



# TAX POLICY

APRIL 2020

OCP GROUP



## I. PURPOSE

As a major contributor to the global fertilizer market, OCP Group supports the transition towards a more prosperous, sustainable, and resilient agriculture. The Group is vertically integrated, from phosphate rock extraction to phosphoric acid and fertilizer production, and therefore strategically positioned to deliver its mission: contribute to sustainably feed a growing world population. This implies caring about the environmental, social and governance impacts in every decision that is made.

OCP Group values the importance to contribute to society through the payment of taxes in all the territories in which it operates, thereby promoting economic, social and environmental development from its own activities as well as those of our stakeholders.

The objective of OCP Group Group's tax policy is to ensure compliance with applicable tax regulations in all the territories in which it operates. In fact, the Group is proactive in the area of tax transparency, safeguarding compliance with local tax regulations and international tax standards and whenever possible, going beyond the strict compliance.

In addition, this policy is aligned with the 2030 Agenda and the Sustainable Development Goals (SDGs). Particularly, it contributes to achieve SDG 10: "Reduce inequality within and among countries", SDG 16: "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels", and SDG 17: "Strengthen the means of implementation and revitalize the global partnership for sustainable development".

## II. SCOPE

OCP Group promotes responsible fiscal action considering the interests and the sustainable economic development of the communities in which it is integrated, ensuring the adequate application of good tax practices.

In this context, all employees of OCP Group (including subsidiaries, joint ventures and business units) involved in tax matters are responsible to ensure that the Group meets all its tax obligations in a timely manner, avoiding risks and tax inefficiencies in the execution of business decisions.

## III. COMMITMENTS

OCP Group understands its corporative responsibility as a cooperative and committed taxpayer. In fact, the Group postulates the following commitments:

### **Follow the highest standard of tax governance and compliance:**

The Group commits, through a transparent and responsible tax policy, to pursue the highest standards, according to the following practices:

- Comply with Moroccan tax regulations, international tax treaties, and local tax regulations of the countries where the Group operates.



- Safeguard complete tax compliance of all its subsidiaries, joint ventures and business units with local and international regulations.
- Encourage practices that lead to the prevention and reduction of significant tax risks through internal information and control systems.

#### **Building a trust-based relationship with Tax Authorities:**

The relations of OCP Group with Tax Authorities shall be governed by the principles of transparency, mutual trust, good faith and fidelity, adopting the following good tax practices:

- Build a constructive and trust-based relationship with the public and taxing authorities in all the countries where it operates through transparency and cooperation.
- Cooperate with the competent Tax Authorities in detecting and seeking solutions regarding fraudulent tax practices that may occur in the markets in which the Group operates.
- Provide tax-related information and documentation requested by the competent Tax Authorities as quickly and completely as possible.
- Contribute justly in the social and economic development of every country where it operates.

#### **Follow the principles of tax responsibility:**

In carrying out its business activities, OCP Group shall follow the principles of an orderly and diligent tax policy that represents the commitments to:

- Properly evaluate, in advance, investments and transactions that present a particular a priori tax risk.
- Avoid the use of artificial structures intended for tax avoidance, that aims solely at benefitting from lower tax jurisdiction.
- Not to enter into transactions with its subsidiaries on a mispricing basis. Considered this practice as a transfer pricing manipulation.
- Avoid the use of opaque structures for tax purposes. Understood these structures as those used to prevent Tax Authorities from knowing the final party responsible.
- Not to create or acquire companies that are resident in countries or territories that Moroccan law consider tax havens in order to evade tax obligations.

#### **Report to the market in compliance with tax practices:**

OCP Group commits to report tax information to the market in compliance with the tax practices collected in this policy. The Group commits to publicly:

- Report on an annual basis its tax performance in the financial results.
- Provide tax information for each country where the Group operates. In order to be considered in the breakdown, each country must comprise 10% or more of OCP Group total annual revenues.

## **IV. IMPLEMENTATION**

The policy is applicable to all the activities of OCP Group. The Group will meet its responsibility by deploying and implementing the following action lines:



- Following the recommendations of the good tax practices codes implemented in the countries in which the Group do business, taking into consideration the Group's specific needs and circumstances.
- Adopting the control mechanisms necessary to ensure compliance with the tax laws and regulations, principles and good practices set forth in this policy, as part of proper business management.
- Implementing internal control on tax processes to guarantee that the Group comply with its tax duties with local and international regulations.
- Continuous monitoring process of tax risks identification to minimise impacts.
- Implementing of coordinated actions plans with every country where OCP Group operates.
- Reporting to the market in compliance with the tax practices endorsed by this policy.

## V. GOVERNANCE

The responsibility of this policy lies under the ESG / Ethics committee that reports at least twice a year to the Board of Directors / Chief Executive Officer.

## VI. COMPLIANCE AND MONITORING

With the aim of identifying, preventing, mitigating and responding to any potential risk related to OCP Group's tax practices, and since these risks may change over time, OCP Group will conduct an ongoing process of risk identification and management in order to ensure the compliance with the commitments stated in this Policy.

## VII. REPORTING

For more information on OCP Group's approach to tax management, please consult OCP Group Sustainability report available on its website: <https://www.ocpgroup.ma/en/investors/annual-report>.

## VIII. REVIEW

OCP Group will periodically review this policy to evaluate its relevance, to monitor compliance and to drive continuous improvement. OCP Group welcomes feedback and encourages dialogue with any interested party. All feedback and comments on this policy should be sent to [sustainability@ocpgroup.ma](mailto:sustainability@ocpgroup.ma).

Signature: Chief Financial Officer