Guidelines
May 2023

OCI Global

Environment Sustainability Guidelines

These guidelines must be adhered to whenever writing, presenting or talking about the environment or sustainability on behalf of OCI.

Communications on this topic must be reviewed and approved by colleagues in our Global Sustainability and Communications teams before use or publication. These guidelines are to assist that review and approval.

Sustainability

Being accurate and consistent in our communications on this strategically important topic helps to protect our credibility and increase our influence with stakeholders.

We consistently use our approved global messages to describe our decarbonization strategy and our methods to minimize the impact of our operations and our products on the environment.

These messages are regularly refreshed and adapted to changing circumstances, so please contact the Corporate Communications team for the most recently approved version.

Note on Greenwashing

While there is currently no legal definition of greenwashing, it is widely recognized as a practice where an organization or individual makes an **unsubstantiated or misleading public claim** about having a positive impact, or a less negative impact on the environment.

Misleading information that can be construed as greenwashing **does not have to be deliberate**.
A lack of knowledge can also lead to greenwashing.

There is currently a rise in litigation related to greenwashing, prompted by NGOs, consumers and regulators, amongst others. In addition, regulations about substantiation method of sustainability (claims) are expected in the EU.

Companies in the petrochemicals industry are among those most commonly accused of greenwashing and where litigation against greenwashing has been most successful.

As a global chemicals company that still uses fossil fuels at a significant volume in our production processes, **we must be very vigilant of greenwashing**.

OCI's strategy to decarbonize is real and robust, but we are still in the early stages of progress and so we must be realistic and truthful about our environmental impacts today, as well as our ambitions for tomorrow.

Sustainability commitments and goals

The latest information about OCI's global sustainability targets and initiatives are described in our Annual Report.

In summary they are:

20%
Scope 1 and 2 reduction in Greenhouse gas (GHG) intensity by 2030 (based on 2019 baseline)

Achieve **carbon neutrality** by 2050

100%
renewable energy use by 2030

Zero
freshwater consumption in our water stressed sites by 2023

Claims

Guidance on communicating environmental claims

An environmental claim is anything we say or write that suggests how a product, service or our company as a whole provides a benefit to the environment or is less harmful to the environment.

Any environmental claim made by OCI must:

1. Be truthful and accurate

We must be able to substantiate all claims we make about products, services, brands and activities with specific and verifiable data:

- Substantiating information must be credible (i.e. ideally come from or be verified by a relevant, qualified and independent third-party, or as a minimum be approved by our sustainability team), verifiable and be up to date.
- If there is a generally recognized and credible opposing view, be clear about this.

2. Be realistic

Should only relate to an environmental aspect that either exists today or is likely to be realized in the near future. When talking about our goals, or aspirations, we must be clear that we aim to achieve them in the future, but are not there yet. We must be able to show specific examples of how we are already taking steps to realize them.

3. Be clear and unambiguous

- The meaning that the average consumer would take from the way we describe a product or process and the verifiable credentials of that product or process should match.
- Do not omit or hide important information: Claims must not prevent someone from making an informed decision or give them a misleading impression because of the information they leave out.
- Explanatory statements shall be of reasonable size and in reasonable proximity to the environmental claim they accompany. They should not contradict the claim (for example: 100% recyclable packaging *except the label and lid).
- If a comparative assertion of environmental superiority or improvement is made, be specific and make clear the basis for the comparison. In particular, the environmental claim shall be relevant in terms of how recently any improvement was made.
- If based on a pre-existing but previously undisclosed aspect, be presented in a manner that does not lead purchasers, potential purchasers and users of the product to believe that the claim is based on a recent product or process modification. Environmental claims must not be based on an improvement as a result of adhering to any legal requirements.
- Where possible, give an explanation of the meaning we attribute to certain terms (see our glossary below), because there are not yet global standards.

4. Only make fair and meaningful comparisons

Any products or processes compared should meet the same needs, be intended for the same purpose, address the same scale and be contemporary in terms of the latest data.

5. Consider the full life cycle of the product and downstream implications

When making environmental claims, businesses must consider the total impact and full life cycle (ingredients, packaging, transport etc.) of a product or service. Note that by default, the assessment is made on the full life cycle of the product.

Claims such as ‘environmentally friendly’ or ‘good for the environment’ imply that the product or service improves the environment, has an overall positive impact on the environment, benefits the environment and, in any event, no environmental damage occurs during the lifecycle of the product or service. It is possible to make a claim about a specific stage of the lifecycle, provided we are very clear about this in the claim itself.

6. Be reassessed and updated as necessary, but as a minimum annually

DO NOT USE vague or absolute language when talking about environmental claims.

Always be specific and provide context.

Avoid the use of the following terms (not a finite list) which can be deemed misleading:

- **Environmentally friendly**
- **Good for the environment**
- **Planet friendly**
- **Climate neutral, carbon neutral** (note that offsetting is not allowed in all countries)
- **Green** (as a general term – only to be used when talking about renewably-sourced products)

The following terminology refers specifically to OCI’s own products.

Products

Ammonia:

Renewable ammonia

Ammonia produced from renewable feedstocks and renewable energy.
There are 2 types of renewable ammonia that OCI produces today:

Bio-ammonia:

Can either be produced by using biomethane instead of natural gas in existing facilities or from biogenic fraction of gasification of municipal solid and biomass waste. Achieves a carbon intensity reduction of at least 60% compared to the industry average.

Green ammonia:

Can be produced from hydrogen from electrolysis based on renewable electricity. Achieves a carbon intensity reduction of at least 70% compared to the industry average.

Low carbon ammonia

This can be used to describe either:

(i) renewably-based ammonia that does not meet the carbon intensity reduction threshold or

(ii) ammonia produced from natural gas with carbon capture, with lower carbon intensity than grey ammonia and industry average emission or

(iii) from recycled fossil feedstocks.

Blue ammonia:

Can be produced with low carbon hydrogen from natural gas with carbon capture and storage (CCS) that can achieve carbon intensity reduction of at least 70% compared to industry average from cradle-to-gate.

Circular ammonia:

Can be produced from recycled carbon fuel from gasification of municipal solid waste. Achieves a carbon intensity reduction of at least 70% compared to the industry average.

Low carbon ammonia:

Is produced using hydrogen with a lower carbon intensity compared to industry average, and which does not meet the carbon intensity reduction threshold. The sources can also include by-product hydrogen from steam crackers or chlor-alkali.

Grey ammonia

Conventional ammonia produced from natural gas without CCS.

Sustainably produced fertilizers:

Green Produced CAN

Can be produced from:

Bio-ammonia, which OCI currently produces at its ammonia facilities in Geleen and Beaumont.

Green ammonia, which OCI currently produces in Egypt from green hydrogen produced using an on-site electrolyzer. Achieves a carbon intensity reduction of at least 70% compared to the industry average.

If referring to sustainably produced fertilizers - using definitions as green and renewable - always clearly state in the product name and product description that the carbon intensity reduction took place in OCI's own production processes, either by reducing OCI's direct Scope 1 and 2 CO_2 emissions or by sourcing lower carbon or renewable feedstocks used in our production processes.

Fully Renewable Produced Urea/UAN

Renewable ammonia + biogenic CO_2
Can be produced from OCI Nitrogen Europe's - biogenic CO_2 from biogas. Achieves a carbon intensity reduction of at least 70% compared to the industry average.

Renewable Produced Urea/UAN

Renewable ammonia + fossil CO_2
Can be produced today at OCI's ammonia facilities in Egypt and Geleen.

Lower Carbon Fertilizers

Can be produced from low carbon ammonia, which on its turn is produced using hydrogen with a lower carbon intensity compared to industry average, and which does not meet the carbon intensity reduction threshold. The sources can also include by-product hydrogen from steam crackers or chlor-alkali.

Melamine:

Renewable melamine

Melamine produced from renewable feedstocks or with renewable energy.

Bio-melamine:
Can either be produced from Bio-ammonia or from the biogenic fraction of gasification of municapal solid and biomass waste, where both feedstocks meet a carbon intensity reduction of at least 60% compared to the industry average.

Green melamine
Can be produced from green ammonia, based on hydrogen from electrolysis based on renewable electricity, with a carbon intensity reduction of at least 70% compared to the industry average.

Low carbon melamine

Can be either produced by low carbon ammonia + fossil CO_2 or low carbon ammonia + biogenic CO_2, which does not meet the carbon intensity reduction threshold.

Sustainable methanol:

Green (renewable) methanol

Methanol produced from renewable feedstocks. There are 2 types of renewable methanol that can be produced by OCI today or are under development.

Bio-methanol:`
Can either be produced by using biomethane instead of natural gas in existing facilities or from biogenic fraction of gasification of municipal solid and biomass waste. We use waste, residues and by-products as feedstocks. Forestry waste and residues must originate from FSC certified forest or equivalent. Bio-methanol will have at least 60% carbon intensity reduction compared to fossil comparator.

E-methanol / green methanol:
Can be produced by combining hydrogen from electrolysis based on renewable electricity and biogenic or recycled CO_2. This definition is in line with the EU's Renewable Fuels of Non-biological Origin (RFNBO) requirements. E-methanol will have at least 70% carbon intensity reduction compared to fossil comparator.

Low carbon methanol

Methanol produced from natural gas with lower carbon intensity than grey methanol and industry average emission or from recycled fossil feedstocks.

Recycled carbon fuel (RCF) methanol:
Can be produced from recycled fossil fraction of gasification of municipal solid waste. RCF methanol can be used in marine shipping and as an effective chemical recycling route to plastic (e.g., via methanol to olefin). Achieves a carbon intensity reduction of at least 70% compared to the industry average.

Low carbon methanol:
Can be produced with low carbon hydrogen from natural gas with carbon capture and storage (CCS).

Grey methanol

Conventional methanol produced from natural gas without CCS.

Glossary

Abatement	We talk about ‘hard-to-abate’ industries. Abatement refers to measures that can be taken to prevent, reduce, or eliminate sources of GHG emissions within a value chain. Examples include reducing energy use, switching to renewable energy, and retiring high-emitting assets.
Additionality	A positive impact or outcome that would not have otherwise occurred without additional resources or capital investment.
Bio production	Refers to production with biomass input streams which replaces fossil resources, this can be either by bio-gas or by biomass gasification. With bio-production, CO_2 is still released into the atmosphere. The main difference is that the released CO_2 originates from the short carbon cycle, and counted as biogene carbon, whereas burning fossil fuels is part of the long carbon cycle.
Blue hydrogen production	Blue production refers to production processes that are still based on fossil feedstock and energy, but where the carbon (CO_2) is captured and stored (CCS) underground.
Carbon Footprint	A measure of the total greenhouse gas (GHG) emissions caused directly and indirectly throughout a product’s lifecycle, including production, distribution and use. This can only be measured by a verifiable independent body, e.g. The Carbon Trust.

Carbon neutral	Although often used interchangeably with ‘net-zero’, the two are not the same. In general, when companies claim carbon neutrality they are counterbalancing CO_2 emissions with carbon offsets without necessarily having reduced emissions by an amount consistent with reaching net-zero at the global or sector level. This may conceal the need for deeper emissions reductions that are in line with what the science requires for the world to keep global warming to 1.5°C. Carbon neutrality claims also do not necessarily cover non-CO_2 GHGs. The SBTi does not validate carbon neutrality claims.
Carbon negative	The reduction of an entity’s carbon footprint to less than neutral, so that the entity has a net effect of removing carbon dioxide from the atmosphere rather than adding it.
Carbon removal	There are several ways to remove and store carbon that are accepted by the EU. These include: - Nature-based solutions, such as restoring forests, soils, and innovative farming practices. - Technology, such as bioenergy with carbon capture and storage, or direct air carbon capture and storage. - Long-lasting products and materials, such as wood-based construction.
Circular production	This refers to production processes which use recycled streams as input. Consequently, these production streams contribute to the circular economy in which no materials are wasted.
Carbon sink	A reservoir (natural or human, in soil, ocean, and plants) where a greenhouse gas, an aerosol, or a precursor of a greenhouse gas is stored, or a process that removes CO_2 from the atmosphere.

Decarbonization	The process of stopping or reducing the emission of carbon gases, especially CO_2, being released into the atmosphere as the result of a process, for example the burning of fossil fuels.
ESG	Environmental, social and corporate governance: These are factors which investors increasingly apply as part of their analysis process to identify material risks and growth opportunities based on companies' sustainability performance. These are set criteria which include GHG emission performance.
Greenhouse gases (GHG's)	Gases that absorb and trap heat (i.e. infrared radiation) from the Sun in the Earth's atmosphere. Includes the following gases that are covered by the UNFCCC/Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3). These gases are the direct cause of climate change. The term "GHGs" is often used interchangeably with "all UNFCCC/Kyoto GHGs," and these gases must be covered by targets set under the Net-Zero Standard. Water vapor is also a GHG but is not covered by the UNFCCC/Kyoto Protocol or GHG emissions targets because concentrations of this gas are self-limited by the atmosphere and thus not a direct cause of global warming.
Green hydrogen production	Green hydrogen is produced from electrolysis of water with renewable electricity (solar and wind) in an electrolyzer. The energy is used to split water into 2 hydrogen atoms and 1 oxygen atom. No carbon is involved in this production process.
Life cycle analysis (LCA)	A method used to evaluate the environmental impact of a product through its life cycle encompassing extraction and processing of the raw materials, manufacturing, distribution, use, recycling, and final disposal.

Low Carbon

Is referred to when production processes produce, or products are produced with lower CO_2 emissions than conventional and / or predominant standards. When using the term low carbon, the specific carbon reduction between the two methods must be given, along with an explanation of how this is achieved and measured.

All of the following production types can be classed as low carbon, compared with 'grey' production, which uses fossil fuels as an energy source.

- **Green:** Renewable sources; zero fossil fuels used.
- **Blue:** Production processes that are still based on fossil feedstock and energy, but where the carbon (CO_2) is captured and stored (CCS) underground.
- **Circular:** Production processes which use recycled streams as input. Consequently, these production streams contribute to the circular economy in which no materials are wasted.

Net Zero

The SBTi Net-Zero Standard defines corporate net-zero as: Reducing scope 1, 2, and 3 emissions to zero or to a residual level that is consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C-aligned pathways.

Renewable energy

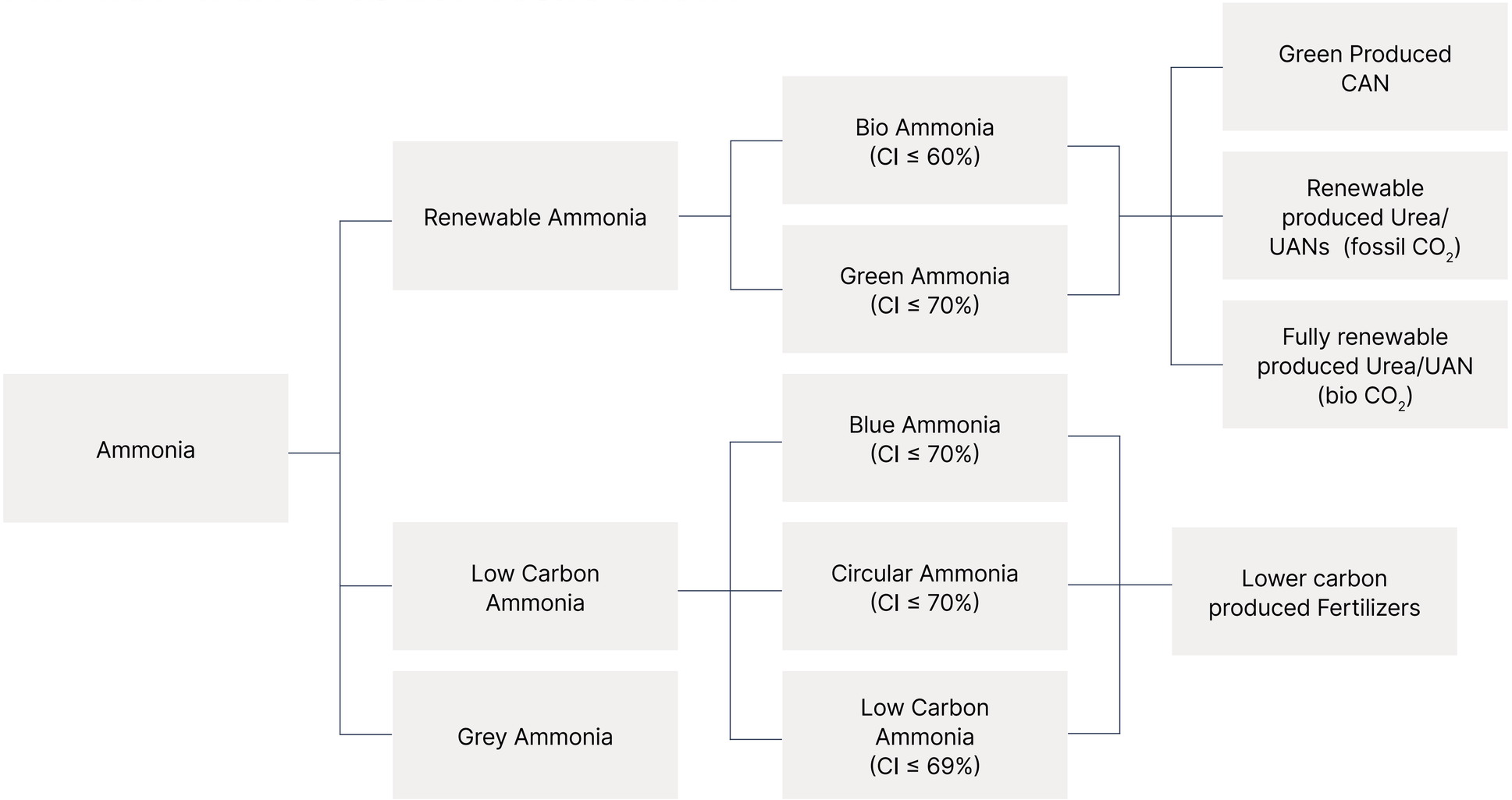
Energy derived from natural sources that are replenished at a higher rate than they are consumed. Examples include: Solar, Wind, Hydro, Tidal, Geothermal, Biomass.

Scope 1, 2 and 3 emissions	**Scope 1:** Direct GHG emissions that occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc. or emissions from chemical production in owned or controlled process equipment. **Scope 2:** Emissions from purchased electricity, heat, and steam for use in business operations. Scope 2 emissions physically occur at the facility where electricity is generated, and so would fall into the scope 1 category for the power generator. **Scope 3:** A reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company - typically as a result of supplier or customer activities. These can be up or down the value chain - for example, transport and distribution, or the disposal of goods or services after they reach the consumer. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services.
SBTi	The SBTi defines and promotes best practice in science-based target setting. Find out more here: https://sciencebasedtargets.org/
SDGs	Sustainable development goals from the United Nations: These 17 goals were adopted in 2015 as a universal call to action to work towards a better and more sustainable world by 2030. More and more corporations report their CSR activities based on the SDGs.

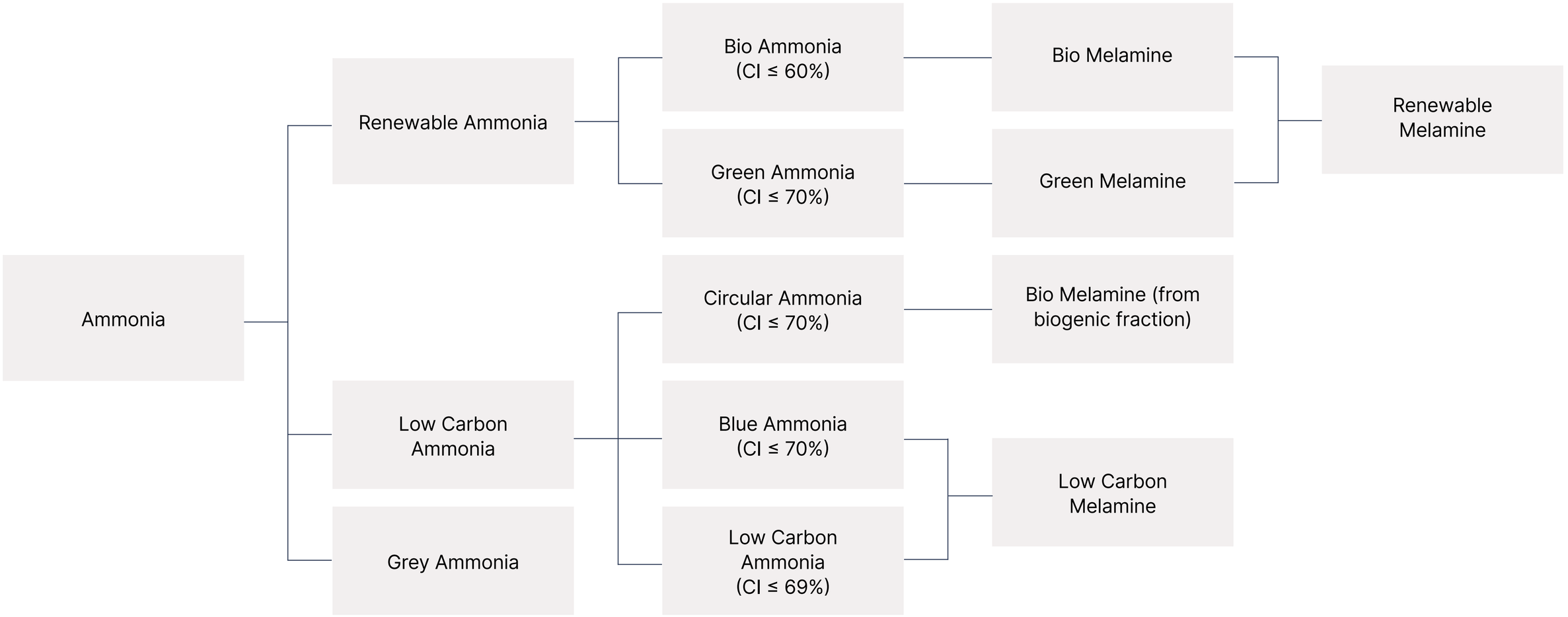
Appendix

OCI Sustainable
Products Taxonomy

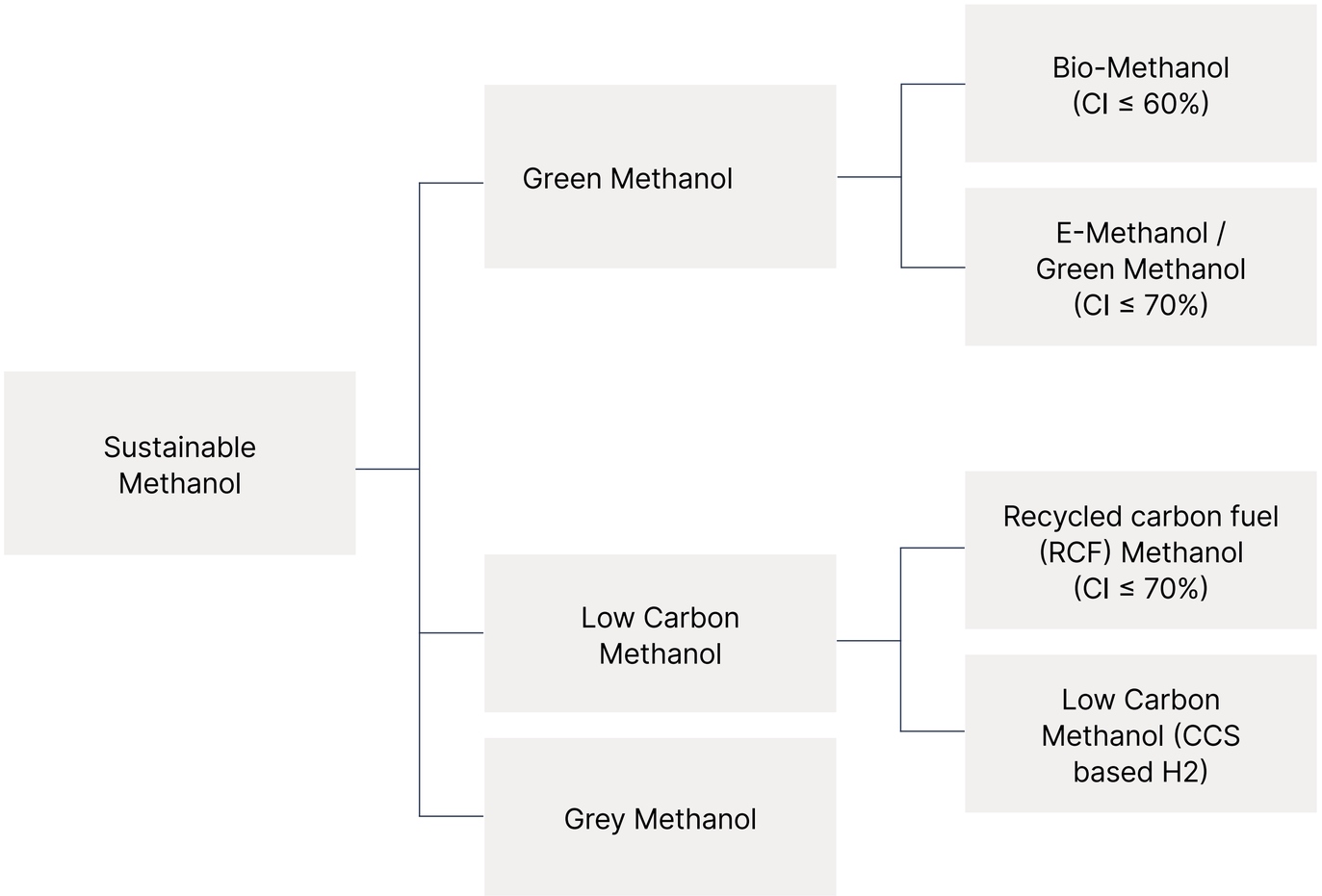
Ammonia & Fertilizer value chain



Melamine Value Chain



Methanol value chain



Contacts and further guidance signposts

For more information and approval of your communications materials please contact:

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For further information and best practice guidance visit:

UK Competition and Markets Authority **Green Claims Code**

ACM (Netherlands Authority for Consumers and Market) guidance

Science Based Targets Net-Zero Standard

EU Green Claims

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