



# RESPONSIBLE PROCUREMENT POLICY

JULY 2021

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 feeding a growing world population. This implies considering the environmental, social and governance impacts in every decision that is made.

OCP Group's value chain relies on a diverse supply chain. OCP Group purchases a wide variety of goods and services from approximately 3,500 suppliers in five regions (North America, Latin America, Europe, Africa Eurasia Middle East and Asia) – with more than two-thirds of expenditures coming from non-OECD countries. OCP Group's procurement costs mainly derive from raw materials energy, industrial infrastructures development and transportation.

Responsible procurement is part of OCP Group's holistic risk management approach designed to:

- Ensure compliance with regulations.
- Secure its sourcing.
- Guarantee respect for OCP Group stakeholders' human rights.
- Create shared value for society.

In this regard, OCP Group is committed to selecting goods and services that are produced and provided in compliance with the most stringent environmental, social, and governance standards. OCP Group's Responsible Procurement Policy is based on labour, health and safety, environmental, and ethical standards that are needed to protect human rights. OCP Group encourages its suppliers to identify possible room for improvement and develop performance assessments to this responsible procurement programme.

This Responsible Procurement Policy (hereinafter "policy") lies under the General Human Rights Policy and further develops the related commitments stated therein.

In addition, this policy is aligned with the 2030 Agenda and the Sustainable Development Goals (SDG), more specifically with SDG 10: "Reduce inequality within and among countries", SDG 12: "Ensure sustainable consumption and production patterns", and SDG 17: "Strengthen the means of implementation and revitalize the global partnership for sustainable development".

For more information on these issues, please see OCP Group's Purchasing Policy and Supplier Code of Conduct. Publicly available at <https://www.ocpgroup.ma/en/sustainability/policies-and-standards>.

## II. SCOPE

This Policy is relevant to all OCP Group's suppliers and contractors and their affiliates and applies to all products and services that The Group purchases. OCP Group strongly encourages its suppliers to promote the requirements of this policy within their own supply chain. The scope of this policy includes the purchase of goods and services that are necessary for the development of our activity. This excludes the raw materials acquisition that it is ruled by specific procedures and controls.



### III. COMMITMENTS

OCP Group undertakes to protect and enhance internationally recognized human rights in line with the United Nations Guiding Principles on Business and Human Rights.

OCP Group expects that this policy will promote sustainable business practices across the value chain. In fact, The Group identifies the following internal commitments and expectations from its suppliers.

#### 3.1. OCP GROUP COMMITMENTS

OCP Group is committed to:

- Manage the environmental, social and governance impacts within its supply chain.
- Identify areas of high-risk within its own supply chain where there are gaps according to the requirements established in this policy.
- Foster action on these high-risk areas in order to maximise performance of The Group.
- Identify suppliers with potential significant sustainability risks based on – but not limited to – the following criteria:
  - Procurement category.
  - Expenses allocation level.
  - The Group’s dependence level to suppliers.
  - Supplier location and size.
  - Number of years in business with OCP Group.
- Set objectives and action plans to support this policy, as well as to pursue continuous improvement of OCP Group practices up to the ISO 20400-2017 standards on sustainable procurement.
- Evaluate suppliers against sustainable performance and the requirements of this policy.
- Prioritise business relationships with suppliers that have embedded sustainable practices in their organizations and who drive such practices within their own supply chain.
- Collaborate and support suppliers to identify activities that fall below the requirements stated in this policy and work towards achieving improved conditions in a timely manner.
- Report and publicly disclose, in line with the UN Guiding Principles Framework on Business and Human Rights, the steps that OCP Group takes to ensure that the protection of human rights is a priority for its business and supply chain.
- Conduct business with suppliers in a fair, objective, transparent and professional manner. This includes treating suppliers’ employees working, at its premises, using the same workplace practices as OCP Group own staff.
- Ensure that all OCP Group’s employees are aware of this policy, and that those responsible for purchasing are appropriately trained.
- Act as an advocate for responsible supply chain practices within its industry.
- Strengthen grievance mechanism to identify, prevent and remedy any negative impacts.



### 3.2. OCP GROUP'S EXPECTATIONS FOR SUPPLIERS

Suppliers conducting work on OCP Group sites must ensure that they comply with the appropriate requirements with a clear understanding of the consequences of non-compliance.

OCP Group will lead the way to sustainable development along the value chain as part of its commitments. Across the Environment, Social and Governance pillars, The Group expects from its suppliers to undertake the following actions:

#### 3.2.1. ENVIRONMENT PILLAR

- Demonstrate compliance with all relevant legislation, regulations, by-laws and any applicable environmental related guideline.
- Maintain all required permits and documentation available for Inspection Authority.
- Disclose information related to greenhouse gas emissions and air quality management to suppliers categorised as high-risk profiles.
- Obtain the ISO 14001 to suppliers categorised as high-risk profiles.
- Adopt similar management systems as ISO 14001 for medium and large suppliers.
- Strive to eliminate unnecessary packaging and have procedures in place to safely recycle or re-use waste by-products in activities where goods are provided.
- Strongly encourage improvements in information disclosure and embedding management systems in the following aspects:
  - Reduction of energy consumption.
  - Reduction of air emissions.
  - Safe handling and disposal of chemicals.
  - Responsible use of water.
  - Improvement of waste management.
  - Reduction of waste-water discharges.
  - Containment of spillages and other potential accidental discharges.

#### 3.2.2. SOCIAL PILLAR

##### 3.2.2.1. LABOR

- Comply with all national, statutory and regulatory requirements, including the International Labour Organisation (ILO) fundamental conventions while contributing in a proactive way to fight against:
  - Any form of illegal labour.
  - Any form of forced labour.
  - Any form of child labour.
  - Any form of discrimination on access to employment due to gender, skin colour, religion, age, handicap, political opinion, nationality, social or ethnic origin.
- Encourage to apply the following fundamentals:
  - Respect for principles contained in ILO applicable conventions to working conditions and maximum working time and remuneration of additional hours.
  - Respect for principles contained in ILO applicable conventions to minimum wages.



- Respect for principles contained in ILO applicable conventions to freedom of association and the right to collective bargaining.
- Prohibit the use of child labour – this is defined as persons under 15 years old, and 18 years old for positions in which hazardous work is required.
- No tolerance for forced, bonded or involuntary prison labour.
- Prohibit the lodging of “security deposits” or retaining of any original identity or travel documents of employees.
- No tolerance for inhuman or degrading treatment within their own workforce, including any form of physical, sexual or verbal abuse, bullying or any other forms of intimidation – including the threat of abuse.
- Recognise and respect the right of their workforce to freedom of association and rights to collective bargaining.
- Ensure that working hours are in alignment to the ILO guidelines and/or national legislation. This generally means limiting working hours to a maximum of 40 hours per week, with at least 24 consecutive hours off within every 7-day period. Overtime shall not be excessive, nor regular, remain voluntary and always be compensated at a premium rate as determined by legislation.
- Operate under fair and appropriate terms of employment, including but not limited to, wages and benefits which at minimum meet legal requirements.
- Do not permit any deductions from wages as a disciplinary measure neither allow any other deductions which are not stated by national law.
- Eliminate all forms of unfair or illegal discrimination while encouraging diversity in the workforce. This shall include the elimination of discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, union membership or political affiliation.
- Ensure that regular employment is provided, eliminating the extended usage of fixed or short-term contracts that avoid conferring mandated benefits to workers.
- Have appropriate mechanisms to evaluate and address risk of human rights violations.

For more information on these issues, please see OCP Group’s **Working Conditions Policy**. Publicly available at <https://www.ocpgroup.ma/sustainability/policies-and-standards>

### 3.2.2.2. HEALTH & SAFETY

- Strive to eliminate fatalities, work-related injuries and health impairment of the workforce.
- Assign management responsibilities and set appropriate policies and preventative maintenance programmes aimed at protecting the health and safety of the workforce.
- Maintain a zero-tolerance approach to unsafe behaviour.
- Assess and manage risks associated with health and safety hazards including occupational exposure. Written procedures, work instructions and appropriate personal protective equipment are considered for addressing these. In instances where there is an increased likelihood of occupational exposure, employees are to receive confidential medical examinations in order to monitor any potential exposure to hazard, this includes noise, dust and excessive vibrations.



- Ensure that the personal protective equipment (PPE) is appropriate for the type of operation performed and available at no cost to the employee.
- Comply with all relevant legislation, regulations, by-laws and any applicable guideline to ensure a safe, productive and hygienic working environment.
- Ensure that workers receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- Maintain a high level of emergency preparedness and response to manage any potential safety, health or environmental emergency.
- Ensure access to clean toilet facilities which are separated by gender.
- Permit unrestricted access to clean water.
- When applicable, provide clean and safe accommodation that meets the basic needs of the workforce.

For more information on these issues, please see OCP Group's **Occupational Health and Safety Policy**, publicly available at <https://www.ocpgroup.ma/sustainability/policies-and-standards>

### 3.2.3. GOVERNANCE PILLAR

- Pursue its activities with integrity.
- Comply with all applicable laws and regulations in the performance of the contracts, these include requirements against anti-competitive practices, collusion, price fixing and bribery.
- Do not permit corruption, bribery, fraud and embezzlement. Suppliers shall not pay or accept bribes, tolerate any form of money laundering or participate in other illegal incentives in business.
- Comply with relevant legislation related to the prevention of money laundering and the prevention of terrorism.
- Comply with the trade laws and regulations, this may include economic sanctions, and import and export laws.
- Demonstrate mechanisms to safeguard against improper use and disclosure of client confidential or sensitive information including intellectual property, pricing, employee and patient information.
- Be committed to transparency and accountability in their business dealings, supported by confidential "whistleblowing" channels.

For more information on these issues, please see OCP Group's **Purchasing policy** and **Supplier Code of Conduct**, publicly available at <https://www.ocpgroup.ma/sustainability/policies-and-standards>

## IV. IMPLEMENTATION

OCP Group will require its suppliers to implement the following lines of action:

- Completing a self-assessment questionnaire based on the expectations mentioned in this policy.
- Providing OCP Group or its representatives with relevant documentation to demonstrate compliance with the policy, to co-operate and to use reasonable endeavours to ensure that their sub-contractors do the same.



- On a sample basis, suppliers can be required to conduct an independent responsible sourcing audit.
- Developing a remediation plan with realistic timeframes to close-out issues and communicate that plan to The Group when the self-assessment questionnaire or verification audits have indicated non-compliances. OCP Group reserves the right to disengage from suppliers that do not meet the requirements of this Policy or who cannot provide or commit to a remediation plan.

Alongside this Policy, OCP Group has defined a progress roadmap focused on the most salient human rights identified in the procurement process.

## 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 negative consequence regarding responsible procurement, and since risks associated to it may change over time, OCP Group commits to conduct an ongoing process of due diligence and risks identification regarding the sustainability issues hereinbefore expressed in its procurement processes.

## VII. REPORTING

For more information on OCP Group's approach to responsible procurement management, please consult OCP Group Sustainability report available on its website: <https://www.ocpgroup.ma/Recent-publications>

For consulting all the above-mentioned policies, please visit OCP Group's website <https://www.ocpgroup.ma/sustainability/policies-and-standards>

## 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).