



Eric B. Miller
Senior Vice President, Chief Legal Officer

Agrium Inc.
13131 Lake Fraser Drive S.E.
Calgary, Alberta, Canada T2J 7E8
Telephone: (403) 225-7000
Direct Line: (403) 225-7016
Facsimile: (403) 225-7610
Email: Eric.Miller@agrium.com

November 13, 2013

VIA EMAIL

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial and Consumer Affairs Authority
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Financial and Consumer Services Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

c/o The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario M5H 2S8
Fax: 416-593-2318
Email: comments@osc.gov.on.ca

- and -

M^e Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: 514-864-6381
Email: consultation-en-cours@lautorite.qc.ca

**RE: CSA Consultation Paper 54-401
Proxy Voting Infrastructure & System**

Dear Sirs:

Thank you for the opportunity to provide feedback to the CSA regarding the proxy voting infrastructure and associated system issues. As an issuer our concerns clearly relate to the integrity and accuracy of the entire system so that the governance of the corporation is not compromised in anyway. The importance of the vote in today's corporation is as important as the decision to buy or sell the security.

The history of the development of the proxy system is in many ways unique with multiple points of inflection regarding "what is important that needs to be accommodated". The importance of voting has waxed and waned over time and the flexibility on registration of share ownership once thought required had tradeoffs that were deemed acceptable but perhaps no more. It is the core of this analysis that needs to be revisited if any tradeoffs or exceptions can be justified given the heightened requirement for good governance throughout the capital markets especially as it relates to issuers and their more influential institutional shareholders and with the advent of aggressive shareholder activism. What is clear is that conflict exists between market participants who believe that flexibility and secrecy are required to accommodate the financial aspects of an investment shareholding, and that from a voting perspective, secrecy and the ability to effect practices such as share lending should be allowed; and the fundamental paramount premise that the system should support the governance of the corporation in a manner that is accurate and transparent. We would submit the principles of integrity, accuracy and transparency must be paramount and that any tradeoffs can no longer be justified with a "close is good enough" posture.

In regards to the questions raised in the Consultation Paper it is our observation that the majority of the questions can really only be answered by the intermediaries in the system. There is inherent and significant conflict of interest in this in that the intermediaries benefit financially from the current archaic system and will be reluctant to point out its shortfalls. What we will attempt to answer is the over-riding questions which apply to the ultimate governance outcome. We will also speak to the issues that appear to be the reasons why shareholders might believe the existing system is "close enough".

A. Justifications for the current NOBO/OBO system appear to lack substance in our view are:

1. Being inundated with meeting materials - this should no longer be a concern as investors can select electronic notification or conversely, if worried about not receiving materials can find the materials on SEDAR, EDGAR or the company's website;
2. Ability to maintain anonymity when voting - this concept is misplaced as the concept of the vote in a corporation is to have your voice heard. This is not a "pure survey of the democratic vote" situation as it is clear that influence follows your investment. Further, institutions want dialogue with management and management wants to know and have good communication with its shareholders. Why would shareholders wait for the vote to announce their displeasure or to keep it secret? This landscape has changed dramatically in the last 10 years.
3. Ability to keep investment strategies confidential - the registration of share ownership for voting purposes (timing; privacy) can easily be divorced process-wise from investment strategy disclosure. This is an argument without substance.

Whether the existing system is modified or not, what is clear is that some form of registration or disclosure for voting purposes is feasible and would not undermine the current system.

What is also clear from the research and our own experience is that the proxy voting system can be significantly inaccurate. The proof of this is that even Proxy Advisory service firms (who specialize in understanding the system and its participants) have major challenges in determining the accuracy of votes submitted through the layers of intermediaries and the timeliness of same. These firms are now indispensable if you even want a hope of understanding votes submitted and the relative accuracy thereof.

B. The Impact of Share Lending

Share lending if done in the context of voting (as opposed to a purely financial strategy) is perverse to any sense of reasonableness or fairness in the governance of our corporations. As such our view (and likely that of every issuer) is that a legal or regulatory response is definitely required to prevent share lending in the context of effectively short term vote buying. We would also submit that the current system is not robust enough to definitively prevent the result of over-voting in these circumstances. It is clear in our view that the short term borrower should not be allowed to "buy the vote" as part of a proxy contest strategy.

C. OBO's and the ability to reach all shareholders for voting instruction

Certain shareholders/investors generally only want to take a passive investment based role in the corporation. However, this one sided approach ignores that there are special circumstances where the votes of the OBO need to be sought by the corporation and likely the OBO would want to be sought out in this regard. In these instances it should be mandated that the intermediary contact the OBO if requested by the corporation with greater transparency to the corporation. Further - if the corporation requests and has such access, information from any dissident shareholder should also be provided to the OBO.

D. End to End Vote confirmation system

Institutions are also frustrated with the current system. As pointed out in the Consultation Paper, institutions have instituted their own systems or are demanding a change to the system that ensures their vote has been registered. To do so within the existing system merely piles onto the complexity of the proxy voting infrastructure. A simplified registration system for voting purposes directly to the company or its principal transfer agent should be implemented. Further, should it not be the corporation which confirms that voting instructions were received and carried out as per the shareholders vote instruction?

E. The use of voting agents by investors

In general for small retail accounts the investor will not want to undertake the effort to understand the issues which may be voted on and will rely on and designate to their investment advisor this right. In these small instances this could be seen as both practical and efficient and not a burden or impediment to the proxy governance process. However where the intermediary or advisor can sway a significant or material voting position in a contested matter, transparency would dictate at least disclosure to the OBO of the voting intention prior to the vote being submitted with opportunity for the client investor to object.

International Voting

We understand that there are severe limitations to delivering materials to and therefore receiving votes from international shareholders, and in particular costs to have such votes processed. These limitations are significantly influenced by the web of intermediaries between the company and the ultimate shareholder. Quite often the materials arrive late or not at all.

Proxy Disclosure

As a final area of comment, we would encourage the CSA to review and hold the disclosure included in proxy documentation provided by dissidents to the same level of accuracy and completeness of that provided by issuers. While recognizing that dissidents may not have all the information at their disposal, their disclosures should be complete as possible and accurate and they should be held to the same standard of account as issuers for their disclosure. Also, the ability of dissidents to file a "partial proxy document" and to be "on the road" touting its position on incomplete information and promoting its slate well in advance of the company is another weakness of the current system.

Thank you again for the opportunity to submit these views regarding the proxy vote infrastructure and system. Should you require any further clarification or have general inquiry regarding points made herein, please contact the undersigned at your convenience.

Sincerely,



Eric B. Miller
Senior Vice President, Chief Legal Officer