

Innophos Holdings, Inc.
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United States of America



1 March 2018
Brussels, Belgium

To the attention of Dr Kim Ann Mink,
Chairman of the Board, Chief Executive Officer and President, Innophos Holdings, Inc.

Re. Innophos Holding's taking of phosphate rock from occupied Western Sahara

Dear Dr. Mink,

We have the honour to present you our compliments. We are writing with regard to Innophos purchases of phosphate from Western Sahara as supplied through the Geismar plant of Nutrien Ltd, formerly Potash Corporation of Saskatchewan Inc.

In April 2018, we will publish our annual overview report of the Western Sahara phosphate trade for 2017. Innophos will be featured in that report as one of the takers of the conflict mineral, as admitted by the firm in its 2016 annual report. In that report, the company states that:

"We are also subject to risks stemming from local social and political conditions in those jurisdictions where the phosphate rock that supports our operations is sourced. The phosphate rock that it utilized by PCS to supply MGA to our Geismar, Louisiana facility is subject to those social and political conditions in Western Sahara, where PCS sources the phosphate rock, which territory has had a long history of social and political upheaval. If PCS is unable to source phosphate rock or sufficient amounts of phosphate rock, our MGA supply would be disrupted and our ability to manufacture our products could be materially adversely affected."

As stated in our previous letters to Innophos relating to your company's former direct imports into Mexico, to which we never received any reply, there are a number of ethical, political and legal issues connected to the use of phosphate rock from Western Sahara – a Non-Self-Governing Territory that is subject to UN-mediated peace talks and mired by a brutal military occupation by Morocco since 1975. The resulting human rights abuses are regularly reported by credible organisations such as Human Rights Watch, Freedom House, etc. To a large extent, the conflict is fueled by Morocco's illegal exploitation of Western Sahara's natural resources. The trade in phosphate rock has been a major source of income for maintaining the occupation.

While Innophos Holdings may no longer be importing directly from Western Sahara, it is still indirectly contributing to financing the conflict through an apparent lack of enforcing supplier accountability. As long as Morocco is allowed to profit from its illegal occupation of Western Sahara, it has little incentive to return to the negotiation table with the representative of the Western Sahara, the Polisario Front, to find a solution to the conflict.

That Morocco's claims of ownership of the phosphate mines in Western Sahara is unfounded, has recently been exemplified by the case of the *NM Cherry Blossom*, a bulk carrier transporting 55,000 of Western Sahara phosphate rock that was detained on 1 May 2017 in South Africa. The South African High Court ruled on 23 January 2018 that the Saharawi Government was the rightful owner of the cargo aboard the vessel, and that Morocco's state-owned phosphate company OCP SA or its subsidiary in Western Sahara Phosphates de Boucraa were never lawfully entitled to sell the phosphate rock.

The case echoes the principles underpinning two recent judgments by the Court of Justice of the European Union, which conclude that Western Sahara is a territory that is "separate and distinct" from Morocco, and that it would thus be unlawful for the EU to conclude any agreement with Morocco for Western Sahara, as that would be a violation of the right to self-determination. The Advocate General of the EU Court of Justice in his Opinion of 10 January 2018 underlines that the right to self-determination is a human right, and that this right is being violated by entering into deals without taking into account the right of the people to consent.

As you will know, the Saharawi people's right to self-determination has been repeated in over 100 UN Resolutions. In recent years, UN Treaty Bodies have stressed the need for Morocco to respect the of the Saharawi people to free, prior and informed consent with regard to the exploitation of their resources. Something Morocco refuses, and in fact actively contravenes by committing a range of human rights violations against Saharawis advocating their right to self-determination, and, inter alia, their right to resources. A number of Saharawi political prisoners have been convicted to long or life sentences for their advocacy for socio-economical rights.

We are convinced that the continued occupation of Western Sahara and the resulting human rights violations are not something Innophos Holdings would want to be associated with.

We would be grateful if you could answer the following questions:

1. How many tonnes of phosphate from Western Sahara has Innophos Holdings purchased in the years 2015, 2016 and 2017? How many tonnes does the company expect to take in in 2018?
2. According to the 2016 Annual Report, Innophos has a long-term agreement for merchant green phosphoric acid (MGA) with PCS (now Nutrien). When was the agreement signed and when does it expire?
3. Innophos Holdings is perfectly aware that Nutrien sources its phosphate rock in Western Sahara. Why has Innophos not refrained from entering into a supply agreement with Nutrien as part of its due diligence exercise?
4. Does Innophos Holdings have a sourcing policy in place that expects its suppliers to cooperate in providing due diligence information confirming that there are no conflict minerals in its supply chain? If so, why is it still purchasing phosphate rock from one of the most long-lasting conflicts in Africa?
5. Nutrien has announced that its imports to Vancouver would be terminated by the end of 2018. The company is looking into options for the Baton Rouge imports, as the "goal is not to have a Western Sahara issue as part of the new company going forward" (dixit Chuck Magro, CEO of Nutrien). How will Innophos respond to a situation where its go-to supplier can no longer provide the required rock?

Within the framework of corporate responsibility, it would be advisable that Innophos Holdings applies respect to human rights also in its supply chain, and to refrain from purchasing raw materials that are sourced in violation of human rights in a conflict area. Accordingly, we expect the company

will issue a statement that it will discontinue engagement with suppliers who sell phosphate rock from occupied Western Sahara.

Thank you in advance for considering our concerns, and we look forward to hearing from you. Please do not hesitate to get in touch if you'd require any further information on any of the above-raised issues: we'd be happy to respond.

Best regards,

Sara Eyckmans

Coordinator

Western Sahara Resource Watch

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A copy of this letter was sent to:

- Mr Chuck Magro, President and Chief Executive Officer of Nutrien Ltd
- UN Special Representative for Western Sahara and Head of UN Mission for the Referendum in Western Sahara, Mr Colin Stewart
- Personal Envoy of the UN Secretary General for Western Sahara, Mr Horst Köhler