

NEW CONGRESS AND ADMINISTRATION 2017; KEY ISSUE UPDATES; PRIORITY ISSUES FOR TFI

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February 21, 2017

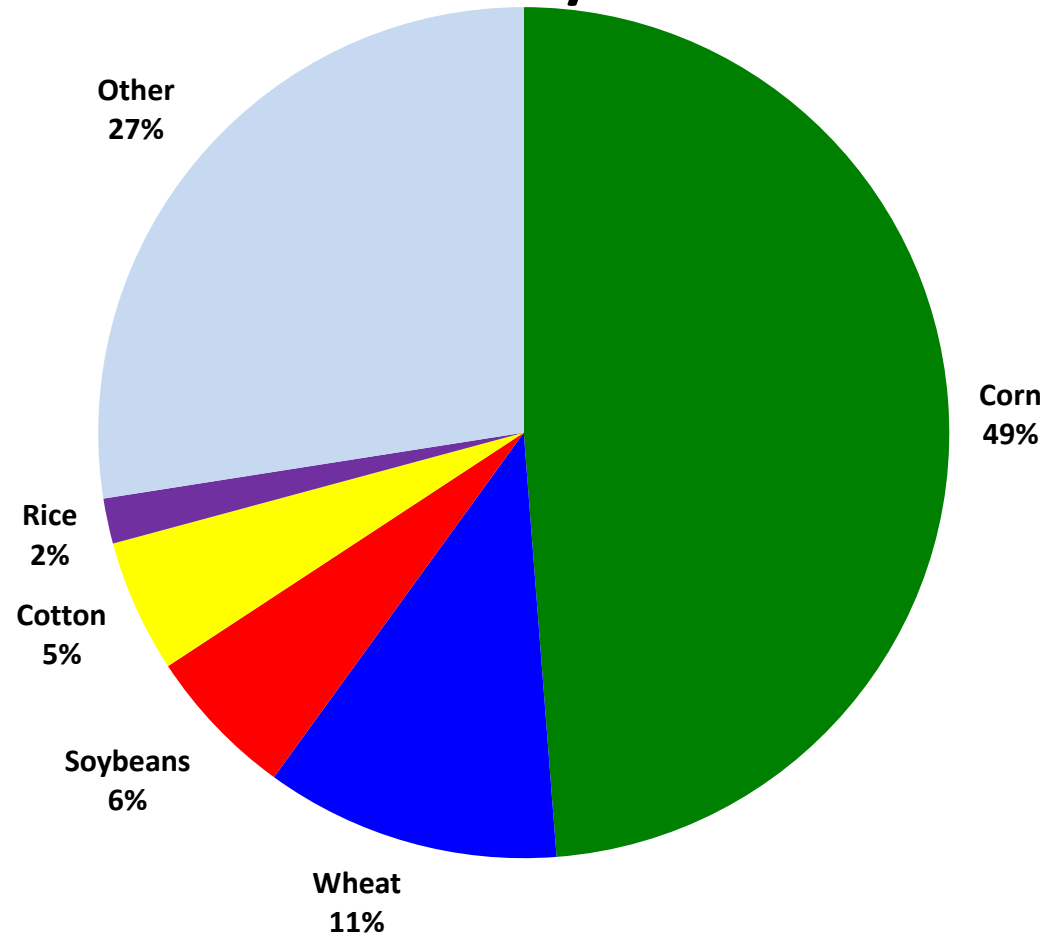
OVERVIEW

- Fertilizer Trends
- Transition 2017
 - Congress
 - Key Administration Officials
- Key Issue Updates
- Top Priority Issues for TFI 2017
- ResponsibleAg Update

Fertilizer Trends

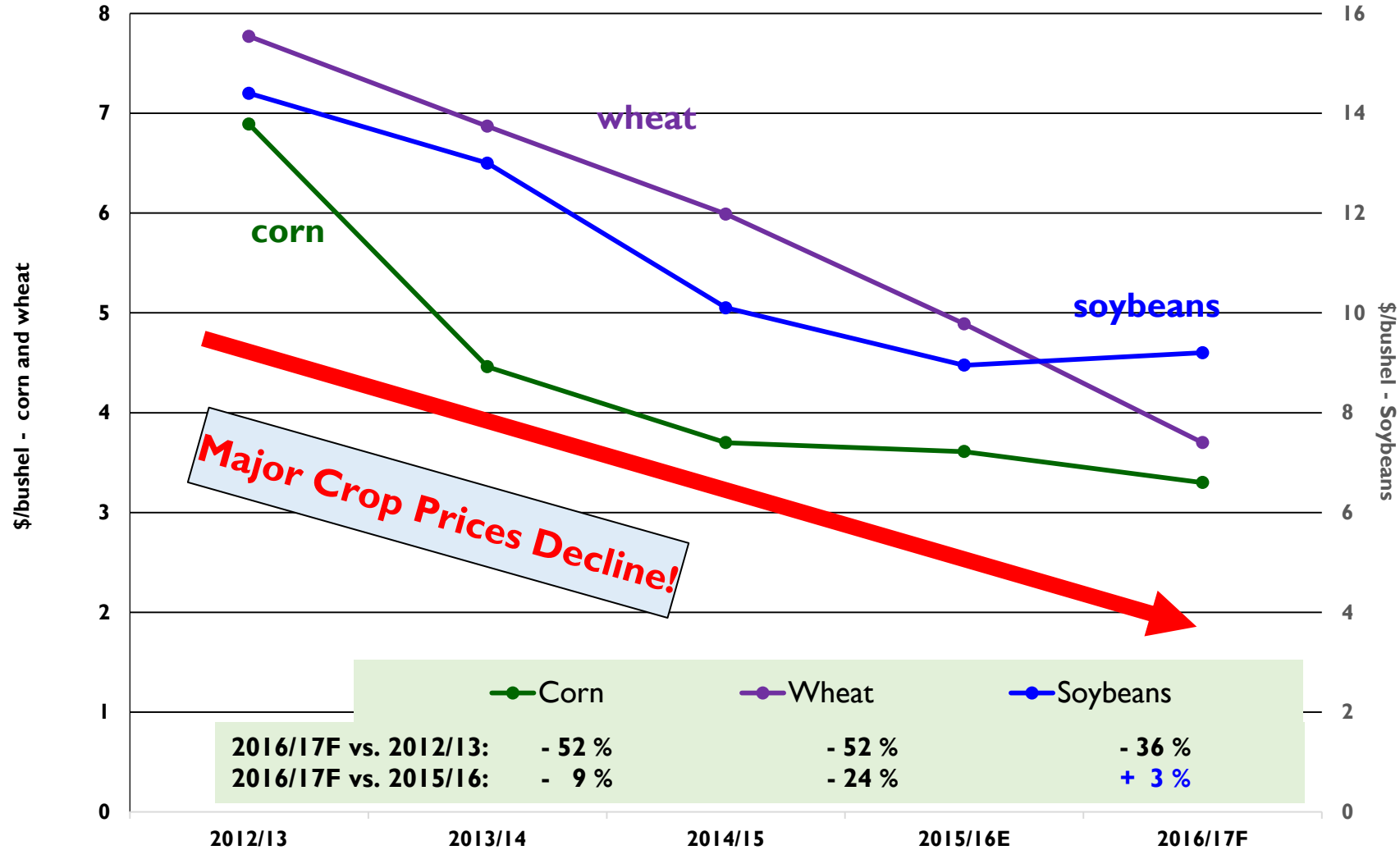


ESTIMATED U.S. NUTRIENT USE BY CROP: 2010/11



Source: Computed from data reported by USDA and AAFPCO/TFI.

MAJOR CROP PRICES



Source: USDA, WASDE, Nov. 9, 2016.

FARM INCOMES SLIDE

- **U.S. Farm Incomes to Hit Lowest Level Since 2009**

- August 30, 2016, USDA report notes cost-cutting by farmers amid commodity price slump.

CHICAGO—U.S. farm incomes will hit their lowest point this year since 2009, the U.S. Department of Agriculture said Tuesday, deepening pain in the Farm Belt amid a multiyear downdraft in commodity prices.

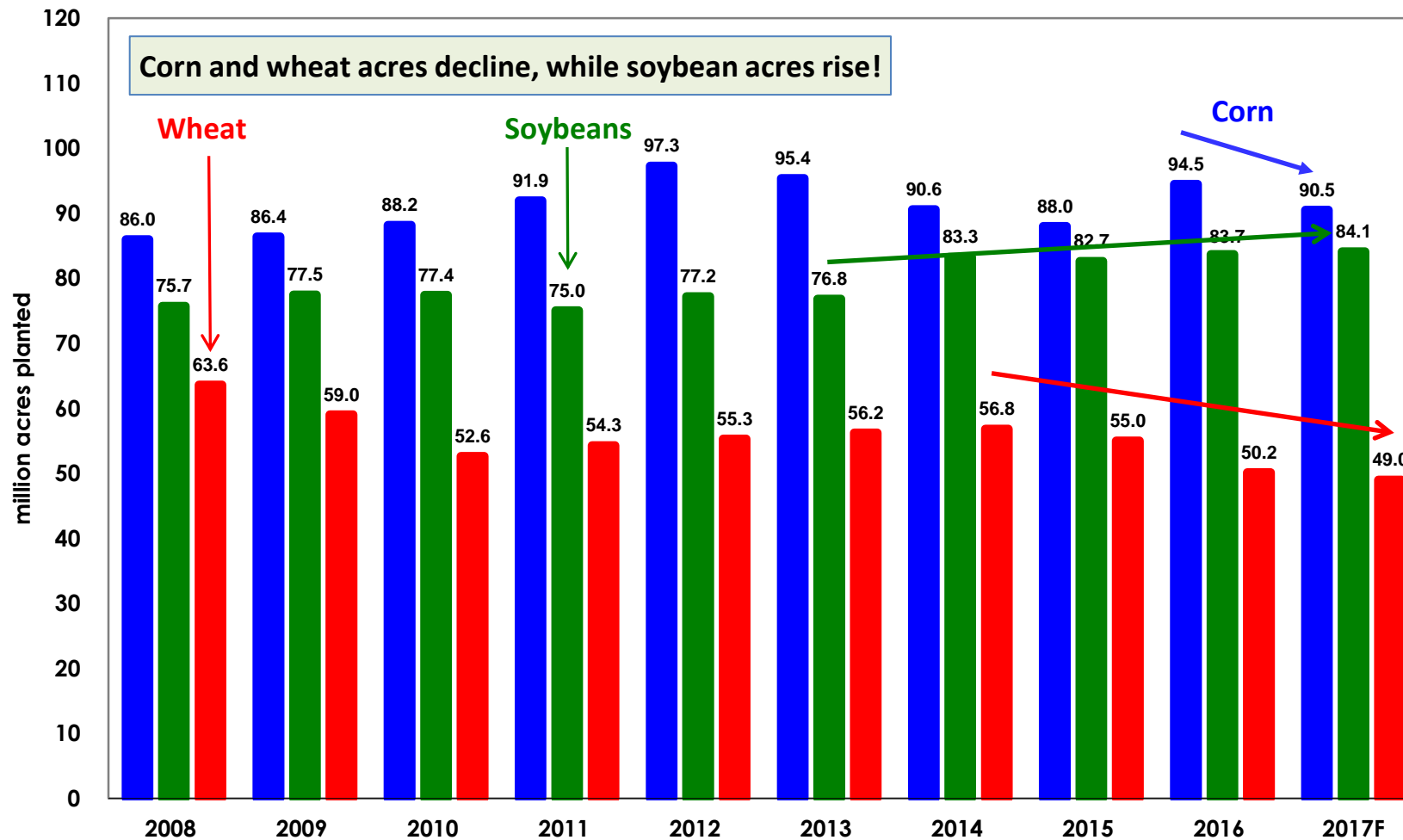
Pay Slump

Net farm income in the U.S. is expected to hit its lowest levels since 2009.



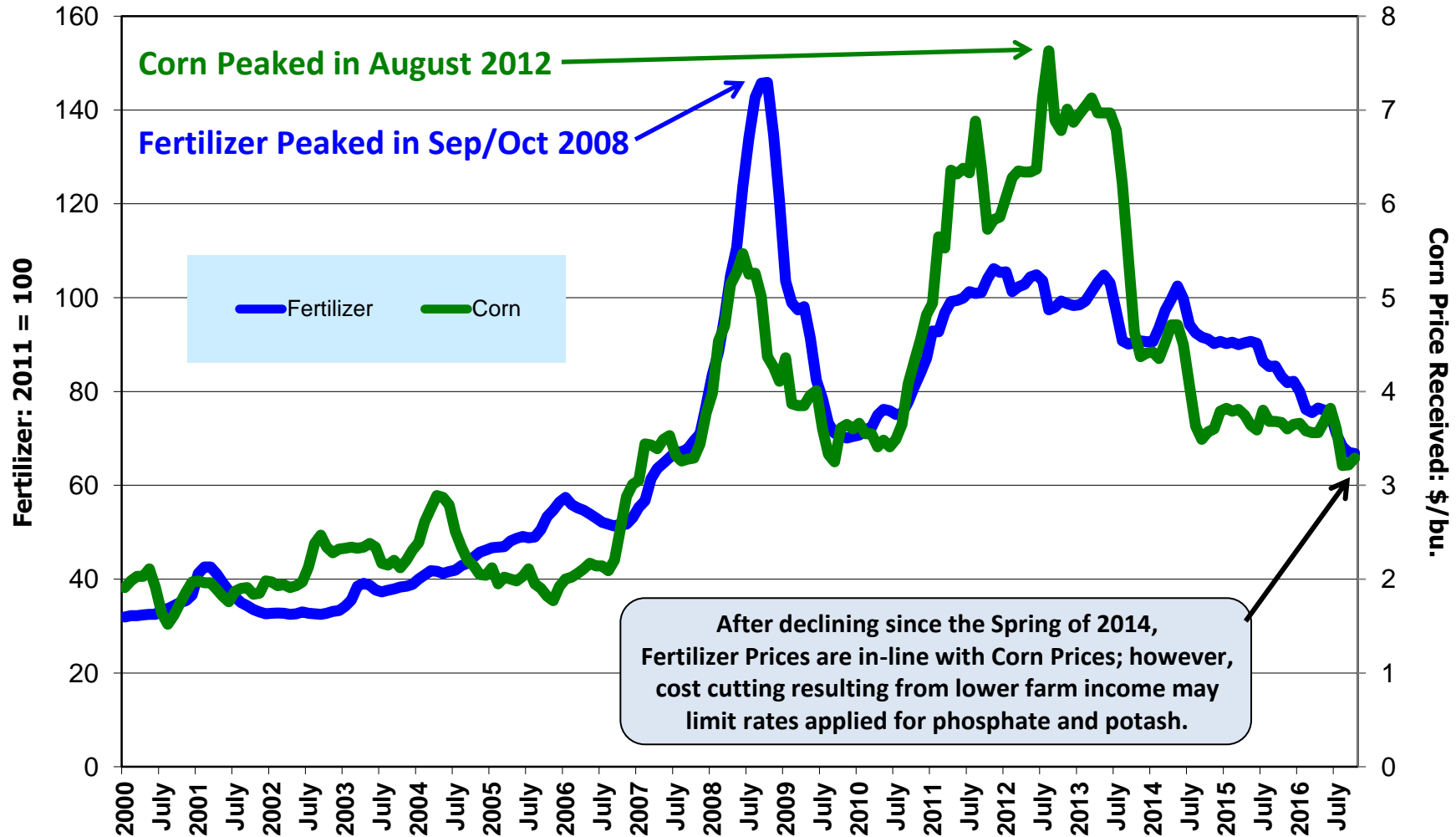
Note: In constant 2016 dollars
Source: Agriculture Department
THE WALL STREET JOURNAL.

U.S. PLANTING: CORN, SOYBEANS, WHEAT



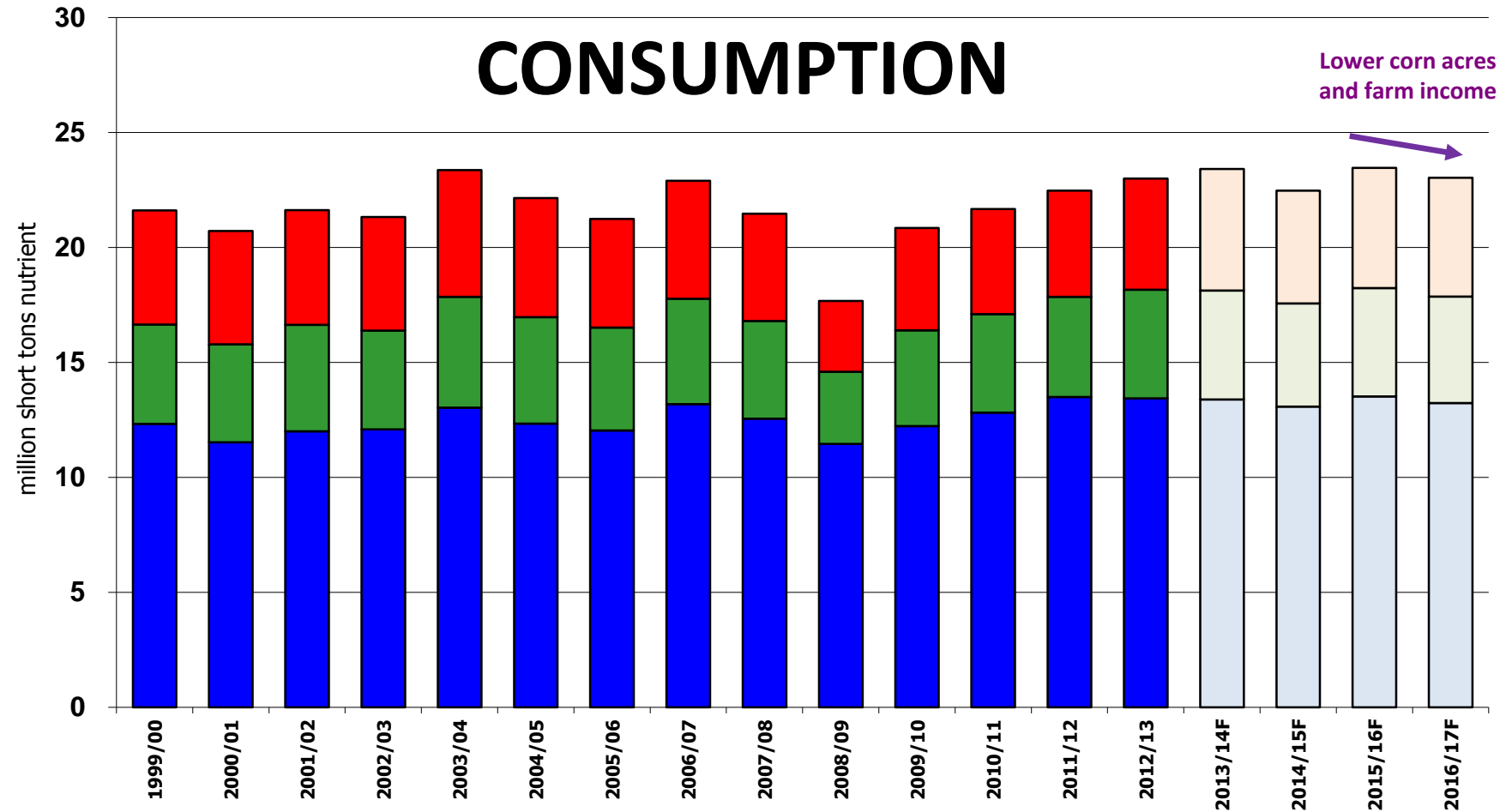
Source: 2008-16, NASS, USDA website; 2017 forecast, Doane Advisory Services, TFI Fertilizer Outlook Conference, Nov. 2016.

FERTILIZER VS. CORN PRICE 2000-2016



Source: National Agricultural Statistics Service, USDA.

U.S. PLANT NUTRIENT CONSUMPTION



Source: 1999/00-2012/13, AAPFCO, TFI; Forecasts for 2013/14-2016/17, TFI; all data year ending June 30.

■ K2O ■ P2O5 ■ Nitrogen

Transition 2017



CONGRESS

Senate:

- Leader: Mitch McConnell (R-KY)
- Minority Leader: Chuck Schumer (D-NY)
- 52 Republicans
- 46 Democrats
- 2 Independents (caucus with Democrats)

House:

- Speaker: Paul Ryan (R-WI)
- Minority Leader: Nancy Pelosi (D-CA)
- 241 Republicans
- 194 Democrats

ADMINISTRATION

White House:

- President: Donald Trump
- Vice President: Mike Pence (Governor of Indiana)
- Chief of Staff: Reince Priebus, (Former RNC Chair)
- Director, Office of Management and Budget: Mick Mulvaney, (House Member, R-SC) **CONFIRMED**
- Director, National Economic Council: Gary Cohn (Goldman Sachs)
- Chair, Council of Economic Advisors: Vacant
- Director, National Security Council: Vacant

ADMINISTRATION

Key Cabinet Officials:

- Secretary, Department of Agriculture: Sonny Perdue (Former GA Governor, Former Ag Retailer)
- Administrator, Environmental Protection Agency: Scott Pruitt (OK Attorney General) **CONFIRMED**
- Secretary, Department of Labor: Alexander Acosta, (Law Dean FIU, Former NLRB Official)
- Secretary, Department of Transportation: Elaine Chao (Former Secretary of Labor; Wife of Senator McConnell) **CONFIRMED**

ADMINISTRATION

Key Cabinet Officials, Cont'd:

- Attorney General: Jeff Sessions (U.S. Senator, R-AL) **CONFIRMED**
- Secretary, Department of Homeland Security: John Kelly (General; Commander, U.S. Southern Command) **CONFIRMED**
- Secretary, Department of Energy: Rick Perry (Former Governor of Texas)
- Administrator, Small Business Administration: Linda McMahon (WWE) **CONFIRMED**

KEY ISSUE UPDATES



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Department of Homeland Security

- Chemical Facility Anti-terrorism Standards Program: Security Assessment Tool Updated; New Facility Top Screens
- National Academy of Sciences Undertaking an Improvised Explosives Device Chemical Study

Occupational Safety and Health Administration

- Ag Retailer Exemption from Process Safety Management (PSM) Reinstated
- Long-term Update to PSM Underway
- Clarification Issued on Safety Data Sheets for Custom Fertilizer Blends

Chemical Facility Anti-terrorism Standards Program: Security Assessment Tool Updated; New Facility Top Screens

- DHS has developed a new risk screening methodology to determine the level of security risk posed by facilities that handle chemicals of interest in excess of the screening threshold quantities
- DHS will begin the process of implementing this new methodology on October 1, 2016
- DHS is contacting all currently regulated facilities as well as those that previously completed a top screen, but were deemed to be not of sufficient risk to be subject to the program.
- Each facility will be asked to complete and file a new top screen using an updated on-line tool (CSAT 2.0) available on the DHS website DHS is randomly selecting these facilities and anticipate that all facilities will be required to submit updated top screens.
- DHS expects this process of updating top screens to take at least six months to complete.
- DHS will then be reviewing the top screens to assign (or not) facilities to a risk tier (1 through 4, with 1 being the highest risk). Those facilities currently subject to the program may then be required to do a new security vulnerability assessment (SVA) and to then update their site security plan (SSP).

Chemical Facility Anti-terrorism Standards Program: Proposed Changes to the CFATS Program

- DHS plans to issue a notice of proposed rulemaking addressing the CFATS program
- While the agency was vague on what will be included in the proposal, it is not likely to address the list of chemicals in Appendix A.
- What may be included is a streamlined approach for implementing the series of risk-based performance standards reflected in site security plans and perhaps a petition process for removing chemicals from Appendix A.

National Academy of Sciences Undertaking an Improvised Explosives Device Chemical Study

- TFI staff and members addressed the committee being hosted by the National Academy of Sciences on behalf of the Department of Homeland Security to explore how improvised explosive device chemicals move through commerce.
- Andy O'Hare provided a fertilizer industry overview, sharing details on the general fertilizer supply chain, amounts of certain fertilizer chemicals consumed in the United States, and highlights of voluntary TFI stewardship programs designed to enhance fertilizer industry safety and security, including the ResponsibleAg program.
- Donald Thomas, with CF Industries, Inc., delivered a presentation on ammonium nitrate and nitric acid production and their associated supply chains, supplemented by information on the voluntary measures CF implements to ensure secure handling of these chemicals.
- Gary Vogen with Yara North America, Inc., delivered a presentation on calcium ammonium nitrate. The study committee was very inquisitive throughout the presentations and accordingly were much better informed on the fertilizer sector. The NAS committee will next meet in February.

Ag Retailer Exemption from Process Safety Management (PSM) Reinstated

- TFI and the Agricultural Retailers Association received notice they won their legal challenge to a memo the Occupational Safety and Health Agency (OSHA) issued in July 2015, which subjects approximately 3,800 retail facilities to the PSM program.
- OSHA issued the memo without proceeding through a formal rulemaking process. This decision now requires them to submit the memo and enforcement of the PSM program to retail facilities through an official notice and comment period.
- In a unanimous decision, the panel that vacated OSHA's July 2015 Memorandum issued an order on December 20, 2016 denying Department of Labor's (DOL) petition for panel rehearing.
- In a related move, the entire D.C. Circuit issued an order denying DOL's request for rehearing en banc.
- This concludes DOL's appeals in the D.C. Circuit. DOL may still petition the Supreme Court for a hearing, but this is now unlikely considering the anticipated perspectives of the incoming administration.

KEY ISSUE UPDATES

Environmental Protection Agency

- New Policy on Nutrient Loss Issued
- Risk Management Program Updates Finalized
- Financial Assurance Proposal for Phosphate/Potash Mining Proposed

Surface Transportation Board

- Rail Service Reporting Now Required
- Competitive Switching Proposal Issued

Pipeline Hazardous Material Safety Administration

- Liability for Ammonia Rail Shipments Being Studied

Process Safety Management and Risk Management Plan Comparison Tool

PSM and RMP requirements, by RMP Plan

Regulatory Requirements			Non-Regulatory Best Practices
PSM & RMP Program 1	PSM & RMP Program 2	PSM & RMP Program 3	CCPS Risk Based Process Safety Elements*
Employee Participation	Employee Participation	Employee Participation	Workforce Involvement
Process Safety Information	Process Safety Information	Process Safety Information	Compliance with Standards Process Knowledge Management
Process Hazards Analysis	Process Hazards Analysis	Process Hazards Analysis	Hazard Identification and Risk Analysis
Operating Procedures	Operating Procedures	Operating Procedures	Operating Procedures Safe Work Practices
Training	Training	Training	Training and Performance Assurance
Contractors	Contractors	Contractors	Contractor Management
Pre-startup Safety Review	Pre-startup Safety Review	Pre-startup Safety Review	Operational Readiness
Mechanical Integrity	Mechanical Integrity	Mechanical Integrity	Asset Integrity and Reliability
Hot Work Permit	Hot Work Permit	Hot Work Permit	<i>see Safe Work Practices</i>
Management of Change	Management of Change	Management of Change	Management of Change
Incident Investigation	Incident Investigation	Incident Investigation	Incident Investigation
Emergency Planning and Response	Emergency Planning and Response	Emergency Planning and Response	Emergency Management
Compliance Audits	Compliance Audits	Compliance Audits	Auditing
Worst-Case Release Analysis	Worst-Case Release Analysis	Worst-Case Release Analysis	N/A
N/A	Alternative Release Analysis	Alternative Release Analysis	N/A
5-year Accident History	5-year Accident History	5-year Accident History	N/A
N/A	Document Management System	Document Management System	N/A

*CCPS Risk Based Process Safety program includes additional management systems that are not displayed in this table -- specifically: [Process Safety Culture](#); [Process Safety Competency](#); [Stakeholder Outreach](#); [Conduct of Operations](#); [Measurement and Metrics](#); [Management Review and Continuous Improvement](#). These management systems omitted for clarity, as the PSM and RMP regulations do not have correlating requirements.

TFI PRIORITY ISSUES 2017

Environment, Health Safety and Security

- EPA Risk Management Program
- EPA CERCLA 108 (financial assurance for phosphate and potash mines)
- Water Quality; State Nutrient Loss Reduction Strategies
- Farm Bill/4R Research Fund
- National Academy of Sciences Improvised Explosive Device Chemical Study
- Climate and Energy Policy

Transportation

- Surface Transportation Board (STB) Nominees
- Competitive Switching
- Rail Liability

ResponsibleAg:

STATUS OF PROGRAM PARTICIPATION

- Facilities registered: 2282
- Facilities certified: 452
- Independent auditors trained: 151
- Independent auditors credentialed: 91
- Audits completed: 1303
- Audits scheduled: 1402