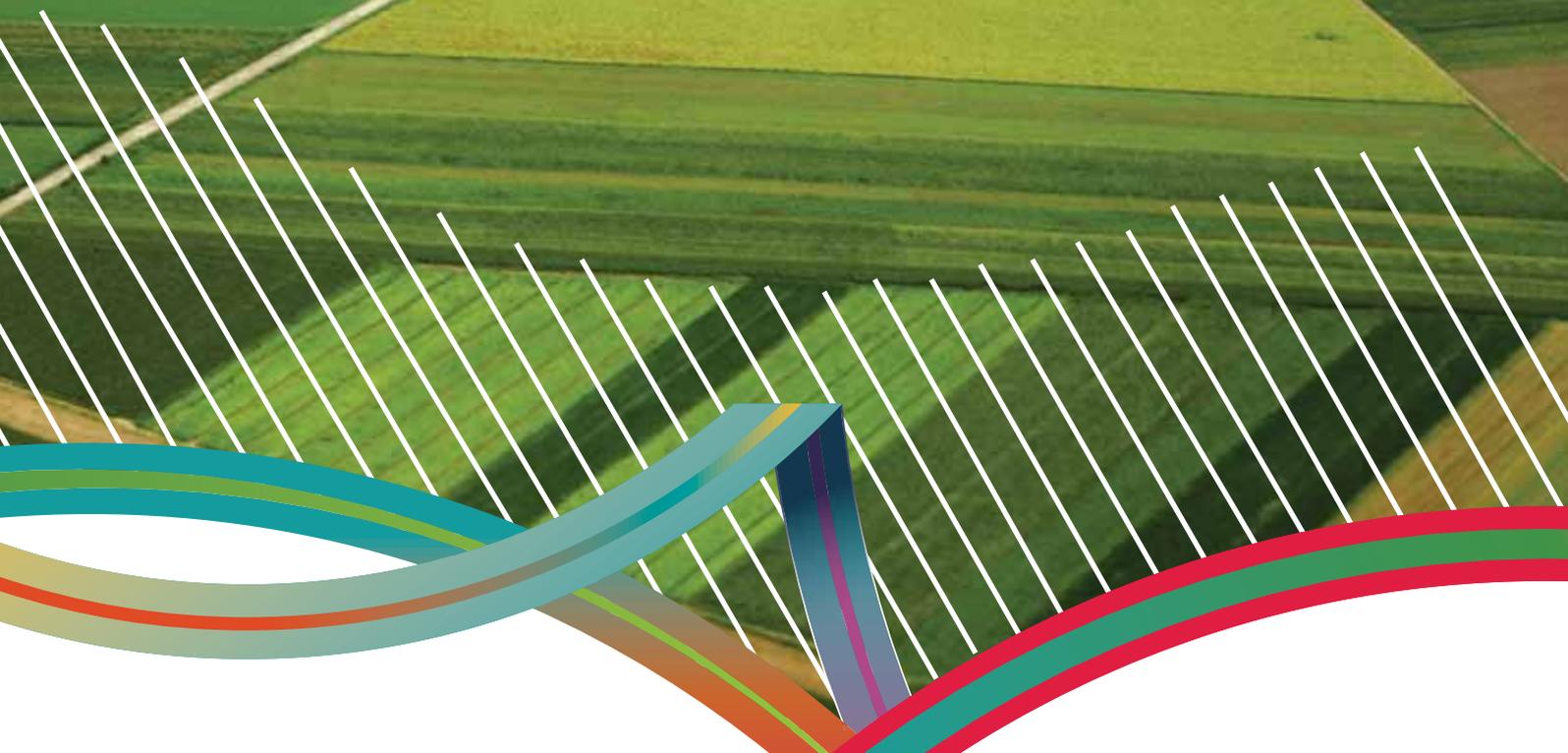


# Our Next Step Forward

ICL Corporate Profile 2013



# ICL today

A LEADING GLOBAL SPECIALTY MINERALS COMPANY THAT FULFILLS ESSENTIAL HUMAN NEEDS IN **AGRICULTURE, FOOD & ENGINEERED MATERIALS.**



# ICL tomorrow

## ONE VISION



INTEGRATED **VALUE CHAINS** FROM SPECIALTY **MINERALS** TO **SOPHISTICATED END MARKETS**



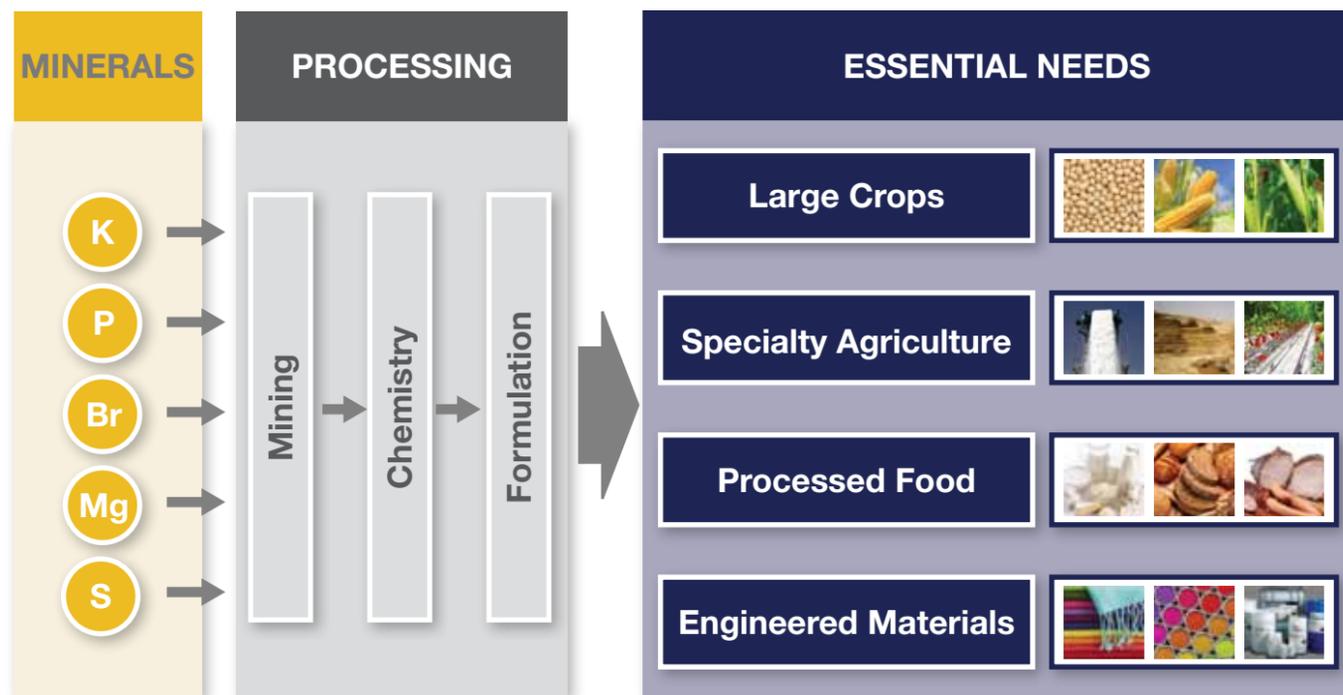
GROWTH IN: **AGRICULTURE, FOOD & ENGINEERED MATERIALS**



OPERATIONAL EXCELLENCE TO **IMPROVE PROFITABILITY**

## GOALS

- Continued faster-than-market growth
- Maintaining overall profitability
- Improved positioning in target markets
- Balanced business
- Leader in sustainability



“We’re aiming for continued above-market growth throughout the next decade”



## OPPORTUNITIES

### MEGA-TRENDS

1. AGRICULTURAL BOOST
2. GROWTH OF THE MIDDLE CLASS
3. SCARCE MINERAL RESOURCES
4. CONCERN FOR THE ENVIRONMENT

## CHALLENGES



### EXTERNAL:

- VOLATILE MARKETS
- STRICTER REGULATIONS
- GOVERNMENT RELATIONS



### INTERNAL:

- DEPENDENCY UPON POTASH
- RESOURCE DEPLETION
- HIGH COSTS
- NEED TO INCREASE EFFICIENCY

## ONE STRATEGY

BASED ON THREE PILLARS:



### GROWTH INITIATIVES:

- POTASH
- PHOSPHATES
- BROMINE
- SPECIALTY FERTILIZERS
- FOOD
- CHINA/BRAZIL/INDIA



### EFFICIENCY EXCELLENCE:

- MINERAL COST EFFICIENCY
- CROSS-ORGANIZATION EXCELLENCE
  - PROCUREMENT
  - ENERGY
  - CAPEX
  - PRICING
  - R&D & INNOVATION



### ENABLING PLATFORMS:

- ONE ICL
  - SYSTEM HARMONIZATION
  - BRANDING
  - EMPLOYEE EMPOWERMENT
- ADVOCACY & COMMUNITY OUTREACH
- INNOVATION



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# Letter

## CEO & Chairman

During 2013, our primary focus was to develop and start implementing ICL's "Next Step Forward," our strategy for evolving the Company to the next level, assuring another decade of above-market growth by strengthening our leadership in markets driven by global, long-term mega trends.

This has been an organization-wide effort requiring the intensive, day-to-day involvement of hundreds of our managers, together with the aid of senior external consultants. Through the process, we thoroughly examined and analyzed every aspect of our business - the competitiveness of our mineral assets, operations, products, technologies and know-how - as well as our market positioning, opportunities and challenges. As the process progressed, we gained deep insight that has enabled us to chart our path with confidence.

One of the important lessons learned from the process is that we can achieve the goals we seek by further developing our existing core businesses and improving our position in the markets we serve: agriculture, food and engineered materials. These markets, which generate over 90% of our sales, offer us significant long-term growth and expansion potential, and will serve as a stable platform for maintaining our profitability, improving our balance and expanding our sustainability leadership.

As the key to achieving this potential, we have started to implement initiatives aimed at growing ICL, improving our efficiency and globalizing our business with an empowered workforce. These measures will also increase our resiliency in the face of dynamic markets and a rapidly changing business environment.

### The Next Step Forward

The outcome of this intensive process is the strategic plan described in this document. Our 'Next Step Forward' lays out a clear vision for our Company, an agenda of concrete financial and operational goals to be pursued in the decade ahead, and a multi-year action program for achieving them. Its main points include the following:

**Our Vision:** We are a leading specialty minerals company that utilizes our expertise in order to meet civilization's essential needs in agriculture, food and engineered materials: needs whose growth is being driven by global mega-trends such as population growth, urbanization, environmental awareness and increased standards of living in developing markets due to the rapid growth of the middle class. We will leverage our competitive mineral platforms and differentiating value chain expertise from natural resources to the end-user to continue achieving faster-than-market sales growth and consistent, healthy profitability. We aim

to make ICL a truly global, multi-national corporation whose talented teams operate with a unified heartbeat and harmonized processes.

**Our Goals:** Financially, we aim to grow faster than the general market and to maintain our strong profitability. We commit to generate significant shareholder return and stakeholder value. Operationally, we aim to optimize our positioning in target markets, to create a more balanced, resilient and competitive business and to streamline, globalize and unify our diverse operations to deliver efficiency gains to the bottom line. We aim for the highest standards of sustainability.

**Our Methodology - Three Strategic Pillars:** To achieve these goals, we aim to invest in a focused but ambitious agenda of growth initiatives, efficiency programs and cross-organization enabling platforms.

- **Growth initiatives:** We aim to expand our potash capacity. We want to increase the scale of our phosphate operations and to secure our phosphate reserves, and to diversify our sources globally. We will invest in innovation to broaden our portfolio of next-generation bromine and specialty phosphate products and solutions. These measures will strengthen our leadership in agriculture, food ingredients and engineered materials markets.



Mr. Stefan Borgas  
President & CEO



Mr. Nir Gilad  
Chairman of the Board

- **Efficiency programs:** To enhance our competitiveness, we have begun implementing company-wide programs aimed at significantly improving the efficiency of our mineral production and streamlining major internal processes, including procurement, pricing, R&D, energy usage and CAPEX investments. These efforts are expected to contribute hundreds of millions of dollars to our EBITDA each year by 2016.
- **Enabling platforms:** As the key to delivering our growth and efficiency objectives, we are working to harmonize our systems and processes and to share Best Practices more effectively across our Company. Our process for achieving these goals encompasses the development of five enabling platforms: **1)** a standardized information technology infrastructure; **2)** a unified methodology for assessing and managing people; **3)** the "One ICL"

branding initiative; **4)** an enhanced R&D and Open Innovation platform; and **5)** global community outreach, government advocacy and public relations efforts.

In this profile, you will find details on each of these programs. Most of them are already underway, and we will be stepping up the pace in the year ahead.

We are excited about the potential of our "Next Step Forward" strategy to generate long-term benefits for our customers, employees, shareholders, and other stakeholders. As we pursue our vision and goals, we offer thanks for your continued confidence and support and look forward to marching forward united.

Sincerely yours,

Mr. Stefan Borgas  
President & CEO

Mr. Nir Gilad  
Chairman of the Board

# One Vision

WE ARE A LEADING SPECIALTY MINERALS COMPANY THAT UTILIZES OUR EXPERTISE IN ORDER TO MEET CIVILIZATION'S ESSENTIAL NEEDS IN AGRICULTURE, FOOD AND ENGINEERED MATERIALS:

needs whose growth is being driven by global mega-trends such as population growth, urbanization, environmental awareness and increased standards of living in developing markets.

We strive to lead in both size and quality, leveraging our competitive mineral platforms and differentiating value chain expertise from natural resources to the end-user to continue achieving faster-than-market sales growth and consistent, healthy profitability. In addition, we aim to make ICL a truly global, multi-national corporation whose talented teams operate with a unified heartbeat and harmonized processes.



INTEGRATED **VALUE CHAINS** FROM SPECIALTY **MINERALS TO SOPHISTICATED END MARKETS**



GROWTH IN: **AGRICULTURE, FOOD & ENGINEERED MATERIALS**



OPERATIONAL EXCELLENCE TO **IMPROVE PROFITABILITY**

## Operationally Excellent

Humanity's core needs are the source of our business opportunities and the basis of our ability to grow and prosper. Our commitment to address these needs is the common denominator that connects us as one unified company.

Since these needs – and the needs of our customers - evolve continually, we must also evolve, seeking out the best way to use our mineral resources, our processing and manufacturing capabilities, our talented teams and our global reach to serve the world.

# Our Goals

## Business goals

- To remain focused on the core:
  - 3 primary minerals: potash, phosphates and bromine
  - 3 primary markets: agriculture, engineered materials and food
- To pursue operational excellence and drive efficiency improvements, delivering a material cost reduction over the next three years, while aiming for the highest standards of sustainability
- To build out our distinctive mineral assets and technologies through disciplined capital allocation
- To leverage expertise and backward integration to strengthen our downstream market reach globally
- To expand our global commercial presence with strength in targeted emerging markets
- To further develop and enhance our "One ICL" culture and empower our people
- To expand technical expertise and research and development to encompass open innovation

## Financial targets

- To achieve faster-than market growth
- To maintain strong profitability
- To continue delivering strong total shareholder return by:
  - Maintaining our implied international investment grade level
  - Carrying out a secondary listing on the New York Stock Exchange
  - Maintaining a strong and consistent dividend stream
  - Distributing a one-time dividend of \$500 million (completed in March 2014)

- Continued faster-than-market growth
- Maintaining profitability
- Optimized positioning in target markets
- Balanced business
- Leader in sustainability

# Our Strengths



Unique portfolio of mineral assets



Diversification



Leading market positions



Strong free cash flow



Strategically located production and logistics assets



People

- We benefit from access to resource-rich, long-life and low-cost raw materials, particularly in potash and bromine. With a consistent and reliable supply, we are able to product our products cost-effectively on a large scale.
- Due to our access to phosphate rock, we are the only sizeable downstream fully backward integrated phosphate player.
- Our integrated production processes are based on a synergistic value chain that allows us to convert raw materials into value-added downstream products and to produce higher margin specialty phosphates used in food ingredients and engineered materials applications.
- We are a global leader in many of the key end-markets in which we operate. We generally have a #1 or #2 position in our markets, and most have high barriers to entry.
- We benefit from the proximity of our facilities in Israel and Europe to developed economies (Western Europe) and emerging markets (such as China, India and Brazil).
- Our high margin businesses have historically generated significant amounts of cash flow, enabling us to produce industry-leading returns on capital and to take advantage of opportunities.

## SPECIFIC STRENGTHS FOR OUR TARGET MARKETS

### Agriculture

ICL is a leading provider of potash, phosphate fertilizers and technology-rich specialty fertilizers – critical inputs for increasing crop yield and quality. We are the world's 6th largest producer of potash, the largest producer of PK fertilizers (compound potash and phosphate fertilizers), and a major Specialty Fertilizers player with a broad range of soluble, slow-release and controlled-release offerings. We are also the first company in the world to produce polysulphate, an organic fertilizer.

### Food

We are the world's leading provider of value-added specialty phosphates and phosphate-based additives that enhance food processing, quality and shelf life for the bakery, dairy, meat, poultry and industries. With vertically integrated operations, a strong technology platform and differentiating know-how, we are the world's leading provider of specialty phosphates and a preferred supplier of texture and stability solutions.

### Engineered materials

Our formulations are used in thousands of products to make them safer, stronger, better performing, higher quality and longer lasting. With proprietary technologies and leading positions in bromine and phosphates, we are the world's largest provider of flame retardants (organophosphorus and brominated), phosphoric acids, clear brine fluids and functional fluids, as well as a major provider of bromine-based biocides, mercury emission control products and other chemicals for niche markets.

Product	Rank in International Markets	End-Markets
Potash	#2 Europe and #6 Worldwide	Agriculture
PK fertilizers (compound potash and phosphate fertilizers)	#1 Worldwide	Agriculture
Specialty fertilizers MKP & CRF	MKP - #1 Worldwide CRF - #1 Europe	Agriculture
Phosphate-based food additives	#1 Worldwide	Food
Specialty phosphates	#1 Worldwide	Food and Engineered Materials
Elemental bromine	#1 Worldwide	Engineered Materials
Phosphorus-based flame retardants	#1 Worldwide	Engineered Materials
Forest fire retardants	#1 Worldwide	Engineered Materials

# Opportunities

## Mega-Trends



### Agricultural boost



### Growth of the middle class



### Scarce mineral resources



### Concern for the environment

To assure our ability to grow continuously despite market volatility, we seek to address needs driven by long-term **global mega trends**:

#### The need to boost agriculture yields

World populations are growing while the availability of arable land is declining, due both to urbanization and desertification. *There is a strong ongoing need to increase agricultural yields – and this is the basis for continued strong fertilizer demand over the long term.*

#### Expansion of the middle class and rising GDP

The rapid growth of emerging regions such as China, India and Southeast Asia is creating hundreds of millions of new middle class citizens with higher incomes. This is improving the standard of living in these regions, leading to an adoption of a Western diet characterized by the consumption of more calories, protein and processed foods. *As a result, demand for fertilizers and food processing ingredients are expected to rise significantly in these regions.*

Increased incomes lead to increased demand for electronics, construction and a broad range of additional goods in which ICL's products are used.

#### Scarcity of specialty minerals

Utilization of basic resources continues to intensify, even as their availability is depleting. *This supply/demand environment underscores the benefit of ICL's potash, bromine and phosphate rock reserves – and the need to continue expanding and managing them.*

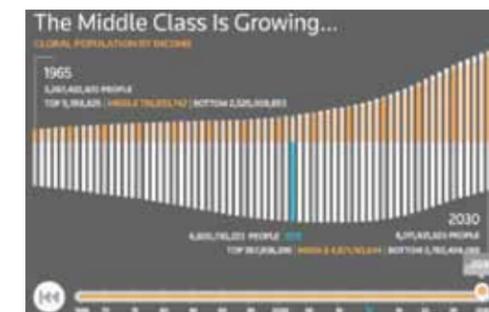
#### Concern for the environment

Expanding environmental awareness and legislation is giving rise to demand for new product categories that we are positioned to address.

*To benefit fully, we will step up the development of new sustainable technologies, products and applications based on our core chemistries, as we have in creating new polymeric FRs and polymers and mercury emission control products.*

#### Aging populations and urbanization

The aging and urbanization of developed regions is leading to increased construction as well as to increased demand for potable and useable water and pharmaceutical products. *These trends result in greater demand for flame retardants, bromine- and chlorine-based biocides for water purification and waste water treatment and bromine-magnesia- and potassium chloride-based intermediates for the pharmaceutical industry.*



# Challenges

To succeed, ICL must navigate the best course for dealing with challenges in its markets and operating environment:

## Potash market – price volatility and competition

ICL currently accounts for just 9% of the global potash market, and ICL's competitors are aggressively increasing their production capacities and opening new mines. Potash prices are highly related to the actions of market leaders, as demonstrated during 2013, when Uralkali's exit from its joint venture with Belaruskali and its shift to a maximized-volume strategy drove potash prices to their lowest level in five years. However, we believe that the projected long-term increase in demand, coupled with

increasing global development and production costs, will support elevated potash prices over time.

**ICL's actions:** to increase our resilience to potash price fluctuations, we will:

- **Increase our manufacturing capability and reduce our manufacturing costs globally**
- **Diversify our potash reserves** through the acquisition of additional mining sites worldwide
- **Continue to leverage our vast outdoor storage capacity** at the Dead Sea to stockpile potash when demand is low, positioning ICL to benefit strongly from rebounding potash prices and demand
- **Strengthen our non-potash businesses** to increase our resiliency to all market developments

## Israeli Government Take (GT)

*The Israeli government's "share" of the profit ICL generates from its Dead Sea potash is 45% (55% including dividends), compared to a 29% average for the potash industry. The Israeli government's current discussions regarding an additional increase in ICL's Government Take have further incentivized ICL to investigate expansion of its potash mining in other locations outside of Israel, including our vast concession in Spain.*

## Bromine market – volatile demand

Over the last few years, demand has been highly volatile for the consumer electronics, construction materials and other substances that use our brominated flame retardants. In addition, stricter environmental regulations continue to challenge some of our biggest-selling bromine products.

**ICL's actions:** With the goal of growing global demand for bromine, we will proactively "grow the pie," investing in the accelerated development of new bromine-based products and applications.

## Barir Field

The Barir Field is part of Israel's largest and highest-quality phosphate deposit. ICL first applied for permission to mine the Barir Field in 1997, and prepared a comprehensive Environmental Impact Statement approved by Israel's Ministry of Environment Protection. Opponents to the project later prepared a second report based on incorrect data and presented it to the Ministry of Health, which then blocked the mining. To resolve the dispute, ICL has proposed carrying out a limited, independently-assessed mining trial aimed at determining the mine's actual environmental and health impacts. All government ministries except for the Ministry of Health now support this proposal, and the Ministry of Health is re-examining its recommendations.

## Food ingredients business

We are a leader in phosphate-based food additives, but this market is too small for us to utilize the maximum benefit from the essential solutions we provide our customers.

**ICL's actions:** We will invest to broaden our food ingredient franchise in both new products and in growing emerging markets into a strong platform positioned for continuous strong growth.

## Phosphates market

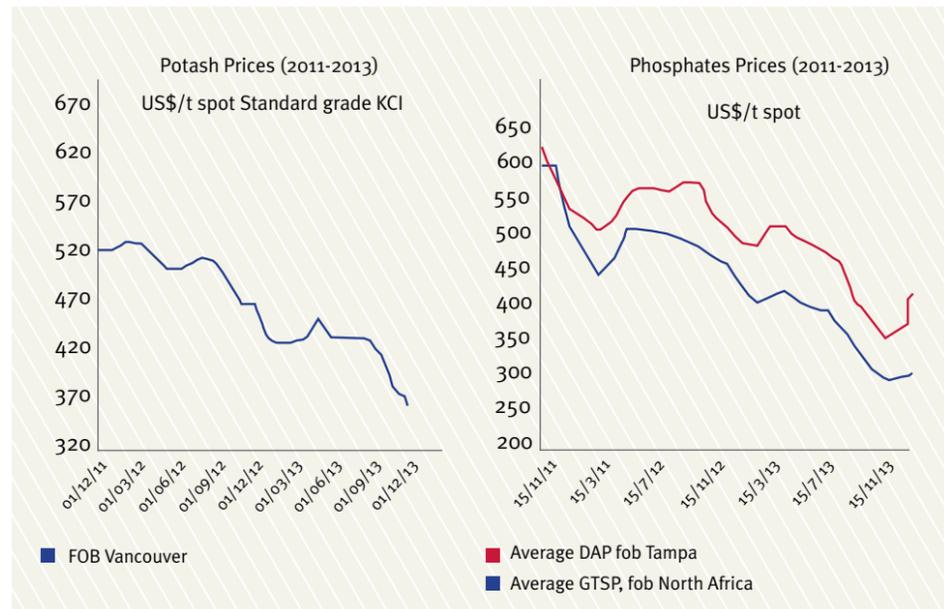
ICL's Israeli phosphate reserves will run out in 7-8 years. In addition, its costs are high compared with other global competitors.

**ICL's actions:** to ensure continued Israeli phosphate operations for many years to come, we must 1) make them more economically viable through cost cuts, enhanced technology and more efficient operating processes; and 2) be assured of sufficient phosphate reserves to support our long term needs. To this end, we must secure permission to initiate phosphate mining at the Barir Field while also seeking out new economically-attractive resources near fast-growing markets outside of Israel in which to develop a full phosphate franchise from rock to downstream products.

## Stricter regulations

Stricter environmental regulations have the potential to challenge some of our existing products, and increase the cost and difficulty of creating new ones.

**ICL's actions:** We view stricter regulations as an incentive for enhancing innovation throughout the Company. To this end, we are increasing our investment in R&D and Open Innovation, with the goal of developing cutting-edge new products and cost-saving sustainable new processes.



A photograph of a stone archway with three columns and a large white diagonal line striking through the text 'One Strategy'. The archway is made of light-colored stone blocks. The columns are white and have ornate, carved capitals. The text 'One Strategy' is written in a large, white, sans-serif font across the center of the image. A thick white diagonal line starts from the top left and extends towards the bottom right, crossing through the text.

One Strategy

# One Strategy

## THREE PILLARS

Our strategy is based on three pillars:

### Growth

Organic and external expansion of our value chain from specialty minerals into the agriculture, food and engineered materials markets.

### Efficiency

Operational excellence and efficiency improvements through streamlining of procurement, energy, CAPEX, pricing and R&D processes; also through the Mineral Cost Key Value Drivers Project for reducing costs, improving technologies and increasing operational scale.

### Enablers

Create one global ICL, strengthen innovation, provide an empowering environment to our people and align management with our stakeholders to support our growth and efficiency goals.



## MARKET FOCUS

By evolving from a product-focused to a market-focused organization, we will improve our business balance while strengthening our competitive differentiation.

In selecting agriculture, food and engineered materials as our focus markets, we considered the following factors:

- They represent ~90% of our current activities.
- They are supported by strong underlying mega-trends.
- They offer multiple attractive, profitable growth opportunities.



## AGRICULTURE

55% of our sales

Focusing on our ability to offer a broad range of commodity and specialty fertilizers, we will continue to leverage synergies across our portfolio and to expand end-to-end activities targeting client needs in emerging markets. Operationally, we will invest to reduce costs, increase our capacities and expand our portfolios.

## FOOD

8% of our sales

We plan to grow our food franchise aggressively on a global basis, expanding our overall technical capabilities, developing new and innovative products and increasing our selling efforts. To become a preferred supplier and partner to our customers, we will significantly enhance our technologies and increase our commercial organization, including in emerging markets, both through organic growth and through acquisitions of established companies.

## ENGINEERED MATERIALS

29% of our sales

To take full advantage of our leading asset position, specialized technology and know-how, we plan to proactively expand the range of our bromine- and phosphate-related products and applications. To this end, we will further increase our R&D spend while embracing external collaborations, through both ICL Innovation and other joint ventures.



# Growth Initiatives



We have begun implementing a number of exciting growth projects through which we will expand our global businesses in agriculture, food ingredients and engineered materials.

## POTASH

Over the next several years, we will expand our potash production by more than 10% and further expand our capacity while implementing process improvements to enhance our competitive positioning.

### Iberpotash (Spain)

We will continue consolidating our Iberpotash mines into a single mine and plant, retaining the current potash capacity and building a new vacuum salt plant while significantly reducing costs. Investment for this project, which is already well underway, will total €160 million, and the project will be completed in mid-2015. In the next phase, we will increase the mine's potash output to 1.1 million tonnes per year and vacuum salt output to 1.5 million tonnes per year, while also evaluating a 1 million tonne brownfield expansion program based on our improved cost position.

### Upgrading Cleveland Potash (England)

We are implementing a capacity utilization improvement program that will double Cleveland Potash's production and significantly reduce cost per tonne. To assure that we have sufficient potash reserves for the next 40 years and take full advantage of the polysulphate opportunity, we will extend current mining areas.

### Dead Sea Works (Israel)

We will implement a number of programs aimed at reducing our potash costs, increasing production capacity utilization and ensuring our long term sustainable operations. First-priority projects include: 1) increasing capacity in our processing plants by 300,000 tonnes to improve production flexibility and utilization; 2) construction of a US\$ 320 million power plant; 3) solidification of our Pond #5

dike; 4) building of a new pumping station; and 5) implementation of the long-term salt recovery project.

### Pursuit of new mining opportunities in Africa, Asia and South America

We continue to evaluate acquisition and joint venture opportunities in targeted end markets, as well as "start-ups" in economic greenfield projects.

## Potash Growth Initiatives

### Iberpotash (Spain):

- Short term: increasing MOP annual output to 1.1M tonnes.
- New vacuum salt production plant.
- Evaluate brownfield expansion in Spain based on improved cost position.

### Upgrading Cleveland Potash (England):

- Extend mining area to provide reserves for the next decades.
- Utilize the polysulphate opportunity.

### Dead Sea Works:

- Increase annual production capacity of the potash processing plants.
- Research driven growth opportunities.

### Continue to leverage synergies across portfolio & maintain market share.

### Assess several new competitive reserves globally.

## PHOSPHATES

Our strategy for phosphates is 1) to improve our competitive positioning by scaling up our capacity, improving our processing technology and reducing our costs; and 2) to enhance our global capabilities by rolling out our phosphate end-to-end business model across other relevant geographies while creating a more flexible and profitable product portfolio.

**Scaling up capacity:** faced with projected depletion of our phosphate reserves in 7-8 years, we are focused on securing new reserves. To this end, we are undertaking the following projects:

- **Barir Field:** we continue to advocate to receive approvals for the initiation of a new mining site in Israel's Barir Field, a project that has not yet been approved by the Israeli government.

- **Mining outside of Israel:** we continue to evaluate opportunities for phosphate mining Asia, Africa and South America.

**Development of new phosphate-based engineered materials and processes:** leveraging our existing technical phosphate application portfolio, our leadership in phosphate-based applications technologies, our R&D and Open Innovation capabilities, we will perfect our processing of a variety of phosphate ores and create new phosphate-based engineered materials and related applications.

**Securing access to competitive P<sub>4</sub> and improving cost position in phosphates.**

## Phosphate Cooperation with Vietnam's Duc Giang

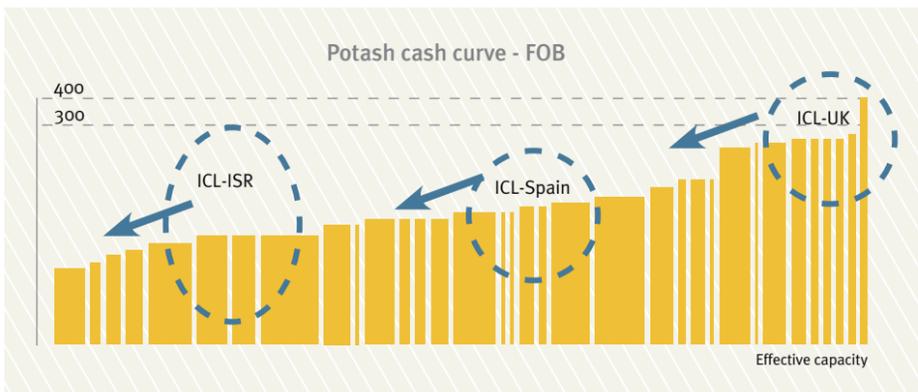
In September 2013, ICL formed a partnership with Duc Giang to mine phosphate rock and to establish a phosphate processing factory in Vietnam's Bao Thang province.

## Strategic Alliance with Allana Potash

In February 2014, ICL partnered with Allana Potash to develop its Danakhil potash project in northeast Ethiopia. Feasibility studies indicate that it will produce ~1 million tonnes of potash annually within 5 years.

## FosBrasil Acquisition

In December 2013, we acquired Vale Fertilizantes's share in Fosbrasil S.A., a joint venture producing white phosphoric acid located in Brazil, increasing ICL's ownership share to a majority position. The goal of this acquisition was to assure our future supply of white phosphoric acid, a critical ingredient for our food strategy and phosphate value chain, while establishing ICL as a leader in the white phosphoric acid market.



# Growth Initiatives



## R&D DRIVEN GROWTH INITIATIVES

Product and process innovation will be the key to the long-term growth of our phosphate, bromine and specialty fertilizer businesses. To this end, we will scale up our investment in R&D laboratories throughout the world to encompass Open Innovation, make targeted acquisitions of technology-rich companies in these fields, and continue to scale up our ICL Innovation activities. Innovation is critical for many of our initiatives, including perfecting processing methods to handle various types of phosphate ores, maximizing our

potash utilization, innovating the next-generation of specialty fertilizers, and especially growing the global market for bromine by finding new applications.

## BROMINE

For our bromine-based businesses, the key to growth is “expanding the pie”: creating new bromine-based applications that answer significant emerging needs. For example, we created our Merquel™ product line to reduce the mercury emissions of coal-based electricity plants.

We are also developing new bromine-based products to replace older products being phased out. We have launched marketing of a family of next generation “green” large molecule (polymeric) flame retardants, including FR122P, an environmentally-friendly substitute for HBCD (used in construction insulation materials) and FR1410, a flame retardant

which replaces DECA (used in electrical and electronic applications).

To this end, our bromine strategy is to

- Strengthen and broaden our R&D capabilities while looking for sources of innovation from both within and outside ICL
- Collaborate with global regulators, advocating the improvement of green legislation and fire safety standards in emerging markets

## SPECIALTY FERTILIZERS

Our strategy for growing ICL’s Specialty Fertilizers business includes:

- Expansion of our core technologies and product portfolios in the areas of liquid fertilizers, advanced coated and controlled release fertilizers and soluble specialty fertilizers
- Expansion into attractive geographies, especially in emerging markets
- Strengthening our positioning in specialty agriculture markets, including the utilization of our high-technology products to support agrochemical needs
- Enhancing our cost competitiveness by pursuing supply chain excellence (including back-integration to key raw materials) and increasing scale of operations

## FOOD SPECIALTIES

Our strategy for our food specialties unit is to become a global leader in integrated solutions for food texture and stability. We aim to offer customers a broad range of solutions for tailoring their products to the exact “mouth feel,” appearance, shelf life, nutrition, shape and flavor characteristics that will make them most attractive to their end-markets.

The activities we have planned to achieve this aim include:

- Expansion of applications development and commercial footprint in emerging markets
- Enhancement of technology platform for texture and stability solutions
- Assessment of targeted M&A options for expanding ingredients portfolio

Made without functional ingredients  
No emulsification



Made with sodium phosphate and BEKAPLUS Q3B (cellulose and guar gums)  
Smooth and creamy texture



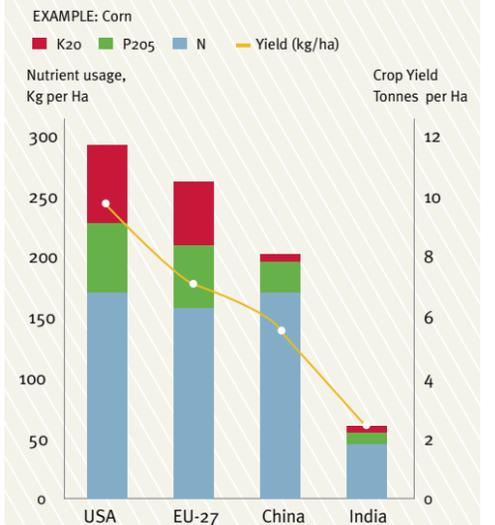
## CHINA BRAZIL & INDIA

We are expanding our product offerings for these regions, strengthening our position in specialty fertilizers, increasing our focus on the food market, examining options for resource expansion and increasing our FR advocacy efforts.

### India

in 2013 we launched a new program in co-operation with IPL, India’s largest fertilizer importer, aimed at increasing India’s demand for potash. Via 720 demonstration plots established in 36 districts across 9 states, we are providing farmers with evidence of the benefits of using potash.

## Potential for Increasing Crop Yield in Major Food Growing Countries by Improved Fertilizer Application

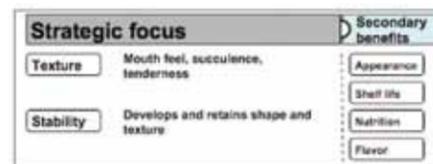


Source: USDA, IFA, Justus von Liebig, “Law of Minimum”

**Brazil:** our strategies for Brazil include expanding our footprint in the fertilizer market, utilizing growth opportunities in specialty fertilizers and accelerating organic growth in the food ingredients market, including carrying out targeted acquisitions.

## ICL Innovation

ICL launched ICL Innovation in December 2012 as its venue for attracting entrepreneurs and scientists to develop cutting-edge new technological concepts related to ICL’s core businesses within the ICL umbrella. In its first year of operation, ICL Innovation launched four projects.



# Efficiency Program



Our efficiency initiative is designed to formulate and integrate organization-wide Best Practices for all of our operations on a global scale, instituting excellence while enabling our managers and employees to work better and smarter.

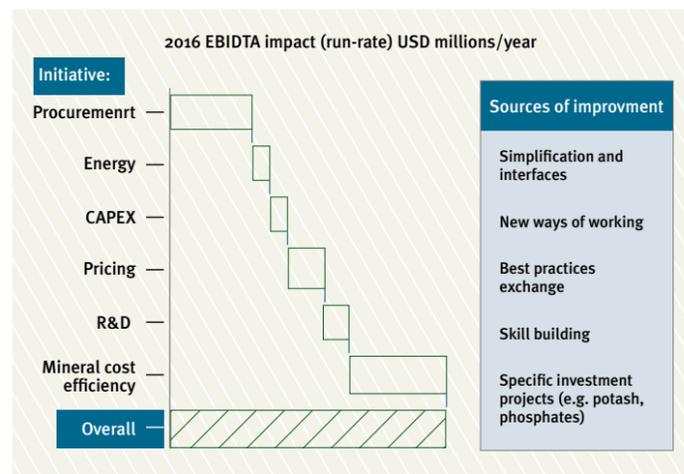


## ICL's Efficiency Program

- Goal: improve EBITDA by several hundreds of millions of dollars per year by 2016
- Adopt advanced business processes
- Achieve operational excellence in our mineral resource base
- Continually develop, train and improve functional skills

The savings generated by the program will help improve our competitive position, fund our growth projects, compensate for increased regulatory costs, cushion the effect of industry disruptions, and build ICL's in-house capabilities for large program management.

The initial focus of this multi-stage, long-term process will be six critical operational areas: procurement, energy, CAPEX, R&D, pricing, and mineral cost efficiency. After identifying areas for improvement and examining available methodologies, we will adopt Best Practices for implementation throughout ICL.



## Procurement: Category by Category

By the end of 2016, we aim to reduce our direct and indirect procurement costs, which currently total approximately US\$4 billion per year. To do so, we will consolidate our procurement organizations, examine all aspects of effective procurement, establish Best-in-Class procurement processes, and then optimize our spending in each category.



## Energy: Plant by Plant

We intend to significantly reduce the utility expenditure of each of our plants worldwide by deploying enhanced technology and manufacturing infrastructure, as well as by augmenting our professional capabilities. This will enable us to achieve significant savings compared with our current energy expenditure of approximately US\$360 million (2013) million per year.



## CAPEX: Project by Project

CAPEX projects will be optimized by improving project design and implementation processes, work processes and management skills. New CAPEX projects will be appraised using upgraded standards, approval processes will be improved and the execution of the CAPEX projects will be accelerated. Optimal solutions will be found to build the skills and capabilities of project teams across ICL companies to increase added value.



## R&D: Area by Area

We are evaluating all of our R&D practices, including the efficacy and efficiency of our product and process innovation capabilities, with the aim of creating a roadmap of improvement initiatives and an R&D performance program that will lead to increased R&D activities and the creation of profitable growth.



## Pricing: Segment by Segment

Price management processes in all of our businesses will be optimized by creating tools, such as product assessments and guidelines for negotiation, that provide transparency and greater control by management with the goal of improving the Company's profitability.



## Mineral Cost Efficiency: Mine by Mine

We will reduce our mineral costs significantly through efficiency programs at each of our mines.

- **Iberpotash:** we will achieve significant fixed cost reductions through the consolidation of our mines.
- **Cleveland Potash:** we will double potash production by improving capacity utilization and increase polysulphate mining to further improve utilization of the infrastructure, thereby contributing to lower costs.
- **Dead Sea Works:** we will improve processes and tighten supervision over production costs. Major cost savings will be achieved through the construction of an environmentally-friendly power plant and other infrastructure projects.
- **Rotem:** we will reduce variable and fixed costs through the postponement of investments, elimination of third-party contracts and the retirement of 115 employees and executives.



**ONE**  
UNITED ICL

# Enabling Platforms



By developing a cross-organization infrastructure and enabling platform, we aim to transform ICL's two hundred companies into "ONE ICL", a truly multi-national corporation whose talented teams operate with a unified heartbeat in an empowering environment with harmonized processes.

The enabling platform will standardize and integrate all of our business systems, better manage and unify our global human resources, enhance our R&D capabilities and bolster our process and application innovation. In addition, to improve our connection with the external world, we will work to strengthen our global brand as well as our regulatory and advocacy activities.

## "HARMONIZE ICL" - A UNIFIED GLOBAL PLATFORM

Through our Harmonization Process, we will standardize and integrate our IT and communications systems worldwide. This single, integrated platform will enable us to enhance managerial flexibility, streamline information transfer, increase transparency and achieve significant cross-segment synergies. It will enhance our efforts to formulate Best Practices, to integrate acquisitions, to pursue opportunities as they arise and to transform ICL into a truly global company.

The first phase of the project, completed in 2013, involved mapping key processes by cross-segment teams. During the current stage, scheduled to conclude in mid-2014, new business processes are

being designed and tested in the areas of manufacturing, sales and marketing, supply chain, procurement and business management. In the final stage, we will establish regional shared service centers, and a uniform ERP-based IT solution will be adopted by all of our companies throughout the world.

## DEVELOPING A CULTURE OF EMPOWERMENT

Among the chief enablers is developing a "People Empowering Culture" that includes programs focused on management and talent development, succession planning and long-term incentives for all employees that will transform the organization into ONE ICL.

### Elements of a "People Empowering Culture"

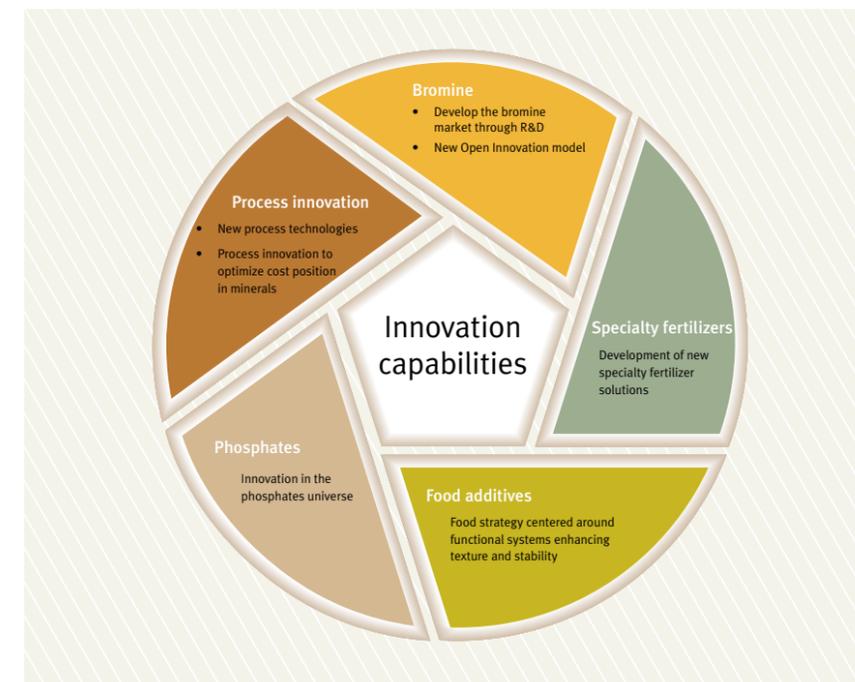
- ICL's Code of Ethics
- Policy of full compliance with relevant regulations
- Safety & health awareness
- Global compensation plan
- Management assessment and development
- Succession planning
- Talent development
- Long term incentives for all employees
- Environmental initiatives
- Contribution to the community
- Emphasizing ICL's culture: the Israeli "DNA"

## MANAGER COMPETENCY MODEL

As an important platform for developing our managerial leadership, we created a unified "competency model" for ICL managers. The model sets a standard based on five categories: learning ICL values, leading people, executing for results, applying a global perspective and shaping the business. Evaluations according to this model will improve and streamline our performance management, succession planning, and candidate assessment activities.

## STRENGTHENING R&D AND INNOVATION

With a commitment to innovation and creativity as a key to our continued success in dynamic markets, we are committed to strengthening and broadening our R&D while developing new sources of innovation, both from within and outside ICL. In 2013, we appointed Eyal Ginzberg, the Head of our TAMI IMI Research Institute, to become our CTO, a newly created position mandated to take our innovation and R&D activities to a new level. In addition, we launched "ICL Innovation," our "Open Innovation" subsidiary designed to invest in long-term, high risk/high reward projects and to collaborate with external researchers.



## BRANDING: ONE ICL

Our goal is not only to work as ONE ICL, but also to become recognized as a single global and united company. To this end, we are re-building the ICL brand through a program aimed at honoring our roots and unique spirit while projecting our unique vision, strengths and operations. The program is being implemented across all of our business units.

### "ONE ICL": BKG

An early example of ONE ICL's implementation is BK Giulini, one of ICL Performance Products' largest business units. Until recently, BK Giulini, a Germany-headquartered unit that sells chemical ingredients for the pharma, gypsum and cosmetics industries in over 100 countries, operated under the BK Giulini brand with minimal recognition as an ICL business. Through the "ONE ICL" process, BK Giulini adopted the ICL corporate identity, began promoting the identity to its employees, customers and suppliers, and initiated a program aimed at realizing cross-unit synergies at three of its production sites in Germany.

# Sustainability

To enhance our leadership in the area of sustainable development and environmental awareness, we will continue to invest heavily across a broad range of activities, including the expansion of our eco-friendly product offerings, the preservation of natural resources, the reduction of our environmental footprint and the protection of employee health.

## ICL's Environmental Focus

**Products:** We continue to develop new products that contribute to the world's long-term sustainability. Our expanding environmentally-friendly product lines include next-generation large molecule flame retardants, mercury emission reduction solutions for coal-fired power stations, water purification and treatment products and systems, and advanced and organic fertilizers.

**Processes:** We are investing to reduce the environmental footprint of all of our operations and to become more efficient. In 2013, our investment in environmental projects totaled approximately US\$132 million, and in 2014 we plan to invest a further US\$156 million.

We are committed to achieving full compliance with all relevant regulatory requirements and international standards for improving the environmental footprint of our products and operations. For example:

- **Reducing environmental footprint:** From 2008-2012, we reduced our sulfuric acid emissions by 35% and nitrous oxide emissions by 79%. We also reduced particle emissions\* by 99% between 2005-2012.
- **Compliance with REACH:** During 2013, we prepared a number of comprehensive registration dossiers to comply with the next phases of the EU's REACH (Registration, Evaluation and Authorization of Chemicals) directive.
- **Using a Sustainability Index and Green Chemistry:** To ensure that our new products have a minimum negative and maximum positive impact on the environment throughout their lifecycle, we use an internationally-recognized Green Chemistry and Sustainability Index to guide all of our product development activities.
- **Switching to cleaner energy:** We have converted 90% of our Israeli production sites to use natural gas. In addition, we are investing US\$320 million to build a 245MW power plant that will be fueled by natural gas.
- **Building "Green":** We carry out all new construction and renovation of our offices and production facilities according to Green Building principles.
- **Responsible usage of natural resources:** We restore all mining areas to their original topography in coordination with environmental authorities and organizations.
- **Maintaining biodiversity:** We train farmers in effective and sustainable fertilization methods using Fertilizer Best Management Practices.
- **Encouraging community involvement:** We proactively host community advisory panels (CAPs) that include representatives from local government, the community and industry.

\* To maintain methodological consistency, the information collected from all ICL sites, including both Israeli and international sites, is reported according to the international protocols used in past reports.

## ICL Among Top 50 Companies in Carbon Disclosure Project

In 2013, we received a score of 98 (out of 100) for the comprehensiveness of our greenhouse gas (GHG) emissions reporting to the Carbon Disclosure Project (CDP), the leading international organization in the field of climate change. This score places ICL among the top 50 reporting companies, and is the highest score ever achieved by an Israeli company.

In the CDP's Performance Index, we also were awarded a high grade for the 23% reduction in GHG emissions that we achieved between 2008 and 2012. This grade reflected the conversion of our Israeli plants to natural gas, our energy efficiency projects and our implementation of new production technologies.

## Dead Sea Salt Recovery Project

Due to an agreement with the Israeli government signed in 2011, we are funding and implementing a large-scale project to remove 20 million tons of salt annually from Dead Sea Works' Pond #5 and to transfer the salt to the Dead Sea's northern basin. The project will secure the future of hotels located on Pond #5's shores, promote tourism while ensuring the sustainability of ICL's operations at the Dead Sea in the future. Implemented over a 16-year period beginning in 2014, the project will cost US\$2 billion in total, 80% of which will be funded by ICL. The project will directly employ hundreds of employees and create jobs for more than 1,000 residents of Israel's Negev region.

## Health & Safety

With a total commitment to safety excellence, we invest heavily in employee education and comply strictly with occupational safety and health measures. Our programs aimed at reducing accidents and improving work safety include:

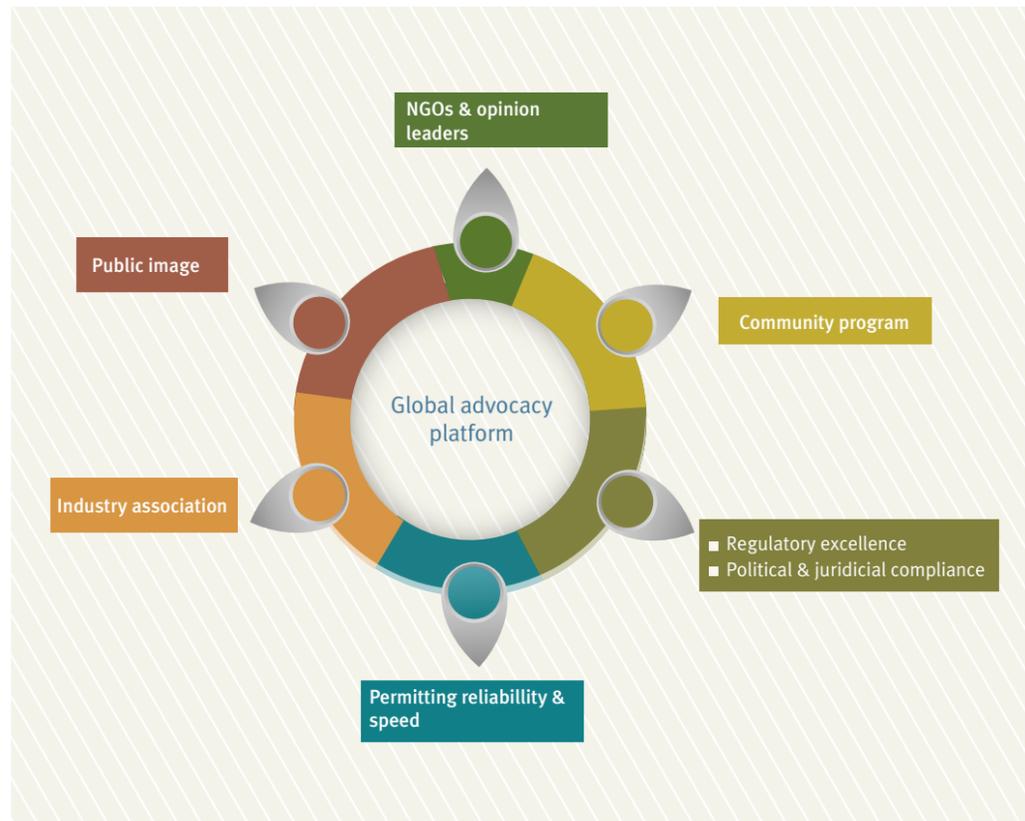
- Creating a high level of safety and health awareness among employees, service providers, suppliers, transporters, and customers
- Implementing advanced safety procedures
- Training employees in all aspects of work safety
- Assessing health risks and preventing exposure to dangerous products and processes at our plants
- Providing occupational medicine and preventative medical services

## At-Home Safety Program

In addition to our ongoing work safety programs, in 2014 we will initiate a company-wide program aimed at creating greater awareness of safety during non-working hours for our employees and their families.

# Global Advocacy

Our activities are governed by an increasing number of regulations related to environmental protection, consumer safety and sustainability. To ensure our freedom to operate and to utilize growth opportunities, we must communicate our positions effectively to governments and policy makers, regulators and non-governmental organizations (NGOs), as well as to the public. To lead our advocacy efforts, during 2013 we appointed Mr. Dani Chen, formerly President and CEO of ICL Fertilizers, to the senior management position of Executive Vice President, Corporate Relations, and began building a team of internal and external experts dedicated to improving our media relations.



# Community

As part of our Next Step Forward strategy, we aim to deepen our relationship with all of the communities in which we operate. With a deep commitment to social responsibility, we provide substantial financial support for a range of social and educational initiatives (*see box*), while also encouraging volunteerism on the part of our employees. In accordance with the ONE ICL vision, we are broadening and deepening our social responsibility initiatives outside of Israel. These activities include:

- Appointing seven regional managers responsible for creating, promoting and coordinating community support activities, including determining priorities, preparing budgets and encouraging volunteerism
- Creating a dedicated fund for community support



## Additional Community Initiatives

- Assistance to **Bedouin Communities**
- **Educational initiatives** in partnership with the Weizmann Institute, the Technion and the Interdisciplinary Center in Herzlia
- **Medical initiatives** including support for Soroka Hospital, Beer Sheva and Israel Cancer Association's Hosan Center, Arad
- **Social welfare organizations** including Inbal (association for children that have suffered from sexual abuse), Maslan (shelter for battered women), Alut (association for autistic children), Akim (association for the mentally handicapped), Alyn (hospital for physically handicapped children), and Yated (association for children with Downe's Syndrome) and the Association for the Transport of Disabled to Sports Competitions

## Flagship Project: Clubs for Kids at Risk

Our Clubs for Kids at Risk is our flagship social action initiative in Israel, a highly successful afternoon program that serves over 700 children aged 6-13 at over 60 clubs. Our involvement includes funding as well as educational and value-oriented programming by hundreds of ICL employees and pensioners who serve as educators, friends, counselors and surrogate parents to the children.

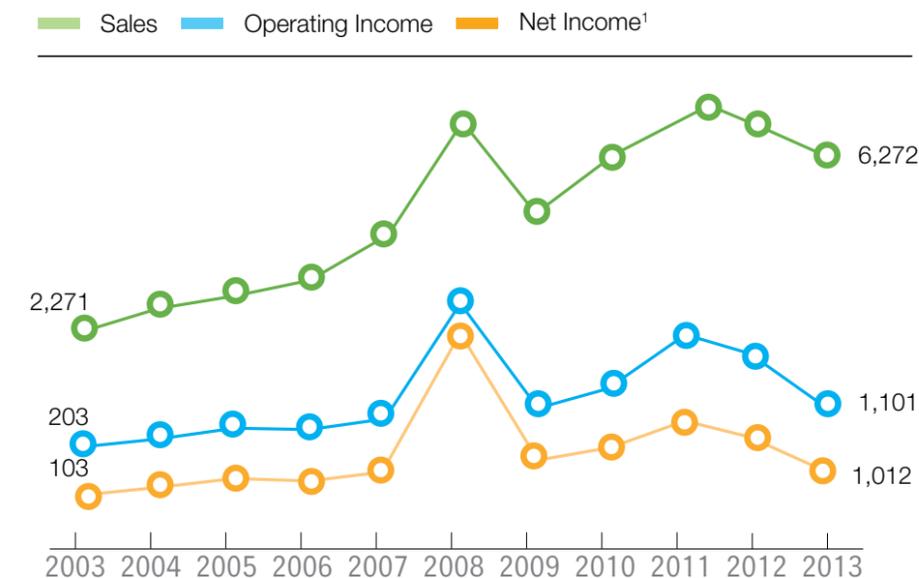
# Financial Highlights

## SELECTED FINANCIAL DATA USD millions

	2013	2012	2011
Sales	6,272	6,471	7,068
Operating Income <sup>1</sup>	1,101	1,554	1,926
Net Income <sup>2</sup>	819	1,300	1,512
Adjusted Net Income <sup>3</sup>	1,012	1,339	1,512
Cash Flow from Operating Activities	1,127	1,727	1,269
EBITDA <sup>4</sup>	1,569	1,946	2,190
ROE <sup>5</sup>	28.8%	40.4%	53.1%
ROIC <sup>6</sup>	18.2%	25.8%	33.5%
Dividend Yield <sup>7</sup>	8.0%	6.4%	5.9%

1 After elimination of non-recurring effects, including a provision for early retirement in Rotem, a provision for removing waste in Bromine and impairment of assets in ICL-IP, operating income totaled \$1,196 million  
 2 To the Company's equity holders  
 3 After elimination of non recurring tax effects (mainly, tax in respect of release of trapped earnings in 2013 annual results, provision for early retirement in Dead Sea Bromine, provision for removing waste in Bromine and impairment of assets in ICL-IP in Q4 2013)  
 4 Net income plus net financing expenses, taxes, minority interests, depreciation and amortization, excluding extraordinary or one-time events  
 5 Return On Equity = Adj. Net income / average Shareholders' Equity  
 6 Return on Invested Capital = (Adj. Operating Income x (1-0.20)) / (Trade Receivables + Inventory - Trade Payables + Property, Plant & Equipment, net), average  
 7 Calculated according to market capitalization based on average share price adjusted for dividends

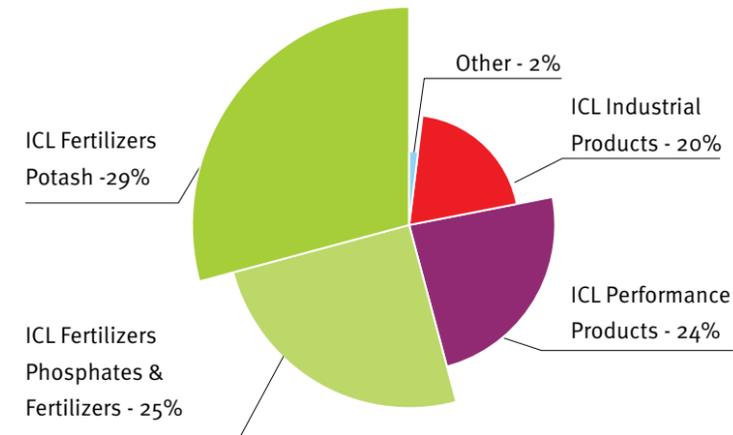
## REVENUES, OPERATING PROFIT, NET INCOME USD millions



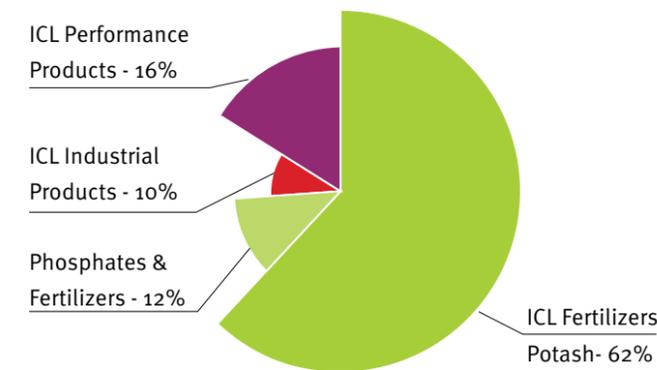
1. To the Company's equity holders, adjusted  
 2003-2006 figures are based on Israeli GAAP; 2007-2013 figures are based on IFRS

## SEGMENT DATA

### Sales (to external customers only)



### Operating income (adjusted)



### Important Notes

The information in this document is based upon certain sections from ICL's 2013 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/investors/reports/financialreports/Pages/default.aspx>. For details regarding adjustments you should refer to the full documentation as published.

The binding version is the Hebrew publication. You should not assume that the information contained herein is accurate as of any date other than the date of this document. We are not providing you with any investment, legal, business or tax advice. All statements, other than statements of historical facts included in this document, may be forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Such forward looking information involves risks and uncertainties, including those referred to in the company's 2013 Annual Report referred above. Some of the market and industry data contained in this document are based on independent industry publications or other publicly available information, while other information is based on internal studies and/or estimates. Although we believe that these 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. As a result, you should be aware that the market and industry data contained in this document and beliefs and estimates based on such data, may not be reliable. © ICL 2014

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## ICL Fertilizers - 2013

Revenues



Operating income



\*including \$273 million in internal sales

## ICL Industrial Products - 2013

Revenues



Operating income



\*including \$19 million in internal sales

## ICL Performance Products - 2013

Revenues



Operating income



\*including \$78 million in internal sales



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