

Module: Introduction**Page: Introduction****0.1****Introduction**

Please give a general description and introduction to your organization

ICL (Israel Chemicals Ltd) Group is one of the world's leading fertilizer and specialty chemicals companies. For a world challenged by population growth and scarce resources, ICL makes products that increase global food and water supplies and improve industrial materials and processes. The company benefits from direct access to low-cost, highly concentrated sources of minerals – especially potash and bromine. Leveraging this strong basis, we have built leadership positions in the areas of fertilizers and specialty fertilizers, flame retardants, water treatment solutions, specialty phosphates for the food, hygiene and safety industries, and a growing range of sustainability segments. In 2011, ICL spent a sum of approximately \$106 million on issues related to the environment and environmental conservation. In 2012, ICL is expected to spend a sum of approximately \$136 million in this area, promising the long-term competitive advantages of our company.

ICL produces approximately a third of the world's bromine and is the 6th largest potash producer in the world. ICL is a leading supplier of fertilizers in Europe and a major player in specialty fertilizer market segments. One of the world's most integrated manufacturers and suppliers of phosphate products, ICL has become the world's leading provider of pure phosphoric acid and a major specialty phosphate player.

ICL is comprised of three core segments: ICL Fertilizers, ICL Industrial Products and ICL Performance Products. Its major production activities are located in Israel, Europe, the US, South America and China, and are supported by major global marketing and logistics networks. ICL employs approximately 12,000 employees worldwide

0.2**Reporting Year**

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed
Sat 01 Jan 2011 - Sat 31 Dec 2011

0.3

Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

Select country
Israel
Germany
United States of America
China
Spain
Netherlands
United Kingdom
Turkey
Ireland
Czech Republic
Austria
Canada
Brazil
France

0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

USD(\$)

0.5

Please select if you wish to complete a shorter information request

0.6

Modules

As part of the Investor CDP information request, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors and companies in the oil and gas industry should complete supplementary questions in addition to the main questionnaire.

If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will be marked as default options to your information request. If you want to query your classification, please email respond@cdproject.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see <https://www.cdproject.net/en-US/Programmes/Pages/More-questionnaires.aspx>.

Further Information

Important Legal Notes: The information delivered or to be delivered does not constitute an offer or a recommendation to do any transaction in Israel Chemicals Ltd. (ICL) securities. Although our shares may be bought and sold on the Tel Aviv Stock Exchange (TASE) at any time, they do not constitute trade out of Israel - neither in the United States nor elsewhere and this report does not constitute an offer or investment advice to any US or other public at this time. If we ever do so, our offer will only be made by a prospectus or a registration statement conforming with the requirements of US or any other applicable law.

Certain statements in this report and other oral and written statements made by ICL from time to time, are forward-looking statements, including, but not limited to, those that discuss strategies, goals, outlook or other non-historical matters; or project revenues, income, returns or other financial measures. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those contained in the statements, including, among others, the following: (a) the changes in worldwide economic and political conditions that impact interest and foreign exchange rates, (b) the extent to which ICL is able to successfully integrate acquisitions, (c) the extent to which ICL is able to achieve savings from its various plans, (d) government funding and program approvals affecting products being developed or sold under government programs, and (e) cost and delivery performance under various program and development contracts.

We caution you that the above list of important factors is not comprehensive. We refer you to filing that we have made with the TASE. They may discuss new or different factors that may cause actual results to differ materially from this information.

All information included in this document speaks only as of the date on which they are made, and we do not undertake any obligation to update such information afterwards.

Some of the market and industry information are based on independent industry publications or other publicly available information, while other information is based on internal studies. Although we believe that these independent sources and our internal data are reliable as of their respective dates, the information contained in them has not been independently verified, we cannot assure you as to the accuracy or completeness of this information.

Readers and viewers are cautioned to consider these risks and uncertainties and to not place undue reliance on such information.

Module: Management [Investor]

Page: 1. Governance

1.1

Where is the highest level of direct responsibility for climate change within your company?

Senior Manager/Officer

1.1a

Please identify the position of the individual or name of the committee with this responsibility

Asher Grinbaum, Executive Vice President and Chief Operating Officer of ICL, also serves as commissioner for environment, safety, industrial health and security for the entire ICL Group. In this capacity, his responsibilities include supervision of the full range of the Group's climate change-related activities in coordination with the Company's corporate-level Centre of Excellence for Greenhouse Gases (GHG COE). The GHG COE, under the management of the VP/Business Development of ICL Fertilizers, leads corporate-wide initiatives for implementing a company-wide climate-change strategy. As part of this mandate, the COE promotes carbon reporting and reduction initiatives on both product and facility levels, with activities addressing all Company activities from R&D to procurement to M&A policies.

As part of its responsibilities, the COE is charged with gathering, processing and consolidating climate change-related data from all ICL companies, analyzing it on behalf of the CDP and other bodies, and issuing an annual report quantifying the GHG emissions (Corporate Carbon Footprint) of all ICL companies for the use of internal management. The COE also generates periodic reports regarding climate change and carbon footprint issues for senior management, who in turn generate reports quarterly and annually for the Board of Directors.

1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

1.2a

Please complete the table

Who is entitled to benefit from these incentives?	The type of incentives	Incentivised performance indicator
All employees	Recognition (non-monetary)	1) Climate-change leaders throughout ICL receive management recognition for the on-time supply of data for CFP calculations. 2) Companies that succeed in reducing their CFP from previous years (whether in terms of absolute quantities or as a percentage of production) are recognized in the Company's annual report and at Company conferences.
Facility managers	Recognition (non-monetary)	1) Climate-change leaders throughout ICL receive management recognition for the on-time supply of data for CFP calculations. 2) Companies that succeed in reducing their CFP from previous years (whether in terms of absolute quantities or as a percentage of production) are recognized in the Company's annual report and at Company conferences.
Business unit managers	Recognition (non-monetary)	1) Climate-change leaders throughout ICL receive management recognition for the on-time supply of data for CFP calculations. 2) Companies that succeed in reducing their CFP from previous years (whether in terms of absolute quantities or as a percentage of production) are recognized in the Company's annual report and at Company conferences.
All employees	Monetary reward	ICL has instituted the following initiatives to incentivize the reduction of GHG emissions: 1) As a general rule, ICL encourages suggestions from employees regarding carbon management, recycling, and other environmental issues, and offers material rewards (including monetary rewards) for suggestions that are adopted. 2) ICL initiates competitions between facilities and subsidiaries to help the Company achieve its sustainability targets 3) ICL certifies plants and buildings as "Green Facilities" based on environmental criteria. 4) ICL's primary stockholder, Israel Corp., holds an annual competition for environment-related improvements which offers financial rewards.

2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

2.1a

Please provide further details (see guidance)

ICL has established an Enterprise Risk Management (ERM) cycled program which aims at reducing the exposure of existing risks and identification of new risks, including climate related regulatory and physical risks and others. The ICL ERM policy is to form a corporate framework for identification, measurement, management and reduction of risks including implementation of procedures and corporate control mechanism to guarantee adequate implementation of policy, which is continually embedded into the organizational culture. The ERM program is under the responsibility and supervision of the deputy CEO and COO who is also the corporate CRO and the commissioner for environment, safety, industrial health security. The scope of the program includes all of ICL's global operations. ICL's Chief Risk Officer (CRO) is accountable for implementing the overall Risk Management policy in the group, on behalf of ICL's CEO and reports to the Board of Directors on a periodical basis.

Main ERM Elements

The main elements of this program include:

- ▶ Establishment of ERM framework and reporting procedures regarding the risk management activities
- ▶ Formation of a supportive organizational structure (segment and group level) and coordination between the parties involved in risk management activities within the group.
- ▶ Monitor the group's continuous activities, in the purpose of continuous reduction of the risks involved in those activities.
- ▶ Monitor the organization wide implementation process, in the purpose of improving the awareness for the risks as part of the group's business proceeding.

The ERM program has been implemented starting from 2009 across all group's segments, and in most companies within each segment. Each segment has implemented the ICL risk management framework which is based on dynamic and repeatable, cycle-wise, system for reduction of risks. Risks reduction is accomplished through an organized periodical cyclic process which includes several phases that take place as part of the routine business.

- ▶ Identification of the risks – A structured process by which each company's top management, within each segment, identify the organizational key risks.
- ▶ Mapping and measurement of the risks – A process designed to rank and evaluate the organizational risks that were identified.
- ▶ Management of the risk – Nomination of risk owners and supporting management team dedicated to analyze the key organizational risks and develop and improvement plan to mitigate the risk and minimize the risk exposure.
- ▶ Monitoring the execution of actions for reducing the risk
- ▶ Developing a control and monitoring mechanism within the group at the different levels (segments, companies etc).

The ERM approach considers the four organizational risk aspects: Strategic risks, Operational risks, Compliance risks and financial risks.

Each segment has identified several climate related risks within these categories and established a working team, managed by a senior manager from the company

to analyze the risk exposure and develop a mitigation plan. The working teams update this analysis on a quarterly basis, and the progression of mitigation programs is constantly monitored, reported to ICL's management on a semi-annual basis and to the board of directors on an annual basis. Each risk was nominated with a diverse working team including mid-level management and operational personnel.

- ▶ Risk management culture – implementation of Risk management culture and common language, using guidance, implementation of methodologies and providing tools for long lasting and continuous risks reduction.

Risk Organizational Structure

Each segment had nominated several managerial functions as the segment's risk management functionaries and defined his scope of responsibility:

- ▶ CRO – Chief Risk Officer: Is responsible for the ongoing process of risk identification and management, including implementation of the risk culture.
- ▶ ERM Steering Committee: Consisted of the each segment/ company's top management. The steering committee and its chairpersons bear comprehensive responsibility for compliance with risk management processes and procedures in the segment, including responsibility for identification, evaluation, risk monitoring and controls in respect of minimizing the segment's exposure to the risk identified.
- ▶ Risk Owners: reducing each risk exposure, develop and execute an improvement plan and report on a quarterly basis to the working team.

Note: Ernst & Young has been facilitating the ERM program in ICL and supported us with methodology of identification of risks.

2.2

Is climate change integrated into your business strategy?

Yes

2.2a

Please describe the process and outcomes (see guidance)

As part of ICL's commitment to sustainability, the company has embedded climate change as a core issue within its business strategy worldwide. This decision was brought forward due both to the nature of the company's business and its underlying desire to create a better world through the use of its products and services. From a strategic perspective, in recent years we have been charting a work plan aimed at accelerating our long-term growth in a dynamically changing marketplace. Our approach is to build on the business platform we have created over the years, including our access to concentrated sources of minerals, our market reach and understanding, our technological knowhow and our diversified product base. With a diversified product portfolio and a strong reputation in the areas of fertilizers, water treatment, food additives, hygiene and safety, we are well positioned to offer solutions that promote the wellbeing of the global population facing the challenges of global warming, population growth and intensified urbanization – challenges that give rise, amongst other things, to shortages of food and usable water. To help address these problems, we plan to increase our portfolio of environmentally-friendly products significantly, both through increased R&D investment

and through acquisitions, both on short and long term basis. By capitalizing on our products and know-how in these areas, our goal is to set in motion a “virtuous circle” of sustainability that simultaneously increases our sales and profits. We already consider climate change issues carefully as a key factor when making investment decisions regarding new products, mergers and acquisitions, a process that has led us so far to invest in ‘smart’ fertilizers and renewable energy initiatives.

ICL’s Centre of Excellence for Greenhouse Gases (GHG COE), which we established in 2008, promotes corporate-wide initiatives for implementing ICL’s overall climate-change strategy. The GHG COE promotes carbon reporting and reduction initiatives on both product and facility levels, from R&D to procurement to M&A policies. The GHG COE is also responsible for gathering, processing and consolidating needed climate change-related data from all ICL companies, reporting it to the CDP and other bodies, and issuing an annual report quantifying Company-wide GHG emissions (Corporate Carbon Footprint) for internal management purposes. The COE also reports on climate change and carbon footprint issues to senior management on a periodic basis, who in turn report regularly (quarterly/annual) to the Board of Directors.

With the goal of becoming a leading player in the chemical industry’s efforts to mitigate climate change, we began ‘Carbon Footprinting’ our products in 2008, beginning with a pilot project for five ‘core’ products: potash, bromine, green and white phosphoric acids and the specialty fertilizer MKP. Our methodology was the use of LCA analyses based on the rigorous UK standard PAS 2050. After having attained the Carbon Trust’s certification for these products, we moved deeper into our product portfolio, calculating the Carbon Footprint of more than 40 additional products worldwide, and plan to expand this calculation for more products on a continuous, long-term process. Currently, we are working with SAP- a leading global IT provider- to implement a GHG management IT system (‘Carbon Impact’) aimed at significantly accelerating our ability to quantify carbon emissions and reductions achieved. This system will enable close, ongoing monitoring of the Carbon Footprint of dozens of our products and facilities worldwide, enabling us to produce timely reports and forecasts on-line. We consider this implementation as a substantial business decision.

Our strategy is based on the assumption that climate change is becoming an increasingly significant issue for consumers, governments and companies worldwide (as detailed in R1, R8, O1 and O4 in Risks & Opportunities below). To date, we have received several requests to document our products’ CFP, showing growing consumer awareness for climate change issues. These requests, usually received by the different marketing divisions, were reported to ICL’s management and have accelerated ICL’s strategic adaptation to climate change. Furthermore, we are aware of intensifying global legislation and regulation of all issues relating to climate change. These phenomena have encouraged ICL to pursue industry leadership in both product and corporate Carbon Footprinting.

In the short term, the need for reliable, company-wide CFP calculations has led us to implement improved measurements of the full range of our carbon-related activities. It has also led to process changes – for example, we have implemented projects accredited as part of the UN Clean Development Mechanism to reduce our SF6 and N2O emissions, and thereby generated over \$4 million in revenues related to Carbon Credit. These CDM projects (and the transition to natural gas, described below) were also initiated to help ICL reach its current reduction target (20% by 2012, see 3.1 below). This year, ICL continues the reporting of the Company’s overall GHG emissions to both the CDP and to the young voluntary reporting mechanism in Israel. In this way, we are demonstrating our commitment to the mitigation of climate change and our aim to assume leadership in climate change mitigation activities.

We believe we have become one of the leading companies in the GHG field, not only in Israel, but also on a global industry basis. We believe our efforts in this field this positions us favourably to withstand growing consumer scrutiny and the public’s preference for low-carbon economies.

One of the most significant climate-change related business decisions that we have made is to shift our operations to use natural gas rather than fuel oil or diesel to power our operations (on a continuous, long term basis). This decision, whose implementation began in 2010, was sparked, amongst other factors, by the need to use less carbon-intensive fuels. Our efforts in this direction have already greatly reduced our Scope 1 onsite-energy emissions, and the benefits had continued in 2011. However, this transition has suffered a significant set-back recently due to major inconsistencies in natural gas supply from Egypt to Israel. These inconsistencies have caused an increased demand for gas from the Yam Tetis field, ICL’s current natural gas source, and have significantly accelerated the field’s depletion and strained its ability to meet the required capacity. The input of natural gas has unfortunately decreased significantly at the moment and is not expected to recover until mid 2013, which has caused a short-term change in this ICL strategic transition. ICL is closely monitoring the developments in the natural gas supply market, including new discoveries such as the Tamar Gas Field off the shores of Israel.

Please explain why not

2.3

Do you engage with policy makers to encourage further action on mitigation and/or adaptation?

Yes

2.3a

Please explain (i) the engagement process and (ii) actions you are advocating

ICL is an active member of Climate Change committees as part of Israel's Manufacturers Association. As one of the leading climate change activist companies in Israel, a country which is moving ever closer towards the legislation of carbon-limiting initiatives, ICL is regularly asked to state its opinion regarding proposed carbon initiatives, drafts of new Carbon Footprint (CFP) standards, etc.

For example, ICL's representatives took an active part in a national GHG mitigation committee (Israel's GHG Reduction curve), and often voice ICL's support of stricter climate change policies and potential emission-trading schemes.

A local leader in GHG accounting, ICL has already reduced its GHG emissions significantly and continues to reduce them further. As such, ICL is well prepared to participate in any emission trading scheme and would profit from Israel's joining of an international emission trading program.

In June 2011, ICL has become one of the first companies to make a GHG emission report to the new, voluntary GHG reporting mechanism established by the Israeli Ministry for the Protection of the Environment. Member companies, such as ICL, have been asked to help shape the new mechanism: for example, ICL has suggested the inclusion of a number of factors relevant to chemical companies. ICL believes that its participation will be a positive catalyst for the participation of other Israeli companies, thus helping Israel to achieve its nationwide climate change mitigation targets.

ICL's GHG COE representatives are frequently asked to lecture on ICL's CFP work, with an emphasis on the marketing and material advantages that the program has generated so far. This is another sign that ICL is viewed as a leader for climate change-related activities within Israel.

ICL frequently asks its suppliers to provide CFP accounting for their products as an input for ICL's product CFP calculations. This is one of the ways in which ICL is encouraging other companies to conduct product CFPs.

Page: 3. Targets and Initiatives

3.1

Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Absolute target

3.1a

Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
T1	Scope 1+2+3	85%	20%	2008	3886983	2012	We have indicated that only 85% of our global emissions were included in the target T1. The explanation is that ICL began measuring its emissions in Israel in 2008, but began measuring its emissions outside Israel only in 2010. We have managed to create a conservative estimation regarding global emissions in 2008 using the proportion of non-Israeli facilities out of the total combined emissions in 2010. In 2011, emissions from Israeli facilities accounted for 79 % of the total emissions. Due to the fact that major emission reductions have been achieved in our Israeli facilities, we are highly confident that in 2008 (with significantly higher emissions in Israel vs. 2011, and with similar emission levels in non-Israeli facilities), the Israeli facilities have created 85-95% of total emissions. Therefore, our indication of 85% as the proportion of emissions from Israeli facilities out of the total emissions represents a conservative approach. Note: the 2008 total Scope 1+2+3 emission figure used for this calculation is 8.2% higher than the one reported for last year's CDP response following the re-baselining process required by the GHG protocol for reporting companies. Retro-active corrections made to 2008 emissions include the addition of several GHG-generating activities to our past inventory, which have been discovered during the 2011 assessment and had been added to all past years for comparability reasons. These corrections are part of our constant efforts to improve the accuracy and fullness of our vast and complex GHG inventory. The 8.2% difference is well within the uncertainty range declared at last year's report.

3.1b

Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions	Target year	Comment

3.1c

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comments

3.1d

Please provide details on your progress against this target made in the reporting year

ID	% complete (time)	% complete (emissions)	Comment
T1	75	100	We were successful in meeting the target earlier than we had projected. We are currently updating our targets.

3.1e

Please explain (i) why not; and (ii) forecast how your emissions will change over the next five years

3.2

Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?

No

3.2a

Please provide details (see guidance)

3.3

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and/or implementation phases)

Yes

3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings (only for rows marked *)
Under investigation		
To be implemented*		
Implementation commenced*	4	1562000
Implemented*		
Not to be implemented		

3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
Other	<p>Transition to natural gas: During 2010, ICL's CHP plant in the Sdom region of Israel and its nearby production facilities (DSW, DSM, etc.) began transitioning from using fuel oil and diesel to the use of natural gas, resulting in a dramatic reduction in the Company's use of fuel oil and diesel. This process has continued at 2011. Currently, ICL's GHG emissions at Sdom have decreased by approx. 20% as a result of the transition. Similarly, ICL's Periclas facility is currently at an advanced stage of this transition, and is using natural gas as its main fuel as of March 2011. Rotem-Amfert Negev, another large production facility, had begun this transition at late 2011. These measures are reducing our Scope 1 emissions directly by decreasing emissions from onsite energy combustion. In addition, they may reduce our Scope 2 emissions, as the employment of new, more efficient CHP plants effectively reduces ICL's dependency on the purchase of electricity from the national grid. This initiative is expected to operate on a permanent basis, without a limited lifespan. However, the transition has suffered a significant set-back recently due to major inconsistencies in natural gas supply from Egypt to Israel. These inconsistencies have caused an increased demand for gas from the Yam Tetis field, ICL's current natural gas source, and have significantly accelerated the field's depletion and strained its ability to meet the required capacity. The input of natural gas has unfortunately decreased significantly at the moment and is not expected to recover until mid 2013. ICL is closely monitoring the developments in the natural gas supply market, including new discoveries such as the Tamar field off the shores of Israel. ICL has undertaken this transition to natural gas on a voluntary basis in line with Israel's national energy strategy. The transition will significantly improve the ICL group energy efficiency, and is expected to reduce energy, maintenance and other costs, thereby saving ICL over 100 million USD(\$) annually. This estimated yearly saving is expected after the completion of the conversion of all ICL facilities to Natural Gas usage, was determined according to currently known fuel prices, is relevant to the time of completion of this report, and might be revised due to future events such as fluctuations in fuel prices, the availability of Natural Gas etc.</p>	450000	100000000	100000000	1-3 years
Process emissions reductions	<p>Changes in the manufacturing process of metal magnesium: Despite the fact that magnesium is a commodity and that its markets are highly competitive, ICL's magnesium production process conforms to extremely high quality standards and incorporate an ongoing effort to reduce associated carbon emissions. Magnesium, when melted, ignites if it comes into contact with oxygen in the air, an occurrence which impairs the quality of the product. For this reason, it is common industry practice to "protect" the magnesium by using</p>	1000000	0	900000	

Activity type	Description of activity	Estimated annual CO2e savings	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
	<p>gases that prevent its exposure to oxygen. Some of the gases commonly used in this process have been linked with negative health and environmental effects, including SF6. As awareness of the need for environmental protection grows, the industry has become more aware that SF6 is a greenhouse gas with significant greenhouse potential (23,900 CO2e). As such, ICL's Dead Sea Magnesium (DSM) had initially replaced this gas with HFC134a, a gas with a lower environmental impact. As of July 2011, DSM is also replacing some of the HFC134a with Novec 612, a substitute protection compound with a very low GWP. For this reduction initiative, ICL's DSM has chosen to employ the UN's Clean Development Mechanism (CDM) for the trading of approvals for the reduction of greenhouse gases (Carbon Credits). The company initiated this project in 2009, and is annually validating the achieved reductions. . At 2011 SF6 was no longer used at DSM, and has been replaced by a combination of using both HFC134a and Novec 612. The project has resulted in a significant reduction in DSM's CFP and in ICL's overall CFP. DSM has reduced its Scope 1 process GHG emissions by over 90%. The change was voluntary, and the company has received CDM credit for it, generating approximately \$4 million annually in income from carbon credits. This initiative is expected to operate on a permanent basis, without a limited lifespan.</p>				
Process emissions reductions	<p>Reduction of emissions: ICL Fertilizers and its chemical subsidiaries located in Haifa, Israel operate a nitric acid facility which emits a small quantity of nitrous oxide (N2O). Although nitrous oxide is not considered a health contaminant, it is considered a greenhouse gas. Since the end of November 2007, ICL has been deploying an innovative system aimed at reducing its nitrous oxide emissions (per nitric acid production) by about 80%. At this stage, the actual reduction achieved has reached 50%, and the Company is continuing its efforts to improve the performance of the system through support of Johnson Matthey, the firm that developed the technology. The reduction achieved to date is equivalent to the prevention of approximately 190,000 tons of carbon dioxide emissions. The project was approved by the Clean Development Mechanism Executive Board of the United Nations Framework Convention on Climate Change (CDMEB - UNFCCC) and backed by Israel's National Committee for Clean Development. This process enables the Company to use the Clean Development Mechanism (CDM), making it possible to trade Carbon Credits. The reduction is in Scope 1 process emissions. The change was voluntary, and ICL has received CDM credit for it. The project is still underway, and is scheduled to reach its 80% goal no later than 2014. This initiative is expected to operate on a permanent basis, without a limited lifespan. The estimated eventual annual CO2e reduction is difficult to estimate in absolute terms- as the production level of nitric acid at this facility can vary significantly</p>	80000	0	1000000	

Activity type	Description of activity	Estimated annual CO2e savings	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
	according to market needs.				
Energy efficiency: processes	Energy savings: For several years, ICL has been employing a comprehensive energy savings program. As a large chemical producer, ICL has identified many areas in which it can potentially reduce significant amounts of wasted energy and carbon emissions. In 2011, its energy savings program included the following activities, among others: • Reduction of unproductive machinery usage • Improvement of the operating efficiency of machinery • Increased efficiency of heat and steam consumption • Diversion of electricity usage to low-tide hours where possible • Reduction of energy wasted on unnecessary lighting and air conditioning • Usage of waste-heat and other activities. This program was estimated to reduce our overall Scope 1 and Scope 2 emissions by 30,000 tons CO2e. The program is currently voluntary however energy efficiency programs are likely to become part of regulation in Israel over the next two year. At 2011, the environmental ministry of Israel has expressed its intension to include the EU's BREF on energy efficiency (2009) as part of such regulation, and ICL has begun already to implement the BREF as part of our energy savings program. The program is an on-going process which will continue in future years. In addition, the behavioural changes effected are intended to be maintained and to be enhanced in the future. Therefore, this initiative is expected to operate on a permanent basis, without a limited lifespan.	32000	7000000	1000000	<1 year

3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	
Dedicated budget for energy efficiency	
Employee engagement	
Other	The financial potential of the CDM mechanism.

3.3d

If you do not have any emissions reduction initiatives, please explain why not

Further Information

Some of ICL's products can be used by customers to prevent the generation GHG emissions, although we did not include this in section 3.2 due to our limited access to specific estimations. Examples of these products include:

- Potash, a common fertilizer (one of ICL Fertilizers' main products): the use of potash makes the use of land by farmers more efficient, thereby preventing the need to convert additional forests or wetlands for agriculture. As such, the use of potash has a beneficial effect on the global carbon balance. Potash also increases plant sequestration of CO2 in comparison with other fertilizers.
- Flame retardants (ICL Industrial Products largest product lines) enhance resistance to fire in diverse applications and delay its spread. The fires prevented (or quenched more rapidly) reduce significant unnecessary carbon dioxide emissions.
- ICL's chemical-based water treatment solutions enhance the fresh water supply in water-challenged regions, reducing the need to engage in energy-intensive, costly desalination projects.

Page: 4. Communication

4.1

Have you published information about your company's response to climate change and GHG emissions performance for this reporting year in other places than in your CDP response? If so, please attach the publication(s)

Publication	Page/Section Reference	Identify the attachment
In annual reports (complete)	page 26, 3.3.1.B.2	2011 Annual Report
In voluntary communications (underway) – previous year attached	page 54-56	2010 Corporate Responsibility (CSR) Report
In voluntary communications (underway) –	Only one page	2010 GHG emission report to the voluntary reporting scheme of the environmental

Publication	Page/Section Reference	Identify the attachment
previous year attached		ministry in Israel (only Hebrew version exists)

Further Information

Our 2011 Annual Report and 2010 Corporate Responsibility Report summarize ICL's general strategy regarding climate change and GHG emissions. The Corporate Responsibility Report also includes GHG emission statistics for the entire Company. English versions of both reports are attached below. In July 2011, ICL has become one of the first companies to file a report regarding its Israeli GHG emissions to the new, voluntary GHG reporting mechanism established by the Israeli Ministry for the Protection of the Environment (note: ICL's Israeli facilities account for approximately 80% of the Company's global GHG emissions). This report (attached below) only exists in the Hebrew language.

Attachments

[https://www.cdproject.net/Sites/2012/40/22340/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/Annual report 2011.pdf](https://www.cdproject.net/Sites/2012/40/22340/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/4.Communication/Annual%20report%202011.pdf)
[https://www.cdproject.net/Sites/2012/40/22340/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/CSR 2010 EN ver.pdf](https://www.cdproject.net/Sites/2012/40/22340/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/4.Communication/CSR%202010%20EN%20ver.pdf)
[https://www.cdproject.net/Sites/2012/40/22340/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/ICL voluntary GHG report-2010.pdf](https://www.cdproject.net/Sites/2012/40/22340/Investor%20CDP%202012/Shared%20Documents/Attachments/InvestorCDP2012/4.Communication/ICL%20voluntary%20GHG%20report-2010.pdf)

Module: Risks and Opportunities [Investor]

Page: 2012-Investor-Risks&Opps-ClimateChangeRisks

5.1

Have you identified any climate change risks (current or future) that have potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Risks driven by changes in regulation
 Risks driven by changes in physical climate parameters
 Risks driven by changes in other climate-related developments

5.1a

Please describe your risks driven by changes in regulation

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
R1	Uncertainty surrounding new regulation	<p>Currently, Israeli companies are not yet obliged to measure, report or reduce their GHG emissions. In 2008, the Israeli government approved the Clean Air Act, a law aimed at regulating the treatment and control of air pollution. The Act's orders will be implemented throughout Israel in phases from 2011-2014. Under the law's definitions, ICL's plants have a high environmental influence ("IPPC Plants") and will therefore be subject to certain emission quotas. However, the law does not yet specifically mention GHG emissions. At 2011, The Israeli parliament has passed a law promoting the establishment of a local PRTR (Pollution Release and Transfer Registry), which will require Israeli industry facilities to annually report a significant variety of pollutant emissions, including GHG gases, as of mid 2013. However, the implementation methods of the registry remain unclear at the moment. In 2010, a voluntary mechanism for company reporting of GHG emissions was founded with the active participation of ICL. This mechanism could lead to the establishment of a mandatory reporting and emission-reducing mechanism in Israel, possibly as part of the above mentioned PRTR. However, there is no certainty that this will be the case. In conclusion, it is unclear what form the eventual mandatory mechanism in Israel would take: whether an emission trading scheme (such as the EU-ETS), a taxation plan or some other option. Additional related uncertainties include the base years which would be used in such a mechanism, and the magnitude of emission reductions that would be demanded. A general overall Carbon tax, such as the one considered in Europe, could add additional costs to ICL's activities. However, it is likely that</p>	Increased operational cost	1-5 years	Direct	About as likely as not	Low

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		such an option would be adopted first in Europe, and would therefore first affect ICL's European facilities if at all. ICL is already active in this field through its GHG Centre of Excellence, has gathered expertise in this field and begun the process of reporting and reducing its emissions. Hence, ICL believes that it is well prepared for such a scenario.					
R2	Other regulatory drivers	ICL, as a company within the chemistry industry, is influenced by regulatory demands and licensing polices (e.g. environment and safety). For instance, ICL produces potash and salt in Israel, Spain and the UK according to permits and licenses issued by the relevant countries. Regulatory demands have been intensifying throughout the world, and changes in the compliance landscape may impact ICL and its operations. Further, since climate change increases the likelihood and severity of natural disasters, the acceleration of climate change could result in increased regulatory activities, influencing governmental decisions regarding the renewal of licenses. Government approvals are important to ICL in cases in which non-renewal could affect the company. However, ICL maintains high standards throughout its production facilities, often significantly above regulatory requirement, and therefore sees this risk as exceptionally unlikely.	Reduction/disruption in production capacity	Unknown	Direct	Exceptionally unlikely	Low
R3	Fuel/energy taxes and regulations	ICL's plants throughout the world consume large amounts of energy (although they are highly energy-efficient). Governments are expected to act to mitigate climate change, and one of the mitigation methods they may use is the legislation of taxes and/or regulations associated with the combustion of fossil fuels, especially emission-intensive fuels such as fuel oil and diesel. Any increase in the input fuel cost rate will affect the Company's manufacturing costs and volumes. The fact that ICL is already implementing a gradual shift from fuel oil and diesel to natural gas positions it favourably to deal with such government initiatives.	Increased operational cost	1-5 years	Direct	About as likely as not	Low

5.1b

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

Note: Ernst & Young has been facilitating the ERM program in ICL and supported us with methodology of identification of risks.

R1:

(i) Potential financial implications of the risk are the costs of a potential Carbon tax which will add a price for every CO₂ ton emitted, the costs of maintaining a dedicated and professional staff for the measuring of the GHG emissions, and the costs of hiring a qualified third party accounting company to verify our GHG calculations. The overall financial expense under this scenario should not exceed \$10 million (less than 1% from the company's net income). However, the scenario of an overall Carbon tax implemented in Israel seems unlikely in the adjacent future, as Israel is just now taking its first steps in GHG legislation.

(ii) ICL has founded its GHG Centre of Excellence, and the company has gathered expertise in the GHG field and has begun cutting its emissions by over 35% from 2008 levels. Thanks to its significant role and advanced position with regards to GHG management, ICL is a strategic partner in the dialogue between the government and the Industry in Israel, and can anticipate coming developments within this risk in advance.

Therefore, ICL is well-positioned to manage this risk, and has invested the necessary resources to deal with climate change as part of its sustainability policy.

(iii) The costs associated with our actions are reflected in maintaining a dedicated and professional team for the continuous analysis of GHG emissions, and hiring a qualified third party accounting company to verify our GHG calculations. We estimate the overall costs at less than \$5 million annually (less than 0.5% of the company's net income).

R2:

(i) Potential financial implications of the risk are the losses of revenues from the operation of specific ICL facilities (due to non-renewal of permits). Revenues of ICL (2011) were \$7.1 billion globally, and any loss of revenue is dependent on which facilities are involved and for what period of time. In addition, the financial impact is related to selling prices of our products, which are subject to market developments.

(ii) ICL believes the scenario of the non-renewal or cancelation to our permits is very unlikely. The ICL facilities are in full compliance with strict environmental regulations, and act to prevent the likelihood of a damage caused to our facilities by natural disasters, for example by mitigating the intensity of floods at our facilities areas using canals and other engineering solutions. Therefore, the scenario of a severe damage caused to one of our facilities that would lead to a non-renewal of permits is not considered by ICL as a significant risk. Furthermore, ICL is an extremely diverse and globally spread company, with over 45 production sites worldwide and a wide variety of products. Therefore, even the temporary or permanent shutdown of one of its facilities is very unlikely to have a significant influence on the company's overall profitability (net income of \$1.5 billion in 2011).

(iii) The costs associated with our actions are the costs of implementing engineering solutions such as the canals described above. Such costs are dependent on the type of regulatory requirement, the production site involved and the scope of work needed, In 2011, ICL spent a sum of around \$107 million on environmental issues, out of which \$39 million were invested in plant and equipment for the prevention of environmental hazards, and approximately \$67 million as a current expense in this area. In 2012, ICL expects to spend a sum of approximately \$136 million in these areas, of which \$68 million will be as an investment in plant and equipment, and about \$67 million will be a current expense for the same purposes. It is also expected that beyond 2012 there will not be a drop in the amount of these costs.

R3:

(i) Potential financial implications of the risk are the added taxes related to (Carbon-intense) fossil fuels, which could add costs to large producing companies such as ICL. This impact can amount to several millions of dollars annually. ICL's energy costs in 2011 amounted to 8 % of total production costs. Of the energy costs, the cost of oil and oil products, electricity and natural gas represent 26% (\$100 million), 45% (\$177 million) and 20% (\$78 million), respectively. In tandem with a gradual increase in the use of natural gas, energy costs as a percentage of total production costs are declining and the mix of these costs are changing.

(ii) As part of the effort to tackle global warming as well as the rising risk involved with dependency on fuel oil and as mentioned above, ICL has been completing a gradual shift to the full usage of natural gas as our main fuel source. This strategic investment of nearly \$100 million is expected to yield over \$100 million in annual energy savings (see above for further clarifications), but also reduce our exposure to the fluctuating oil market. During 2010, ICL's power station in the Sdom region of Israel and its nearby production facilities (DSW, DSM, etc.) began transitioning from the use of fuel oil and diesel to the use of natural gas, resulting in a dramatic reduction in the Company's use of fuel oil and diesel. ICL's GHG emissions at Sdom have decreased by approximately 20% as a result of the transition to natural gas. Other ICL facilities have commenced in a similar transition at 2011. However, the transition to natural gas has suffered a significant set-back recently due to major inconsistencies in natural gas supply from Egypt to Israel. These inconsistencies have caused an increased demand for gas from the Yam Tetis field, ICL's current natural gas source, and have significantly accelerated the field's depletion and strained its ability to meet the required capacity. The input of natural gas has unfortunately decreased significantly at the moment and is not expected to recover until mid 2013. ICL is closely monitoring the developments in the natural gas supply market, including new discoveries such as the Tamar field off the shores of Israel.

Since renewable energy has not yet become a reliable energy source for industries at Israel and other countries, Natural Gas is the best current available solution for ICL in GHG emission terms, and therefore it is very unlikely that it will be specifically taxed in Israel, ICL is also utilising solar energy for the production of Carnallite at the Dead Sea, using one of the world's largest evaporation systems. The use of solar energy helps ICL avoid the high costs related to fossil fuels and other energy sources used by the company's competitors. Regardless to the transition to natural gas and use of solar energy, ICL is hedging against short-term fluctuating energy prices coordinated by ICL's energy forum.

(iii) Costs associated with the strategic transition to natural gas are approx. 100 million USD (\$).

5.1c

Please describe your risks that are driven by change in physical climate parameters

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
R4	Change in precipitation extremes and droughts	ICL is a major producer of fertilizers for the agricultural industry. The agricultural industry is influenced by local weather conditions. Storms, long periods of drought, floods and extreme temperature change can affect crop quality and quantity, resulting potentially in decreased fertilizer usage and loss of sales. In fact, one of the main effects of climate change is expected to be an increased frequency of extreme weather events, such as harsher and/or longer droughts, which also leads to crop loss. If a country experiences a dramatic change in crop characteristics or output, the government could activate a mitigation plan by increasing the subsidy offered to local producers and farmers. It is difficult to predict the effect that this might have on ICL sales and revenues. If demand	Reduced demand for goods/services	Current	Indirect (Client)	About as likely as not	Low

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		for fertilizers drops, ICL might be forced to reduce its prices, thereby reducing its profits. However, a drought in one country could lead to increased fertilizer demand in another country which becomes its supplier, leading to increased profits for ICL in the supplier country. As such, climate change could represent both a risk and an opportunity for ICL.					
R5	Sea level rise	ICL is a major producer of fertilizers, products which are needed globally to achieve the increasing need to produce more crops from a decreasing quantity of agricultural land. One of the expected effects of climate change is a rise in the level of the sea. Such a rise could significantly diminish the amounts of land available for all of mankind's needs, including agriculture. If the quantity of land used for agriculture is diminished, ICL's sales of fertilizer could be impacted. However, the need to grow the same or more crops on less land will increase demand for fertilizers. Therefore, the rise in sea level represents both a risk and an opportunity for ICL.	Reduced demand for goods/services	>10 years	Indirect (Client)	Very unlikely	Low
R6	Change in precipitation extremes and droughts	Some of ICL's Israeli plants are located in Sdom in the Dead Sea region. In 2004, severe flooding in the area caused property damages and loss of profits. Climate change is expected to increase the frequency of extreme weather events such as floods, and could therefore increase the chance of such incidents in the future. Apart from implementing physical measures to deal with extreme weather conditions, ICL has acquired insurance to protect itself from exposure to such natural disasters.	Reduction/disruption in production capacity	Current	Direct	Unlikely	Medium
R7	Change in precipitation pattern	The Company's Israeli phosphate plants use a large quantity of water as part of their daily operations. This water is purchased from Israel's national water company, Mekorot, at a cost determined by the Israeli government. Climate change is likely to reduce precipitation in Israel, thus increasing the price of water. Any increase in the cost of water may increase the Company's operational costs.	Increased operational cost	Current	Direct	More likely than not	Low

5.1d

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

R4:

(i) Potential financial implications of the risk are the losses of revenues from sales of fertilizers to the specific regions which will be affected by the droughts. However, since ICL is a leading global producer of fertilizers with many diverse customers spread across the globe, it is very unlikely that any specific cases of droughts would cause significant damage to the company's revenues. Moreover, ICL produces not only fertilizers but also bromine-based products and specialty chemicals based on phosphoric acid and other raw materials. The demand for these products is less directly associated with climate change risks, and some of them (such as water treatment biocides) even benefit from these developments, such as increasing water demand.

(ii) As mentioned above, ICL's vast distribution of customers around the world greatly reduces its chances of being impacted by this risk and the magnitude of it. In order to mitigate this risk, ICL continues to explore new markets in order to reduce the company's exposure to specific markets.

(iii) There are no significant costs associated with managing this risk. Marketing costs are included in the company's expenses.

R5:

(i) Potential financial implications of the risk are the losses of revenues from sales of fertilizers to the specific regions which will be affected by the sea level rise. However, since ICL is a leading global producer of fertilizers with many diverse customers spread across the globe, it is unlikely that specific cases of sea level rises would cause significant damage to the company's revenues. Moreover, ICL produces not only fertilizers but also bromine-based products and specialty chemicals based on phosphoric acid and other raw materials. The demand for these products is less directly associated with climate change risks, and some of them (such as water treatment biocides) even benefit from these developments, such as increasing water demand.

(ii) As mentioned above, ICL's vast distribution of customers around the world greatly reduces its chances of being impacted by this risk and the magnitude of it. In order to mitigate this risk, ICL continues to explore new markets in order to reduce the company's exposure to specific markets.

(iii) There are no significant costs associated with managing this risk. Marketing costs are included in the company's expenses.

R6:

(i) Potential financial implications of the risk are the physical damage that could be inflicted to ICL's facilities in the case of floods, and the loss of revenue caused by a lowered production. Note: this risk is also mentioned in section 5.8.15 of ICL's 2011 annual report (p.119-120), along with other possible natural disasters such as earthquakes, which are not necessarily related to climate change. The company has estimated the potential level of influence of the combined risk of all natural disasters (related and unrelated to climate change) as high (p. 121 of annual report).

(ii) Apart from ICL implementing specific physical measures to deal with such scenarios, ICL has acquired insurance to protect itself from exposure to such natural disasters as floods. This does not affect the likelihood of floods, but greatly reduces the magnitude of potential damage to ICL. This insurance is currently expected to be renewed annually, hence mitigating this risk for a long-lasting timeframe.

(iii) The cost associated with our actions is the specific measures and price of the insurance, estimated at several millions of dollars.

R7:

(i) Potential financial implications of the risk are the added costs of water, with several millions of dollars annually. However, these added costs are not expected to be significant compared with general ICL income.

(ii) ICL has partial ownership (50%) in I.D.E, a leading company in water desalination solutions. This company, and other similar companies, help in the implementation of widespread desalination of water in Israel and other countries, and producing new technologies which help in reducing the price of desalinated water. In this matter, the rise in water price would hopefully be mitigated. This action by the company might only slightly reduce the magnitude and the likelihood of the risk. The desalination market is expected to grow, and therefore ICL's involvement in it is supposed to last for a very long timeframe. In addition, ICL is also a key supplier of water treatment products as part of ICL Industrial Products' portfolio. Developing these products should help mitigate some of the effects related to

the costs of water.

(iii) There are no specific costs associated with managing this risk. The ownership of I.D.E is maintained without any direct relation to this risk's management.

5.1e

Please describe your risks that are driven by changes in other climate-related developments

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
R8	Changing consumer behaviour	As awareness of climate change increases, consumers are pressing governments and companies to take preventative action. ICL has experienced growing demand from its clients to provide Carbon Footprint (CFP) calculations for its products. For example, the French Government has recently enacted a pilot program under which products imported into France are requested have a valid product CFP. Products which will not have a reliable calculated CFP, could suffer from a competitive disadvantage compared to more climate change-oriented competitors. As a company with many diverse products, ICL intends to spend significant resources (in terms of personnel, time and funding) to answer growing world's demand for product Carbon Footprinting. Its actions are facilitated by its accumulated experience in establishing ICL's GHG COE, which has gathered much expertise on the subject, as well as its progress in product Carbon Footprinting. Furthermore, the Company has now commenced the implementation of an automated carbon reporting system which could significantly simplify related efforts, and will soon begin the pilot stage of the system. Therefore, the change of consumer behaviour represents both a risk and an opportunity for ICL, as the Company's efforts in this area position it as a leader in the climate change field, improving its overall reputation (and potentially therefore increasing its sales).	Reduced demand for goods/services	Current	Direct	Likely	Low

5.1f

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; (iii) the costs associated with these actions

R8:

(i) Potential financial implications of the risk are the loss of sales, due to the consumers preference to products that have conducted a CFP calculation, and/or have a lower CFP than our products. However, ICL is likely to be more prepared for the change in consumers' behaviour than others. Therefore, this item could represent a source of added costs, but is more likely to represent an opportunity to exhibit our leadership in the climate change field, and improve our reputation with clients (thus potentially increasing our sales). In conclusion, the change in consumer behaviour is more of an opportunity for ICL than a risk. We therefore see this risk as a \$0 or insignificant.

(ii) The GHG COE has gathered much expertise on the subject. The Carbon Footprinting of our products is advancing at a steady pace, with more than 45 products under reliable carbon footprint analysis according to the British standard PAS2050 together with SKM Enviros. Five of ICL's core products have also gained the Carbon Trust's certification at 2009, and we have currently begun the implementation of the SAP 'Carbon Impact' GHG IT system which could significantly help our relevant efforts. Our actions in this field significantly reduce the magnitude of this risk, and in fact turn it into an opportunity, if we can keep our position as leaders in climate change management.

(iii) The costs associated with our actions are the costs of maintaining a dedicated and professional staff for the measuring and the analyzing of our GHG emissions, and the license costs for SAP's 'Carbon Impact' and other relevant business tools. These combined costs amount to less than \$0.5 million annually. Such costs are very negligible compared to the overall ICL profits.

5.1g

Please explain why you do not consider your company to be exposed to risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

5.1h

Please explain why you do not consider your company to be exposed to risks driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

5.1i

Please explain why you do not consider your company to be exposed to risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

6.1

Have you identified any climate change opportunities (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Opportunities driven by changes in regulation
- Opportunities driven by changes in physical climate parameters
- Opportunities driven by changes in other climate-related developments

6.1a

Please describe your opportunities that are driven by changes in regulation

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
O1	Cap and trade schemes	One of the scenarios related to the Israeli government's strategy regarding climate change is the implementation of a local cap & trade scheme and/or the joining of the country to one of the existing global schemes. As a company that has achieved expertise in both carbon reporting and physical reductions, ICL could benefit from the implementation of a cap & trade scheme in Israel. Therefore, we believe that such a development could become an opportunity for the Company.	Other: A competitive advantage	1-5 years	Direct	Unknown	Unknown

6.1b

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

O1:

(i) Potential implications: Emission trading schemes offer financial opportunities for companies who can exhibit the best reduction per cost ratios. Based on our earnings from trading carbon credits through the clean development mechanisms, the potential financial income from implementing such a scheme in Israel could reach over \$4 million annually for ICL.

(ii) As a large producing company which has highly developed its methods to calculate its GHG emissions and to find the best opportunities for emission reductions, ICL has already significantly reduced its emissions and continues to do so. Therefore, ICL has developed a competitive advantage for such a potential scheme. To address the potential impact, we have as of now contracted our carbon credits within the CDM scheme up to 2012, and in some cases on a spot basis with no future commitments, allowing the company sufficient carbon credits to manage potential opportunities arising in carbon markets. In order of increasing the likelihood of this opportunity, ICL is advocating for an open, free carbon market in Israel whenever we are asked for our opinion.

(iii) There are direct no costs associated with these actions, except for maintaining the activities within the corporate GHG Centre of Excellence. These ongoing costs are estimated at less than \$0.5 million annually.

6.1c

Please describe the opportunities that are driven by changes in physical climate parameters

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
O2	Change in precipitation extremes and droughts	The agricultural industry, in which ICL operates, is influenced by local weather conditions. Storms, long dryness periods, floods and extreme temperature changes could affect the agricultural product quality and its quantity, resulting in higher fertilizer usage and therefore increased sales. One of the expected main effects of climate change is the increase in frequency of extreme events such as harsher and/or longer droughts, which of course leads to a loss of crops. If a country experiences a dramatic change in crops characteristics or output, the government could activate a mitigation plan under which it would increase subsidies to local producers / farmers. In some cases, a drought in one country could lead to increased fertilizer demand in another country which supplies its food, leading to increased profits for ICL in the supplier country. Therefore, change in precipitation extremes and droughts is considered both a	Increased demand for existing products/services	Unknown	Indirect (Client)	Unknown	Unknown

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		risk and an opportunity for ICL.					
O3	Other physical climate opportunities	ICL is a major producer of fertilizers, products which are needed globally to achieve the increasing need to produce more crops from a decreasing quantity of agricultural land. In addition, ICL produces a variety of products aimed at fighting wildfires, which become frequent among hot-climate countries such as Australia, California and several Mediterranean countries. One of the expected effects of climate change is a rise in the level of the sea. Such a rise could significantly diminish the amounts of land available for all of mankind's needs, including agriculture. If the quantity of land used for agriculture is diminished, ICL's sales of fertilizer will be impacted. However, the need to grow the same or more crops on less land will increase demand for fertilizers. Therefore, the rise in sea level represents both a risk and an opportunity for ICL.	Increased demand for existing products/services	Unknown	Indirect (Client)	Unknown	Unknown

6.1d

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

O2:

(i) Potential financial implications of this opportunity are the additional revenues from sales of fertilizers to the specific regions as a result of the change in climate patterns. These financial implications are very much dependent on the type of products and markets involved and could amount to several millions of dollars.

(ii) ICL continues to explore new opportunities in developing markets, and expands its global position to benefit from any direct opportunity in this field. ICL's vast distribution of customers around the world enhances its ability to benefit from this opportunity and the magnitude of the opportunity.

(iii) There are no significant costs associated with managing this opportunity. Marketing costs are included in the company's expenses.

O3:

(i) Potential financial implications of this opportunity are the additional revenues from sales of fertilizers to the specific regions as a result of other changes in climate patterns. These financial implications are very much dependent on the type of products and markets involved and could amount to several millions of dollars.

(ii) ICL continues to explore new opportunities in developing markets, and expands its global position to benefit from any direct opportunity in this field. ICL's vast distribution of customers around the world enhances its ability to benefit from this opportunity and the magnitude of it.

(iii) There are no significant costs associated with managing this opportunity. Marketing costs are included in the company's expenses.

6.1e

Please describe the opportunities that are driven by changes in other climate-related developments

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
O4	Changing consumer behaviour	As the awareness to climate change rises in the world, consumers are beginning to pressure governments and companies to act on the subject. ICL has experienced a growing demand from its clients to provide them with the Carbon Footprint (CFP) of our products. Recently, the French Government has decided, as a pilot stage for the coming year, to demand any imported product entering France to have a valid product CFP. As a company with many diverse products, ICL needs to spend significant resources (personal, time and funding) to answer to growing demand of product Carbon Footprinting. However, the GHG COE has gathered much expertise on the subject, the Carbon Footprinting of our products is advancing on a steady pace, and we are now considering the implementation of an automated carbon reporting system which could significantly help our relevant efforts (the pilot stage of the system has started at 2011). Therefore, this item could be a risk of added costs to ICL, but is more likely an opportunity to exhibit our leadership in the climate change field, and improve our reputation with clients (thus hopefully, increasing our sales).	Other: A competitive advantage	Current	Direct	Likely	Unknown

6.1f

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

O4:

(i) Potential financial implications of this opportunity are the added sales, due to the consumers' preference to products that have conducted a CFP calculation, and/or have a lower CFP compared to other market options. We believe ICL is likely to be more prepared for the change in consumers' behaviour than others.

Therefore, despite the possible added costs, this change is likely to represent an opportunity to exhibit our leadership in the climate change field, and improve our reputation with clients (thus potentially increasing our sales). The gained competitive advantage is very much dependent on the type of products and markets involved and could amount to an increased income of several millions of dollars.

(ii) The GHG COE has gathered much expertise on the subject. The Carbon Footprinting of our products is advancing at a steady pace, with more than 45 products under reliable carbon footprint analysis according to the British standard PAS2050 together with SKM Enviros. Five of ICL's core products have also gained the Carbon Trust's certification at 2009, and we have currently begun the implementation of the SAP 'Carbon Impact' GHG IT system which could significantly help our relevant efforts. Our actions in this field enhance the magnitude of this impact, whereas the likelihood is mainly influenced by macro-trends and consumer preferences.

(iii) The costs associated with our actions are the costs of maintaining a dedicated and professional staff for the measuring and the analyzing of our GHG emissions, and the license costs for SAP's 'Carbon Impact' and other relevant business tools. These combined costs amount to less than \$0.5 million annually. Such costs are very negligible compared to the overall ICL profits.

6.1g

Please explain why you do not consider your company to be exposed to opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

6.1h

Please explain why you do not consider your company to be exposed to opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

6.1i

Please explain why you do not consider your company to be exposed to opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base year emissions (metric tonnes CO2e)
Tue 01 Jan 2008 - Wed 31 Dec 2008	2999249	743836

7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

7.2a

If you have selected "Other", please provide details below

7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CO2	Other: 2011 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting
CH4	Other: 2011 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting
Other: N2O	Other: 2011 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting
HFCs	Other: 2011 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting
SF6	Other: 2011 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting

7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data

Fuel/Material/Energy	Emission Factor	Unit	Reference
Other: All emission factors were taken from DEFRA 2011 (except for a few custom ICL-specific ones that were calculated with the help of our climate-change specialist consultants ,SKM-Enviros and in some cases specific site engineers)		Other: multiple units	2011 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting

Further Information

Base year emissions for 2008 include only the ICL facilities inside of Israel. These emissions account for the great majority of ICL's GHG emissions (79% in 2011). Until recently, all comparisons and reduction targets related to ICL's Israeli facilities alone as compared with 2008. As part of the professional progress of our Centre of Excellence for Greenhouse Gases, since 2010 we have implemented a data collection process that enabled the calculation of ICL's entire worldwide production footprint. The comparisons of emission performance appearing below relate to the global emissions at 2011 compared to 2010. We are currently working on re-baselining the 2008 emissions to global figures.

Note: the 2008 total Scope 1+2+3 emission figure used for this calculation is 8.2% higher than the one reported for last year's CDP response following the re-baselining process required by the GHG protocol for reporting companies. Retro-active corrections made to 2008 emissions include the addition of several GHG-generating activities to our past inventory, which have been discovered during the 2011 assessment and had been added to all past years for comparability reasons. These corrections are part of our constant efforts to improve the accuracy and fullness of our vast and complex GHG inventory. The 8.2% difference is well within the uncertainty range declared at last year's report.

Attachments

Page: 8. Emissions Data - (1 Jan 2011 - 31 Dec 2011)

8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

8.2a

Please provide your gross global Scope 1 emissions figure in metric tonnes CO2e

1754639

8.2b

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 1 breakdown

Boundary	Gross global Scope 1 emissions (metric tonnes CO2e)	Comment
----------	---	---------

8.2c

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 1 Total

Gross global Scope 1 emissions (metric tonnes CO2e) – Part 1 Total	Comment
--	---------

8.2d

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 2

Boundary	Gross global Scope 1 emissions (metric tonnes CO2e)	Comment
----------	---	---------

8.3a

Please provide your gross global Scope 2 emissions figure in metric tonnes CO2e

1175057

8.3b

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 1 breakdown

Boundary	Gross global Scope 2 emissions (metric tonnes CO2e)	Comment
----------	---	---------

8.3c

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 1 Total

Gross global Scope 2 emissions (metric tonnes CO2e) - Total Part 1	Comment
--	---------

8.3d

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 2

Boundary	Gross global Scope 2 emissions (metric tonnes CO2e) - Other operationally controlled entities, activities or facilities	Comment
----------	---	---------

8.4

Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

8.4a

Please complete the table

Reporting Entity	Source	Scope	Explain why the source is excluded
------------------	--------	-------	------------------------------------

8.4

Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

Yes

8.4a

Please complete the table

Source	Scope	Explain why the source is excluded
One blending facility	Scope 1 and 2	Information was not received for 2011. However, we have made assumptions and can state with reasonable confidence that it constitutes less than 0.05% of our total emissions (note: blending facilities use very little energy in ICL general production scales).
Three small ICL Special Fertilizers facilities	Scope 1 and 2	These small facilities have been recently purchased by ICL, are still adapting to corporate practices and could not report their emissions to this date due to time constraints. However, we have made assumptions and can state with reasonable confidence that these facilities constitute less than 0.5% of our total emissions combined (note: blending facilities use very little energy in ICL general production scales).
10-20 local offices	Scope 1 and 2	Information was not received for 2011. However, we have made assumptions (using the average reported for offices in ICL) and can state with reasonable confidence that they constitute together less than 0.4% of our total emissions (note: offices are generally very negligible producers of GHG emissions in ICL general scales).

8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and Scope 2 figures that you have supplied and specify the sources of uncertainty in your data gathering, handling, and calculations

Scope 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
More than 20% but less than or equal to 30%	Data Gaps Assumptions Extrapolation Metering/ Measurement Constraints Sampling Data Management	Since our report has not been fully verified, and due to the diversity and scale of our company, results are subject to different deviations. ICL's estimation is that the uncertainty range could reach up to 30% of Scope 1 emissions, which could thereby reach an overall figure as high as 2,281,031 tons. Figures given in this report are valid to the best of our knowledge at this time.	More than 20% but less than or equal to 30%	Data Gaps Assumptions Extrapolation Metering/ Measurement Constraints Sampling Data Management	Since our report has not been fully verified, and due to the diversity and scale of our company, results are subject to different deviations. ICL's estimation is that the uncertainty range could reach up to 30% of Scope 2 emissions, which could thereby reach an overall figure as high as 1,527,574 tons CO2e. Figures given in this report are valid to the best of our knowledge at this time.
More than 2% but less than	Data Gaps Assumptions	Missing units in the scope of reporting are estimated to account for less than 1% of	More than 2% but less than	Data Gaps Assumptions	Missing units in the scope of reporting are estimated to account for less than 1% of

Scope 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
or equal to 5%		total emissions. Calculations of process emissions are made by senior engineers at different ICL facilities. Although these calculations are reliable, they might deviate slightly from actual emissions.	or equal to 5%		total emissions. Other purchased electricity information is quite reliable. Some uncertainty is added from missing information on the production methods of the small quantities of steam purchased by ICL companies from external suppliers. An average emission factor has been implemented in such cases.

8.6

Please indicate the verification/assurance status that applies to your Scope 1 emissions

Not verified or assured

8.6a

Please indicate the proportion of your Scope 1 emissions that are verified/assured

8.6b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Level of verification or assurance	Relevant verification standard	Relevant statement attached
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8.7

Please indicate the verification/assurance status that applies to your Scope 2 emissions

Not verified or assured

8.7a

Please indicate the proportion of your Scope 2 emissions that are verified/assured

8.7b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Level of verification or assurance	Relevant verification standard	Relevant statement attached
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8.8

Are carbon dioxide emissions from the combustion of biologically sequestered carbon (i.e. carbon dioxide emissions from burning biomass/biofuels) relevant to your company?

No

8.8a

Please provide the emissions in metric tonnes CO₂e

Further Information

ICL strictly follows the GHG protocol guidelines in calculating its corporate carbon footprint. As GHG reporting is still not considered mandatory in Israel, no full verification was currently required from ICL. Nevertheless, due to our commitment to GHG management, and as part of our preparation for the future mandatory reporting, we are expecting to start verifying our emissions on a voluntary basis, starting with our facilities within Israel (which account for the grand majority of our emissions). Due to the significant diversity and scale of the company, ICL is planning to soon launch a verification readiness assessment process, which should hopefully better prepare our major operations for such an endeavour.

Page: 9. Scope 1 Emissions Breakdown - (1 Jan 2011 - 31 Dec 2011)

9.1

Do you have Scope 1 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

Yes

9.1a

Please complete the table below

Country	Scope 1 metric tonnes CO ₂ e
Israel	1410305
Other: Rest of world	344334

9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

9.2a

Please break down your total gross global Scope 1 emissions by business division

Business Division	Scope 1 metric tonnes CO2e
-------------------	----------------------------

9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 metric tonnes CO2e
----------	----------------------------

9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 metric tonnes CO2e
----------	----------------------------

9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 metric tonnes CO2e
----------	----------------------------

10.1

Do you have Scope 2 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

Yes

10.1a

Please complete the table below

Country	Scope 2 metric tonnes CO2e
Israel	889514
Other: Rest of world	285543

10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

10.2a

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2 metric tonnes CO2e
-------------------	----------------------------

10.2b

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2 metric tonnes CO2e
----------	----------------------------

10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2 metric tonnes CO2e
----------	----------------------------

Page: 11. Emissions Scope 2 Contractual

11.1

Do you consider that the grid average factors used to report Scope 2 emissions in Question 8.3 reflect the contractual arrangements you have with electricity suppliers?

Yes

11.1a

You may report a total contractual Scope 2 figure in response to this question. Please provide your total global contractual Scope 2 GHG emissions figure in metric tonnes CO2e

11.1b

Explain the basis of the alternative figure (see guidance)

11.2

Has your organization retired any certificates, e.g. Renewable Energy Certificates, associated with zero or low carbon electricity within the reporting year or has this been done on your behalf?

No

11.2a

Please provide details including the number and type of certificates

Type of certificate	Number of certificates	Comments
---------------------	------------------------	----------

Page: 12. Energy

12.1

What percentage of your total operational spend in the reporting year was on energy?

More than 5% but less than or equal to 10%

12.2

Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has consumed during the reporting year

Energy type	MWh
-------------	-----

Energy type	MWh
Fuel	5569577
Electricity	1663949
Heat	0
Steam	87276
Cooling	0

12.3

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Natural gas	3662664
Other: Fuel Oil (Mazut)	1109724
Oil shale and tar sands	338424
Diesel/Gas oil	236187
Naphtha	134477
Other: Petrol (used mainly for vehicles)	51739
Coking coal	19489
Liquefied petroleum gas (LPG)	13997
Other: Burning Oil	2162
Petroleum coke	714

Further Information

Notes:

1) Fuel definitions are based on DEFRA (2011).

2) ICL purchases small amounts of compressed air from external suppliers, in total of 444 thousand m³ in 2011. We were unable to assess this figure in MWh terms. In any case, the effect of this item in our carbon footprint is negligible - a total of 36 tons CO₂e in 2011.

13.1

How do your absolute emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Decreased

13.1a

Please complete the table

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions reduction activities	1.6	Decrease	The modest reduction achieved at 2011 (compared to 2010) is mostly attributed to the company-wide energy efficiency efforts described above. As described above, ICL's strategic transition to natural gas has been hampered lately due to difficulties in natural gas supply to Israel. Also, since SF6 had not been in use at DSM as of 2010, the reductions achieved in the DSM cover gas project during 2011 were much lower than past reductions. Note: the 2010 total Scope 1+2 emission figure used for the performance calculations is 3.3% higher than the one reported for last year's CDP response due to acquisition of new entities and following the re-baselining process required by the GHG protocol for reporting companies. Retro-active changes made to 2010 emissions include the addition of 3 small facilities missing from last year's emission report (which were under ICL's operational control at 2010), the addition of 3 other small facilities acquired by ICL during 2011 (according to the guidelines of GHG protocol, we now include their emission for past years such as 2010 as well), and the addition of several GHG-generating activities to our past inventory, which have been discovered during the 2011 assessment and had been added to all past years for comparability reasons. These corrections are part of our constant efforts to improve the accuracy and fullness of our vast and complex GHG inventory. The 3.3% difference is well within the uncertainty range declared at last year's report.

13.2

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for Change
0.000415	metric tonnes CO2e	unit total revenue	21	Decrease	As described in 13.1a, the overall Scope 1+2 emissions of ICL have declined by 1.6% compared to the previous year. At the same time, the revenues of ICL have increased by 24% at 2011 (compared with 2010 figures). The main reasons for this increase in revenues are the significant price rise of major ICL products, such as Potash and Phosphate fertilizers, and the inclusion of newly acquired daughter companies within the sales figures. Therefore, most of the decline in this intensity metric can be attributed to these increased revenues.

13.3

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for Change
246	metric tonnes CO2e	FTE Employee	9	Decrease	As described in 13.1a, the overall Scope 1+2 emissions of ICL were reduced by 1.6% in the passing year. At the same time, the number of FTE employees has increased by 8%. The growth can be mostly attributed to additional manpower in respect of acquiring companies around the world, completing the investments in the new plants and increased production. The combination of the reduced emissions (due to energy efficiency efforts) and the increase in manpower results in a 9% decrease in this intensity metric.

13.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for Change
0.00152	metric tonnes CO2e	Other: Operating Income	31	Decrease	As described in 13.1a, the overall Scope 1+2 emissions of ICL have declined by 1.6% in the passing year. At the same time, the operating income of ICL has increased by 43% at 2011 (compared with 2010 figures). The main reason for this increase is the significant price rise of major ICL products, such as Potash and Phosphate fertilizers, Therefore, most of the drop in this intensity metric can be attributed to this increased income.

Page: 14. Emissions Trading

14.1

Do you participate in any emission trading schemes?

No, but we anticipate doing so in the next two years

14.1a

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership

14.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

A possible scenario regarding the Israeli government strategy regarding climate change is the implementation of a local cap & trade scheme or the joining of the country to one of the existing global schemes.

ICL could benefit from the implementation of a cap & trade scheme in Israel. As a company which has already developed its emission reporting and accounting mechanism, ICL has systems in place for reporting its corporate GHG emissions, and has already begun implementing programs that are significantly reducing its emissions. Therefore, we believe we are ready to implement such systems, and that we are positioned to earn carbon credits and benefit from employment of such a mechanism.

For now, ICL is an active participant in the recently-initiated voluntary GHG reporting mechanism in Israel. We believe that any emission trading scheme that would potentially be established in Israel could rely on this mechanism as a starting point. Therefore, ICL is annually reporting its GHG inventory through this mechanism, and is engaged in a constant dialogue with local regulators on the development of the mechanism's methodologies.

14.2

Has your company originated any project-based carbon credits or purchased any within the reporting period?

Yes

14.2a

Please complete the following table

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose e.g. compliance
Credit Origination	PFCs and SF6	Changes in the manufacturing process of metal magnesium: Despite the fact that magnesium is a commodity and that its markets are highly competitive, ICL's magnesium production process conforms to extremely high quality standards and incorporate an ongoing effort to reduce associated carbon emissions. Magnesium, when melted,	CDM	265000	265000	Not relevant	Other: Emission reduction and gain of credits

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose e.g. compliance
		<p>ignites if it comes into contact with oxygen in the air, an occurrence which impairs the quality of the product. For this reason, it is common industry practice to "protect" the magnesium by using gases that prevent its exposure to oxygen. Some of the gases commonly used in this process have been linked with negative health and environmental effects, including SF6. As awareness of the need for environmental protection grows, the industry has become more aware that SF6 is a greenhouse gas with significant greenhouse potential (23,900 CO2e). As such, ICL's Dead Sea Magnesium (DSM) had initially replaced this gas with HFC134a, a gas with a lower environmental impact. As of July 2011, DSM is also replacing some of the HFC134a with Novec 612, a substitute protection compound with a very low GWP. For this reduction initiative, ICL's DSM has chosen to employ the UN's Clean Development Mechanism (CDM) for the trading of approvals for the reduction of greenhouse gases (Carbon Credits). The company initiated this project in 2009, and is annually validating the achieved reductions. . At 2011 SF6 was no longer used at DSM, and has been replaced by a combination of using both HFC134a and Novec 612. The project has resulted in a significant reduction in DSM's CFP and in ICL's overall CFP. DSM has reduced its Scope 1 process GHG emissions by over 90%. The change was voluntary, and the company has received CDM credit for it, generating approximately \$4 million annually in income from carbon credits.</p>					
Credit Origination	N20	<p>Reduction of emissions: ICL Fertilizers and its chemical companies located in Haifa, Israel operate a nitric acid facility which emits a small quantity of nitrous oxide (N2O). Although nitrous oxide is not considered a health contaminant, it is considered a greenhouse gas. Since the end of November 2007, ICL has been deploying an innovative system aimed at reducing its nitrous oxide emissions by about 80%. At this stage, the actual reduction achieved has reached 50%, and the Company is continuing its efforts to improve the</p>	CDM	36000		Not relevant	Other: Emission reduction and gain of credits

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose e.g. compliance
		performance of the system by supporting the developer of the technology, Johnson Matthey. The reduction achieved to date is equivalent to preventing approximately 190,000 tons of carbon dioxide emissions. The project was approved by the Clean Development Mechanism Executive Board of the United Nations Framework Convention on Climate Change (CDMEB - UNFCCC) and backed by Israel's National Committee for Clean Development. This process enables the Company to use the Clean Development Mechanism (CDM), making it possible to trade Carbon Credits. The reduction is in Scope 1 process emissions. The change was voluntary, and ICL has received CDM credit for it. The project is still underway, and is scheduled to reach its 80% goal no later than 2014.					

15.1

Please provide data on sources of Scope 3 emissions that are relevant to your organization

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
Other (upstream)	8498	Usage of Water. Standard used: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Includes emissions related to consumption of national grid and other water that requires treatment and/or pumping by external companies.	

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
Waste generated in operations	17266	Standard used: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Includes emissions related to landfill and incineration of different wastes by external companies.	
Fuel- and energy-related activities (not included in Scopes 1 or 2)	137664	Standard used: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Includes estimated fuel consumed by contractor vehicles during their work for ICL.	
Business travel	3278	Standard used: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Includes flights taken by the different ICL companies.	

15.2

Please indicate the verification/assurance status that applies to your Scope 3 emissions

Not verified or assured

15.2a

Please indicate the proportion of your Scope 3 emissions that are verified/assured

15.2b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Level of verification or assurance	Relevant verification standard	Relevant statement attached
------------------------------------	--------------------------------	-----------------------------

15.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

15.3a

Please complete the table

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
Fuel- and energy-related activities (not included in Scopes 1 or 2)	Other: Increased operation	5	Increase	Contractor vehicles form the dominant part (83%) within the emissions currently included in our Scope 3 measured inventory. The specific increase in their emissions in 2011 can be mostly attributed to an increase in the total tonnage of products and raw materials that were transported by trucks within Israel, in relation to the activity of the ICL facilities. The methodology for assessing the emissions of the other Scope 3 sources covered above is still being assessed, and corrections/addition of sources account for most of the changes in those emissions compared to last year. As these other Scope 3 emission sources (Water, Waste, Business travel) were estimated to emit only 29,342 ton CO ₂ e combined (less than 1% of the total ICL Scope 1+2+3 emissions in 2011), we believe any change in them is quite negligible in the terms of our overall GHG inventory. Note: the 2010 total Scope 3 emission figure used for this calculation is significantly higher than the one reported at last year's CDP response.

Sources of Scope 3 emissions	Reason for change	Emissions value (percentage)	Direction of change	Comment
				The figure was amended as part of the re-baselining process required by the GHG protocol for reporting companies. Retro-active changes made to 2010 emissions include mainly the inclusion of assessments of fuel consumptions for some of ICL's more significant activities involving contractor vehicles. These assessments were unavailable before 2011, and are part of our constant efforts to improve the accuracy and fullness of our vast and complex GHG inventory. The difference is well within the uncertainty range declared at last year's report

Further Information

Some information in this document is based upon certain sections from ICL's 2011 Annual Report. You are advised to review the entire report as filed with the Israeli Securities Authority and the Tel Aviv Stock Exchange (TASE) on the MAGNA site. A translation for your convenience of this report is on our internet site at: <http://www.icl-group.com>.

For details regarding adjustments you should refer to the full documentation as published.

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Please enter the name of the individual that has signed off (approved) the response and their job title

Asher Grinbaum, Executive Vice President and COO