

Agrium Inc.  
13131 Lake Fraser Drive S.E.  
Calgary, AB, T2J 7E8  
Canada

11 July 2016  
Brussels

To the attention of Richard Downey  
Vice President, Investor/Corporate Relations and Market Research

### **Regarding Agrium Inc's phosphate imports from occupied Western Sahara**

Dear Mr Downey,

Western Sahara Resource Watch is again privileged to write to you regarding Agrium's phosphate imports from occupied Western Sahara. This letter is to respond to yours of 19 February 2016, further to ours of 26 January 2016.

We take note of the fact that you do not wish to disclose trading figures, explaining that it is due to confidentiality clauses. However, we notice that Agrium has not yet, without explanation, replied to the following questions that we asked concerning the legal nature of the territory and the rights of the people of the territory:

- (1) *Would Agrium agree that the people of Western Sahara have a right to self-determination as defined by international law and the 1990-91 referendum agreement of the UN, Morocco and the Frente Polisario?*
- (2) *Does Agrium agree with the conclusion of the International Court of Justice that there are no ties to sovereignty between the kingdom of Morocco and the territory of Western Sahara?*
- (3) *Does Agrium accept the 2015 conclusion of the UN Committee on Economic, Social and Cultural Rights (CESCR) about the principle of the prior, free and informed consent of the Saharawis in relation to the exploitation of Western Sahara's natural resources?*
- (4) *How will the company assure itself of a credible consent of the Saharawi people prior to any more imports from Western Sahara?*
- (5) *Does Agrium accept the 2015 conclusion of the Court of Justice of the European Union that Morocco has no mandate to administer Western Sahara?*
- (6) *What does Agrium say in reply to the 2015 legal opinion of the African Union about the exploitation of occupied Western Sahara's natural resources?*

Having a clear answer on the above questions would contribute to understand whether Agrium's purported due diligence analysis has accounted for the legal, social, human rights and ethical consequences of your trade in Western Sahara's phosphate. As it seems now, Agrium has not only failed to seek the consent of the territory's people, the Saharawi, but seemingly refuses to comment on matters relating to this issue. Question number four is very similar to questions asked in all our previous letters.

We wish to refer you to the fact that the Lithuanian phosphate importer Lifosa AB was removed from the list of companies participating in UN Global Compact for not responding to very similar questions from us. According to the UN Global Compact website, that company was "expelled due to failure to engage in dialogue" on 2 June 2011. You are able to find the correspondence between Lifosa and ourselves on our website.

WSRW asked very specific questions to Agrium relating to the seeking of consent from the people of Western Sahara of the phosphates in letters to your company on 8 April 2013, 17 October 2013, 2 May 2015 and lastly on 26 January 2016. As Agrium has failed to respond to our questions relating to this topic for the last 3 years, we will today alert the UN Global Compact of the lack of will of your company to

dialogue on this matter, requesting them to engage in the way they did with the case of Lifosa. Being a participant to UN Global Compact requires that concerns from civil society are, as a minimum, responded to.

It should be added that Lifosa's mother company informed us about its halt of its imports from the territory in February 2016.

We take note of the fact that your company refers to its Supplier Code of Conduct in the letter to us. We wish to highlight that the code of conduct establishes that Agrium requires suppliers "Not engage in any activities that would constitute an unreasonable restraint of trade, unfair trade practice..."

[https://www.agrium.com/system/files/supplier\\_code\\_of\\_conduct\\_1\\_7\\_2015.pdf](https://www.agrium.com/system/files/supplier_code_of_conduct_1_7_2015.pdf)

It is our opinion that OCP's (and its subsidiary's) trade practice in the Bou Craa mine, which is to remove non-renewable resources from Western Sahara in disregard of the rights of the owners of that phosphates, is an extreme case of an unfair trade practice. We would like to hear from Agrium what understands the words "unfair trade practices" in its own code of conduct means. Numerous investors have excluded Agrium from its portfolios exactly due to the grossly unethical practices of OCP in Western Sahara, and Agrium's relationship to such activity.

On a different note, in your February 2016 reply, you state that "Agrium does not take a political position on issues related to disputed territorial claims".

We find that aspect of political position-taking to be interesting as well, even as it was not part of our questions. It is our firm opinion that Agrium through its import agreement with the Moroccan state owned company OCP which operates a mine in a territory that the Moroccan government holds under foreign occupation is doing exactly that: taking a political position in relation to Morocco's territorial claim. We underline again that Morocco's territorial claims were clearly rejected in 1975 by the International Court of Justice.

It would, naturally, be much less political if Agrium were to trade with a mine operated by OCP located in Morocco proper. Most of OCP's mines are in Morocco proper. We see no purpose why Agrium have to import from Western Sahara, from a mine located outside of Morocco's internationally recognized borders. The statement that Agrium takes no political side by signing such an agreement with a Moroccan state owned company for phosphates in Western Sahara is, if we may respectfully say, confusing.

Since our January 2016 letter Agrium has continued to purchase and import shipments from Western Sahara, in the following vessels:

- *Doric Samurai*, which departed El Aaiun on late March 2016, arriving Vancouver in May 2016.
- *Ultra Rocanville*, which departed El Aaiun in late April, arriving Vancouver in early June.
- *Hanton Trader 1*, which departed El Aaiun in mid-May, and has recently discharged its cargo in Vancouver.
- *Amis Champion*, which departed Western Sahara on 15 June 2016, and is expected to arrive Vancouver this month.
- We also expect that the *Navios Vega*, which departed in late June, is likely bound for Agrium after a stop in Rio in recent days.

We are deeply concerned by the trend: Agrium seems to be importing more phosphates from Western Sahara in 2016 than last year. This flies in the face of the concerns raised by the Saharawi people, the African Union, by Western Sahara Resource Watch and by Agrium's own shareholders.

Western Sahara Resource Watch urges your company to immediately and unconditionally stop the purchases of phosphates from occupied Western Sahara. The available evidence suggests that Agrium has failed to seek the consent of the people of the territory, something underscored by Agrium's lack of will to

respond to questions relating to the seeking of such consent and to questions relating to the legal nature of the territory. Western Sahara Resource Watch is deeply concerned about the trend of Agrium's increased purchases during 2016.

Please let us know if our questions above are not clear, or if you require additional information to respond to them. WSRW looks forward to hearing from you.

Yours sincerely,

/sign./

Erik Hagen  
Board member,  
Western Sahara Resource Watch  
[erik@wsrw.org](mailto:erik@wsrw.org)  
[www.wsrw.org](http://www.wsrw.org)