



**CORPORATE GOVERNANCE GUIDELINES**

**AGRIUM INC.**

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**AGRIUM INC.**

**CORPORATE GOVERNANCE GUIDELINES**

**INTRODUCTION**

These Corporate Governance Guidelines provide a framework of authority and accountability to enable the Board of Directors (the “**Board**”) and management to make timely and effective decisions that promote shareholder value while complying with applicable law and the Corporation’s commitment to ethical conduct, integrity, and transparency.

The Board and management are committed to implementing these Guidelines and to making good governance integral to the culture of the Corporation.

**I. THE RESPONSIBILITIES OF THE BOARD AND OF MANAGEMENT**

**A. The Role of the Board of Directors**

i) The Board’s primary responsibility is to foster the long-term success of the Corporation consistent with the Board’s responsibility to the shareholders to maximize shareholder value.

ii) The Board has plenary power. Any authority not delegated to a Committee of the Board or to management remains with the Board. To elaborate on the role of the Board beyond the scope of these Guidelines, the Board shall issue a Charter for the Board.

iii) The Board may delegate its responsibilities under these Guidelines to appropriate Committees of the Board.

**B. The Role of the Board Chair**

i) The Board Chair’s primary responsibility is to organize the Board to function independently of management and to set the tone for the Board and its members so as to foster ethical and responsible decision making, appropriate oversight of management, and best practices in corporate governance.

ii) The Board Chair shall be appointed annually by the Board from among those Directors who are independent in accordance with Part II of these Guidelines and who are independent under any laws and regulations applicable to the Corporation and under any governance guidelines or listing standards of any stock or securities exchange upon which the securities of the Corporation are from time to time listed.

iii) To elaborate on the role of the Board Chair beyond the scope of these Guidelines, the Board shall issue Terms of Reference for the Board Chair.

**C. The Role of Individual Directors**

i) Each Director is responsible for providing constructive counsel to and oversight of management, consistent with a director's statutory and fiduciary obligations to the Corporation. Each Director shall advance the interests of the Corporation and the effectiveness of the Board, by bringing his or her knowledge and experience to bear on the strategic and operational issues facing the Corporation, by preparing for and participating in meetings of the Board and its Committees, and by enhancing his or her familiarity with the Corporation and its business, people, and competitive environment.

ii) To elaborate on the role of individual Directors beyond the scope of these Guidelines, the Board shall issue Terms of Reference for Individual Directors.

iii) Each Director shall comply with the Corporation's Code of Business Conduct and Ethics. If the Board determines that a Director has violated the Code, the Board may sanction the Director, including requesting the Director's resignation; in the event of such request, the Director shall be expected to tender his or her resignation.

iv) Each Director shall attend meetings of the Board and meetings of Committees of the Board of which each Director is a member, in person or by telephone, videoconference or other communications facilities that permit all persons participating in the meeting to communicate with each other. Attendance at less than 80 percent of such meetings, without extenuating circumstances, would engender considerable concern by the Board. The attendance record of each Director shall be disclosed annually in appropriate public documents.

**D. The Board-Management Relationship**

i) While the Board is responsible to manage or supervise the management of the business, the Chief Executive Officer is responsible for the executive leadership and operational management of the Corporation.

ii) The Chief Executive Officer's primary responsibility is to lead the Corporation. The Chief Executive Officer formulates the Corporation's proposed goals, strategies, and objectives, and presents them to the Board for approval. The Board approves the goals, and the strategies and objectives within which the Corporation is managed, and oversees senior management performance and compensation. The Chief Executive Officer keeps the Board informed of the Corporation's progress towards its goals and of all material deviations from the goals, strategies, and objectives approved by the Board.

iii) To elaborate on the role of the Chief Executive Officer beyond the scope of these Guidelines, the Board shall issue Terms of Reference for the Chief Executive Officer.

**E. Corporate Strategy**

Management is responsible for the development of an overall corporate strategy to be presented annually to the Board. The Board participates in the strategic planning process, and reviews in depth and approves the strategy. The Board then monitors management's execution of the strategy and its achievement of objectives.

**F. Business Risks**

The Board maintains a continuing understanding of the principal risks associated with the Corporation's business. It is the responsibility of management to ensure that the Board and its Committees are kept well-informed of changing risks.

**G. Limits on Management Authority**

From time to time, the Board establishes limits on management's authority, depending on the nature and size of proposed transactions. These limits permit some flexibility within approved budgets but otherwise must not be exceeded without Board approval.

**H. Financial Integrity and Reporting**

i) The Board shall take reasonable steps to ensure the implementation and integrity of the Corporation's internal control and management information systems.

ii) The Board approves the content of the Corporation's major communications to shareholders and the investing public, including the Annual Report, the Management Proxy Circular, the Annual Information Form, and any prospectuses that may be issued.

**I. Evaluation of the Chief Executive Officer**

The independent members of the Board shall conduct an annual review of the Chief Executive Officer's performance, taking into account the performance evaluation conducted by, and the recommendations of, the Human Resources & Compensation Committee.

**J. Management Succession Planning**

i) The Board considers succession planning and management development to be an ongoing process. The Board is responsible for: (a)

approving the succession plan for the Chief Executive Officer; (b) in the case of other senior managers, taking reasonable steps to ensure that plans are in place for management succession and development; (c) taking reasonable steps to ensure that criteria and processes for recognition, promotion, development, and appointment of senior management are consistent with the future leadership requirements of the Corporation; and (d) taking reasonable steps to ensure that it receives appropriate briefings and acquires sufficient knowledge on potential successors.

ii) The Chief Executive Officer periodically discusses with the Human Resources & Compensation Committee views as to the successors for the Chief Executive Officer, Chief Financial Officer and Business Unit Presidents in the event of unexpected incapacity of such officers.

iii) The Board creates opportunities to become acquainted with employees of the Corporation who have the potential to become members of senior management. Such opportunities may include presentations to the Board by these employees, Director visits to their workplace, or interaction with them at social occasions.

#### **K. Management Evaluation and Compensation**

i) The Board ensures that senior executives are fairly and competitively compensated and that a large portion of their compensation is performance based.

ii) Through the Human Resources & Compensation Committee, the Board strives to link management compensation to meaningful and measurable performance targets. The granting of options shall be limited, and options shall have vesting periods designed to achieve long-term remuneration goals.

iii) The Board shall ensure that all securities-based compensation arrangements are subject to shareholder approval in accordance with the requirements of any stock exchange on which the Corporation's common shares (the "**Common Shares**") are listed or as is otherwise required by applicable securities laws.

#### **L. Management Acceptance of Outside Directorships**

i) The Chief Executive Officer shall be expected to obtain Board approval of the acceptance of a position on the board of directors of any public companies or entities, or other significant public service commitments. The Chief Executive Officer will not accept more than one directorship on another publicly traded entity (not including any membership or directorship on industry organizations or non-profit entities).

ii) Executive officers shall obtain the approval of the Chief Executive Officer before accepting a position on the board of directors of any other publicly

traded entity or before accepting any other significant public service commitment. In general, executive officers will be expected to accept no more than one directorship on another publicly traded entity or other significant public service commitment.

iii) The Chief Executive Officer is expected to apprise the Board Chair, the Corporate Governance & Nominating Committee Chair and the Human Resources & Compensation Committee Chair of any such acceptance of outside position(s) by the Chief Executive Officer and/or any other executive officers in order to provide an opportunity for the Board Chair and the Committee Chairs to be satisfied that such additional position(s) will not compromise such executive officer's availability and capacity to fulfill his or her commitment to the Corporation and to confirm that no real or apparent conflict of interest would result.

#### **M. Corporate Disclosure**

i) The Board shall set for the Corporation the goal of attaining continuous and conspicuous disclosure of all significant facts, policies and procedures to all shareholders simultaneously. The achievement of this goal shall include the following:

(a) reporting in the appropriate public documents, in as meaningful a manner as possible, compliance with governance requirements of regulators, stock exchanges and professional authorities in all jurisdictions where the Corporation's securities trade, and explaining any non-compliance;

(b) reporting on an annual basis the Corporation's governance philosophy, practices and monitoring processes where these standards incorporate or exceed regulatory requirements; and

(c) reporting substantive issues, changes and developments in corporate governance practices at the Corporation that could affect shareholder interests.

ii) Although the Board approves the content of the Corporation's principal public communications, it is the function of management to communicate on behalf of the Corporation with the investment community, the media, customers, suppliers, employees, governments, and the general public. The Board Chair or other individual Directors may, from time to time, be requested by management to assist with such communications.

iii) When conveying personal views in public, Directors shall indicate, where appropriate, that their views are personal and do not represent the views of the Corporation or the Board.

## **II. THE COMPOSITION AND INDEPENDENCE OF THE BOARD**

### **A. Board Size and Composition**

The Board is committed to a Board size of between 9 and 12 members, which the Board considers to be an appropriate number for the size of the Corporation and sufficient to provide an appropriate mix of experience and skills for the stewardship of the Corporation, except that the number of members on the Board may exceed the recommended maximum Board size to accommodate the succession and transition of additional appointments pending anticipated director retirements.

### **B. Independence Standards**

At least two-thirds of the Board shall qualify as independent directors in accordance with the applicable provisions of the U.S. Securities Exchange Act of 1934, as amended, the rules promulgated thereunder, the applicable rules of the New York Stock Exchange, and the policies and rules adopted by the Canadian Securities Administrators. A Director is an independent director if the Board has affirmatively determined that the Director has no material relationship with the Corporation (directly, through family relationships, or as a partner, shareholder, or officer of an organization that has a relationship with the Corporation). The Board's determination is based on consideration of all relevant circumstances, including but not limited to the following:

(i) A Director who is or has been an employee, or whose immediate family member is or has been an executive officer, of the Corporation within the last three years is not independent.

(ii) A Director who has received, or whose immediate family member has received, during any 12-month period within the last three years, more than Cdn. \$75,000 per year in direct compensation from the Corporation, other than director and Committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent.

(iii) A Director is not independent if he or she (i) is a current partner, or has an immediate family member who is a current partner, of the Corporation's external auditor; (ii) is a current employee of the Corporation's external auditor; (iii) has an immediate family member who is a current employee of the Corporation's external auditor and who participates in that auditor's audit, assurance, or tax compliance (but not solely tax planning) practice; or (iv) was, or has an immediate family member who was, within the last three years (but is no longer) a partner or employee of the Corporation's external auditor and personally worked on the Corporation's audit within that time.

(iv) A Director who is or has been employed, or whose immediate family member is or has been employed, within the last three years as an

executive officer of another company on whose compensation committee any of the Corporation's present executive officers at the same time serve or served is not independent.

(v) A Director who is an employee, or whose immediate family member is an executive officer, of a company that has made payments to, or has received payments from, the Corporation for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of U.S.\$1 million, or two percent of such other company's consolidated gross revenues, is not independent.

For purposes of determining the independence of a Director, an "immediate family member" includes a Director's spouse, parents, children, siblings, parents-in-law, children-in-law, siblings-in-law, and anyone (other than a domestic employee) who shares the Director's home.

#### **C. Independence Determinations and Disclosure**

i) At least annually the Board shall consider and determine whether a Director or nominee to be a Director would upon election be independent for the purposes of the applicable rules of the New York Stock Exchange and the policies and rules adopted by the Canadian Securities Administrators.

ii) At the request of the Corporate Secretary, persons who are being considered for nomination or renomination to the Board shall provide the Corporate Secretary with complete and accurate information regarding the interests and relationships that might bear on the determination whether the person would be an independent director.

iii) Directors shall promptly advise the Corporate Secretary of any changes in their relationships or interests that might bear on their independence as defined by law or these Guidelines.

iv) The Corporation shall disclose the determinations regarding the independence of its Directors or director nominees in its annual Management Proxy Circular. The basis for a Board determination that a relationship is not material shall also be disclosed in the Management Proxy Circular, and any waiver of the foregoing standards for independence that the Board grants with respect to a Director or director nominee shall be explained in the Management Proxy Circular.

#### **D. Limitations on the Number and Role of Non-Independent Directors**

i) The Board prefers that the CEO be the only member of management on the Board, although there may be times when it is appropriate to have an additional management member on the Board. The maximum number of management Directors on the Board shall be two.

- ii) The Board Chair shall be an independent Director.
- iii) Only independent Directors shall serve on the Committees of the Board.

iv) To enhance the independence of members of the Audit Committee in particular, no member of the Audit Committee shall (a) receive directly or indirectly (e.g., by receipt by a spouse, a minor child or stepchild, or a child or stepchild who shares the member's home) any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries; (b) receive any compensation for acting as a member of the Committee other than director fees, which may be received in cash, stock options, or other in-kind consideration ordinarily available to directors, as well as all of the other regular benefits that the Directors receive; (c) serve on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such member to serve effectively on the Committee and discloses such determination in the Management Proxy Circular; or (d) have a relationship with the Corporation that would be considered material under applicable laws or regulatory standards, including, without limitation, serving as a partner of, a member of, an executive officer of, or another officer (such as a managing director) occupying a comparable position in an entity that provides accounting, consulting, legal, investment banking, or financial advisory services to the Corporation.

**E. Meetings of Independent Directors**

i) At any time any Director may request that a meeting of the Board or any Board Committee be held without representatives of management and without non-independent Directors present or that all or some representatives of management absent themselves from any particular portion of any meeting of the Board or any Board Committee. When requested by a Director that all or a portion of a meeting be held without management or without non-independent Directors, the Board Chair or the Committee Chair in question shall consider and discuss with such other independent Directors as the Chair considers appropriate whether such action shall be taken. If no such action is to be taken, the Chair shall so inform the Director requesting the action, advising the Director as to the reasons why such action is not being taken.

ii) The Board shall schedule time at each Board meeting (a) to meet with the CEO and without other management; (b) to meet without the CEO and other management; and (c) to meet with only independent Directors present. The Board Chair or, in his or her absence, an independent Director selected by the other independent Directors, shall preside at such meetings.

**F. Communications to Independent Directors and Audit Committee**

i) Interested parties may contact the Board Chair and the other independent Directors as a group by contacting the Board Chair by sending by regular mail (or other means of delivery) to the corporate headquarters address of the Corporation a sealed envelope marked “Private and Strictly Confidential – Attention: Chair of the Board of Directors of Agrium Inc.” Any such envelope shall be delivered unopened to the Board Chair.

ii) Interested parties may contact the Audit Committee by sending by regular mail (or other means of delivery) to the corporate headquarters address of the Corporation a sealed envelope marked “Private and Strictly Confidential – Attention: Chair of the Audit Committee of Agrium Inc.” Any such envelope shall be delivered unopened to the Chair of the Audit Committee. In addition, access to the Audit Committee for the communication of complaints about the Corporation’s accounting, internal accounting controls, or auditing matters shall be provided in accordance with procedures posted on the Corporation’s internal and external websites.

**III. THE QUALIFICATIONS, NOMINATION, AND TENURE OF DIRECTORS**

**A. Qualifications of Directors**

Each Director should possess the following personal characteristics and competencies in order to be considered for initial and continuing Board membership:

i) demonstrated integrity and high ethical standards and an established reputation for honesty and ethical conduct;

ii) career experience, business knowledge, and sound judgment relevant to the Corporation’s business purpose, financial responsibilities, and risk profile;

iii) understanding of fiduciary duty;

iv) communication, advocacy, and consensus-building skills;

v) experience and abilities that complement those of other Board members so as to enhance the Board’s effectiveness and performance; and

vi) willingness to devote sufficient time and energies to the work of the Board and its committees.

**B. Limitations on Number of Other Public Directorships**

No Director shall (a) serve on the boards of directors of more than four other public companies or groups of public companies (for these purposes, a “group of public companies” that are wholly-owned or controlled by the same parent entity shall be counted as one public company), nor (b) serve on the boards of directors of more than two other companies on which a fellow member of the Board also serves, unless the Board determines that such simultaneous service would not impair the ability of such Director to effectively serve on the Board and disclose such determination in the Corporation’s annual management proxy circular and annual information form. Notwithstanding the foregoing, a Director may serve on the boards of more than four other public companies or groups of public companies, or on the boards of more than two other companies on which a fellow member of the Board also serves, for an interim period where such Director has stated his or her intention to resign or not stand for re-election for one or more of such other public companies, such that the Director shall be in compliance with this provision no later than the next annual general meeting or meetings of one or more such other public companies. It is expected that a Director will apprise the Board Chair and the Corporate Governance & Nominating Committee Chair of a proposed acceptance of a directorship or membership on any public corporation in order to provide an opportunity for the Board Chair and the Committee Chair to be satisfied that such additional responsibilities would not compromise such Director’s availability and capacity to fulfill his or her commitment to the Board and to confirm that no real or apparent conflict of interest would result.

**C.1 Director Succession Planning**

The Board, through the Corporate Governance & Nominating Committee, shall develop and annually update a long-term plan for the composition of the Board that takes into consideration the opportunities, risks, and strategic direction of the Corporation and the consequent ideal mix of Directors’ qualifications and independence.

**C.2 Board Chair Succession Planning**

The Board, through the Corporate Governance & Nominating Committee, shall develop and periodically update a Board Chair succession planning process which shall take into account the ideal skills, experience, and characteristics for a successor Board Chair, the Corporation’s Terms of Reference for the Board Chair, the incumbent Board Chair’s tenure, potential Board Chair successor candidates and their respective experience, qualifications, behavioral competencies, capacity and interest, as well as the opportunities, risks and strategic direction of the Corporation and any other relevant circumstances.

**D. Nomination of Directors**

i) The Board is responsible for identifying suitable candidates to be nominated for election to the Board by the shareholders. Nominees shall be presented individually, rather than as a slate, for shareholder voting.

ii) The Corporate Governance & Nominating Committee is responsible for compiling names of potential nominees, screening their qualifications against a matrix of the skills and experiences of current Directors and the skill and experience needs of the Board, taking into account long-term succession plans, and making recommendations to the Board.

iii) The Corporate Governance & Nominating Committee shall review and consider all candidates identified by shareholders as potential nominees for the Board.

iv) All Directors are encouraged to identify potential nominees.

v) The Board Chair shall provide additional direct input into the process.

vi) An invitation by the Board to an individual to stand as a nominee for election to the Board should be made through the Board Chair.

**E. Director Majority Voting Policy**

In an uncontested election of Directors, if a Director does not receive the support of a majority of the votes cast at the annual meeting of shareholders in his or her favour, that Director will tender his or her resignation to the Board Chair, to be effective upon acceptance by the Board. The Corporate Governance & Nominating Committee will expeditiously consider the Director's offer to resign and make a recommendation to the Board whether to accept it. The Board will make its decision and announce it in a press release within 90 days following the annual general meeting, including the reasons for rejecting the resignation, if applicable. A Director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board or the Corporate Governance & Nominating Committee at which the resignation is considered.

**F. Reconsideration of Directors Who Change Their Present Occupation or Position**

A Director whose principal occupation or professional position materially changes shall promptly advise the Board Chair and, if requested by the Board Chair, shall be expected to tender his or her resignation to the Board for consideration. It is not intended that Directors who retire or whose professional positions change should necessarily retire from the Board. The Chief Executive Officer, if he or she is serving on the Board, shall resign from the Board prior to

the annual meeting of shareholders next following the date on which he or she retires as Chief Executive Officer.

**G. Tenure of Directors**

Each Director is elected annually by the shareholders.

**H. Retirement of Directors**

A Director is not ordinarily nominated for election at the annual meeting of shareholders next held following the date on which he or she attains the age of 72 years. The Board may request a Director to extend his or her term of service beyond the regular retirement age.

**IV. DIRECTOR CONFLICTS OF INTEREST**

**A. Avoidance of Conflicts of Interest**

Every Director shall comply with the conflicts-of-interest provisions of the Corporation's Code of Business Conduct and Ethics.

**B. Disclosure of Conflicts of Interest**

i) Prior to the beginning of his or her service on the Board, and thereafter upon the request of the Board Chair or the Corporate Secretary, every Director shall disclose to the Corporate Secretary all potential conflicts of interest, so that a course of action can be determined to resolve any such conflicts before any interest of the Corporation is jeopardized. If a Director undertakes any new interests or relationships not previously disclosed, the Director shall immediately inform the Corporate Secretary of this change in potential conflicts of interest.

ii) If the Board, or a Committee of the Board, is deliberating on a matter that may affect a Director's interests or relationships outside the Corporation, the Director shall disclose such interests or relationships to the Board Chair prior to discussion or vote on the matter, so that consideration can be given to the Director's abstention from discussion, abstention from voting, or other recusal.

**V. MEETINGS OF THE BOARD**

**A. Frequency of Meetings**

The Board shall meet a minimum of five times per year, including at least one full-day strategic planning session.

**B. Agendas and Information for Meetings**

The Board Chair and the Chief Executive Officer, in consultation with the Corporate Secretary, shall develop the agenda for each Board meeting. The Board Chair and the Chief Executive Officer shall be responsible for the quality of materials sent to Directors. Under normal circumstances, the agenda and pertinent informational materials shall be distributed to Directors at least four days before the meeting. All Directors are free to suggest to the Board Chair revisions of the agenda.

**VI. COMMITTEES OF THE BOARD**

**A. Establishment of Committees and Rotation of Committee Members**

The Board shall establish committees to fulfill the responsibilities stated in their respective Charters, which shall be approved by the Board. The current Committee structure includes:

- i) Audit Committee;
- ii) Corporate Governance & Nominating Committee
- iii) Environment, Health, Safety & Security Committee; and
- iv) Human Resources & Compensation Committee.

The Committee structure is subject to change as the Board considers from time to time which of its responsibilities can best be fulfilled through more detailed review of matters in Committee. The Board shall consider the rotation of Committee members annually, with a specific emphasis on considering the rotation of a member off any Committee on which that member has served for three to five years. Notwithstanding this guideline (which is not to be construed as mandatory – particularly where a member who has been serving on a Committee is being considered to assume the responsibility of Chair of that Committee), the Board shall be entitled to exercise its discretion and take into account the interests of both the Corporation and the particular Board member, such that the Corporation can best realize the benefits of the specific qualifications and experience of such member, while endeavoring to facilitate the member's development as a director and promote exposure to different facets of the Corporation and industry.

**B. Appointment and Rotation of Committee Chairs**

The Board shall annually appoint the Chair of each Committee. To elaborate on the role of the Committee Chairs beyond the scope of these Guidelines, the Board shall issue Terms of Reference for the Committee Chairs. The Board shall consider the rotation of Committee Chairs every three to five years.

## **VII. BOARD ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS**

### **A. Board Access to Management**

i) All of the Directors shall have open access to the Corporation's management. It is expected that Directors will exercise judgment to ensure that their contacts will not distract unduly from the Corporation's business operations.

ii) The Board also encourages individual Directors to make themselves available for consultation with management at times other than Board meetings, in order to provide advice on subjects as to which such Directors have special knowledge and experience and in order to expand the Directors' understanding of the Corporation's business.

### **B. Board Access to Independent Consultants or Advisors**

Occasionally, the Board, the Board Chair, or Board Committees may wish to engage the services of a consultant or advisor not employed by the Corporation to assist on legal, accounting, or other matters within their respective responsibilities. The Board, the Board Chair, or any of the Committees of the Board may, on their own initiative, engage an independent consultant or advisor at the Corporation's expense, as may individual Directors in appropriate circumstances.

## **VIII. BOARD EDUCATION AND SELF-ASSESSMENT**

### **A. Director Orientation and Continuing Education**

i) New Directors shall be provided with an orientation that includes written information about the duties and obligations of Directors, the role of the Board and its Committees, and the business and operations of the Corporation; documents from recent Board meetings; and opportunities for meetings and discussion with senior management and other Directors. The details of the orientation of each new Director shall be tailored to that Director's individual needs and areas of interest.

ii) The Corporation shall conduct, or provide access to, continuing education for current Directors. Continuing education initiatives ordinarily shall include an annual site visit to an operating or other facility of the Corporation and regular presentations on specific topics of interest

iii) To supplement the Corporation's ongoing internal director education initiatives and the New Director Orientation Program, the Corporation also supports continuing education opportunities so that individual directors can maintain and update their knowledge and understanding of our industry, regulatory environment, and other relevant areas, and continue to enhance their development as directors and stewards of the Corporation. Each of our directors is encouraged to attend external forums, conferences, seminars, and education

programs dealing with subject matters that are applicable to the member's role on the Board of Directors or its Committees or to increase the member's knowledge of our industry and topical areas of interest relevant to the Corporation's businesses and affairs. A director is expected to notify and obtain the approval of the Board Chair or the Corporate Governance & Nominating Committee Chair with respect to attendance at any such programs, where the financial support of the Corporation is being requested whereupon the Corporation will fund and reimburse the director for registration fees and all reasonable expenses involved in attending the program including transportation, lodging, meals and other usual expenses. The directors are also requested to advise the Corporate Secretary of his or her attendance at such external programs for recordkeeping and disclosure purposes. In addition, the Corporate Secretary Office will be available to help facilitate registration for these programs.

**B. Assessing the Board's Performance**

i) The Board, with the assistance of the Corporate Governance & Nominating Committee, shall conduct regular assessments of the overall effectiveness of the Board, its Committees, the Board Chair, the Committee Chairs, and of the contributions of the individual Directors through a confidential process, taking into consideration the relevant Charters and Terms of Reference.

ii) The objective of this assessment is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. These assessments are expected to identify any areas in which the Directors and management believe that the Board, its Committees, the Board Chair, the Committee Chairs, or individual Directors could make a better contribution to overseeing the affairs of the Corporation so as to enhance shareholder value and fulfill these Guidelines. The Corporation shall publicly report the conduct of these assessments.

**IX. DIRECTOR COMPENSATION**

**A. Compensation of Directors**

The Corporate Governance & Nominating Committee shall review the compensation of the Directors each year. The Committee shall make recommendations to the Board for consideration when it believes changes in compensation are warranted. In its review the Committee may consider surveys of comparable companies (both in the United States and in Canada) and the duties, responsibilities, and time commitments required of Directors. The Committee shall also critically evaluate contracts with, or charitable contributions to, organizations with which a Director is affiliated, or other means by which a Director might receive indirect compensation.

**B. Reporting of Director Compensation**

The Corporation shall disclose annually the compensation of each Director and the percentage of total compensation taken in DSUs (as defined in the Corporation's DSU Grant Plan and DSU Fee Plan) by each Director. The Corporation shall also disclose annually any changes in each Director's equity ownership.

**X. REIMBURSEMENT OF ANNUAL AND LONG-TERM INCENTIVE COMPENSATION (CLAWBACK POLICY)**

**A. Executive Compensation Clawback Policy**

In situations where:

i) the amount of incentive compensation received by an executive or former executive officer was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a material restatement of all or a portion of the Corporation's financial statements; and

ii) the executive or former executive officer engaged in intentional misconduct or fraud that caused or partially caused the need for the restatement, as admitted by the executive officer or, in the absence of such admission, as determined by a court of competent jurisdiction in a final judgment that cannot be appealed; and

iii) the incentive compensation payment received would have been lower had the financial results been properly reported;

then the Board of Directors of the Corporation may, to the full extent permitted by applicable laws and to the extent it determines that it is in the Corporation's best interest to do so, require reimbursement (up to the amount by which the incentive compensation received by such executive officer exceeded that which the executive officer would have received had the financial results been properly reported) of all or a portion of incentive compensation received by an executive officer made under the Corporation's annual and long-term incentive plans.

This Policy applies to all executive officers.

**XI. EQUITY OWNERSHIP**

**A. Management Equity Ownership Requirements**

i) All executive officers are expected to maintain a meaningful equity ownership interest in the Corporation in order to align their interests with those of the shareholders. In particular, each executive officer shall maintain equity

ownership (the “Management Equity Requirement”) of a value equal to approximately the following multiples of his or her base salary:

Executive Level	Multiple of Base Salary
Chief Executive Officer	Four Times
Executive Vice Presidents	Two Times
President, Wholesale & President, Retail	Two Times
Other Senior Vice Presidents and Vice Presidents	One Time

ii) At least 50% of the Management Equity Requirement must be satisfied by the ownership of Common Shares (the “**Common Share Requirement**”). The remainder of the Management Equity Requirement can be satisfied by ownership of Common Shares and/or Performance Share Units (as defined in the Amended Performance Share Unit Plan For Designated Employees of Agrium Inc. and Its Affiliates, and in the Performance Share Unit Plan For Designated United States Employees of Agrium Inc. and Its Affiliates). Stock options, whether vested or unvested, shall not count towards the Management Equity Requirement.

**B. CEO and Executive Officer Post-Employment Common Share Ownership Requirement**

The Chief Executive Officer (and any other Executive Officer as may be designated by the Human Resources & Compensation Committee of the Corporation from time to time) shall be required to hold such number of Common Shares required to meet his or her Common Share Requirement (as defined in the Corporation’s Corporate Governance Guidelines) until the first anniversary following the date of cessation of his or her employment (the “Post-Employment Common Share Requirement”). For these purposes, the Common Share Requirement shall be calculated as at the date of cessation of employment.

Notwithstanding the above, for the Chief Executive Officer appointed on January 1, 2014 (and for any other Executive Officer as may be designated by the Human Resources & Compensation Committee of the Corporation from time to time who has held the position of an Executive Officer for less than four years), this Post-Employment Common Share Requirement shall be implemented only as to 25% of the Common Share Requirement for each year of his tenure as Chief Executive Officer (or in the case of the any other Executive Officer, his or her tenure as an Executive Officer), such that 100% of the Common Share Requirement shall only apply in respect of the Post-Employment Common Share Requirement after a tenure of four or more years.

Either Common Shares or PSUs may be used to satisfy this Post-Employment Common Share Requirement. The pre-tax value of the PSUs will be used in calculating his or her Common Share Requirement following cessation of employment.

**C. Director Equity Ownership Requirements**

i) All Directors are expected to maintain a meaningful equity ownership interest in the Corporation in order to align their interests with those of the shareholders. In particular, each Director shall maintain equity ownership (the “**Director Equity Requirement**”) of a value equal to approximately five times the value of his or her annual cash retainer.

ii) Directors can satisfy the Director Equity Requirement by ownership of Common Shares and/or DSUs.

iii) Directors are encouraged to receive their annual cash retainers in DSUs until they have met the Director Equity Requirement. After obtaining the minimum ownership level, each Director is encouraged to continue to invest in equity above the Director Equity Requirement as appropriate in his or her individual circumstances.

**D. Timing of Compliance and Valuation**

i) Executive officers will have up to five years from the time of hire or promotion into the relevant executive position to achieve the applicable Management Equity Requirement and Common Share Requirement.

ii) Directors will have up to five years from the time of initial appointment or election to the Board to achieve the Director Equity Requirement.

iii) The Board reserves the right to vary the time for compliance in extenuating circumstances.

iv) The Corporate Governance & Nominating Committee shall review equity ownership of Directors annually and the Human Resources & Compensation Committee shall review the equity ownership of executive officers annually. At the time of such valuation, the value of the equity ownership (shares/PSUs/DSUs) will be determined by reference to the higher of (i) the original share (or share equivalent) purchase/issuance price, and (ii) the value of the share (or share equivalent) price at the time of determining compliance with these Corporation’s Equity Ownership Guidelines.

**XII. REVIEW, MODIFICATION, AND WAIVER OF CORPORATE GOVERNANCE GUIDELINES**

The Corporate Governance & Nominating Committee shall review these Guidelines periodically and submit any recommended changes to the Board for approval. The Corporate Governance & Nominating Committee shall take into consideration the emerging best practices at leading and comparable companies. These Guidelines may be materially amended or modified only by the Board, and may be waived only by the Board or the Corporate Governance & Nominating Committee, subject to the disclosure and other provisions of applicable laws and regulatory requirements.