and international standards including the U.N.'s Guiding Principles on Business and Human Rights.

Our website includes disclosures on how we address the California Transparency in Supply Chains Act.

AN UPDATE ON SOURCING PHOSPHATE FROM WESTERN SAHARA



Over the course of Agrium's arrangement with Office Chérifien des Phosphates (OCP) to source phosphate rock from Western Sahara, we have engaged with various stakeholders concerned about the impact the supply arrangement has on human rights in the region. In the past two years, shareholders brought forth proposals asking Agrium to conduct and make public an independent assessment of our impact on human rights in relation to sourcing phosphate rock from Western Sahara. As part of our commitment to corporate responsibility, our stakeholders and ongoing supply chain due diligence, we contracted Norton Rose Fulbright to conduct an independent assessment in 2015, guided by the United Nations Guiding Principles on Business and Human Rights. The study concluded that the supply arrangement is not causing or contributing to potential or actual negative human rights impacts in Western Sahara. It also noted that we are using our leverage to address actual or potential negative human rights impacts associated with the supplier relationship, including by promoting resource development in a transparent manner. Through our ongoing due diligence, evaluation and stakeholder engagement, we will work to ensure that the sites from which we source rock operate in a responsible manner and in compliance with our continually improving corporate responsibility practices, including our Supplier Code of Conduct. We will also urge OCP to continue sharing sustainability information publicly. We believe these efforts support ongoing improvement and long-term sustainability. More information about the assessment is available on our website.



SAFETY

Agrium is committed to the safety of our employees, contractors, carriers, customers, neighbors and the general public. Safety permeates the lifecycle of our products, from responsible raw materials sourcing, to safe production and transportation, sales, and end-use of our products by customers. We reinforce our strong safety culture daily with ongoing awareness, training, procedures, equipment and continual improvement measures.

Our goal is to relentlessly pursue the prevention of harm through managing risks in our organization and by actively caring for each other, our customers and the community.

Our integrated Environment, Health, Safety and Security Management System (EMS) contains the minimum standards expected of each employee. The EMS guides us on expectations regarding how to conduct work safely, including key behaviors on risk management, stop-work obligations, incident reporting and investigation as well as meeting

life-critical work standards. Each production and retail location develops site-specific processes and training to adhere to these standards.

These standards apply to our facilities worldwide. We audit every manned and unmanned Agrium facility every three years and conduct regular compliance reviews. Higher risk facilities are audited yearly. A more detailed description of our EMS is included in the Disclosure on Management Approach on our website.

MAJOR SAFETY FOCUS AREAS



EMPLOYEE AND CONTRACTOR SAFETY

At Agrium, we believe that it's our responsibility to ensure workers can rely on a safe workplace and to clearly communicate expectations of how to work safely.

Commitment to safety must be demonstrated at the top of the organization and embedded in the everyday behaviors and decisions of all employees and contractors. Our ultimate goal is to reach zero injuries. Over the past 10 years, we have reduced our employee lost time injury rate by 61 percent and our contractor total recordable injury rate by 68 percent.

Our performance improves through clearly communicating expectations of behavior, and consistent dedication to awareness programs, audits and improvement measures.

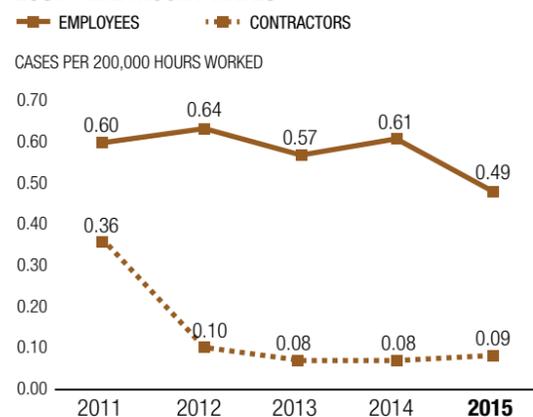
Despite these efforts, two contractors and one employee tragically lost their lives at Agrium facilities during 2014-2015. Each incident involved a thorough investigation and there have been many learnings and outcomes. Contractor management standards, describing our increased expectations for training and safe work practices, were developed and implemented in 2014. A company-wide analysis of injuries pointed to slips, trips and falls as an important area of focus, since they accounted for about 40 percent of all safety incidents. In late 2015, we began an assessment of all elevated work in our

operations, and will review all our facilities in 2016 and develop plans to eliminate or mitigate risks due to elevated work.

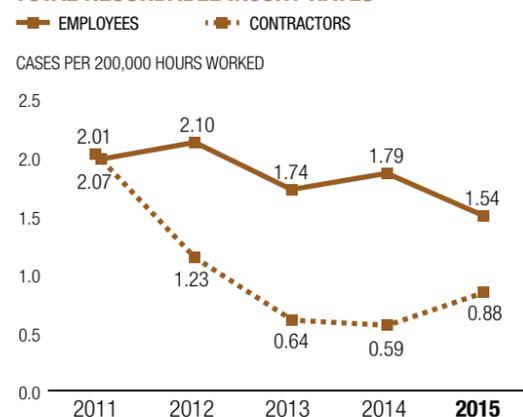
Personal safety has continued to be challenging in 2016. During the first six months, we were saddened by the death of two employees and one contractor. Investigations are ongoing. We held a mandatory all-Agrium town hall in May 2016 to strongly reinforce our commitment to safety and reaffirm the responsibility of any employee or contractor to stop work should unsafe conditions exist. We are redoubling our safety efforts through *Commitment to Zero*, which aims to eliminate such serious incidents.

To reinforce Agrium's safety culture, achievement of safety performance targets is included in the EHS&S component of the senior executive annual incentive. Although Agrium exceeded the majority of our internal EHS&S targets in 2015, the Board of Directors, on Management's recommendation, decided to reduce financial incentive payments to the company's senior leaders, due to the two fatalities that occurred during the year. A large portion of the funds that would have been distributed to the senior leaders will be redirected as company donations to support external safety initiatives such as rural safety education. The remaining funds will be directed internally to further enhance our safety programs.

LOST TIME INJURY RATES



TOTAL RECORDABLE INJURY RATES



Our employee injury rates are at their lowest ever. The increase in the contractor recordable injury rate is partly attributable to our expansion projects, which involve construction, a consistently higher injury activity.

OUR COMMITMENT TO ZERO



We began a process in 2015 to reframe and refocus our vision, expectations and approach in all of our safety actions. In early 2016, our CEO, Chuck Magro, announced a new safety vision and strategy called *Commitment to Zero*. The program is based on three key principles:

- **Do it safely or not at all,**
- **There is always time to do it safely, and**
- **Care for each other's health, safety and security.**

These principles include the clear expectation that all Agrium workers have the authority and obligation to stop any work that is unsafe. We intend to go beyond factoring safety into our business to ensure that safe work is our only choice of action.

To ensure that we focus on the elimination of life-altering and environment-altering incidents, we have revised our key performance indicators for safety and now track more serious incidents and potentially serious incidents separately.

Focus on Driver Safety

Agrium operates one of North America's largest privately held vehicle fleets, with close to 18,000 units, including cars, trucks, forklifts, tractors, application and other moving equipment. Our overall fleet safety is audited by a third-party insurance company and has received top quartile rankings when compared with other large corporate vehicle fleets.

We've been investing in technology to mitigate risks on the road for several years. In 2009, we began purchasing vehicles with back-up sensors, and in 2012, we required all vehicles to use hands-free communication technology.

The driving records of all potential and current employees are also carefully checked. Our process for new hires involves reviewing driver history, physical health and operator certifications. Relevant

employees are required to participate in regular defensive driving training and annual reviews of their driving records. All of our drivers (more than 6,500) receive some form of training annually. If an employee's risk level increases, their driving privileges could be restricted or eliminated.

Process Safety

In addition to our focus on the personal safety of our workers, we continually target process safety improvements, which involve the prevention of fires, explosions and ammonia releases that can affect more than our own operations. Several of our improvements are described in the Public Safety section that follows. We have added a new indicator to the Performance Summary table on *page 47* this year that addresses process safety. Our results indicate that Agrium has reduced significant loss of primary containment events by 53 percent since 2012.

PUBLIC SAFETY

Agrium works with regulators, government authorities and industry associations to address public safety issues associated with fertilizer production and distribution. We scrutinize potential public safety risks and pursue opportunities to minimize them, at our facilities and in the communities where our facilities operate. A more detailed description of our management approach to public safety is available on our website.

We focus on public safety through a highly structured transportation process, stringent storage protocols for chemicals at our facilities and ongoing monitoring. All of our production facilities have emergency response procedures and plans that are regularly tested with emergency simulation drills. Agrium employs a Transportation Emergency Response system comprising a 40-person team designed to respond to emergencies within Canada and the U.S.

We offer a comprehensive one-day emergency response training course on anhydrous ammonia to fire departments as part of their training programs for hazardous materials. Since we began offering the course 15 years ago, we have trained hundreds of fire departments across Canada and the U.S.



ResponsibleAg

Agrium representatives actively participated in the grassroots development of ResponsibleAg, a joint venture between the Agriculture Retailers Association and The Fertilizer Institute. The U.S.-based safety program began in early 2014 as a proactive means of demonstrating commitment to the safe, secure storage and handling of fertilizer products such as ammonium nitrate and anhydrous ammonia at retail agribusiness facilities.

To become certified, specially trained, independent auditors must inspect a facility every three years to verify adherence to applicable federal laws. In April 2015, Agrium's farm center in Hillsboro, Tennessee became the first facility to become ResponsibleAg certified. At 2015 yearend, 74 Agrium facilities were credentialed and ready to be certified. The rest of our 900 U.S. facilities are participating and committed to becoming certified by the end of 2018. One of Agrium's safety leaders currently serves as ResponsibleAg's Board Chair.

Special Attention for Nitrogen Products

Although common in nature and in wide use, ammonia (NH₃) is both caustic and hazardous in its concentrated form. In addition, secure storage of nitrogen products is a focus at our facilities because anhydrous ammonia can be used to produce crystal methamphetamine, and ammonium nitrate can be used to make crude explosives. We have conducted risk assessments on all of our storage facilities and implemented relevant security measures,

which include fencing, locking, alarm systems and surveillance cameras.

Although the criminal use of anhydrous ammonia has significantly reduced over the past few years, our industry continues its work with non-profit groups to increase awareness about anhydrous ammonia safety. Industry associations, law enforcement and government agencies continue to work together to protect against the illegal use of chemicals.



It [Agrium's anhydrous ammonia safety training] was world-class and more valuable than imaginable. I would welcome any opportunity to do collaborative training...

Captain John Taylor
Edmonton Fire Department Hazmat Team

Agrium stopped producing agricultural-grade solid ammonium nitrate in 2005, in part due to the potential risk of criminal misuse of the product. The vast majority of ammonium nitrate we produce for agricultural use is in the form of non-explosive liquid solutions. We continue producing industrial-grade ammonium nitrate for a small number of customers in the mining industry who are registered and approved by regulatory bodies.

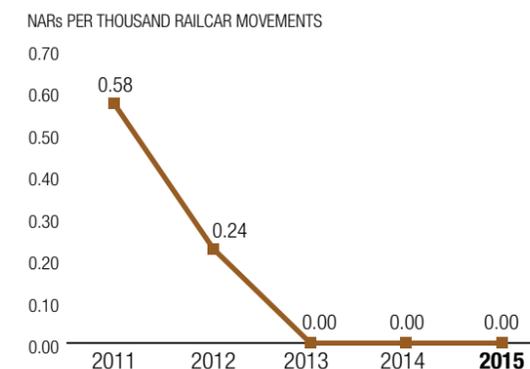
A comprehensive industry-wide review of the storage and handling of ammonium nitrate occurred after another company's facility exploded in West, Texas in 2013. Our process safety experts helped create a new, industry-leading standard in safe handling and storage as part of the American National Standards Institute. In 2015, we upgraded all of our U.S. facilities to this new standard. Agrium also has been supportive of applying new process safety management (PSM) rules at our, and other, agricultural retail sites in the U.S. We are in the process of upgrading our assets and programs to meet the rules. As well, we assisted Asmark Institute in developing related PSM implementation resources.

Agrium adheres to industry-developed codes of practice for storing, handling and transporting anhydrous ammonia and ammonium nitrate throughout our operations in North America. A non-accidental ammonia release (NAR) is the unintentional release or leak of ammonia during

loading, dispensing or transportation of the product that is not caused by a derailment, collision or other rail-related accident. In most cases, a NAR is the result of improper seals, worn out equipment or operator error. We have achieved zero NARs since 2013, while dispatching more than 12,000 ammonia shipments per year. In 2012, we began implementing targeted improvements throughout our transportation network of 190 rail locations. For example, we require rail spur locations that handle hazardous materials to undergo a yearly third-party inspection. Since 2013, Agrium has had a partnership with a major car supplier to develop a new tank car that is anticipated to be significantly safer than any available on the market today. In 2015, Agrium agreed to have UTLX Manufacturing produce 400 improved ammonia tank cars for incorporation into the Agrium private fleet. These measures exceed regulations.

See page 40 for more information about our product stewardship focus.

NON-ACCIDENTAL AMMONIA RELEASE RATE



We have achieved zero NARs since 2013, while dispatching more than 12,000 ammonia shipments per year.

New Chemicals Classification System

The U.S. Occupational Health and Safety Administration implemented a Global Harmonization System of classification, handling, packaging and communication of hazardous materials in 2015. Agrium now adheres to this new system in all of our U.S. and Canadian locations, and as part of this compliance, we maintain a comprehensive database of all our customers and communicate up-to-date product information to them through the prompt distribution of safety data sheets and labels.



WORKPLACE

Our employees are the core of Agrium's success and the backbone of our high-performance culture. We strive to provide our people with purposeful work at every stage of their career – right from their onboarding experience through to retirement. Our people strategy is to foster a highly engaged and collaborative workforce with the talent, skills and engagement required to deliver on our corporate strategy. By carefully matching talented people to our organizational strategy and needs, both today and in the future, we cultivate a long-term, sustainable view of our workplace.

DIVERSITY AND INCLUSION

Conclusive research demonstrates that companies with higher levels of diversity consistently outperform their competition. A diverse workforce includes people of varied race, ethnicity, culture, religion, experience, heritage, age, gender, sexual orientation and other characteristics. Measuring diversity, while encouraging and valuing an inclusive culture is good for our business by:

- aligning Agrium's business perspectives with an increasingly diverse customer base;
- building capability to operate in international markets;
- introducing new perspectives to the way we operate our business;
- enabling Agrium to recruit from a larger pool of talent; and
- empowering all employees, regardless of background, to optimize their growth.

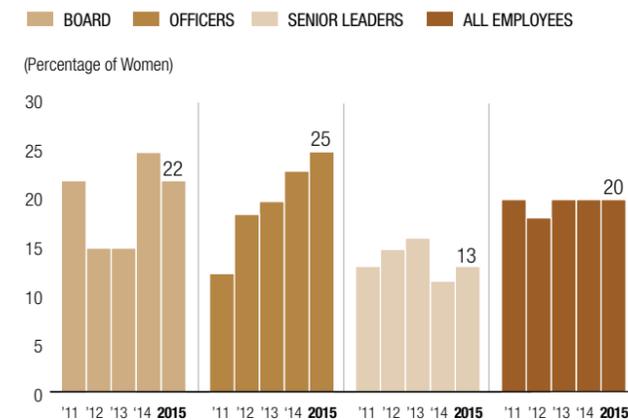
Agrium's efforts begin with our Inclusive Workplace Policy, which articulates our vision for building a diverse and inclusive work environment. The policy includes:

- a philosophy that extends to all stakeholders, employees, customers and suppliers;
- clear definitions of diversity and an inclusive workplace;
- our commitment to diversity;
- the expectations of employees and leaders with respect to an inclusive work environment; and
- recourse procedures should an individual believe he or she is treated inappropriately.

In addition, Agrium's Code of Business Conduct and Ethics prohibits workplace discrimination at any level of the company. In 2015, we recorded and addressed four allegations of discrimination.

Our efforts on diversity and inclusion are supported at the executive level through our Diversity Inclusion Council, which consists of senior leaders who actively facilitate the integration of diversity and inclusion into Agrium's business and talent management practices. We monitor, track and benchmark our diversity on the basis of turnover, internal moves and hiring practices.

WOMEN AT VARIOUS LEVELS

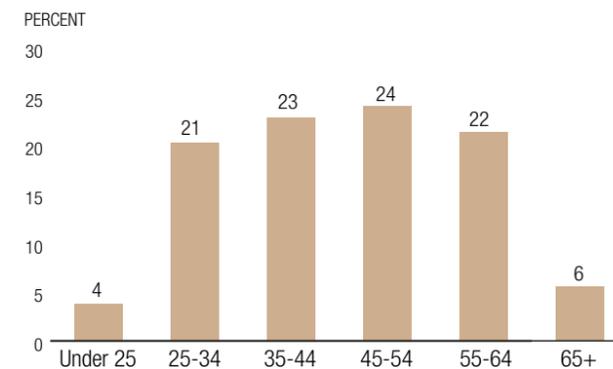


Senior leaders include executive officers, vice presidents and typically roles reporting to vice presidents. As of June 2016, women comprise 30 percent of the Board of Directors.

An area of focus within Agrium has been gender diversity. In 2014, we approved a target that women comprise at least 15 percent of senior leader roles (i.e., executive officers, vice presidents and typically roles reporting to vice presidents) by 2019. In making senior leadership appointments, Agrium considers candidates based on merit, but also considers the existing number of women in senior leader positions.

In 2016, we set a target that women comprise not less than 25 percent of Agrium's Board of Directors. In 2015, more than one in five Agrium female salaried employees in North America received a promotion or development move.

EMPLOYEE AGE PROFILE - 2015



The diverse age range of our employees helps create a dynamic workforce with a broad set of skills and experiences.

DEVELOPING A DIVERSE WORKFORCE



We recognize that certain workforce populations can benefit from the opportunities that networking and mentoring can provide.

Since 2004, the Agrium Women's Leadership Group (AWLG) has been recognizing and developing women at Agrium to help them realize their career and development goals. The group continues this focus under the new name Women's Inclusion Network (WIN). All individuals, regardless of gender or job level, are welcome to participate. WIN has four chapters. In 2011, the group launched a structured mentorship program for women to develop their career potential. By 2015 yearend, over 210 pairs of mentors and protégés had participated in the program.

In North America, approximately 25 percent of Agrium's workforce is between the ages of 18-34. The Young Professionals Network (YPN) brings further value to emerging professionals in Agrium through speaker events and volunteer opportunities. In 2015, the YPN expanded beyond the Calgary office to include chapters in five other major locations.

LEARNING AND DEVELOPMENT

Agrium supports and encourages employees' continuous learning by offering job-specific, in-person and online training, reimbursement toward higher education, professional development and informal mentoring opportunities. We have high expectations for employees' personal growth. We take a practical approach to learning, recognizing that in most cases learning is achieved through 70 percent on-the-job experience, 20 percent feedback and coaching, and 10 percent classroom education.

Leadership succession planning and development is vital in meeting our current and future needs as an organization. In 2015, we formally identified the top 50 roles most critical to Agrium's long-term success and developed a Leadership Competency Model describing the key knowledge, skills and behaviors expected of Agrium's leaders. We estimate that approximately 80 percent of the long-term talent Agrium needs is available in our existing employee base and our succession and leadership development plans will enable these top internal candidates to prepare and excel in their future roles.



Right from the get-go, I knew Agrium placed a high priority on developing and retaining its employees. The opportunities to not only learn about the business, but also feel a part of the culture, made accepting a position at Agrium an easy decision.

Anthony Petrillo
Junior Analyst in the Co-op Program

The technical and leadership learning curricula are developed by our in-house faculty of about 25 professionals who have significant experience in developing effective adult learning experiences in classrooms and online. We focus on providing an open learning environment where employees can discuss and debate topics. We extend these learning opportunities throughout Agrium, but especially to young professionals as a critical part of retaining their valuable talent. Agrium provides

tuition reimbursement to employees. We also offer employees' children who are students and new graduates many opportunities through our scholarship and bursary programs, as well as through practical job experience.

Programs like Engineer-in-Training and Marketer-in-Training as well as rotational opportunities for accounting and finance specialists help new grads put their skills to work.

EMPLOYEE ENGAGEMENT

Agrium periodically surveys our employees on a number of subjects to gauge employee engagement and communication. The 2015 employee survey was revised from previous years, making year-over-year comparison difficult. The survey achieved a high response rate (88 percent) and provided many useful insights.

Agrium's employee engagement index (4.14) surpassed the PricewaterhouseCoopers benchmark for high-performing companies (3.99), confirming that our workforce is highly motivated to contribute to the success of our company. Our mission of feeding the world responsibly is important to our employees and 85 percent of survey participants said they are proud to work at Agrium.

The survey identified room for improvement on how our leaders tie Agrium's corporate strategy to the goals of individual employees. Results showed that employees also want to see updates made to Agrium's performance management system. Plans are underway to address these information needs.

Core Values to Cultivate Excellence

Agrium formally identified eight core values in 2015 that we believe are both foundational and aspirational in our journey of cultivating excellence. By encouraging and sharing the experiences and actions that embody these core values, we hope to further shape our corporate culture toward the beliefs and results we seek to foster. Our core values are: Safety, People, Operational Excellence, Sustainability, Innovation, Effective Collaboration, Customer Focus, and Execution & Ownership Mindset.

Health and Wellness

Many of our employees use their wellness account and flexible credits to support family health and wellness through fitness club memberships. Some of our locations have on-site fitness facilities. Our Retail business unit has more than 1,450 locations across the world, many of which reimburse fitness facility membership fees. All employees have access to health information, tools and coaching through the Employee and Family Assistance Program.

In 2015, Agrium piloted a diverse Health and Wellness Program in Calgary. The program aims to educate, motivate and encourage employees and their families to live a healthier lifestyle by promoting physical and mental health, and nutrition. We are looking at ways to take the best of the Calgary pilot project and expand it to other locations in the future.





ENVIRONMENT

Comprehensive environmental stewardship programs are a key part of our activities, including ongoing efforts in energy efficient operations, responsible transportation, and sustainable end-use of our products.

Photo: Reclaimed Agrium mine site in Idaho, U.S.

As the largest retailer of crop inputs in North America and Australia, and a company with a worldwide scope and scale of operations, Agrium has both a responsibility and an opportunity to positively affect the most pressing global environmental challenges we face today. We have direct impacts through choices and decisions we make throughout our product lifecycle. We influence and affect wide-reaching positive change through collaboration and education.

Our world faces a number of complex environmental challenges. The earth's finite natural resources must feed a rapidly growing population through sustainable agricultural intensification—producing more food with fewer resources. Doing this sustainably means actively stewarding the nutrients in soil, while protecting its long-term health. It also means protecting biodiversity in our ecosystems, and limiting long-term negative impacts on the air and water.

Other environmental imperatives include lowering GHGs and the protection of our vital water resources, which are essential to the survival of our environment, economy and society. This section briefly describes Agrium's efforts at the farm level and in our own operations. More comprehensive information, including our management approach on the environment, nutrient stewardship, and chemicals and crop protection, is available on our website.

ENVIRONMENTAL STEWARDSHIP ON THE FARM

Most of the environmental impacts related to our products occur at the farm level where the services, seeds, nutrients and crop protection products we produce and sell are applied. Agrium's business is increasingly focused on providing growers with locally applicable services and products that help minimize chemical application rates and prevent environmental losses, while optimizing crop yields. We also work with industry and other stakeholders to actively promote sound agricultural principles that are proven to dramatically reduce nutrient runoff and air emissions from farms.

Customized Technology and Services

Agrium's retailers promote environmental improvement at the farm level through the knowledge of hundreds of certified crop advisors and other experts who are trained to help farmers make decisions that result in higher yields with less environmental impact. Implementing comprehensive agricultural knowledge can help growers achieve greater value from crop inputs, while reducing their air emissions, nutrients lost to the environment, soil degradation, and energy and water use.

Agrium has been a leader in precision agriculture for more than a decade and we offer best-in-class solutions for crop management through our Echelon



Echelon is a single-source platform that brings in all data—planning data, execution data and evaluation data—and pulls it all together in one single organizational platform. I rely on [Agrium's crop advisors] to help me, not only in the planning stage, but in the execution. I look at farming as having a team.

Kevin Kennedy
Customer in Walnut, Illinois

technology platform. Echelon enables our crop advisors to access years of data, including soil and plant sample analyses, variable nutrient application and seeding rates, weather modeling, precision yield scouting and GPS satellite imagery. Our advisors then provide farmers with field-specific solutions based on their data analyses and the latest research.

This information provides each farmer with a customized prescription that places our products precisely where they are needed, when they are needed and in the right amounts. We know that all soils are not created equally. This targeted approach increases crop input efficiency with less waste and potential runoff, while improving crop yields and quality.

Agrium's retail business is growing the use of our Echelon-guided precision agriculture services platform. Currently, we provide this multi-crop service offering to an estimated 68,000 growers on more than 24 million acres of farmland across North and South America.

Advances in Products

The type and amount of nutrients required for optimal crop growth depends on soil fertility, weather conditions and numerous other factors. Agrium produces and markets three primary crop

nutrients—nitrogen, phosphorus and potassium—in a variety of products that help growers replenish their soils responsibly.

Our controlled-release nitrogen fertilizer—Environmentally Smart Nitrogen® (ESN)—is a polymer-coated urea product, which offers several key advantages in specific conditions over traditional nitrogen fertilizer. By delivering nitrogen when the crop needs it most, this advanced product can significantly reduce the risk of nitrogen loss to the air and water.

Agrium's product mix includes grain and pulse crop seed varieties that are bred to be drought and disease resistant. These advanced seed products allow growers to use less water, fertilizer and pest control products on their crops. We develop new seed varieties following strict handling requirements, using native and engineered genetic traits that often result in less chemical load (e.g., pesticides, fertilizers) on the field.

A non-agricultural product we produce also has environmental benefits. Our Borger, Texas expansion includes adding up to 100,000 tonnes of capacity for diesel emission fuel-grade urea. This product is used to reduce smog-related nitrogen oxide emissions from diesel vehicles.

AGRIUM AND GENETICALLY MODIFIED SEEDS



The responsible use of science and technology in agriculture can help meet the world's increasing food needs safely and sustainably.

Agrium's retail business is directly involved in breeding better varieties of canola, cotton and rice seed, and selling genetically modified (GM) seeds of many crops. Agrium doesn't discriminate between GM and native plant traits. Our goal is to help farmers grow safe, high quality crops that are resilient to pressures from weeds, diseases, and insects and are able to produce consistently high yields. Sales of GM seeds account for an average of \$1.4 billion of sales per year, which is the majority of our seed sales and nine percent of total Agrium sales.

As with all of our products, safety is paramount. The regulatory framework for GM approval is stringent. With more than 25 years of research and safety reviews, this framework is proven successful. Leading global scientific authorities like the U.S. National Academy of Sciences, U.N. Food and Agriculture Organization, and World Health Organization have concluded that GM food crops do not pose any more risk to people, animals or the environment than other food crops.

GM seed technology benefits growers and society. GM crops produce yield gains because of fewer losses from disease and insect damage. Producing more food per acre reduces the pressure to expand the land area in crop production and keeps other land for native habitat and biodiversity. Since 1996, crop biotechnology has reduced the amount of pesticides used by 1.2 billion pounds. GM crops have also helped growers shift to less intensive tillage and fewer passes of the tractor over the field, which in turn leads to a lower carbon footprint for crop production.

We believe that genetically modified seeds are as safe as their conventional counterparts and support regulatory control of the use of genetic modification, and continued scientific review in this area. See Agrium's position on GM seeds on our website.

N-P-K



Healthy crops need nutrients like nitrogen (N), phosphorus (P) and potassium (K) to grow and thrive. Nitrogen is directly responsible for increasing protein content and photosynthesis in plants. Phosphorus helps plants capture the sun's energy, and potassium helps regulate plant metabolism and water balance.

Atmospheric nitrogen (N₂) is extremely plentiful—it makes up nearly 80 percent of the air we breathe, but N₂ is unusable by plants. N₂ is converted into various forms of nitrogen fertilizer (mainly anhydrous ammonia, ammonium nitrate, and urea) using a catalyst, high temperatures and pressure. Phosphorus (in phosphate rock) and potassium (in potash) are naturally occurring minerals that are available through mining techniques.

Product Responsibility

Agrium is committed to complying with the extensive regulations governing product development, testing and use, but we believe product responsibility extends beyond compliance. We look across the value chain from raw material procurement to production, transport, use and future disposal to identify potential product risks.

We have implemented our product stewardship standard that specifies practices relating to product development, quality assurance, purchasing,

registration, labeling, product safety and other issues. Our programs are consistent with the underlying principles of the International Fertilizer Association's Protect & Sustain product stewardship initiative.

Longstanding concern about pesticide impacts on human and environmental health has been met with close attention and care about product use. Regulatory bodies extensively test pesticides and only authorize those that are safe for humans and the environment. Through our customer interaction, Agrium works to ensure that pesticides are used safely in the right amount and only when and



Agrium implements product stewardship practices throughout the product lifecycle.

where needed. As described on page 38, precision agriculture allows farmers to target pesticides only to specific areas that require them.

See page 30 for more information on how we address public safety concerns of certain products. More information on our approach to product responsibility is available in our Chemicals and Crop Protection DMA on our website.

Nutrient Stewardship

Nutrients added to the field can be lost if managed improperly. Excess nutrients can build up in water bodies through runoff from farm fields. These excess nutrients can affect water quality by accelerating vegetative growth and the accumulation of organic matter, which lowers oxygen levels. This process is called eutrophication.

The 4R nutrient stewardship system helps to reduce nutrient losses while improving yields. Through use of the system, growers set site-specific economic, social and environmental goals that are then met by applying region-specific best management practices in the four nutrient performance areas of rate, time, place and source. Practices account for local soil, weather, crop and operational situations and can include:

- soil testing and precision placement to optimize nutrient application rates;
- controlled-release fertilizers or split applications to match nutrient availability with crop need; and
- vegetated buffer strips to keep nutrients where plants can use them, away from waterways.

Agrium agronomists work with growers to use the system, offering our Echelon services and other best management agricultural practices. The 4R system is used globally in programs in developing nations to address poverty, food security and soil health issues. In North America it is used in watershed protection programs, and in value chain programs of major food producers and retailers. The best management practices within the 4R system help increase grower income and food production, and can help reduce greenhouse gases as well (see details on page 43).



Crop advisors in North America are increasingly demonstrating their environmental commitment to growers by becoming officially designated in 4R practices. In Canada, the certification program was launched in 2015 and is administered through Fertilizer Canada. Several U.S. states have also adopted 4R certification of crop advisors. Agrium currently employs more than 500 certified crop advisors in our retail business unit and actively promotes grower certification in the 4R system through education and outreach activities.

Reduced GHGs in Agriculture

The application of nitrogen fertilizer must be properly managed to maximize its uptake by plants and prevent the production of GHGs. For example, in waterlogged soil, nitrate can be converted to nitrous oxide (N₂O), which has a global warming potential that is about 300 times more potent than carbon dioxide (CO₂). By using the 4Rs, we reduce the amount of nitrate present in waterlogged conditions, thus reducing N₂O emissions.

Agrium was a leader in the development of a Nitrous Oxide Emissions Reduction Protocol (NERP), which defines best practices growers can employ. Avoiding nitrogen fertilizer application in waterlogged conditions is a climate smart practice that leading food companies are increasingly incorporating into their value chain. Government agencies are also supportive of NERP. Growers who use these practices can often apply for carbon offsets. A tonne of GHG emissions reduced on the farm can offset a tonne produced elsewhere.

HELPING CALIFORNIA GROWERS USE LESS WATER



By implementing 4R principles and best practices to reduce fertilizer and water consumption, growers in the California Central Valley are trimming their costs, while stewarding precious water resources in the region.

The valley between the Sierra Nevada Mountains and the California Coast Range is arguably the world's most productive agricultural region. However, persistent drought conditions have challenged the industry in recent years. Growers are paying up to 10 times more for their water, changing the value of certain crops and contributing to price hikes in produce.

The quality of California's drinking water has also become a concern after high levels of nitrates were discovered in 2012, causing the State Water Board to enact stringent regulation, requiring growers to regularly report water quality to the Board.

Using Agrium's Certified Crop Advisors, growers can closely monitor their nutrient and water usage to maximize their yield while minimizing their inputs. We work with growers to use lysimeters (devices that measure the movement of water through soil) to monitor nitrate levels at the crops' root zone to help prevent the leaching of nutrients into groundwater.

By using lysimeters and field monitoring services, we provide growers with best management tools and data to help meet financial and environmental goals on the farm.

ENVIRONMENTAL STEWARDSHIP IN OUR OPERATIONS

Climate change, water management and incidents are the major environmental issues directly associated with our operations, as identified by Agrium and our stakeholders. Accordingly, we direct our reporting to these areas.

To learn more about our other air emissions, reclamation, and waste please visit our website.

Climate Change

Agrium generates GHG and other air emissions, directly and indirectly, through the production, distribution and end use of our products. Direct emissions are generated onsite, from burning natural gas and other fuels, or from processes at our operations. Indirect emissions are from the offsite generation of purchased electricity, steam and heat.

The production stage of our business accounts for more than 95 percent of Agrium's total GHG

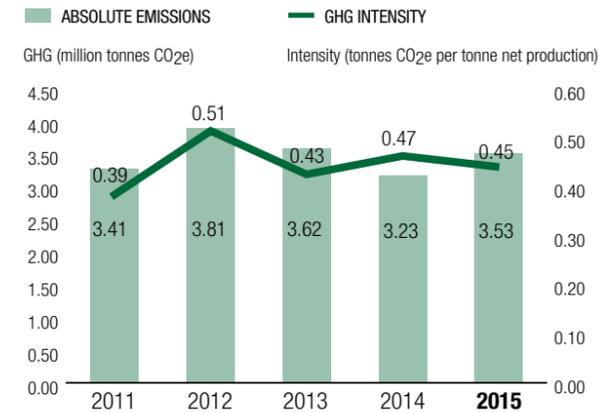
emissions. We estimate that our vehicle fleet accounts for less than five percent of our GHG emissions. Our largest GHG sources are our nitrogen production facilities. Because approximately 60 percent of the natural gas required to produce nitrogen fertilizer is used to obtain the hydrogen required to produce ammonia, we are economically driven to reduce natural gas use in our production processes and consequently its associated GHG emissions. A portion of the CO₂ generated in ammonia production is diverted (i.e., not emitted) to produce urea.

Without local carbon capture and storage infrastructure available, further process emission reductions are limited, given current economically viable technologies. Agrium has taken early action to reduce CO₂ emissions from the remaining combustion natural gas through energy efficiency and other emission reduction opportunities.

GHG REDUCTION ACTIVITIES

Focus Areas	Details	Inception
Recent Energy Efficiency Improvements	Implemented measures to power down unneeded equipment and automate lighting controls, and installed variable fan speed controls to reduce pumping energy needs at our Conda, Idaho phosphate operations	2015
	Replaced several compressors and blowers at our Kennewick, Washington nitrogen plant	2014
	Increased the efficiency of ammonia to nitric acid conversion at our Kennewick, Washington nitrogen plant, reducing ammonia losses and using less energy	2015
Recent Process Efficiency Improvements	Installed a new hydrogen recovery unit at our Fort Saskatchewan, Alberta nitrogen plant increasing ammonia production with no increase in process gas use	2015
	Increased urea synthesis loop pressure at our Carseland, Alberta nitrogen plant improving production while reducing CO ₂ emissions by 9,000 tonnes per year	2015
	Increased the use of advanced process control systems at our Carseland, Alberta nitrogen plant to continuously monitor the process and operate as efficiently as possible	2014
	Introduced a new catalyst at our North Bend, Ohio nitrogen operations that helped reduce nitrous oxide emissions by more than 50 percent	2014
	Installed operator training simulators at three additional production facilities for training and testing new process control strategies, resulting in more efficient and reliable plant operation and reduced non-routine emissions	2012
CO ₂ Captured for Enhanced Oil Recovery	Captured more than 500,000 tonnes of CO ₂ in 2014-2015 at our Borger, Texas facility	2001
	Significant CO ₂ emissions to be captured from our Redwater, Alberta nitrogen plant for Enhance Energy Project	Future
Co-generation	Our Carseland, Alberta facility generates heat and electricity that contributed 46,300 tonnes of CO ₂ credits in 2015	2002
Emissions from future facility developments or expansions	Application of Best Available Control Technology (BACT) to minimize emissions from future facility developments or expansions. The expansion of our Borger, Texas facility incorporates BACT	2014

GREENHOUSE GAS EMISSIONS (DIRECT)



Year to year fluctuations in absolute GHG emissions and GHG emission intensity are typically related to facility maintenance activities, as plant startup and shutdown events can result in additional greenhouse gas releases.

We have comprehensive plans and activities that are designed to lower GHG and other emissions across the full lifecycle of our products, from production to end use. We have developed a GHG emissions reduction strategy, described below, targeting three areas:

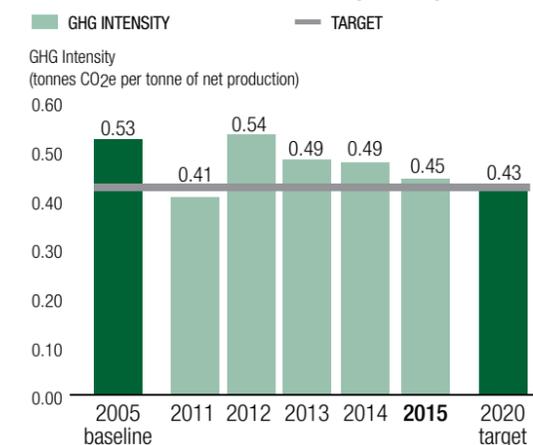
- improved energy efficiency within our operations;
- increased carbon capture and storage; and
- reduced emissions in agriculture (see page 41).

The table on page 42 provides specific examples of our GHG reduction activities.

Improved Efficiency

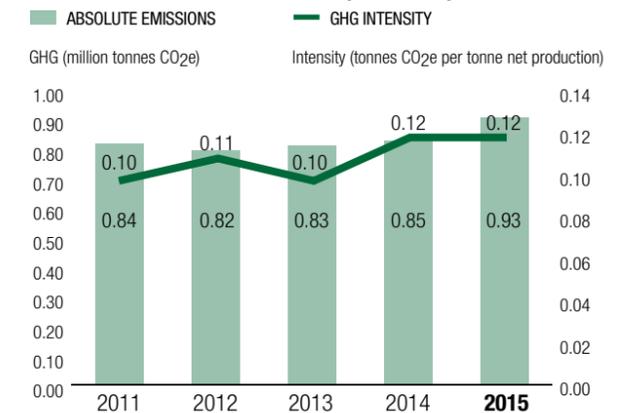
We gain economic and environmental performance improvements when we invest in the energy

GREENHOUSE GAS EMISSIONS - NORTH AMERICAN WHOLESALE (DIRECT)



The North American Wholesale direct GHG emission intensity has generally improved since 2005 due to continuous improvement initiatives at production facilities that have increased efficiency and reliability, and in the case of our North Bend, Ohio facility, reduced emissions through use of a new catalyst.

GREENHOUSE GAS EMISSIONS (INDIRECT)



Following stable emissions for several years, the startup of our Vanscoy, Saskatchewan potash expansion project increased our absolute emissions from electricity in 2015.

efficiency of our facilities, so we continue to challenge ourselves in this respect. We are on-track to achieve our target of a 20 percent reduction in our direct North American Wholesale GHG emissions intensity (per tonne of net fertilizer produced) by 2020, from our 2005 baseline.

Energy efficiency at our production plants is directly tied to the reliability of our plants, with several of our facilities in the 30-40 year-old range. When one of these plants has an unscheduled interruption, there is a 10-15 percent increase in energy intensity at the facility. We have a five-year (2016-2020) sustaining capital plan for each of our plants, and plan to spend approximately \$1.5 billion over this period to ensure these facilities are operating at peak reliability and efficiency.

In addition to energy efficiency improvements, we constantly pursue process efficiency improvements as well. While improving a process might not directly reduce energy use, it can result in an energy intensity improvement—producing more product without an increase in energy use.

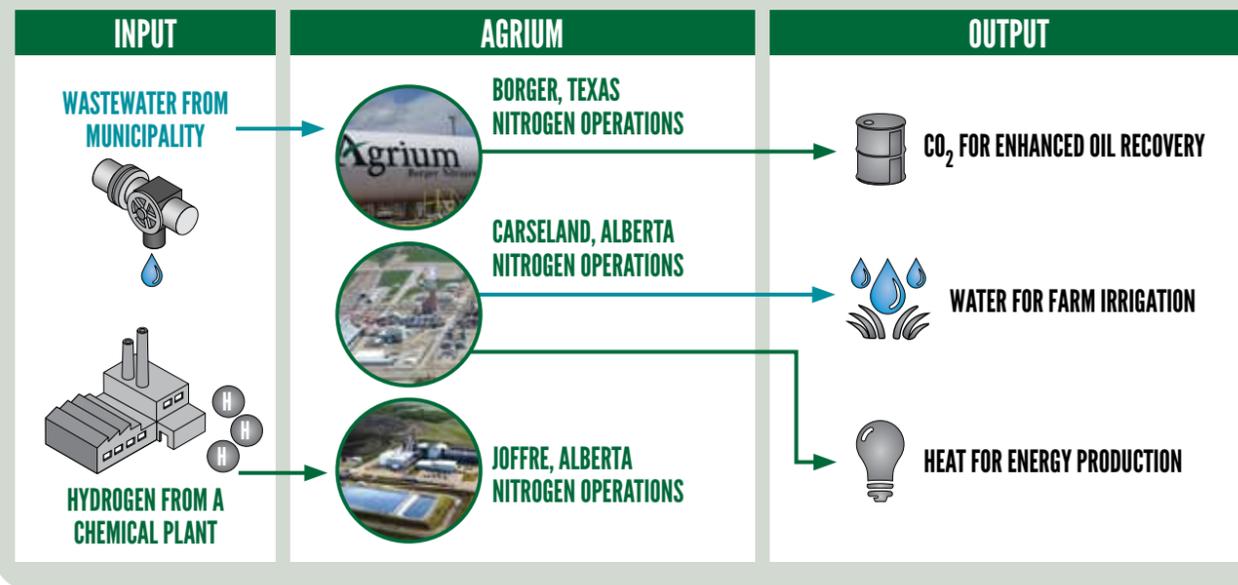
Carbon Capture and Storage

By capturing CO₂ from our production plants and injecting it into porous geological formations deep underground, we reduce our GHG emissions to the atmosphere.

We began our CO₂ capture efforts in 2001 in our Borger, Texas operation for use in enhanced oil recovery. We plan to sell CO₂ from our Redwater, Alberta plant to a third party for the same purpose once they complete the connecting pipeline.

MAXIMIZING RESOURCE USE

At several of our major facilities, Agrium integrates with nearby industries to turn outputs/wastes into useful inputs for other processes.



Water Management

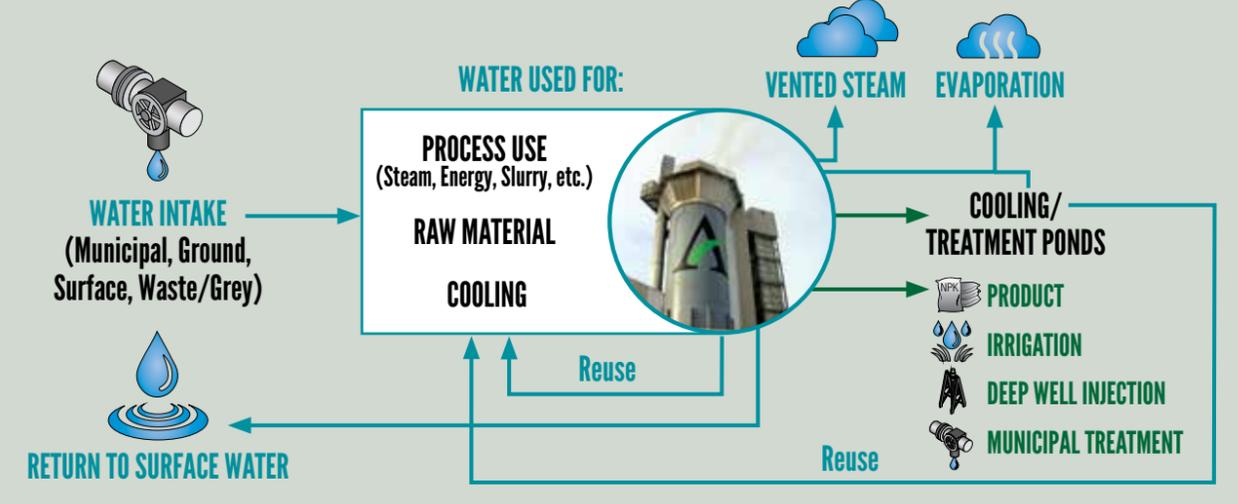
Agrium's primary use of water is in our fertilizer production processes.

Where possible, we recycle and reuse water, including at some of our locations where we use wastewater from municipal treatment plants as process cooling water. Most locations recycle water numerous times in a closed-loop system. In some locations, cooling water, along with some surface runoff water, is collected in on-site ponds for treatment, cooling and/or evaporation.

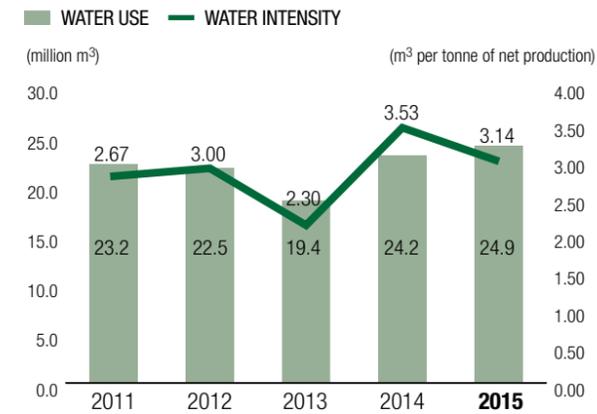
Our production facility in Borger, Texas has found innovative solutions to water shortages caused by drought in the region. The plant uses wastewater from the municipal sewage treatment plant as cooling water. Our Borger facility reuses millions of litres of water per day that would otherwise come from the area's already scarce water supply.

If water used in our production plants cannot be reused or recycled, it is tested to ensure compliance with applicable environmental standards before being discharged to treatment plants, on-site underground injection wells or off-site into a surface water body.

REPRESENTATIVE WATER CYCLE AT PRODUCTION FACILITIES



WATER USE



Water use is defined as water intake minus water return. Since 2011, absolute water use and intensity have experienced year-to-year variations due to production fluctuations. The intensity spike in 2014 was due to a major turnaround at our Vanscoy, Saskatchewan operations that reduced production amounts without a significant reduction in water use.

If process water is not suitable for discharge via the previous options, it is disposed of using underground wells.

Agrium manages our operations to minimize the release of pollutants to surface waters, going beyond compliance in many cases by keeping our discharges well below regulatory limits. For many years, we have worked to reduce discharges to water at various facilities. For example, our Fort Saskatchewan, Alberta and Redwater, Alberta operations send wastewater to public treatment works for secondary and tertiary treatment, which eliminates discharges to surface water bodies. Our Carseland, Alberta facility does not release any wastewater.

Environmental Events

Preventing unintended releases of anhydrous ammonia and other products ensures that we minimize harm to the environment and remain in regulatory compliance. Such releases are a leading indicator of systemic problems with process reliability and process safety.

As part of our *Commitment to Zero*, we introduced two new key performance indicators in an effort to measure what matters most and focus on the elimination of environment-altering incidents.

New key performance indicators include:

- Environmental Incident Rate - This includes recordable quantity releases (e.g., spills, escaped gases), non-compliance incidents, and enforcement actions.
- Serious Environmental Events - Agrium has developed severity and consequence matrices to score all environmental events and provide the criteria for such an incident.

The majority of these events are unplanned ammonia releases that exceed regulated amounts. We continue to work to identify root causes of these events and implement effective corrective action to reduce recurrence of similar incidents. Making performance on the Environmental Incident Rate a part of compensation for all employees indicates the importance Agrium accords to preventing spills and releases to the environment.

The intent is to baseline these incidents and events and develop reduction goals in the coming years.



Wetlands play an integral role in improving water quality. In partnership with Ducks Unlimited Canada, Agrium has provided \$1.15 million to purchase property with drained wetlands or degraded habitat in Alberta, Saskatchewan and Manitoba for restoration. The program began in 2009, and as of 2015, has been implemented on 1,490 acres.

MOVING FORWARD

This report largely looks back at our performance during the past two years. Knowing that our pursuit of sustainability is an ongoing journey, we feel it is essential to look forward to where we need to go. As evidenced by our Operational Excellence focus, Agrium is a firm believer in continual improvement.

In 2015, countries around the world adopted a set of 17 sustainable development goals to “end poverty, protect the planet, and ensure prosperity for all.” To reach the goals, everyone needs to do their part, especially companies. Agrium is committed to making significant contributions towards achieving the SDGs, and especially toward helping to feed the world responsibly.

Bringing commitment to life requires action. Here’s what we plan to do in the coming years:

- Continue to increase our focus on safety through our *Commitment to Zero*.
- Embed sustainability into all facets of our company, from the traditional areas of safety and the environment, to procurement, financial decisions and beyond.
- Further increase our offering of value-added solutions (e.g., Echelon) to growers.
- Capitalize on synergies and consistency, where appropriate, by further sharing and integrating the programs and best practices of our retail and wholesale business units.
- Further drive efficiencies, optimize processes and reduce waste through our *Operational Excellence* initiatives.
- Rapidly increase the global education of farmers on the responsible use of crop inputs through shared value partnerships focusing on 4R nutrient stewardship.

- Further adopt and integrate the 4Rs at our retail level, and support 4R research that quantifies impacts and develops new solutions.
- Launch *Cultivating Excellence*, a series of eight core values that will engage employees, be used to evaluate performance and drive our company culture.
- Focus our succession planning, learning and development, and diversity inclusion efforts to build a diverse, skilled workforce that can execute our strategic objectives.
- Expand product stewardship initiatives and lifecycle thinking company-wide.
- Improve water use measurement.

And of course, we will continue to execute our strategy to become the top global integrated agricultural products, services and solutions company. By continuing to drive efficiency and productivity throughout our operations, growing our portfolio through organic initiatives and value-enhancing acquisitions, and prudently managing our capital allocation decisions, we will generate value for all stakeholders.

PERFORMANCE SUMMARY

Workplace	Units	2011	2012	2013	2014	2015	2011-2015 Trend
Employees ¹	count	14,800	15,988	17,568	17,230	16,710	↑13%
Regular	count	13,758	14,467	15,851	15,549	15,232	↑11%
Temporary and Casual	count	1,042	1,521	1,717	1,681	1,478	↑42%
Voluntary Turnover Rate	percent	9.8	9.6	9.8	11.0	10.5	↑7%
Women at Various Levels							
Board	percent	22	15	15	25	22	0%
Executive Officers	percent	13	19	20	23	25	↑92%
Senior Leaders ²	percent	13	15	16	12	13	0%
All Employees	percent	20	19	20	20	20	0%
Employee Age Profile ³							
Under 25	percent	-	5	5	4	4	-
25-34	percent	-	21	21	21	21	-
35-44	percent	-	24	23	23	23	-
45-54	percent	-	26	26	25	24	-
55-64	percent	-	24	24	22	22	-
65+	percent	-	-	-	5	6	-
Employee Learning & Development ⁴	\$ per employee	850	750	881	671	692	↓19%
Employee Survey							
Engagement Index ⁵	score (out of 5)	-	-	-	-	4.14	-
Participation Rate	percent	81	-	-	-	88	↑9%
Employees Covered by Collective Bargaining or Belonging to Unions ⁶	percent	6.4	6.3	8.2	9.0	7.0	↑9%
Discrimination Complaints ⁷	count	6	3	3	5	4	↓33%

The “-” in the table signifies that the indicator was not available or measured for a particular year and consequently a trend could not be calculated.

Notes:

- ¹ Includes full-time and part-time permanent, casual and temporary employees as of December 31 of each year.
- ² Includes executive officers, vice presidents and typically roles reporting to vice presidents.
- ³ In 2012 and 2013, the 65+ category was not tracked separately and is included in the 55+ group.
- ⁴ Internal expenditures for training and educational activities. Figures based on regular employee count.
- ⁵ The 2015 employee survey scoring methodology was revised from previous years, consequently year-over-year comparison is not possible.
- ⁶ Figures based on regular employee count.
- ⁷ This data is collected for North America only.

Safety	Units	2011	2012	2013	2014	2015	2011-2015 Trend
Lost Time Injury Rate – Employees	cases per 200,000 hours worked	0.60	0.64	0.57	0.61	0.49	↓18%
Lost Time Injury Rate – Contractors ⁸	cases per 200,000 hours worked	0.36	0.10	0.08	0.08	0.09	↓75%
Recordable Injury Rate – Employees	cases per 200,000 hours worked	2.01	2.10	1.74	1.79	1.54	↓23%
Recordable Injury Rate – Contractors ⁸	cases per 200,000 hours worked	2.07	1.23	0.64	0.59	0.88	↓57%
Fatalities – Employees	count	1	0	0	0	1	0%
Fatalities – Contractors	count	1	0	1	1	1	0%
Process Safety Events ⁹	count (3-year rolling average)	-	53	37	26	25	-

Society and Economy ¹⁰	Units	2011	2012	2013	2014	2015	2011-2015 Trend
Economic Value Generated – Sales	\$ million	15,470	16,024	15,727	16,042	14,795	↓4%
Economic Value Distributed							
Wages & Benefits	\$ million	1,221	1,436	1,445	1,549	1,431	↑17%
Expenses ¹¹	\$ million	11,924	12,405	12,714	13,338	11,716	↓2%
Taxes Paid ¹²	\$ million	558	579	793	397	186	↓67%
Community Investments	\$ million	6.7	7.5	9.2	8.8	7.6	↑13%
Dividends & Interest Paid ¹³	\$ million	165	249	535	646	725	↑339%
Value Retained in Agrium ¹⁴	\$ million	1,595	1,347	231	103	730	↓54%
Coverage of Defined Benefit Retirement Obligations ¹⁵	percent	51	59	76	75	77	↑51%
Political Donations	CAD \$	4,240	1,650	3,000	16,000	14,800	↑249%
Financial Assistance Received from Governments	\$ thousand	0	48	646	0	0	0%

The "-" in the table signifies that the indicator was not available or measured for a particular year and consequently a trend could not be calculated.

Notes:

- ⁸ Prior to 2013, the figures exclude contractor injuries for Retail.
- ⁹ Includes Tier 1 process safety events (i.e., loss of primary containment with the greatest consequence) and Tier 2 events (i.e., loss of primary containment with moderate consequence) as described in API RP-754.
- ¹⁰ 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 reclassifications resulting from discontinued operations. 2011 has not been restated.
- ¹¹ Expenses are the sum of cost of product sold, selling, general and administrative, and share-based payments, but exclude wages and benefits.
- ¹² Includes corporate income, property, sales, excise and production taxes paid.
- ¹³ Includes dividends and interest paid, plus capitalized borrowing costs. Figures for 2012 and 2013 have been restated since the publication of our 2012-2013 Sustainability Report.
- ¹⁴ 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.
- ¹⁵ Calculated on a funded basis for registered defined benefit pension plans.

Environment ¹⁶	Units	2011	2012	2013	2014	2015	2011-2015 Trend
GHG - Scope 1 (Direct)	million tonnes CO ₂ e	3.41	3.81	3.62	3.23	3.53	↑4%
GHG - Scope 2 (Indirect)	million tonnes CO ₂ e	0.84	0.82	0.83	0.85	0.93	↑11%
GHG Captured for Enhanced Oil Recovery	million tonnes CO ₂ e	0.33	0.33	0.26	0.27	0.21	↓36%
GHG Intensity - Scope 1	tonnes CO ₂ e per tonne of net production	0.39	0.51	0.43	0.47	0.45	↑15%
GHG Intensity - Scope 2	tonnes CO ₂ e per tonne of net production	0.10	0.11	0.10	0.12	0.12	↑20%
Energy Use ¹⁷							
Total	terajoules	98,900	107,000	99,200	93,300	111,700	↑13%
Intensity	GJ per tonne of net production	11.4	14.3	11.8	13.6	14.1	↑24%
Environmental Events - Total ¹⁸							
Reportable Quantity Releases ¹⁹	count	23	25	30	22	19	↓17%
Non-compliances	count	0	1	0	0	0	0%
Enforcement Actions	count	2	7	0	4	5	↑150%
Environmental Incident Rate ²⁰	per 200,000 hours worked (employee + contractor)	0.16	0.17	0.14	0.11	0.11	↓31%
Non-accident Ammonia Releases ²¹	releases per thousand railcar movements	0.58	0.24	0.00	0.00	0.00	↓100%
Air Emissions ²²							
Criteria Air Contaminants ²³	tonnes	9,570	9,170	10,800	8,800	9,500	↓1%
Other Air Emissions ²⁴	tonnes	4,200	4,530	4,370	4,230	4,870	↑16%
Water Pollutants ²⁴							
Water Pollutants Intensity	tonnes per thousand tonnes of net production	0.40	0.38	0.28	0.40	0.38	↓5%
Water Use ²⁵	million m ³	23.2	22.5	19.4	24.2	24.9	↑7%
Water Use Intensity ²⁵	m ³ per tonne of net production	2.67	3.00	2.30	3.53	3.14	↑18%
Hazardous Waste	tonnes	23,500	21,600	13,600	13,900	9,140	↓61%
Non-hazardous Waste ²⁶	tonnes	14,600	14,700	22,800	35,800	23,500	↑61%
Environmental Fines and Penalties ²⁷	\$	489,597	530,626	484,071	265,421	254,871	↓48%
Environmental Remediation Liabilities ²⁸	\$ million	131	170	165	169	158	↑21%
Internal EHS&S Audits	count	517	688	757	726	706	↑37%

Notes:

- ¹⁶ Includes statistics for Wholesale manufacturing and terminals, and Retail manufacturing. Fines and Penalties, Environmental Remediation Liabilities and Internal EHS&S Audits are reported organization-wide.
- ¹⁷ Includes natural gas, fuel, and electricity use at our facilities. Almost 95 percent of our energy use is from natural gas.
- ¹⁸ Excludes non-North American Retail environmental events.
- ¹⁹ Includes releases to air, water or land that exceeded regulatory thresholds in their applicable jurisdiction, and releases of any regulated substance.
- ²⁰ Environmental Incidents include the total of: Reportable Quantity Releases, Non-Compliance Incidents, and Enforcement Actions.
- ²¹ 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.
- ²² Agrium reports emissions to the Canadian National Pollutant Release Inventory (NPRI) and United States Toxic Release Inventory.
- ²³ Criteria Air Contaminants include CO, NO_x, SO_x, VOCs and particulates reported under NPRI.
- ²⁴ The main substances included are ammonia, methanol, nitric acid, nitrate compounds and sulfuric acid.
- ²⁵ The 2011 and 2014 numbers have been restated since the publication of our 2014 Sustainability Performance Update.
- ²⁶ The increase in 2014 is associated with expansion projects at our Vanscoy and Borger facilities. Agrium typically recycles between 40 to 60 percent of our non-hazardous waste.
- ²⁷ Fines and penalties settled in a particular year often relate to activities in prior years.
- ²⁸ Calculated on a discounted basis.

GRI INDEX

Agrium uses the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines, combined with stakeholder feedback to help identify the indicators we publicly report. This report was prepared in accordance with the Guidelines at the Core option level. This report did not undergo external assurance.

GRI is an internationally accepted framework for reporting an organization's economic, environmental and social performance to a diverse set of stakeholders worldwide. For more information on the GRI, you can visit www.globalreporting.org.

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Notes:

¹ Although Agrium has not formally adopted the precautionary principle, our dedication to product stewardship and promotion of the 4Rs demonstrates a commitment to proactively identify, and prevent or mitigate negative environmental impacts.

ADVISORY

Certain statements and other information included in this sustainability report constitute “forward-looking information” and/or “financial outlook” within the meaning of applicable Canadian securities legislation or “forward-looking statements” within the meaning of applicable U.S. securities legislation (collectively herein referred to as “forward-looking statements”), including the “safe harbor” provisions of provincial securities legislation and the U.S. Private Securities Litigation Reform Act of 1995, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and Section 27A of the U.S. Securities Act of 1933, as amended. Forward-looking statements are typically identified by the words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “outlook”, “focus”, “potential”, “will”, “should”, “would”, “could” and other similar expressions. Forward-looking statements include, but are not limited to, statements as to management’s expectations with respect to future operations and expectations regarding Agrium’s expansion projects; expectations on outcome from our supplier agreements; and operational excellence and sustainability initiative targets. Forward-looking statements in this report are intended to provide Agrium shareholders and potential investors with information regarding Agrium, including management’s assessment of future financial and operational plans and outlook, and may not be appropriate for other purposes. Readers are cautioned not to place undue reliance on forward-looking statements as it is subject to a number of assumptions and known and unknown risks and uncertainties that may cause the actual results, performance or achievements of Agrium to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Refer to the discussions under the headings “Key Assumptions and Risks in Respect of Forward-Looking Statements” and “Enterprise Risk Management” in Agrium’s Management’s Discussion & Analysis for the year ended December 31, 2015 (the “2015 MD&A”) with respect to the material assumptions and risks associated with the forward-looking statements. Except as required by law, Agrium disclaims any intention or obligation to update or revise any forward-looking statements as a result of new information or future events.





We welcome and value your feedback on this report
and all of our sustainability initiatives.

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