



NUTRIEN PROCUREMENT INTRODUCTION



SIMSA FHQ Nutrien Business Forum

June 7, 2018

Tim Herrod
Vice President, Procurement

Change = Opportunity

Nutrien: Embracing Change



A man with a bald head and a slight smile is sitting on a dark railing. He is wearing a blue blazer over a light blue button-down shirt. The background is a blurred indoor setting with warm lighting. Overlaid on the right side of the image is a quote in white text.

**“I see an
agricultural
powerhouse”**

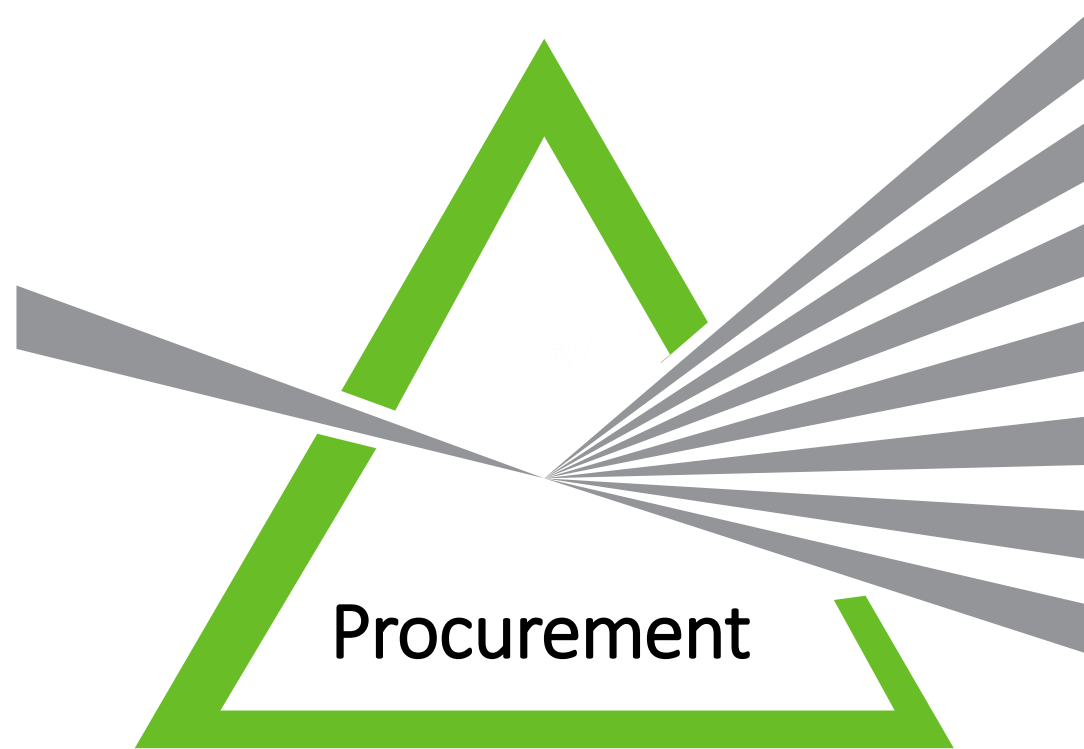
Procurement is uniquely positioned to:

- ➡ Identify partners who align with Nutrien values
- ➡ Assist other Business Units and Functional Groups in achieving synergy targets
- ➡ Build partnerships to drive long-term success
- ➡ Introduce innovation – internally and through supply network



INTERNAL CUSTOMERS

focus on operational
excellence:
safety, reliability
and productivity



SUPPLY UNIVERSE

Procurement
can explore
possibilities in the
supply universe

Goals

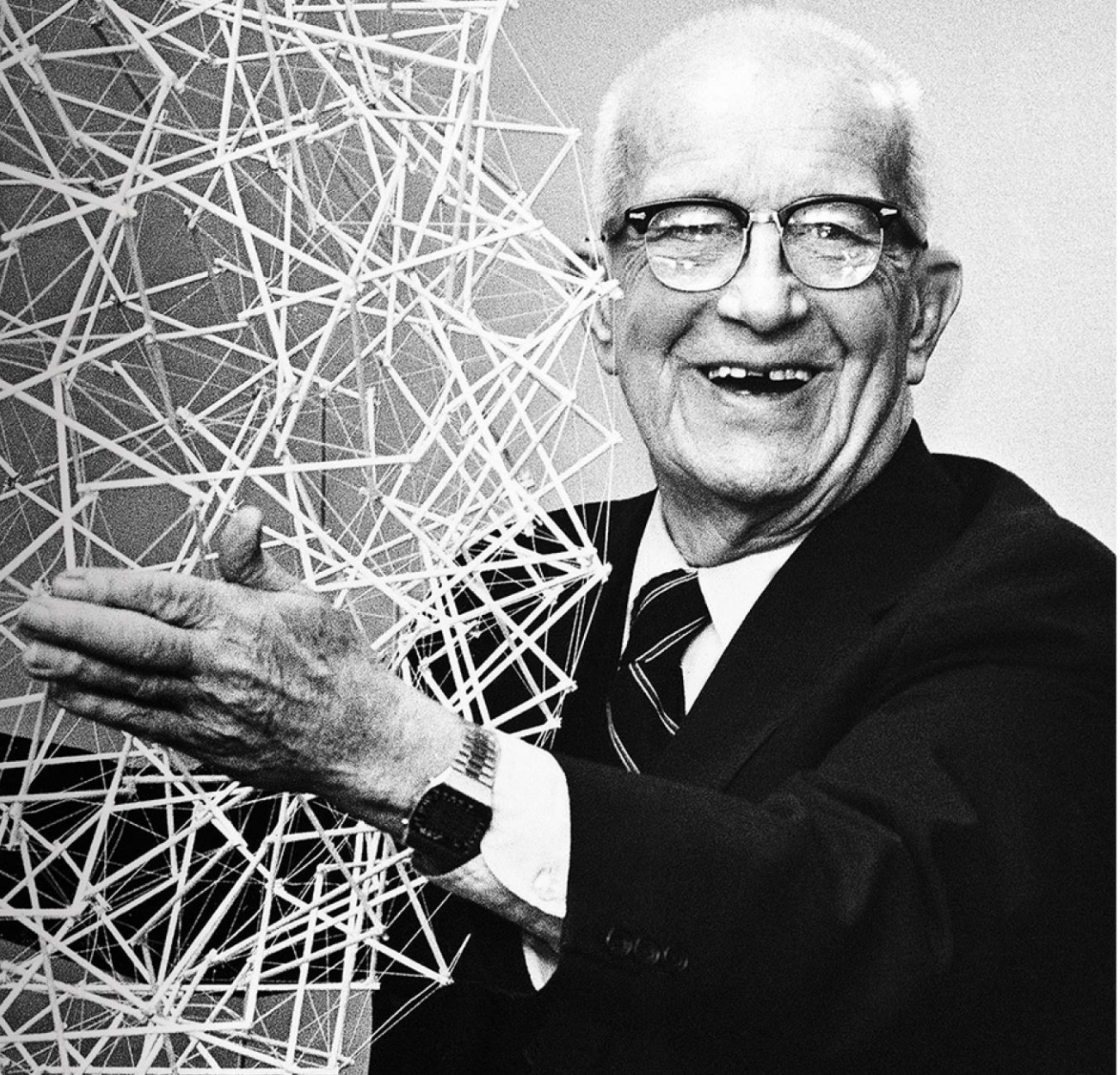
- 1 Seamless Day One
- 2 \$100M+ in synergies by Dec. 2019
- 3 Positive impact on reliability, productivity and SHE
- 4 Proactive strategic partner with internal operations
- 5 Evolve into key talent hub for Nutrien
- 6 Robust procurement governance framework in place

Progress

- ➡ Complete
- ➡ In progress
- ➡ Key accountability in new supplier contracts
- ➡ Procurement-wide efforts leading change
- ➡ Investing in talent and training
- ➡ Policies, processes and procedures
 - SAP Ariba
 - Diversity & Inclusion
 - Risk Management Module (in progress)

**“You never change
things by fighting
the existing reality.
To change something,
build a new model
that makes the
existing model
obsolete.”**

**— Buckminster Fuller,
Architect, Inventor,
Systems Designer**





MISSION: Creating and sustaining competitive advantages through innovative supply chain strategies that support Nutrien's priorities and foster long-term partnerships

Achieving Nutrien's Goals

Leverage entire enterprise spend, competitive processes, standardization and supplier collaboration to **reduce life cycle costs of materials and services** strategically procured

REDUCE LIFECYCLE COSTS

Enable supplier innovation through connecting and facilitating **new approaches, processes and products** across our organization

DELIVER INNOVATION



REDUCE WASTE

Identify supply chain inefficiencies, remove duplication and **enable continuous improvement** through center-led processes, policies and training

IMPROVE SUPPLY CHAIN SECURITY

Manage total supply chain risks, including safety and reputation, to ensure consistent and uninterrupted flow of materials and services

To achieve this vision, we are transforming Procurement through a coordinated program over the next two years

Procurement: A New Model

CENTER-LED

Globally managed and negotiated contracts

Robust **category strategies**

Standardized **processes, tools, and templates**

Best practice sharing across sites and nutrients

Centrally managed **spend and material data**



SITE-ENABLED

On-site points of contact for **real-time support and local knowledge**

Warehouse **leaders and staff on site**

Primary **supplier interface** for local categories

Best in class Site Procurement **training and development programs**

Procurement Service Model

DEDICATED SITE PROCUREMENT LEAD

1

- Expert status and advocate for Nutrient goals
- Single source of contact to Center Procurement
- Best practice sharing with other Nutrient Procurement leads

CAPITAL AND SERVICES CATEGORY MANAGERS

2

- Best-cost practices extended to capital and services
- Increased capital and services sourcing support for sites
- Best practice sharing for capital and services across Nutrien

PROCUREMENT CENTER OF EXCELLENCE (CoE)

3

- Improved and standardized sourcing and inventory procedures
- Best in class supplier management practices
- Access to clean spend and inventory data



Our goal is to create a cross-functional partnership, enabling identification of efficiency / productivity opportunities and strengthening supplier relationships



- Continue to partner with Business Units, actively supporting safety and operational initiatives through high-quality supply of goods and services.



- Execute \$100M+ in synergy opportunities
- Category Management and Strategic Sourcing at Global, Regional, and Local levels across NPK and Retail Business Units
 - Aligning Master Supply Agreements from legacy organizations
 - Collaboration with key OEM's and fabrication facilities on rebuild programs and capital
 - Site services review and optimization
- Warehousing and Inventory optimization

How we assess our competitive market:

- Rate breakdown requests
- Site end-user interviews for feedback on supplier performance and opportunities
- Detailed analysis of invoices

Next steps:

- Create benchmarks by category and supplier
- Prioritize opportunities
- Tackle strategic opportunities with suppliers

Our New Model in Practice: Repairs, Rebuilds, and Fabrication

- Working to create similar benchmarking system for mining and process equipment repairs, rebuilds, replacements, and consumables
- Goal is to better understand how we utilize the local fabrication market and draw on supplier expertise to improve standardization, reduce duplication, and increase continuity of work.
- Focus on borer components, gearboxes, motors, pumps, rotating and fixed equipment, among other areas

Our New Model in Practice: OPEX and CAPEX

Category Management Lead

- Hazardous/Non-Haz Waste
- Non-Destructive testing
- Mechanical trades
- Electrical & specialty trades

Regional (with Category support)

- Coatings and Blasting
- Roofing
- HVAC
- General Construction
- Steel Erection
- Rail Maintenance

Our New Model in Practice: OPEX and CAPEX

Category Management Priority

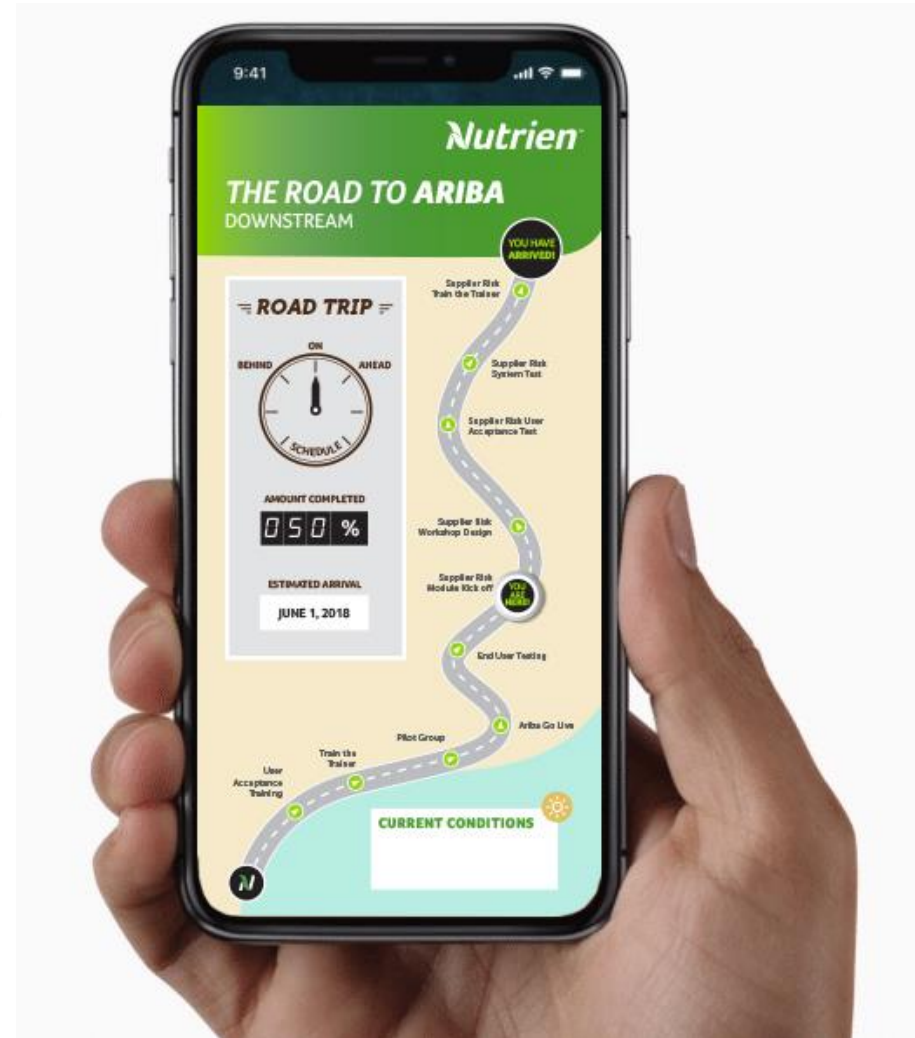
- Fixed and Rotating Equipment
- Process Equipment
- Engineered Electrical Equipment
- Materials Handling Systems
- Mining Equipment

Regional (with Category Support)

- Fabrication / Machining & Processing
- Equipment Rebuilds (Mill & Mine)
- LME, HME Mining Equipment Parts
- Mining MRO
- Hoist Ropes and Equipment

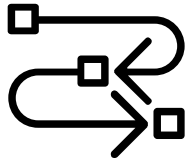
Transformation Through Technology

- SAP ARIBA to be a communication centre



Win-Win: SAP Ariba Benefits Nutrien and Suppliers

There are a number of benefits to using SAP Ariba, including, but not limited to:



Process Efficiencies

Contract faster with standard process for quicker fulfillment.



Improved Collaboration

Share a “single version of the truth” via a centralized data repository and archive of communications.



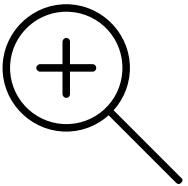
Proactive Notifications

Receive system generated notifications well in advance of key milestone dates.



Global Reach

Leverage the Ariba Network to reach more than 50% of Global 2000 companies.



Increased Visibility

Increased visibility through standard dashboards and reports. Track all documents and communication in one repository.



Discovery

Get matched to active buyers on Ariba Discovery with instant notifications and access to \$5 billion USD of business opportunities every year.

SAP Ariba Modules Implemented by Nutrien

The following SAP Ariba modules are being implemented to support our sourcing processes:

May 2018



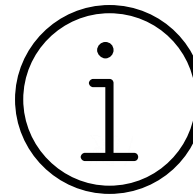
Sourcing

Manages the sourcing activities and approvals for Sourcing



Contract Management

Enables a central repository and management of both legacy and new contracts.



Supplier Life Cycle & Performance

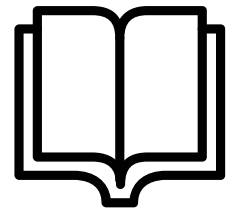
Manages the entire lifecycle of Nutrien's supplier relationships, from discovery to on-boarding.

June to October 2018



Purchase Orders & Invoices

Purchase Orders and Invoices will be enabled through SAP Ariba.



Catalogs

Enables Nutrien to purchase catalogue items from suppliers.

Both Parties Invest in Long-term Partnerships

- **SAP Ariba can improve efficiency for Nutrien and our suppliers**
- **Nutrien is making a major investment; supplier subscription fees vary according to the volume of business you do with Nutrien**
- Access to participate in Nutrien sourcing events will be free of charge to suppliers
- SAP Ariba offers optional upgrades to suppliers who wish to extend their subscription beyond participation in Nutrien sourcing events

Learn more at ***ariba.com***

Communicating Through Change

- Embracing change is important to long-term success
- Procurement team wants your feedback on Ariba (and other policies and processes)

Nutrien: suppliersupport@nutrien.com

SAP Ariba Help Centre: <https://support.ariba.com/help>



Lori Doiron, SCMP
Senior Manager, Supplier Management
Strategic Procurement

A close-up, profile shot of Jeff Bezos laughing heartily. He is bald, with visible wrinkles around his eyes and mouth. He is wearing a dark blue suit jacket over a light blue and white striped collared shirt. The background is blurred, showing what appears to be an indoor setting with large windows and some greenery.

**“What’s dangerous
is not to evolve.”**

*– Jeff Bezos,
Founder, Chairman and
CEO, Amazon*

Change = Diversity



A young and growing population:

Median Age
Non-Indigenous



40.9
years

Median Age
Indigenous



22.6
years

A growing part of Saskatchewan's population:

2006

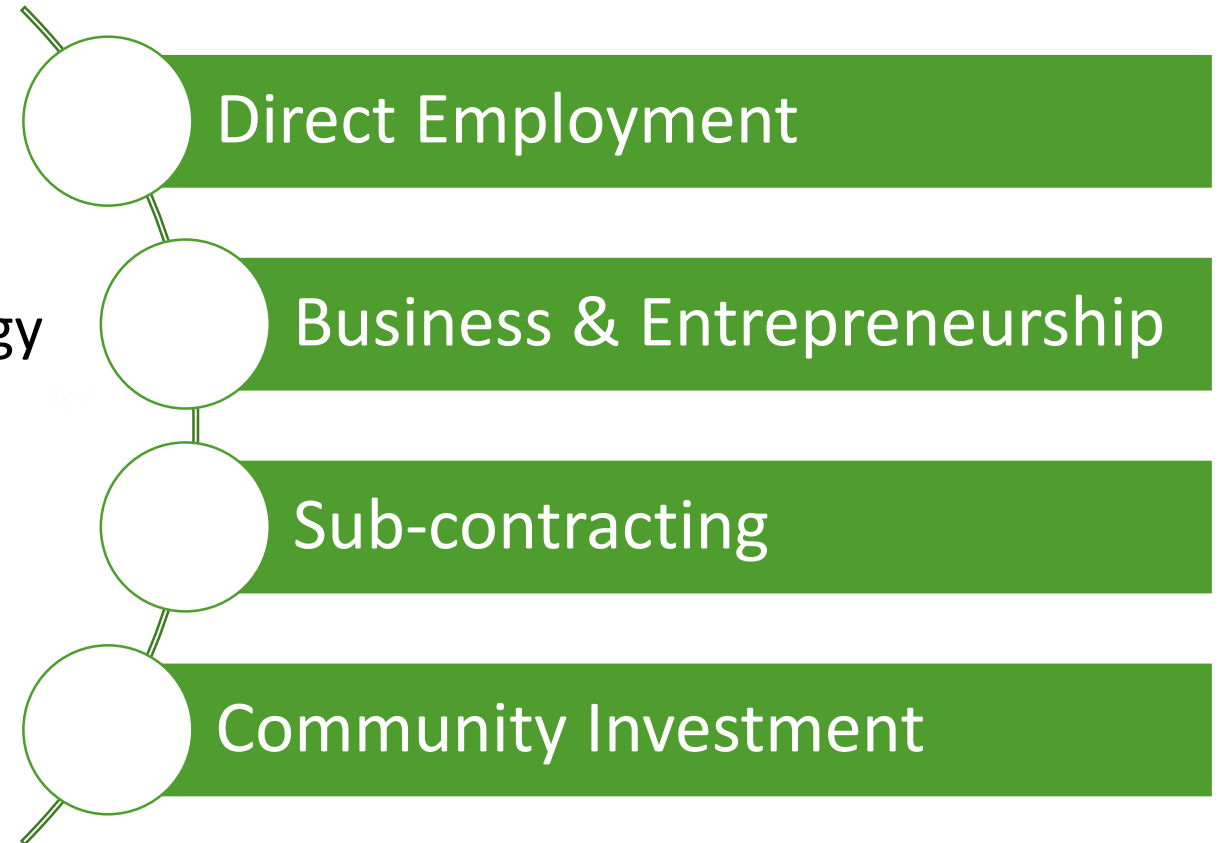
16%

2031

21 to 24%

Our Continued Commitment to Diversity & Inclusion

- We are strongly committed to and continuing to grow our Supply Chain Aboriginal Content Development Strategy
- Aboriginal Content will continue to be a key requirement of our supplier partnerships



Community Investment



Employment



Business & Entrepreneurship



Subcontracting (FHQ)



Diversity & Inclusion Resources



Aboriginal Content Playbook



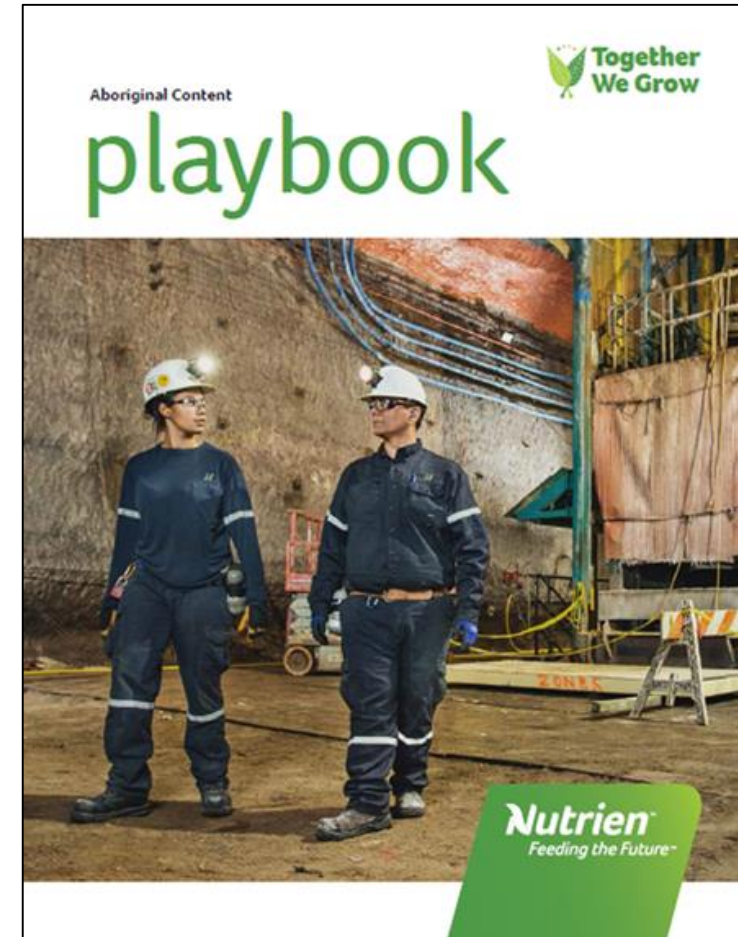
Diversity & Inclusion Procedure



Aboriginal engagement team



www.nutrien.com/suppliers/supplier-diversity



What Can You Expect as Nutrien Procurement Moves Forward

- We will continue to seek out and partner with innovative and collaborative companies
- The status quo will be challenged, and new mutually beneficial opportunities will be realized across the Nitrogen, Phosphate, Potash and Retail Business Units
- We will continue to change and adapt to the demands of the business, and will partner with suppliers of a similar mindset
- SAP Ariba for Source to Contract (today); Procure to Pay (in coming months)

Nutrien is ready
to reinvent our industry.
We want you to join us.

An aerial photograph of a vast agricultural landscape. The land is divided into numerous rectangular and irregular plots of varying shades of green, indicating different crops or stages of growth. A light-colored road or path runs diagonally from the bottom left towards the top right, bisecting the fields. The overall scene is a complex geometric pattern of green and brown tones.

Thank you