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## *Value creation and social commitment*

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**22**

BILLIONS OF MAD WERE  
INVESTED BY OCP IN 2011



**15 000**

YOUNG MOROCCANS BENEFITTED  
FROM VOCATIONAL TRAINING  
PROGRAMS AIMED AT  
IMPROVING THEIR EMPLOYABILITY



**28%**

OCP'S SHARE IN THE  
TOTAL VALUE OF GOODS  
EXPORTED BY MOROCCO



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***Value creation and social commitment***

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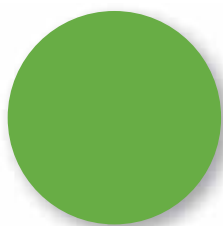








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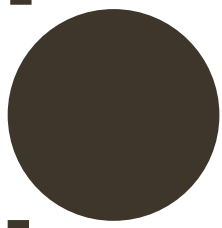
# 7 BILLION DOLLARS

THE GROUP'S TURNOVER IN 2011









# THE WORLD OF OCP



**22** | **15000** | **28%**

BILLIONS OF MAD WERE INVESTED  
BY OCP IN 2011

YOUNG MOROCCANS BENEFITTED FROM  
VOCATIONAL TRAINING PROGRAMS AIMED  
AT IMPROVING THEIR EMPLOYABILITY

OCP'S SHARE IN THE TOTAL VALUE  
OF GOODS EXPORTED BY MOROCCO

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## THE WORLD OF OCP

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### FIRST EXPORTER WORLDWIDE OF PHOSPHATES IN ALL FORMS

(PHOSPHATE ROCK, PHOSPHORIC ACID AND FERTILIZERS)

### FIRST MOROCCAN COMPANY

THE LARGEST IN THE KINGDOM

### ACTIVE ON ALL FIVE CONTINENTS

Boasting a 90-year plus experience and disposing of phosphate reserves among the most important in the world, the Group pursues a double goal of value creation and strong social commitment. In fact, OCP is achieving high financial and marketing performance on the one hand, and is supporting, on the other hand, Moroccan economy as well as global food security, a field where the Group is a major player.

***In OCP's view, profitability goes hand in hand with responsibility***



THE MEAN  
 $P_2O_5$  CONTENT  
OF EACH TONNE  
OF ROCK IS  
0.32 TONNE

---

## WHAT WE **PRODUCE**

---

28,1

MILLION TONNES  
OF PHOSPHATE ROCK

4,4

MILLION TONNES  
OF PHOSPHORIC ACID

4,35

MILLION TONNES  
OF FERTILIZERS

---

### **1** PHOSPHATE ROCK

*The quality of the phosphate rock extracted – through open-sky mining – is measured by its phosphorus content ( $P_2O_5$ ). The mining rock is first processed to increase its phosphorus concentration (through enrichment processes) and is then converted into phosphoric acid. The mean  $P_2O_5$  content of each tonne of rock is 0.32 tonne. OCP is the first worldwide exporter of phosphate rock, with a 36.7% world market share. In 2011, the Group has produced 28.1 million tonnes, of which it has exported 9.7 million tonnes and supplied 18.4 million tonnes to its chemical processing facilities in Morocco.*

### **2** PHOSPHORIC ACID

*An intermediate product between phosphate rock, fertilizers and phosphoric acid is actually the result of an enrichment of the original ore to reach 52% concentration in  $P_2O_5$  through a chemical reaction process with*

*sulfuric acid. In 2011, OCP has manufactured 4.4 million tonnes  $P_2O_5$  of this product. As for purified phosphoric acid, it is produced in small quantities to supply different food and industrial applications. OCP is the biggest worldwide exporter of phosphoric acid, with a 51% global market share.*

### **3** PHOSPHATE FERTILIZERS

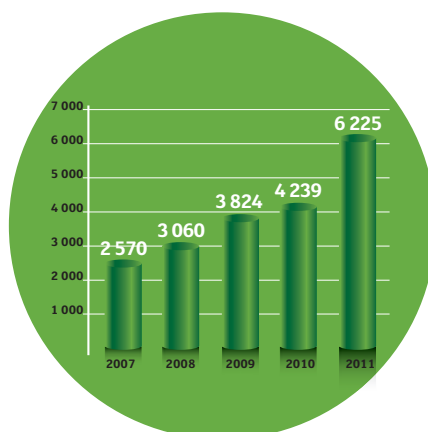
*Four different types of such fertilizers are processed from phosphoric acid: DAP (the most commonly used), TSP (trisodium phosphate), MAP (a binary fertilizer consisting of two fertilizing agents: phosphorus and nitrogen), and NPK (a ternary fertilizer made of three elements: phosphorus, nitrogen and potassium). With a 16.5% market share, OCP is the third global exporter of phosphate fertilizers, after China and the United States. In 2011, the Group's total fertilizer production reached 4.35 million tonnes.*

## OCP'S **TEN STRATEGIC** TARGETS

# 01

### Leadership

Thanks to its industrial and marketing leadership, and particularly to its social commitments, OCP is a credible and authoritative voice in the world of phosphate.



*Investments  
in millions of MAD*



# 03

### Industrial excellence

Thanks to its industrial investment program of MAD 120 billion within the next ten years, OCP will have at its disposal the most innovative technology in matters of phosphate mining, processing and transport.

# 05

### Reasoned fertilization

A reasoned use of fertilizers will enable to reconcile food security requirements with soil and environment preservation.

# 02

### Competitiveness

Essential to its development, OCP's competitiveness relies upon its industrial flexibility, cost reduction and innovation.

# 04

### Human capital

OCP's near 20,000 staff members are its primary wealth. They are part of its collective intelligence, which is the main source of the Group's performance.





# 06

## Preserving the environment

Parallel to adopting environment-friendly industrial technology, OCP is implementing ambitious strategies in matters of energy efficiency and water resources preservation.



# 07

## Food security

Nearly one billion people in the world are poverty-stricken. OCP is determined to contribute in implementing innovative agricultural solutions to help the most vulnerable farmers.



# 09

## Supporting OCP's neighbor populations

People living in the vicinity of the Group's five sites benefit from various recruiting and training programs, as well as from incentives to the creation of small businesses.



# 10

## Developing the Group's ecosystem

In OCP's view, strengthening the bonds with its ecosystem is a key factor of the Group's success. Promoting local lifeblood, developing their know-how, enhancing the attractiveness of the regions where OCP's activities are located, these are the axes of the Group's action to associate local as well as national players.

# 08

## Supporting Moroccan agriculture

In addition to the soil fertility maps, OCP has created an investment fund designed to finance innovative agricultural projects.



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## SOME OF THE GROUP'S **FLAGSHIP PROJECTS**

---

### **THE KHOURIBGA-JORF LASFAR SLURRY PIPELINE**

Designed to transport phosphate rock from Khouribga's minings to the Jorf Lasfar chemicals plants, this 235 km long slurry pipeline is scheduled to be complete in 2013. The pipeline will generate substantial savings in transport cost, as well as in water and energy. Its operation will also result in reducing by 900,000 tonnes OCP's carbon footprint. The pipeline project will cost MAD 4.5 billion.

### **INCREASING JORF LASFAR'S PRODUCTION CAPACITY**

Four new plants will raise the site's phosphoric acid and fertilizer production capacity to 3.7 million tonnes. This extension will be paralleled by the construction of a seawater desalination plant to meet the chemicals platform's present and future water requirements. The projects aimed at boosting Jorf Lasfar's production capacity represent an investment of MAD 40 billion.

### **INCREASING KHOURIBGA'S MINING AND PROCESSING CAPACITY**

Thanks to a global investment of MAD 18 billion, three new minings will be opened (*among them the El Halassa Green Mine*), which will raise phosphate rock production to 38 million tonnes

from the present 18 million. As for the phosphate rock processing operations, they will be made easier thanks to the construction of three new washing plants (*including the El Halassa plant*) among the world's largest and most modern.

### **PORT FACILITIES**

Large-scale extension works are to be completed during the second semester of 2015 at the Jorf Lasfar harbor to enable its facilities to cope with the import-export traffic resulting from OCP's doubling of its mining activity and the threefold increase of its fertilizer production scheduled by 2020.

### **OCP SKILLS**

In 2011, in the framework of its responsibility toward the populations living in the vicinity of its facilities, OCP has launched OCP Skills, an ambitious program to recruit 5,800 staff members and provide vocational training for 15,000 youth to reinforce their employability in the various sectors of Moroccan economy.

## OUR HISTORY



# // 1920 -

**1920**

The Office Chérifien  
des Phosphates  
is created

**1965**

Maroc Chimie  
is created

**1975**

The OCP Group  
is born

**1976-1986**

Maroc Phosphore I  
starts operation in 1976,  
MP II in 1981,  
and MP III/IV in 1986

**1996-2004**

Various joint ventures  
are created  
with Indian and  
Pakistani partners

# 2011 //

**2008**

Office Chérifien  
des Phosphates  
becomes OCP SA

**2009**

The Morocco-Brazilian joint  
venture Bunge Maroc  
Phosphore is launched

**2010**

JESA, a joint venture with  
Jacobs engineering, is created,  
and OCP inaugurates offices  
in Brazil and Argentina

**2011**

OCP Skills is launched



# 15 SUB- SIDIA- RIES

## **PHOSBOUCRAA**

BUSINESS LINE: **mining**  
CAPITAL: **MAD 100 MILLION**  
OCP SHARE: **100%**  
NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 1,398.960 MILLION**

## **EURO- MAROC PHOSPHORE**

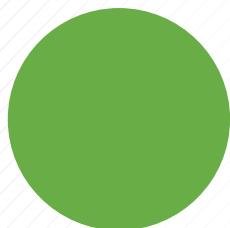
BUSINESS LINE: **chemistry**  
CAPITAL: **180 000 000 MAD**  
OCP SHARE: **33,33%**  
NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 60 MILLION**

## **MAROC PHOSPHORE**

BUSINESS LINE: **chemistry**  
CAPITAL: **MAD 6.5 BILLION**  
OCP SHARE: **100%**  
NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 6.04 BILLION**

## **IMACID**

BUSINESS LINE: **chemistry**  
CAPITAL: **MAD 619.998 MILLION**  
OCP SHARE: **33,33%**  
NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 206.666 MILLION**



## **CERPHOS**

BUSINESS LINE: **science & technology research and studies**

CAPITAL: **MAD 29 MILLION**

OCP SHARE: **100%**

NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 0**

## **INNOVATION FUND FOR AGRICULTURE**

BUSINESS LINE: **investment fund, subsidiary created in 2011**

CAPITAL: **MAD 50 MILLION**

OCP SHARE: **100%**

NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 50 MILLION**

## **PAKISTAN MAROC PHOSPHORE**

BUSINESS LINE: **chemistry**

CAPITAL: **MAD 800 MILLION**

OCP SHARE: **50%**

NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 400 million**

## **SMESI**

BUSINESS LINE: **surveys, industrial installations and engineering**

CAPITAL: **MAD 2 MILLION**

OCP SHARE: **100%**

NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 15,481,912.84**

## **PRAYON**

BUSINESS LINE: **industry**

CAPITAL: **EUR 43 MILLION**

OCP SHARE: **50%**

NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 164,724,140.34**

## **BUNGE MAROC PHOSPHORE**

BUSINESS LINE: **chemistry**

CAPITAL: **MAD 900 MILLION**

OCP SHARE: **50%**

NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 450 MILLION**

## **SOTREG**

BUSINESS LINE: **staff transport**

CAPITAL: **MAD 56 MILLION**

OCP SHARE: **100%**

NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 174,842,069.45**

## **PPL**

BUSINESS LINE: **chemistry**

CAPITAL: **INDIAN RS 3,027,999,560**

OCP SHARE: **MP HOLDS 50% OF  
ZMPL'S SHARES, WHICH  
POSSESSES 80.45% OF PPL**

NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 403,740,176.27**

## **JACOBS ENGINEERING SA**

BUSINESS LINE: **engineering**

CAPITAL: **MAD 45 MILLION**

OCP SHARE: **50%**

NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 22.5 MILLION**

## **IMSA**

BUSINESS LINE: **hotel industry**

CAPITAL: **MAD 2 MILLION**

OCP SHARE: **100%**

NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 93,652.85**

## **LEJONC ET CIE**

BUSINESS LINE: **real estate**

CAPITAL: **EUR 2,713,280**

OCP SHARE: **100%**

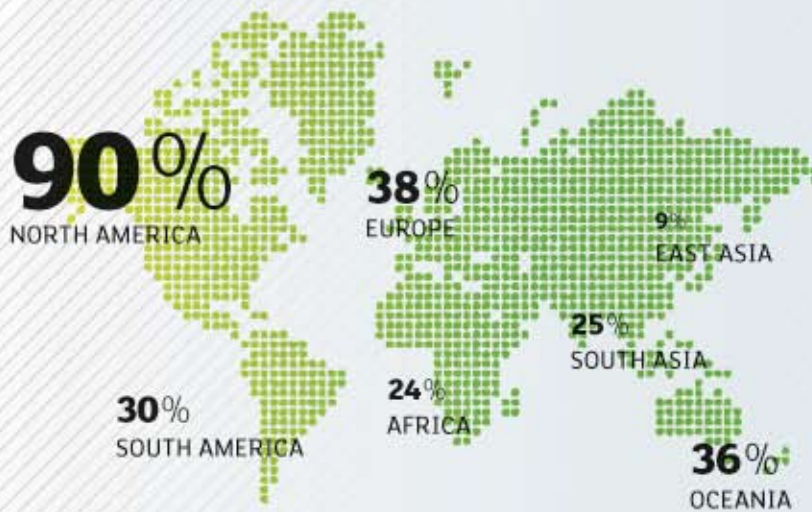
NET BOOK VALUE OF THE EQUITY INVESTMENTS  
END DECEMBER 2011:  
**MAD 30,239,689.87**

## MAP OF OCP SITES IN MOROCCO





## OCP'S CUSTOMERS AROUND THE WORLD



*Percentage of global demand met by OCP in phosphate in all forms.*

## OUR GLOBAL MARKETING AND INDUSTRIAL PRESENCE



### SALES REPRESENTATIVE OFFICES:

- New Delhi
- São Paulo
- Paris
- Buenos Aires

### CHEMICAL SITES:

PRAYON

- Puurs - Belgium
- Engis - Belgium
- Roches - France
- Augusta, GA - SA

ZMPL

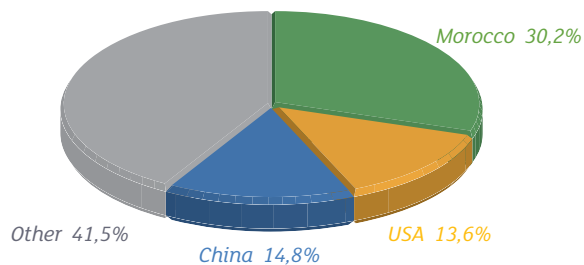
- Paradeep, PPL - India

### TRADING:

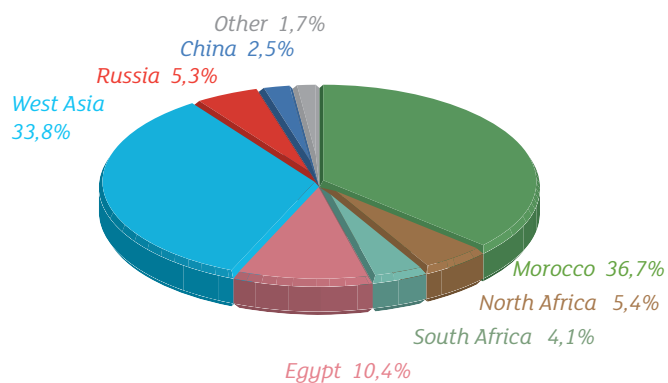
- Black Sea  
Phosphate trading JV's

## OCP GROUP'S MARKET SHARES

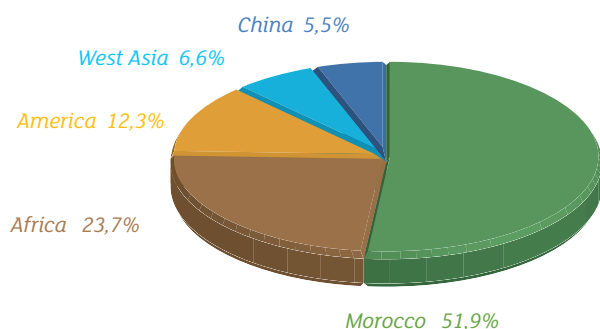
**2011 Global exports of phosphate in all forms**



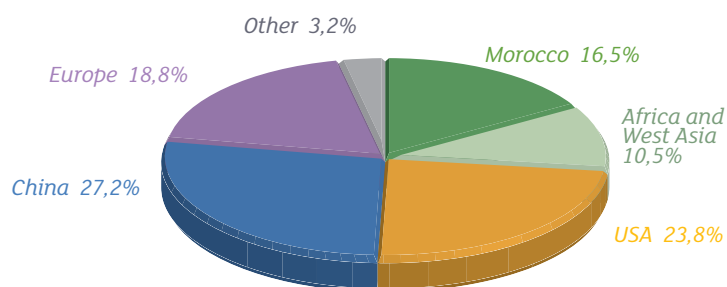
**2011 Global exports of raw phosphate**



**2011 Global exports of phosphoric acid**



**2011 Global exports of phosphate fertilizers**





## GENERAL **ORGANIZATIONAL CHART**



### CEO AND CHAIRMAN OF THE BOARD

*Mostafa TERRAB*

#### GENERAL SECRETARY

*Mohamed El KADIRI*

#### HEAD OF CEO's OFFICE

*Marouane AMEZIANE*

#### EXECUTIVE VP HUMAN CAPITAL

*Mohamed EL KADIRI,  
(acting)*

#### DIRECTOR SUSTAINABLE DEVELOPMENT

*Taha BALAFREJ*

#### DIRECTOR BUSINESS STEERING

*Rachid MOULINE*

#### GENERAL COUNSEL

*Ali BEN ABDESLAM*

#### HEAD OF HUMAN RESOURCES DEVELOPMENT AND ORGANIZATIONAL PROGRAM

*Meryem CHAMI*

#### EXECUTIVE VP OPERATIONS

*Amar  
DRISSI*

#### EXECUTIVE VP SALES, MARKETING AND RAW MATERIAL PROCUREMENT

*Mhamed  
IBNABDELJALIL*

#### EXECUTIVE VP AUDIT AND CONTROL

*M'barek  
KAROUA*

#### EXECUTIVE VP FINANCE AND MANAGEMENT SUPPORT

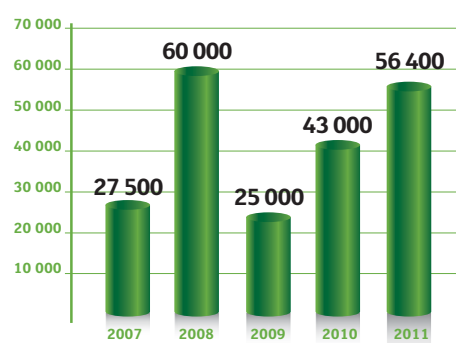
*Mohamed  
EL HAJJOUJI*

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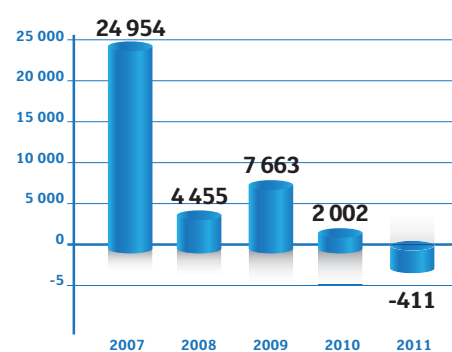
## THE GROUP'S **FINANCIAL INDICATORS** *(in millions of MAD)*

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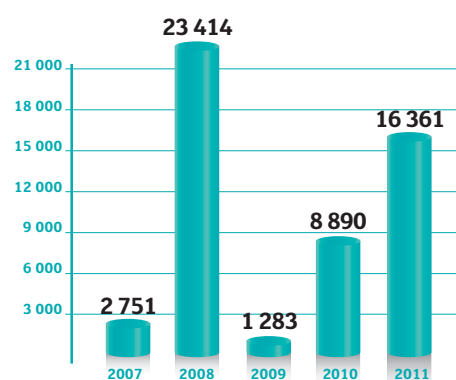
### Turnover



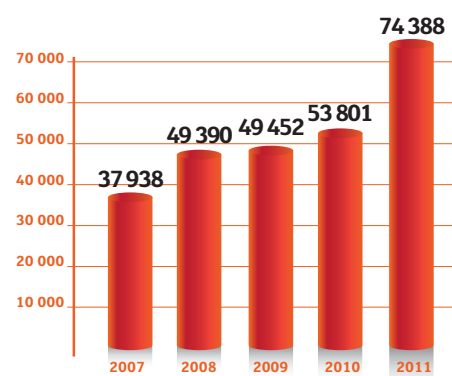
### Net Debt



### Net Profit



### Total Balance Sheet



# ***The OCP vision***

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## **MANAGING CHANGE RAPIDLY AND EFFICIENTLY**

■ *by Mostafa Terrab, Chairman and CEO*

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Without a clear vision, the changes in the Group's environment cannot be efficiently managed or anticipated, nor can the opportunities arising from them be seized. Environment monitoring and analysis, as well as OCP's competitive assets and resources are intimately bound in the Group's collective will. All contribute to a vision that is a clear and steady reference. A vision that

conveys meaning to the Group's actions and guides its decisions. Everything changes except this vision. And 2011's financial statements, among the best in OCP's history, are there to comfort the Group's choices: a 46% increase in turnover and an 84% leap in net profit!

information made possible by these NTIC impose an all-time rigorous market watch and the existence of fast decision-making process.

## II. OBJECTIVES AND COMPETITIVE ADVANTAGES

All the change and fluctuation factors stated above have made compulsory OCP's master decision to double its phosphate production capacity as well as its potential global market share of fertilizers, thanks to a gigantic investment program of MAD 120 billion over the 2010-2020 decade. By comforting its presence over the entire phosphate value chain, the Group is determined to achieve a 30% cost reduction, to improve its financial profitability and to enhance its marketing flexibility. These three goals are consistent with the Group's well established competitive advantages, namely: the biggest phosphate reserves worldwide, a broad ore diversity, a strong presence over the entire phosphate value chain and a century-old industrial experience.

## III. MEANS

It is well known that an objective is always easier to set than to achieve. For this reason, OCP is very careful about providing the means necessary to implement its strategy, and this has been structured around the following three main pillars:

### 1. The Operational Transformation Program (IQLAA)

This program structures in depth and breadth the changes occurring at OCP. It redefines the Group's industrial processes and designs new ones when needed, it modernizes and sometimes revolutionizes its production tools.

With a permanent pledge to hunt down all unproductive cost, and to give innovation full leverage.

### 2. The Business Steering (BS)

The purpose of this guidance tool is to coordinate raw materials procurement and marketing. It is a most valuable tool when it comes to deliver fast, accurate and profitable arbitration.

AN OBJECTIVE IS ALWAYS EASIER TO SET THAN TO REACH  
OCP ENSURES IT HAS THE NECESSARY MEANS TO IMPLEMENT ITS STRATEGY

### 3. The Managerial Triptych

At OCP, a "Managerial Triptych" was launched in October 2011, structured around three axes: HR development, development of the information system, and organization. All three pursue the same goal: enable the Group's staff to rise to the understanding of market dynamics as well as of OCP's position as world leader. And this will only be achieved through transforming the nature of the relationship between the Company and its staff, along with improving the means put at their disposal. OCP provides its men and women with the means to become self-reliant and responsible, with a thirst for knowledge and keen on developing their personal ability to perform efficiently in a permanently changing environment. The Group is implementing ambitious training programs in technical as well as managerial skills.

■

**The Talent Factory.** OCP pools its staff around shared vision and values. The information system, which will support all of the Group's activities, will enhance management transparency and democratize information. As for the organization axis, it is not meant to meet technical requirements as much as it is oriented towards promoting a sense of responsibility among the Group's staff, who will be granted all necessary means to ensure that their actions are always in line with OCP's values.

#### IV. SOCIAL COMMITMENT

OCP's self-image and its environment are inextricably intertwined. The number of stakeholders as well as their scope of action are steadily expanding. For OCP, this entails social responsibilities that are as many interfaces with the societies in which the Group is working. The term "responsibilities" may not be appropriate, though, inasmuch as it suggests the idea of a cost, a duty towards others that would be incurred at the expense of the Group's financial profitability. On the contrary, in OCP's view, its social responsibilities are not an expense but opportunities to improve its competitiveness.

In fact, OCP's social responsibilities are part and parcel of the Group's natural resources management, as well as of its industrial processes transformation or of its customer support policy. OCP's commitment towards global food security comforts its moral and material leadership. Support to Moroccan agriculture as well as to the employability of the young population living in the vicinity

of OCP's facilities strengthen the Group's harmonious integration in the national social fabric, and thus improve its local partners' competitiveness.

Above all, OCP is driven by strong and strict ethics of respect of the moral and material interests of all of the world's producers. As the upstream link of the food industry value chain, the Group pays scrupulous attention to preserve and improve its ecosystem.



IN OCP'S VIEW, SOCIAL  
RESPONSIBILITIES  
ARE NOT AN EXPENSE  
BUT OPPORTUNITIES  
TO IMPROVED  
COMPETITIVENESS



■ Fertilizer production line at Jorf Lasfar





1

# VALUE CREA- TION

...



— **HUMAN CAPITAL**  
page 30

— **MARKET**  
page 38

— **INDUSTRIAL EXCELLENCE**  
page 46

— **FINANCIAL STATEMENTS**  
page 56



## TOWARD A CULTURE OF **PERFORMANCE AND SELF-FULFILMENT**

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### DEDICATED STAFF MEMBERS COMMITTED TO THEIR FULFILLING AND REWARDING JOBS? AT OCP WE KNOW THIS IS NOT ONLY DESIRABLE, **BUT ESSENTIAL FOR THE SUCCESS OF THE GROUP'S STRATEGY**

OCP expects its employee to be self-managed, responsible, and capable of deciding and acting on their own, because they share with fellow staff-members transparent and reliable information. Far from the traditional hierarchy built on a subordination chain, OCP promotes a transverse governance system in which everyone thoroughly master their own work, both individually and in coordination with their colleagues.

Achieving that kind of result is not an easy task. The changes involved begin with the definition of a new HR (*human resources*) approach, whose target is to achieve a "Talent Factory". They also involve the replacement of the old life-long work contract by a contract of employability where the employee is jointly responsible for his future. To help achieve this, OCP has put together a training and development support program designed to enhance each and every employee's professional expertise, as well as – and inseparably linked to the latter – to teach them a behavioural pattern open to change and transformation in line with the Group's vision.

Upgrading OCP's human capital is crucial to meet the challenges facing the phosphate industry. Without it, the Group's aggressive industrial strategy, based on production doubling and cost reduction, its commercial flexibility and its global vision of the various sectors of its business will but fail to profit in any sustainable manner from the developments of a promising, albeit turbulent market.

#### **A NEW WORK CULTURE**

OCP managers cannot expect to meet their challenges while maintaining a local, partial, and compartmentalized vision of their work. The various training courses, the coaching, and team building that the Group will provide them will enhance the following qualities and strengths:

**1. Leadership skills.** They are to be understood as not just the capacity to give orders, but as the power to persuade through convincing arguments, through one's own ethical behaviour, as well as by convincing one's team of the value and validity of the actions decided. The transverse relationships



■ Solidarity is one of OCP's essential values

the Group is set on introducing can hardly coexist with any bossy attitude. A true leader is one who will try to get value out of dissenting points of view. He will mobilize, federate and eventually decide.

**2. Self-management.** This capacity will be needed to apprehend the complexities of the interconnected works and functions in the Group's new vision. Everyone should know the end result of their daily actions, however small, as well as the way these relate to OCP's strategy. In this manner, every worker will be part of the movement and dynamics taking the Group forward.

**3. Responsibility and accountability.** OCP managers are expected to be able to take responsibility for quick and right decisions, as required today by the phosphate's highly competitive market. They are also required to be fully accountable for their actions. These are all qualities that require both courage and resilience.

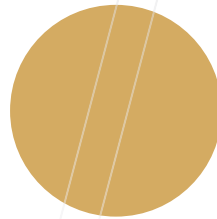
**4. Team work.** Autonomy and responsibility go hand in hand with a spirit of cooperation with one's fellow employees. This new style of relationships, very dependent on the market's fluctuations, entails a necessary fluidity in the execution of tasks and requires flexibility, common sense as well as modesty. The new behaviour, implies integrity and an ethic of transparency, along with empathy with one's fellow employees.

**5. Curiosity and inventiveness.** They are required to enable the wider field of vision needed to encompass the evolution of one's profession and the world. In the present fast changing world, it is essential to learn to evolve and, when necessary, to question and challenge oneself and voluntarily give up the comfort of

traditional thinking. To move is to put oneself off balance. Learning to live and work in situations of unsteady equilibrium enables to take up challenges and manage disruptions.

**6. Excellent professional competence and a capacity for diversification** are essential if one is to be in a position to master new technologies. The two qualities are acquired through learning specific expertise as well as acquiring a broader-scope education.

**7. Last but not least, a sense of solidarity** will facilitate team-work and know-how sharing, two values essential for the emergence of a collective intelligence at OCP.



## PROGRESSIVELY ENACT THE TRANSFORMATION OF THE LIFE-LONG WORK CONTRACT INTO A CONTRACT OF EMPLOYABILITY

### THE EMPLOYABILITY CONTRACT

OCP's managerial triptych describes the methods of implementing the Group's new HR policy, a policy inspired by one strong principle, and it is to progressively enact the transformation of the life-long work contract into a contract of employability. This rich and multi-faceted evolution is based on the following:

**1.** OCP staff should master enough professional competence to make them flexible and capable to work for the Group as well as for other companies. OCP's economic ties with its employees will henceforth prevail over their legal ties. This evolution will also contribute to the overall improvement of the level of competence in Morocco and to the fluidity of the country's job market.

**2.** Self-managed and responsible staff members are tied to OCP by a performance contract whose main provisions are the adhesion to the Group's values system, the permanent acceptance of change and the fulfilment of individual and collective performance.

**3.** Moral and social behaviours are as important as technical expertise.

**4.** Initial training and academic degrees are only relevant as starting elements in a career development within the Group. Also, the actual responsibility level of the position held will override hierarchical title or rank.

**5.** More generally, personnel distribution over the various job positions at OCP works like a micro-employment market, with employees on the supply side, and positions to fill on the demand side. The finality then, is to achieve the finest match between both of them.

**6.** Clearly, expecting employees to be self-managed, responsible for their own development, and work off balance can be a source of anxiety for some. For them, the Group will provide personal coaching and special care during the course of their career.

## OCP'S KNOWLEDGE INSTITUTE

The purpose of this Institute created in 2010 is to design, organize, centralize and provide training for more than 1,000 managers in adequacy with OCP's HR "Talent Factory" policy. The aim is to meet the Group's requirements in terms of technical or managerial skills, as well as «soft» and behavioural competences, thus enabling OCP managers to harmoniously fit into the Group's vision and strategy. The curricula of the Knowledge Institute are developed – and often provided – in partnership with some of the most renowned international academic institutions, such as HEC in Paris or MIT in Boston. Let us recall that these programs are developed around four strands:

**1. Strategy and leadership.** The purpose of this managerial cycle is to enhance the Group's managers' expertise, both professional and behavioural.

**2. Mastering a trade.** This consists of technical modules adapted to the various OCP trades: mining, phosphates processing and related support activities such as human resources, finance, project management, auditing, logistics, etc.

**3. Integration.** A large range of activities within OCP are focused on integrating its employees, such as facilities guided tours, presentations of the Group's Mining and Industrial Departments, initiation to OCP's trading activities, etc. These various initiatives contribute to the emergence of a Group culture.

**4. Monitoring and openness.** Lecture cycles teach OCP managers how to take a step back and



■ Organizing know-how transfer

detach from the Group's day-to-day activities in order to stimulate their reflection on change, encourage their creativity and broaden their vision.

### THE TALENT FACTORY

The Talent Factory model is the privilege of the small circle of the most successful multinational corporations. At OCP, it is considered the natural long-term extension of the employability contract. The Group's ambition is to develop a nursery of talents of international stature, capable of rising to the challenges they are to

face. Moreover, as a responsible enterprise, the Group's ambition is to disseminate them into the fabric of Moroccan economy. Trained in the very heart of OCP's strategy and its expertise base, fed with the Group's values and benefiting from its sophisticated learning system, these future talents will have had a highly diversified career path that will make them sought after as international managers. Those who will be called to work in Morocco outside the Group will contribute, as OCP alumni, to a managerial community actively engaged in the development of the country's economy.



## OCP'S HUMAN RESOURCES IN FIGURES

OCP's total 2011 workforce amounted to 19,700 people, a 3% increase over 2010. Of that total, 1,326 are new hires, while 711 retired during the year. The figures stand as witness to the Group's on-going determination to rejuvenate its personnel as a means of boosting its dynamism.

## IN 2011, THE GROUP'S STAFF BENEFITTED FROM 25,482 SOCIAL SERVICES



■ Broadening our staff's vision



■ A talent incubator of international stature



■ Making home ownership more accessible for all our staff

OCP's workforce breaks down as follows: 62.3% workers and employees, 31.8% technicians, supervisors, and administrative staff, 5.8% non-executives, engineers, doctors and others in the same category, and 0.1% seasonal workers. Some 100 staff members are dedicated to the continuous training programs designed for the workers and supervisors at the Group's production sites. The Charter of Social Dialogue, signed in 2010, installed a permanent exchange with the main unions represented in the company.

In 2011, assistance to home ownership, an essential element of OCP's social policy, benefitted 6,729 employees in various forms: sales of built apartment or company housing, sales of built-up land lots, housing loans, financing from company funds and various measures of exceptional aid and support. In total, the Group provided 25,483 social aids, ranging from grants for summer camps or vacation trips to pilgrimages to the Holy Sites of Islam.

## /// OCP VALUES

1. NIYA
2. OPENNESS
3. ADAPTIVE LEADERSHIP

# 1 NIYA

### *ijtihad*

- Show creativity and a spirit of innovation;
- Be capable of questioning and challenging oneself in order to better evolve.

### *integrity / loyalty*

- Demonstrate transparency, integrity, honesty in all circumstance;
- Display perfect behaviour inside the Group as well as outside.

# 2 OPENNESS

- Respect others and recognize their value, promote empathy;
- Listen to and valor divergent viewpoints.

### *courage*

- Persevere in one's work and see one's projects to their end (*resilience*);
- Proactively seek to go beyond one's comfort zone and be capable of risk-taking;
- Know-how to raise and defend new ideas;
- Know-how to give and receive feedback in an honest and constructive manner.

# 3 ADAPTIVE LEADERSHIP

### *leadership*

- Be capable of mobilizing and federating around one's projects;
- Promote motivation and encourage others to surpass themselves;
- Be capable of taking decisions and arbitrating;
- Adapt to change and manage development shifts.

### *responsibility / engagement*

- Shoulder one's responsibilities and be accountable for one's actions and those of one's team;
- Demonstrate a genuine commitment to collective success.

### *modesty*

- Be humble in all circumstances;
- Value the team's accomplishments rather than one's own contribution;
- Know-how to question and challenge oneself/accept to be challenged and constantly seek self-improvement.

### *solidarity*

- Promote teamwork;
- Place the Group's interest before self-interest;
- Make one's knowledge and know-how available to others; contribute to collective intelligence;
- Be reactive/help one's collaborators with no return expected.



■ Encouraging our staff 's self-reliance and sense of responsibility



## OUTSTANDING PERFORMANCE IN A FAVORABLE ENVIRONMENT

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### THE 2011 FAVORABLE MARKET CONDITIONS ALLOWED OCP TO CONFIRM ITS 2010 SALES REBOUND HIGH DEMAND LEVELS COMFORTED THE PHOSPHATE FERTILIZERS' MARKET RECOVERY

A number of factors are responsible for this upward trend. High food products' price levels, for instance, encouraged farmers to apply fertilizers in order to obtain higher yields and consequently increase their income. As a matter of fact, the drop in Russian and Ukrainian wheat that lasted until June 2010 has contributed to wheat price hikes on the global market. Equally, the soybean market remained tight due to increased Chinese imports. Generally speaking, grain price levels remained high until the fourth quarter of 2011, when they started to adjust against a background of faltering economic conditions in Europe, as well as global macro-economic uncertainties.

In 2011, renewed confidence among market players contributed to overcome the over-cautiousness that could have resulted from the threats of an economic downturn in Europe, India and the United States. However, this confidence has eroded during the fourth quarter, which led to slowing down farmers' fertilizer orders, especially in the US and India, and that, in turn, led to growing inventories in these two main

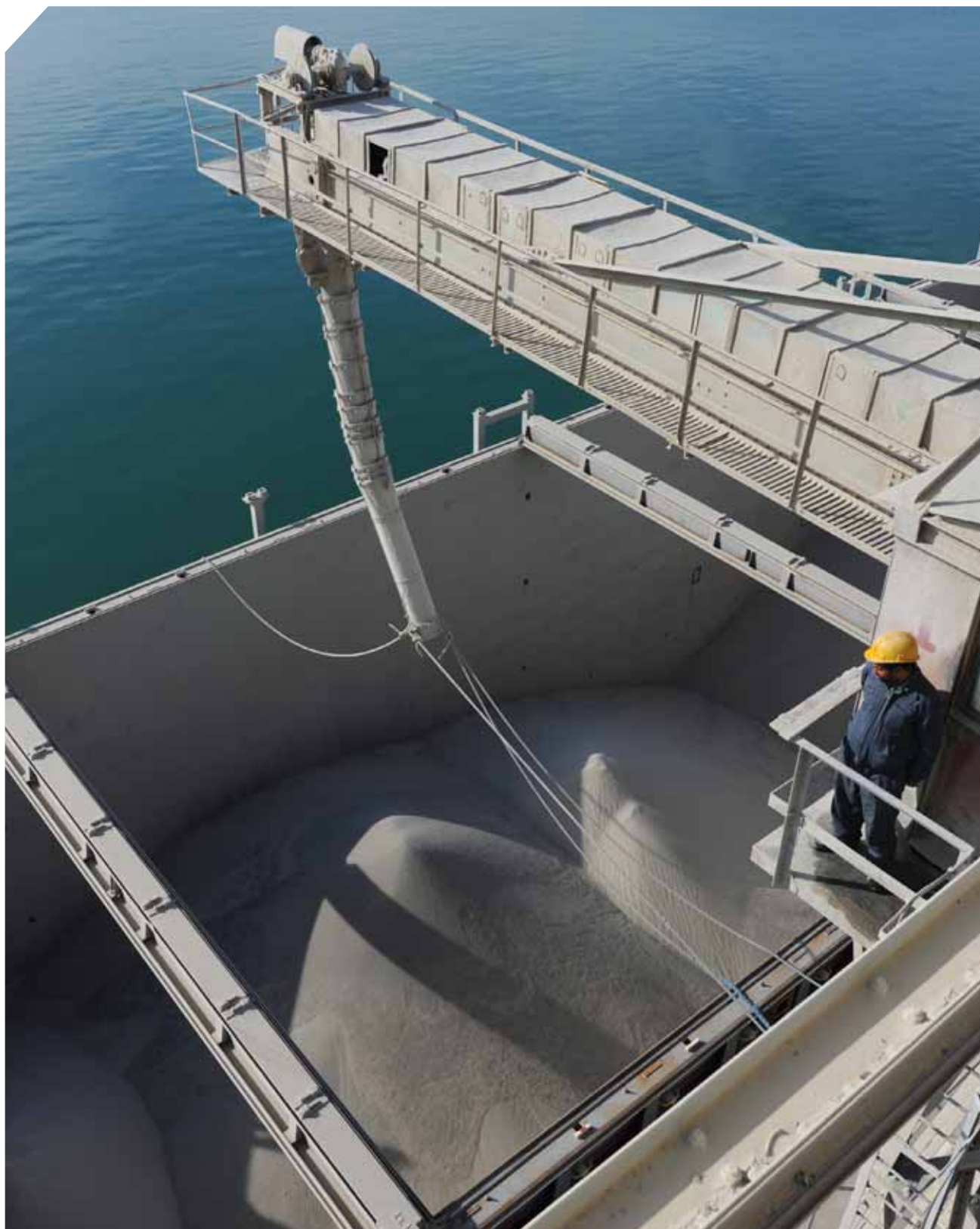
player-countries on the phosphate fertilizers' global market.

*On the demand side, the restored confidence in the three first quarters of 2011 favored a strong increase in fertilizer purchases by farmers throughout the world:*

- Brazil, encouraged by very attractive soybean prices, imported record fertilizer quantities, buying DAP at above 700 \$/tonne during the fourth quarter;
- In the US and Europe, demand resulted in higher prices offered to exporters, whereas India experienced some difficulty in securing the needed volumes, which led this country to import from China DAP with lower concentration than the traditional levels.

*On the supply side, two major factors affected fertilizer availability on the global market:*

- The Arab Spring affected production and export stability in many countries in the region,



■ Loading operations on an ore carrier in the port of Safi

which disrupted fertilizer markets, including that of raw phosphate;

- The delayed start of the Saudi Maaden facilities until the third quarter of 2012, as well as lower production levels anticipated by a number of its clients also contributed to increased tension on the global fertilizer market.

***This situation resulted in DAP prices climbing to 600\$/tonne, a record except for the levels reached in 2008. Such prices are quite unlikely to remain unchanged through 2012, for various reasons:***

- Firstly, the global macro-economic situation is expected to be more uncertain than that of 2011. The growing difficulties of the Eurozone and the increasing Indian deficit could result in a double effect: increased farmers' suspicion regarding market conditions, and grain prices drops.
- Secondly, on the demand side, importer countries such as India and Brazil are starting the year with large inventories, which should logically limit their imports.
- Thirdly, supply should be more sustained, with the buyers affected by the Arab Spring back on the market and the Maaden reaching normal production rates.

## THE GLOBAL PHOSPHATE MARKET'S SITUATION IN 2011

### PHOSPHATE IN ALL FORMS

Global trade of phosphate in all forms dropped by 3.5% in 2011 compared with 2010 (23.3 million tonnes  $P_2O_5$ ) because of logistics problems and

production disruptions due to the Arab Spring and in spite of Maaden starting operation. The global raw phosphate trade decreased by 5.2% and that of phosphoric acid by 9.5%, while fertilizers (DAP/MAP/TSP) registered a slight 0.2% plus, whereas DAP registered a 10.1% drop.

OCP's global market share grew from 29.7% in 2010 to 30.2% in 2011 (*one should remember, however, that Morocco only represents 15% of phosphate world production*). Morocco thus maintains and comforts its top position in global trade of phosphate in all forms.

As for China, it increased its sales by 5.1% in 2011 (3.4 million tonnes  $P_2O_5$ ), mainly thanks to phosphoric acid (+5%) and TSP (+43%). China's share thus grew from 13.6% in 2010 to 14.8% in 2011, this country becoming number 2 on the global market.

The US, number 3 world exporter of phosphate in all forms, reduced its exports by 1.7%, reaching 3.1 million tonnes  $P_2O_5$  in 2011. DAP (-12.5%) and TSP (-30%) are mainly responsible for this drop. The US world market share registered a slight increase: 13.6% in 2011 against 13.3% in 2010.

### RAW PHOSPHATE

Global trade of raw phosphate stood at 26.3 million tonnes in 2011, a 5.2% decrease compared to the previous year. Among the countries or regions whose exports have significantly increased, one can mention Egypt (+12.1%), Western Asia (+7.2%), and South Africa (+5.4%). Among those with exports drops: North



■ OCP's Phosphate port in Safi

Africa minus Morocco (-38.4%), Russia (-35.2%), China (-25.3%), and Morocco (-5.5%).

With an exported volume of 9.6 million tonnes, Morocco records 37% market share and maintains its number one position on the raw phosphate global market, followed by West Africa with 36%. Deliveries to the Jorf Lasfar and Safi phosphate processing facilities totaled 18.1 million tonnes in 2011.

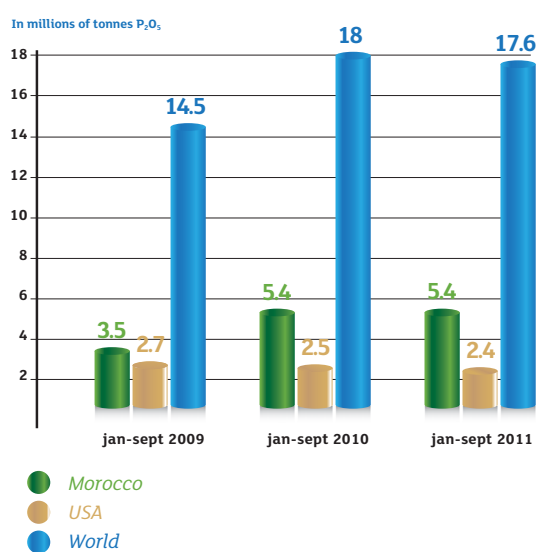
WITH A 37%  
MARKET SHARE  
MOROCCO MAINTAINS  
ITS NUMBER ONE POSITION  
IN THE RAW PHOSPHATE  
GLOBAL TRADE



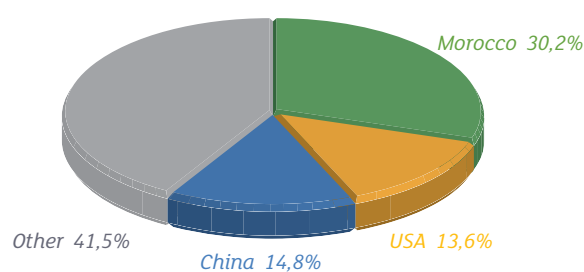
■ The near 100 km-long belt conveying phosphate from Boucraa to the port of Laayoune



### GLOBAL TRADE OF PHOSPHATE AND DERIVATIVES

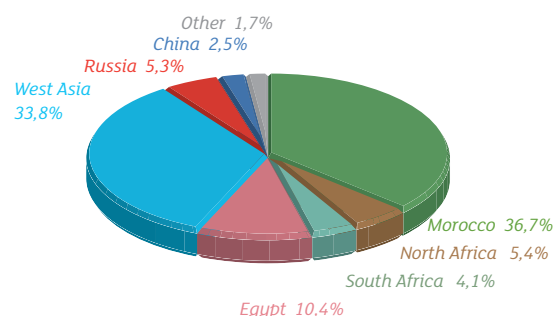


### 2011 GLOBAL EXPORTS OF PHOSPHATE IN ALL FORMS

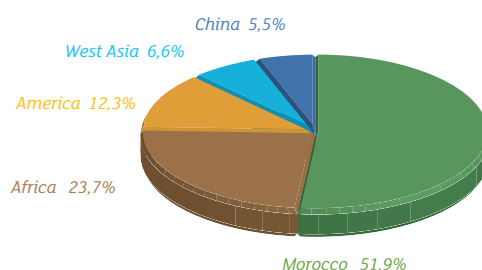




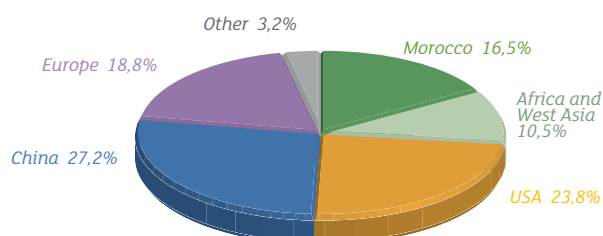
## 2011 GLOBAL EXPORTS OF PHOSPHATE ROCK



## 2011 GLOBAL EXPORTS OF PHOSPHORIC ACID



## 2011 GLOBAL EXPORTS OF PHOSPHATE FERTILIZERS



### PHOSPHATE DERIVATIVES

#### (PHOSPHORIC ACID AND SOLID FERTILIZERS)

Global exports of phosphate derivatives reached 15.2 million tonnes  $P_2O_5$  in 2011 (-2.6% compared with 2010). Three countries or regions recorded various progressions: Morocco (+1%), Europe (+13.5%) and China (+2.1%). With 3.9 tonnes exported, Morocco's global market share rose to 29%, from 25% in 2010.

### PHOSPHORIC ACID

In 2011, global trade in phosphoric acid stood at 4 million tonnes  $P_2O_5$ , with a significant 9.5% decrease from 2010. US as well as Chinese exports scored progress, while South-East Asia, Morocco and a number of African countries experienced various declines in their international sales. India, the world's biggest importer of phosphoric acid, reduced its purchases by 8.9%, at 22 million tonnes  $P_2O_5$  in 2011. African and West Asian deliveries fell respectively by 18.7% (717,900 tonnes) and 25.9% (58,100 tonnes). By contrast, the US increased their sales by 18.8% (311,900 tonnes). As for Morocco, its phosphoric acid exports were down 7%, at 2.1 million tonnes, but the country maintained its leading position in the global trade of this product.

### SOLID FERTILIZERS:

#### A HEFTY INCREASE IN OCP'S EXPORTS

Practically unchanged from last year (+0.2%), global world trade of solid fertilizers stood at 11.2 million tonnes  $P_2O_5$ . The 10.1% decrease of DAP sales were counterbalanced by a 27.7% plus for MAP and a 3.5% plus for TSP.

China exported 1.8 million tonnes of DAP in 2010, after having imported 97,200 tonnes in 2010. The country's TSP exports even scored an impressive 42.8% hike (796,500 tonnes), while its MAP sales were down by 7.5% (397,700 tonnes).

Brazil, the world's biggest MAP and TSP importer, increased its purchases respectively by 39.9% (1.2 million tonnes) and 3.5%. India reduced its DAP imports by 8.5% (3.2 million tonnes), while Pakistan's imports of this product was down by 18.5%.

US total solid fertilizer exports were down by 4.2% in 2011, a figure that shows important contrasts when broken down, as MAP sales rose by 15.3% (968,400 tonnes), while DAP and TSP were down respectively by 12.5% (1.693 million tonnes) and 30% (2,100 tonnes). With an 11.7% increase, Morocco's exports are in line with OCP's strategy aiming at a threefold increase of its production of solid fertilizers, whose long-term global market's prospects are very promising.

### OCP'S 2011 ACCOMPLISHMENTS

At OCP, 2011 was a year rich in accomplishments. In line with its marketing strategy, the Group launched a series of initiatives consistent with the increase of its production capacity. That year, OCP consolidated its positions on high-growth markets, while pursuing its efforts to be present on new fertilizer markets.

The Group expanded its international activities by opening a representative office in Argentina (OCP de Argentina SA), the second high-growth market in Latin America after Brazil, and a country enjoying a solid agro-industry, driven by a surging global demand for grains, led by China among other countries.

***The opening of a sales representative office in Brazil in 2010 is a clear expression of OCP's will to better assess this market's needs***

***through the development of partnerships with local operators in the fertilizer field. The first two such partnerships were signed in 2011:***

- OCP partnered with Yara International – an NPK manufacturer who is developing a growth strategy on this market – to build a logistical hub in Rio Grande. The hub will include the construction of a harbor, a phosphate fertilizer production unit, the biggest fertilizer terminal in the region, as well as fertilizer storage facilities. OCP will supply the unit with the phosphate required for fertilizer production, and it will use the terminal and the storage capacities to increase the volumes of phosphate fertilizer made available in the region.
- The Group signed a strategic agreement with Rocha-Terminais Portuarios e Logística to jointly operate a customs-bonded warehouse in the port of Paranaguá, the biggest in Brazil for fertilizer imports. The Black Sea and Balkan region is another strategic market for OCP. In 2011, the Group initiated its foothold there thanks to a partnership with Toros Tarim, a subsidiary of the Turkish Group Tekfen. This market is experiencing a rapidly expanding demand for fertilizers that neither local nor regional suppliers are likely to satisfy.

***Furthermore, OCP continues to strengthen its presence on various new fertilizer markets:***

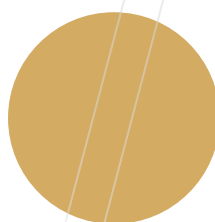
- In North America, the Group is developing product portfolios whose sales increased in 2011, and will keep the pace in the coming years thanks to a better knowledge of the regional market and the progressive development of solid commercial relationships with local operators.

• In Africa, regarded as the most promising region in terms of increasing agricultural yields, OCP is pursuing the implementation of its commitment strategy on the ground through various actions, such as the creation of soil fertility maps in some sub-Saharan countries or the development of new products. The aim is to better assess soil and crop requirements. The Group's know-how will serve a dual purpose: to promote its own productions, as well as to improve local agriculture by resorting to reasoned fertilization.

• In India, and more generally in Southern Asia, OCP has successfully developed its strategy of diversifying its product portfolio through marketing initiatives on two fronts: phosphoric acid and fertilizers.

• On the rock phosphate front, in order to maintain its market share in North America, OCP signed a sales contract with Agrium under which it will provide rock phosphate to this company from 2013 to 2018, with an option for two extra years. The contract provides for one million tonne/pa of fertilizers intended for the niche market of Northwestern Canada.

2011 was also marked by a differentiation strategy founded on the introduction of new product lines. OCP is getting ready to market as early as 2012 a range of feed supplements for farm animals, the Teractiv line for certain specific types of soil (acid, saline, etc.), as well as a new line of micronutrient-enriched fertilizers (in sulfur, zinc, etc.) to make up for deficiencies in certain African or Latin American soils.



OCP IS GETTING READY  
TO MARKET A NEW  
LINE OF FERTILIZERS,  
THE TERACTIV, DESIGNED  
FOR CERTAIN SPECIFIC USES



■ Sulphuric acid production unit

## PRODUCTION CAPACITY, COST LEADERSHIP AND FLEXIBILITY

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### FROM 2006 ONWARDS, OCP HAS UNDERTAKEN AN IN-DEPTH TRANSFORMATION THAT SHOULD ALLOW THE GROUP TO COMFORT ITS UNDISPUTED LEADING POSITION IN THE PHOSPHATE INDUSTRY

*A transformation marked, among others, by the development of a well-structured industrial strategy benefitting from the Group's competitive edge. A strategy that breaks down along three major strands:*

- 1.** Massive increase in production capacity by doubling the mining capacity and tripling the value of the chemical production.
- 2.** Production cost reduction (cost leadership) in order to become the least expensive phosphate and derivatives producer on the global market.
- 3.** Industrial flexibility to adapt to market fluctuations and seasonality.

Implementing OCP's industrial strategy required an in-depth transformation of the production tools as well as the industrial practices and processes. Operational excellence is targeted here. The Operational Transformation undertaken via the program IQLAA (*take-off*, in English) has revealed the existence of a potential

for an important production increase and cost reduction in a record-time. The organizational changes implemented (decentralization, mine-chemical integration) improved the Group's flexibility and reactivity. The integrated management of customers, from production through to marketing, by the Group's Business Steering tool allows to best respond to market requirements and guarantees an optimal utilization of resources.

2011 was a year when this industrial strategy was put into practice on a large scale, and that took place through emblematic realizations such as the start of the Khouribga-Jorf Lasfar slurry pipeline construction, the absolute production records achieved and the launching of the OCP Production System.





■ Processed phosphate stockpiled at the Parc El Wafi storage facility, near Khouribga

### FROM OPERATIONAL TRANSFORMATION (OT) TO OCP PRODUCTION SYSTEM (OPS)

The Operational Transformation program – IQLAA – begun in 2009 revealed the potential of OCP’s assets and initiated a radical change in the Group’s industrial practices. Launched with the initial assistance of outside consultants, this transformation was accelerated in 2011, conducted by 100% OCP teams. Two objectives presided over the decision to run this program internally: to ensure a long-term anchoring of innovative practices in the Group’s culture, and to put in place an efficient lever for staff

development. Today, the results are clearly tangible: 7 billion MAD of additional profits reaped through production increases and cost reductions, 3 billion of which in 2010, and 4 billion in 2011.

Originally launched with the aim of increasing the value of OCP’s potential, the IQLAA program became, in fact, the forerunner of the robust and lasting production system that was started in June 2011. Named OCP Production System (OPS), it defines the practices and methods of in-house management of the industrial tool – *the “OCP Way”* – intended for large-

## THE OCP PRODUCTION SYSTEM CAPITALIZES ON ALL PAST MANAGEMENT EXPERIENCES IN ORDER TO AGGREGATE BEST PRACTICES INTO A COMPREHENSIVE AND COHERENT SYSTEM



■ Nightsight of a wing of the Jof Lasfar chemical complex

■ Washed phosphate

■ Solid fertilizers storage hangar in Jorf Lasfar

scale diffusion within the Group. OPS is meant to eventually be adopted by all staff, thus enabling an operational control of the whole of OCP's production chain.

OPS is capitalizing on all past management experiences (*Quality Circles, TQM, TPM, Lean, IQLAA...*) in order to aggregate the best practices into a comprehensive and coherent system. This new spirit stresses, among others, on the operational rigor and discipline required to guarantee its proper deployment. Simple tools, operational pragmatism and the effective involvement of operators, in synergy

with management, stand out as the keys to operational excellence.

### TOP GRADE PARTNERS FOR A WORLD CLASS AMBITION

OCP's ambition is to become a World Class industrial reference. To achieve this, the Group partners with leading companies, thus catalyzing its potentials.

JESA (Jacobs Engineering SA), the joint venture created between OCP and Jacobs Engineering, is a good illustration of the Group's logic in terms of partnerships. OCP

launched a mammoth 120 billion MAD 10-year investment program (2010-2020) requiring highly developed engineering and project management capacities. Jacobs Engineering possesses exactly that, as it is one of the world leaders in the field. It definitely has what it takes to meet the Group's requirements. And the JESA subsidiary was created for that purpose. Besides, it will help OCP acquire its partner's internationally renowned know-how, which will benefit not only the Group, but also the Moroccan economy as a whole.

Industrial excellence is inseparable from mastering security at all levels. This is a fact accepted by all big industrial companies, and OCP does not escape the rule. To reinforce security at its various facilities and processes, OCP has partnered with DuPont, an international reference in this field. This alliance favors knowledge and expertise transfers to all OCP sites. And the partnership will eventually lead to the overall revamping of the whole Group's security management system.

Concerning the subject of personal development and training, OCP has called on the world's finest institutions and universities. Thus the MIT (*Massachusetts Institute of Technology*), HEC (*Hautes études commerciales of Paris*), Mines de Paris, among others, are contributing to the training programs launched by OCP's Knowledge Institute to accompany the Group's development. For example, the Industrial Management program co-developed with Centrale of Paris is integrated into the Operational Transformation Iqlaa and OPS programs. Inspired by the best WCM (*World Class Manufacturing*) practices, it assists

industrial engineers to put the best practices into everyday use, with the aim of accelerating the Group's progress towards operational excellence.

#### CUSTOMER-ORIENTED INNOVATIVE PRODUCTS

OCP is the world leader in the field of phosphate research. The fact that Symphos (*1<sup>st</sup> International Symposium on Innovation and Technologies in the phosphate industry*) was held in Marrakesh, in May 2011, is a clear indication of OCP's stature in matters of innovation. The Group's research programs explore new paths in the fields of specific products, reasoned fertilization, long-term development, among others.

### THE GROUP'S RESEARCH PROGRAMS EXPLORE NEW PATHS IN FIELDS SUCH AS SPECIFIC PRODUCTS REASONED FERTILIZATION AND SUSTAINED DEVELOPMENT

#### NEW PRODUCTS FOR AFRICA

African agricultural development is one of OCP's top priorities. Specific fertilizers like Teractiv, based on reactive phosphate to which calcium and various micro-nutrients are added, have been specially developed for African use. Teractiv not only improves productivity, but also regenerates the soil. It exists in four versions: the basic formula, and specific ones for cocoa, cotton, and

corn. this product should be marketed in Ghana, the Ivory Coast, and Benin. The Group has also developed a fertilizer variety designed for sulfur-deficient soils. Several countries, among which Ethiopia, have expressed interest in the product.

## RESEARCH AND DEVELOPMENT

OCP's R&D is manned by some 170 researchers, with a budget of around 400 million MAD. It covers the entire Group's value chain, from geology to finished products. It is carefully planned and addresses three main areas. The first is the "operational R&D", closely linked to production and industrial processes. The second, called "differentiation R&D", aims at increasing the products' varieties and improve their quality. The third, the "breakthrough R&D", is focused on designing new products, niche products, and innovative technologies, with a permanent concern for eco-concepts.

## HISTORIC RESULTS AND RECORDS

The marketable production from OCP's mining sites (*Khouribga, Youssoufia, Benguerir, Boucraâ*) increased by 5% in 2011, reaching an output of 28.1 million tonnes, of which 25.3 tonnes from Khouribga and Gantour alone.

The quantity of raw phosphate exported «as is» reached 9.7 million tonnes, a 5% increase from 2010. 18.4 million tonnes (+12%) were delivered to OCP industrial processing plants in Safi and Jorf Lasfar.

Khouribga, in particular, saw its industrial facilities upgraded, while the earth moving works were launched at the new El Halassa mine (*see box p.55*).

## OCP'S MARKETABLE PRODUCTION OF RAW PHOSPHATE TOTALED 28.1 MILLION TONNES IN 2011

The 20% production increase in processed products, both acid and fertilizer (*in Jorf Lasfar and Safi*), is tangible proof of the success of OCP's industrial strategy. Phosphoric acid production amounted to 3.2 million tonnes in  $P_2O_5$  equivalent, of which 1.2 million tonnes were exported "as is", a 10% plus compared to 2010. The overall fertilizer production rose to 4.4 million tonnes (+17%), of which 3.8 million tonnes were exported.

In Jorf Lasfar, the Operational Transformation program IQLAA resulted in an important increase in production capacity of phosphoric acid and fertilizer (+1 million tonnes) as well as in the potential of the entire logistical chain.

As for Safi, it scored TSP fertilizer production records. And the new Maroc Chimie power plant partially began production in September 2011.

## PROJECTS IN PROGRESS

The implementation of OCP's strategy owes its coherence to an integrated vision the Group's industrial development around two major axes: Khouribga/Jorf and Gantour/Safi. Regarding these two main sites, the production boost project is in compliance with the specifications stemming from the Group's policy in matters of technical and technological innovations, as well as social and environmental concerns.

2011 saw the creation of a structured team within the Development Department, with the task of seeing these ambitious projects through to completion. Perfectly integrated with JESA personnel, the team members meet the highest professional standards.

## **BRIEF REVIEW OF A FEW KEY PROJECTS**

**1. Jorf Lasfar: increase production capacity of fertilizers and derivatives. The investment requirements for the projects in Jorf Lasfar amount to 40 billion MAD. The estimated workload is 9.3 million man-days, and about 2,000 direct jobs are to be created.**

Two new DAP lines (*DAP is the most common phosphate fertilizer*), with an annual production capacity of 850,000 tonnes each, will be opened in 2012. In addition, four plants of integrated granulation are projected, two of which are already under construction. The resulting expected DAP production increase is 3,7 million tonnes/per annum. These colossal investments are destined to meet a structural increase in the global demand for phosphate fertilizers. The infrastructure of warehousing, conditioning, raw materials and finished products handling are also included in this vast development program.

A seawater desalination plant will complete the industrial complex in Jorf Lasfar to meet the present and future fresh water requirements of the platform. The plant will require an investment of 1.8 million MAD, for an overall water production capacity of 75 million m<sup>3</sup>/pa when in full operation. This will allow for the preservation of regional fresh water resources

and even provide the adjacent communities with the surplus water.

**2. Khouribga: increase phosphate mining and processing capacities.**

The projects in Khouribga require an overall investment of 18 billion MAD and include the following:

- Three new mines to be opened, for an additional 20 million tonnes/p.a. of phosphate by 2020. This will raise Khouribga's total mining capacity to 38 million tonnes/p.a. vs 18 million today.
- Three washing plants to be constructed, equipped with technologies optimizing and enriching the raw mineral. They will considerably reduce water requirements and recover 85% of the used washing water. In addition, the city of Khouribga's wastewater (5 million m<sup>3</sup>/pa) is to be recycled and used for phosphate washing.

All OCP's new mining projects will systematically comply with a dual obligation: on the economical side they will aim at extracting all the raw material available in the mined deposits, and on the environmental side they will strive to reach a zero water footprint.

**3. Khouribga-Jorf Lasfar slurry pipeline: reduce OCP's carbon footprint by a third.**

The same OCP industrial strategy's concern for saving water resources at the mining facilities presides over the slurry pipeline project due to transport the raw phosphate produced at the Khouribga site to the Jorf Lasfar industrial complex. The pipeline will require an overall investment of 4.5 billion MAD. It will result in a



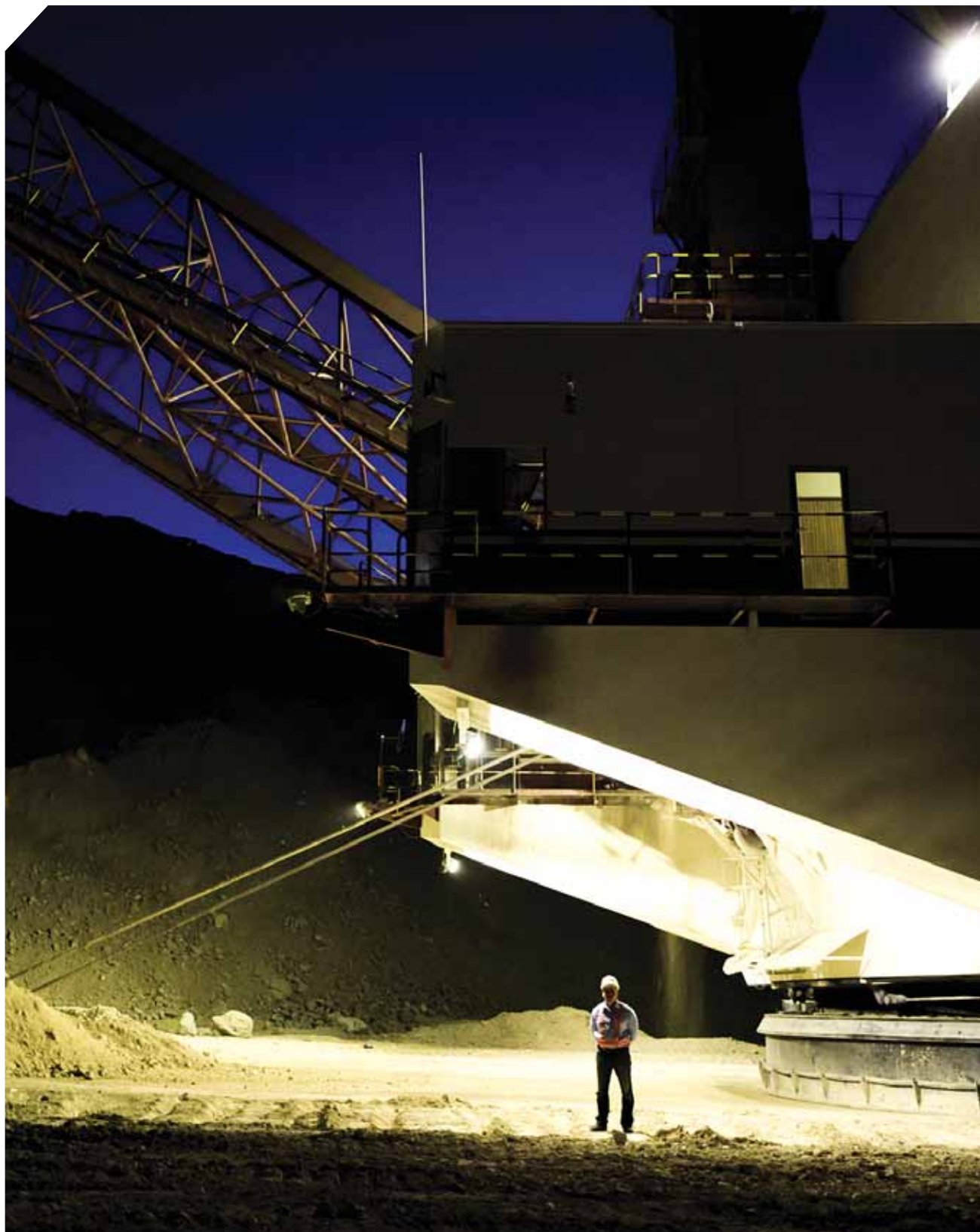


■ Test lab at Jorf Lasfar

substantial cost reduction in phosphate transport, and will drastically reduce water and energy requirements.

Last but not least, thanks to this pipeline, OCP will reduce the carbon footprint of its activities by 900,000 tonnes/pa, that is practically one third of its CO<sub>2</sub> emissions (3 million tonnes/pa). To measure the importance of this pollution reduction, let us remember that every Moroccan citizen is responsible for the emission of 2 tonnes/pa of carbon on average.

ALL OUR MINING  
PROJECTS COMPLY WITH  
A DOUBLE OBLIGATION,  
ECONOMICAL AND  
ENVIRONMENTAL

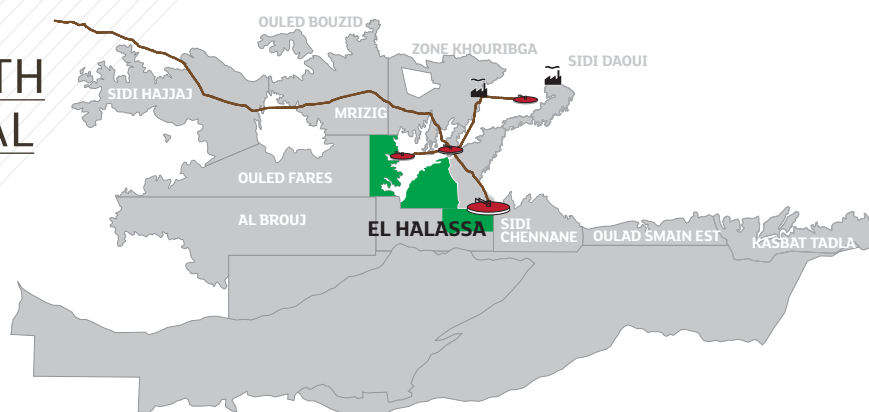
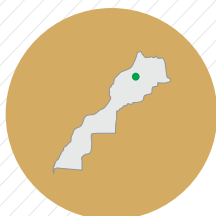


■ Phosphate mining operations at Khouribga

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## /// EL HALASSA, AN INTEGRATED GREEN MINE

**THOROUGHLY INTEGRATED,  
FROM EXTRACTION  
TO ENRICHMENT,  
THE EL HALASSA MINE  
IS IN TOTAL  
COMPLIANCE WITH  
OCP'S INDUSTRIAL  
STRATEGY.**



One of the three new mines to be opened at the Khouribga site, El Halassa represents an investment of 2 billion MAD. By 2013, when it will be in full operation, it will require a workforce of 630 people.

Covering an area of 1,976 hectares, the mine will have a capacity of 6.7 million tonnes/pa, and will incorporate the latest innovations created by OCP's R&D. The new techniques will allow the progressive rehabilitation of a mining site as its mined beds are progressively exhausted, and this is a fundamental aspect of the sites' environmental preservation.

New technologies introduced at El Halassa will increase the mines' yield by making possible the mining of the strata poorest in  $P_2O_5$  that were formerly neglected. The recovery rate (surface yield) will rise from 4.3 tonnes/m<sup>2</sup> to 7.5 tonnes/m<sup>2</sup>, and that will result in a 40% increase in yield.

Phosphate washing – the first processing operation of the mined rock – will take place before it is pumped into the slurry pipe for transport to Jorf Lasfar. It will be done at the nearby El Halassa washing plant. This operation will contribute to increase the production capacity of the mine, as it will use new enrichment processes developed by OCP.

The washing plant will also have a retention dike for mud waste and water recovery, and will recycle 85% of the used washing water. Investment: 450 million MAD.

With a processing capacity of 12 million tonnes/pa, the washing plant will create around 250 permanent jobs. Its construction will require an investment of 3.4 million MAD and a workload of 600,000 man/days. This facility will also allow the enrichment of phosphates with low and very low concentrations extracted at the Sidi Chennane mine. The production capacity of the mine will also be increased.

# Financial statements

## SUPPORTING THE **GROUP'S STRATEGY**

### A FINANCIAL POLICY DESIGNED TO SUPPORT AN AMBITIOUS INVESTMENT STRATEGY WHOSE MAIN OBJECTIVES ARE **PRODUCTION CAPACITY INCREASES AND COST REDUCTION**

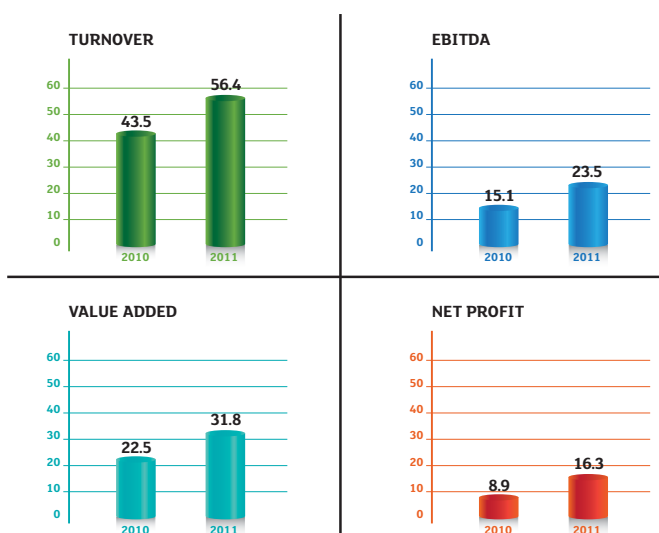
#### A YEAR OF OUTSTANDING ACHIEVEMENTS

Food products inventories remained tense throughout the year. This contributed to sustained high grain prices and encouraged farmers to increase their fertilizer demand. Such favorable market conditions enabled OCP to comfort its 2010 rebound. Thus, OCP's 2011 consolidated turnover stands at MAD 56.4 billion (US \$ 7 billion), up a hefty 30% against 2010, with a 26% plus in the Group's Chemical activity and a 42% plus in its Mines activity. All increases mainly due to higher volumes sold and sales prices. Lastly, the dollar/MAD parity effect accounted for a 3 % cut back of the Group's turnover, as the parity fell from 8.36 in 2010 to 8.04 in 2011.

**The added value stands** at MAD 31.8 billion, a 41% hike against 2010's 22.5 billion. This added value represents 56.4% of the Group's turnover, underlining a better control of intermediate expenses, in line with the logic of operational efficiency.

**Operating profit (EBIT)** shows a substantial 56% increase from 2010, at MAD 23.5 billion against 15.1 billion. The EBIT margin shows a 7% increase at 42% end December 2011, in spite of higher inputs' prices.

*Financial Data (in billions of MAD)*



**The Group's net profit** rose to MAD 16.3 billion, from 8.9 billion in 2010, a strong 83% increase linked to an improvement in operating margins. The OCP Group thus paid a MAD 3.6 billion dividend in 2011, that is a 21 % distribution rate.

**The operating cash flow** posted a 15% progression, at MAD 15.9 billion, after 13.6 billion in 2010, an improvement essentially due to higher activity levels and better operating margins.

**Net financial debt** dropped from MAD -7.3 billion to -13.8 billion, a substantial improvement owed to cash assets progression higher than new debts.

**Debt ratio** substantially improved as a result of the combined influence of increased shareholders' equity and reduced net debt.

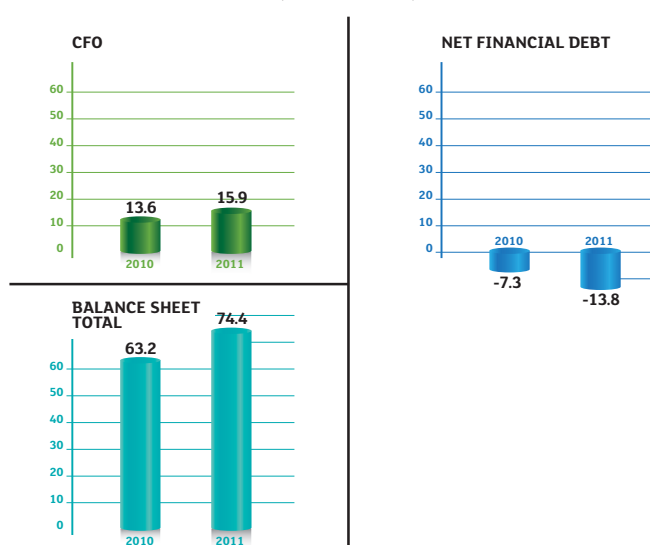
**OCP's balance sheet structure** at the end of 2011 showed a strengthened position, characterized by an increase in shareholders' equity, which stood at MAD 37.2 billion against 24.5 billion in 2010, combined with a reduced financial debt, hence an undeniable improvement of the Group's creditworthiness.

### AN AMBITIOUS FINANCIAL STRATEGY

OCP is pursuing a very ambitious investment program whose main purpose is to increase the Group's production capacity and to improve its operational efficiency. To support the development of its industrial program, OCP has designed and implemented a financial strategy along the following principles:

- diversifying funding sources;
- optimizing financial costs;
- selecting class A counterparties;
- enhancing flexibility to be able to choose between different instruments.

*Balance Sheet Data (in billions of MAD)*



### OCP LAUNCHES A MAD 2 BILLION BOND-ISSUE

The Group is funding part of its projects through credit agreements with various counterparties under optimized conditions. In the same logic, and in order to diversify its funding sources, OCP has successfully launched, in September 2011, a MAD 2-billion 7-year bond issue on the local market. It should be noted that this is the first OCP attempt to resort to the capital market.



## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated balance sheet - Assets (in millions of MAD)

	DECEMBER 31, 2011			DECEMBER 31, 2010
	Gross	Depreciation and provisions	Net	Net
A /// GOODWILL	3	3	0	0
B /// FIXED ASSETS IN NON-VALUES	0	0	0	0
Preliminary costs	0	0	0	0
Accrued over several years	0	1	0	0
Bond redemption premiums – Gross	–	–	–	–
C /// INTANGIBLE ASSETS	506	303	203	380
Assets in R&D – Gross	75	32	43	20
Patents, trademarks, and royalties	296	238	59	72
Goodwill	0	0	0	0
Other intangible assets	135	34	101	288
D /// TANGIBLE ASSETS	62,625	42,216	20,409	15,795
Land	2,045	684	1,361	1,203
Buildings	13,049	10,726	2,323	1,896
Plants, machinery and equipment	37,496	29,579	7,917	5,938
Transportation equipment	594	460	134	71
Furniture, office equipment and other equipment	756	595	161	129
Other tangible assets	512	163	349	328
Tangible assets in progress	8,172	9	8,164	6,231
E /// INVESTMENT IN ASSOCIATES	0		0	1
F /// FINANCIAL ASSETS	2,640	1,214	1,426	1,855
Fixed loans	16	2	14	14
Other financial receivables	421	49	372	811
Investments	2,203	1,163	1,040	1,030
Other long-term investments				
G /// CURRENCY ADJUSTMENTS – ASSETS	41		41	41
Increase in financing debts	41		41	41
/// TOTAL I (A+B+C+D+E+F+G)	65,815	43,736	22,078	18,072
H /// INVENTORY	10,780	1,810	8,970	5,671
Goods	69	2	67	82
Materials and consumables	5,388	1,163	4,225	2,984
Products in progress	1,968	617	1,351	1,056
Intermediate and residual products	1,270	0	1,270	797
Finished goods	2,084	28	2,056	754
I /// RECEIVABLES IN CURRENT – ASSETS	18,626	800	17,826	12,361
Supplier receivables, advances and deposits	2,469	6	2,463	1,037
Trade accounts receivables	7,808	126	7,682	5,696
Payroll	108	33	75	58
Social agencies	232	–	232	644
Government	4,381	–	4,381	3,287
Deferred taxes	2,152	–	2,152	928
Shareholders' accounts	0	–	0	0
Other debtors	1,148	635	513	458
Accruals – Assets	328	–	328	253
J /// SECURITIES AND INVESTMENT SECURITIES	24,095	1	24,094	24,997
K /// CURRENCY ADJUSTMENTS – ASSETS (current items)	14		14	49
/// TOTAL II (H+I+J+K)	53,515	2,611	50,903	43,079
L /// TOTAL CASH – ASSETS	2,823	–	2,823	2,085
Cheques and cash values	180	–	180	78
Banks, cash and cash equivalents, post office accounts	2,641	–	2,641	2,006
Cash, Imprest and credit accounts	2	–	2	2
/// TOTAL III (L)	2,823	–	2,823	2,085
/// GENERAL TOTAL I+II+III	122,152	46,348	75,805	63,236

## CONSOLIDATED FINANCIAL STATEMENTS

### **Consolidated balance sheet - Liabilities** (in millions of MAD)

	DECEMBER 31, 2011	DECEMBER 31, 2010
<b>A /// SHAREHOLDERS' EQUITY</b>		
Share capital	8,288	8,288
Issuance, merger and acquisition premiums	4,513	4,513
Consolidated reserves	7,975	2,652
Currency translation reserves	-70	35
Consolidated net income	16,332	8,850
<b>/// TOTAL GROUP SHARE SHAREHOLDERS' EQUITY (A)</b>	<b>37,212</b>	<b>24,338</b>
<b>B /// MINORITY INTERESTS</b>	<b>175</b>	<b>148</b>
<b>/// TOTAL SHAREHOLDERS' EQUITY (A+B)</b>	<b>37,212</b>	<b>24,486</b>
<b>C /// ASSIMILATED SHAREHOLDERS' EQUITY</b>	<b>21</b>	<b>23</b>
Investment subsidies	21	23
Statutory provisions	0	0
<b>D /// FINANCING DEBTS</b>	<b>11,743</b>	<b>10,387</b>
Bonded debts	2,000	-
Other financing debts	9,743	10,387
<b>E /// SUSTAINABLE PROVISIONS FOR RISKS AND CHARGES</b>	<b>13,237</b>	<b>9,149</b>
Provisions for risks	1,134	987
Provisions for charges	12,103	8,162
Badwill	-	-
<b>F /// CURRENCY ADJUSTMENTS – LIABILITIES</b>	<b>88</b>	<b>92</b>
Reduction in financing debts	88	92
<b>/// TOTAL I (A+B+C+D+E+F)</b>	<b>62,301</b>	<b>44,138</b>
<b>G /// CURRENT LIABILITY DEBTS</b>	<b>11,771</b>	<b>9,465</b>
Trade accounts payable	5,456	3,488
Customers payable, advances and deposits	542	548
Payroll	702	666
Social agencies	310	914
Government	2,615	1,660
Deferred taxes – Liabilities	25	15
Associates' accounts	13	0
Other creditors	1,967	1,985
Accruals – Liabilities	141	189
<b>H /// OTHER PROVISIONS FOR FOR RISKS AND CHARGES</b>	<b>118</b>	<b>132</b>
<b>I /// CURRENCY ADJUSTMENTS – LIABILITIES (current items)</b>	<b>197</b>	<b>67</b>
<b>/// TOTAL II (G+H+I)</b>	<b>12,087</b>	<b>9,664</b>
<b>G /// TOTAL CASH – LIABILITIES</b>	<b>1,417</b>	<b>9,434</b>
Cash credits	175	
Bank (creditor balance)	1,242	9,434
<b>/// TOTAL III</b>	<b>1,417</b>	<b>9,434</b>
<b>/// GENERAL TOTAL (I+II+III)</b>	<b>75,805</b>	<b>63,236</b>

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Income Statement I (in millions of MAD)

NATURE	DECEMBER 31, 2011			DECEMBER 31, 2010
	Transactions related to the fiscal year (1)	Transactions related to the previous years (2)	TOTAL (3) = (1 + 2)	TOTAL (4)
<b>I /// OPERATING INCOME</b>				
Sale of goods (as is)	781	44	824	717
Sale of produced goods and services	55,526	64	55,590	42,796
Variation of product inventory <sup>(1)</sup>	1,881	—	1,881	-879
Fixed assets produced by the Company for itself	51	—	51	48
Operating subsidies	1	—	1	1
Other operating income	66	0	66	180
Operating write-backs and transfer of expenses	2,203	25	2,227	3,409
<b>TOTAL I</b>	<b>60,508</b>	<b>132</b>	<b>60,640</b>	<b>46,272</b>
<b>II /// OPERATING EXPENSES</b>				
Cost of purchased goods sold <sup>(2)</sup>	1,120	83	1,203	600
Cost of consumed materials and supplies <sup>(2)</sup>	19,291	333	19,624	13,900
Other outside expenses	5,732	24	5 756	5,708
Taxes	221	4	226	278
Payroll	8,045	1	8,046	7,143
Other operating expenses	153	0	153	242
Operating write-downs	3,541	52	3,593	3,980
<b>TOTAL II</b>	<b>38,103</b>	<b>498</b>	<b>38,601</b>	<b>31,852</b>
<b>III /// OPERATING PROFIT (I - II)</b>	<b>22,405</b>	<b>-366</b>	<b>22,039</b>	<b>14,420</b>
<b>IV /// FINANCIAL INCOME</b>				
Income from equity shares and other investments securities	37	—	37	28
Foreign exchange gains	871	4	875	1,020
Interest and other financial income	892	3	895	821
Financial write-backs and transfer of expenses	90	—	90	71
<b>TOTAL IV</b>	<b>1,890</b>	<b>7</b>	<b>1,897</b>	<b>1,941</b>
<b>V /// FINANCIAL EXPENSES</b>				
Interest charges	609	0	609	619
Foreign exchange loss	603	—	603	712
Other financial expenses	43	0	43	27
Financial subsidies	55	—	55	117
<b>TOTAL V</b>	<b>1,311</b>	<b>—</b>	<b>1,311</b>	<b>1,474</b>
<b>VI /// FINANCIAL PROFIT (IV - V)</b>	<b>579</b>	<b>7</b>	<b>586</b>	<b>466</b>
<b>VII /// PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS (III+VI)</b>	<b>22,984</b>	<b>-359</b>	<b>22,625</b>	<b>14,887</b>

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

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

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Income Statement II (in millions of MAD)

NATURE	DECEMBER 31, 2011			DECEMBER 31, 2010
	Transactions related to the fiscal year (1)	Transactions related to the previous years (2)	TOTAL (3) = (1 + 2)	TOTAL (4)
<b>VIII /// PRODUITS NON COURANTS</b>				
Gains from sale of fixed assets	262	-25	238	147
Balancing subsidiese	–	–	–	–
Reduction of investment subsidies	3		3	3
Other extraordinary income	276	3	279	73
Extraordinary write-backs and transfer of expenses	17	–	17	6 935
<b>TOTAL VIII</b>	<b>558</b>	<b>-22</b>	<b>536</b>	<b>7 157</b>
<b>IX /// EXTRAORDINARY EXPENSES</b>				
Net depreciation of transferred assets	8	0	7	23
Granted subsidies	108	0	108	145
Other extraordinary expenses	3,144	420	3,564	10,799
Extraordinary write-downs for depreciation and provisions	52	–	52	185
<b>TOTAL IX</b>	<b>3,311</b>	<b>420</b>	<b>3,731</b>	<b>11,152</b>
<b>X /// PROFIT FROM EXTRAORDINARY ACTIVITIES (VIII-IX)</b>	<b>-2,754</b>	<b>-442</b>	<b>-3,195</b>	<b>3,994</b>
<b>XI /// PROFIT BEFORE TAX (VII-IX)</b>	<b>20,230</b>	<b>-800</b>	<b>19,430</b>	<b>10,892</b>
<b>XII /// TAX ON PROFITS</b>	<b>4,292</b>		<b>4,292</b>	<b>2,428</b>
<b>XIII /// DEFERRED TAXES</b>	<b>-1,223</b>		<b>-1,223</b>	<b>426</b>
<b>XIV /// NET INCOME OF INTEGRATED COMPANIES (XI-XII-XIII)</b>	<b>17,161</b>	<b>-800</b>	<b>16,361</b>	<b>8,891</b>
<b>XV /// INCOME FROM COMPANIES CONSOLIDATED BY THE EQUITY METHOD</b>	<b>1</b>		<b>1</b>	<b>1</b>
<b>XVI /// NET GOODWILL AMORTIZATION WRITE-DOWN</b>	<b>2</b>		<b>2</b>	
<b>XVII /// NET CONSOLIDATED INCOME (XIV-XV-XVI)</b>	<b>17,159</b>	<b>-800</b>	<b>16,358</b>	<b>8,890</b>
<b>XVIII /// MINORITY INTERESTS</b>	<b>26</b>		<b>26</b>	<b>40</b>
<b>XIX /// GROUP SHARE NET INCOME (XVII-XVIII)</b>	<b>17,132</b>	<b>-800</b>	<b>16,332</b>	<b>8,850</b>
<b>XX // TOTAL INCOME</b>	<b>62,955</b>	<b>118</b>	<b>63,072</b>	<b>55,370</b>
<b>XXI /// TOTAL EXPENSES</b>	<b>45,822</b>	<b>919</b>	<b>46,740</b>	<b>46,520</b>
<b>XXII /// NET PROFIT</b>	<b>17,132</b>	<b>-800</b>	<b>16,332</b>	<b>8,850</b>





# 2

# ...SOCIAL COM- MITMENT



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## A MINE OF BUSINESS OPPORTUNITIES

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### AS THE WORLD'S NUMBER ONE PHOSPHATE EXPORTER, OCP IS AT THE FRONTLINE OF THE CHALLENGES POSTED BY IN-DEPTH GLOBAL CHANGES CHARACTERIZED BY THE DEMOGRAPHIC EXPANSION AND THE RESULTING DRAMATIC INCREASE IN FOOD DEMAND

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Given the scarcity of new land available for agriculture, the solution can only come from improved productivity. However, inefficient use of fertilizers could threaten humanity's fragile environment. Environmental hazards are in fact among the main concerns that OCP addresses head-on in its 2010/2020 program aimed at doubling its phosphates production. What's more, preservation of the environment is not seen as a financial burden by the Group, but rather as a challenge. In fact, tackling the environmental question will not only reduce the impact of OCP activities on the ecosystems, but it will also cut production costs by 30 to 40%.

By implementing eco-conception at the root of all its investments, the Group is achieving, among others, substantial savings in its water and energy requirements, as well as it is managing its waste production in an eco-responsible manner, through recycling and valorization. Thus OCP's Operational Transformation Iqlaa program – whose major objective is cost-reduction – is achieving a

perfect combination between environmental concerns and financial efficiency.

Parallel to propagating an ecological conscience within the Group, OCP's Sustainable Development Department (SDD) has targeted three major priorities in 2011: reinforcing the environmental concern within OCP's trades in matters regarding energy, waste and water; improving the Group's environmental performance; developing specific environmental awareness-raising actions, as well as role model initiatives showing OCP's citizen attitude.

#### ECO-RESPONSIBLE MANAGEMENT OF WASTE AND TOXIC PRODUCTS

##### WASTE RECOVERY

A major OCP challenge, the Group's waste recovery program is well underway. In 2011, OCP's Waste Commission undertook a search of potential partners to manage the ecological recovery, recycling or elimination the Group's



■ The Merah Lahrach washing plant, near Khouribga

mining and industrial waste. Some 1,700 tonnes of potentially energetic waste (*oils, tires, belts, etc.*) and 150,000 tonnes of pyrrhotite cinders (*an iron-containing byproduct*) are in the process of being de-stocked and recovered in the cement industry. This ecologically and financially rational operation will be repeated with other types of waste with potential value for industries other than phosphate manufacture.

### **ELIMINATING PCBS** (*Polychlorobiphenyls*)

Commonly used for their insulating and heat conduction properties, PCPs are now known to be a major health hazard. At OCP, they are found in power related equipment such as transformers and condensers. The Group is the first Moroccan company to have started the implementation of the “*Rational Management and Elimination of PCBs in Morocco Program*”. The program was launched by the Group’s Environment Department in cooperation with the UNDP (*United Nation’s Development Program*) and the UNIDO (*United Nations Industrial Development Organization*), with the financial backing of the GEF (*Gobal Environment Facility*). The aim is to replace all electrical equipment containing PCBs, i.e. some 53 tonnes of hardware and 17 tonnes of oils, which will be decontaminated in specialized industrial units.

### **THE AIR PROGRAM**

In 2011 an *ad hoc* commission was created to look into all matters related to air quality in OCP’s chemicals manufacturing sites. The commission conducted a survey of the current environmental parameters’ measurement techniques used at the Group’s various chemical

facilities, in order to highlight shortcomings and suggest appropriate solutions.

On November 11, 2011, the Committee submitted a report with the following recommendations as to what should be done in 2012.

- Adapt a gas scrubber system to the sulfur melters to reduce emissions of hydrogen sulfide (H<sub>2</sub>S), a colorless gas that irritates the lungs.
- Implement a pilot program at the Jorf Lasfar site to control airborne sulfur dust produced when sulfur-handling operations are carried out.
- Implement a pilot sulfur dioxide (SO<sub>2</sub>) wet scrubbing program at the Jorf Lasfar facilities, in order to reduce emissions of this very irritating colorless gas.

**WHEN COMPLETED, THE  
SLURRY PIPELINE WILL ALLOW  
THE GROUP TO REDUCE  
ITS CARBON FOOTPRINT  
BY 900,000 TONNES OF CO<sub>2</sub>**

### **CARBON FOOTPRINT REDUCTION**

The Khouribga-Jorf Lasfar slurry pipeline is a key item in OCP’s strategy to preserve water resources and save energy. The construction of this pipeline will also have major implications on the Group’s carbon footprint, which will be reduced by 900,000 tonnes, i.e. practically one third of OCP’s 2011 CO<sub>2</sub> emissions (*3 million tonnes*). To underline the importance of this pollution reduction, one can compare it to the average annual Moroccan citizen’s emissions: 2 tonnes.





■ Sludge separators at the Sidi Daoui washing plant, near Khouribga

## THE WATER STRATEGY

Doubling the Group's mines' production clearly implies using large additional quantities of water for washing the mined phosphate, at the expense of national farmers and consumers. OCP can hardly ask the population of a water-stressed Morocco to suffer the consequences of the Group's industrial policy. The equation is a quite difficult one to resolve: how to reach neutral water footprint and, at the same time, have great industrial ambitions? Better still: how will it be possible, according to OCP's social

commitments, to provide surplus water to the populations adjacent to the Group's sites?

Actually, five workable solutions have been identified:

- 1.** Optimize the Group's mining and industrial processes to reduce water requirements by 15%;
- 2.** Continue the construction of seawater desalination plants in order to be able, in the near future, to provide the bulk of the Group's water requirements. The desalinated volumes will be equivalent to the water consumption of the entire Greater Casablanca;



3. Use recycled urban wastewater;
4. Stop pumping from the underground water table;
5. Compensate for or stop using water from dams such as those of Ait Messaoud or Daourat near El Jadida.

The three projects either completed or under way in 2011 are typical of this policy: the Khouribga used-water treatment plant (*STEP – Station de traitement et d'épuration des eaux usées*), the Maroc Central (*Morocco central*) program, and the seawater desalination program.

#### **KHOURIBGA'S STEP**

This plant receives wastewater from the city of Khouribga and recycles it to partially cover the water requirements for phosphate washing and enriching. It significantly reduces the need to tap the region's water table. The STEP, which started operating in April 2011, required an investment of 224 million MAD and employs 25 people. It produces 5 million m<sup>3</sup> per year, i.e. half the drinking water consumption of the city of Khouribga.

Beside preserving a rare commodity, waste water recycling has another quite significant advantage: it allows the STEP to be semi-self-sufficient energy-wise, as the biomass resulting from the waste water is used to cogenerate one third of the plant's power requirements.

#### **MAROC CENTRAL**

This project is destined to satisfy the important water volumes required by the new phosphate washing and transporting by slurry pipeline instead of by rail.

The Maroc Central program will transfer 45 million m<sup>3</sup> of water from the Ait Messaoud dam via a pipeline system running through Fqih Ben Salah and ending in a storage complex near the Merah washing plant. The storage facility will supply the washing plants and the mines, as well as the slurry pipeline's head station. Before being fed into the Maroc Central pipeline system, this water will undergo preliminary treatment at an ONEP station (*National Office of Potable Water*) before entering the Maroc Central program.

Maroc Central is not in contradiction with OCP's decision to stop pumping surface water. In fact, in line with its objective of neutral water footprint, the Group is rolling out a two-pronged strategy to compensate the 45 million m<sup>3</sup> pumped from Ait Messaoud: by putting an end to the 30 million m<sup>3</sup> pumped from the Daourat dam and by providing 15 million m<sup>3</sup> from the desalination plant to the nearby city of El Jadida. In this way, the water balance of the Oum Rabie basin will be preserved.

The Maroc Central project was launched in 2010 and is due to be completed in August 2012. It will have cost 1.1 billion MAD. The major beneficiary from this project is the economic development of the region, since 77% of its construction expenses went to regional firms and workers. Thus OCP's wish to preserve the

countries water resources and its ecosystem is jointly fulfilled with the Group's social commitment as well as its contribution to the economic development of the regions harboring its activities.

#### **THE JORF LASFAR DESALINATION PROJECT**

This program is meant to achieve cutting-edge eco-efficiency in matters of managing the Group's water resources. Two desalination stations are planned, with a total capacity of 100 million m<sup>3</sup> per annum. They will cover the current and future water needs of the Jorf Lasfar industrial site (75 million m<sup>3</sup>/p.a.) as well as that of Safi (25 million m<sup>3</sup>/p.a.). Of the 75 million m<sup>3</sup> produced at Jorf Lasfar, 15 million are destined to satisfy the water needs of the region's population. The two stations will be powered by the surplus energy produced by the two industrial sites, particularly through power cogeneration processes.

The Jorf Lasfar desalination station's construction will take place in three stages. It will start operating in 2013 with a production capacity of 25 million m<sup>3</sup>. The second and third stages will be completed by 2015 and 2020.

### **/// INTERNATIONAL COOPERATION**

IN MATTERS OF SUSTAINABLE DEVELOPMENT, OCP HAS ONGOING COOPERATION RELATIONSHIPS WITH A NUMBER OF INTERNATIONALLY RENOWNED INSTITUTIONS, SUCH AS :



Massachusetts  
Institute of  
Technology

**1**

**Le MIT**  
(Massachusetts Institute of Technology),

who is particularly interested in the OCP Skills program.



**2**

**TATA QUALITY MANAGEMENT SERVICES (TQMS):**

a memorandum of understanding signed on June 28, 2011, by India's Tata Group (India) and OCP provides for the joint undertaking of sustainable development projects in fields such as clean technologies, environmental management, carbon footprint evaluation and reduction strategies.



■ *Elementary school is a key factor in a child's becoming*

# Social commitment in Morocco

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## SOLIDARITY AND INNOVATION

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### OCP'S SOCIAL COMMITMENT IS NOT JUST A MATTER OF FINANCIAL COST. IT IS, AS CHAIRMAN MOSTAFA TERRAB PUTS IT, "PART OF THE GROUP'S DNA"

Besides, many economists consider that social commitment, through the friendly atmosphere it contributes to create inside a company, as well as the harmonious integration it favors in the social fabric, actually has a positive impact on the entity's bottom line. OCP's social commitment benefits primarily, albeit not exclusively, the populations living around the Group's various sites. Two of OCP's most emblematic initiatives are "OCP Skills", whose actions are meant to improve young people's employability, and the "OCP Innovation Fund For Agriculture", whose objective is to support the dynamics of regional economy, as well as to modernize the Moroccan rural world through the development of sustainable structures. As for the "OCP Foundation", its priorities are fighting poverty and improving education and health in the country.

#### **OCP SKILLS: MOROCCAN SOLIDARITY**

2011 was a year of closer cooperation and communication between OCP and the young generation in the populations living around the

Group's facilities. With OCP Skills, OCP has clearly demonstrated that its social commitment is favoring the Group's harmonious integration in the Moroccan social fabric, through a mutually beneficial interaction with the neighboring youth. The Group lends a sympathetic ear to these young nationals full of ambition but unfortunately doomed to long-term unemployment. As the prime and main job provider in the areas where it operates, OCP is aware of the need to extend a helping hand towards these youth who are seeking jobs and a better future. In 2011, building on a dialog with many thousands of them, OCP created OCP Skills, the initiative emblematic of the Group's sense of social responsibility.

In the same way it does for its staff, OCP considers that these young people should be helped to acquire a greater independence as well as a better personal and professional development. With this in mind, OCP Skills set the following goals:

- 1.** To recruit 5,800 new staff.
- 2.** To train and improve the employment

potential of 15,000 young people in all sectors of activity.

**3.** To act as an incubator of young regional businesses.

**4.** To encourage and support associative movements.

### **OCP SKILLS RECRUITMENT**

OCP is directly recruiting 5,800 young candidates to help man its 2010/2020 development program. These people will cut across the entire spectrum of the Group's various domains of activity. Priority will be given to candidates related to OCP, such as neighbors of its facilities or children of retired employees.

### **OCP SKILLS TRAINING**

Matching up individual profiles with the employment market requirements, OCP Skills Training has counseled and signed up more than 10,700 youth for training in tomorrow's trades. In eight cities, 674 guidance workshops led by some one hundred instructors were organized in order to allow young people to choose their curricula from over 400 proposed business lines. This first step was conducted in partnership with the Office de formation professionnelle et de la promotion du travail (*OFPPPT – Office for Vocational Training and the Promotion of Employment and Work*) and sixteen other partner organizations.

The 285 business lines eventually selected by the young people who benefitted from that OCP Skills' initiative enabled them to access education, either vocational or graduate, in a

diversity of specialties, from aeronautics to plumbing, from management to paramedical professions, etc. The qualifications available ranged from qualified workmen to Masters' degrees. Thus, through OCP Skills the Group has become a provider of a young workforce for the Moroccan industry. The Canadian industrial group Bombardier was one of the first businesses to sign an agreement with OCP by which it has committed to recruit OCP Skills' trainees or graduates, who will contribute to man the Bombardier Aéronautique's Moroccan subsidiary.

## **WITH ITS 15,000 VOCATIONAL TRAINING PROGRAMS BENEFITTING MOROCCAN YOUTH, OCP IS BECOMING A WORKFORCE PROVIDER FOR THE NATIONAL INDUSTRY**

All applications related to this OCP Skills' educational initiative were managed through the Internet site [www.ocpskills.com](http://www.ocpskills.com), with a dedicated page and an access password for each applicant, as well as an active buzz on online social networks to help them launch their careers. In order to offer them the best possible studying environment, 1,200 MAD grants were offered to those living near OCP's sites, and 2,000 MAD to those who need to travel from their home towns or villages.

Mastering professional expertise nowadays requires learning complementary skills. This is why OCP Skills offers its students access to additional training sessions in various personal



development Soft Skills, such as computer skills, languages, job-hunting techniques, coaching and entrepreneurial skills.

The OCP Skills initiative has also a positive return on OCP itself, as it has positioned the Group at the heart of an unprecedented-scale dynamics in Morocco. In 2011 alone, OCP has collaborated with no less than seventeen partners in the social, institutional, economic, and academic fields. This dialog has also contributed to enrich the Group's understanding of the youth living in the vicinity of its facilities, as well as, on a larger scale, those of all of Morocco. Thus, by multiplying links with the Moroccan society, OCP becomes better connected with its social environment.



■ Personalized handling of the OCP Skills' applicants

## 27 BUSINESS PROJECTS WERE GRANTED OCP SUPPORT THEY, IN TURN, CREATED 100 PERMANENT JOBS

### **OCP SKILLS ASSOCIATIVE MOVEMENT**

As the backbone of long-term social development, the associative movement is a natural partner of OCP. In 2011, OCP Skills focused on assisting and encouraging projects targeting environmental preservation and local development. The five projects that are receiving financial aid are specialized in related fields:



■ CEO Mostafa Terrab shakes hands with a micro-entrepreneur benefitting from OCP's financial assistance

### **OCP SKILLS ENTREPRENEURSHIP**

OCP Skills includes a program aimed at helping young entrepreneurs to establish their businesses and develop their sense of initiative. Twenty-seven new businesses received technical and financial support this way and created 100 new jobs in fields ranging from woodwork to construction, farming and garment manufacturing. The help was provided at different levels: launching the business, two-year technical counseling, 20,000 MAD financial assistance...

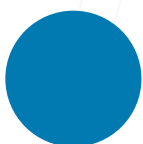
- In Laayoun, the project will use solar energy to satisfy the power requirements of the Khniffis Ecotourism Center;
- In Safi, one project is about beekeeping and biodiversity preservation, another will create a plant nursery and a teaching center for medicinal and aromatic herbs;
- In Rhamna, one project is about waste recycling and education on environmental preservation, and the other on operating and management of a dumpsite.

Various other forms of partnerships have enabled OCP to adapt to the needs of the Moroccan associative fabric. For instance, in association with the Al Jisr association and its Green Chip program, OCP's used computers and related material are revamped and made available to Moroccan primary school children.

### **PERPETUATING THE OCP SKILLS EXPERIENCE**

To anchor the benefits of this OCP initiative with the young generation in the long term, OCP Skills Centers are due to open in 2012 in the main cities harboring OCP's facilities. The centers will be open to youth expression and will strive to help them achieve self-development through education, training, innovation and assistance to entrepreneurship.

In order to further strengthen its social commitment, OCP will also undertake vicinity initiatives designed to improve the quality of life in the cities where it has its activities. The first actions in this perspective are to be carried out in Khouribga, in the Labyout Lakdam and Douar Benjelloul neighborhoods, with rehabilitation projects and the creation of neighborhood leisure centers. Similar projects will follow in the Group's other host cities.



### **OCP SUPPORTS GREEN AND INNOVATIVE AGRICULTURE IN MOROCCO**

OCP tirelessly promotes Moroccan agriculture. The dialog with farmers and experts developed in the framework the Moroccan Green Plan has

opened new roads for the Group to bring direct support to agriculture, a sector crucially strategic for the future development of the country's economy. It goes without saying that this OCP concern is not tied to any financial interests, as the Moroccan agriculture is but a fringe market for the Group's products, where they are sold to distributors at cost price. But this is far from materializing the whole of OCP's concern for the country's agriculture. Exhausted mine sites, for instance, instead of being simply abandoned are rehabilitated to become farmland. Moreover, the Group's vision of its commitment in this field is a long-term one, through an ambitious program of financial contributions to projects favoring innovation, investment and social progress.

### **HAND IN HAND WITH MOROCCAN FARMERS**

The year 2010 witnessed intensive discussions between OCP and farmers, as well as experts of INRA, *the National Institute of Agricultural Research*. Rounds of meetings with OCP products users in the regions of Chaouia, Doukkala, Tadla, Saiss, and Gharb exposed the lack of technical support and training affecting the Moroccan farmer. They helped the Group gain a broader, deeper understanding of rural Morocco, and enabled it to better foresee the national markets' requirements, especially in fertilizers.

On the technical side, a quick glance at the situation on the ground revealed an alarming decline of the soils' nutriment contents, mainly due to under-fertilization, with the consequences in terms of productivity and crop quality being quite clear to see. According to OCP's estimates, these soils are getting hardly



■ Soil sample collection in the framework of the Ferti-Conseil program

one third of their fertilizers requirements. The reason for this lies in poor distribution channels, as well as in the lack of assistance and training.

This state of affairs highlighted one priority, and it is the need to widely spread among farmers the essential know-how to achieve an optimal and reasoned use of fertilizers, and, at the same time, to overhaul the distribution channels in order to reduce the cost of fertilizers to the farmers. In this perspective, OCP held open-house days, and organized product demonstrations, training sessions and media campaigns. In parallel, OCP's Research and

Development Department developed specific formulas adapted to regional requirements. Over 600 soil tests were carried out across the country for the benefit of some 100,000 farmers in the neediest *bour zones (non-irrigated farmland)*.

The better understanding by OCP of the parties involved and of their respective behavior has resulted in implementing appropriate policies and marketing campaigns specifically adapted to the various regions, products, sales volumes, discounts, etc. In practice, the Group offered its products' distributors a large selection of sales

packages that involved diffusing of information and marketing initiatives. Ten different packages were introduced in 2010 – adapted to different sales volumes – guaranteeing the distributors media coverage in exchange of their commitment to price stability. The marketing budget for this operation amounted to 30 million MAD for a targeted sales volume of 400,000 tonnes/pa of phosphate fertilizers.

### **THE SOIL FERTILITY MAP**

This major undertaking is coming to its conclusion. The development of a fertility map of Morocco's soils, which took some four years to put together, consists of an extensive geographic database on the state of the nation's soils, as well as their composition and available resources. The fertility map, which is part of Morocco's Green Plan, reflects the concern to develop a competitive agriculture based on reasoned fertilization. Its main objective is to obtain accurate information on the soils' fertility, and thus be in a position to optimize crop fertilization.

The fertility map will provide a new tool delivering information on the main soils' characteristics. An interactive web-based expert system will provide finely analyzed data, as well as appropriate recommendations for the main crops, in the form of detailed fertilization requirements by crop and region. At the end of 2011, thanks to the pooled efforts of OCP and its private and public sectors partners, the database was rich with readily operational information for over two million hectares in the six following Moroccan districts: Fes, El Hajeb, Meknes, Settat, Khemissat, and Rabat. GPS positioning will allow research to be refined and focused down to very small areas.

This remarkable project's results will contribute to improve the major crops' production as defined in the Morocco Green Plan. It will also guide the producers to what specific fertilizer formulas they need to manufacture. In 2011, ten new formulas have been identified, four of which are already marketed, the other six still under development. The fertility map, a tool of public interest, is now available at the following



■ OCP's stand at the 2011 Meknes International Agricultural Exhibition



website: [www.fertimap.ma](http://www.fertimap.ma)

The fertility map was budgeted at 64 million MAD, jointly financed by OCP and the Ministry of Agriculture and Marine Fisheries. The project implementation was assigned to the Consortium de la recherche et développement agricole national, which consists of INRA (*Institut national de la recherche agronomique*), the IAV (*Institut agronomique et vétérinaire Hassan II*) and the ENA (*Ecole nationale d'agriculture de Meknès*).

### **MINE REHABILITATION**

Rather than abandoning the sites that have been mined out, OCP has put together a program to reclaim exhausted mines for agricultural use. Beyond its environmental interest, this project is an opportunity for OCP to implement its strategy of supporting regional economic and social dynamics, as it fosters and encourages long-term development projects in favor of the populations of the Group's host cities, especially the young. The actual rehabilitation was preceded by a number of preparation works, such as a complete mapping of the areas involved, an analysis detailing the soils' typology, as well as physical and chemical composition, and a survey of the areas' agronomy, climate and resources. Over 37,531 hectares of reclaimable land were then identified on the three mining sites of Khouribga, Benguerir and Youssoufia. Quite a wide variety of plant species are possible candidates to be farmed: grain, fruit trees, forest trees, legumes and biofuel yielding plants.

The reclaimed land will be suitable for a wide range of crops: grains, orchards, forest trees, legumes and plants for biofuel. Generally

speaking, these lands are also suitable for pastoral use, rustic tree farming and forestry. In spite of the fact that underground water scarcity in these areas is no small challenge, there are reasons to be optimistic: to date, 17,090 hectares are already being successfully farmed.

## **RATHER THAN ABANDONING EXHAUSTED MINES TO BECOME WASTELAND, OCP IS IMPLEMENTING A REHABILITATION PROGRAM TO TURN THEM INTO FARMLAND**

Different scenarios have been developed based on the characteristics and destination of each area, the idea being to present OCP's future candidate partners in the rehabilitation projects with individual specifications books for these areas. The contracted partners are expected to comply with the Group's strategic expectations, such as local jobs creation, local populations' participation, competence transfers and the creation of added value benefitting the region covered by each project.

### **TO FUND THE INVESTMENTS: OCP INNOVATION FUND FOR AGRICULTURE**

OCP believes that, in the long run, agriculture's becoming relies on both investment and innovation. The Group's subsidiary OCP Innovation Fund for Agriculture (OIFA) is exactly that, a venture capital fund that acts as an incubator for projects launched by dynamic and creative farmers in the fields of agriculture and agribusiness.



With an initial budget of 200 million MAD, OIFA puts innovation at the core of its strategy. Its ambition is to help create agricultural and agribusiness start-ups with strong national and international potential. Priority will be given to the areas around OCP mining and industrial facilities, without being exclusive of other Moroccan regions.

Among the – strict – selection criteria for OIFA eligibility, one can list the following four:

- 1.** Innovation. It will involve the introduction of new technologies, new approaches, new processes as well as new economic models. In short, each project must introduce novelties that will give it lasting competitive edge and produce value.
- 2.** Economic viability and profitability. Projects will be given priority when they present a clear and realistic business plan and can demonstrate their economic viability.
- 3.** Social dimension. The projects must create permanent jobs and involve local farmers.
- 4.** Market trends. The future business must be in line with market trends, both national and international. Its export potential will be a decisive plus.

OCP will sponsor various services involved in the initial development of the selected projects. The Group will grant the OIFA's beneficiaries a safe and stimulating working environment and make available the required means to see their projects through.

## /// START-UPS CREATED IN 2011

### IN 2011, THREE PROJECTS WERE GRANTED OIFA FUNDS THEY CREATED 154 JOBS

# 1

#### **ATLAS ARANIB** (Al Haouz province)

This project's aim is to develop and modernize rabbit breeding in Morocco. It includes the creation of research labs as well as the introduction of modern breeding, fattening and slaughtering techniques.

# 2

#### **TIWIZA** (regions of Agadir and Youssoufia)

The purpose of the project is to produce and market exotic greengrocery, such as passion fruits, physalis berries, kiwanos (horned melons), papayas, okra, and hot peppers.

# 3

#### **INOVAG PROCESSING** (region of Rhamna)

This project's idea is to take advantage of the growing demand for prickly pears and develop derivative products such as juice, oil, vinegar and fiber.

#### INCUBATION SERVICES

- Stimulating and securing framework at the service of a bold SMBs development policy
- Capacity strengthening:
  - Sponsor
  - Structure and Business
  - Experience-sharing community
- Readily available expertise:
  - Production
  - Transformation
  - Marketing



## OCP FOUNDATION

### SOCIAL ECONOMY AND CIVIC COMMITMENT

Supporting socially aware entrepreneurship, encouraging associations present in cities harboring OCP facilities – but not exclusively – and advocating better education and health for Moroccan citizens are some of the OCP Foundation's missions. 2011 was a very productive year in terms of the Group's social economy and civic commitment.

The OCP Foundation, which will be given "public-interest" recognition in 2012, is committed to improve the living standards of the disadvantaged, not only nationally, but also on the international level. It intervenes in the areas harboring OCP's facilities, but also in all of Morocco and globally. Through an approach that is comprehensive, inclusive and participatory, the Foundation rallies local associations, beneficiary populations as well as institutional players around its goals. In its actions, the Foundation emphasizes the three essential prerequisites common to any human development-oriented policy: fighting poverty, education and health.

### FIGHTING POVERTY

This is the Foundation's first and foremost goal, and the main tools used to reach it are basic infrastructure development, helping income generating activities, encouraging cooperatives and supporting associations providing assistance to vulnerable populations.

There are many, often original and occasionally spectacular examples of the Foundation's actions. In the remote regions of the Central Atlas mountains, for instance, where in mid-winter the populations are often completely cut off from the world, the NGO Cerana organizes solidarity mountain hikes to supply local school children with clothes, coats, boots, as well as to bring blankets for boarding schools, and school supplies for students.

Another example is the yearly humanitarian rally organized by Nord-Sud Action, which provides the Foundation an opportunity to support various solidarity actions in the southern Moroccan provinces: baby boys' medically supervised circumcision, distribution of clothes, blankets, and toys to orphans at Dar Talib and to the handicapped in Dakhla. In 2011, this operation brought relief to 165 needy people.

Other, more structuring projects, particularly in agriculture, are more long-term and even innovative. In Khouribga, for example, more than 500 farmers and their families benefitted from the Foundation's support in the production, development and marketing of cactus derivatives.

In the Youssoufia province, 40 small stock farmers and their families were offered fine Sardi sheep and given technical and veterinarian assistance, as well as training courses on best practices in stock farming. Two important olive-tree growing and drinking water supply projects for four villages in the Ait Taleb rural area were jointly launched by the OCP Foundation, the High Atlas Foundation

and the regional delegation of the Ministry of Agriculture and Marine Fisheries.

Lastly, the OCP Foundation plans to contribute to the rationalization of the Moroccan fertilizer market by providing support to national distributors (*eleven, so far*) volunteering to get involved in training small farmers to agricultural best practices.

### **IMPROVING EDUCATION**

This is another field where the Foundation is concentrating its efforts to help solve one of the major problems plaguing education in Morocco, and it is the high rate of elementary school dropout. Equal opportunity is the key value inspiring the Foundation's actions in this fight. At Douar Lhaoud, in the Khouribga Region, in partnership with the Orient-Occident Foundation and the regional delegation of the Ministry of Education, the OCP Foundation succeeded in reintegrating in the educational system some fifty children who had dropped out because they lived too far from the local communal school. These children were able to re-enter the educational system thanks to the innovative solution adopted, and that was the creation of a mobile school, where they are taught the official national programs, and at the same time given individual educational support and sensitized to the need to preserve the environment. As for their teachers, they were granted additional training.

Also in Khouribga, the Foundation partnered with the Al Mostaqbal Sporting Club for the handicapped in an initiative aiming at the social integration of the disabled through a

cycle of foreign languages courses as well as computer classes and vocational training. In 2011, 80 people benefitted from these actions.

In line with the Foundation's commitment to promote education for all, informal education classes were opened in the Youssoufia region for the benefit of dropout youth and illiterate adults. Named Shams al Ousra (*Family's Sunlight*), this program was put together thanks to a partnership with the Zakoura Education Foundation and the Ministry of Education's delegation for the province. It benefitted more than 2,000 people, mostly women and young women.

In the city of El Jadida, 9,950 elementary and secondary school children benefitted from an aid program put together with the help of OCP managers of the Jorf Lasfar site. Over 8000 bicycles were distributed to the students and 72 minibuses were donated to public schools in rural areas. Besides, in 2012 and 2013, the infrastructures of 130 rural schools will be rehabilitated in the El Jadida region.

In Benguerir, the OCP Foundation supported an initiative launched by the Rhamna Foundation for Sustainable Development aiming at generalizing and upgrading preschool education for the benefit of some 4,260 children. A creche is under construction thanks to the Foundation's support, and two more are scheduled for 2012/2013.

In Casablanca, at the beginning of the 2011/2012 school-year, an educational support program for the children of the Sidi Bernoussi orphanage was launched. Implemented by



■ OCP supports adults' vocational integration

the Sanady Foundation and run by the Sidi Bernoussi muslim welfare association, the program's objective is threefold: improving the educational level of 132 primary and secondary boarding school students, training the teaching staff and upgrading the classrooms' equipment. This program is part of the policy to combat school failure and school dropout rates.

As for the higher education level, the OCP Foundation has granted 13 scholarships to underprivileged students among the most deserving of their different classes. At the start of the university year, the Foundation's

scholarships program also provided freshmen with computers, and pledged to cover the whole year's travel expenses, offer the selected students tutorial follow-up and medical care, as well as help upgrade their command of the French language.

#### **BETTER HEALTH**

It is quite difficult for geographically dispersed and socially precarious rural populations to have access to medical services. To help reduce health access inequalities, the OCP Foundation has organized several medical caravans in rural

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Morocco in 2011. A multidisciplinary caravan, with a capacity for both large and small ambulatory surgery, serviced 6,000 people in the isolated douars and villages of the Errachidia-Tafilalet region.

In the Marrakesh region, 1700 needy children and adults born with facial deformities were treated and operated on by specialists. Organized in partnership with the association Operation Smile Morocco, the caravan has also provided emergency first-aid training to some of the city's health professionals.

In Benguerir, in association with the Lhachmi Layadi Foundation and the Association Les

Bonnes Œuvres du Cœur, the OCP Foundation organized a “Caravane du Cœur” (*caravan of the Heart*) that provided diagnoses and first-aid treatment to socially underprivileged patients.

In Casablanca, the Foundation covered the costs for surgery performed on needy patients, including infants and toddlers at the Institut humanitaire cardio-pédiatrique (*institute for pediatric cardiology*).

Beyond these actions, the OCP Foundation supported specific actions to help handicapped people access health care. In Meknes, for example, it provided the Errahim Association support for the distribution of specialized



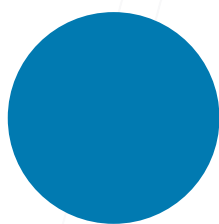
— Children in an OCP-funded school for the deaf-mutes

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medical equipment benefitting the underprivileged. In Rabat, in partnership with the Association marocaine de soutien et d'aide aux personnes trisomiques, the Foundation contributed to the construction of a new center for children with Down Syndrome. This center, now open and operational, is providing 378 children with speech rehabilitation therapy, physiotherapy, as well as psychological follow-up.

## THE OCP FOUNDATION HAS ORGANIZED SEVERAL MEDICAL CARAVANS IN RURAL MOROCCO IN 2011, TO HELP REDUCE HEALTH ACCESS INEQUALITIES



## /// THE OCP FOUNDATION'S POLICY CENTER

### A FIRST IN AFRICA AND NORTH AFRICA

Morocco is changing in pace with the global mobile and complex environment. The country lacked a body with the proper tools and means to reflect and act on these continuous mutations. For this purpose, the Group created, through its OCP Foundation and in collaboration with the German Marshall Fund (GMF), a Policy Center in order to fill this gap.

In practice, the Policy Center is conceived as an international platform for reflection, analysis and debate. It will also act as a source of recommendations on all topics relevant to Morocco in general and OCP more specifically. The Policy Center will differ from traditional scholarly institutes, as it will privilege reflection leading to action.

Among its tasks, the Center will endeavor, in particular, to draw up general interest programs in fields as diverse as Morocco's geopolitical position, international trade, food security or social and civic responsibility. Finally, its mission is to contribute to the emergence of a new generation of Moroccan as well as African leaders. The Policy Center epitomizes OCP's social commitment both nationally and internationally.

## A GLOBAL CHALLENGE

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### OCP HAS ALWAYS CONSIDERED CONTRIBUTING TO WORLD FOOD SECURITY AS ONE OF ITS CORE MISSIONS “A RAISON D’ÊTRE”

Over the course of the Group’s 92-year history, the world population has grown at an increasing pace, expanding from under 2 billion in 1920 to over 7 billion today. This demographic leap was paralleled by a spectacular increase in agricultural production, an achievement made possible thanks to a combination of two factors: agricultural intensification (*increasing yield per hectare and cropping intensity, i.e. two or more crops a year*) and expansion (*increasing the overall arable land area*). No doubt that this “Green Revolution” is one of the main advances of the 20th century, an accomplishment to which OCP has humbly albeit resolutely contributed.

Learning from what was accomplished in India from the sixties onwards, many regions around the world succeeded in reducing famine and malnutrition through a significant improvement of their agricultural output. Yet much remains to be done. Despite the undeniable progress achieved, food insecurity still exists, and continues to go hand in hand with poverty for far too many men, women and children.

Like it or not, it is unquestionable that 30 years of under-investment in the agricultural sector has undermined mankind’s collective ability to feed itself and to protect itself from hazards and exogenous shocks (*droughts, market volatility, wars, etc.*), while global food production will have to be increased by 70% if the world is to meet the steep increase in demand expected by 2050. Clearly, meeting the needs of the rapidly growing world population remains a major challenge, which reminds us, if need be, that we must work together to find workable – and sustainable – answers to the question of food security.

Solutions do exist, however. And their broad outlines are well known. First, yields surely have to be increased, but in a sustainable manner, and in ways adapted to local conditions. Second, small farmers need to be granted access to both local and national markets. Third, we need to invest in the infrastructures of warehousing, transportation and production. Everywhere, innovation is a must, from one end to the other of the agricultural value chain: inputs, produc-





■ A briefing on sustainable agriculture in Mozambique





Indian farmers during an initiation course into good agricultural practice in the framework of the OCP-AES program

tion techniques, cooperatives, institutions, policies, financing tools and mechanisms, market functioning...

OCP has a major part to play in the field of fertilizers. However, its ambition reaches beyond that sector. In fact, the Group is actively working to become a privileged partner for all who are convinced that the nations of the South, far from being a source of problems, are an integral part of the solutions. What OCP is committed to is to engineer a pragmatic approach that mixes sensitizing and initiatives in its field, with priority given to implementing and perfecting practical solutions, particularly for the benefit of the most vulnerable farmers. Participation, innovation, and investment are the key words of the Group's vision and action. Its partnerships in India and, more recently, in Africa stand as convincing illustrations of the relevance of this policy.

## THE DIAGNOSIS: A COMPLEX SITUATION

To date, food security is still far from guaranteed for all. Behind this simple fact lies another, more complex, stemming from structural dynamics (population expansion, diet changes within emerging middle classes, climate change, lack of investments, weak infrastructures, among others) as well as from temporary and/or exceptional situations (weather extremes, wars, speculation).

The combination of these factors expose some 900 million people to food insecurity, either chronic or short term. Finding a lasting solution to this situation clearly needs to be multidimensional and in adequacy with the different contexts. It does seem obvious that there can be no standard remedy to relieve all

these ills everywhere and in all situations. It is thus useless, if not counterproductive, to single out one cause or another.

Rather than pointing fingers, a constructive and federative approach should be privileged and will be far more efficient. Such a joint endeavor must not only follow nuanced and factual analyses, but it will also have to be crafted to last over time and encourage reflection in a long-term perspective.

### **MULTIPLE CAUSES AND SOLUTIONS**

Among the vectors of food insecurity, the one most commonly pointed at is the steep increase in demand for agricultural raw materials. This trend is itself driven by several phenomena, the two most frequently referred to being global demographic growth and changes in the diets of the new middle classes in emerging countries. Between 2010 and 2030, world population rose by 20%, an increase mainly attributed to better access to health care, lower infant mortality rate, as well as longer life expectancy.

As for the second reason for the rapid increase in demand, it is linked to the improvement of the buying power of the middle classes in emerging countries, which led to the increase of their animal protein consumption. Basically, these are two positive dynamics, and one can only be delighted that a growing part of the world's population enjoy better sanitary, medical, and economic lifestyles. In other words, rather than seeking ways to reduce or even stabilize demand, we need to workout solutions to enhance global agricultural supply.

Improving supply implies, first and foremost, reversing the present downward trend of investments in agriculture. The positive correlation between investments, innovation and productivity is fairly obvious and anyone can see its importance. Yet, for the last 30 years, public spending allocated to agriculture has steadily shrunk (*loosing as much as 68% between 1980 and 2005 in some cases*).

To be efficient, these investments must be primarily directed to the regions where the highest production gains can be expected, i. e. where present yields are low and/or have a strong potential for growth. In a world where arable land is becoming scarce, one has to bear in mind that 90% of the potential growth in agriculture lies in improving yields and only 10% from planting new land.

## **THE POSITIVE CORRELATION BETWEEN INVESTMENT, INNOVATION AND PRODUCTIVITY IS MORE THAN PATENT**

However, a purely production-oriented approach will not suffice. Investing and innovating in ways to promote producer's access to the market is one of the other essential conditions to succeed in enhancing agricultural supply. And to improve this "link" between farmers and the market, better transportation and warehousing infrastructures are crucial, as are better means of communication and better access to information. In other words, millions of farmers around the world need to be better integrated in the value chain of agriculture.



Other solutions, such as reducing post-harvest crop losses, could substantially and rapidly increase food security at little expense. In 2011, the FAO estimated that the post-harvest losses accounted for up to 20% of the total Sub-Saharan grain production.

### THE REMEDY: A NEW MODEL FOR SOUTH-SOUTH COOPERATION

#### OCP MARSHALS ITS EFFORTS IN A PRACTICAL APPROACH

The Group's technological solutions are based on the optimized management of farmland plots. Their purpose is to adjust the dosage of nutrients to the different crops' needs, in keeping with the saying "*the right product and the right dosage at the right time.*" That is, by the way, the exact mission of OCP's Research and Development Department. The Group's R&D is also investigating the possibility of directly applying high-phosphorus raw phosphate to certain soils – a solution that could prove highly interesting for poor countries.

India and Africa, to mention only these two regions engaged in a "*Second Green Revolution*", are two choice fields where OCP is promoting this approach. The Group does so through implementing "*precision farming*", a concept that is not only productive and innovative, but also reduces fertilizer requirements. On a more global scale, OCP works tirelessly at pooling the energies of a large ensemble focused on sharing experience, strengthening cooperation and creating South-South partnerships (*with Brazil and Africa, for example*), a process that could inaugurate a new epoch of lasting food security.

#### SHARING EXPERTISE

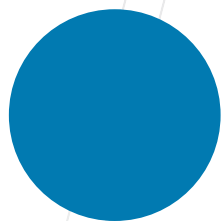
In March 2011, in Marrakesh, the Group welcomed the 2<sup>nd</sup> FMB Africa. The conference focused on "*Fertilization and the Green Revolution in Africa*". In India, OCP is actively involved in the AES project (*Agricultural Extension Services*), a real full-fledged hands-on operation conducted in certain districts of the sub-continent and favoring long-term development, especially focusing on the optimal use of fertilizers.

#### THE GLOBAL FOOD SECURITY FORUM

In March 2011, in order to better assess the multiple challenges of global food security, OCP launched the preparations for the first Global Food Security Forum. The GFSF is due to take place in Rabat, in March 2012, under the joint presidency of Professor Monkombu Sambasivan Swaminathan, the "father" of the Indian Green Revolution, and Mostafa Terrab, chairman of OCP. The Forum illustrates the Group's genuine, lasting, and practical commitment towards the main players engaged in global food security. OCP's objective is to eventually federate a community of experts and decision makers interested in formulating a model for responsible agriculture and promoting positive initiatives specifically designed for the benefit of the most vulnerable farmers. A special attention will be focused on the crucial role of innovation and investment as the driving forces behind the Group's actions.

## /// THE OCP FOUNDATION IN INDIA

### THE OCP FOUNDATION'S ACTIVITY IS NOT LIMITED TO MOROCCO



In the framework of the South-South cooperation, the Foundation launched a rural development program in the Indian state of Karnataka. This initiative is centered on the implementation of a program of popularizing proper agricultural techniques among farmers. The aim is to improve soil fertility via better agricultural practices. It is also to increase the production of Angolan peas, a legume of high nutritional value, particularly interesting given the majority of vegetarians in the Indian population. As a matter of fact, low agricultural yields are responsible for serious protein deficiencies for the rapidly growing population in the sub-continent.

An Internet hotline was also created to help answer the questions of small farmers. Launched in 2010 and due to last four years, the OCP Foundation's program resulted in a 31% increase of leguminous crops' yield its first year. Simultaneously, the rate of children schooling increased by 20% that year. To date, the learning of good agricultural practices and their positive collateral impact have benefitted 3,000 small farmers in India, who will become "ambassadors" of progress and, at the same time, increase their food self-sufficiency.

In 2012, OCP is undertaking an even more ambitious four-year initiative that will benefit 15,000 small farmers in India, as well as 10,000 of their Moroccan counterparts. This Morocco-Indian venture for the development of leguminous

food crops is designed to improve vegetable quality and yields, as well as to initiate the creation of small seed production businesses in a carefully selected number of Indian and Moroccan villages.

This other OCP Foundation's program is conducted in partnership with the Institut agronomique et vétérinaire Hassan II (IAV), the International Center For Agricultural Research In Dry Areas (ICARDA), the International Crops Research for the Semi-Arid Tropics (ICRISAT), and the Swaminathan Foundation, whose founder is no other than the father of the Indian Green Revolution.

## /// AFRICA, AN OCP PRIORITY

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### AS THE MAIN GLOBAL RESERVE OF AVAILABLE ARABLE LAND, AFRICA IS NO DOUBT ONE OF THE KEY PLAYERS IN THE FIGHT AGAINST FOOD INSECURITY

OCP is developing its presence on this continent on a mutually profitable basis along three key field policy concepts:

#### 1 COOPERATE

The Group is in the process of duplicating its fertility map experience developed for Morocco to benefit the different countries that have expressed their interest in this highly efficient tool: Mali, Ethiopia, Burkina Faso and Uganda, among others. OCP's wish is that these free access maps will eventually contribute to the optimal use of fertilizers, adapted to the different soils and crops. The Group often participates, as major sponsor or as organizer, in various forums of prime importance for African agriculture. Among others: Global Food Security Forum, FMB Africa, AGRA (Alliance For A Green Revolution In Africa), IFA (International Fertilizer Association) Africa Forum, etc.

#### 2 COMMIT

OCP has created a sales and marketing task force especially dedicated to Africa. It also has developed a network of importers and local distributors to facilitate farmers' access to fertilizers. To date, the Group has invested \$ 600 million to create, within its facilities, a dedicated production capacity capable of handling the increase of product demand in Africa. OCP rewards the most successful and ingenious distributors with various sale price discount schemes.

#### 3 INNOVATE

OCP is developing a line of fertilizers especially designed to meet the requirements of African crops. One of these is Teractiv, a reactive phosphate enriched with various micronutrients. Teractiv improves productivity and regenerates the soil. It exists in four versions, a basic version, and three adapted to cocoa, cotton and corn. Teractiv is already available in Ghana, the Ivory Coast and Benin. Among other products, the Group has a sulfur-enriched variant of DAP designed for soils deficient in this ingredient, particularly in Ethiopia.

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# CARTE DE FERTILITÉ DES SOLS MALI

**COLLABORATION MAROCO-MALIENNE  
POUR UNE AGRICULTURE AFRICAINE RAISONNÉE  
ET PRODUCTIVE**

## Un projet d'utilité publique

### Objectifs

- Partager l'expertise développée dans le cadre de la carte de fertilité marocaine avec le continent africain et comme pays pilote le Mali
- Constituer une base de données géographiques des ressources sols du Mali pour connaître leur potentiel de fertilité

### Résultats escomptés

- Recommander des technologies de gestion rationnelle des sols, notamment des recommandations spécifiques d'engrais adaptés aux cultures maliennes
- Raisonner l'usage des engrais pour améliorer durablement la production agricole au Mali
- Mettre à la disposition des autorités et privés maliens un outil d'aide à la décision en politiques agricoles et stratégies de fertilisation

## Un référentiel scientifique destiné aux régions à fort potentiel agricole

- Lancement du projet: deuxième semestre 2011
- Durée prévisionnelle de l'élaboration de la carte: 2 ans

## Carte du Mali



## Partenaires



### TWO ESSENTIAL VALUES

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## OCP IS WELL AWARE THAT EFFICIENT AND TRANSPARENT INTERNAL CONTROL AND GOOD MANAGEMENT MECHANISMS ARE HIGHLY IMPORTANT IN A MODERN ENTERPRISE CONSIDERING THE STAKES AND EXPECTATIONS THESE MECHANISMS NEED TO STAND UP TO

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For this reason, at the instigation of the Group's General Management, the Audit and Control Department (ACD), which was created in December 2006, has seen a steady broadening and strengthening of its role and missions ever since. As a result, throughout 2011, in the framework of the Group's missions and strategic orientations, the ACD has boosted these mechanisms via numerous initiatives, among which the following:

- Conducting reviews and analyses on performance and internal as well as external best-practice sharing. These actions contributed to enhance the Group's performance.
- Extending the audit and control missions, defined on the basis of risk mapping, to cover a wide range of the Company's processes and businesses.
- Taking a regular and active part in OCP's Audit and Risk Committee, a central instance within the Group's good governance mechanisms. The Committee holds regular (at least quarterly) meetings and assists the Board of Directors in,

among other tasks, financial reporting standards' monitoring, as well as risk assessment and efficiency evaluation of the internal control mechanisms.

- Regular reporting to the Audit and Risk Committee on the main observations and improvements resulting from audit missions, as well as on progress achieved in implementing their recommendations. The ideas exchanged between the Committee members as well as their constructive suggestions contribute to enhance current internal control mechanisms and governance practices.
- Regular exchanges with managers in various fields concerning internal control mechanisms, risk management and good governance.
- Contribution to strengthen the Group's values.
- Overall steering of the risks management program and currently establishing the Group's guidelines in risk management, as well as designing the governance framework (risk management policy, risk managers' charter, risk-mapping guidelines, various risk-committee charters, etc.)





■ OCP's head office in Casablanca

- Implementing an ambitious training program aimed at developing risk prevention and risk management competence. An appropriate training course has been worked out for this purpose, and to date nearly 250 non-managers have attended the course's various modules.
- Developing the Information Systems' Security activity within OCP, with the aim of implementing an adequate mechanism for managing the Group's IS security.
- Bringing support and active contribution to the Group's various structural projects.
- Putting the Audit and Control Department processes in compliance with international standards in matters of internal control.

In parallel and in the framework of enhancing its processes' and activities' professional standards, the Audit and Control Department has launched certification programs for its members, as well as adequate training courses designed in partnership with internationally renowned institutions.

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HAY ERRAHA  
BP 5196 CASABLANCA  
MAROC

[www.ocpgroup.ma](http://www.ocpgroup.ma)