



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

This policy sets out OCP Group's integrated approach towards responsible purchasing, based on the establishment of long-term relationships with suppliers that comply with the highest environmental, health & safety (HSE) standards, and Corporate Social Responsibility (CSR) standards.

In addition, this policy is aligned with the 2030 Agenda and the Sustainable Development Goals (SDGs). Particularly, it contributes to achieve SDG 12: "Ensure sustainable consumption and production patterns".

II. SCOPE

OCP Group maintains balanced and mutually profitable relationships with suppliers, ensuring the fulfilment of their obligations as the respect of their rights. OCP Group helps suppliers to improve their performance by developing a support offer (via internal or external structures). Long-term relationships are developed with successful companies, aligned with its environmental, health & safety (HSE) and Corporate Social Responsibility (CSR) standards.

The ethical and transparent purchasing system set up by OCP Group ensures safety, purchasing confidentiality and non-collusion of interests with its stakeholders. This system is supported by procurement digitalization and standardization of documentary and contractual supports (Specifications, grid, contracts, etc.)

OCP Group ensures purchasing professionalization to guarantee Quality of Service for both internal customers and supplier's relationship. This professionalization is based on pooling of purchasing needs, on relevant and effective new suppliers sourcing and on definition of purchasing strategies by category.

OCP Group, for whom supplier's relationship drives competitiveness to promote and establish its leadership, ensures the establishment of a favorable business environment.

III. COMMITMENTS

OCP Group considers sustainable purchasing as a driver for performance and competitiveness, and to this end, the Group commits to:

- Meet the highest social and environmental standards, labels or certificates in the industrial sector where it operates.



- Raise awareness among suppliers and partners about systematic compliance with regulations and sustainable purchasing requirements, throughout the value chain of their fields of activity.
- Contribute to the emergence and the development of regions where its production and operational sites are located through supporting the industrial base. This involves:
 - Planning of business opportunities dedicated only to local VSE (Very Small Enterprise) with the objective to reach a local purchase share of 30%.
 - Local preference up to 5% as a competitive driver for local businesses and structures, so local businesses around OCP Group sites can benefit from a competitive advantage to support their development and progress.
 - Support for local business initiatives.
 - Regional Very Small Enterprises (VSE) and Small and Medium-sized enterprises (SMEs) support.
 - Provide an appropriate framework for company incubation and growth of entrepreneurship.
 - Encourage local investments by international partners via long-term partnerships.
- Enhance the ability of its suppliers to comply with all relevant environmental legislations and guidelines, encouraging them to obtain environmental certifications and engaging with them on the improvement of their environmental performance and disclosure. For further details on environmental procurement requirements, please refer to the Responsible Procurement Policy.
- Minimise the environmental impact of its production processes, by implementing resource preservation, sustainable production, smart consumption and value creation through processing and recycling.
- Consider environmental criteria in the development of new products along the value chain while selecting raw materials with lower environmental footprint, production manufacturing, distribution, use and end of life.
- Consider environmental criteria for the purchasing of finished products to suppliers (i.e. office material), choosing wherever possible, the most sustainable supplies.

IV. IMPLEMENTATION

OCP Group will implement the following lines of action:

- Following the principle of “best bidder” in the purchases of the Group. This principle is based on measurable and transparent criteria (quality, performance, durability, maintenance cost and local content, among many other).
- Ensuring costs and deadlines control in purchasing, transactions and security of supplies through the implementation of medium and long-term framework agreements, contracts and partnerships.
- Making the Purchaser and the Project Manager responsible for the efficient implementation of any purchase in line with applicable processes, planning, budgetary control and ex-post control.
- Ensuring that every role in a purchase is understood:
 - Purchasers are Business Partners who use their expertise, especially in terms of market knowledge, negotiation and supplier relations, in support of the Group's internal stakeholders. They are responsible of the Purchasing process.



- Project managers are responsible for the overall performance of their timely projects execution.
- Supplier Management aims to promote a culture of excellence among suppliers through their performance evaluation and communication, their progress plans monitoring as well as through systematic field audits.

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 purchasing 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 responsible purchasing, please consult OCP Group Sustainability report available on its website: <https://www.ocpgroup.ma/en/investors/annual-report>.

For more information on how OCP Group understands sustainability throughout its value chain, please see the Responsible Procurement Policy available at <https://www.ocpgroup.ma/en/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.