

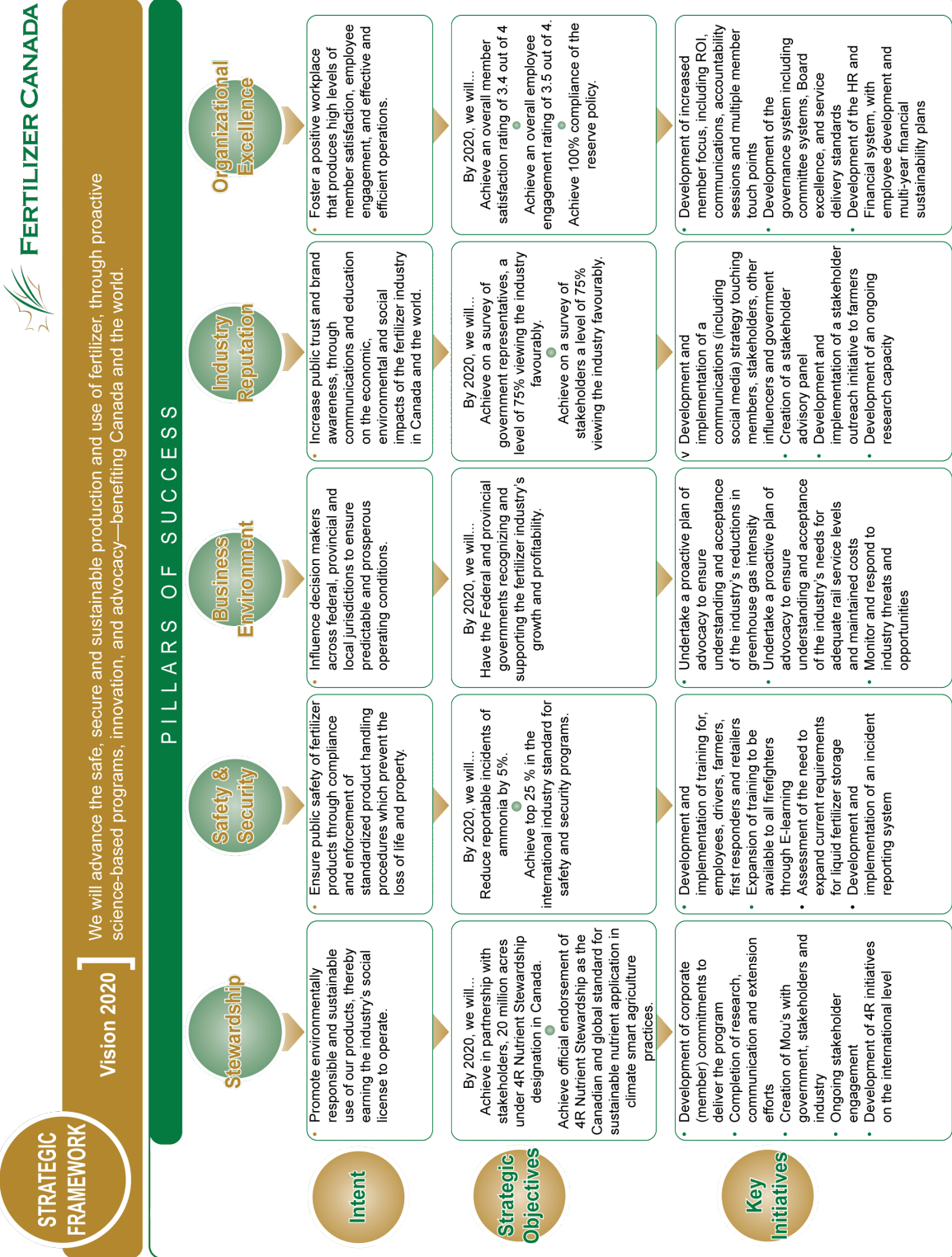


Fertilizer Canada: Delivering Exceptional Member Value Through 2020

August 2016

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Introduction

This strategic plan is designed to guide the work of Fertilizer Canada for the next four years.

The implementation of this plan will provide considerable value to the members of Fertilizer Canada who are manufacturers, wholesalers and retail distributors of nitrogen, phosphate, potash and sulphur fertilizers. Fertilizer Canada, through its programs and services, aids in integrating all segments of the fertilizer industry.

The development of this plan has taken into consideration feedback provided from members in a recent survey. This plan is therefore based upon the priorities that were expressed by members and further validated by the Directors of Fertilizer Canada.

In addition, a Strategic Planning Advisory committee held meetings for the purpose of defining the principal priorities for the organization, with a specific focus on the vision statement and establishing strategic objectives.

This report is organized around the presentation of a strategic framework which illustrates the vision statement: *We will advance the safe, secure and sustainable production and use of fertilizer, through proactive science-based programs, innovation and advocacy – benefitting Canada and the world.* It also includes:

- **Pillars of Success** – the core focus of our association’s future success
- **Strategic Intent** – clarifying the meaning of our pillars of success
- **Strategic Objectives** – our association’s definition of success – the outcomes we intend to achieve
- **Key Initiatives** – identifying the major areas of work that are required within each pillar of success in order to achieve the strategic objectives.

Integrating all elements of the fertilizer industry

Building a plan based on member feedback

Industry associations offer the opportunity to build programs and services that assist each member's growth potential without interfering with the competitive dimensions of the marketplace. A common role for trade associations is to communicate the value of its industry's products in a way that increases consumer and government confidence. Fertilizer Canada is in a position to continue to play an important role in this area.

*Communicate the value of
its industry's products*

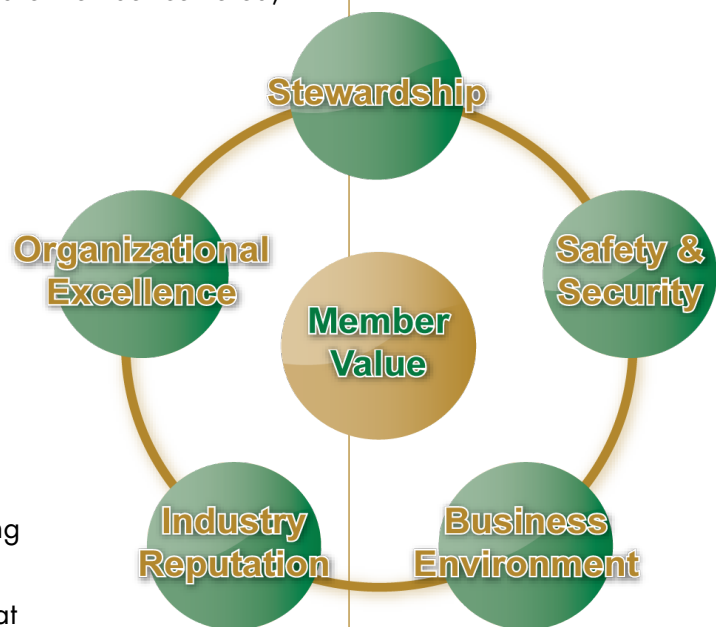
Fertilizer Canada's Five Pillars of Success

To articulate the definition of a strategy, Fertilizer Canada has identified five core areas of focus for the next four years. Each of these areas of focus, or Pillars of Success, are member centered, and include:

- Stewardship
- Safety & Security
- Business Environment
- Industry Reputation
- Organizational Excellence

In the following sections of the document, each of the Pillars of Success is addressed in terms of:

- The strategic intent clarifying the meaning of the Pillar
- The Strategic Objectives or outcomes that need to be achieved
- The key Initiatives that will be undertaken in order to achieve the desired member value



Pillar of Success – Stewardship

The strategic intent of this pillar is to enable the industry and its customers to maintain their social licence to operate. This will be achieved in part by the demonstration of environmentally responsible and sustainable use of our products. The flagship of this pillar is 4R Nutrient Stewardship (Right Source @ Right, Rate@, Right Time, Right Place®), a globally universal yet locally adapted approach to sustainable nutrient management on-farm. The primary features of the Stewardship pillar are the focus on:

1. The 4R Nutrient Stewardship program and its designation on arable land.
2. Complementary initiatives that engage stakeholders, governments and farmers in environmentally sustainable solutions.

The Anticipated Outcomes – Strategic Objectives

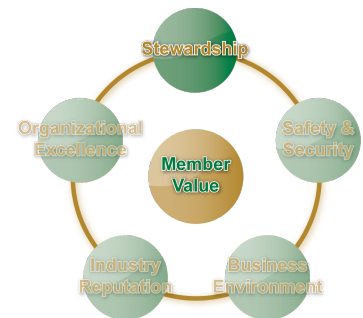
By 2020, we will:

- Achieve in partnership with stakeholders, 20 million acres under 4R Nutrient Stewardship Designation in Canada
- Achieve official endorsement of 4R Nutrient Stewardship as the Canadian and global standard for sustainable nutrient application in climate smart agriculture practices.

Key Initiatives

Member Commitment

Key to the success of achieving 20 Million acres will be Members, especially those in the Retail sector, 'solidifying their commitment to incorporate 4R Nutrient Stewardship in their business practices'. It will also require partnerships with grower groups, governments and other stakeholders.



*Demonstrable commitment
to sustainable nutrient
management*

The 4R Designation program provides guidance to industry for recognition and promotion of sustainable nutrient management planning through the use of the 4Rs. This program provides the mechanism for industry to demonstrate their commitment to achieving sustainable nutrient management with growers. A national framework is currently in place with regional customization developed for Manitoba, Alberta, New Brunswick and Ontario. The intent is to further this customization in other provinces through collaboration with key stakeholders.

Research & Communication

Best Management Practices (BMPs) under 4R Nutrient Stewardship are guided by credible crop nutrition and soil science research. It is imperative that communication of these practices reach key stakeholders (e.g. growers, crop advisers and other interested stakeholders) to encourage adoption of 4R Nutrient Stewardship at the field level. Fertilizer Canada's 4R Research Network consists of nine leading agricultural scientists across the country who are working to improve the current understanding of 4R BMPs and quantifying the economic, social and environmental benefits of implementing 4R Nutrient Stewardship. This work feeds into the extension and communication channels in terms of developing key messages to further support the 4R Nutrient Stewardship program both regionally and nationally.

Communicating best management practices

Creation of Memorandums of Understanding

Memorandums of Understanding (MOUs) offer unique access to and credibility with key strategic partners and governments. MOUs create shared-value partnerships between industry, provincial governments, and key agricultural stakeholders (e.g. grower/commodity groups, conservation authorities, research stations, etc.). Akin to corporate enrolment, buy-in from and collaboration with other stakeholders supports the sustainability and credibility of the 4Rs in concept, in message, and as a program at regional, North American and even international levels. MOUs will play a key role in working towards the strategic objectives such as the 20 Million acre goal.

Creating collaboration and buy-in

Currently, Fertilizer Canada has established MOUs in Alberta, Manitoba, Ontario, Prince Edward Island and New Brunswick. Given the strategic importance of the MOUs, it would be advisable not to abandon the current progress that has been made in the various regions. Additionally, provinces such as Saskatchewan, Quebec and Nova Scotia who have substantial agricultural production remain to be engaged for support.

Stakeholder Engagement

To promote efficient and responsible nutrient use by Canadian farmers, Fertilizer Canada works in partnership with stakeholders to advance the development and deployment of science-based fertilizer stewardship practices. As a stewardship program, the 4Rs enjoys parallels with programs from domestic, North American and international organizations that have a vested interest in sustainable farm stewardship. It is important that these collaborative relationships are maintained and continue to be built, leading to opportunities for adoption of 4R Nutrient Stewardship as the standard in sustainable nutrient management. Akin to the above initiatives, this further builds the credibility and sustainability of the program.

To promote efficient and responsible nutrient use by Canadian farmers

Global Recognition

There is opportunity for initiatives under the 4R program to be elevated to an international stage as interest grows for national greenhouse gas emission targets, climate change action and reliance, and global climate-smart agriculture practices.

There is opportunity for initiatives under the 4R program to be elevated to an international stage

The Nitrous Oxide Emissions Reduction Protocol (NERP) is a Canadian-made framework that applies nitrogen management using 4R Nutrient Stewardship to quantify greenhouse gas reductions in a credible and verifiable way. Adapting the protocol to other regions will contribute to meeting the needs at these levels.

Upon approval for government funding, Fertilizer Canada will enter into partnership with the Canadian Cooperative Association to implement the “4R Solution” program. This initiative will engage through local implementing partners, smallholder farmers, agricultural enterprises/initiatives, governments, and private/independent extension agents in countries including Ethiopia, Ghana, Senegal, Colombia and a country to be determined in Southeast Asia. The project builds on existing partnerships and networks which include the International Plant Nutrition Institute (IPNI).

Pillar of Success – Safety & Security

The strategic intent of this pillar of success is to ensure the public safety of fertilizer products through compliance and enforcement of standardized product handling procedures, which prevent the loss of life, environment and property. The focus is in two areas:

1. The development, maintenance and verification of codes.
2. The development and implementation of training to key groups.

These activities are vital to ensure that the industry operates in an environment that is absent incidents that are injurious to people, property, the environment and the hard won reputation of the industry.

The Anticipated Outcomes – Strategic Objectives

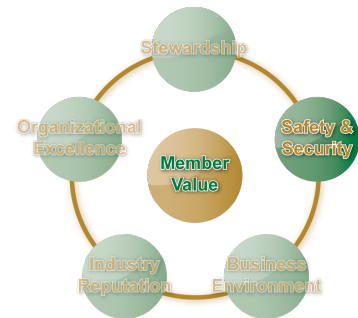
By 2020, we will:

- Reduce reportable incidents of ammonia by five per cent
- Achieve top 25 per cent in the international industry standard for safety and security programs

Key Initiatives

Safety and Security Training

- Develop and maintain training packages for key audiences to ensure a consistent manner in which fertilizer products are handled at every stage of movement
- Applies to Ammonia and Ammonium Nitrate
- Audiences include:
 - Farmers
 - Transport Drivers
 - First Responders
 - Retailers



Ensure a consistent manner in which fertilizer products are handled at every stage of movement.

First Responder Training

- Continue to promote the ELearning platform which allows students to access important training material anytime, anywhere
- The ELearning platform provides metrics on activity to better demonstrate effectiveness of our outreach
- Look at having Firefighter colleges/schools adopt either the ELearning course or training material into their curriculum for access to hundreds of students
- Offer the newly developed AN training course for first responders on the ELearning platform
- Extend the training to other first responders such as law enforcement and paramedic

Continue to promote the ELearning platform

Liquid Fertilizer Storage

- As an extension to the good practices held by retailers on liquid fertilizer products, a code related to storing liquid fertilizer on the farm will be developed
- This will help address some of the concerns of improper storage and handling of liquid fertilizers at the farm level

A code related to storing liquid fertilizer on the farm

Reporting and Audit Process

- Develop and implement a system for farmers and retailers to report to Fertilizer Canada in order to track number of incidents

Pillar of Success – Business Environment

The strategic intent of this pillar of success is to influence decision-makers across federal, provincial and local jurisdictions to ensure predictable and prosperous operating conditions. The efforts will be reflected in three areas:

1. Communicating the industry's initiatives related to its potential in reducing greenhouse gas emission intensity.
2. Maintaining the industry's freedom to operate without needless regulations.
3. Focusing on continuous and efficient transportation services.

The role of trade associations in influencing government regulations and policy, and successfully addressing issues of concern, is becoming more vital and also more complex. The ability of Fertilizer Canada to understand the political, social and economic environments, build stakeholder coalitions and, develop policy and successfully communicate the fertilizer industry's interests is at the heart of effective advocacy.

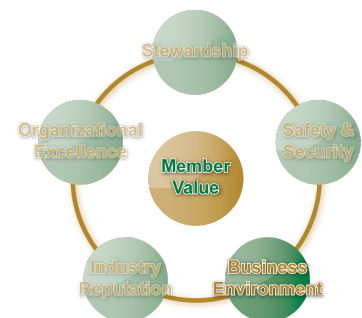
The Anticipated Outcomes – Strategic Objectives

By 2020, the Federal and provincial governments recognize and support the fertilizer industry's growth and profitability.

Key Initiatives

Greenhouse Gas Reductions

Canada's nitrogen fertilizer manufacturers have been proactive, establishing a benchmark for ammonia and nitric acid production which recognizes the industry's limited ability to reduce greenhouse gas emissions and the industry's position as an Energy-Intensive and Trade Exposed (EITE) sector. Fertilizer Canada will continue to promote these science-based conclusions in jurisdictions where manufacturing takes place and greenhouse gas reduction regimes are being considered: federal, Alberta, Saskatchewan, Manitoba and Ontario.



Promote science-based conclusions

Meanwhile, the potash fertilizer sector is compiling research to establish its own benchmarks, which recognize the industry's use of Best Available Technology (BAT) and efficiency relative to international competitors.

Fertilizer Canada has developed a strategy to address concerns that the outcome of some reduction regimes may impact the competitiveness of the industry. Through to 2020, the association will continuously review and execute this advocacy plan to ensure governments' acceptance of the industry's greenhouse gas reduction potential and programs to offset these emissions downstream.

Managing Fertilizer Rate Reduction Threat

To avoid the arbitrary limiting of fertilizer, use and the consequent inability of members to sell their products, Fertilizer Canada will monitor for any threats (or opportunities), and when they are identified, develop and implement an advocacy response.

Fertilizer Canada will continue to engage with governments, NGOs and other stakeholders through Memorandums of Understanding and other efforts, such as the Canadian Roundtable for Sustainable Crops, to ensure that efforts are not to the ultimate detriment of our sector.

Transportation Services

The fertilizer industry will ensure that any measures related to protection and compliance do not erode the common carrier obligation, with the railways continuing to transport essential dangerous goods.

Fertilizer Canada will continue to engage with Transport Canada, and will continue to respond to incidents or regulatory measures which threaten members' ability to transport fertilizer products by rail safely, efficiently and at reasonable cost.

Monitor and Respond to Industry Threats and Opportunities

Fertilizer Canada will establish an economics and research office to monitor and report on industry trends and statistics.

Ensure governments' acceptance

Members' ability to transport fertilizer products by rail safely, efficiently and at reasonable cost

Pillar of Success – Industry Reputation

The strategic intent of this Pillar of Success is to increase public trust and brand awareness, through communications and education on the economic, environmental and social impacts of the fertilizer industry in Canada. The efforts will be reflected in two areas:

1. The development and implementation of a significant communications strategy.
2. The increase in effective outreach to stakeholders.

The reputation of an industry is critical. Fertilizer Canada can play an instrumental role in ensuring that the key audiences in Canada and abroad are sufficiently informed about the goals and the accomplishments of the industry, so that they can be supportive of its aims and positions on critical issues.

The Anticipated Outcomes – Strategic Objectives

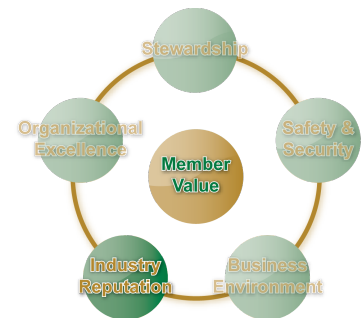
By 2020, we will:

- Achieve on a government survey a level of 75% viewing the industry favourably
- Achieve on a stakeholder survey a level of 75% viewing the industry favourably

Key Initiatives

Communications Strategy

Communications is the core of ensuring a successful organization. In order to develop, build or maintain a reputation there has to be an understanding of the work that is taking place at the organization. Fertilizer Canada has developed a best practices manual for communications and now must move to the next level on developing and implementing a strategy for effectively communicating our messages to members, governments, media, stakeholders and other key public influencers. An element of this strategy will also include social media, with the understanding that this is an evolving medium that requires particular attention.



Communicating our messages to members, governments, media, stakeholders and other key public influencers

Stakeholder Advisory Panel

Stakeholders are key to evolving the fertilizer brand in Canada. Validation of Fertilizer Canada's activities through respected third parties increases knowledge of the industry and builds up the reputation with minimal cost to the organization. Fertilizer Canada has and continues to work with a number of stakeholder groups (Canadian Fire Chiefs, Nature Conservancy, Grain Growers of Canada). By establishing a stakeholder advisory panel Fertilizer Canada can gain validation and promotion of our programs through the partners.

Gain validation and promotion of our programs through the partners

Strategic Partnerships

Develop and implement an outreach initiative to the agri-food and agriculture sectors.

Economic, Public Policy and Industry Research

Create an on-going research capability. Involving activities such as public opinion research, economic analysis and member surveys. This is necessary to establish and monitor Fertilizer Canada's strategic objectives.

Pillar of Success – Organizational Excellence

The strategic intent of this Pillar of Success is to foster a positive workplace culture that produces high levels of member satisfaction, employee engagement and effective and efficient operations. The efforts will be reflected in three areas:

1. Continuing to focus on building member value.
2. Continuing to build an engaged staff.
3. Continuing to increase the financial sustainability and management capability within the organization.

This Pillar of Success provides the capacity building that is essential to an organization that needs to deliver wins through advocacy, decisive programs and services and powerful strategic communications.

The Anticipated Outcomes – Strategic Objectives

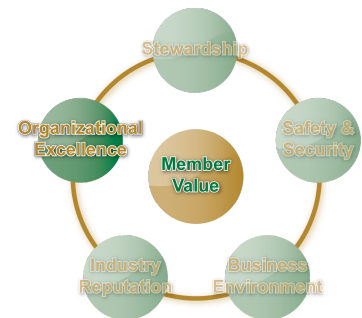
By 2020, we will:

- Achieve an overall member satisfaction rating of 3.4 out of 4
- Achieve an overall employee engagement rating of 3.5 out of 4
- Achieve 100% compliance of the reserve policy

Key Initiatives

Increased Member Focus

We will review the annual results of the Member Survey and identify those areas in which the gap between the members rating of importance and the current levels of satisfaction are greatest. Improvement plans will be developed and progress reviewed on a quarterly basis.



Improved Governance and Delivery

We will review the overall system of Board governance and in particular the committee system to ensure that decisions are made on a timely and informed basis. The numbers, mandates and performance of the committees will be examined with a view to ensuring committees generate the appropriate level of results and provide an excellent experience for members.

Ensuring committees generate the appropriate level of results and provide an excellent experience for members.

The management team will develop a dashboard of metrics in order to monitor the ongoing implementation of initiatives to improve the value of membership in Fertilizer Canada.

Development of HR and Financial Systems

We will further develop the human resources system to ensure that it provides for the establishment of performance goals, reviews of progress, professional development and remuneration scales.

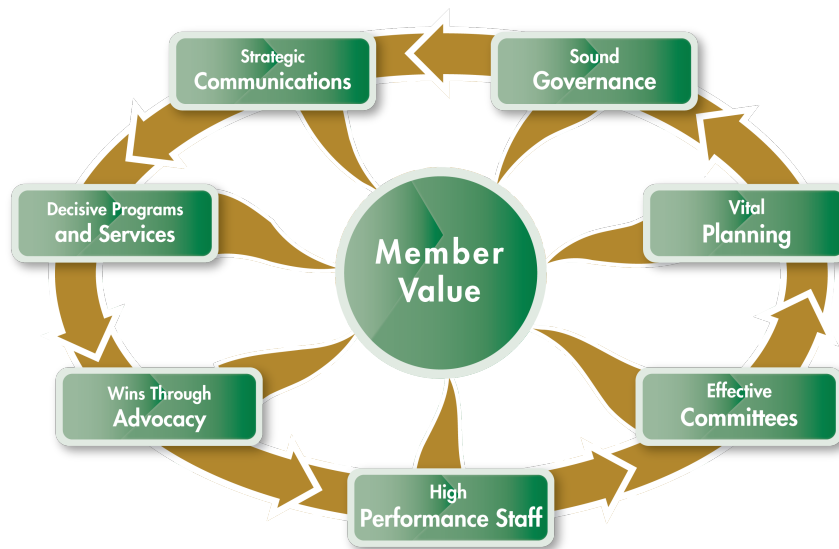
We will continue to develop and implement the financial management system with policies, practices and standards that are compliant with best practices in Association management.

Policies, practices and standards that are compliant with best practices in Association management

We will be vigilant in executing the policies necessary to achieve 100% compliance with respect to the reserve policy.

Summary

Fertilizer Canada is well-positioned to achieve the strategic objectives described in this plan. In reviewing the capability of the organization there are seven elements that are necessary for success. The relationship of each of these seven elements to the strategic plan is described below.



Sound Governance

This plans highlights those areas of governance that will be the focus of improvement.

Vital Planning

The approval of this strategic plan will enable the production of work plans and budgets that are aligned to the strategic direction of the organization while being developed and approved in a timely manner within the governance structure.

Work plans and budgets that are aligned to the strategic direction

Effective Committees

Following the approval of this strategic plan, a review will be undertaken to ensure that the number and types of committees is still relevant and to ensure the work of the committees is aligned to the achievement of the strategic objectives.

Aligned to the Strategic Objectives

High-Performance Staff

Association staff are fundamental to success. Fertilizer Canada commences this planning period in a strengthened financial situation. The team of people that are currently in place have the competencies and the commitment to achieve the objectives that have been set for the organization. The administrative functions including the systems for executing financial, human resources, information technology, and office and equipment maintenance are strong and will get stronger.

Staff are fundamental to success

Wins Through Advocacy, Decisive Programs and Services

The strategic plan has outlined how advocacy and Fertilizer Canada programs and services will support each Pillar of Success:

- Stewardship
- Safety & Security
- Business Environment
- Industry Reputation
- Organizational Excellence

Strategic Communications

Effective communication with members, stakeholders and government will support all aspects of this strategic plan. Fertilizer Canada will employ a variety of communication tools including social media, trade media and direct member outreach to inform about industry activity and to encourage feedback and discussion.

Support all aspects of the strategic plan

A Final Word

This Strategic Plan has identified five major areas of focus, or Pillars of success. It has defined the intended outcomes, or strategic objectives, which are both measurable and time framed. It has also described the key initiatives that will need to be undertaken, in order to maximize member value.

The organization is both capable and committed to meet the challenge it has set for itself and with the industry leadership providing on-going direction and support, Fertilizer Canada can be expected to deliver exceptional member value through 2020.

*Delivering exceptional
member value through
2020*



FERTILIZER CANADA