

# Climate-smart Public Financial Management MENA Conference

February 26–29, 2024  
Cairo, Egypt



# OCP's “climate change reporting” journey

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# OCP in numbers

<i>USD Bn</i>	FY 2021	FY 2022
Revenue	9.4	11
Ebitda	3.6	5.1
Ebitda Margin	43%	44%

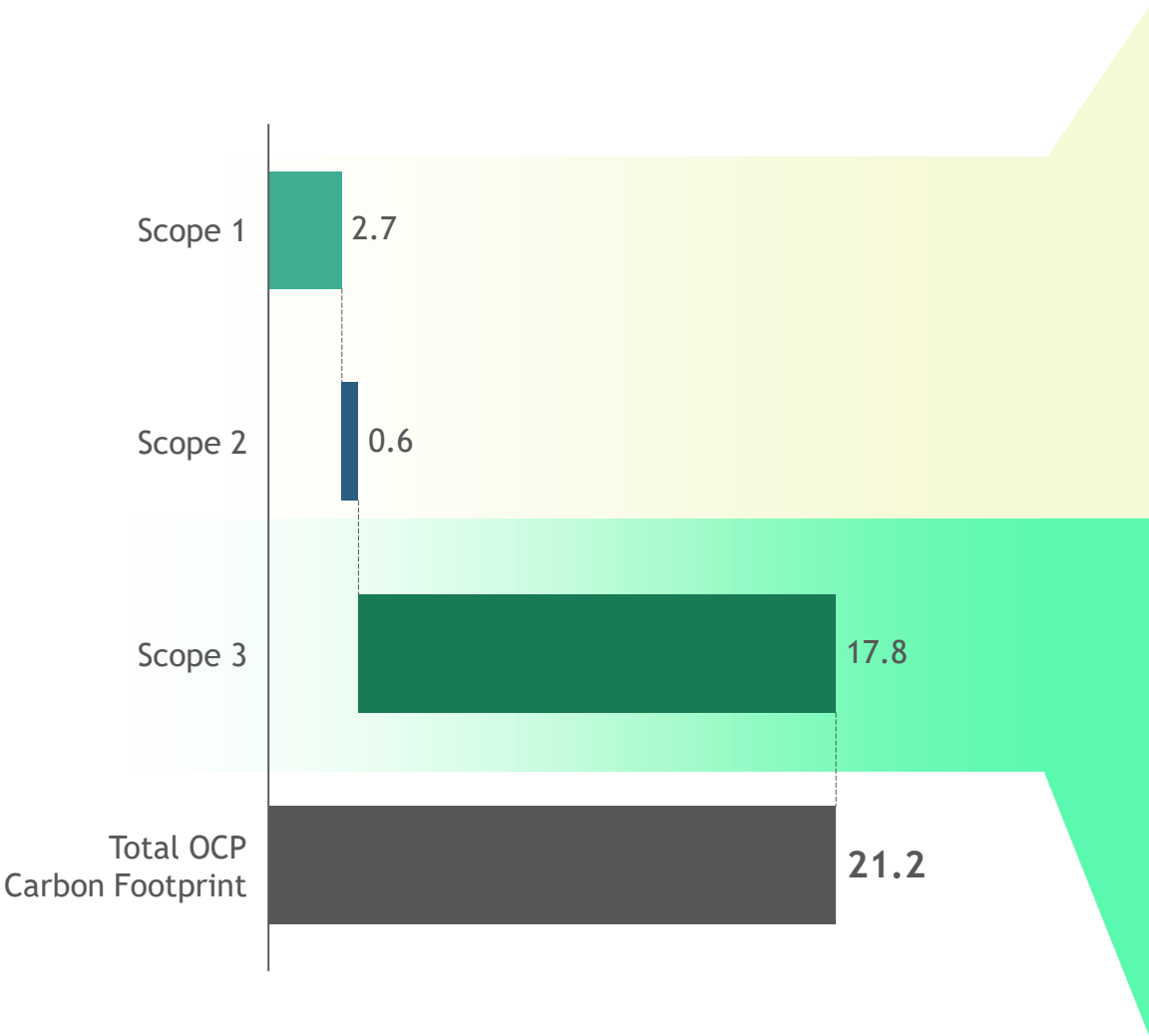
	GLOBAL POSITION	COMMERCIAL MARKET SHARE
 PHOSPHATE ROCK	#1	#33%
 PHOSPHORIC ACID	#1	#53%
 PHOSPHATE FERTILIZERS	#1	#27%



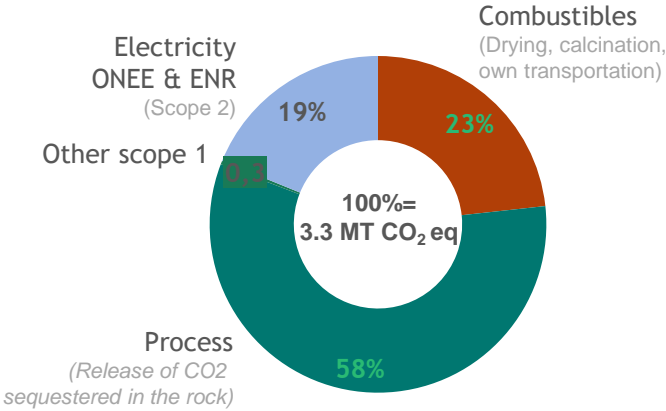
# OCP footprint for 2022 is 21.2 MT CO2 of which 17.8 MT CO2 in scope 3

MT CO2 eq.

## OCP global Carbon footprint

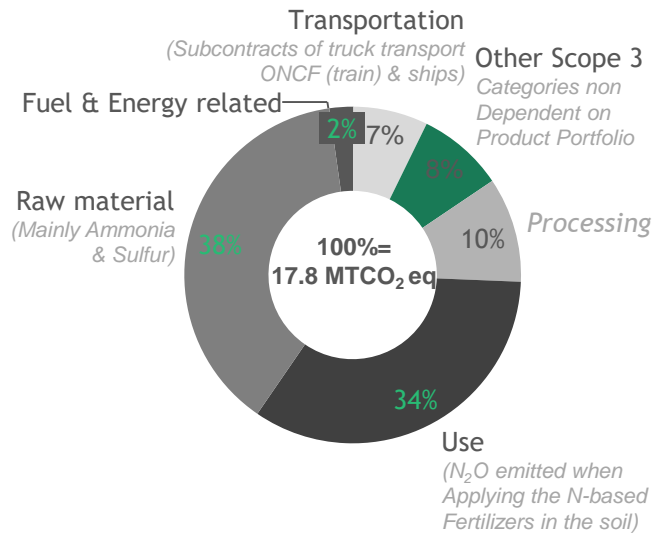


## Zoom on scopes 1 and 2



- **Scope 1 is direct emissions** coming from OCP operations. It is mainly composed of:
  - **Liberation of CO2 sequestered in the Rock** as emissions from PAP chimneys
  - **Combustibles** (fuel, Gaz, Gazoil...) used while drying / calcinating Rock and in the granulation process and in transportation owned by OCP
- **Scope 2** is emissions from the **generation of purchased electricity** consumed by OCP

## Zoom on scope 3

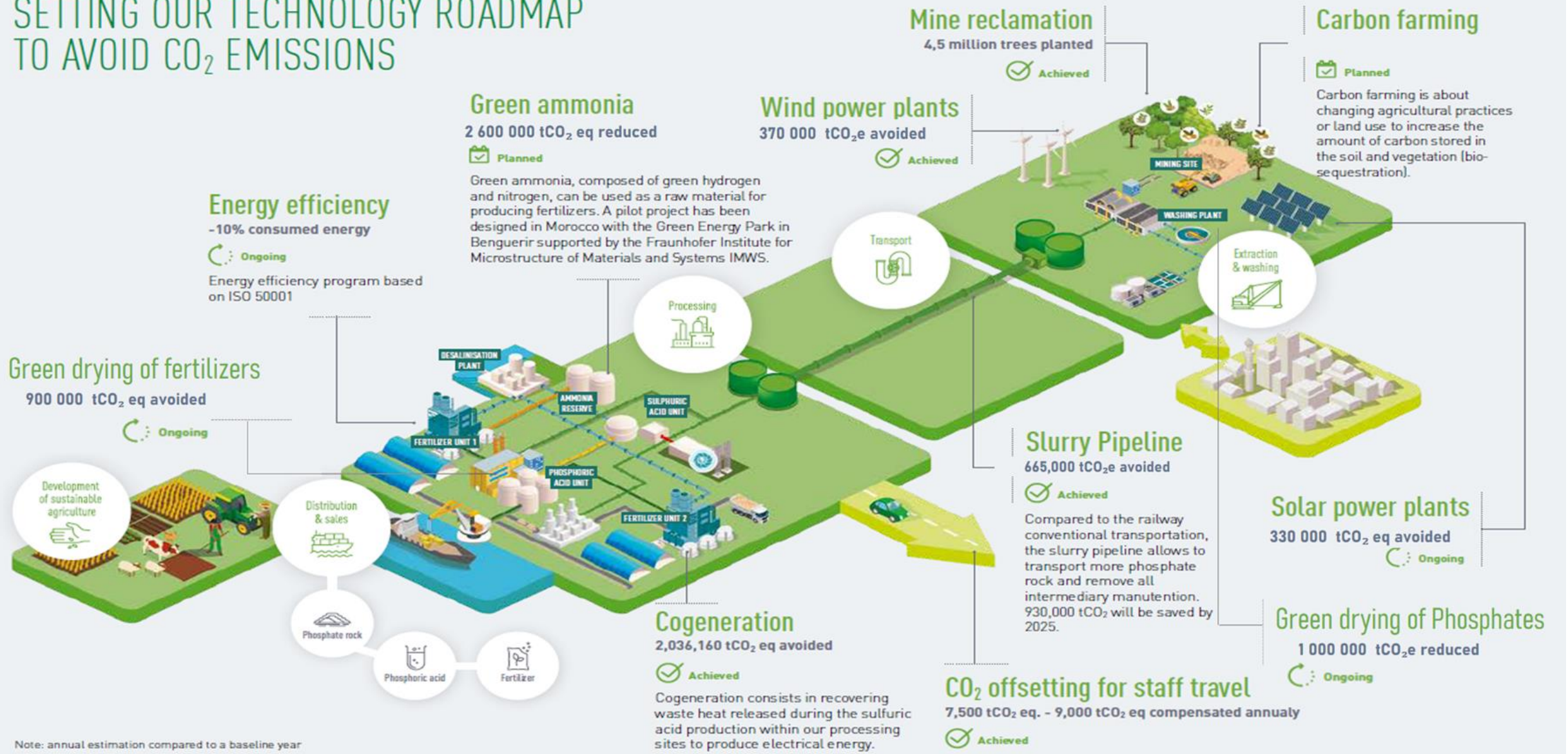


- **Scope 3** emissions represent **84%** of total OCP carbon footprint
- **Use of N-based fertilizers** is the main scope 3 category, contributing to a significant part of CO<sub>2</sub> eq emissions in the form of N<sub>2</sub>O (32% of total footprint).
- **Raw material** contributes to a significant part of CO<sub>2</sub> eq emissions, impacted mainly by :
  - **Ammonia** imports (25% of total footprint)
  - then by **Sulfur** and Sulfuric Acid imports (6% of total footprint)

# HIGHLY AMBITIOUS INITIATIVES OF CLEAN TECHNOLOGIES IMPLEMENTATION



## SETTING OUR TECHNOLOGY ROADMAP TO AVOID CO<sub>2</sub> EMISSIONS

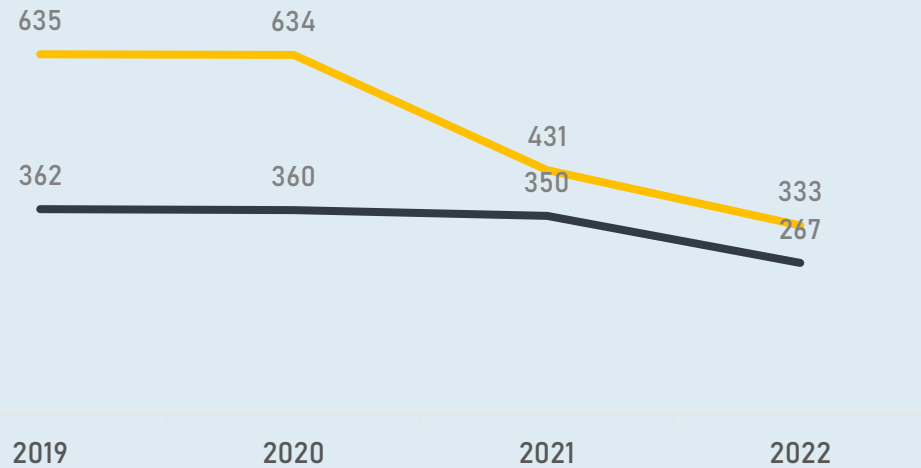


Note: annual estimation compared to a baseline year

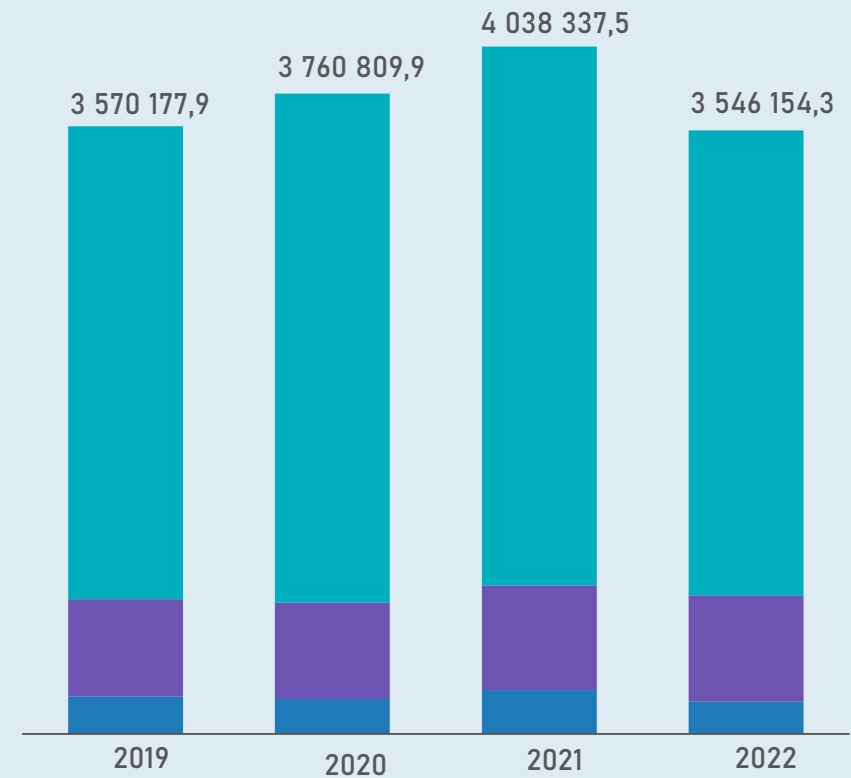
# SOLID PERFORMANCE IN THE WAY TO CARBON NEUTRALITY

Our commitment is clearly reflected in our carbon intensity evolution over the last decade

## Carbon Footprint & Carbon intensity Evolution







— Carbon intensity (kg CO2/TP205)  
— Carbon intensity (TCO2/M\$)



■ Direct (scope 1) GHG Emissions  
■ Energy indirect (scope 2) GHG Emissions  
■ Other indirect (Scope 3) GHG Emissions

# Several key carbon initiatives aims to help companies reduce their GHG emissions

OCP Group's taking a leading position on climate Action compared to disclosure requirements and competitors market practices

Initiative***	Scope			OCP Progress	Focus**			Function	
	Scope 1	Scope 2	Scope 3		Setting & committing to targets	Measuring & reporting emissions	Org. & financial governance	Providing standards	Promoting & enabling disclosure
 SCIENCE BASED TARGETS	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>RE 100</b>	<input type="checkbox"/> *	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 CDP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 GREENHOUSE GAS PROTOCOL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
 TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

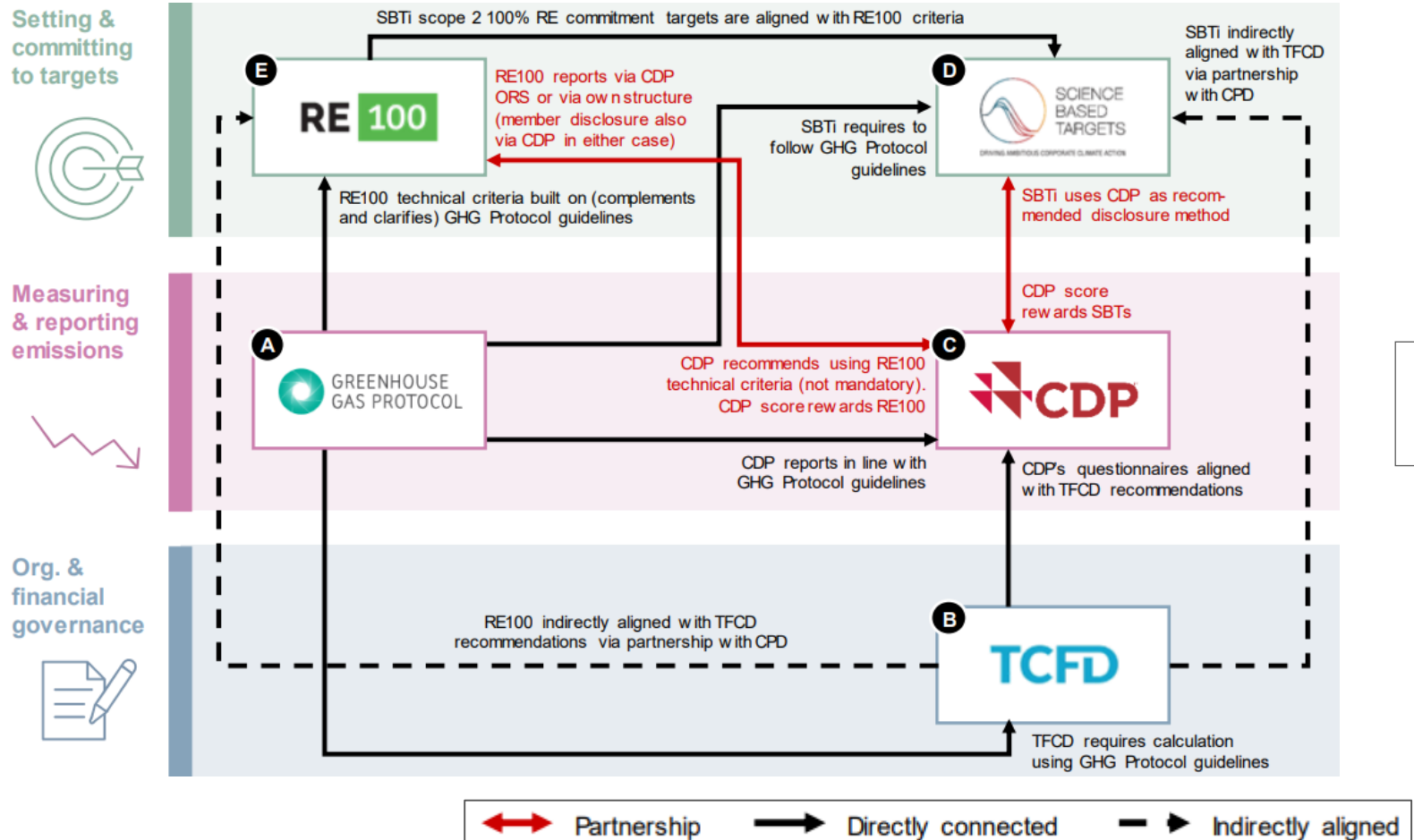
Note: (\*) Includes any scope 1 emissions relating to the generation of electricity by the company, but not including e.g. fossil fuels for transport, production of heat, or other uses not involving electricity production

(\*\*): blank case to show a secondary focus

(\*\*\*): Initiatives are closely interconnected; setting science-based targets (SBTs), for example, involves applying guidelines and disclosures defined by other initiatives

Source: Organization websites

# All five key organizations/initiatives are interlinked, with GHG Protocol being a fundamental standard and CDP playing a central role via partnerships



- **A:** GHG Protocol guidelines sets foundation for remaining initiatives.
- **B:** TCFD sets additional standards for how to report env. risks and opportunities and their financial impact.
- **C:** CDP's disclosure builds on the TCFD standards and include SBT and RE100 into scores (via partnerships).
- **D:** SBTi's target-setting is aligned with RE100 criteria and recommends using the CDP as disclosure method.
- **E:** RE100 is a stand-alone initiative focusing on ambitious RE targets - method clarifies GHG Protocol guidelines. CDP & SBT not required for RE100.
- Initiatives are closely interconnected; setting science-based targets (SBTs), for example, involves applying guidelines and disclosures defined by other initiatives.



# Mapping of climate accounting & target-setting ecosystem

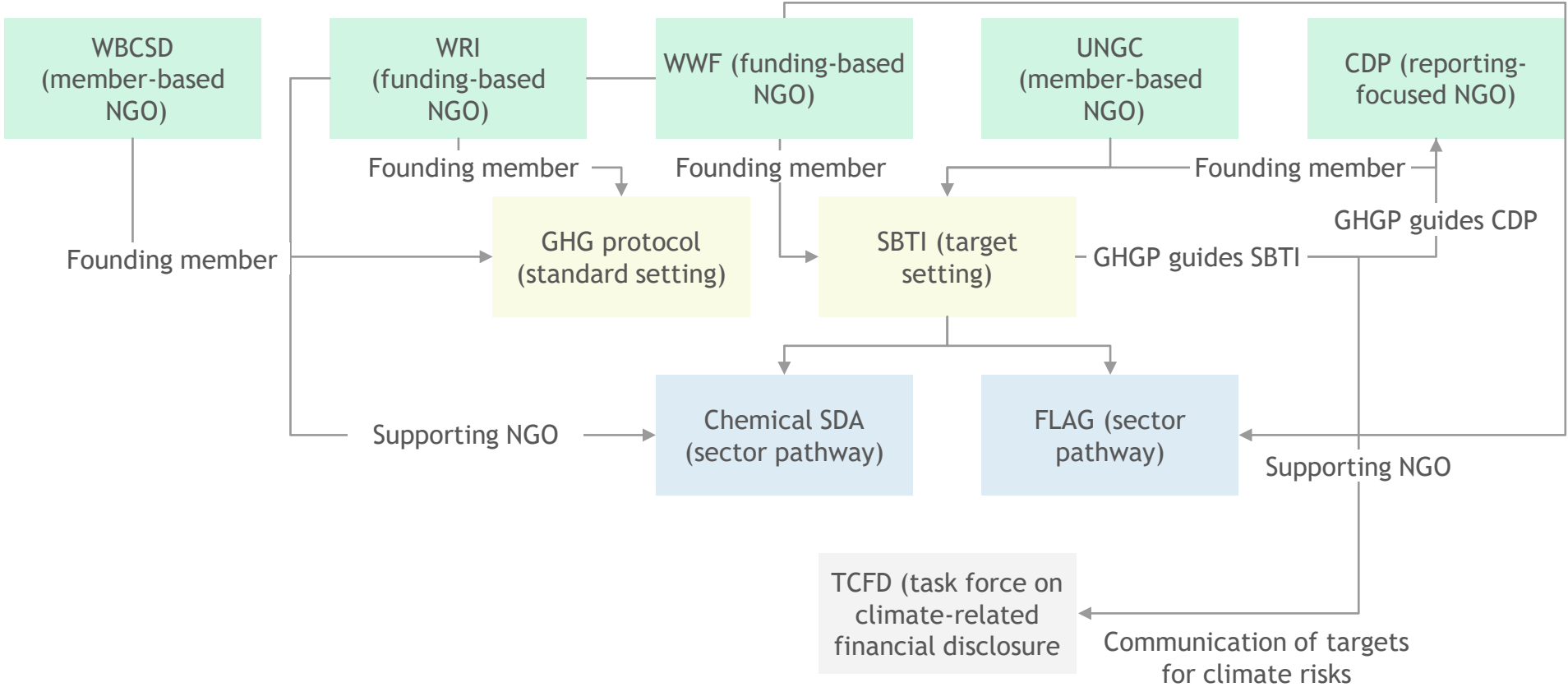


Organizations

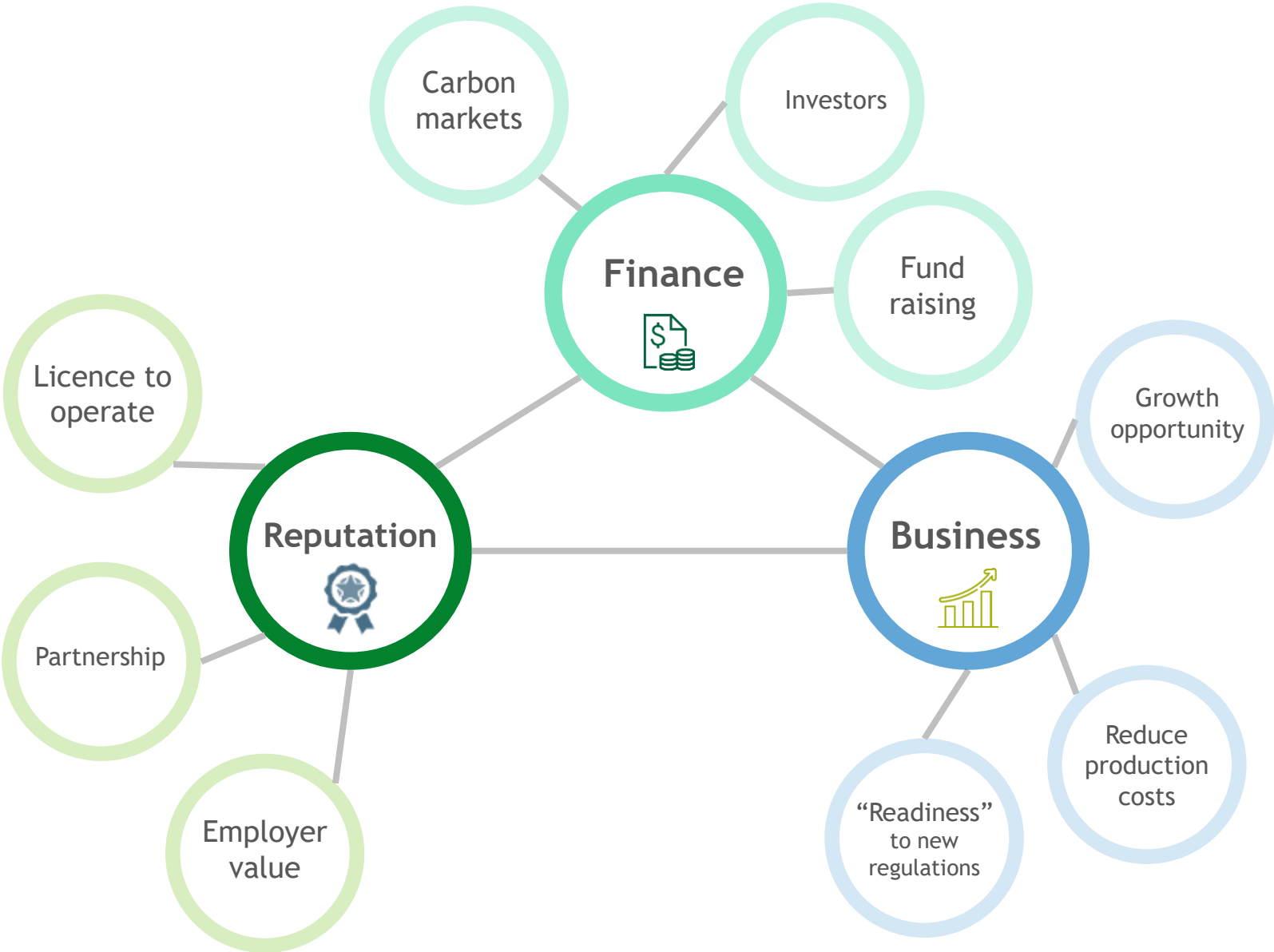
Initiatives

Sector-specific pathways

Financial disclosure



# Sustainability, multiple challenges and opportunities



# Several driving forces pushing OCP to evolve its climate risk management capabilities to emerging best practices



## Several market players are already ahead

Market leaders across all sectors tend to position themselves well above minimum standards requirements coverage



## Relevance of climate management for Customers & Partners

Going beyond a regulatory "tick the box exercise" is fast becoming 'table stakes' required by customers and partners



## Pressure from investors and rating agencies

Investors demand exhaustive climate disclosure and ESG Risk Management feeds into rating scores, to assess climate R&O and vote accordingly



## Employees' advocacy of sustainability

Companies are increasingly expected by "their people" to be sustainable



## What does OCP typically see in the market and what are the implication for OCP?

1. **Market peers across sector** are **activating** to improve TCFD disclosure. OCP Group is already including TCFD standards.
2. **No players are leading** on all TCFD key pillars
  - OCP Group **set its own ambition**, with **evaluation of its potential** and **size the effort**, e.g., elaborating more on the Governance, Strategy, Risks Mgmt. and building a detailed Metrics and targets section

# OUR INTEGRATED APPROACH TOWARDS A GREEN AND SUSTAINABLE INDUSTRIAL SYSTEM IS RECOGNIZED

Leadership in ESG Ranking and Disclosure among which



**#1** Mining & Metals Emerging Markets  
**#25** Global ranking from 5000 corp.  
 Distinguished as **'Top Performer'**  
 'Advanced level' in ESG Practices (2<sup>nd</sup> year)



**ESG Risk Rating**  
**100%** Grade for Disclosure  
**100%** Grade for Carbon Reduction Program  
**Strong** Grade for Management of GHG risks



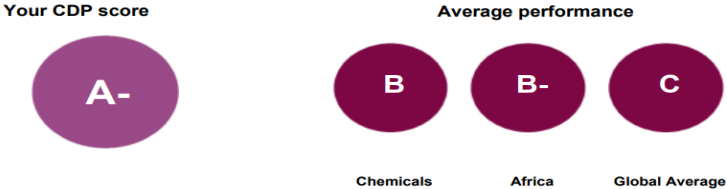
**Submission** in 2022 and **Validation**  
 of near term Targets in 2023



- Ranked **4<sup>th</sup>/350** companies in the food systems value chain



OCP Scored **A-** (for the 2<sup>nd</sup> time) **"CDP Leadership Level"**



Official supporter of (TCFD) since **2021**  
**Ongoing** implementation of Governance & strategy pillars recommendations

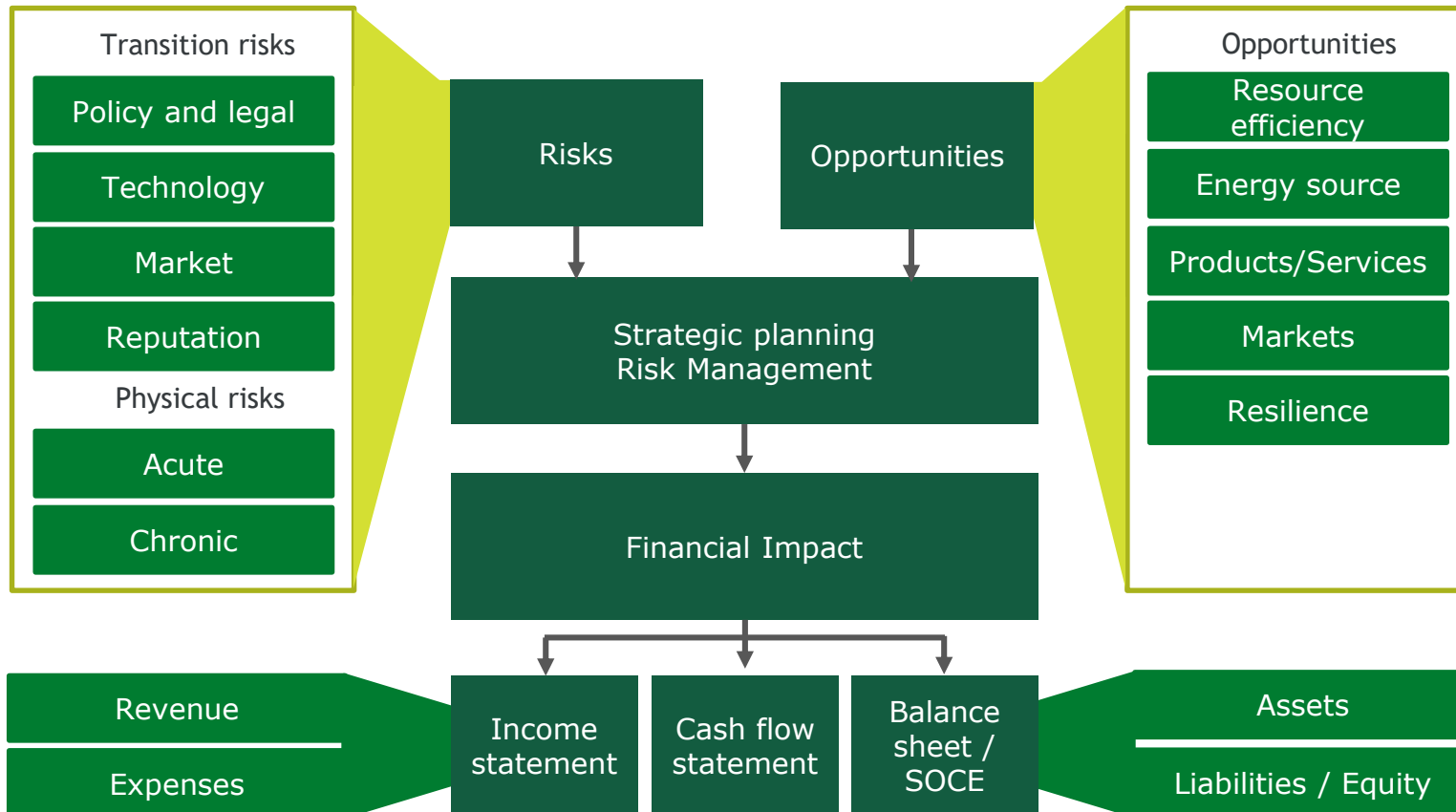
# THANK YOU

Naoufal.mahdar@ocpgroup.ma

# Back up

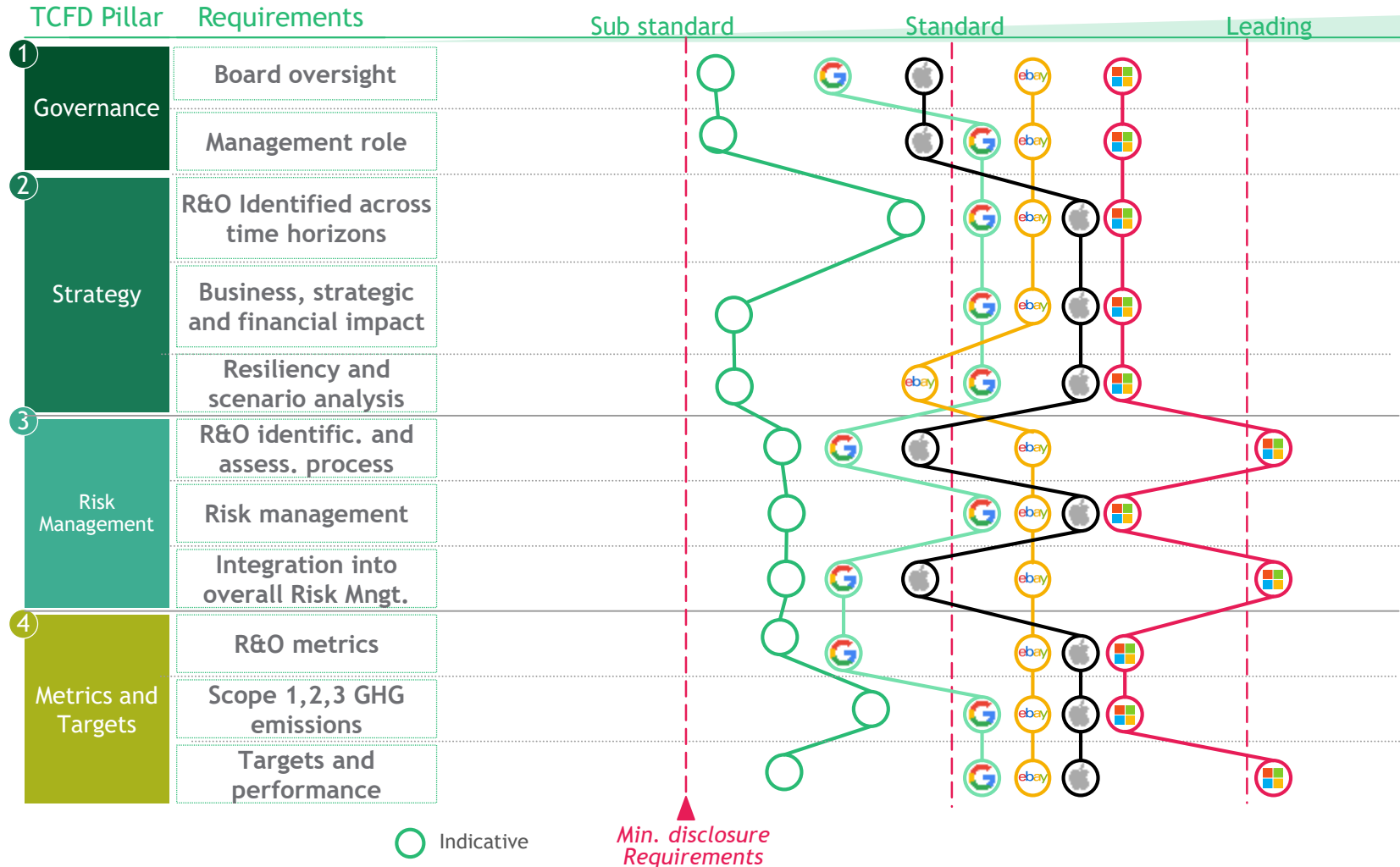
# OCP uses TCFD framework to assess the financial impact of climate change in a uniform way across geographies and industries

TCFD's framework for assessing the financial impact of climate change considers both risks and opportunities, and ties them to financials through four categories



- OCP endorsed TCFD in October 2021 and initiated the implementation of its recommendations, starting with the Risk and Opportunities pillar. OCP identified climate risks and opportunities, calculating their financial impacts based on various climate scenarios.
- To enable investors to evaluate the financial implications of climate change, OCP is integrating TCFD principles into its Sustainability and Financial reporting (GRI...).
- OCP is advancing the implementation of the Governance and Strategy pillars. OCP is incorporating an internal carbon price to manage climate risks and opportunities, guiding its transition towards a more climate-resilient future.

# OCP Group's maturity level is evaluated compared to minimum disclosure requirements and competitors market practices



## What we typically see in the market and implication for OCP

1. **Market peers across sector** are **activating** to improve TCFD disclosure. OCP Group already including TCFD standards
2. **No players are leading** on all TCFD key pillars
  - OCP Group to **set its own ambition**, with **evaluation of its potential** and **size the effort** to e.g., elaborating more on the Governance, Strategy, Risks Mgmt. and building a detailed Metrics and targets section