

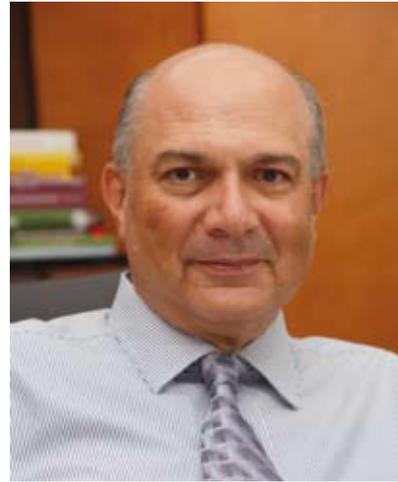
Annual Report OCP 2010





His Majesty King Mohammed VI.

Message from the Chairman



OCP is celebrating its 90th anniversary this year. 90 years of a history rich with accomplishments of which we are all proud at OCP. 2010 was a particular success from this point of view.

Success at home. We are proud to have contributed to the wealth and well-being of our country. Through our exports, which scored a strong upsurge this year. Through our engagement as a corporate citizen with farmers and small and medium sized businesses in the Kingdom, as well as with the people in the cities that host our activities. And last but not least, through our commitment to ensure our activities respect and preserve the environment, as sustainable development is a real corporate culture at OCP.

Success on the global scene. In 2010, we substantially increased our global market share of phosphate and derivatives. We launched a major program to develop our industrial capacity and strengthen our leadership. At the same time, we are very conscious of our responsibility vis-à-vis food security for humanity. A consciousness that leads us to expand our openness to the world and share our knowledge and know-how, particularly with farmers of other countries through South-South cooperation. A first major project was launched in India this year. Others will follow. Particularly in Africa, a continent with strong agricultural potential to which OCP pays special attention.

Success within our Company. OCP greatly values its human capital. Our wealth as well as our future lie in the hands of the thousands of skilled and dedicated men and women staffing our Group. Their entrepreneurship, enthusiasm and discipline, further enhanced by “Iqlaa”, our business transformation program, are at the core of the Group’s successful general modernization, as well as its national and global achievements. They, indeed, are behind our advances in upgrading our facilities, developing our R&D and expertise, optimizing the implementation of our financial means, as well as our technical processes and management techniques. At OCP, human capital is considered the Group’s very soul, the driving energy of its success and influence.

Mostafa Terrab
Chairman and Chief Executive Officer

Contents



9 The OCP Group

Corporate profile

Governance

OCP in figures – 2010

1. STRATEGY ▶▶

16 Global strategy

**Market leadership and
world food security**

24 Markets

**OCP consolidates
its international positions**

30 Industry

**OCP's industrial development
program launches**

44 Finance

**Ensuring availability of resources
for the Group's development program**

51 Annexes

Consolidated financial statements



2. SUSTAINABLE HUMAN DEVELOPMENT



56

Sustainable development

An integral part of OCP's culture

70

Social responsibility

At the forefront of national excellence

80

International commitment

India and Africa, two major OCP targets for effective South-South cooperation

84

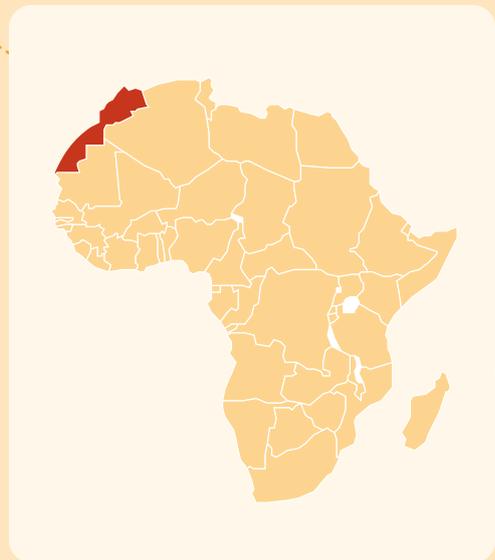
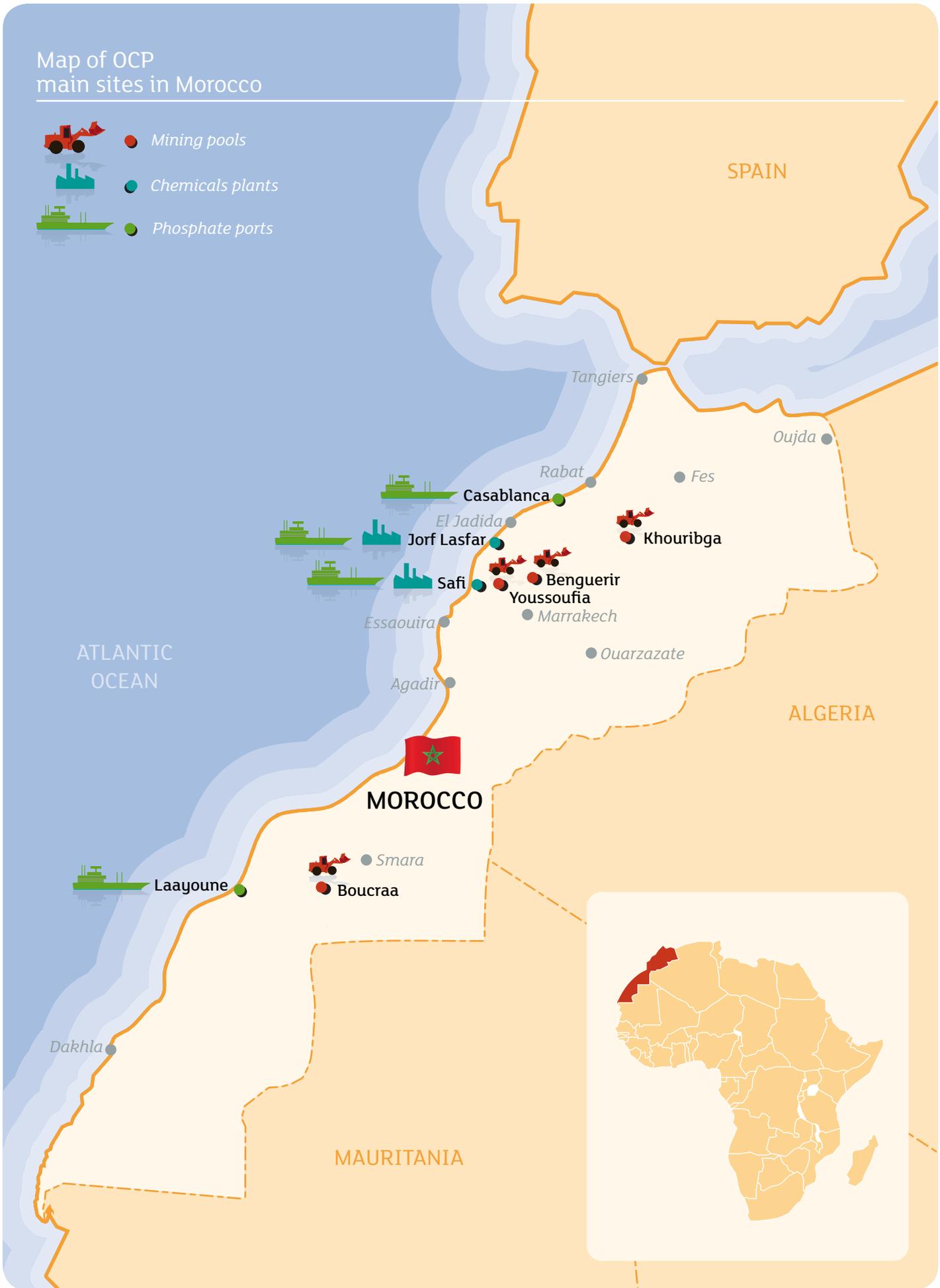
Human capital

Collective intelligence at the service of performance



Map of OCP main sites in Morocco

-   Mining pools
-   Chemicals plants
-   Phosphate ports



Corporate profile

A global leader in the phosphate and derivatives market, OCP operates on five continents and has the largest phosphate reserves in the world. With over 90 years experience in mining and 45 years in chemicals, the Group offers one of the largest ranges of rock for various uses. The biggest exporter of phosphate rock and phosphoric acid in the world and a major exporter of phosphate fertilizers, OCP plays a central role in the regions where it is established and directly employs nearly 20,000 people. The Group thus ranks as one of the leading employers in the Kingdom.

The number one industrial company in Morocco, OCP substantially contributes to the national economy's development through its exports (24% of the country's exports). The company also provides unfailing support to Moroccan agriculture in general and small and medium sized companies in particular, whose development significantly impacts the Nation's wealth.

Our three product categories

OCP masters the entire phosphate value chain: mining and enriching of raw phosphate, processing of raw phosphate into a semi-finished liquid product, phosphoric acid, and manufacture of finished products by concentration and granulation, or by purification of this acid: fertilizers and purified phosphoric acid.

- **Raw phosphate.** Raw phosphate is mined for its phosphorus content. Measured in percentage of P_2O_5 (phosphorus pentoxide), the phosphorus content indicates the ore's quality, which varies from 5% to 45%. Below 30%, which represents the major part of the mined ore, raw phosphate undergoes an initial treatment in the way of washing, drying and dry enrichment.

- **Phosphoric acid.** It is obtained by reaction of sulfuric acid with the phosphate calcium. The average content of the intermediate product thus obtained after concentration is 52% P_2O_5 . As for purified phosphoric acid, it is intended for food and industrial uses.

- **Fertilizers.** OCP produces four types of fertilizers from phosphoric acid: DAP (the most common fertilizer), TSP (an all-phosphate fertilizer), MAP (a binary product with two fertilizing elements: phosphorus and nitrogen) and NPK (made up of three ingredients, nitrogen, phosphorus and potassium).

Our assets

The diversity of its products allows OCP to offer a customized service to its clients. Its leader position gives it the means to innovate. Its ethics and value system gives it a sense of responsibility vis-à-vis the needs of global agriculture.

Sustainable development

In addition to preserving the environment, sustainable development is in OCP's vision a cross-sectional management principle: aspects of sustainable development are systematically taken into account in all of the Group's projects, whether human, industrial, managerial or of national interest.

OCP, driving force of the national economy

The Group plays an important economic and social role in the five regions of the Kingdom where its three mining and two industrial centers are located. It creates wealth and jobs in these regions by subcontracting through a dense network of companies that it often helps create.

Governance: the Group's management structures

OCP's internal governance is structured around two management bodies:



The Executive Management Committee (EMC) brings together the key functional and operational managers under the CEO.

- The EMC is OCP's central decision-making body.
- The Chairman and CEO arbitrates and decides.



The Group Committees (GRC) are bodies that prepare or take decisions for the EMC on key business processes in the framework of the authority given.

In order to promote cross-sectional collegial and proactive operation, the GRC is structured around key company processes and makes up one of two major components of OCP's internal governance, the other one being the EMC. Functional and operational entities are associated to these committees for processes connected to their area of expertise.

The Group Committees are the following: Pricing, Business Steering, Budget and Performance, Partnerships, Human Capital, Investment Policy and Industrial Projects, Investment Policy and Real Estate Projects, Risk.

The Board of Directors (BoD)

It decides on the orientations of OCP's activities and oversees their implementation. The Board handles all matters relating to the efficient running of OCP. It deals with the Group's business, within the scope of the rights expressly granted to shareholders and within the limits of the company's business purpose.

Board members are:

- Minister of Energy, Mines, Water and the Environment
- Minister of Foreign Trade.
- Minister of Industry, Trade and New Technologies.
- Secretary of State to the Interior Minister.
- Secretary General of the Ministry of Economy and Finance.
- Secretary General of the Ministry of Agriculture and Maritime Fishing, Department of Agriculture.
- Secretary General of the Ministry Delegate to the Prime Minister, in charge of Economic and General Affairs.
- Secretary General to the Ministry of Foreign Affairs and Cooperation.
- Director of Treasury and External Finances Direction.
- Chairman and CEO of the Banque centrale populaire.
- Chairman and CEO of OCP.



Amar Drissi
Executive Vice-President,
Operations



Mohamed El Kadiri
General Secretary

EXECUTIVE MANAGEMENT COMMITTEE



Mhamed Ibnabdeljalil
Executive Vice-President,
Sales, Marketing and Raw
Material Procurement



Mostafa TERRAB
Chairman and CEO



Mbarek Karoua
Executive Vice-President,
Audit and Control



Mohamed El Hajjouji
Executive Vice-President,
Financial



Meryem Chami
Head of the CEO Office

The Works Council (WC)

This committee is made up of:

- representatives appointed by OCP's Presidency;
- two employee representatives elected by all the employees permanent representatives;
- two union representatives appointed in accordance with legal provisions by the most representative union which has obtained the largest number of voices at the last workplace elections;
- two designated union representatives, including the Secretary General of each union having signed the Charter for Social Cooperation.

As part of its advisory role, the WC can be consulted on the following issues:

- structural and technological transformations to be carried out within the Group;
- the Group's production strategy and the means of increasing the company's profitability;
- the development of social projects for OCP staff and their implementation;
- the social audit, after its official institution by the government authority in charge of Labor;
- the apprenticeship programs, training-integration programs, fight against illiteracy programs as well as staff in-service training programs

OCP in figures – 2010

▶▶ OCP is the number **1** global exporter of phosphates in all forms, of phosphate rock, of phosphoric acid, and a major exporter of phosphate fertilizers

▶▶ Value of exports
35.63
billion MAD, that is
24%
of total national exports

Export market share

Phosphates in all forms

29%

Phosphate rock

35.6%

Phosphoric acid

51.3%

Solid fertilizers

14.3%

Exported volumes

Phosphates in all forms

7.174 Mt P₂O₅

Phosphate rock

10.083 Mt

Phosphoric acid

2.344 Mt P₂O₅

Solid fertilizers

1.689 Mt P₂O₅

Investment

115
billion MAD

An ambitious industrial development program of which the first major projects have been launched.

Staff

19,044
people.

Full perimeter turnover

▶▶ **43.513**
billion MAD*

Total commercial production of phosphates

▶▶ **26.6**
million tonnes P₂O₅

Breakdown by activity

Mining	Chemicals	Other
24.9%	74.9%	0.2%

Breakdown by market

Export	Local
90.4%	9.6%

Operating profit

14.420
billion MAD

Net profit

8.890
billion MAD

* or **5.2 billion US dollars**

Breakdown by site

Gantour	Khouribga	Phosboucraa
7.1	16.9	2.6

Production of phosphoric acid

3.997
million tonnes P₂O₅

Production of solid fertilizers (DAP, MAP and TSP)

3.713
million tonnes P₂O₅

- DAP: 2.104 Mt P₂O₅ produced in total at Jorf Lasfar
- MAP: 0.825 Mt P₂O₅ produced in total at Jorf Lasfar
- TSP: 0.784 Mt P₂O₅ produced in total at Safi

Subsidiaries

100% owned

Cerphos, Ipse (association), Maroc Phosphore, Marphocean, Phosboucraa, OCP Innovation Fund for Agriculture, Sotreg, Smesi, Star, Comatam, GPFCE, Imsa, Lejonc & Cie.

Equity investments

BCP (6.6 %), Comanav (9.06 %), Emaphos (33.33%), Imacid (33.33 %), Prayon (45.31 %), Pakistan Maroc Phosphore (50 %), ZMPL in India (50 %), Bunge Maroc Phosphore (50 %), JESA (50 %).

Other equity investments

BMCE Madrid (7.5 %), SEPYK (12 %), SIDETSA (25 %), STOZ (35 %).





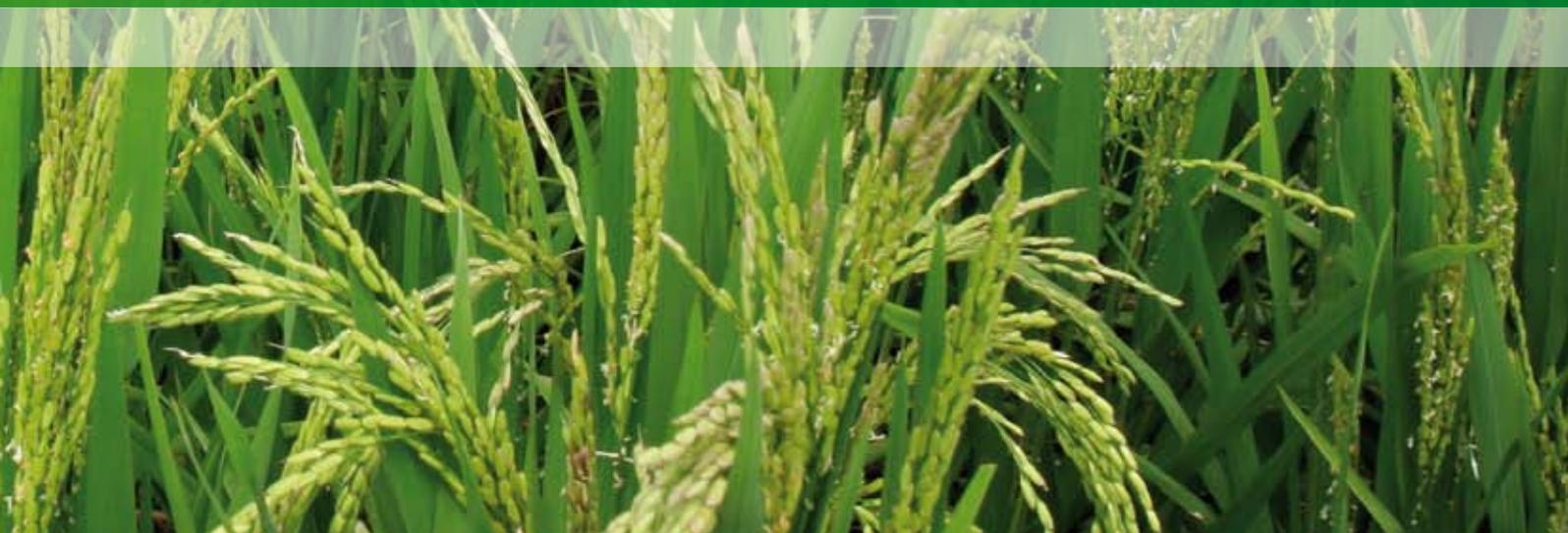
STRATEGY ▶▶

16 Global strategy

24 Markets

30 Industry

44 Finance



GLOBAL STRATEGY

Market leadership and world food security

OCP's industrial development program, put on track throughout 2010⁽¹⁾, serves the dual goal of consolidating the Group's leadership on the global phosphate market and reinforcing its commitment to food security for humanity.

(1) Disclaimer: The present document reports events occurring, projected or forecast in 2010. All dates mentioned with no year indication are to be understood as referring to 2010.

OCP's massive industrial development program is on track. A program with an investment of MAD 115 billion over the 2010-2020 ten-year period, of which 75 billion over the next four years. This large-scale undertaking is part of the Group's strategy to achieve industrial excellence in three areas: product leadership, cost leadership and industrial flexibility, as major levers to enhance competitiveness.

1. Product leadership

OCP is sitting on large phosphate reserves. With a market share of approximately 30% for rock phosphate and 40% for phosphoric acid, the Group is one of the main players in the global phosphates market.

However, to fully benefit from the competitive advantage due to volume, OCP is determined to increase its production of fertilizers, which amounts to an average 15% of world market share. The Group aims at a 40% market share, while sustaining its take of the other products in the phosphate value chain. This is one of the goals of OCP's industrial capacity development program. At the same time, the Group is carrying out an intense R&D activity aimed at developing its already extensive range of phosphate derivatives in order to offer products in line with the needs of global agriculture. Hence OCP's massive investment program aimed at a near doubling of its mining capacity, from 30 to 55 million tonnes/pa, and a threefold increase of its fertilizer production, expected to reach 10 Mt/pa of DAP from the current 3.6 Mt/pa.



The Group has targeted a 30%-40% reduction of its costs.

OCP keeps a close watch on the downstream of the phosphate industry, particularly on the prices of agricultural commodities.



2. Cost leadership

OCP is geologically privileged with rich ore deposits, and equally privileged geographically, as its mine basins are close to ports with good infrastructure. By improving its productivity and industrial processes, the Group is targeting a 30%-40% cost reduction. A major contribution will come from the two giant pipeline projects (Khouribga-Jorf Lasfar and Gantour-Safi) that will transport raw phosphate currently carried by train. This will drastically reduce transport costs, as washed phosphate (in the form of pulp) will no longer need drying at the mine as in the case of railway transportation, neither will it have to be re-moisturized when reaching the chemical plants for processing. Hence the important energy and water savings.

Cost reduction will also come from water management. The Group is investing in used water recycling to further develop raw phosphate processing and enrichment, with the aim of reaching a positive water balance by 2015. On the chemical plants side, OCP plans to build new seawater desalination units to produce the fresh water needed in the industrial processes.

Also contributing to cost leadership is the business transformation program called "Iqlaa".

Launched in April 2009, its ongoing goal is to be systematically on the lookout for cost reduction opportunities, while building a performance-based culture at all Company levels. Initial results emerge more than convincing (see box page 42).

3. Industrial flexibility

A key element in competitiveness improvement in 2010 is the creation of a Business Steering committee, a value-based production management tool. The goal henceforth is not only to satisfy demand but also to sell where the market is most profitable. The Business Steering committee is the linchpin between the Sales, Marketing and Raw Material Procurement Department, and the Operations Department, in permanent interaction. This enables a maximization of margins by optimizing production through choices and tradeoffs of the various products (rock, acid or fertilizer) and qualities.

Customer information is crucial to offering the right product and successfully managing client relationship from an operational point of view. This is the role of Customer Relationship Management (CRM). « It is a tool that enables customer identification and support, as well as



knowledge of the customer environment; it is a valuable help to proactive decision making, » explains Karim Laghmich, Chief Operations Officer at the Sales, Marketing and Raw Material Procurement Department. To successfully meet market requirements, OCP has also created its Marketing Division. « Marketing is a strategic function that supports the sales function, » explains Mohamed Belhoussain, head of the Division. « The Marketing Division will have a thorough, more global view of a situation, while a salesperson will often have a regional, more limited grasp. »

Two events have further contributed to enhance the Group's industrial flexibility: the merger in 2009 of the Mines and Chemicals Departments into one Operations Department, and the adoption of an integrated and dynamic operating procedure with its counterpart the Sales, Marketing and Raw Material Procurement Department.

OCP is thus in a better position to meet the growing global demand and to increase its market share. Analyzing various parameters such as global population growth, changing food requirements, prices of energy and commodities, experts in the main international specialized organizations - FAO (Food and Agriculture Organization), IFA (International Fertilizer Associ-



Thanks to its industrial flexibility, OCP is in a position to adjust its supply for a better response to market requirements.



OCP's ambitious industrial development program aims at doubling its mining capacity and increasing threefold its chemical capacity by 2020. Total capital investment: 115 billion MAD.

ation), IFPRI (International Food Policy Research Institute) and others – forecast a 3-3.5% per annum progression in global demand for phosphate fertilizers over the medium to long term. Thanks to its industrial development program, the Group aims to capture at least half the expected increase in global demand for phosphate fertilizers. An increase resulting in additional production capacities of 2-3 million tonnes/pa of DAP being implemented or planned worldwide.

Price volatility makes monitoring a strategic necessity

In recent years, the price volatility that traditionally affects raw materials markets has reached agricultural products as well. It has become such an international concern that it was added to the G20 agenda at the Pittsburgh (United States) Summit in 2009. Heads of State discussed the impact of this volatility on global food security, and decided the issue would be addressed as a priority at the June 2011 meeting of the G20 agriculture ministers in Paris.

OCP is concerned by this volatility as it is liable to affect the price of phosphates. To be prepared to adapt its product supply to market fluctuations, it is of strategic importance for the

Group to monitor the downstream of its activities. This entails keeping a tight watch on the prices of agricultural commodities (called soft commodities). Actually, it is vital to monitor a variety of aspects liable to impact these prices, such as changes in dietary habits, the state of agriculture, energy prices, as well as the broader economic environment. And the monitoring should take place at a global level as well as regional or country level, especially where OCP has its major customers.

With the extent and quality of its reserves, the size and flexibility of its production facilities, and its human capital nurtured on a performance and cost reduction culture through the Iqlaa program, the Group is well aware that it possesses the key means to gain additional market share. However, the Company has implemented two additional equally important essentials, namely, monitoring beyond its core business and internalising expertise in key related areas.

Partnership with leaders to internalize expertise

Mining is an industry with highly intensive needs in energy, water, infrastructures, logistics

and engineering. With a development program of the magnitude of OCP's, projects to be implemented in these areas are of extraordinary dimensions. Controlling costs entails mastering all these different fields outside of the Group's core business. Hence the importance to draw from global best practices and internalize the expertise. OCP is doing just that through partnerships with international leaders in each field. The joint venture with Jacobs is a first and great illustration.

OCP created JESA, a 50/50 joint venture with Jacobs Engineering Inc., to learn and benefit from a transfer of skills. JESA, a Moroccan company, can then develop and implement its own projects in Morocco, in Africa or elsewhere. OCP will have thereby internalized engineering skills. At the same time, it will have created a business platform with its own ambitions.

The same is happening in the field of sustainable development, through the Group's cooperation with Ecology & Environment. E&E is an American leading company in consulting and know-how transfer in the fields of renewable energies, eco-building and waste management. 2011 should see the reinforcement of this cooperation in various OCP projects.

Innovation, key to industrial excellence

OCP is convinced of the importance of innovation to achieve and consolidate industrial excellence, which is crucial to the consolidation of its leadership. For this reason, the Group conducts an intense R&D activity at its various sites (see box page 40). Constantly on the lookout for

cutting-edge solutions, the Group has initiated the 1st International Symposium on Innovation and Technologies in the Phosphate Industry. The conference, known as Symphos, will take place early May 2011 in Marrakech. It is meant as a platform dedicated to deal with topics related to innovation in this key sector. It will, in particular, address aspects of economic, environmental and human development, by comparing experiences and best practices.

Several hundred participants are expected to attend the Symphos. And several dozen speakers from leading companies in the industry will address topics such as "new products", "agriculture and fertilization", "environment and sustainable development", among others... « The top players of the phosphate industry are expected at this conference, which will also address the industry's need to migrate from eco-efficiency to eco-design, in order to fully integrate sustainable development in its strategies, » said Mohamed Amalhay, coordinator of the conference.

Beyond the exchange of ideas and experiences, Symphos will be of interest to OCP for other reasons. Given the number and variety of companies taking part, the conference is likely to turn out to be a haven of partnership opportunities for the Group in many areas related to the core of its business. Again, OCP addresses the principle of partnership with a great openness and always the same goals:

- to implement its projects in these areas;
- to internalize relevant expertise;
- to open to these partnerships the scope of opportunities outside of the Group, by offering



A strong illustration of OCP's attention to matters of global interest: in 2010, the Group sponsored for the second year in a row the World Policy Conference, a forum dedicated to issues of world governance. CEO Terrab is seen here on the sidelines of the conference, in a discussion with Ban Ki-moon, Secretary General of the UN, and Thierry de Montbrial, General Director of the Institut français des relations internationales and founder of the WPC.



services nationally or internationally in their areas of expertise.

Global influence beyond phosphates

Owing to the very nature of its business, OCP cannot ignore the issues of agriculture. Because it is a direct outlet for its products, but also because, as a supplier of phosphate in all forms, the Group is aware of being a major player in the planet's food security. An even greater responsibility considering the large planned increase in its fertilizer production.

Among others, OCP is following the progression of what is known as "offshore farms", a partnership system whereby land is bought or rented in Africa and Asia by foreign States lacking sufficient arable land at home to ensure current or future domestic food needs for their populations. These are contracts involving millions of hectares of farmland traditionally benefiting from little if any fertilization, of which the investing States - as well as large agribusiness corporations - expect consistent yields.

Faced with international aid that is struggling to lift Africa out of food shortages⁽¹⁾, this provision of capital and expertise could be at least part of the solution to low crop yields on this continent. In fact, Africa does have a huge agricultural potential, but so far it has not been developed due to lack of infrastructure, markets and human skills, among others. If certain conditions are met, particularly in some countries in Africa, this offshore farming could greatly

(1) The World Food Program (WFP) estimates at 239 million the number of people suffering from malnutrition in Sub-Saharan Africa, that is 30% of the region's population.



The aim is not only to meet demand, but also to sell on higher-margin markets.

Karim Laghmich, Chief Operations Officer at the Sales, Marketing and Raw Material Procurement Department: « The Customer Relationship Management (CRM) is a tool that enables customer identification and support, as well as knowledge of customer environment, to help proactive decision making. »



accelerate the growth of the continent's agricultural production. However, there is a risk that the phenomenon turns into a "brown gold rush" attracting major hedge funds totally alien to agriculture.

OCP is also keeping an eye on another major problem plaguing agriculture in developing countries, especially in Africa, namely agricultural subsidies in rich countries. Due to these subsidies, food products from rich countries are imported into the African market at prices well below local production costs. Thus unable to make a living, African farmers abandon their land and move to ever growing cities' slums. It is clear that the challenge for the continent is to be competitive and find market opportunities. But it is also clear that if local producers are not subsidized or protected, African agriculture will be unable to survive in this unfair competition.

As a global supplier of fertilizers well aware of its responsibilities towards world food security, OCP takes part in many international forums and conferences on various topics of global concern, particularly those relating to agricultural development, an inevitable condition of food safety for humanity. Some examples:

- **In April**, in Marrakech, the Group organized the 1st FMB Africa, bringing together professionals, members of the scientific community and development agencies with an interest in Africa.
- **In September**, in Accra (Ghana), it participated as an industrial partner in the 2010 edition of the Africa Green Revolution Forum.
- **In October**, in Marrakech, CEO Mostafa Terab represented OCP at the 3rd edition of the World Policy Conference. The WPC was attended by dozens of statesmen and top international officials around a debate on global governance.



The Group intends to capture at least half the forecast increase in global demand for phosphate fertilizers, while preserving its presence on the other links of the value chain.



Progression of export volumes

An increasing share for value-added products

(in million tonnes)

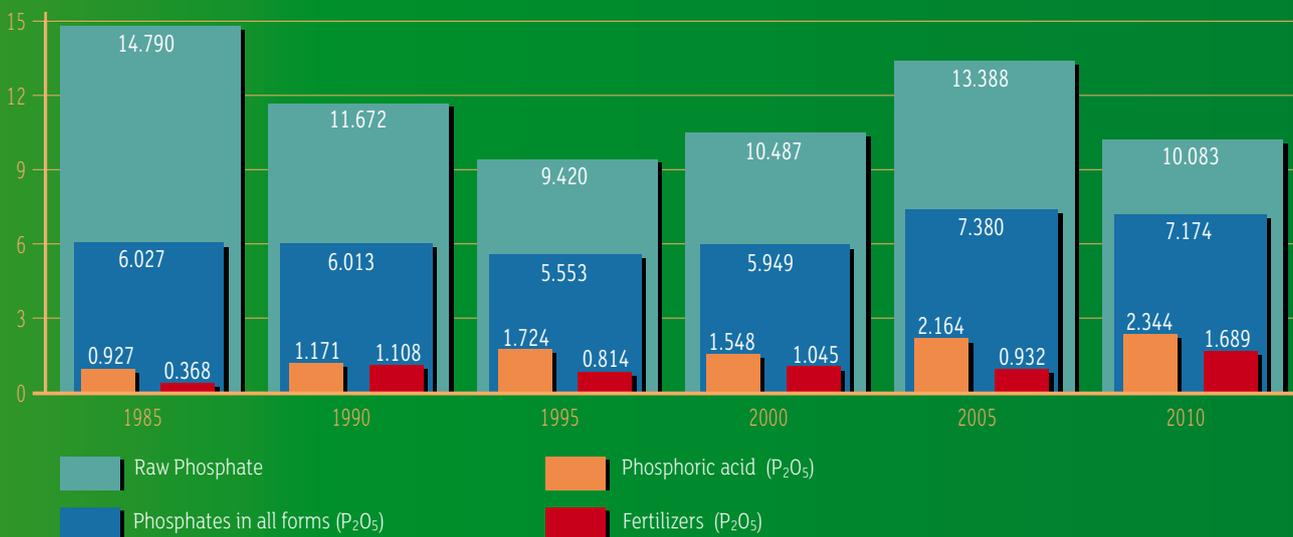


*Samia Charadi, OCP's Strategy and Partnerships Director:
« OCP is determined to be involved in the exchange of ideas, in reflection and in organizing debates in all areas that have an impact on agriculture. »*



● **In January 2011**, in Mumbai (India), OCP will attend the 17th Partnership Summit. Among the topics to be discussed: “the challenges of poverty”, “the necessity for sustainable development”, “the risks threatening global economic growth”, “the global financial context”, “the convention on international trade” and “economic development: necessity and challenges of urban planning”.

All evidence that the Group’s culture, based in-house on a philosophy of exchange and on the dynamics of collective reflection, is also expressed beyond both the borders of the Kingdom and the core of the Group’s business. « OCP is determined to be involved in the exchange of ideas, in reflection and in organizing debates in all areas with an impact on agriculture, » states Samia Charadi, OCP’s Strategy and Partnerships Director.



MARKETS

OCP consolidates its international positions

The Group's export sales rebounded sharply after the 2009 market's steep decline. A strong recovery reflecting, among other things, OCP's policy of migration towards a product portfolio with greater emphasis on fertilizers and other higher value-added finished products.

Following a significant contraction in 2009 due to the credit crunch, demand for fertilizers strongly resumed in 2010. This recovery is part of a broader movement where agricultural raw materials (soft commodities) registered near price hikes during the second half of the year in reaction to various natural disasters (floods in China, droughts and fires in Russia and Ukraine...). High oil prices bear their share of responsibility in this rise, as they led to higher demand for biofuels. This, in turn, contributed to the rise in the prices of soft commodities and thus stimulated the demand for fertilizers, including phosphates.

At the same time, the psychological effects of the 2008 crisis have somewhat tamed speculation in the fertilizer market. And that helped bring prices back to levels more in line with farmers' economic situation. Also, higher grain prices increased the purchasing power of these farmers and encouraged them to buy fertilizers for their crops.

As a consequence of these various elements, global trade of raw phosphate increased by 49% and that of fertilizers by 17%, signaling a return to levels comparable to normal years.

On the demand side, this sustained rebound resulted, amongst other things, in major purchases in two key markets:

- India, which contracted record DAP imports (7.6 Mt), up 22% from 2009, a record year in imports for that country.
- Brazil, where farmers have greatly benefited from high cereal prices, strongly positioned it-



Demand: India and Brazil, among the main drivers of its increase.



Supply: new production capacities on the market.



Over 7 million tonnes of phosphates in all forms were exported from the ports of Jorf Lasfar, Safi, Laayoune and Casablanca in 2010, up 53.8% from 2009.



self in the fertilizer market, importing 2.1 Mt, almost double its 2009 orders.

On the supply side, three major events contributed to relatively tight market conditions:

- The US court decision regarding the extension of the South Fort Meade phosphate mine, one of the largest in the country.
- The record exports by China of DAP/MAP (4.8 Mt), which affected the availability of fertilizers on the local market and led to soaring prices. In a bid to secure domestic product availability and reasonable price levels, the Chinese authorities responded by an export tax increase and a reduction to June-September of the export window for DAP/MAP.
- The unexpected delay of the Saudi Maaden project, whose production was to start in 2010.

In 2011, fertilizer prices would benefit from grain prices remaining at levels close to those of 2010. Conversely, phosphate fertilizers, phosphoric acid and phosphates would suffer price declines should grain prices fall.

Demand in 2011. It should stay high if grain price levels remain high. In this event, OCP's exports should remain at 2010's high levels. They

may even grow higher, thanks to the Group's successful efforts to optimize productivity.

Supply in 2011. It will partly depend on Maaden's production, as well as on the quantities exported by China.

Higher phosphates prices, led by strong DAP demand

In 2010, OCP achieved an export turnover of 5.2 billion US dollars, up 66% from 2009. A result partly due to strong increases in sales volumes and international prices, especially those of DAP, which contributed to high prices of rock phosphate and phosphoric acid. OCP's good export figures are also due to the fact that the Group's product mix has evolved to favor finished products, especially fertilizers.

PHOSPHATES IN ALL FORMS

Morocco 1st worldwide exporter with a 29% market share

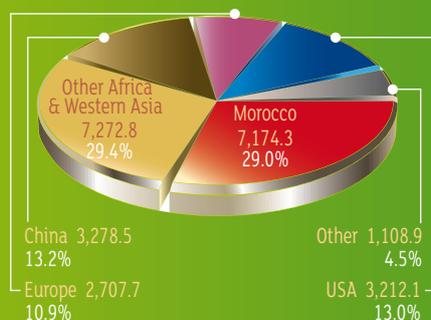
In 2010, world trade of phosphates in all forms rose by 22% over 2009, to 24.75 million tonnes P_2O_5 . Sales of raw phosphates scored a sharp increase of 46.7%. Phosphoric acid and fertilizers (DAP/MAP/TSP) increased by 2.7% and 15.2% respectively. Global exports of MAP,



Exports progression

OCP increases market share

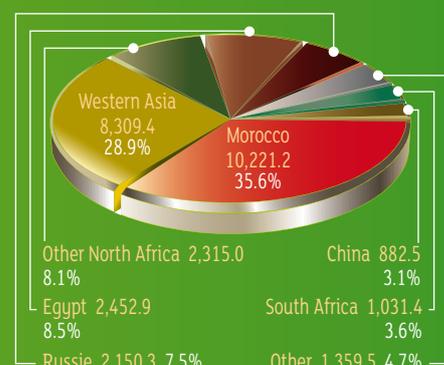
(in volume and %)



Total World Exports : 24,754.2 = 100%

PHOSPHATES in ALL FORMS

OCP's share increases from 23.0% to 29.0%



Total World Exports : 28,722.4 = 100%

RAW PHOSPHATE

OCP's share increases from 29.8% to 35.6%

DAP and TSP were up 36.3% and 10.7% and 9% respectively from 2009.

In this context, Moroccan exports reached 7.17 Mt P₂O₅ in 2010, against 4.66 Mt in 2009. A sharp increase of 53.8%, due essentially to soaring exports of phosphate rock (+75.5%), DAP (+80.8%), MAP (+82.2%) and TSP (+44.8%).

In terms of market share, Morocco strengthened its position as the leading worldwide exporter of phosphates in all forms, gaining 6%, from 23% to 29%.

U.S. exports fell by 14.4% to 2.77 Mt P₂O₅ in 2010, against 3.24 Mt in 2009. A decrease due primarily to lower shipments of DAP (-20.8%) and TSP (-23.6%). The market share of the United States has thus lost nearly 5 points, to 11.2% (from 16% in 2009).

As for Chinese exports, they scored a sharp 65.3% increase, to 3.27 Mt P₂O₅ in 2010, against 1.98 Mt in 2009. This increase is mainly due to sharp rises in exports of rock phosphate (+131.1%), DAP (+92.4%) and MAP (+88.3%). China gained a little over 3% of market share, from 9.8% to 13.2%. The country thus ranks 2nd largest exporter in the world of phosphates in all forms.

ROCK PHOSPHATE

Morocco 1st worldwide exporter with a 35.6% market share

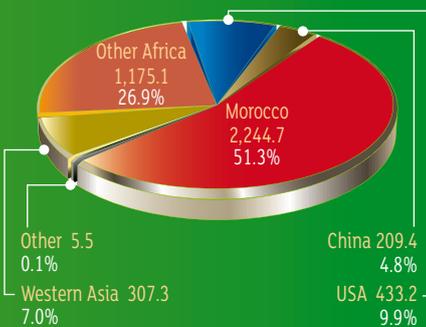
World trade in rock phosphate amounted to 28.72 Mt in 2010, a hefty +46.7% over 2009. The main exports increases during this period were registered by Morocco (+75.5%), other North African countries (+63.5%), South Africa (+34.8%), China (+131.1%), Egypt (+40.5%) and Western Asia (+37.8%). Russian exports, on the other hand, lost 7.1%.

In this context, Morocco nearly doubled its exports, to 10.22 Mt in 2010, against 5.82 Mt in 2009. The Group's market share grew by nearly 6 points, from 29.8% to 35.6%. Morocco thus consolidates its position as the world's first exporter of rock phosphate.

PHOSPHORIC ACID

Morocco 1st worldwide exporter with over half of the global market

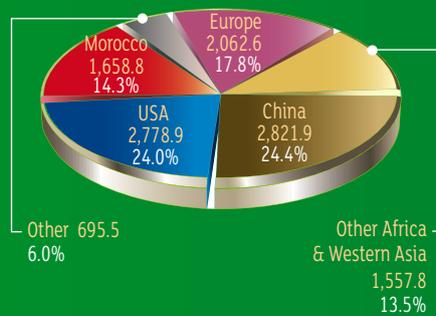
In 2010, world trade of phosphoric acid (ACP) stood at 4.37 Mt P₂O₅, against 4.25 Mt in 2009 (+2.7%). The highest increases were scored by Morocco (+408.3 kt P₂O₅), the United States (+43.5 kt P₂O₅) and China (+8.2 kt P₂O₅). Global exports from Africa and Western Asia fell by 89.6 kt P₂O₅ and 101.8 kt P₂O₅ respectively. In



Total World Exports : 4,375.2 = 100%

PHOSPHORIC ACID

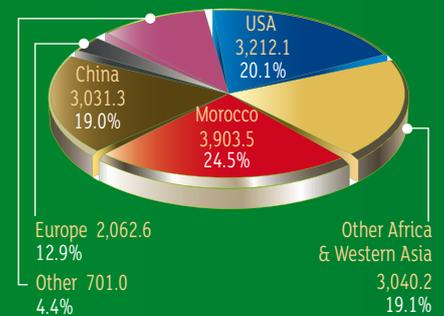
OCP's share increases from 43.1% to 51.3%



Total World Exports : 11,575.5 = 100%

SOLID FERTILIZERS

OCP's share increases from 9.6% to 14.3%



Total World Exports : 15,950.7 = 100%

PHOSPHATE DERIVATIVES

OCP's share increases from 19.6% to 24.5%

India, the largest global market for phosphoric acid, imports were down 14.4%, from 2.62 Mt P_2O_5 to 2.24 Mt in 2009. The volumes delivered by Morocco to the Indian market stood at 1.02 Mt P_2O_5 , against 1.11 Mt in 2009, down by 8.3%. Both Africa and Western Asia also lowered their deliveries to India, by respectively 15.5% (879.4 kt, after 1.04 Mt) and 68.3% (78,4 kt, after 247 kt). On the other hand, U.S. exports to this market were up 20.5% (262.6 kt, after 218 kt).

Meanwhile, Morocco's total exports rose by 22.2%, to 2.24 Mt P_2O_5 in 2010, against 1.83 Mt in 2009. OCP thereby improved its position as the world's number one exporter of phosphoric acid by 8 points, from 43.1% to 51.3%.

SOLID FERTILIZERS

Morocco increased exports by 71.9% and market share by nearly 5%

In 2010, world trade of solid fertilizers stood at 11.57 Mt P_2O_5 , against 10.04 Mt in 2009, up 15.2%. The increase was in exports of DAP with 10.7% (7.42 Mt P_2O_5 , against 6.70 Mt), TSP with 9% (1.61 Mt, against 1.48 Mt) and MAP with 36.3% (2.53 Mt, against 1.86 Mt).

China greatly reduced its DAP imports, from 339.5 kt P_2O_5 in 2009 to 113.3 kt in 2010, down 66.6%. On the other hand, this country's exports of MAP, DAP and TSP were up 88.3% (430 kt P_2O_5 , against 228.3 kt), 92.4% (1.83 Mt P_2O_5 ,

against 953.6 kt) and 13% (557.6 kt P_2O_5 , against 493.6 kt) respectively.

Brazil, the world's largest importer of MAP and TSP, upped its purchases of MAP by a strong 84.8% (840.4 kt P_2O_5 , against 454.9 kt) and TSP by 10.8% (465.7 kt, against 420.3 kt).

In India, DAP imports stood at 3.54 Mt P_2O_5 in 2010, against 2.91 Mt in 2009, a 21.6% increase.

As for the United States, their solid fertilizers exports were down 14.4%. Exports of MAP were up 12.9% (884.4 kt P_2O_5 , against 783.5 kt), an increase offset by lesser exports of DAP and TSP exports, respectively down 20.8% (2.15 Mt P_2O_5 , against 2.72 Mt) and 23.6% (34 kt P_2O_5 , against 44.5 kt).

As for Pakistani imports of DAP, they fell by 18.7%, to 329.4 kt P_2O_5 in 2010, against 405 kt in 2009.

In this perspective, Morocco significantly increased its solid fertilizers exports in 2010, scoring an important +71.9%. An excellent performance due to augmented deliveries of DAP (+80.8%: 857.2 kt P_2O_5 in 2010 from 474 kt in 2009), MAP (+82.2%: 442.3 kt P_2O_5 from 242.7 kt) and TSP (+44.8%: 359.4 kt P_2O_5 from 248.2 kt). Hence the substantial rise in Morocco's market share of solid fertilizers, from 9.6% in 2009 to 14.3% in 2010.

PHOSPHATE DERIVATIVES

Morocco 1st worldwide exporter with a 24.5% market share

World exports of phosphate derivatives (ACP, DAP, MAP and TSP) reached 15.95 Mt P_2O_5 in 2010, up 11.5% from 14.30 Mt P_2O_5 in 2009. The main increases were scored by Morocco (+39.3%), Europe (+13.5%) and China (+61.5%).

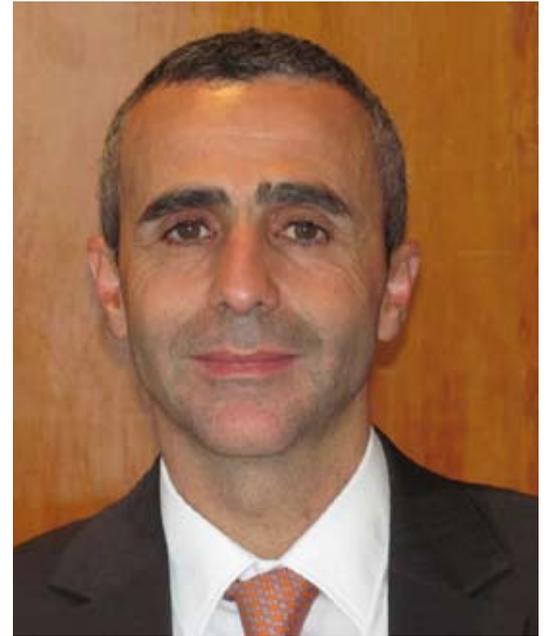
Moroccan exports of phosphate derivatives stood at 3.90 Mt P_2O_5 , against 2.80 Mt. OCP thus consolidated its position as the world's number one exporter of these products, with a 2010



Brazil is expected to become an important OCP regional hub.



Mhamed Ibnabdeljalil, Executive Vice-President, Sales, Marketing and Raw Material Procurement: « OCP's sales rebound after the steep 2009 market decline is one result of the Group's policy to migrate towards a portfolio with a greater share of processed, higher value-added products. »



market share of 24.5% in 2010, against 19.6% in 2009.

In December 2010, OCP created its São Paulo office (OCP do Brazil Ltda). The decision is in line with the Group's policy of migration towards a product portfolio favoring fertilizers. It is also motivated by OCP's will to be locally present so as to better service its Brazilian customers. Brazil is a market with a high potential for the Group, as the country's fertilizer requirements match its status as the world's 5th exporter of agricultural products and as number one supplier of bio-ethanol from sugar cane bagasse.

After Brazil, Argentina is one Latin American country with a large agricultural sector and a powerful agribusiness. It is also the second largest economy in South America. Hence OCP's decision to open a new office in Buenos Aires (OCP de Argentina SA) in 2011.

In Africa and India (see page 80), OCP is implementing a strategy of practical, ground-level commitment. The Group's aim is to better understand the needs of soil and crops, and share its knowledge and expertise, while promoting its products as much as contributing to develop local agriculture, namely through increased and reasoned fertilization.

INDUSTRY

OCP's industrial development program launches

By 2020, OCP will have doubled its mining capacity and tripled its chemical capacity. An ambitious 115 billion MAD industrial development program whose major projects are now well on track.

OCP's industrial development program is well underway. By 2020, the Group's mining capacity will nearly double, to 55 million tonnes/year, against 30 million at end 2010. The fertilizer production will reach 10 million tonnes/year, a near threefold increase from the present 3.6 Mt/year. This powerful ramp-up in industrial capacity is planned in the framework of OCP's strategy to develop and consolidate its leadership. Of the program's 115 billion MAD total investment, the Mining projects (new mines and washing plants) share stands at around 30%, while Chemicals (phosphoric acid and fertilizer) are allocated 46%, the Jorf Phosphate Hub 16%, and infrastructures (pipelines, port facilities, etc.) 6%, the remaining 2% going to various other projects.

2010: kick-off year for major construction works

2010 saw the kick-off of this impressive development program. Several commissioning contracts were signed, and major works were launched and reached various stages of completion by end December. Among them: phase I of the Merah Lahrach washing plant (MEA), the first of three that will be processing ore from the Khouribga mines, the Khouribga-Jorf Lasfar pipeline, four chemical plants at the Jorf Phosphate Hub (JPH) as well as new granulation lines, a wastewater treatment plant at Khouribga, a seawater desalination unit at Jorf Lasfar... In total, OCP signed approximately 20 billion MAD worth of contracts for its industrial projects, a capital expenditure expected to exceed 45 billion in 2011... « Within a few months time, states El Moutaouikil El Baraka, Chief Industrial Devel-



OCP is constantly on the lookout for new technologies to always remain "state of the art".



opment Officer at the Operations Department, there will be some 12,000 to 15,000 people working on OCP construction sites. »

Four new mines

As part of its development plan, OCP will open three new mines on the Khouribga site, increasing the site's annual production from 18.5 million tonnes currently to 38 million tonnes. The three mines are El Halassa, Ouled Fares and North Central Extension Zone. A fourth mine, Benguerir Sud, is to be launched at Gantour.

- **El Halassa.** Preparation is underway following the conclusion of several preliminary studies, particularly the geological, mining and environmental impact studies. Preparatory construction works will start in 2011 with 1 Mt/year capacity, due to reach 5.5 Mt/year by 2014.

- **Ouled Fares.** Geological and mining studies completed and land purchased. Commissioning date: 2014 with 1Mt/year, extendable to 6 Mt/year by 2017.

- **North Central Extension Zone.** Geological and mining studies completed, land purchased. Commissioning date: 2017. Capacity: 6 Mt/year.

- **Benguerir Sud.** Geological and mining studies completed and part of the land purchased. The mine site's preparation started in 2008. The current project aims to reach full extraction capacity (2 Mt/year) by 2015.

By opening four new mines, OCP aims to increase its mining production capacity from its current 30 million tonnes/ pa to 55 Mt/pa by 2020.



The Merah Lahrach (MEA) washing plant, one of four planned in OCP's industrial development program. Its phase I began production in October 2010. By 2016, total capacity at MEA will reach 12 Mt/pa.



Increasing productivity while reducing costs and saving the environment.

Four new washing plants

- In October 2010 operation began at phase I of the new MEA washing plant, the first of three planned at Khouribga, with a capacity of 7.2 Mt/pa. 75% of the various stages of this project were carried out by local businesses.

A phase II is planned at MEA. The capacity will be expanded to 12 Mt/pa, and the plant's installations will be made compatible with the transportation of the washed phosphate (in the form of pulp) over the Khouribga-Jorf Lasfar pipeline.

In October 2010, baseline studies for the transformation were completed and the technical bids were opened. The transformation will be operational in February 2013 and the capacity expansion in 2016.



The first tonnes of washed phosphate produced by the MEA washing plant. Washing-flotation, a technique extended to all of the Group's washing units in 2010, makes mining the poorer phosphate layers profitable.

The MEA washing plant involves the construction of auxiliary infrastructure necessary for its operation, including a wastewater treatment plant for the city of Khouribga. Commissioned in April 2010, with a capacity of 5 million m³/pa, it supplies the water needed at MEA. Additional water needs at all the Khouribga washing plants will be provided by water from the Aït Messaoud dam (see box on page 68).

- In December 2010, conceptual design and basic studies were finalized for the project aimed at adapting the Sidi Daoui washing plant to the transport of washed phosphate by pipeline. Operating capacity will be at 8 Mt/pa from February 2013.

- Also in late 2010, work started at the construction site of the second Khouribga washing plant, at El Halassa. With a capacity of 6 Mt/pa

in 2013, to be extended to 12 Mt/pa from 2014, it will meet the future needs of merchant grade product.

- The last washing plant planned for the Khouribga site, Ouled Fares, will be commissioned in 2015 with a capacity of 12 Mt/pa, to be extended to 14 Mt/pa from 2018. The plant will meet future needs of merchant grade product. Late 2010, conceptual and basic studies of the project were finalized.

- At the Gantour mining site, a washing plant is planned at Benguerir. With a capacity of 6 Mt/pa, it will supply the Safi chemical plants with phosphate pulp delivered by pipeline. Two projects for wastewater treatment plants were also launched. One at Benguerir, which will recycle the city's wastewater to feed the upcoming Benguerir washing plant. It will



Nearly half (46%) of the total investment dedicated by OCP to its industrial development program is earmarked for the construction of ten new chemical plants. The Group aims at substantially increasing fertilizer production, in order to be in a position to acquire a bigger market share in this product segment.



Phosphate transport over the pipeline will work out ten times cheaper than by train.

also be used for watering green spaces in the Mohammed VI Green City. The order contract was signed in December 2010 and the work is to begin early February 2011. The other wastewater treatment plant will be built at Youssoufia to supply the washing plant of this site.

Washing plants: R&D solutions 100% OCP

While the washing process *per se* remains basically unchanged, individual line capacity was multiplied by five: 1,500 tonnes/hour instead of 300 t/h. Thus, MEA is a washing plant with two large lines instead of several smaller ones. The result is a 25-30% reduction of Capex (capital expenditure) and a strong impact on Opex (operating expenditure), particularly thanks to reduced energy consumption.

Also used at the MEA washing plant is a technology for ore enrichment developed 100%



by OCP's R&D department and generalized throughout the Group's washing plants in 2010. Various techniques exist to enrich ore with low phosphorous content (expressed as phosphorus pentoxide, or P_2O_5). OCP teams have developed a washing and flotation process that is cheaper and more suitable than those currently existing worldwide. It is a continuous flow system where sludge water is recycled and 95% of the water recovered and pumped back into the process. The technique enjoys a considerable advantage, as it allows processing of phosphate from poor and very poor strata.

The sustainability of phosphate is the sustainability of life

Processing of poor and very poor phosphate strata is a major development for OCP's competitiveness. What's more, developing poor phosphate means sustaining Moroccan mines. As a result, the Kingdom's phosphate mines' life will be considerably extended, thus guaranteeing for centuries this major source of phosphorus. Phosphorus is, in fact, an essential component of life, an element crucial not only for the growth and health of plants, but also for all forms of life. Phosphorus constitutes about 1% of the weight of a human being, who absorbs it through food intake; it is fixed in the cells where it plays a fundamental role in the transfer of energy, and it is one of the constituents of DNA. It is concentrated mostly in the bones and teeth. Above all, phosphorus is an irreplaceable element: for instance, humanity may substitute other sources of energy for oil, but there is no substitute to phosphorus.

The Khouribga-Jorf Lasfar pipeline, a major technological breakthrough

In May 2010, the French Development Agency (AFD) signed a 240 million euro credit agreement for the construction of the Khouribga-Jorf Lasfar pipeline. The main pipeline and its secondary tributaries will have a total length of 235 km. This slurry pipe will transport (in the form of pulp) all the phosphate mined and washed at Khouribga to the Jorf Lasfar chemical plants for



El Moutaoikkil El Baraka, Chief Industrial Development Officer at the Group's Operations Department: « In a few months time, some 12,000 to 15,000 people will be working on OCP construction sites. »

processing into phosphoric acid and DAP, or to the port of Jorf Lasfar for export.

Transporting wet phosphate from the washing plants over the pipeline, instead of by rail-road, will save water (no drying at the mine as required for transport by train) and energy (the pulp will be driven down the pipeline by sheer gravity). As a result, the cost per tonne of phosphate delivered to Jorf Lasfar will be less than 1 dollar instead of 8 dollars currently. However, the pipeline is not only an economical mode of transport. It is also a real technological breakthrough involving integration between upstream and downstream, with integrated logistics. With the washing plant now incorporated into the mine, the ore is enriched and at the same time processed for transport. The washed phosphate pulp will be stored in tanks outside the different washing plants, then pumped through the secondary pipes and collected at a head station adjacent to the MEA washing plant. From there,

A 235 km pipeline to carry the washed phosphate from Khouribga to Jorf Lasfar.



the pulp will be pumped into the main pipeline to be transported from Khouribga to Jorf Lasfar. Reaching its destination, it will be stored at a terminal station, from where it will either be fed into the different chemical plants or pumped into the port's facilities for export.

At the end of 2010, baseline studies were completed by PSI, a US consulting agency and world leader in its specialty. The contract for the turnkey pipeline project is scheduled to be signed early 2011 with the Turkish group Tekfen. Total investment: 3.6 billion MAD. In April 2013, when the pipeline starts operating and phosphate pulp is pumped into the pipe system to be delivered to the Jorf Lasfar, transport will take place in greatly improved economic and environmental conditions.

Status of other projects in Jorf Lasfar and Safi

At Jorf Lasfar, the major projects launched in 2010 include:

- Four of the ten 1 million tonne DAP units planned at the Jorf Phosphate Hub platform are on track. In November, engineering studies were launched for two of them, and in preparation for a third one. Each unit consists of four

lots: sulfur, phosphorus, DAP and utilities. For reasons of cost optimization and proper work management, the four units were kicked off at six-month intervals. Commissioning dates will spread from July 2013 to July 2015

- Conceptual studies of the "Downstream" project were finalized in December. This project will allow packaging of phosphate pulp (by filtration-drying, pelletizing and wet storage) delivered from the pipeline for export. Commissioning is scheduled in 2013, after the pipeline has started operating.

Many auxiliary facilities are essential to the operation of current, under construction or projected chemical units. These facilities are at different stages of development: from conceptual and definition studies or environmental impact for some, to the signature of turnkey contracts or EPC (Engineering, Procurement and Construction) for others, through the preparation of tenders for the rest. Current 2010 projects include:

- A storage and processing facility for the sulfur needed in the production of phosphoric acid.
- A storage unit for ammonia, an input in the fertilizer production process.



- The extension of seawater pumping and distribution facilities.
- The circuit in charge of fertilizer handling and transfer of phosphates for export.
- The power supply.
- A steam production unit.
- Two new granulation lines, with an 800,000 t/pa capacity each.

At *Safi* also, 2010 was rich with projects:

- Two new phosphoric acid concentration units, one at Maroc Phosphore (CAP T, launched in April), and the other at Maroc Chimie (CAP 6, launched in July).
- A project to convert MAP and NPK lines at the chemical complex into high value-added DCP/MCP food grade fertilizers production units. Scheduled capacity is 300,000 tonnes/pa, of which 90% is for export.
- A project for a new steam-driven power plant at Maroc Chimie to replace the old one.
- A project labelled "Sulfuric Vision" providing for the replacement of two sulfuric acid production lines by more modern, cleaner facilities, with better energy productivity. The conceptual design study is due early 2011.

Mining overview

I. EXTRACTION

The tonnage mined in 2010 at Khouribga amounted to 17.215 Mt, a 28% rise compared to 2009. It should be noted that almost all of the tonnage mined (16.93 Mt) was delivered. Of this amount, 9.8 Mt was delivered to different chemical processing units, that is 18.35% more than in 2009, while 7.080 Mt was exported via the port of Casablanca, a 57.4% leap compared to last year.

At Gantour, 6.547 Mt was extracted, an impressive increase of 156% compared to 2009. Of this amount, 58% came from Benguerir and 42% from Youssoufia.

II. MAJOR EVENTS

Khouribga Mines

1. At the mining level

MEA sector. Many projects and improvements were carried out in 2010:

- A production record was set for medium-concentration phosphate: 2.4 Mt, which made it possible to deliver a richer ore to Jorf Lasfar all year round, while the new MEA washing facility was not yet commissioned. This improvement was achieved thanks, on the one hand, to the work delivered at the extraction level, and on the other hand to the personnel's motivation stimulated by the Iqlaa program.
- Mining was resumed at the Khouribga Sud mine, thanks to new civil engineering works undertaken, as well as the construction of new logistics premises.

Sidi Chennane sector. Two main events took place in 2010:

- An absolute record was set in the screening operations: 8.17 Mt, a 18.5% plus compared to the previous record (6.89 Mt, in 2007).
- The first full load tests of the second screening auger were carried out.

Besides its usual activities, the Mining Production Management at Khouribga rallied around the task of displacing a 0.7 million m³ waste tip in order to clear the land areas needed by the Green Mine project.

2. At the processing level

- Four Iqlaa sessions were carried out at the Sidi Daoui washing plant (May - October 2009), at the Sidi Chennane link (mid June 2010), at the drying unit (March - July 2010) and the Carreau Central Zone (October 2010 - June 2011).
- Beni-Idir loading station for wet phosphate was commissioned.
- Three drying ovens at Beni-Idir (F2, F1, F3) were fitted with baghouse filters.
- A monitoring system was implemented for all electric substations to control, record and



Abdelaali Kossir, OCP's R&D Director: « Our ambition is to create a world class R&D at the service of a world class Group. »

edit all working parameters of the Oued Zem Complex facilities.

- A number of conveyor belts were thoroughly revamped..
- The Sidi Daoui washing plant's output was substantially improved.

Gantour Mines

1. At the mining level

Benguerir.

- The Iqlaa program for business transformation was continued at the screening operations, and was launched at the phosphate loading and transport operations, as well as in the stripping sector.

- New stripping zones were opened at Panels 3 and 4.

- Vertical and horizontal selectivity was developed at all panels in order to extract a maximum amount of rich phosphate.

Youssoufia.

- The Iqlaa program was launched at the Bouchane mine, as well as a campaign designed to build a standardization system.

- Also at Bouchane, a re-screening loop was implemented to ensure recovery of phosphate residues from the first screening operation, and an extractor was installed to service the destoner in replacement of the bagging heads whose difficult de-clogging resulted in repeated interruptions.

- Iqlaa was continued at the M'Zinda mine.
- Also at M'zinda, administrative premises were constructed, and a screening-destoner hopper was installed, as well as various handling equipment.

Production progression

2010, a year of growth for both Mining and Chemicals



RAW PHOSPHATE

Progression of OCP's commercial production

(in million tonnes)



2. At the processing level

- The Iqlaa program launched in March at the drying and washing operations developed successfully.
- The loading system of the drying trains was automated.
- A new fuel supply circuit was fitted on the 2nd battery of drying ovens.
- The new drying ovens' supply circuit, equipped with two hoppers fitted with two extractors, started operation.
- A calcination unit was adapted to operate as a phosphate dryer.



Amar Drissi, Executive Vice-President, Operations: « Four of the ten new 1Mt/pa fertilizer production units scheduled at the Jorf Phosphate Hub were launched in 2010. By 2020, when the ten plants are completed, the Group's fertilizer capacity will have increased threefold. »

Chemicals overview

The new chemical units scheduled in the industrial development program will start operating from July 2013. They will greatly enhance OCP's production capacities of phosphoric acid and fertilizers. Meanwhile, the Iqlaa business transformation program, which implemented its "4th wave" in 2010, played its part in this year's production increase.

I. PRODUCTION

Phosphoric acid. In 2010, the two major production centers that make up the Group's Chemicals Department - Jorf Lasfar, with Maroc Phosphore, Emaphos, Imacid, Pakistan Maroc

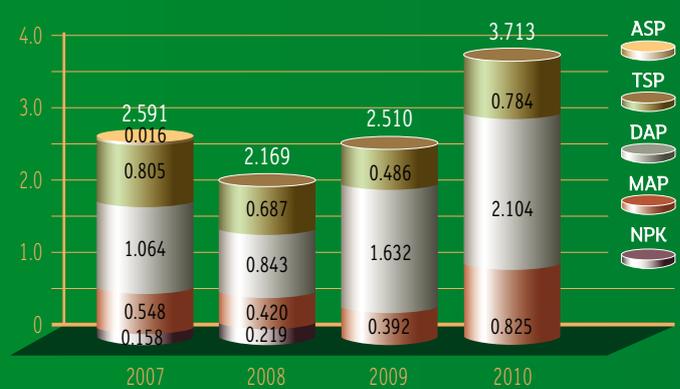
Phosphore and Bunge Maroc Phosphore; and Safi, with Maroc Chimie and Maroc Phosphore - produced 3.997 Mt P₂O₅ of phosphoric acid, against 3.076 Mt in 2009 (+29.94%).

Fertilizers. The Group's production (in DAP, MAP and TSP) stood at 3.713 Mt P₂O₅, an increase of 47.98% compared to 2.509 Mt in 2009.



PHOSPHORIC ACID

Progression of OCP's consolidated production
(in million tonnes P₂O₅)



FERTILIZERS

Progression of OCP's consolidated production
(in million tonnes P₂O₅)

DAP: 2.062 Mt was produced, in total at Jorf Lasfar.

MAP: 0.666 Mt was produced, in total at Jorf Lasfar.

TSP: 0.699 Mt was produced, in total at Safi

II. MAJOR EVENTS

At Jorf Lasfar

Maroc Phosphore III-IV

- Tests were run on wet phosphate (in the form of pulp) at phosphoric line C.
- Three new liquid sulfur storage tanks entered service, enabling a 15% increase in the platform's storage capacity.
- 94 kt of DAP and 139 kt of MAP fertilizers were manufactured for Bunge Maroc Phosphore.

- General maintenance work was conducted on four phosphoric lines.

Euro Maroc Phosphore (Emaphos)

- The washer was revamped, with modifications resulting in a reduced water consumption and a better quality of the washed product. All studies for this project were conducted internally.
- The Occupational Health and Safety Management System obtained certification by AFAQ following the OHSAS-18001 standard.
- The Emaphos product was registered under the REACH regulation.

Indo Maroc Phosphore

Imacid launched a multi-annual upgrading program of its units in October, with a plant shutdown limited to five weeks. Major works:

R&D: efficiency and sustainability

R&D plays a fundamental role at OCP: from the geological phase to processing of finished products, through ore extraction and enrichment, it covers the Group's entire value chain. A daunting task undertaken by a team of some 150 researchers, engineers and technicians.

To be more responsive and closer to the Group's needs, R&D has been decentralized to the different industrial sites. Its staff and resources have been strengthened. Between 2009 and 2010, its budget more than doubled, from 176 to 360 million MAD.

Today, R&D is structured around a three component typology working in close interaction and

mutually enriching each other:

Operational R&D. It operates at the unit level, in close collaboration with production, essentially targeting performance enhancement. Its purpose: to increase capacity and reduce costs while ensuring preservation of the environment.

Differentiation R&D. It mainly addresses the Group's products. Its aims are diversification and quality improvement, taking into consideration customers' and farmers' current and future needs. It also anticipates environmental constraints and international regulations.

Breakthrough R&D. It works on developing new processes, tech-

nologies and products, including niche products, by integrating preservation of the environment and optimal use of water and energy. In matters of industrial change and competitive advantage, this is the queen of R&D, the one that builds the future through innovative products, consolidating the Group's leadership and meeting the challenges of tomorrow.

With this R&D, OCP has the resources to be on the cutting edge of technology in all areas related to the phosphate industry: geology, mining, ore processing, recovery and chemical processing. Expertise not available within the Group will be internalized by



- The furnace was rehabilitated and a boiler (140 tonnes) replaced.
- The tubed superheater (160 tonnes) was replaced.
- The converter grids were replaced, and the four catalytic beds were drained, screened and revamped.
- Draining-filling operations were undertaken on the converter.

Bunge Maroc Phosphore

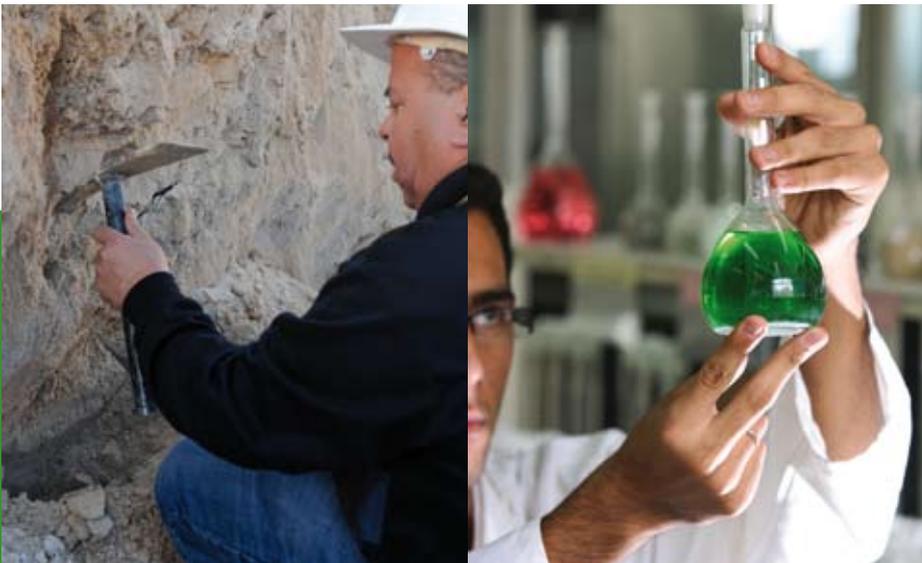
● In this second year of industrial operation of its acid and energy units BMP, performed very well in terms of volume (90% of nominal) and overall P_2O_5 productivity (92.66% on average, with a record 93.59% in December). This good performance is the result of sustained follow-up and optimization of operating conditions, thanks to the motivation and performance of staff due to the Iqlaa program combined with

technical improvements introduced to equipment or circuits.

● Continued implementation of the “Fertilizer project” consisting of a GTSP/GMAP unit of 270 kt/pa of TSP, a GMAP/GDAP unit of 340 kt/pa of MAP, two fertilizer storage halls of 50 kt each and related facilities. At the end of 2010, overall construction progress is estimated at 93%.

On the Safi site

- In 2010, production of ammonia-based fertilizer (NPK) had definitively ended at Safi and was completely relocated to Jorf Lasfar.
- Significant maintenance work was conducted at Maroc Phosphore II on seven sulfur lines, nine phosphoric lines, two fertilizer lines, and on the turbo-generator A.
- Performance was managed through Iqlaa with staff meetings at all levels.



In the field or in their labs, researchers in OCP's R&D are present on every mine or chemical site, in each and every phase all along the value chain, from extraction to fertilizer production.

making good use of the various research institutes, universities, equipment suppliers, raw material suppliers, etc. through partnership and joint ventures, in an “Open Innovation” approach. With its constant concern for the environment, the Group also makes sure it always promotes “eco-design” through its R&D. While ensuring the sustainability of its products from the design stage

on, but also that of its tools and production process, as well as the compliance with national and international regulations.

« We are working so OCP can continually improve its performance and technological capacity. Our ambition is to create a world class R&D at the service of a world class Group, » says Abdelaali Kossir, OCP's R&D Director.

To render its R&D more proactive, OCP has decentralized it to all its different sites.

Iqlaa: taking off to excellence



One core goal of Iqlaa is federating all of the human capital energies to serve a performance-oriented culture, where a problem is perceived as an opportunity for improvement.



OCP's business transformation program "Iqlaa" was launched in April 2009. It aims to provide a competitive advantage to the Group through improved industrial productivity and cost reduction, while federating the human capital energies around a performance culture. « A culture that encourages each and every staff member to consider problems as opportunities for improvement, » says Abdelghani Filali, one of the "agents of change" trained in Iqlaa techniques, who in turn trains his colleagues.

Technically, Iqlaa (in English "take-off") is a continuous process based on the principles of "lean" production, which made Toyota the world-wide number one carmaker and the most profitable. Lean production systematically monitors all cost-reduction opportunities. It permanently removes or changes any action involving an expenditure that is not contributing to producing value. It is a philosophy that applies equally to plant, process or men. To fulfill this lean production objective, OCP's business transformation

program is implemented in three main areas in permanent interaction.

1. The operating system.

The adoption of lean techniques and tools has allowed the following improvements:

- optimization and standardization of operations;
- optimization of operational strategies;
- integration of technical improvements.

2. Management infrastructure.

It has been thoroughly redesigned and its organization focused on performance management and implementation of appropriate tools:

- A series of relevant performance indicators were introduced at all levels, allowing day to day monitoring of problems, with description, diagnostics, recommended solutions, implementation and results, backed by management team "performance" meetings.
- A performance culture was promoted through the introduction of more effective incentives, such as

individualized bonuses rather than the traditional general distribution.

- Targeted organizational transformations, through the concept of "top teams" in different areas.

In addition to monitoring, this organization has allowed to identify recurring problems, investigate their causes and provide effective solutions. The role of management is no longer limited to reading experts' reports. It rather consists of on the job action to pinpoint problems and reach efficient solutions. Thanks to the performance indicators, with weekly follow-up audits of each unit's results, management staff can at a glance grasp the history of a problem. This visual management method is called *ka-mishibai*, a Japanese popular epic told by a traditional storyteller that Toyota has converted into a field audit system now adopted world-wide.

3. Mindsets, behaviors and values.

To be truly operational, transformation had to become second nature. Indeed, Iqlaa is a success because



Lhoussine Haddouchane, Iqlaa sustainability agent at the Benguerir screening units: «We now hold regular meetings to discuss all problems and, at the same time, make sure a better coordination exists between maintenance and production.»

Faris Derrij, Mining DPG: « Our task is to identify and recruit transformation agents with great potential and to train them so that they can spread and generalize best practices at all the Group's sites. »



everyone from management to operators adheres and feels involved. To carry on with the business transformation and sustain its benefits, a team of officers from the Global Performance Direction (DPG) is entrusted with the task of incorporating and disseminating the lessons learned from each Iqlaa site. It is equally responsible for training staff in Iqlaa culture. The officers are supervised by a Mining DPG and a Chemicals DPG. « Our task, » says Faris Derrij, the Mining DPG, « is, among others, to identify and recruit transformation agents with great potential, and to train them so that they can spread and generalize best practices at all the Group's sites. » « Since mid-2010, » says his Chemicals counterpart Amine Louali, « Iqlaa is now fully carried out in-house, by 100% OCP personnel »

The DPG team is made up of 15 members, but is projected to grow to about sixty, as international benchmarking shows that this is the ideal size for a workforce of companies similar to OCP.

At the end of 2010, the Iqlaa program had almost completed its "4th wave" (October 2010 – January 2011) and generalized the transformation of all the operational stages. It also succeeded in internalizing the program as it is now lead by the Group's DPG and not by outside experts. Finally, it has allowed the implementation of the basis necessary for the sustainability of achievements: the maintenance process, standardization, improvement incentives, celebrating results, communication, accountability, etc.

Iqlaa passes the test with flying colors

Results achieved through Iqlaa prove the relevance and success of the program. 2010 ended with a 22% plus in mining production capacity. In chemicals, production of phosphoric acid scored a 10% plus and that of fertilizers jumped by 43%. In total, the production capacity increase of the Company's industrial units (Mining and Chemicals) due to Iqlaa was 25%.

Other success stories

- At the Jorf Lasfar phosphoric acid production workshop, just two months after Iqlaa was implemented, the number of equipment failures fell by 12% and the duration of shutdowns (for maintenance) was reduced by 40%.
- At the Jorf Lasfar site, production of fertilizers increased from 6,000 to 10,000 tonnes.
- At both Khouribga-Jorf Lasfar and Gantour-Safi axes, increase in capacity recorded in 2010 thanks to the Iqlaa program shows an estimated total gain of over 3.5 billion MAD.
- The Benguerir dragline 200B3 underwent a general overhaul and is back in operation since October 4 at Sidi Chennane, in the Khouribga region. The Benguerir to Sidi Chennane transfer, over some 270 km, took place in three stages: dismantling of the machine in sub-groups at Benguerir; transport to Sidi Chennane; review and reassembly. Total cost of the operation: 5.2 million MAD, instead of 180 million that would have cost the acquisition of a new dragline.

FINANCE

Ensuring availability of resources for the Group's development program

OCP pursued in 2010 a new financing policy. The main challenge for the Group's Finance Department is to ensure resources necessary to best support the Group's development strategy. For this purpose, it is implementing an ambitious financial policy based on diversification of funding sources, disintermediation, and flexibility of financing terms.

A sharp increase in results

2010 was a year of recovery following the 2009 slowdown of global economic activity.

In fiscal year 2010, OCP achieved an excellent performance similar to that of 2008, a historic year from all points of view. Foreign currency turnover stood at 5.2 billion USD (see chart on page 47), up 66% from 2009. An achievement to be compared to the Group's historic levels of 3 to 3.5 billion USD.

OCP's EBITDA, the main indicator of economic and business performance, was 15.1 billion MAD, against 6.7 billion in 2007. Operating income of 14.4 billion MAD also confirmed the trend.

A stronger balance sheet

After taking into account non-operating features, OCP's net income for fiscal year 2010 amounted to 8.9 billion MAD. Thanks to this outstanding result, the Group's equity went up by over 45%, from 16.7 billion to 24.3 billion MAD. This 7.6 billion increase enabled the fulfillment of two important strategic objectives:

- Upgrading of the production tool (mines, washing plants, chemical factories), which reflected particularly in 2.4 billion MAD increase in fixed assets, up from 15.7 to 18.1 billion. It should be noted that, in 2010, the Group has placed approximately 20 billion MAD worth of orders related to its industrial development program.
- Continued outsourcing of social liabilities. The excellent performance results allowed the completion of outsourcing of pension liabilities amounting to 6.6 billion MAD.



OCP is the first Moroccan company to have adopted the Swift protocol.



Mohamed El Hajjouji, Executive Vice-President, Financial: « OCP is moving to an accounting system where all available cash is used optimally. »

In conclusion, under the combined effect of strengthening equity capital and reducing net debt, the debt ratio (debt/equity) was brought down from 46% end 2009 to 9% end 2010. A level that allows the Group to pursue under optimal conditions its ambitious investment program, whose main objective is to increase production capacity while improving operational efficiency.

With such excellent results, the investment program over the next ten years (2010-2020) will benefit from a substantial upgrade: the budget now stands at 115 billion MAD, of which 75 billion pledged over the next four years.

Supporting development, while preserving financial equilibrium

2010 saw the continued deployment of OCP's financial strategy. Its main challenge: ensuring resources necessary to optimally support the Group's development program - in availability and cost - while preserving its financial equilibrium. A financial strategy expressed at three main levels:

Disintermediation. OCP has decided to resort to the non-bank market. The Group is especially planning the launch of a 2 billion MAD bond issue on the local market, with the following main objectives:

- Diversification and optimization of funding sources for its development policy.
- Completion of the Group's first institutional communication.
- Establishment of an OCP risk-rating baseline.
- Appreciation of investors' interest in the OCP brand.

Diversification of counterparties, in particular through resorting to prestigious and recognized institutions such as the European Investment Bank (EIB) or the French Development Agency (AFD). A credit agreement for 240 million euros was signed in May 2010 with the latter, to cover part of the financing of the Khouribga-Jorf Lasfar pipeline project (see "Industry" on page 35).

Diversification of funding sources. For OCP, this means being in a position to solicit, at the best conditions, both Moroccan banks and international institutions, as well as the non-bank capital market.

The year's highlights

Throughout 2010, OCP's Finance Department continued the implementation of several ambitious projects, three of which deserve special mention: establishment of a trading room, conversion of accounts to IFRS standards and implementation of a management reporting system.

Trading room. Presently being established, the trading room is a major project intended to



*Transparency:
the Group has
updated all
its financial
documents to
IFRS standards.*



handle all payment transactions, cash management (investment management, finance, foreign exchange) and hedging financial risk for all the Group's entities. This is a fundamental change in OCP's fund flow management. The trading room will effectively be the interface for all the Group's financial transactions (sites, entities of the head office, subsidiaries and joint ventures) with the market.

Since mid-2010, thanks to the Swift system (on-line highly secure payment protocol used by the international banking system), all the Group's payment transactions are dematerialized, interconnected, centralized and processed in real time with the banking system. OCP has thus become the first Moroccan company to implement this dematerialized and secure system of banking communications. The system is in fact the first segment of the trading room: cash and risk management should be completed in 2011.

IFRS. OCP's consolidated financial statements fully meet IFRS (International Financial Reporting Standards) requirements since closing of

accounts at December 31, 2010, with an open balance sheet from January 1, 2008.

The project will allow OCP's accounts to be stated according to international standards, enabling the Group to access the international market under the best conditions.

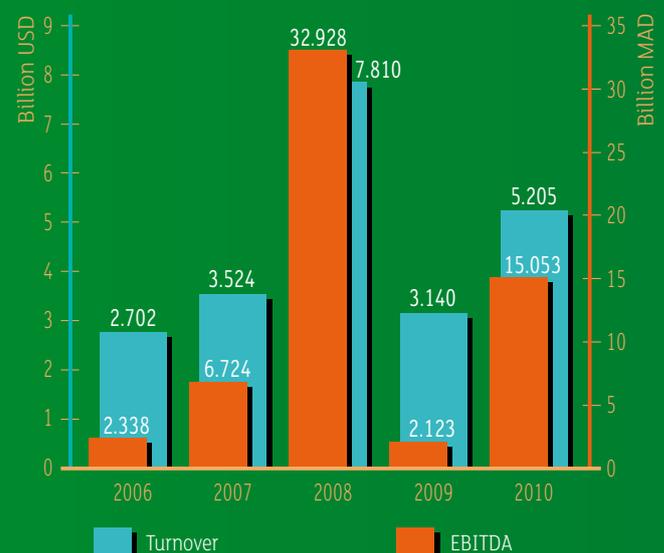
In addition, the resulting standardization makes financial information consistent and companies internationally comparable. Thus OCP's consolidated accounts, now presented in this international format, give better visibility of its financial statements, allowing the Group's partners to better assess its performance.

Reporting. In 2010, the Group's reporting and performance assessment system was given a profound re-engineering to improve management of the various operating units' activities. Each unit – the various entities of the head office, and those of the Mining and Chemicals sites – now receive all details concerning its budget, accomplishments, performance, thus enhancing the various players' sense of responsibility and strengthening good governance



Progression of turnover and EBITDA

A year of excellent performance



SUBSIDIARIES AND JOINT VENTURES

Subsidiaries

MAROC PHOSPHORE

Sharp increase in turnover and net profit

Founded in 1973, Maroc Phosphore is a limited company with a capital of 6.5 billion MAD 100% owned by OCP. Its business purpose is the production of phosphoric acid and fertilizer at the two sites of Safi and Jorf Lasfar, as well as their export.

Turnover for fiscal year 2010 stood at approximately 25 billion MAD, against a near 13 billion in 2009. Net profit for the year amounted to 236 million MAD.

PHOSBOUCRAA

Consolidation of net profit

Founded in 1962, Phosboucraa is a limited company with a capital of 100 million MAD wholly owned by OCP since 2002. Its activity consists in extraction, processing, transport and marketing of phosphate ore.

In fiscal year 2010, the company reported a turnover of 2.6 billion MAD, against 959 million in 2009, with a net profit of 134 million MAD.

CERPHOS

Decentralization of activities to the different sites

Founded in 1975, the Center for Studies and Research of Phosphate Ore (Cerphos) is a limited company with a capital of 29 million MAD 100% owned by OCP. Cerphos is a research center specializing in phosphates and derivatives.

At the end of 2010, the company reported a turnover of 29 million MAD, against 79 million in 2009. This decline is due to a strategy change in 2009, which consisted in decentralizing analysis and laboratory activities to the industrial sites.

IMSA

Stable performance

Imsa is a limited company with a capital of 2 million MAD created in 1970 to manage the Atlantide movie theater and hotel in Safi.

Compared with 2009, 2010 turnover remained stable at 14 million MAD.

SMESI

OCP's engineering and project management entity

Founded in 1959 with a capital of 20 million MAD, the Moroccan Industrial and Special Studies Company is 100% owned by OCP. Smesi is the Group's engineering and project management entity for large investment projects.

At the end of 2010, Smesi recorded a turnover of 41 million MAD, against 191 million in 2009.

SOTREG

Increase in turnover

A limited company with a capital of 56 million MAD owned 100% by OCP, the regional transport company created in 1973 is intended solely for the transport of the Group's personnel.

At the end of 2010, Sotreg achieved a 4% increase in turnover, at 252 million MAD, against 242 million in 2009.

IPSE

Creation of new schools

The Institute for Socio-Educative Promotion (IPSE) is a non-profit association created by OCP in 1974. Its purpose is to promote teaching and education to benefit children of the Group's staff. IPSE has 104 teachers for 1,906 children enrolled in pre and primary schools.

IPSE has launched a major development program to provide an education of excellence for the benefit of children of OCP's agents. The institute is building new pre and primary schools, as well as high schools, all scheduled to open in 2011.



Joint ventures

IMACID

Turnover: +28%

Indo Maroc Phosphore SA (Imacid) was created in 1997 on the Jorf Lasfar site. The company is owned equally by OCP, Chambal Fertilizers and Chemicals Ltd and Tata Chemical Ltd. It has a capital of 619,998,000 MAD.

The 2010 turnover amounted to 2.3 billion MAD, against 1.8 billion in 2009, a performance due mainly to the higher selling price of phosphoric acid.

Net profit also saw an improvement in 2010, at 184 million MAD.

EMAPHOS

Production: + 22%, turnover: +36%

Euro Maroc Phosphore SA (Emaphos) was founded in 1996 in Jorf Lasfar. It is OCP's first partnership for its chemical activity in Morocco.

Initially, the shareholding of Emaphos was made up of 40% OCP, 40% Prayon and 20% Chemische Fabrik Budenheim. Since the capital increase in 2002, the three shareholders own the company equally. The capital is 180 million MAD.

The company's activity is the transformation of pre-treated acid into purified phosphoric acid, sold primarily to its shareholders, the food or detergents industry.

Cumulative production for fiscal year 2010 reached 100,540 tonnes P_2O_5 , against 82,440 tonnes in 2009 and 298,340 tonnes in 2008.

Turnover went from 881 million MAD in 2009 to 1.2 billion in 2010, while net profit stood at 159 million MAD.

PAKISTAN MAROC PHOSPHORE

2010's production of phosphoric acid almost entirely sold out

Based in Jorf Lasfar, Pakistan Maroc Phosphore was created in 2004, with a capital of 800 million

MAD equally divided between OCP and the Pakistani group Fauji.

The company's activity is the production and marketing of merchant phosphoric acid, with a set production capacity of 375,000 tonnes/pa P_2O_5 .

The production of phosphoric acid for fiscal year 2010 was 367,211 tonnes P_2O_5 for a sold volume of 362,244 tonnes.

Turnover for fiscal year 2010 stood at 2.3 billion MAD, against 1.5 billion in 2009. The company recorded a profit of 122 million MAD.

BUNGE MAROC PHOSPHORE

Turnover multiplied by 2.4 for the second year of operation

A limited company with a capital of 900 million MAD, Bunge Maroc Phosphore was created in April 2008 in Jorf Lasfar and began its operations in March 2009. Its capital is owned equally by OCP and the Brazilian Bunge Koninklijke B.V.

BMP's activity is the manufacture and marketing of phosphoric acid, phosphate and nitrogen compound fertilizers and other derived products.

The company has a production capacity of 375,000 tonnes/pa P_2O_5 . In 2010, the production of phosphoric acid was 337,579 tonnes of P_2O_5 . The sales volume meanwhile was 105,607 tonnes P_2O_5 of DAP, 138,581 tonnes P_2O_5 of MAP, 110,652 tonnes P_2O_5 of TSP and 177,759 tonnes P_2O_5 of phosphoric acid.

Turnover for 2010 (second year of operation) was 2.4 billion MAD, against nearly 1 billion in 2009. The company posted a profit of 171 million MAD.

PRAYON

Turnover up by 25%

With a capital of 43 million euros, Prayon SA has its headquarters in Engis, in Belgium, and is jointly owned by OCP (45.31%), the Société région-

ale d'investissement de Wallonie (45.31%) and Prayon Technologie & Prayon Benelux (9.39%).

Prayon manufactures and markets a wide range of phosphate products (phosphoric acid and derivatives) and fluorinated products. The company is also active in the metals industry.

Prayon achieved a turnover of nearly 681 million euros in 2010, against 545 million in 2009. Net profit amounted to 14 million euros.

ZUARI MAROC PHOSPHATES LTD (ZMPL)

Shares in the capital of a major Indian phosphate producer

ZMPL (Zuari Maroc Phosphates Ltd) is a holding company created in January 2002 to acquire 80.45% of the capital of PPL (Paradeep Phosphates Ltd) as part of PPL's privatization led by the Indian government, the latter retaining the remaining 19.55%.

ZMPL has a capital of 80 million USD and is equally owned by Maroc Phosphore and Zuari Industries Ltd, one of the biggest fertilizer producers in India.

ZMPL does not have an activity as such and only holds shares in PPL's capital.

PARADEEP PHOSPHATES LTD (PPL)

Growth of turnover and profit

An Indian company founded in 1986 under the laws of India with a capital of 128 million USD, PPL's purpose is the production and marketing of

fertilizer (DAP/NPK) as well as import and sale of fertilizer (urea, potassium chloride, MOP).

PPL's production capacity amounts to 1,250,000 tonnes/pa of DAP/NPK, 726,000 tonnes/pa of sulfuric acid and 310,000 tonnes/pa of phosphoric acid.

2009-2010 production, (fiscal year from April 1, 2009 to March 31, 2010), totaled 1.2 million tonnes of DAP/NPK, 224,000 tonnes of phosphoric acid and 635,000 tonnes of sulfuric acid.

PPL's turnover increased from 615 million USD in 2009-2010 to 788 million in 2010/2011.

Net profit stood at 39 million USD for fiscal 2010-2011.

JACOBS ENGINEERING SA (JESA)

A good first year in business for OCP's engineering joint venture

A limited company with a capital of 45 million MAD, Jacobs Engineering SA (JESA) was created in August 2010. The capital is owned in equal shares by OCP and the US company Jacobs Engineering Inc.

JESA assists OCP in its investment program by providing project management and engineering. Its ambition is also to develop progressively on the local and international markets.

For its first months of activity in 2010, JESA generated a turnover of 203 million MAD, with a net profit of 7 million.



Consolidated balance sheet - Assets

in millions of MAD

Nature	DECEMBER 31, 2010			DECEMBER 31, 2009
	Gross	Depreciation and provisions	Net	Net
A - GOODWILL	2	1	0	0
B - FIXED ASSETS IN NON-VALUES	0	0	0	0
Preliminary costs	0	0	0	0
Accrued over several years	0	0	0	0
Bond redemption premiums – Gross	-	-	-	-
C - INTANGIBLE ASSETS	667	287	380	298
Assets in R&D – Gross	50	30	20	6
Patents, trademarks, and royalties	294	221	72	117
Goodwill	0	-	0	0
Other intangible assets	323	35	288	175
D - TANGIBLE ASSETS	57,152	41,356	15,795	13,178
Land	1,835	632	1,203	1,169
Buildings	12,749	10,853	1,896	1,652
Plants, machinery and equipment	34,675	28,737	5,938	6,196
Transportation equipment	509	438	71	78
Furniture, office equipment and other equipment	700	571	129	107
Other tangible assets	446	118	328	293
Tangible assets in progress	6,238	7	6,231	3,682
E - INVESTMENT IN ASSOCIATES	1		1	1
F - FINANCIAL ASSETS	3,117	1,262	1,855	2,211
Fixed loans	16	2	14	16
Other financial receivables	909	97	811	1,117
Investments	2,193	1,163	1,030	1,078
Other long-term investments				
G - CURRENCY ADJUSTMENTS – ASSETS	41		41	47
Increase in financing debt	41		41	47
TOTAL I (A+B+C+D+E+F+G)	60,979	42,907	18,072	15,736
H - INVENTORY	7,498	1,827	5,671	6,236
Goods	85	3	82	60
Materials and consumables	4,151	1,167	2,984	2,764
Work in progress	1,703	648	1,056	1,077
Intermediate and residual products	797	0	797	631
Finished goods	762	9	754	1,705
I - RECEIVABLES IN CURRENT - ASSETS	13,152	791	12,361	10,642
Supplier receivables, advances and deposits	1,043	6	1,037	1,085
Trade accounts receivables	5,828	132	5,696	4,352
Payroll	89	31	58	50
Social agencies	644	-	644	154
Government	3,287	-	3,287	3,657
Deferred taxes	928	-	928	501
Shareholders' account	0	-	0	0
Other debtors	1,080	622	458	668
Accruals – Assets	253	-	253	174
J - SECURITIES AND INVESTMENT SECURITIES	24,998	0	24,997	17,087
K - CURRENCY ADJUSTMENTS – ASSETS (current items)	49		49	25
TOTAL II (H+I+J+K)	45,697	2,618	43,079	33,990
L - TOTAL CASH - ASSETS	2,085	-	2,085	1,476
Cheques and cash values	78	-	78	131
Debtors	2,006	-	2,006	1,343
Cash, Imprest and credit accounts	2	-	2	2
TOTAL III (L)	2,085	-	2,085	1,476
GENERAL TOTAL I+II+III	108,761	45,525	63,236	51,202

Consolidated balance sheet - Liabilities

in millions of MAD

Nature	DECEMBER 31, 2010	DECEMBER 31, 2009
A - SHAREHOLDERS' EQUITY		
Share capital	8,288	8,288
Issuance, merger and acquisition premiums	4,513	4,513
Consolidated reserves	2,652	2,671
Currency translation reserves	35	-14
Consolidated net income	8,850	1,283
TOTAL SHAREHOLDERS' EQUITY (A)	24,338	16,741
B - MINORITY INTEREST	148	-
C - ASSIMILATED SHAREHOLDERS' EQUITY	23	26
Investment subsidies	23	26
Statutory provisions	0	0
D - FINANCING DEBTS	10,387	11,564
Bonded debt	-	-
Other financing debts	10,387	11,564
E - SUSTAINABLE PROVISIONS FOR RISKS AND CHARGES	9,149	12,790
Provisions for risks	987	1,405
Provisions for charges	8,162	11,385
Badwill	-	-
F - CURRENCY ADJUSTMENTS – LIABILITIES	92	95
Reduction in financing debts	92	95
TOTAL I (A+B+C+D+E+F)	44,138	41,217
G - CURRENT LIABILITY DEBTS	9,465	8,094
Trade accounts payable	3,488	4,032
Customers payable, advances and deposits	548	1,217
Payroll	666	693
Social agencies	914	444
Government	1,660	349
Deferred taxes – Liabilities	15	14
Associates' accounts	0	0
Other creditors	1,985	1,195
Accruals – Liabilities	189	149
H - OTHER PROVISIONS FOR FOR RISKS AND CHARGES	132	83
I - CURRENCY ADJUSTMENTS – LIABILITIES (current items)	67	58
TOTAL II (G+H+I)	9,664	8,235
TOTAL CASH – LIABILITIES	9,434	1,750
Banks (creditor balance)	9,434	1,750
TOTAL III	9,434	1,750
GENERAL TOTAL (I+II+III)	63,236	51,202



Consolidated income statement

in millions of MAD

Nature	DECEMBER 31, 2010			DECEMBER 31, 2009
	Transactions related to the fiscal year (1)	Transactions related to previous years (2)	TOTAL (3) = (1 + 2)	TOTAL -4
I - OPERATING INCOME				
Sale of goods (as is)	701	15	717	561
Sale of produced goods and services	42,766	30	42,796	24,715
Variation of product inventory (1)	-879	-	-879	-1,631
Fixed assets produced by the Company for itself	48	-	48	59
Operating subsidies	1	-	1	0
Other operating income	180	0	180	52
Operating write-backs and transfer of expenses	3,411	-1	3,409	4,915
TOTAL I	46,228	44	46,272	28,671
II - OPERATING EXPENSES				
Cost of purchased goods sold (2)	592	8	600	512
Cost of consumed materials and supplies (2)	13,824	77	13,900	10,097
Other outside expenses	5,706	2	5,708	4,888
Taxes	198	81	278	185
Payroll	7,138	5	7,143	5,900
Other operating expenses	238	4	242	427
Operating write-downs	3,964	16	3,980	3,105
TOTAL II	31,660	191	31,852	25,113
OPERATING PROFIT (I - II)	14,568	-147	14,420	3,558
IV - FINANCIAL INCOME				
Income from equity shares and other investments securities	28	-	28	27
Foreign exchange gains	1,014	6	1,020	328
Interest and other financial income	815	6	821	831
Financial write-backs and transfer of expenses	71	-	71	105
TOTAL IV	1,928	12	1,941	1,290
V - FINANCIAL EXPENSES				
Interest charges	619	0	619	644
Foreign exchange loss	712	-	712	663
Other financial expenses	27	0	27	12
Financial subsidies	117	-	117	72
TOTAL V	1,474	0	1,474	1,391
VI - FINANCIAL PROFIT (IV - V)	454	12	466	-101
VII - PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS (III+VI)	15,022	-135	14,887	3,458
VIII - EXTRAORDINARY (NON-RECURRING) INCOME				
Gains from sale of fixed assets	146	1	147	1,009
Balancing subsidies	-	-	-	-
Reduction of investment subsidies	3	-	3	-
Other extraordinary income	59	14	73	53
Extraordinary write-backs and transfer of expenses	6,935	-	6,935	278
TOTAL VIII	7,143	15	7,157	1,340
IX - EXTRAORDINARY EXPENSES				
Net depreciation of transferred assets	17	6	23	852
Granted subsidies	137	8	145	51
Other extraordinary expenses	10,368	431	10,799	1,270
Extraordinary write-downs for depreciation and provisions	185	-	185	106
TOTAL IX	10,707	445	11,152	2,280
X - PROFIT FROM EXTRAORDINARY ACTIVITIES (VIII - IX)	-3,564	-430	-3,994	-940
XI - PROFIT BEFORE TAX (VII - X)	11,458	-565	10,892	2,518
XII - TAX ON PROFITS	2,428		2,428	1,111
XIII - DEFERRED TAXES	-426		-426	124
XIV - NET INCOME OF INTEGRATED COMPANIES (XI -XII -XIII)	9,456	-565	8,891	1,283
XV - INCOME FROM COMPANIES CONSOLIDATED BY THE EQUITY METHOD	1		1	0
XVI - NET GOODWILL AMORTIZATION WRITE-DOWN			0	
XVII - NET CONSOLIDATED INCOME (XIV -XV -XVI)	9,455	-565	8,890	1,283
XVIII - MINORITY INTERESTS	40		40	
XIX - GROUP SHARE NET INCOME (XVI -XVIII)	9,415	-565	8,850	1,283
XX - TOTAL INCOME	55,298	71	55,370	31,301
XXI - TOTAL EXPENSES	45,883	637	46,520	30,019
XXII - NET PROFIT	9,415	-566	8,850	1,283

(1) Variation in stocks: final stock - initial stock; increase (+); decrease (-).

(2) Goods sold or consumed: purchases - stocks variation.





SUSTAINABLE HUMAN DEVELOPMENT

56

Sustainable development

70

Social responsibility

80

International commitment

84

Human capital



SUSTAINABLE DEVELOPMENT

An integral part of OCP's culture

The Sustainable Development Department is now an entity in its own right within OCP, reporting directly to the CEO. The Group's interest in environmental and sustainable development issues is certainly not new, but the new structure reflects a determined commitment and a major qualitative leap.

From a strategic point of view, the creation of the Sustainable Development Department (DDD — *Direction du Développement Durable*) is a confirmation of the course adopted within OCP, in line with the Group's ambitious development program. A course where production capacity increases need to go hand in hand with adapting to the challenges of the environment and sustainable development, and with anticipating and even benefiting from them. « This is not about scattered actions for preservation of the environment. On the contrary. We are taking into account the ecological side in all of the Group's strategic projects, » confirms Taha Balafrej, Chief Sustainability Officer.

This line of conduct is reflected in the first place by the adjustment to increasingly demanding national and international regulatory requirements as well as to the population's general expectation, both nationally and internationally. At the same time, it foresees new requirements, if only at a national level. As a matter of fact, a "National charter for the environment and sustainable development" requested by HM King Mohammed VI is being drafted, a coastal law is in committee in Parliament, and a new national Mining code is in preparation.

At the same time, OCP's ambition of being a world class group does not simply mean taking action to adapt to new standards. Instead it takes the challenge to every level of its business and aims to use the environment and sustainable development as an important resource for cost reduction and increased competitiveness. As a means to serve this goal, the Group is continuously adopting the most advanced technolo-



Underground water preservation is part of OCP's top priorities.

OCP rehabilitates depleted mine sites by planting tens of thousands of trees. In addition to their ecological purpose, the trees also offer an economic value. For instance, the kernels of the argan tree yield a cosmetic as well as cooking oil, the atriplex is an excellent fodder and the jatropha seeds are rich with biofuel.

gies. OCP's choice is made: it shall not sit idle but shall take the lead, by making environmental and sustainable development issues major keys of sustainable leadership. With the help, among other things, of Iqlaa, the business transformation process that mobilizes the entire Group (see box on page 42).

The foundations of the environmental policy

The governance and operations methods of the environmental procedures within OCP were defined by the DDD in association with the Operations Department. The result translates into four environmental procedures at Group level:

- **Monitoring.** To be up to date on the latest environmental news on a national and international scale and, where necessary, to react appropriately.
- **Policy development.** To lay down and precisely define the operating method of the environmental policy within the Group (policy drafted and process implemented).
- **Environmental planning.** To program the implementation of solutions in harmony with the Group's development program, and to estimate funding needs.
- **Performance management.** To implement solutions with units involved, monitor their progress and suggest needed adjustments.

Given the cross-cutting nature of these fields of action, the DDD has chosen to structure itself for three types of strategic organizational tasks in order to encourage pooling of efforts, flexibility, teamwork and dynamic assessment:



Performance. To reduce the environmental footprint of the Group's activities, through promoting optimization of resources at the various production units, based on value creation and cost reduction.

Leadership. To ensure the Group's mastering of environmental issues such as water, energy and others, and to draw a vision for the future of phosphates and derivatives.

Citizenship and exemplarity. For the Group to position itself in an exemplary manner within the Moroccan social fabric, and to make an effective contribution in response to global challenges in matters of the environment and of sustainable development.

2010: a year of accomplishments

2010 saw the launch of structuring and innovative projects at the Sustainable Development Department. The DDD management's work is consistent with the Group's dynamics of capacity development to meet tomorrow's challenges. It is also in line with OCP's strategy of social responsibility, that of a company that has been

concerned with environmental issues for over 90 years.

Performance: priority actions to be achieved by 2011

The strategic EPIP (Environmental Performance Improvement Plan) project launched in 2010 resulted in a roadmap in four parts whose goals are:

- develop, in partnership with the various operational sites, technical solutions to improve the environmental performance of production units;
- estimate the solutions' funding needs;
- plan their implementation in a manner consistent with the Group's development program;
- and finally, launch their implementation.

Within the framework of this program, specifies Taha Balafrej, Chief Sustainability Officer, « we have defined and budgeted for twenty-three priority actions to be conducted on all OCP sites as of 2011 to reduce pollution caused by their activities. » These actions have been identified,

THE MOHAMMED VI POLYTECHNIQUE UNIVERSITY

A future temple of academic excellence

The Mohammed VI Polytechnique university campus will spread its 120 hectares in the heart of the Mohammed VI Green City. OCP has just launched its construction 70km north of Marrakech. As the CEO Mostafa Terrab proudly puts it, the new university will become « a national flagship with an approach favoring research and development around pinnacles of excellence, forging partnerships with the most prestigious national and foreign universities » The CEO was speaking at a presenta-

tion of the Green City project to HM the King Mohammed VI.

The new university expects to establish partnerships with major North American universities. Connections are also envisioned with European universities and colleges, among which Mines Paris Tech.

Both OCP's and the Kingdom's ambition is that the new university should attract a pool of talent by offering targeted training as well as opportunities for research in

a variety of sectors. At the opening of the establishment in 2013, students will be offered a range of courses including mining, renewable energies, sustainable development, fertilization and agriculture, industrial chemistry and industrial management.

The curricula are developed in close collaboration with the Group's R&D Department. Firmly rooted in the Anglo-Saxon model – and favoring the use of the English language – courses will



studied and validated with the Ecology & Environment (E&E) group, global specialists in environmental solutions.

Also, and to sustain these actions, the DDD has developed a training program in partnership with the OCP's *Institut des Savoirs* (Knowledge Institute) for all professions and trades within the Group. The first of the program's modules will cover the following topics:

- Environmental management system in industry.
- Environmental performance, which includes "monitoring and measuring" (or environment metrology), improved environmental performance (improvement tools, performance indicators), environmental control panels, and finally, identifying the benefits of environment protection.
- Environment in industrial practice: case studies specific to the various trades, benchmarking, communication, etc.

Leadership: solar energy, a competitive potential

In 2010, the DDD launched a strategic research program to assess the solar potential of the Benguerir region with the perspective of implementing a solar power station. Motivated by OCP's desire to use clean and less costly energy, the study was conducted by E&E with the Spanish engineering company IDOM, already involved in the solar power plant of the National Electricity Office (ONE) at Beni-Mathar.

Water, a strategic resource already at the core of OCP's sustainable development procedures

Morocco being a semi-arid country, preservation of underground water reserves is one of the Group's main priorities. OCP's activities are strongly water-intensive, as it is a strategic resource for its mining and chemical sites. Thus, good management and recovery of water are at the top of the priorities on the Group's sustainable development agenda. Keen on minimizing the impact of OCP's activities on the environ-



Catalan architect Ricardo Bofill detailing his model of the future Mohammed VI Polytechnical University, surrounded by the OCP project team. Bofill's agency, which he runs with Elie Mouyal, is one of the candidate architectural consulting offices shortlisted for the university project.

ment, the DDD ensures that environmental impact studies, including matters relating to water, are a routine part of any decision to launch new facilities or upgrade existing equipment.

It is in this frame of mind that several projects of recycling urban wastewater were launched. The mining towns of Khouribga, Benguerir and Youssoufia will thus see their wastewater collected and recycled for use in the Group's existing or future washing plants. 5 million m³/pa will accordingly be recycled at Khouribga, 2.6 million at Benguerir and about as much at Youssoufia. These are large volumes of water that will therefore not need to be drawn from groundwater reserves.

The DDD has been particularly closely involved in the construction phases of the Khouribga wastewater treatment plant. This is the first project to be completed following an important environmental impact study. The project also planned an important tree planting campaign around the facility (2,300 trees planted by the end of December 2010).

The same concern for the preservation of groundwater motivated the launch of the seawater desalination plant of Jorf Lasfar. The plant will eventually produce about 80 million m³/pa of fresh water that will prevent tapping into groundwater.

As for the Khouribga-Jorf Lasfar pipeline, it will save 5 million m³/pa of water by doing away with drying the phosphate at the mine site after washing, currently required for transport by train. In addition, the Khouribga-Jorf Lasfar pipeline will save the 1,000 GWh of energy. And the generalization of baghouse filters on the drying ovens will reduce the concentration of airborne dust by 30 times.

A “carbon tool” to achieve neutral climatic impact

After energy and water, OCP's carbon policy is another lever of sustainable leadership. It aims to achieve climate neutrality for all of the Group's activities and can be broken down in three major facets:

A future temple of academic excellence (continued from page 58)

▶▶ vary between certificate and doctoral. The academic cycle will be granting various North American style degrees, namely ‘bachelor's’, ‘master's’, ‘MBA’, ‘Executive MBA’ and other doctoral programs.

OCP's resources and research topics are valuable material for all sectors of the university. Eventually these sectors will include all the Group's fields and professions. These are not restricted to mining and chemicals but also

apply to all subjects and trades related to the environment, water, energy, land rehabilitation and renewable energies, as well as sustainable development, notably through the Clean Technology Center, a state of the art research laboratory that is part of OCP's Sustainable Development Department.

The Mohammed VI Polytechnique university will adopt the American threefold approach – College, Campus, Research Lab. Outside of

the basic infrastructures – laboratories, classrooms, auditoriums, etc. – it will include a medical center, bookshops, sports centers and shopping malls... and other essentials to ensure the well-being of student and faculty communities.

A school of architecture will also be part of the university's educational offerings. Thanks to their total immersion in the Green City, architecture students will gain expertise in matters of new con-

- **Calculation of the carbon footprint.** The DDD has set up a "Carbon Footprint" cell that brings together representatives from all the Group's sites. This cell has developed an assessment tool that was able to show a 26.67% decline of the carbon footprint between 2007 and 2009. The tool has allowed to determine that the decrease is mainly due to the reduction of the phosphate tonnage extracted.

- **Adoption of an action plan** to limit or reduce carbon emissions through internal means (energy efficiency, renewable energy, etc.).

- **Compensation**, if any and on a voluntary basis, of the remaining emissions by reduction opportunities outside the company.

OCP contributed to the "Voluntary Carbon Compensation in Morocco" program of the Mohammed VI Foundation for the Protection of the Environment, through an agreement signed in August 2010 with the Foundation.

In addition, OCP is very conscious of climate change because of its impact on agriculture. The Group has a strong presence in all major events addressing this topic, in order to stay abreast of

the latest international advances. In 2010, OCP took part in the second edition of the African Carbon Forum, that was attended by over 1,000 representatives from 30 countries. In a speech delivered during a plenary session, the Group's representative gave an overview of OCP's carbon policy, a policy balancing development needs and concern for CO₂ reduction.

The DDD participated in the 7th annual Carbon Expo in Cologne (Germany), the first international exhibition dedicated to issues of climate change and carbon. The event combines an investments trade show and conferences on progress in the field of carbon worldwide. This edition was an opportunity for the Group to present its Carbon policy and to establish meaningful partnerships for the development of its projects portfolio.

Citizenship: OCP sets the example

The various OCP installations border cities with a population in the tens of thousands. The Group makes sure that its activities blend harmoniously with the social environment. In the con-

struction techniques, sustainable urban planning and find a fertile ground for on-site experimentation.

By 2018, the Mohammed VI Green City's university should have a student population of approximately 6,000, among which some 200 doctoral students, 800 master's students, 4,000 bachelor's students and over a thousand in vocational training.

As for sectors related exclusively to OCP's activities, there should

be around 500 students in mining and chemical engineering, 1,200 in fertilization, agriculture and industry management. And some 700 candidates enrolled in environment and sustainable development studies.

The university's purpose is twofold: to be an incubator of future managers, and at the same time a national laboratory for innovation in matters of sustainable development. Furthermore, it should offer the Group the op-

portunity to attract the Moroccan diaspora.

With the world's largest phosphate reserves and its ambitious industrial development program intended to accommodate the forecast strong rise in global demand, OCP must develop and sustain a high-level human capital as a strong lever for the consolidation of its global leadership.

The DDD has been particularly closely involved in the different phases of the Khouribga wastewater treatment plant project. This is the first project to be completed following an important environmental impact study.



text of its civic actions it organizes and finances a number of activities benefiting the inhabitants of these urban centers: open house days, various mentorings and sponsorships, educational visits, support to needy families, participation in the annual “Clean beaches” event, etc.

Furthermore, to enhance its exemplary behavior, OCP launched a pilot project to reduce its energy consumption. Gantour’s tertiary buildings were targeted for a start, but the ambition is to achieve greater energy efficiency in all the Group’s tertiary buildings. An initiative parallel to energy efficiency goals in the Group’s industrial activities. Preliminary results show a potential reduction of energy consumption of around 20% in the whole of OCP’s tertiary property stock, thanks in part to the use of low consumption light bulbs, solar water heaters, timers, etc. The estimated return on investment is under one year.

Almost a tonne of chemical waste from OCP’s old printing works stored since 2005 were sent out for destruction. In addition, a partnership is underway for collection and recycling of waste paper, an action that will become a regular in all the Group’s facilities.



OCP’s Carbon policy: balancing development needs and the necessity to reduce CO₂ emissions.



In November 2010, an agreement was signed with Al Jisr, an association very active in school-business partnerships, under which it collects old computers from OCP in Casablanca. Nearly 1,000 items were inventoried (PCs, monitors, printers...). The agreement is open to other actions, and the intention is to generalize it to all the Group's sites.

“Transparent” sustainable development

Like many corporations of global stature, OCP is interested in international initiatives advocating transparency, sharing of best practices and sustainable development. IFRS standards are well known and internationally acclaimed for the publication of financial statements. The G3 framework of the Global Reporting Initiative (GRI), supported by the United Nations Environmental Program (PNUE), does the same for reporting on environmental performance. OCP aims to meet the standards and performance indicators internationally recognized to initiate the GRI process.

The GRI is based on the belief that the evolution of knowledge and technology contributes to economic development. But also that it holds great potential for the resolution of risk to which

industry is liable to expose humans and their environment. And this is a position shared by OCP. New knowledge and innovation in technology, management and social relations indeed hold big challenges for any company. But the Group is convinced they also hold a wealth of opportunities to improve its performance and profits, while benefiting people, the economy and the environment.

Structural supports to reach the targeted objectives

In order to reach the targeted objectives, the DDD is using two key levers:

The partnership with MIT within the Industrial Liaison Program. In 2010, OCP signed a contract with the Massachusetts Institute of Technology to participate in their Industrial Liaison Program. By joining the program, the Group gains access to a wide range of personalized services such as documentation resources, conference calls with renowned researchers, as well as to the possibility of inviting MIT trainees and organizing of seminars and training at MIT for OCP staff.

The EECTC (center of excellence in cooperation with E&E). Preparing for the future in

areas strategic to its activities in water, energy and the environment, OCP decided to give itself the means to meet its ambitions. For this purpose, a cooperation between the Group's Clean Technology Center (CTC - *Centre des technologies propres*) and the E&E group was established in July 2010, with a two-tier mission:

- At the Clean Technology Services (or CT Services) level, the task is to identify required technical profiles and important sources of knowledge, and to identify and satisfy the Group's environmental needs. Several areas of practical action were assigned to it.

- At the CT Development level, these are:

1. To strengthen OCP's environmental expertise by creating knowledge networks within the Group and identifying potential strategic partnerships.

2. To monitor trends on clean technology markets, internalize knowledge and promote innovation within the Group.

3. To strengthen OCP's competitiveness, and thereby its leadership.

An important presence in national and international venues

As part of its ongoing interest in matters of sustainable development, OCP was actively involved in a large number of conferences and forums dealing with these issues in 2010. The Group organized several, as it does every year, in various cities of the Kingdom.

- **In Rabat** (22 April), OCP was represented by the DDD and the Communication Department at Earth Day.

- **In Khouribga** (20 May), Laayoune (3 June) and Jorf Lasfar (28 October), OCP took part in the activities of the *Association eau et énergie pour tous* (ASEET — Water and Energy for All).

- **In Casablanca** (17-19 June), the Group sponsored the International Water and Sanitation Technologies Exhibition (SITeau) that brings together players of the water industry in Morocco and abroad.

OCP'S REAL ESTATE PROJECTS

A new leadership

Construction of all the Group's non-industrial projects is now the responsibility of a new specific entity, the Real Estate Development Department (IDL), created September 13, 2010. It is supervising the following projects:

- the Mohammed VI Green City in Benguerir and its various programs, including the Mohammed VI Polytechnique University, the Excellence

college, the "researchers villas" and the "OCP villas";

- the Khouribga Green Mine;
- the OCP Foundation headquarters;
- other social real estate projects on the Group's various sites.

The IDL management adopted a project-mode organisation and entrusted the delegated work supervision to JESA through partnership be-

tween the two entities. The "energy concept", "environment" and "certification" assignments are managed in cooperation with the Ecology & Environment (E&E) group. And the construction sites will be undertaken within the framework of agreements signed with the developers.

The key real estate projects' advancements are as follows.

(1) Leadership in Energy and Environmental Design (LEED) standards were developed by the US Green Building Council (USGBC) in cooperation with a number of companies and university researchers in the US and Canada. They provide rating standards in five major categories: sustainable site development, energy efficiency, water savings, materials selection, and indoor environmental quality.

- **In Rabat** (12 July), OCP took part in a meeting to present the study on the environmental impact of the Jorf Lasfar Hub (JPH) project, at the end of which the proposed Maroc Phosphore chemical complex of Jorf Lasfar obtained its "Environmental Acceptability".

- **In Casablanca** (8 October), during the round table discussions at Pollutec Maroc, the DDD set out OCP's carbon policy.

- **In Brussels** (12-13 October), OCP attended the 3rd MIT Conference, organized on the topic of "Achieving Growth through Strategic Innovation III" in the presence of managers of large companies, government representatives, professors and MIT researchers.

- **In Rabat** (16 November), the Group presented to the National Committee on Impact Studies (CNEI) a study of the impact on the environment of the Khouribga-Jorf Lasfar pipeline project.

- **In Casablanca** (2-3 December), workshops at the Bativert forum addressed the topics of new cities and environmental building standards (LEED and HQE, particularly).



Water, energy and carbon, three levers for sustainable leadership.

Mohammed VI Green City

Development

- The general program and master plan was finalized.
- The specifications were published, tenders analyzed, negotiations completed and contracts finalized for the following assignments:
 - architecture, urban planning and landscaping;
 - consulting firms for roads and utility networks, transport and environmental impact assessment;

- environmental consulting agencies, energy and LEED⁽¹⁾ certification.
- Study and implementation of interactive planning were completed on November 15.
 - The creation of a scale model of the city was launched.

The Mohammed VI Polytechnique University

- The operational pre-program was drafted.
- The shortlisted architects' consultation was started.

Excellence college

- The operational pre-program was drafted.
- The shortlisted architects' consultation was started.

Residential construction of "researcher villas" and "OCP villas"

- The shortlisted architects' consultation was started.
- The tenders evaluation was launched.

Other sustainable development related actions

Mines

- Contribution, within the EPIP project, in the development of the Group's five-year environment action plan and budgeting of 2011's specific action plan.
- Celebration of National Environment Day.
- Successful conclusion of the 1st and 2nd follow-up audits of integrated certification of Quality and Environment management system at Khouribga/TC, according to the ISO 9001 V 2008 and ISO 14001 V 2004 standards.
- Renovation of the dust extraction system of four furnaces and four dryer chimneys at the Oued Zem Complex facilities.
- Contribution to the development of a partnership with Ecoval for OCP's industrial waste management, and on-site visualization and sampling to determine a global offer.
- Fitting two ship loading machines with baghouse filters at the port of Casablanca.
- Generalization of baghouse filters on all dryers at Gantour, Youssoufia and Beni-Idir.

Chemicals

- Maintaining of the ISO 14001 certification.
- Completion of the environmental impact study (EIE) of the JPH project and obtention of its acceptability.
- 85% completion of construction work on the washing water recovery pit from the Maroc Phosphore Jorf Lasfar phosphoric plant.
- Launching of the work on retention basins for liquid sulfur and phosphoric acid storage tanks at the Maroc Phosphore Jorf Lasfar plant.
- Carrying out of measurement campaigns to assess the quality of air and marine environment around the Jorf Lasfar site.
- Carrying out of internal audits on chemical waste management on the Safi site by the Audit and Control Department.
- Launching of the project to assist Maroc Phosphore Safi in setting up an integrated QSE system in compliance with the ISO 9001, ISO 14001 and OHSAS 18001 standards. Also for Maroc Phosphore, launching of the development study for a controlled industrial landfill.

A new leadership (continued from page 65)

▶▶ Khouribga Green Mine

Planning

- The general and master plan of the project were finalized.
- The specifications were published, tenders analyzed, negotiations completed and contracts finalized for roads and utility networks, transport and environmental impact assessment.

Residential Constructions "research villas" and "OCP villas"

- The operational pre-program was drafted.
- The preparation of the short-listed architects' consultation was launched.

OCP Foundation's headquarters

- The architect was selected and the studies launched.

Taha Balafrej, Chief Sustainability Officer: « This is not about a few scattered actions for the preservation of the environment. On the contrary. We are taking into account the ecological side in all of the Group's strategic projects. »

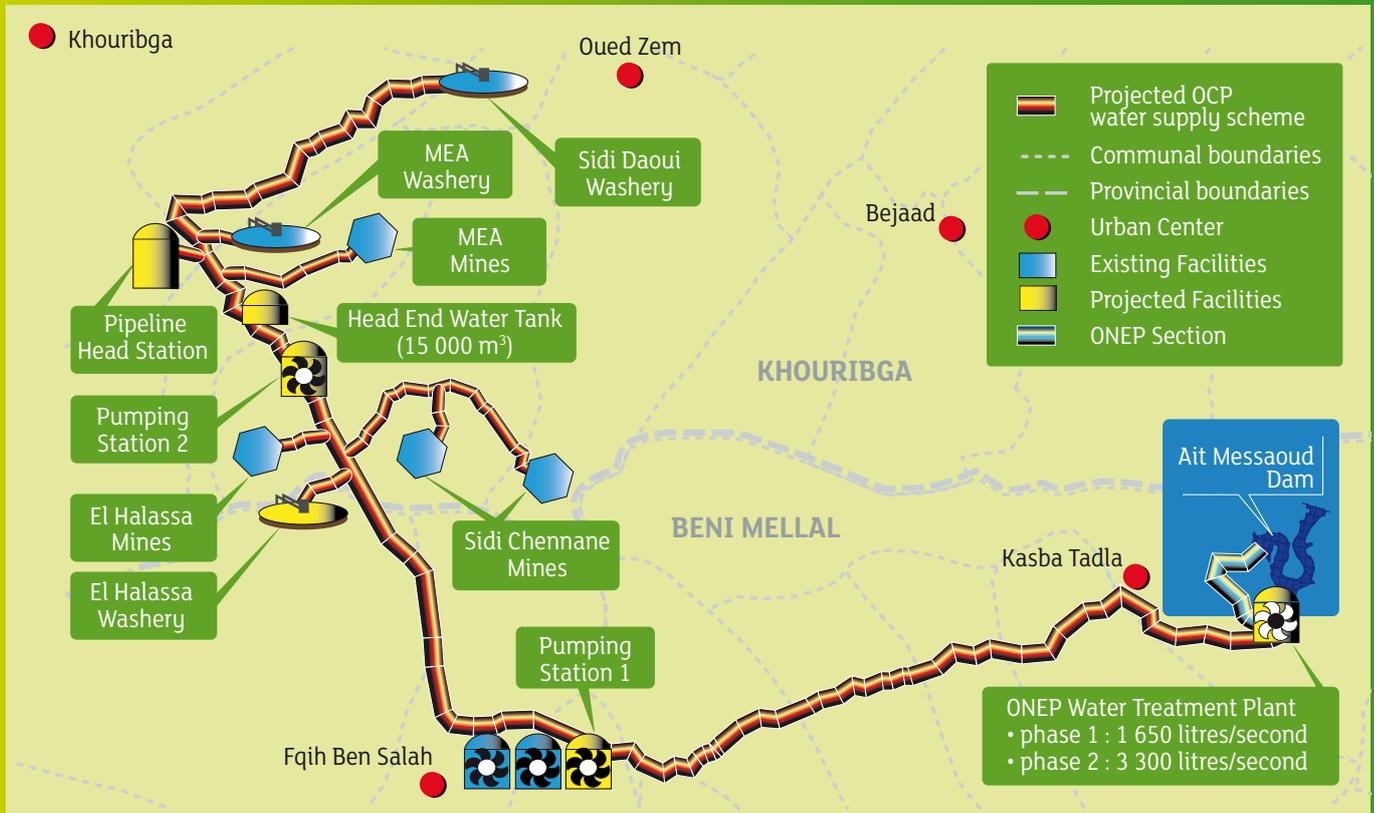


- Contribution to the World Environment Day organized by the province of El Jadida.
- Sponsoring of the 7th annual National Days of Environmental Education in Safi, organized by the Association of Teachers of Life & Earth Sciences in Morocco (AESVT Maroc).
- Organization of an open house day at Safi under the topic: “Sustainable Development at the heart of OCP's development strategy”, as well as a PR day on the topic: “OCP's environment, water and energy strategies”.
- Media day on March 26, at the start of the “Safi Spring 2010” operation.

Social Real Estate Projects

- The projects' portfolio (approximately 106 projects) was studied and cleared of all sanitation, land acquisition and civic action projects directly managed by social services.
- The focus was set on 70 housing estate and construction projects.
- Re-programming of “Leisure clubs” and “Summer vacation Centers” infrastructures was launched, and a functional program was drafted for each site.
- Functional programming was undertaken for the R&D centres of Khouribga and Benguerir.

The three axes of OCP's "water vision"



The Ait Messaoud dam will cover total industrial needs of Khouribga, making it possible to completely and permanently abandon the pumping of groundwater.

The phosphate industry is an activity with intensive water requirements. This will be even more so, as OCP's industrial development program will double phosphate extraction and triple chemical production by 2020.

To meet such needs while safe-

guarding groundwater, a resource already scarce in a semi-arid country, OCP has developed an extensive Water Program based on three levers:

- Optimizing present consumption by improving productivity of existing plants.

- Mobilizing non-conventional resources, through seawater desalination units and sewage treatment plants to recycle wastewater from urban centers where the Group has its different sites.
- Reducing or abandoning the tapping of groundwater by setting up projects to replace it with surface water.

Maroc Central, a program to safeguard groundwater

With the Maroc Central project, OCP aims to supply the Group's facilities' water needs in Khouribga through the Ait Messaoud dam. With a capacity of 45 million m³/pa, the project will meet the sharp increase in these facilities' water requirements. Water is needed at two levels:

- To raise to 40% the water content of phosphate to be transported over the Khouribga-Jorf Lasfar pipeline.

- To ensure a better enrichment of the ore extracted from the mine's different phosphate layers.

Initially, Maroc Central was a project of the National Drinking Water Agency (ONEP – *Office national de l'eau potable*) meant to supply the region of Khouribga, Fqih Ben Salah, Oued Zem, Bejaad and Kasba Tadla through one pipe connecting the Ait Messaoud dam to Khouribga via Fqih Ben Salah, and it was meant to satisfy the needs of both OCP and ONEP. With the new project, two pipes will be linking the dam to Khouribga: one for OCP's industrial water and the other for ONEP's drinking water.

Thereby, « this dam will cover Khouribga's industrial needs and make it possible to permanently stop using groundwater, » explains Zineb Benjelloun, Coordinator of OCP's Water Program at the Operations Department.

Maroc Central will supply the Khouribga facilities via a main pipe that

will feed a reservoir of 15,000 m³ from which the MEA mines, the MEA and Sidi Daoui washing plants and the head station of the Khouribga-Jorf Lasfar pipeline will be provided. A network of secondary pipes will supply the facilities along the main route, namely the Sidi Chennane and El Halassa mines, as well as the El Halassa washing plant. The project also covers power supply equipment for the various pumping stations through OCP's 60 kV power grid. The implementation contract was awarded in November 2010, works are set to begin in 2011, and the project is to become operational in the second half of 2012.

A similar project will supply, from the Al Massira dam, the mining sites and washing plants of Benguerir and Youssoufia, as well as the Benguerir-Safi pipeline. Capacity: 18 million m³/pa. Project baseline studies were launched in 2010 and will be finalized in 2011. Expected commissioning date: 2015.

SOCIAL RESPONSIBILITY

At the forefront of national excellence

To encourage sales, but also and especially to fulfill its mission of corporate citizenship, OCP carries on and strengthens its strategy of contribution to the Kingdom's economic development through promotion of better soil fertilization and support in various forms of national entrepreneurship.

As Morocco's number one industrial company, OCP substantially contributes to the national economy. On the one hand, as the country's largest industrial employer, with a workforce exceeding 19,000 employees. And on the other hand, through its exports (35.63 billion MAD in 2010) that represent 24% of the Kingdom's total exports (147.949 billion MAD). Having always been committed to the country's economic development, the Group is also very much involved outside these contributions. In agriculture, which supplies 20% of the country's GDP and employs around 45% of its workforce, the Group's action is the most dynamic, if only because it is directly related to its own industry. OCP is also very supportive of small and medium sized companies, which make up 95% of the economic fabric of the country and whose development definitely reflects on the national wealth.

Strengthening and preserving soils

A Fertility Map of the first pilot area, Meknes, was delivered at the 5th International Agricultural Fair in Morocco (Siam) in March 2010. Six of the country's regions are now operational, covering an area of 2 million hectares, while 4 million hectares were compiled through analysis of 8,000 soil samples. By 2013, the entire national territory shall be covered. Morocco will then have a detailed fertility map of its 8.7 million hectares of agricultural land.

To be effective in the field, the regional Fertility Maps will be centralized in a national geographic information system (SIG). Accessible to farmers, the SIG will provide general recommen-



*2 million hectares
of farmland
already covered by
the OCP financed
Fertility Map.*



Through its OCP Innovation Fund for Agriculture, the Group is committed to financing agricultural and agribusiness projects in the sectors identified by the Green Morocco Plan, including cereals, olive trees, truck farming, citrus and other fruit, as well as livestock.

dations for a given region or a particular plot of land identified by GPS coordinates. Moreover, there will be counseling and training centers in every region - “ferti-councils” managed by the Ministry of Agriculture and Maritime Fishing (MAPM) - to share and popularize collected data and thus allow farmers to understand and integrate this powerful tool.

The project is part of the Plan Maroc Vert, Morocco’s Green Plan for the development of national agriculture. It is the result of an association between OCP, the Ministry of Agriculture and Maritime Fishing and a national consortium in charge of its field implementation. The consortium is made up of the National Institute for Agronomic Research (INRA), the Hassan II Agronomy and Veterinary Institute (IAV) and the National School of Agriculture (ENA) of Meknes. Budget: 63 million MAD, of which 36 million paid

by the Group and 27 million by the MAPM. Fertility maps, the SIG and the ferti-councils have a threefold aim:

- to develop a fertilization strategy at regional and national level;
- to recommend average fertilizer formulas at regional level and establish fertilization standards for the main crops;
- to guide and advise farmers at farm level, in order to establish in rural Morocco a good understanding of the concepts and techniques of reasoned fertilization, based on solid knowledge of soils and their fertilizer requirements.

Requirements all the more important as studies undertaken within the Plan Maroc Vert show a continuous decline in national soil fertility. Today, 1 million tonnes of fertilizer a year is applied to fields all over the country, while real re-

quirements are estimated at 2.5 million tonnes/pa. Thus the low yields: cereals, for example, yield an average 15 quintals per hectare, against over 80 quintals/ha in a country like France.

In addition to its obvious economic advantage, as it will enable farmers to apply the proper amount of fertilizer based on soils and crops, this important project will also prevent pollution of underground water from excess fertilization.

Mobilizing local distributors

Success in promoting better fertilization nationwide depends on stimulating the fertilizer market. Based on this observation, OCP has put in place a new marketing strategy to develop rational fertilizer use. The strategy has a marketing budget of 20-30 million MAD, targeting over 100,000 farmers in regions of "bour" land, with over 600 agronomic tests benefiting small farmers across the Kingdom. The aim is the distribution of at least 400,000 tonnes/pa of fertilizers, and the success of the operation involves mobilization of local distributors and retailers.

Promoting innovation and entrepreneurship in national agriculture

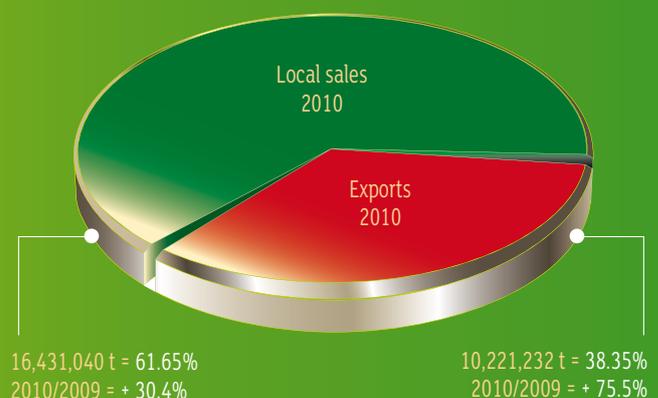
To meet the challenges facing the agricultural world and to help fulfill the Kingdom's objectives in this field, OCP has launched in 2010 an investment fund as a contribution to the financing requirements of the Plan Maroc Vert. Named OCP Innovation Fund for Agriculture, its mission is to promote innovation and entrepreneurship in agriculture and agro-industry. And it welcomes all projects liable to be lasting, competitive and able to create permanent jobs. The Fund considers that innovation and entrepreneurship are central to national development, and will mobilize the necessary capital and human resources to help achieve this.

The OCP Innovation Fund for Agriculture will invest primarily in structuring projects in areas such as reasoned irrigation, rehabilitation of depleted mining land or production of biofuel. And it will first and foremost take on new entities located around the Group's own sites and complying with its investment criteria.



RAW PHOSPHATE

Priority given to national agriculture



TOTAL RAW PHOSPHATE SALES : 26,652,272 TONNES = 100%
PROGRESSION 2010/2009 = + 44.6%

Keen on developing this initiative within the framework of sustainable development and fully aware of the necessity to provide support and follow-up at various levels, the Fund offers a unique value proposition that will help structuring, developing and coaching the selected projects.

This value proposition is implemented through an incubation structure as well as an experts team, both ensuring a continuous follow-up of the selected innovative projects, and both sponsored and financed by OCP. The Group thus offers project owners the means to pursue a bold development policy. It provides multifaceted support, such as technical expertise, business and management expertise, fostering and counseling, as well as tailored training, in order to consolidate and reinforce the selected businesses in a stimulating and secure environment.

« In addition to human and financial power, the Group today possesses other major assets to stimulate and coach the flowering and development of business opportunities, » confirms Fatiha Charradi, CEO of the OCP Innovation Fund for Agriculture. « Through the Fund,» adds

Charradi, « the Group offers an opportunity for national and international reach, as well as the benefits of a dense network of business partners. All advantages representing as many levers granted by OCP to benefit Moroccan potential in the agricultural sector. »

The Fund's structure and administrative paperwork is due to be finalized by February 2011. Meanwhile, three complying projects are already in the pipeline, waiting to be submitted for validation:

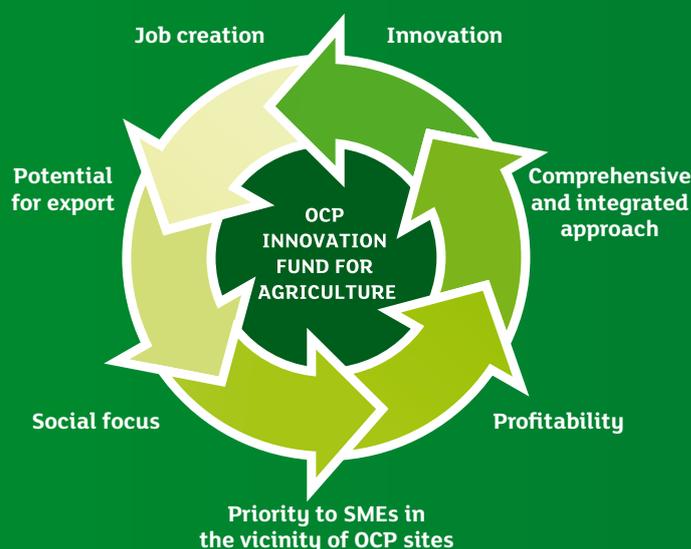
An integrated farm. It is a project of fattening of sheep, cattle and turkey. The farm includes growing wheat and fodder to feed livestock and a unit for processing beef, as well as a distribution channel. Established at Chaouia Ouardigha, this project was selected because it creates 30 direct jobs and subcontracts 50 associated farmers, promotes production by integrating processing, distribution and export. And finally, because it is an organic producer with good management of natural resources.

- Total investment: 34 million MAD.
- OCP Fund participation: 10 million MAD.

OCP INNOVATION FUND FOR AGRICULTURE

The selection criteria

The OCP Innovation Fund for Agriculture welcomes innovative projects in Morocco, liable to be lasting, competitive and permanent job creating. The Fund will invest primarily in structuring projects in areas such as reasoned irrigation, rehabilitation of depleted mining land or production of biofuel. Amongst projects complying with its investment criteria, the Fund will first and foremost take on entities located in areas around the Group's sites.





Fatiha Charradi, CEO of OCP Innovation Fund for Agriculture: « Though this Fund, OCP offers project owners its human and financial power, as well as its dense network of business partners. »

Direct dialogue with farmers

In keeping with its policy of promoting sale of its products while working within the Green Morocco Plan, the Group launched a policy of direct dialogue with farmers. Beginning in November 2010, a five-day information and open dialogue campaign was organized in collaboration with the INRA and the National Society of Seed Trade (Sonacos, also authorized to distribute fertilizers). Target regions: Chaouia, Doukkala, Tadla, Saïss and Gharb.

Representatives of OCP met with hundreds of farmers and farm managers, to whom they undertook to disseminate information on the use of new fertilizer formulas. They provided technical data on the advantages of different fertilizers in different soils, based on field research and test campaigns. They also reported results of recent studies conducted by INRA with the collaboration of MAPM showing how proper fertilization can double crop yields.

The speakers focused on the wish of the Group's management to get closer to its products' users and to help them with training programs. They were responding to many farmers who had been complaining about a point they consider crucial, namely the « lack of proper assistance from trainers to advise us at a technical level ».

Aside from discussing fertilizers and training, OCP's representatives stressed the importance of the program aimed at anticipating fertilizer needs at national level, and told the farmers the program had, in the previous crop year, made it possible to meet demand and increase the dis-

Aranib ("rabbits" in English) is a modern and innovative project created in the Al Haouz province. It integrates developing broodstock for reproduction, a genetics laboratory as well as the fattening and slaughter of the animals. Aranib contributes to the development and modernization of the rabbit-raising sector in Morocco and subcontracts about twenty associated farms.

- Investment: 8 million MAD.
- Fund participation: 5 million MAD.

The Cactus Project, based in Rhamna, specializes in the production and marketing of derivatives of prickly pears: juice, oil, and silage. Cactus innovates in the production process as well as in the marketed products. It upgrades the whole fruit and has a good export potential. It creates 35 jobs and is supplied from some fifty farmers in the region.

- Investment: 24 million MAD.
- Fund participation: 5 million MAD.

tributed volumes. They also explained the importance of the Fertility Map project, which will allow the use of adequate fertilizers in quantities suitable for the needs of soils and crops, and thereby contribute to develop a nationwide sound fertilizer use and a better agricultural policy.

Making high value-added “Made in Morocco” products

OCP globally achieves about 70% of its commitments for acquisition of capital goods and services from Moroccan companies, which amounted to a total of some 10 billion MAD in 2010. In the framework of its commitment to national small and medium sized enterprises (SMEs), the Group has set up the “SME Business Opportunities” agreement. The agreement was signed in 2009 with the Ministry of Commerce, Industry and New Technologies, the General Confederation of Moroccan Companies, the Banque populaire and the Caisse centrale de garantie. These are the five commitments made by OCP to national SMEs:

- Consolidate and increase this [70%] share, particularly in the context of the Group’s ambitious industrial development program.
- Require from international groups bidding for OCP tenders to contract a 30% minimum business volume of contracts with Moroccan SMEs. The goal is for these businesses to benefit from knowledge transfer and technological expertise that will subsequently reflect upon the national economy.

- Favor SMEs established in the vicinity of the Group’s facilities, especially those businesses that have chosen to benefit from real estate offers and support services from other parties in the agreement.

- Encourage the development of small regional businesses via a “Small Business Act” ensuring that any tender concerning the Group’s sites and for certain categories of goods and services under 1 million MAD, will include local businesses established in the vicinity of the sites.

- Contribute to the land tax base, by providing 11 hectares of OCP land in the province of Khouribga in the form of an assignment to the Ministry for its development into an industrial zone.

- Participate with the Ministry and its partners in providing SMEs with fully-serviced industrial premises within the vicinity of its production sites.

The relevance of this policy’s advantages and scope makes absolutely no doubt, since Moroccan SMEs employ 50% of the country’s work-



*10 billion MAD is
the amount of OCP
orders to Moroccan
SMEs in 2010.*



Nordine Zinbi, Purchasing Director at the Operations Department: « Contracting with OCP is a valuable calling card for an SME, as it is a real plus for their brand image. »

force and contribute up to 50% of investment, 40% of production, 20% of value-added and 30% of exports.

« The trend is to develop subcontracting and outsourcing of a number of trades not part of the Group's core business, » explains Nordine Zinbi, Purchasing Director at OCP's Operations Department. The policy allows creation of wealth and development of Moroccan businesses. « I would even say that these outsourced service providers have an expertise superior to our own in certain areas, as it is their core business! »

OCP has a panel of 2,200 suppliers, of which around 1,500 are Moroccan businesses. Of these, about 20% are small regional companies located in the vicinity of production sites. The Group promotes and supports them through their development phase by awarding them contracts in small non-strategic markets such as: security, cleaning, maintenance, assembly. These regional SMEs are eligible to tender for contracts of around 300,000 MAD on average, but which can range up to a maximum of 1 million MAD. « In 2010, these SMEs benefited from contracts worth 700 million MAD, against 500 million in 2009, » specifies Nordine Zinbi.

National SMEs are also called upon for larger and more technical orders. For example, the chemicals and infrastructure projects at Jorf Lasfar alone provide these companies with some 36 million work hours for all trades, from chemical engineering to steel construction, through conveyors, cables, etc. For the whole Group, this represents significant income for the national economy, but also important social benefits in the areas where OCP's sites are located.

 *Expertise gained thanks to OCP allows Moroccan SMEs to rival with European companies.*

OCP supports Moroccan industrial SMEs. The Group outsources to these companies a growing volume of business contracts in fields outside its core activities. The contracts cover domains ranging from civil engineering, to steel structures, conveyors, cables, etc.

« By resorting to domestic firms, OCP gains on performance and proximity (...) Not to mention the impact in terms of jobs, » adds Nordine Zinbi. But the issue is not just economic: « Contracting with OCP is a valuable calling card for an SME, as it is a real plus for their brand image and it enhances their credibility when submitting to other contracts (...) There have even been cases where this “OCP reference” was put forward in markets in Africa and in Europe! » states the Purchasing Director with a hint of pride.

OCP's pro-SME policy is bearing good fruit, judging by the achievements of some Moroccan companies. Nordine Zinbi is happy to mention success stories such as those of Stroc Industrie, Buzichelli, Skif Maroc or DLM. « The skills acquired through contact with OCP even allows Moroccan SMEs to compete with European companies! » says Zinbi.

Subcontracting to local companies also proves profitable for large foreign groups, as they reduce cost and thereby increase margins. It is no coincidence that the Turkish public works giant Tekfen (in line to secure the construction contract for the Khouribga-Jorf Lasfar pipeline) raised to 40% the contract share it is prepared to grant Moroccan businesses. This even encourages some of OCP's major suppliers to go into win-win partnerships with the Group and set up in Morocco. Thus the multinational tire company Dunlop has expressed readiness to locally produce the presently imported conveyor belts. The same goes for MECS, a world leader in engineering, for the production of sulfuric acid. MECS wishes to open an engineering office in Morocco, which will allow OCP to internalize expertise in this area.



Sport and education, two sectors benefiting from special OCP attention, particularly in the areas where the Group has its activities. Opposite, from top to bottom: the 2010 edition of the Transmarocaine multisports rally, a judo meeting in Benguerir and a primary classroom in Jorf Lasfar.



2011 should see the creation of other partnerships with international suppliers for the more important purchasing families. By thus contributing to strong value-added “Made in Morocco” products and services, the Group will better fulfill its vocation as a corporate citizen.

Corporate citizenship: a lively, busy year

Sport. Organized under the patronage of His Majesty the King and thanks to major sponsoring in which OCP generously participated, the 3rd annual Horse Show was held in El Jadida in October. The show is a driver of local economical and cultural development, thanks to the influx of institutional and private exhibitors from around the world. Moreover, for the second consecutive year, the Group contributed 75 million MAD to support national football, of which four teams are wearing team shirts with OCP’s logo (Khouribga’s Olympique, Safi’s Olympique, El Jadida’s Difaa and Laayoune’s Chabab El Massira). It also financed 25% of the Transmarocaine, the national multisports rally that will hold its 6th edition in March 2011 and in which the Group’s employees regularly take part. Among various other participations in sporting activities in Morocco, OCP finances over 10% of the annual operating costs of the car racing circuit of the Marrakech Grand Prix.

Protection of the environment. In 2010, the Group contributed around 6 million MAD to a project aimed at safeguarding the palm grove of Marrakech and other sustainable development projects implemented through the Mohammed VI Foundation for the Protection of the Environment.

Clean beaches. The beaches of Souiria K’dima, in Safi, and Foug El Oued, in Laayoune, won the 2010 “Pavillon bleu” (Blue Flag award). This label is awarded by the “Clean beaches” program, under the effective presidency of Her Royal Highness Princess Lalla Hasna. The program is a joint initiative of the Mohammed VI Foundation for the Protection of the Environment and the Foundation for Education and the Environment (FEE). At Souiria K’dima, OCP contributed 13 million MAD for the development of infrastructure, improvement of sanitary conditions and for ensuring a climate of security. At Foug El Oued, the Group contributed around 11 million MAD for the development of the cornice, the construction of a protective wall and other infrastructure projects.

Craftswomen. OCP contributed 1.5 million MAD to the Dar Maalma program, aimed at en-



The beach of Souiria K'dima, in Safi, benefited from a 13 million MAD Group's contribution for infrastructure work. In 2010, it once again won the "Pavillon bleu", awarded under the "Clean beaches" program.

hancing craftswomen's production capacities and supporting their activities.

Fight against cancer. In fiscal year 2010, the Group contributed 4 million MAD to the Lalla Salma Association to Fight Cancer programs.

Solidarity. The Group contributed 5 million MAD to the national campaign of the Mohammed VI Solidarity Foundation. Moreover, underprivileged populations of urban areas bordering the Group's sites benefit every year from civic actions that OCP has been performing for decades. Among the many 2010 initiatives was the distribution of 50 bicycles, 2,000 school bags and other school supplies as well as some 1,190 food packs, all of which benefited the population of Youssoufia and of various towns in the Doukkala-Abda region.

INTERNATIONAL COMMITMENT

India and Africa, two major OCP targets for effective South-South cooperation

The Group is involved locally as well as internationally in supporting agriculture in two major areas in the world: in India, a subcontinent where awareness of the need of a Second Green Revolution is gaining ground; and in Africa,, the continent with the greatest potential for yield development. Two flagship models for efficient OCP-driven South-South cooperation.

The Group's comprehensive approach in support of sustainable agriculture in India

The OCP-AES project to which the Group is committed in India is a perfect illustration that it understands its responsibility vis-à-vis global agriculture. This pilot project is part of the AES (Agricultural Extension Services) project of the Indian government, an initiative to encourage sustainable human development in rural zones. It is a field initiative conducted in partnership with a number of Indian university institutions, with the aim of stimulating awareness among farmers of the best practices in fertilizer use. It also advocates sustainable human development in rural areas

OCP-AES is run in three districts in the Indian state of Karnataka (Gulbarga, Bidar and Raichur). The project's task is to increase crop yields on a long-term basis for 3,000 farms, through demonstrating and popularizing of best farming practices to improve soil fertility over time. This OCP Foundation initiative is meant as a practical, day-to-day support to farmers. Its two main goals are to bring a significant productivity increase as well as a better value at harvest through the use of adequate agricultural inputs and personalized training to market access.

Launched in 2010 at the start of the farming season (January to June), OCP-AES was implemented with the help of the Moroccan Insitut national de la recherche agronomique (INRA). The program is to last over four years, and will have a direct impact on the creation of value by and for these 3,000 farms as well as for the farmers living in the neighboring rural areas.



Success achieved in India prompts OCP to replicate the experience elsewhere, particularly in Africa.



*Mohamed Belmahi, chairman of the OCP Foundation:
« Thanks to the OCP-AES project, Indian farmers benefit
from a best-practice agricultural training system. »*

The three southwestern districts covered by the project are among the poorest in India, with 95% of the population below poverty level. The area is predominantly agricultural and lives off rain-fed farming, with half the production consisting of vegetables, and the other half of grain (maize, millet), oilseeds (sesame, sunflower), as well as cotton and sugar cane. The area suffers from poor productivity and marketing is difficult. However, soils enjoy a strong potential for yield improvement provided good agricultural practices are implemented.

The project has also contributed to simplify relations between project stakeholders and recipient farmers, thus improving the latter's access to adequate products as well as credit. In fact, one key component of the project is funding assistance, through simplifying contacts between farmers and local micro-credit institutions.

The first crop yielded quite encouraging results. In some farms, yield increases were even largely superior to the expected 10-25%! The success of this first experience has led the OCP Foundation to consider replicating it in other Indian states, namely Uttar Pradesh and Rajasthan, among others, as well as in other countries, particularly in Africa. In Morocco, the project will

include the exchange of experience, know-how and technological innovation between India and the Kingdom.

« The key factor in the success of this initiative lies in the the comprehensive and integrated approach in its design and implementation, » notes Fatiha Charradi, CEO of OCP Innovation Fund for Agriculture. The Fund is in charge of the Group's agribusiness portfolio, and as such a stakeholder in the Foundation's OCP-AES project.

Africa, an essential partner in global food security

To increase global food production, the only real option is increasing per hectare yield. And the world's biggest potential for yield increase lies in Africa. A reality acknowledged by ever more institutions and personalities of the investment world:

- While the continent accounts for one fifth of the world's arable land, it uses less than 1% of fertilizers applied around the world.
- African farmers use less than 6 kg/ha/ha on average, against about 80 kg on average in the rest of the world.

By answering farmers' questions and by providing efficient advice, the call centre created by the OCP-AES project has greatly contributed to the success of this program benefiting 3,000 farms in India.



● African soils are the most deficient worldwide in nutrients essential for crop development. Farmers there use only 20% of fertilizers necessary to avoid depletion of their soils' phosphorus content. According to World Bank estimates, at least 85% of African countries suffer from nutrients losses of over 30 kg per hectare per year, and 40% suffer nutrients losses of over 60 kg per hectare per year. Yet the continent has so far been neglected by what might be called the "global agricultural elite", in spite of the fact that, in Africa, agriculture accounts for three quarters of economic activity and provides one third of GDP.

Moreover, the continent has the highest population growth rate on the planet. In 2008, a World Bank report estimated this rate at 2.5% a year in sub-Saharan Africa, against 1.2% a year in Latin America and Asia. The same report shows that at this pace, the population of Africa will have doubled between 2008 and 2036. In 2050, the continent will total over 2 billion inhabitants

(over 23% of the world's population, against 15% today). It will have 22.1% of the world's population of working age (against 14.6% for China).

OCP calls for a change of attitude towards the African continent

To be able to develop its agricultural potential it is essential that Africa be integrated into the global food production process. To become an active player of the global agricultural economy, Africa should no longer be seen as a problem-ridden continent, but rather as a source of opportunities. That is the conviction OCP reaffirmed during the 1st FMB Africa Fertilizer Conference. For OCP, it is necessary to depart from the still popular idea in numerous international forums that African agriculture is just a local issue, a question of aid, of fight against famine.

On the contrary, insisted Mhamed Ibnabdeljalil, Executive Vice-President, Sales, Marketing and Raw Material Procurement: « African agriculture



OCP's regional strategy unfolds along three main strands: to get involved, to learn and to innovate.



Africa today

Galloping population and lagging agricultural yields



Mhamed Ibnabdeljalil, Executive Vice-President, Sales, Marketing and Raw Material Procurement, at the 1st FMB Africa: « African agriculture must be seen as an integral part of a global agricultural system capable of meeting the needs of the planet's population, expected to go over the 9 billion mark by 2050. »

must be seen as an integral part of a global agricultural system capable of meeting the needs of the planet's population, expected to go over the 9 billion mark by 2050. » Mr. Ibnabdeljalil was addressing the opening session of the conference with an "Introduction to OCP's strategy for Africa". He spoke of OCP's long term vision regarding this continent, « a regional strategy, » he said, « which unfolds along three main strands: to get involved, to learn and to innovate. » Africa should benefit from immediate field action. Action that is efficient, that allows improved farmers' incomes through increased crop yields via better fertilization, and that generates in local economies virtuous and sustainable circles that will benefit all.

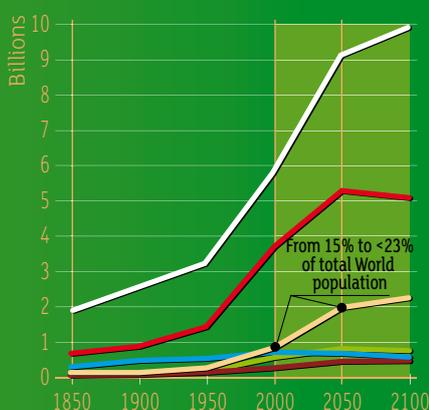
A special place for Africa

To begin with, the Group has engaged in partnerships to supply the fertilizers needed to address the problem of under-fertilization in Africa. But this should not prove sufficient. In

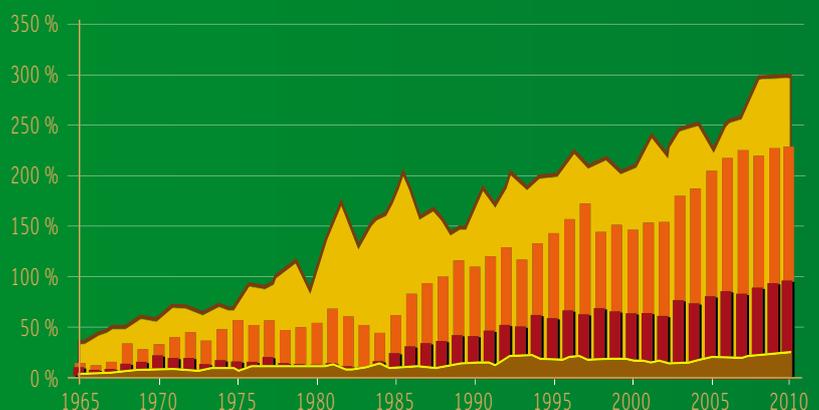
order to encourage farmers to adopt its own sustainable development approach, OCP is aware it needs to extend its field of action to the entire value chain: traders in agriculture products, retailers, food manufacturers, etc. As well as to public and private partners involved in supporting agricultural development.

Since 2008, OCP has met with a large number of stakeholders: importers, policy makers, players specialized in development issues and others from over twenty countries. A process through which the Group is introducing the most efficient ways of providing local farmers with adequate fertilizers at the lowest cost.

Various new products are being developed by OCP, adapted to the local needs of certain African countries. The group has also turned an important policy corner on the continent as it is now seeking strong local partners, with a long-term development approach and a real value-added capacity.



WORLD POPULATION GROWTH



EVOLUTION OF CEREAL PRODUCTION AND ARABLE LANDS' AREA



(Source : UN)

HUMAN CAPITAL

Collective intelligence at the service of performance

« OCP's strategy is to develop the Company's major resource which, beyond phosphates, is its human capital, namely the men and women who work here. » A statement from the CEO Mostafa Terrab that perfectly illustrates the place of the human element within the Group. An element that is all the more important within the context of the ambitious program of industrial development currently underway.

At the end of 2010, OCP's human resources numbered 19,044 employees in all categories. This total includes 11,443 workers and employees (called "OE" - down 9% from 2009), 6,479 technicians, supervisors and administrative executives (known as "TAMCA" - up 10.30%) and 1,122 engineers, doctors and related professionals (called "HC" - up 4.28%). The workforce breaks down as follows: 44.1% with fewer than 10 years of service (against 42.6% in 2008); 15.2% with 10 to 20 years (against 10.5%); and 40.7% with over 20 years (against 46.8%). This reflects the importance given not only to employees' experience but also to hiring new personnel that can significantly contribute to the success of the Group's new strategy. A trend that will grow sharply with the recruitment campaign planned for 2011 and which is expected to hire hundreds of new staff in all trades and at all levels, a personnel increase necessary to manage the ambitious development program currently underway.

Training: an ambitious program in preparation

OCP's interest in training its staff in all fields related to the Company's trades is continuous and its goals are varied. The courses focus on professionalizing the industry's management as well as the Group's technical sectors in mining and chemistry. Particular care has been given to training of apprentices and an integration system has been put into place for new recruits. In terms of resources, a special team has been dedicated to the design and educational engineering of the programs. The Group's management is naturally heavily involved in identifying needs, and the programs are designed in partnership



A younger workforce: staff with less than 10 years seniority are increasing, while those with over 20 years are decreasing.

Mohamed El Kadiri, OCP's general secretary: « To develop and consolidate its leadership, OCP relies primarily on its human capital. It is the Group's main wealth and it will be increased to carry out the ambitious industrial development program. »



with the leading national and international academic institutions.

At its various sites, OCP has 76 full-time trainers and group leaders who take on over 95% of the annual training workload of OE/TAMCA agents. The teaching facilities are located at the production sites at Khouribga, Youssoufia, Jorf Lasfar, Benguerir, Safi and Boucraa-Laayoune.

In 2010, 1,421 initial and in-service training activities were undertaken for 11,960 participants. In 2011, the training programs are to be continued and expanded, to benefit 12,750 employees.

OCP's Knowledge Institute: an incubator for tomorrow's managers

To support its strategic orientations, OCP created its Institut des savoirs (Knowledge Institute) in early 2010. Its purpose is to ensure understanding and assimilation of the Group's vision and strategy by employees at all levels. Above all and beyond the conceptual understanding, the aim is to ensure their translation into daily managerial activity, in order to « promote the expression of collective intelligence at the service of the Group's performance, » explains the Institution's Director, Latefa Zazi.

The new structure is part of the dynamics of the significant transformation taking place within the Group: an overhaul of managerial and organizational structures, as well as the ongoing business transformation program Iqlaa. But if the Institute's primary purpose is to serve the interests of an in-house audience keen on promoting OCP's human capital, it also aims to contribute to expanding the Group's influence.

2010 was devoted to building and structuring the programs, to creating a space dedicated to professionalization and development at the service of the Group's strategy and employees. On the practical side, the Institute's programs are developed by committees of trade professionals specialized in each topic, and in relation with reputable partners, both Moroccan and international. Designed around OCP's actual reality while providing an academic label, the programs focus on four areas:

1. Strategy and leadership. On the curriculum, management cycles adapted to each level of responsibility, as well as leadership training to strengthen management's skills, attitude and behavior, and to teach them how to speak in public, conduct negotiations, etc. The purpose is to produce a generation of managers capable of meeting the challenges of the Group's new strategy.

2. Trade professionalization. Modular technical programs, optimized according to staff availability. They aim to develop professionalism in major industrial fields such as mining, phosphate processing and upgrading, etc., but also in support fields such as HR, project management, finance, audits, purchasing, R&D.

3. Integration. A wide range of regular activities is proposed to help assimilate the Group's fundamentals (values, organization, key figures,

At the first OCP "A Ciel ouvert" (Open Air) forum held in Paris on March 27, the CEO Mostafa Terrab explained to students, graduates and Moroccan professionals from all over Europe, the career opportunities offered by the Group. He also listened to them to get a better understanding of their questions and expectations.



activities) and capitalize and share its knowledge. Activities such as: site visits, plenary meetings for the presentation of the different departments, seminars for a better understanding of the phosphate market, the Group's products and industrial processes. With a strong desire to create a "Group culture", via different initiatives such as OCP specific case studies, presentation of the trades communities, etc.

4. Monitoring and openness. Lecture series will promote openness and reflection beyond the Group's current functioning. Objectives: to allow hindsight, but also to develop new visions, stimulate creativity and innovation

When OCP goes headhunting...

The first "A Ciel ouvert" (Open Air) forum was held in Paris, on March 27, 2010. In front of a large audience of students, graduates and Moroccan professionals from all over Europe, the leading Moroccan industrial company showed that it spares no effort to find the qualified and motivated staff that it needs. Staff that will enable the Group to meet the challenges associated with maintaining and consolidating its global leadership, i.e. to be more efficient, more profitable, and at the same time more respectful of the environment. Senior OCP officials including the CEO Mostafa Terrab detailed the career opportunities offered by the Group and



the networking accompanying its development program. Also, and perhaps primarily, this important initiative organized with the assistance of the *Association des Marocains des Grandes Ecoles (AMGE)*, gave OCP's top management an opportunity to hear the audience's questions and expectations.

As part of its initiatives aimed at strengthening its teams, OCP will attend the 20th edition of the "Trium" forum in Paris, held in October 2011. OCP will address *Grandes Écoles'* and renowned international universities' award winning graduates, in its search for talented and ambitious profiles to fill positions in various areas: sales, marketing, HR, finance, engineering, project management, etc.

An ongoing dialogue with social partners

A new charter of social dialogue was signed in 2010. Its implementation was the result of a sig-

nificant change of the unions' audience within the Group following the professional elections held the previous year. The new charter, which builds on past experience of social dialogue, is a result of a consensus reached with the most representative unions within the Company. It carries some major innovations including the establishment of new representative bodies, namely the Commission for Social Action (CAS) and the Commission for Hygiene, Security and the Environment (CHSE).

Forty meetings of the Committee of Status and Personnel (CSP) were held in fiscal year 2010. The main issues discussed related to bonuses and allowances granted to staff, career advancement, home ownership, medical coverage, staff transport, among other social issues.

The sixth agreement signed with the social partners (July 1, 2010) focused on a series of incentives for current employees, but also for retired staff, including:

- Improving the material situation of current employees through the revaluation of certain bonuses and allowances (additional allowance, educational allowance, responsibility bonus, lump-sum leave allowance, lump-sum retirement allowance, etc.).
- Improving social benefits, especially upgrading the ceilings on car and household loans, establishing an allowance for computer purchase and signing of an agreement with the transport company (CTM) to allow OCP personnel to benefit from preferential bus rates;
- Improving medical coverage of pensioners and launching of a global study for a medical coverage system for the Group.
- Improving conditions for home ownership, through upgrading the ceiling for exceptional support for housing and signing of agreements with real estate developers in the different cities of Morocco.

A first: social negotiators training in Italy

In 2010, a large-scale training program took place in Turin (Italy). It benefited 122 staff representatives (RP) and health and security delegates (DHS), as well as 20 OCP management representatives from amongst members of the different Committees of Status and Personnel (CSP) across the Company.

Set up at the initiative of the CEO, this action is a first in the history of OCP. The training, whose central theme is "social dialogue and negotiation techniques", is aimed at supporting the staff representatives in the exercise of their mission. It focuses essentially on the development of RP and DHS skills in the area of social dialogue on the one hand, and on the other hand on sharing the same representation of the role of personnel delegates within the Company.

The training took place at the International Training Center of the International Labor Office, the permanent secretariat of the International Labor Organization (ILO) in charge of general global issues related to work. In 2011, about forty officers (RP, DHS and management representatives) are expected to take the training program. The teaching method used by the trainers, all experts in matters of social relations and labor legislation, is based on interactivity, particularly through case studies of industrial contexts, and on visits to companies and organizations in the Turin region.

Social benefits: main highlights

Management of the pension fund. On December 1, 2010, OCP proceeded to the transfer to the National Pension and Insurance Fund (CNRA) the remaining pension elements in the form of life annuity. The transfer consists of:

- The value of the fixed part of the OCP transfer pension at the date of transfer.



In 2010, 1,421 initial and in-service training activities were undertaken for 11,960 participants. In 2011, the training programs are to be continued and expanded, to benefit 12,750 employees.

- The additional family allowance under OCP's internal retirement scheme.

OCP will continue to ensure the coverage of pension rights not transferred to the Collective Retirement Benefit Scheme (RCAR) and the CNRA, notably under the pension liquidation guarantee as stated in OCP's internal retirement scheme's regulations, as well as of the death allowance. On the date of settlement of the liquidation or on the date of occurrence of the event giving access to non transferred rights, the Group will supply the constituted capital necessary for the RCAR and the CNRA - or any other specialized organism - to cover these non transferred rights.

On December 1 2010, the pension-receiving population concerned by the transfer totals 34,755, of whom 22,864 direct pensions and 11,891 reversionary pensions. And active staff hired before January 1 2001 previously registered on OCP's internal retirement scheme total 9,828 members.

It is worth noting that the decision to out-source OCP's internal retirement scheme was taken by the September 18, 2008 board of directors meeting.

Housing projects and assistance for home ownership. Various projects are conducted as part of the continuing implementation of social policy. These include: twenty housing estate projects, development of various plots, construction of villas and apartments. The projects are underway in El Jadida, Safi, Youssoufia and Khouribga. Furthermore, 1,734 staff members from all the Group's sites benefited at the end of 2010 from various aid measures for home ownership, broken down as follows:

- Sale of lots of built-up land: 788;
- Sale of apartments: 50;
- Sale of staff accommodation: 179;
- Mortgages: 715;
- Housing loans: 2.

Medical coverage. As part of its role as a corporate citizen, OCP ensures the well-being and satisfaction of its active and retired staff through various health services. Medical care given to Group staff and their families by OCP's in-house or external health care providers in 2010 are as follows:

- consultations and visits: 219,376;



- surgery: 3,802;
- laboratory tests: 24,487;
- x-rays: 27,067;
- physical therapy: 4,037;
- stomatology: 47,102;
- other treatments: 101,576.

Social and cultural activities. OCP's current and retired staff enjoy various leisure activities provided by the social services on each site. In addition to recreational, cultural and sporting programs implemented for the benefit of staff members and their families in the Group's areas of activity, social benefits in fiscal year 2010 saw the achievement of numerous actions, including:

- summering: 1,985 beneficiaries;
- subsidized travel: 5,210;
- summer camps: 4,621;
- consumer loans: 3 311;
- pilgrimages to Mecca: 216;
- scholarships from the mining inter-company training fund: 4,633.



1,734 OCP agents benefited from various aid measures for home ownership in 2010.



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