



BOARD OF DIRECTORS

CHARTER

AGRIUM INC.

BOARD OF DIRECTORS

CHARTER

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ANNEX 1 INDIVIDUAL DIRECTOR TERMS OF REFERENCE

AGRIUM INC.
BOARD OF DIRECTORS
CHARTER

1. Introduction

This Charter is intended to identify the specific responsibilities of the Board of Directors and thereby to enhance coordination and communication between the Board and management. The responsibilities identified here are to be carried out consistently with the principles stated in the Corporation's Corporate Governance Guidelines and the Corporation's Code of Business Conduct and Ethics. This Charter complements the Charters of the four Committees of the Board, as well as the respective Terms of Reference for the Board Chair, for the Committee Chairs, for Individual Directors, and for the Chief Executive Officer, all of which have been developed and approved by the Board.

2. Duties and Responsibilities

- (a) Primary Responsibility and Plenary Authority. The primary responsibility of the Board is to supervise the management of the Corporation so as to foster the long-term success of the Corporation consistent with the Board's responsibility to the shareholders to maximize shareholder value. The Board has plenary power. The Board has the power to delegate (subject to subsection 2(b) herein) its authority and duties to committees of the Board or to individual members of the Board or to management as the Board considers appropriate. Any responsibility not delegated to management or a committee of the Board or an individual member of the Board remains with the Board.
- (b) Operations of the Board. The Board operates by delegating certain of its authority, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described in detail in Section 3. Subject to these legal obligations and to the Articles and By-laws of the Corporation, the Board retains the responsibility for managing its own affairs, including:
- (i) planning its composition and size;
 - (ii) determining independence of Board members;
 - (iii) selecting its Chair;
 - (iv) nominating candidates for election to the Board;
 - (v) appointing Committees;

- (vi) determining Director compensation;
 - (vii) periodically discussing matters of interest separate from and independent of any influence from management; and
 - (viii) assessing the effectiveness of the Board, Committees and Directors in fulfilling their responsibilities.
- (c) Management and Human Resources. The Board has the responsibility to:
- (i) appoint the Chief Executive Officer, and provide advice and counsel to the Chief Executive Officer in the execution of the Chief Executive Officer's duties;
 - (ii) approve Terms of Reference for the Chief Executive Officer;
 - (iii) evaluate the Chief Executive Officer's performance at least annually against agreed upon written objectives and, with only independent members of the Board present, determine and approve the Chief Executive Officer's compensation level based on this evaluation, taking into account the views and recommendations of the Human Resources & Compensation Committee;
 - (iv) satisfy itself, to the extent feasible, as to the integrity of the Chief Executive Officer and other executive officers and that the Chief Executive Officer and other executive officers are creating a culture of integrity throughout the organization;
 - (v) approve certain decisions relating to senior management, including the:
 - (A) appointment and discharge of executive officers;
 - (B) compensation and benefits for executive officers;
 - (C) acceptance by the Chief Executive Officer of any outside directorships on public companies (other than non-profit organizations) or any significant public service commitments; and
 - (D) employment, consulting, retirement and severance agreements, and other special arrangements proposed for executive officers;
 - (vi) take reasonable steps to ensure that succession planning and management development programs are in place, including:

- (A) the succession plan for the Chief Executive Officer;
 - (B) a succession planning program with respect to other senior management, including a program to train and develop management;
 - (C) criteria and processes for recognition, promotion, training, development, and appointment of senior management are consistent with the future leadership requirements of the Corporation;
- (vii) take reasonable steps to create opportunities to become acquainted with employees who have the potential to become members of senior management, including presentations to the Board by these employees, Director visits to their workplace, or interaction with them at social occasions; and
- (viii) approve certain matters relating to all employees, including:
- (A) the annual salary/incentive policies and programs for employees;
 - (B) new benefit programs or material changes to existing programs;
 - (C) material changes in retirement plans; and
 - (D) material benefits granted to retiring employees outside of benefits received under approved retirement plans and other benefit programs.
- (d) Strategy and Plans. The Board has the responsibility to:
- (i) at least annually, participate with management in the development of, and ultimately approve, the Corporation's strategic plan, taking into account, among other things, the opportunities and risks of the Corporation's business;
 - (ii) approve the annual business plans that implement the strategic plan;
 - (iii) approve annual capital and operating budgets that support the Corporation's ability to meet its strategic objectives;
 - (iv) approve the Corporation's political donations policy;
 - (v) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Corporation;

- (vi) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
 - (vii) approve material divestitures and acquisitions;
 - (viii) monitor the Corporation's progress towards its strategic objectives, and revise and alter its direction through management in light of changing circumstances; and
 - (ix) review, at every regularly scheduled Board meeting if feasible, recent developments that may affect the Corporation's strategy.
- (e) Financial and Corporate Issues. The Board has the responsibility to:
- (i) take reasonable steps to ensure the implementation and integrity of the Corporation's internal control and management information systems;
 - (ii) monitor operating and financial performance relative to budgets and objectives;
 - (iii) review and approve the annual financial statements & notes, and related management's discussion & analysis of financial condition and results of operations contained in the annual report, the annual information form; and the management proxy circular;
 - (iv) review and approve the quarterly financial results and approve the release thereof by management;
 - (v) declare dividends;
 - (vi) approve financings, changes in authorized capital, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, and related prospectuses and trust indentures;
 - (vii) subject to confirmation by the shareholders of the Corporation at each annual meeting, appoint the external auditors for the Corporation and approve the auditor's fees;
 - (viii) approve banking resolutions and significant changes in banking relationships;
 - (ix) approve appointments of, or material changes in relationships with, corporate trustees;

- (x) approve significant contracts, transactions, and other arrangements or commitments that may be expected to have a material impact on the Corporation; and
 - (xi) approve the commencement or settlement of litigation that may be expected to have a material impact on the Corporation.
- (f) Business and Risk Management. The Board has the responsibility to:
- (i) take reasonable steps to ensure that management identifies and understands the principal risks of the Corporation's business, implements appropriate systems to manage these risks and achieves a proper balance between risk and returns;
 - (ii) receive, at least annually, reports from management on matters relating to, among others, ethical conduct, environmental management, and employee health and safety; and
 - (iii) review corporate insurance.
- (g) Policies and Procedures. The Board has the responsibility to:
- (i) develop the Corporation's approach to corporate governance, including the development of the Corporate Governance Guidelines;
 - (ii) monitor compliance with the significant policies and procedures by which the Corporation is operated;
 - (iii) direct management to ensure that the Corporation operates at all times within applicable laws and regulations; and
 - (iv) review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).
- (h) Compliance Reporting and Corporate Communications. The Board has the responsibility to:
- (i) adopt a communication or disclosure policy for the Corporation and take reasonable steps to ensure that the Corporation has in place effective communication processes with shareholders and other stakeholders and with financial, regulatory and other institutions and agencies as appropriate;
 - (ii) approve interaction with shareholders on all items requiring shareholder approval;

- (iii) approve the content of the Corporation's major communications to shareholders and the investing public, including any prospectuses that may be issued, and any significant information respecting the Corporation contained in any documents incorporated by reference in any such prospectuses;
 - (iv) take reasonable steps to ensure that the financial performance of the Corporation is accurately and fairly reported to shareholders, other security holders and regulators on a timely and regular basis; and in accordance with generally accepted accounting principles;
 - (v) take reasonable steps to oversee the timely reporting of any other developments that have a material impact on the Corporation; and
 - (vi) report annually to shareholders on the Board's stewardship for the preceding year (the Annual Report).
- (i) Access to Independent Directors. The Board of Directors has established a procedure by which security holders may provide feedback directly to the independent directors as a group, and by which any interested party may communicate directly with the Board Chair and the independent directors. 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) Expectations and Responsibilities of Individual Directors. Each Director is responsible to provide constructive counsel to and oversight of Management, consistent with a director's statutory and fiduciary obligations to the Corporation. The specific expectations and responsibilities of individual directors are set out in the Individual Directors Terms of Reference which is attached hereto as Annex 1 and incorporated by reference herein. The Individual Director Terms of Reference complement the Charters for the Board of Directors and each of the four Committees of the Board, as well as the Terms of Reference for a Committee Chair and the Board Chair, all of which are available on the Corporation's web site under "Corporate Governance" at www.agrium.com.

3. General Legal Obligations of the Board of Directors.

- (a) Legal Matters. The Board has the responsibility to:

- (i) direct management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;
- (ii) approve changes in the By-laws and Articles of Incorporation, matters requiring shareholder approval, and agendas for shareholder meetings;
- (iii) approve the Corporation's legal structure, name, logo, mission statement and vision statement; and
- (iv) perform such functions as it reserves to itself or which cannot, by law, be delegated to Committees of the Board or to an individual member of the Board or to management.

4. Outside Consultants or Advisors

At the Corporation's expense, the Board may retain, when it considers it necessary or desirable, outside consultants or advisors to advise the Board independently on any matter. The Board shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to review a consultant's or advisor's fees and other retention terms.

5. Review of Board Charter

The Board shall assess the adequacy of this Charter annually and shall make any changes deemed necessary or appropriate.

6. Non-Exhaustive List

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

ANNEX 1
TO THE BOARD OF DIRECTORS CHARTER OF
AGRIUM INC. (the “Corporation”)
INDIVIDUAL DIRECTOR
TERMS OF REFERENCE

1. Introduction

These Terms of Reference are intended to identify specific responsibilities of individual members of the Board of Directors and thereby to enhance coordination and communication within the Board as well as between the Board and management. The responsibilities identified here are to be carried out consistently with the principles stated in the Corporation’s Corporate Governance Guidelines and the Corporation’s Code of Business Conduct and Ethics. These Terms of Reference complement the Charters for the Board and for the four Committees of the Board, as well as the respective Terms of Reference for the Board Chair and for the Chief Executive Officer.

2. Responsibilities of Corporate Stewardship

Each Director has the responsibility to:

- (a) 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;
- (b) exercise a director’s fiduciary obligations to shareholders and other stakeholders;
- (c) provide constructive counsel to and oversight of management;
- (d) preserve the confidentiality of non-public and proprietary information;
- (e) be available as a resource to management and the Board; and
- (f) demonstrate a willingness and availability for individual consultation with the Board Chair and the Chief Executive Officer.

3. Responsibilities of Integrity and Loyalty

Each Director has the responsibility to:

- (a) comply with the Corporation’s Code of Business Conduct and Ethics;
- (b) disclose to the Corporate Secretary, prior to the beginning of his or her service on the Board, and promptly thereafter, 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;

- (c) promptly inform the Corporate Secretary, upon undertaking any new significant interests or relationships not previously disclosed, of this change in potential conflicts of interest; and
- (d) disclose to the Board Chair, in advance of any Board vote or discussion, if the Board or a Committee of the Board is deliberating on a matter that may affect the Director's interests or relationships outside the Corporation, so that consideration can be given to the Director's abstention from discussion, abstention from voting, or other recusal.

4. Responsibilities of Diligence

Each Director has the responsibility to:

- (a) prepare for each Board and committee meeting by reading the reports and background materials provided for the meeting;
- (b) attend meetings of the Board and Committees of the Board of which the Director is a member, in person or by telephone, video conference, or other communication facilities that permit all persons participating in the meeting to communicate with each other,¹ and make all reasonable efforts to attend the annual meeting of shareholders; and
- (c) as necessary and appropriate, communicate with the Chair and with the Chief Executive Officer between meetings, including to provide advance notice of the Director's intention to introduce significant and previously unknown information at a Board meeting.

5. Responsibilities of Effective Communication

Each Director has the responsibility to:

- (a) participate fully and frankly in the deliberations and discussions of the Board;
- (b) encourage free and open discussion of the Corporation's affairs by the Board;
- (c) establish an effective, independent and respected presence and a collegial relationship with other Directors;
- (d) focus inquiries on issues related to strategy, policy, and results;
- (e) respect the Chief Executive Officer's role as the chief spokesperson for the Corporation and participate in external communications only at the request of, with the approval of, and in coordination with, the Chief Executive Officer; and

¹ Attendance at less than 80 percent of Board and committee meetings, without extenuating circumstances, would engender considerable concern by the Board. The attendance record of each Director is disclosed annually in appropriate public documents.

- (f) indicate where appropriate, when conveying personal views in public, that his or her views are personal and do not represent the views of the Corporation or the Board.

6. Responsibilities of Committee Work

Each Director has the responsibility to:

- (a) participate on Committees and become knowledgeable about the purpose and goals of each Committee; and
- (b) understand the process of committee work, and the role of management and staff supporting the Committee.

7. Responsibilities of Knowledge Acquisition

Each Director has the responsibility to:

- (a) become generally knowledgeable of the Corporation's business and its industry;
- (b) participate in Director orientation and continuing education initiatives developed by the Corporation from time to time;
- (c) maintain an understanding of the regulatory, legislative, business, social and political environments within which the Corporation operates; and
- (d) become acquainted with the senior managers and high potential candidates of the Corporation, including by visiting them in their workplace.

8. Personal Characteristics

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

- (a) demonstrated integrity and high ethical standards and an established reputation for honesty and ethical conduct;
- (b) career experience, business knowledge, and sound judgment relevant to the Corporation's business purpose, financial responsibilities, and risk profile;
- (c) understanding of fiduciary duty;
- (d) communication, advocacy, and consensus-building skills;
- (e) experience and abilities that complement those of other Board members so as to enhance the Board's effectiveness and performance; and
- (f) willingness to devote sufficient time and energies to the work of the Board and its Committees.