



**HUMAN RESOURCES & COMPENSATION COMMITTEE  
CHARTER**

**AGRIUM INC.**

**HUMAN RESOURCES & COMPENSATION COMMITTEE**

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**AGRIUM INC.**

**HUMAN RESOURCES & COMPENSATION COMMITTEE**

**CHARTER**

**PART I**

**Establishment of Committee**

**1. Committee**

The Human Resources & Compensation Committee is established by the Board of Directors to assist the Board in fulfilling its responsibilities relating to matters of human resources and compensation, including equity compensation, and to establish a plan of continuity and development of senior management. The Committee has responsibility for evaluating and making recommendations to the Board regarding the compensation of the Corporation's executives and the equity-based and incentive compensation plans, policies and programs of the Corporation. In addition, the Committee shall produce any annual report on executive compensation required, or otherwise determined to be appropriate, for inclusion in the Corporation's disclosure documents.

**2. Composition of Committee and Member Qualifications**

The Committee shall consist of as many members as the Board shall determine, but in any event not fewer than three directors. In addition, the following member qualifications and Committee criteria shall be met in the composition of the Committee:

- (a) Independence. Each member of the Committee shall be determined by the Board to be:
  - (i) an independent director for the purposes of and pursuant to the Corporation's Corporate Governance Guidelines;
  - (ii) an "independent" director for the purposes of any applicable corporate, securities or other legislation or any rule, regulation, instrument, policy, guideline or interpretation under such legislation; and
  - (iii) an "independent" director as defined in and for the purposes of any applicable governance guidelines or listing standards of any stock or securities exchange upon which the securities of the Corporation are from time to time listed.
- (b) Skills and Experience. The membership of the Committee will represent a diversity of professional backgrounds and the Committee will include members with human resources literacy (including experience in and/or knowledge of

executive compensation) and financial literacy. At least one member of the Committee shall have accounting or financial management expertise.

**3. Appointment of Committee Members**

The members of the Committee shall be appointed by the Board on the recommendation of the Corporate Governance & Nominating Committee and the independent members of the Board. The members of the Committee shall be appointed annually at the time of each annual meeting of Shareholders, and shall hold office until the next annual meeting, or until they are removed by the Board or until they cease to be directors of the Corporation.

**PART II**

**Committee Procedure**

**4. Vacancies**

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board on the recommendation of the Corporate Governance & Nominating Committee, and shall be filled by the Board if the membership of the Committee is fewer than three directors. The Board may remove and replace any member of the Committee.

**5. Committee Chair**

The Board upon recommendation of the Corporate Governance & Nominating Committee shall appoint a Chair for the Committee. The Chair may be removed and replaced by the Board.

**6. Absence of Chair**

If the Chair is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.

**7. Secretary of Committee**

–The Committee shall appoint a Secretary who need not be a director of the Corporation.

**8. Regular Meetings and Work Plan**

The Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least four times per year.

The Committee, in consultation with the Board and Management, shall develop and maintain a Committee work plan setting out the scheduled business to be conducted at the Committee's regular meetings throughout the fiscal year on all matters within the

Committee's mandate and any other matters as may be determined to be necessary or appropriate.

**9. Special Meetings**

The Chair, any two members of the Committee, or the Chief Executive Officer may call a special meeting of the Committee.

**10. Quorum**

Three members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other, shall constitute a quorum.

**11. Notice of Meetings**

Notice of the time and place of every meeting shall be given in writing or by e-mail or facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

**12. Agenda**

The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and Management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

**13. Delegation**

The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee as it considers appropriate.

**14. Access**

In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Corporation.

**15. In Camera Sessions and Attendance of Officers at a Meeting**

The Committee shall meet in camera, without Management, at each meeting of the Committee, and otherwise as considered appropriate by the members of the Committee. Any member of the Committee may move the Committee in camera at any time during the course of a meeting, and a record of any decisions made in camera shall be maintained by the Committee Chair. The Committee shall also meet at least annually in

camera with the Senior Vice President, Human Resources, without other members of Management present. At the invitation of the Chair, one or more officers or employees of the Corporation may, and if required by the Committee shall, attend a meeting of the Committee or a portion thereof. When the Committee is making a decision regarding compensation plans or arrangements for the Corporation's executives as a group, Management shall not normally be present, however, this provision should not be construed as restricting discussion between the Chief Executive Officer and the Committee, or limiting feedback from the Chief Executive Officer and Management regarding executive performance and executive compensation.

**16. Procedure, Records and Reporting**

The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).

**17. Outside Consultants or Advisors**

The Committee whenever it considers it necessary or advisable, outside consultants or advisors to assist or advise the Committee independently on any matter within its mandate. The Committee shall have the sole authority to retain and terminate such consultants or advisors, including the sole authority to approve the fees and other retention terms for such persons.

### **PART III**

#### **Mandate of Committee**

**18. Compensation Guidelines and Agreements**

The Committee shall review and recommend to the Board a comprehensive statement of compensation philosophy, strategy, and principles for the Corporation's executives and administer the Corporation's executive compensation and benefits program in accordance with the statement approved by the Board. The statement shall take into account all applicable laws, rules and guidelines regarding executive compensation and accountability.

The Committee shall also be responsible for reviewing, as appropriate, and providing recommendations in its discretion to the Board regarding certain matters relating to all employees, including annual salary and incentive policies and programs, material new benefit programs, and material changes to existing benefit programs.

**19. Chief Executive Officer Evaluation and Compensation**

The Committee shall review and approve the use of corporate goals and objectives relevant to the total compensation package of the Chief Executive Officer, recommend a performance evaluation process for the Chief Executive Officer, and evaluate the

performance of the Chief Executive Officer using the evaluation process in light of his goals and objectives.

The Committee shall determine and approve the Chief Executive Officer's total compensation based on its evaluation of his performance and, where appropriate, with reference to competitive market data regarding compensation paid to chief executive officers of peer companies. In addition, in determining the long-term incentive component of the compensation of the Chief Executive Officer, the Committee shall consider the Corporation's performance and shareholder return relative to peer companies, the value of similar incentive awards to chief executive officers at peer companies and the long-term incentive awards given to the Chief Executive Officer in past years.

This Charter should not be construed as precluding discussion of the compensation of the Chief Executive Officer with the Board generally, as it is not intended to impair communication among members of the Board.

**20. Other Executive Compensation and Oversight**

In consultation with the Chief Executive Officer, the Committee shall oversee the evaluation of the Corporation's executives other than the Chief Executive Officer and shall make recommendations to the Board with respect to the compensation packages for the Corporation's executives other than the Chief Executive Officer. The Committee shall consider not only comparative compensation surveys, but also Corporation-specific factors and such other factors as the Committee considers appropriate in determining executive compensation packages.

**21. Equity Compensation Review**

The Committee shall review periodically, as appropriate, and make recommendations in its discretion to the Board regarding, incentive compensation or equity plans, programs or similar arrangements that the Corporation establishes for, or makes available to, its employees and consultants, including the designation of the employees and consultants who may participate, the share and option availability and the administration of share purchases.

In addition, the Committee shall review periodically, as appropriate, the extent to which these forms of compensation are meeting their intended objectives, and shall make recommendations in its discretion to the Board regarding modifications that will more accurately relate such compensation to employee performance.

**22. Peer Groups**

To the extent that the Committee uses comparative market data to (i) determine compensation awarded to the Chief Executive Officer and other executives, or (ii) measure the performance of the Corporation for purposes of determining the quantum or vesting of annual or long-term incentives, the Committee shall:

- (a) periodically review the criteria used to select companies to be included in any peer group in order to ensure that the criteria are and remain appropriate;
- (b) annually review the companies included in any peer group used to review or set the compensation of any executive, including the Chief Executive Officer, in order to ensure that the peer group contains appropriate comparative market data; and
- (c) periodically review the companies included in any peer group used to measure the Corporation's performance to ensure that the companies included provide appropriate comparisons.

**23. HR&CC Compensation Consultant Oversight**

The Committee shall:

- (a) engage, as it considers appropriate, at the Corporation's expense, external executive compensation consultants (each an "HR&CC Compensation Consultant") to assist the Committee in evaluating the compensation of the Chief Executive Officer and the other executives, and to assist the Committee on any other matters within the mandate of the Committee as the Committee considers advisable or appropriate;
- (b) have the sole authority to retain and terminate any such HR&CC Compensation Consultants, including sole authority to approve the fees and other retention terms for such HR&CC Compensation Consultants;
- (c) have the right and authority to pre-approve all services provided by the HR&CC Compensation Consultants to the Committee and to Management. Prior to the engagement of any HR&CC Compensation Consultant and the commencement of any such work, the person requesting such work must receive pre-approval of the Committee or the Chair of the Committee outlining the scope of the approved work;
- (d) disclose, in the Corporation's annual compensation discussion & analysis of compensation required under applicable securities laws, all the services provided by all HR&CC Compensation Consultants including, where appropriate, a breakdown of the fees and services provided to the Committee and Management;
- (e) not approve any such work that, in its view, could compromise the independence of any HR&CC Compensation Consultant as an advisor to the Committee;
- (f) evaluate annually the effectiveness of each HR&CC Compensation Consultant; and
- (g) review at least annually the independence of each HR&CC Compensation Consultant.

The compensation decisions made by the Committee are the responsibility of the Committee and will reflect such factors and considerations as the Committee considers appropriate in addition to the information and recommendations provided by the HR&CC Compensation Consultants.

The Committee Chair shall lead the selection of any outside consultants and advisors who are engaged to independently assist or advise the Committee on any matter, and the Committee shall be considered the client of any HR&CC Compensation Consultant retained by it. The Committee Chair will have the authority to act on behalf of the Committee between Committee meetings with respect to the pre-approval of any services to be provided by any HR&CC Compensation Consultant to the Committee or to Management, including work relating to matters other than executive compensation. Management will report to the Committee on a regular basis as to the fees paid to any HR&CC Compensation Consultant for services rendered to the Corporation.

**24. Management Resources and Plans for Executive Development**

The Committee shall review existing management resources and plans, as appropriate, including recruitment, training and evaluations, to ensure that qualified personnel will be available for succession to executive positions at the Corporation and key officer positions in its major subsidiaries. The Committee shall review at least annually with the Chief Executive Officer the performance of and potential for advancement of each key officer of the Corporation. The Committee may also at its discretion request information with respect to the management resources available to the Corporation or the divisions and subsidiaries thereof.

The Committee shall periodically discuss with the Chief Executive Officer their views as to the successors for the Chief Executive Officer, Chief Financial Officer, and Business Unit Presidents in the event of an unexpected incapacity of such officers.

The Committee shall report to the Board, at least once a year, regarding its appraisal of the Corporation's succession and emergency contingency plans.

**25. Retirement Matters**

The Committee shall:

- (a) review and recommend, as appropriate, to the Board any material changes in the Corporation's retirement plans;
- (b) review and approve, as appropriate, the investment, funding, and benefits policies relating to the Corporation's retirement plans and any changes thereto;
- (c) receive and review periodic reports from management committees which supervise the Corporation's retirement programs, including reports concerning the investment results, funding results, plan member communications and legal compliance/reporting in relation to such plans;

- (d) where appropriate, give direction concerning retirement program matters to the management committees which supervise the Corporation's retirement programs;
- (e) where appropriate, evaluate, for review by the Board, any retirement program matters that may be of concern or interest to the Board; and
- (f) review and make recommendations, as appropriate, to the Board regarding, any material benefits to retiring employees outside of approved retirement and other benefit programs.

**26. Compensation Committee Interlocks**

In order to ensure that none of the Corporation's executives serve as members of a compensation committee (or equivalent committee) of any entity that employs a member of the Committee, Management shall keep the Committee apprised in a timely manner of the appointment of the Chief Executive Officer and the other executive officers of the Corporation to the boards of directors of any other public companies.

**27. Compensation Disclosure**

The Committee shall:

- (a) in consultation with Management, determine whether the disclosure of performance goals and objectives in the Corporation's "Compensation Discussion & Analysis" required by applicable laws, rules and guidelines would involve confidential trade secrets or confidential commercial or financial information, the disclosure of which would seriously prejudice the Corporation's interests;
- (b) oversee the preparation the Corporation's "Compensation Discussion & Analysis" as required to be published by applicable laws, rules and guidelines; and
- (c) review and approve, as appropriate, any other significant information relating to matters within the Committee's mandate contained in the Corporation's disclosure documents.

**28. Annual Meeting Attendance**

Members of the Committee shall make themselves available at annual general meetings of the shareholders of the Corporation to answer shareholders' inquiries in the areas covered by the Committee's mandate.

**29. Committee Evaluation**

The Committee's performance shall be evaluated regularly, in accordance with a process developed by the Corporate Governance & Nominating Committee and approved by the Board, and the results of that evaluation shall be reported to the Corporate Governance & Nominating Committee and to the Board.

**30. Review of Committee's Charter**

The Committee shall assess the adequacy of this Charter on an annual basis and recommend any changes to the Board.

**31. Non-Exhaustive List**

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities.