Ballance

Western Sahara

Why do we source phosphate rock from Western Sahara?

We want to ensure our customers have access to the very best nutrients to optimise their farms while managing their environmental footprint for future generations. We put considerable effort into satisfying ourselves on the integrity of our sources of raw materials and finished products.

We only buy products from suppliers that can demonstrate awareness and adherence to relevant and appropriate social and ethical standards. We will also seek to ensure that our suppliers are aware of their impact on the environment and encourage them to monitor and take measures to mitigate impacts. We will take all reasonable and practical steps to monitor supplier activity in order to ensure that standards, which could impact adversely upon the local or global environment are not compromised. This includes, but is not limited to regular visits by members of our Board, Executive, Technical, and Procurement team to sources of supply.

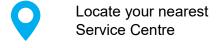
We are mindful of the different perspectives around Western Sahara and aware of the public interest, here is some key information to help inform you about this important topic:

- PhosBoucraa rock from Western Sahara (http://www.phosboucraa.ma/company/about-phosboucraa) is used for the manufacture of superphosphate fertiliser.
- NZ soils are deficient in phosphorus and sulphur, as we are a largely grass based (pastoral) farming nation.
- PhosBoucraa rock is ideal for NZ's specific soil conditions and environmental

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- constraints being high in phosphorus and having low cadmium levels.
- In the 1990's the fertiliser industry put in place a cadmium reduction strategy (Cadmium is a heavy metal that is found in many phosphate rocks).
- Western Sahara is a non-self-governing territory, one of 17 worldwide, including Tokelau which is administered by NZ, and subject of a complex dispute that's been going for over 40 years.
- We are operating within UN expectations and we are comfortable both legally and
 ethically sourcing phosphate rock from PhosBoucraa (https://www.phosboucraa.ma/company /about-phosboucraa) (owned by OCP (https://www.ocpgroup.ma/en)), approximately 2% of OCP's managed reserves are in Western Sahara.
- Ballance executives and Board members visit the Western Sahara on a regular basis to evaluate compliance with the UN framework and our own stringent standards:
 - **a.** The operations should promote economic advancement and provide direct and indirect benefits to the inhabitants of the territory and to the territory itself.
 - b. Working conditions should be non-discriminatory.
 - **c.** The operations should be conducted rationally and sustainably to ensure long-term access to resources.
- Economic development of the region boosted by trade has a direct positive impact on the local population.
- OCP (https://www.ocpgroup.ma/en) provide regular updates about employment practices, health and safety, benefits to local people and investment in health, education and social programmes.
- OCP financial data confirms that it has taken no dividends from the operation of Phosboucraa, with all profits reinvested in the region to maintain and expand operations and to support the local community via the <u>Phosboucraa Foundation</u> (http://www.phosboucraafoundation.org/).

We will continue to explore alternatives for products that meet NZ farmer needs.



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