



MANAGEMENT
APPROACH
DISCLOSURE

SUPPLY CHAIN MANAGEMENT

8 DECENT WORK AND
ECONOMIC GROWTH



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Supply Chain Management*

Related GRI Contents	103-1; 103-2; 103-3
Related Sustainable Development Goals	SDG 8 ; SDG 12
Related Performance Data	Value Chain
Related Management Approach Disclosures	Quality
Related Case Studies	Support to Local Suppliers
Other related documents	<ul style="list-style-type: none"> - Anti-bribery and Corruption Policy - Human Rights Policy - Environment Policy - Whistleblower Policy - Code of Conduct
Future Commitments	<p>Complete environmental and social assessment for key suppliers for Olaroz Lithium Facility focusing initially on suppliers from regions or products identified as higher risk for modern slavery.</p> <p>Continue to implement and begin reporting on any breaches of our Supplier Code of Conduct.</p> <p>Work with our local suppliers to develop metrics to reflect improved performance and development.</p>
Related Material topics	Responsible Supply Chain

Strategic significance

Optimising our supply chain enables Orocobre to control costs, minimise associated risks, and ensure the continuity and reliability of operations. To minimise risk, we expect our suppliers to adhere to our social and environmental performance standards and expectations.

Due to Orocobre's commitment to Shared Value, we focus on developing capacity of suppliers and contractors from the local communities surrounding our operations. This helps us to expand our local supplier base, enhance reliability and quality of service delivery, and contribute to the economic development of these local communities.

Maintaining effective Supply Chain Management is also critical for Orocobre to remain a valuable partner to our domestic and international customers who increasingly require certification of sustainability credentials of our operations as well as our supply chain.

Impact boundary

This management approach disclosure refers to both Sales de Jujuy (Olaroz Lithium Facility) and Borax Argentina. Management approaches for our operational activities, expansion project and office-based procurement of goods and services are included within this scope.

(*) This Document is part of Orocobre's Sustainability Report and should be understood as part of itself. Understanding Sales de Jujuy as Sales de Jujuy S.A., SDJ or Olaroz Lithium Facility and Borax Argentina as Borax Argentina S.A or BRX.

Management approach

As part of Orocobre's commitment to advancing the UN Sustainable Development Goals, and in particular [SDG 8: Decent Work and Economic Growth](#), we seek to support productive activities, decent job creation, entrepreneurship and to encourage the development and growth of micro, small, and medium-sized enterprises in the local supply chain. Orocobre also acknowledges the importance of sustainable procurement practices in the achievement of [SDG 12: Responsible Consumption and Production](#).

To support the Company's commitment to the UN Guiding Principles suppliers are required to demonstrate adherence to Company policies regarding Human Rights, Environment, Labour and Corruption. These include, but are not limited to:

- [Anti-bribery and Corruption Policy](#)
- [Human Rights Policy](#)
- [Environment Policy](#)
- [Whistleblower Policy](#)
- [Code of Conduct](#)



Management Systems

Orocobre manages and monitors the environmental, social and governance performance of its suppliers through supplier selection, appointment and delivery of products and services. Relevant management systems for the Olaroz Lithium Facility and Borax Argentina are outlined below:

- **Supplier selection:** Contract-specific screening criteria are used when inviting or requesting quotes from vendors to provide products or services. Potential suppliers are assessed against technical and financial criteria. Technical criteria are developed and assessed by the relevant technical team (depending on what the goods or services are) and the procurement team assess the financial metrics of received quotes.
- **Appointment:** On appointment, the information for new suppliers is registered in the supplier database. This includes any relevant additional information for the supplier and acceptance of the relevant Orocobre social, environment and governance policies (as listed above). If the supplier is already included in the supplier database, the purchase order includes reference to an agreement to comply with the relevant Orocobre policies.
- **Service/Product-Delivery:** The delivery of the contracted goods and/or services is to be as agreed upon by the Company and the supplier. On delivery of services, a certificate is approved and signed by the area manager and supervisor as well as the Contracting area. The supplier then issues an invoice to the Finance Office together with the authorised certificate and invoices are paid within the agreed terms. For the supply of goods, an invoice, including a signed delivery note is issued by the supplier. The receipt of the agreed goods and services are registered in the supplier database before the Finance team can pay the invoice.

For suppliers and contractors who work on site at the Olaroz Lithium Facility, a supplier management system (SICOP) is used to document all supplier relationships and manage vendor service delivery at site. This ensures

compliance with statutory and contractual requirements. Supplier inspections are performed on an ongoing basis to monitor compliance with health, safety, environment, as well as scope-of-work and contract requirements.

At the Olaroz Lithium Facility, the Health, Safety and Environment team supports the Procurement team with site-based inspections and evaluations of suppliers. In Borax Argentina, the Risk Management and Environment team are involved in conducting relevant preliminary evaluation of the documentation submitted concerning risk analysis of suppliers. Initial training is also provided for on-site safety and environment matters.

Local Procurement

The Shared Value team gives support with the identification, facilitation, and development of the local community supplier base.

The Company actively promotes and supports its local communities to develop and build businesses that can support their current and future activities in the area. Working collaboratively with the [National Institute of Industrial Technology \(INTI\)](#), Olaroz Lithium Facility offers training and capacity building in the technical and commercial aspects of running a business. Likewise, Olaroz Lithium Facility and Borax Argentina have established a series of support mechanisms within the recruitment process to ensure that community suppliers are given priority at each stage of the evaluation process.

To review technical capability, regular meetings are held with local suppliers to explain the technical aspects they need to develop in order to deliver the quality of work required. When reviewing social and environmental standards, the Company outlines opportunities for improvement and provides the necessary support to ensure compliance with performance standards. For certain contracts where local suppliers have demonstrated a high level of performance, the organisation only invites local community suppliers to tender.

Responsibilities

Group-level responsibility for Supply Chain Management rests with the Chief Operations Officer (COO).

At an operational level, areas in each of the companies conduct procurement activities with the oversight of the Procurement function, managed by Orocobre's Director of Finance and Administration.

Grievance Mechanisms

Orocobre currently has grievance mechanisms in place to enable its employees and suppliers to raise queries, concerns, or complaints they might have with regards to supplier obligations. Depending on the case, these mechanisms include communications processes with unions, a [Whistleblower Policy](#) and hotline (for Argentine employees and suppliers), a community grievance procedure, and customer complaints logs.

Monitoring and Reporting

To monitor and evaluate the performance of Orocobre's Supply Chain the Company has implemented an integrated supplier control system, "SICOP" for the Olaroz Lithium Facility. SICOP allows checks to be conducted before contractors enter any of the facilities. SICOP integrates with SAP, so records are kept of the purchase order related to the service and its approval, certifications, payment evidence and other administrative documents. This documentation control enables direct management of site access based on supplier and contractor compliance with performance requirements.

FY20 update

During FY20, Orocobre implemented the COVID-19 Biosafety Protocol promptly and successfully at all operating sites and offices. This effective and quick response led to many of the Company's suppliers adopting the same measures so that the Company's Biosafety Protocol and principles and priorities were applied across all activities.

SALES DE JUJUY (Olaroz Lithium Facility)

Materials Supply

To enhance product quality, workplace safety and operational productivity, the Company reviews performance and compliance with company policy by its suppliers. During FY20 the procurement team worked on improving administrative and technical capabilities of suppliers to progressively strengthen controls. This included the contacting and assessing potential new suppliers who meet the compliance requirements to consider procurement of their services for the next fiscal year.

Quality of Feedstock:

Quality of feedstock materials can impact the production processes and in turn, the quality of the final product. The operational team has been working with the Supply

Chain team to better control production inputs and processes so that quality and consistency of products can be further enhanced.

In FY20, the company worked to optimise the codes used to identify feedstock materials in the master register to improve supply quality. Additionally, all information received in connection with any new materials or services is now forwarded to the relevant technical departments, which have the necessary skills and knowledge to evaluate that information.

Irrespective of the relevant guarantees, suppliers and contractors were asked to provide evidence of compliance with tests, calibrations, or relevant standards. The company enlisted the certifying firm TUV, for auditing contractors for specifications and quality control and issuing the applicable supporting certificates. This information is now being systematised in the applicable technical files, in connection with new materials added to the materials register or in connection with the relevant supplier's profile.

Control and Compliance:

Contractor control was a core focus in FY20.

Documentation processes were optimised through the SICOP system, which reduced the timeframe involved before suppliers and contractors arrive at the site. These controls have enhanced compliance with the Company's standards regarding quality, social and environmental performance commitments.

During FY20, we worked with stakeholders to enhance understanding of Orocobre's Code of Conduct that sets out the Company's basic expectations in terms of social and environmental responsibility, and health and safety standards. An action plan has been designed to assist with making sure vendors and contractors adhere to the updated Code of Conduct in FY21.

A Contract Management team was created within the Olaroz Stage 2 Expansion project to enhance monitoring of contractors in connection with all applicable contractual requirements. These included insurance policies and other supporting documentation, as well as compliance with contractual terms, and application of penalties in the event of noncompliance.

Local Suppliers:

Programs were implemented with local suppliers to improve their skills and capacity to meet the Company's needs:

- Local suppliers were invited to visit the site and learn first-hand the scope of the relevant services required, thus enhancing their ability to respond to the Company's needs when submitting their proposals.
- In response to the COVID-19 pandemic, Orocobre implemented a program designed to support suppliers located in the Company's area of influence, to minimise any negative financial impact on them. Support teams were established, and every supplier received

administrative support to obtain credit facilities and other benefits granted by governmental agencies. The Company also helped suppliers by moving up outstanding payments and reducing the term for payment to suppliers. This resulted in improved trust and stronger relationships with these suppliers.

- As a result of COVID-19-related restrictions, the operations and expansion teams focused their efforts on preserving local suppliers' jobs. Services and tasks were analysed, assessed, and redistributed to avoid terminating any internal and external relationships if possible. The Company reassigned the reduced workload associated with the Olaroz Stage 2 Expansion project to existing local suppliers, who handled 60% of all the work done during this period.
- Several social commitments were included in the procurement requirements for the Olaroz Phase 2 Expansion project, with a view to meeting and considering social expectations and risks. Selected commitments are reported on monthly in accordance with the guidelines established by the Shared Value team. The Shared Value team monitors the local contracting process by project suppliers to ensure that it is in line with the Company's commitments.

Domestic and international suppliers:

Due to transportation restrictions associated with the COVID-19 pandemic, supplies from non-local vendors experienced difficulties in terms of delivery to the work site. As a result, there were periods where materials were stored on a property close to the Chilean border. Thanks to the efforts of local vendors, all materials and equipment were gradually transported and delivered to the site. Orocobre has been working to add new certified vendors to mitigate pressure on business relationships with domestic and international suppliers if supply is limited in the future.

BORAX ARGENTINA

Logistical Resilience:

The Dispatch and Foreign Trade area achieved a reduction in logistics costs which resulted in a more efficient process. This was largely due to increasing the use of railway as a means of land transportation.

Logistics and Finished Products Warehouses integrated the transportation circuit from sites located in the Puna and Campo Quijano areas within the SAP system. This resulted in greater control and speed in terms of inventory updates. Improvements were also made in loading cargo into shipping containers optimising container movements at Campo Quijano.

The Company continued to give priority to regional suppliers of logistics services for finished products, increasing shared value within our local communities.

Procedures Administration and Efficiency:

The Service and Contract Bidding Process was improved during FY20, by standardising the legal framework documentation, resulting in benefits for both the Company and its vendors.

The issuance of dispatch documentation has been improved by implementing electronic delivery slips printed directly by the SAP system. Invoice details have been organised in a more effective manner, and digital MERCOSUR (Southern Common Market) certificates are now being issued. All these improvements have resulted in substantial reductions in the use of paper, and improvements in the standardisation of documentation.

In FY20, implementation of ISO 9001 standards began in the Warehouse and Inventory areas of Borax Argentina's operations. This started with the standardisation of procedures, instructions, and records. This will facilitate traceability of the work done, enhanced commitment by all the employees involved, and continuous improvement of the relevant process.

Additionally, the availability of critical supplies and spare parts was improved, thus ensuring that all three production plants are adequately supplied. In the next fiscal year, stocks of these critical items are expected to remain above 95%.

For more data on these matters, refer to the [Value Chain Performance Data](#).