



Moving Forward:

Delivering on Our Strategy

ICL 2014

Corporate Review





Delivering On...Our Promises

“In last year’s corporate profile, we detailed ICL’s ‘Next Step Forward,’ our comprehensive strategy for evolving ICL into a company that fulfills essential needs based on integrated mineral value chains. Since then, we have moved into implementation mode, moving forward with multiple initiatives for growing these value chains, improving their efficiency and building a sustainable platform for execution.”

“The strategic transactions and programs that we put into place this year are making ICL more flexible, resilient and productive. And the initiatives planned for the year ahead promise to make us even more sustainable, with a greater global balance, a more vertically integrated production base, a more efficient operational platform and an expanded portfolio of downstream solutions for our core markets.”

From the Chairman’s and CEO’s letters

ICL at a Glance

ICL fulfills humanity's essential needs in agriculture, engineered materials and food. These essential needs continue to change and evolve, and so do we.

Unique Portfolio of Mineral Assets



Fully Integrated & Diversified Value Chain



Leading Positions in Concentrated Global Markets with Strong Fundamentals



Lines of Business

- Potash
- Phosphates & Compound Fertilizers
- Specialty Fertilizers
- Flame Retardants
bromine- & phosphorus-based
- Industrial Solutions
bromine & phosphorus-based
- Advanced Additives
phosphates & phosphorus-based
- Food Specialties
phosphates-based



Where needs take us

Our products address needs driven by global mega-trends:



Chairman's Letter

One year ago, when ICL's Board of Directors unanimously approved Management's Next Step Forward strategy, we recognized its potential to build ICL to a new level: to make ICL a more tightly-focused, global enterprise aligned with the essential needs of global markets, improving our revenues and profits while contributing to well-being throughout the world. We agreed on the need for ICL to continue expanding and evolving, to create a unified brand and to establish a more fluid mechanism for dealing with current and future challenges.

Today, after a year of intensive execution, the facts on the ground are confirming the strategy. As documented in this report, the strategic transactions and programs put into place to date are making ICL more flexible, resilient and productive. In addition, the initiatives planned for the year ahead promise to make us more sustainable, with a greater global balance, a more vertically-integrated production base, a more efficient operational platform and an expanded portfolio of downstream solutions for our core markets.

We are creating an ICL that is positioned to thrive in all types of market conditions and to overcome all types of challenges. The difficulties that we have faced this year, including the downturn in our bromine market and Israel's increasingly onerous business environment, have highlighted the need for this resilience. In fact, given today's realities, our efficiency programs are more critical than ever to assure the long-term viability of our operations at Israel's Dead Sea and Negev Desert. As such, with a total commitment



Mr. Nir Gilad
Chairman of the Board

to the long-term well-being of our employees and the many other beneficiaries of our Israeli operations, we remain determined to pursue our efficiency programs, even in the face of governmental and union attempts to diminish our control.

Together with the Board of Directors, I strongly support our Next Step Forward strategy and continue to fully back ICL's management team. We are confident that the strategic actions planned for the next phase will continue building ICL's platform, creating a company that will grow from strength to strength and generate value for its stakeholders and the world as a whole.

A handwritten signature in black ink, appearing to be 'N. Gilad'.

Mr. Nir Gilad
Chairman of the Board



CEO's Letter

Dear Stakeholders,

In last year's corporate profile, we detailed ICL's "Next Step Forward," our comprehensive strategy for evolving ICL into a company that fulfills essential needs based on integrated mineral value chains. Since then, we have moved into implementation mode, moving forward with multiple initiatives for growing these value chains, improving their efficiency and building a sustainable platform for execution.

As the year progressed, we made headway with dozens of projects: the diversification of our sources of raw materials, acquiring new assets in our core markets of agriculture, food and engineered materials, divesting non-core assets, increasing our efficiency and harmonizing our global systems and operations. Some of these projects have already been completed, and others will continue through 2015 and beyond.

In this year's corporate profile, we present a snapshot of the progress achieved so far and lay out our roadmap for the year ahead. A summary of our key 2014 achievements gives insight into the scope of our activity:

- We formed a strategic alliance with **China's Yunnan Yuntianhua**, securing a second back-integrated phosphate platform for the Asian markets that will enable us to increase our phosphates business by more than 50%.
- We formed a strategic alliance with **Allana Potash** for mining potash in Ethiopia, a move that will expand and diversify our potash reserves.
- We launched **major expansion programs** for our potash mining operation in Spain and polysulphate mining operations in the U.K., further increasing our mineral production capacity while improving productivity and reducing costs.
- To solidify our leadership as a supplier of purified phosphoric acid and to enhance our footprint in the specialty phosphates markets throughout the world and especially in Latin America, we acquired full ownership of Brazil's **Fosbrasil**.
- We acquired **Prolactal**, a European producer of dairy proteins, as a platform for expanding our food ingredient business and for capturing more value from the solutions we provide. And we integrated Hagesud, a German meat spice business that will strengthen our offering for the meat industry.
- We **divested** a number of non-core businesses: our Alumina/

Mr. Stefan Borgas
President & CEO



Paper/Water business, Rhenoflex (shoe parts) and Anti-Germ business (hygiene chemicals), transferring them to more suitable owners. This generated net proceeds of more than \$300 million for re-deployment in strategic projects.

- To enhance our leadership in specialty fertilizers, we acquired **AmegA Sciences**.
- We made a strong step forward towards achieving our goal of \$350 million in annual savings by the end of 2016, implementing efficiency measures that generated \$100 million savings in 2014 while enhancing our financial and managerial flexibility.
- We also made substantial progress in transforming our company into '**ONE ICL**' by starting to harmonize our business processes and our IT systems, creating a unified brand, establishing regional Shared Services Centers and creating additional global enablers.

We are proud of this progress in light of the challenges faced

in our markets, together with Israel's increasingly uncertain and unfavorable business climate. These challenges have highlighted the critical importance of our efficiency measures and our focus on critical mass as we evaluate our business units. We continue our advocacy efforts by working together with the government's proposed changes in taxation policies and regulatory legislation in Israel but also in all other countries in which we are active. We have started to take painful steps to reduce our production costs in several of our sites around the world, at times with labor actions that we had to endure. The expansion of our international footprint has started to decrease our dependence on Israeli resources. With thousands of employees and stakeholders throughout the world depending upon us, our commitment to manage ICL responsibly demands that we take these actions, however difficult, to safeguard our flexibility, long-term profitability and sustainability.

I am happy to report that during 2014 our management around the

"Thanks to the ICL team, 2014 was a year of action in an atmosphere of change. With our Next Step Forward well underway, we are building ICL into a stronger, more focused and more global company, positioned to take better advantage of global opportunities and to create long-term value."

world has engaged fully with hearts and minds; thanks to the ICL team, 2014 was a year of action in an atmosphere of change. With our Next Step Forward well underway, we are building ICL into a stronger, more focused and more global company, positioned to take better advantage of global opportunities and to create long-term value. During 2015, we will focus on further moving forward our pending transactions, integration of our new activities and our efficiency plans. With full awareness of our responsibility to our many stakeholders, we are working at full steam to deliver even greater achievements in the years ahead, and look forward to reporting the results of our efforts.

Mr. Stefan Borgas
President & CEO

2014: Delivering on the Strategy

Delivering on the Strategy

Mineral Resource Expansion

- **Yunnan Yuntianhua Group (China)** - strategic alliance for backward-integrated phosphate operations
- **Allana (Ethiopia)** - strategic alliance to develop a potash mine in Ethiopia
- **Polysulphate (UK)** - \$38M expansion project
- **Project at ICL Iberia (Spain)** to reduce costs and expand potash production

Downstream Activities: Products & Markets

Agriculture

- **AmegA Sciences (UK)** (acquired 100%) - specialty ag products
- **"Potash for Life" (India)**
- **"Potash for Growth" (Ethiopia)**

Engineered Materials

- **Fosbrasil (Brazil)** (acquisition) purified phosphoric acid & specialty phosphates
- **Auxquimia (Spain)** (acquisition) - manufacturer of firefighting foams
- **AkzoNobel (Spain)** (JV) - project for production and marketing of vacuum salt and white potash

- **Albemerle (Israel & Netherlands)** (JV) - manufacture of FR122P polymeric FRs

Processed Food

- **Hagesud Group (Germany)** (acquisition) - premium meat processing spice blends and food ingredients
- **Prolactal (Austria)** (acquisition) - whey proteins
- **Marketing initiatives in China and Latin America**

Streamlining Our Operations

- **Annual savings of \$100 million achieved in 2014** as part of operational excellence and efficiency measures to reduce annual costs by \$350 million by the end of 2016
- **Creation of Shared Service Centers** in Israel & Europe (Amsterdam)

Global Enabling Platforms

Israel Advocacy

- **Potash** - Sheshinski II
- **Phosphates** - Sde Barir

IT - Harmonization project

Finance

- **Dual listing on the NYSE**
- **\$800M bond offering**
- **Divestiture of non-core businesses**

Open Innovation platform

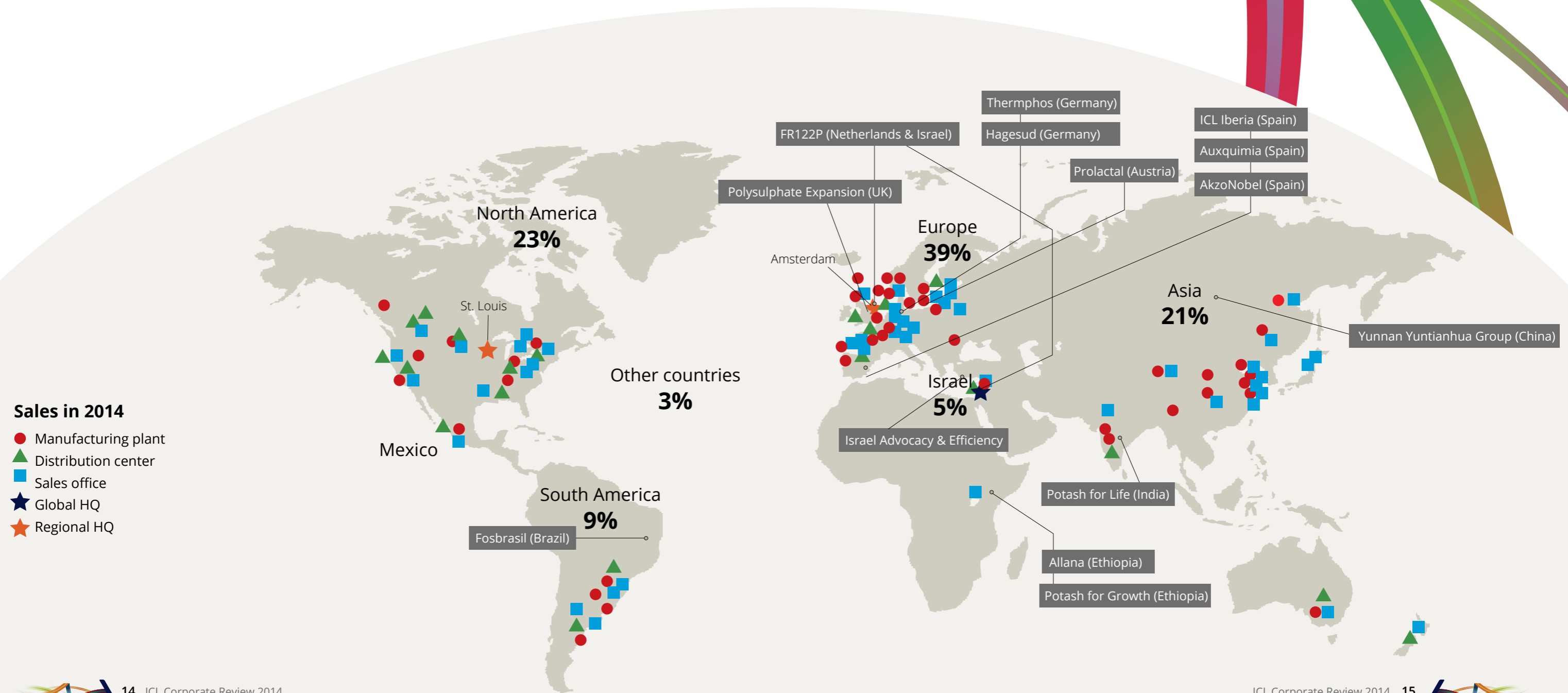
Sustainability efforts

Community programs



2014: Delivering on the Strategy

Continuously More Global



Minerals: Global Resource Expansion



A key goal of our 'Next Step Forward' strategy is to diversify and upgrade our sources of raw materials to better serve the needs of our global end markets, especially China, India, Brazil and Africa. This will enable us to become less dependent on any one source and to take better advantage of our significant technologies, experience and know-how.

Strategic Alliance with Yunnan Yuntianhua (China)

In December 2014, we entered into an agreement with China's Yunnan Yuntianhua (YY), the world's 3rd largest phosphate producer, to form a joint venture that will give us control of a fully vertical, integrated phosphate business in China with a world-scale phosphate rock mine, R&D facility and downstream operations. In addition, approximately \$269 million of the \$452 million deal will be used to purchase a 15% strategic holding in YY. As a strategic investor that nominates 2 board members, 3 VPs and forms a "phosphate committee", we will gain access to a major global phosphate player's decision process and strengthen both sides' commitment to the cooperation. The deal will expand our share of the world phosphate market by more than 50%. Our goals for the JV include increasing revenues by 40% to ~\$700 million,

while expanding margins to the high teens. We will accomplish these goals by transforming the operations, increasing specialty-product/commodity sales ratio from 10/90 to 50/50, utilizing ICL's know-how and executing synergies.

Allana (Ethiopia)

In 2014, we entered into a strategic alliance with Canada's Allana Potash to promote mining operations in Ethiopia's Danakil potash deposit, creating Africa's first potash operations. The alliance includes: 1) an off-take agreement for the expected 1 million tonnes of potash production per year; 2) a 16% equity investment; and 3) a technical cooperation for the utilization of ICL's expertise. The Danakil deposit is conveniently located for delivery to East Africa and Asia.

Polysulphate (UK): £38M Expansion Project

During 2014, we launched a £38 million program to expand ICL Fertilizers UK's mining and production of polysulphate, a multi-nutrient sulphate fertilizer with favorable costs for both suppliers and farmers, from 130,000 tonnes per year to 600,000 tonnes per year by 2018. In recognition of the project's strategic importance, the British government has contributed £4.9 million to defray its costs.

Project at ICL Iberia (Spain) to Reduce Costs and Expand Potash Production

During 2014, we initiated a \$435 million project to increase the capacity, decrease the cost and reduce the environmental footprint of our potash mining operations at ICL Iberia (Spain). The program includes a step-by-step capacity expansion to reach 1.4 million tonnes by 2020, creating the infrastructure to increase capacity to 2.3 million tonnes over the coming decade, reducing the cost per tonne by 25%. It also includes a feasibility study for an additional 1 million tonne increase in capacity.



PLAN FOR 2015

- Finalize strategic alliance with Yunnan Yuntianhua and establish a joint phosphate R&D platform
- Ramp up efficiency and capacity building activities at ICL Iberia
- Move forward with ICL Cleveland's polysulphate capacity expansion program; continue to expand the polysulphate market

2014: Delivering on the Strategy

Downstream: Agriculture



We are a leading provider of potash, phosphate fertilizers and technology-rich specialty fertilizers – critical inputs for increasing crop yield and quality. We are also the first company in the world to produce polysulphate, an organic fertilizer which contains primarily sulphur and potash.

Our strategy for our Agriculture unit includes initiatives aimed at expanding our product portfolio of commodity and specialty fertilizers, fully leveraging synergies across our portfolio and stepping up activities targeting client needs in emerging markets.

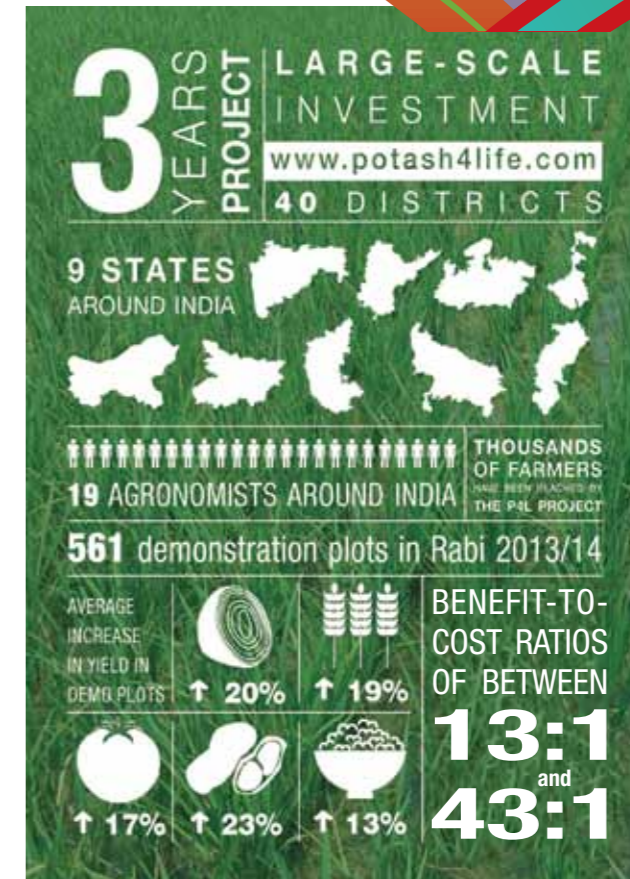
Acquisition of Amega Sciences (UK)

Specialty ag products

During 2014, our Specialty Fertilizers business unit acquired Amega Sciences, a UK-based developer of water conservation and retention solutions for the specialty agriculture, horticulture, turf and amenity markets. The acquisition extends Specialty Fertilizers' core technologies and product portfolio.

"Potash for Life" (India)

With the goal of providing a broader base of Indian farmers with knowledge regarding the benefits of fertilization, we created the "Potash for Life" program in 2013 and ramped it up significantly in 2014. Through



this program, we present science-based evidence of the benefits and improved profitability available through the use of potash fertilizers on over 20 Indian crops.

"Potash for Growth" (Ethiopia)

Following the success of our "Potash for Life" program in India, in 2014 we launched a similar program,

"Potash for Growth," in Ethiopia. Through the creation of hundreds of potash demonstration plots, the launch of a soil fertility mapping effort and the provision of research support, we promote the concept of balanced fertilization for increasing farming productivity.

PLAN FOR 2015

- Continue to to strengthen ICL Specialty Fertilizers' market position and product offering through geographic and crop expansion, including M&As
- Enhance supply chain and scaling operations
- Expand potash education programs in India and Ethiopia to increase market demand

2014: Delivering on the Strategy

Downstream: Engineered Materials



Our formulations are used in thousands of end-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, 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. To take full advantage of our leading positions and proprietary technologies, we are working actively to expand our product base, both through R&D and collaborations throughout the world.

Acquisition of Fosbrasil (Brazil)

Purified phosphoric acid & specialty phosphates

During 2014, we completed the acquisition of 100% of Fosbrasil S.A., Latin America's primary producer of purified phosphoric acid used in the production of specialty phosphates for the engineered materials, specialty fertilizers and processed food industries. While expanding our footprint in Brazil, the acquisition will enable us to increase our purified phosphoric acid volumes by 50%, transforming us into a market-leading provider of specialty products for the agriculture, engineered materials and food markets in South America.

Acquisition of Auxquimia (Spain)

Manufacture of firefighting foams

During 2014, ICL Fire Safety acquired Auxquimia S.A., a Spanish company that produces firefighting foams and fire extinguisher additives. ICL Fire Safety is a leading global producer and marketer of wild land fire retardants, with production locations in the U.S., Canada and France. The acquisition strengthens our portfolio of Class A and Class B foams, including our Phos-Chek and Fire-Trol brands, as part of our strategy to become the world's premier full service fire chemical provider.

JV with Albemarle (Israel & Netherlands)

Manufacture of FR122P polymeric FRs

During 2014, ICL Industrial Products and Albemarle Corporation (NYSE: ALB) entered into a manufacturing joint venture for the production of next-generation polymeric flame retardants. The JV will own and operate ICL's flame retardant plants in the Netherlands and Israel. The JV offers lower risk as well as lower costs due to economies of scale, creating the largest producer of this polymeric flame retardant.

JV with AkzoNobel (Spain):

Project for production and marketing of vacuum salt and white potash

During 2014, we signed a non-binding MOU with the Dutch company AkzoNobel, forming a long-term cooperation through which ICL will produce 1.5 million tonnes of high quality vacuum salt and 50,000 tonnes of white potash at the ICL Iberia potash plant. In Spain, these products will be marketed by AkzoNobel.



PLAN FOR 2015

- Expand footprint in Latin America through the integration of Fosbrasil
- Ramp up development of new bromine-based products and applications to drive growth of bromine market
- Ramp up production of the FR122P in Israel
- Expand Merquel sales and marketing efforts following the formal implementation of the mercury emission control regulation in the US
- Increase efforts to promote regulations in China and India

Downstream: Food Specialties



We are the world's leading provider of specialty phosphate products and formulations for texture and stability solutions used to upgrade the food products produced by the meat, bakery and dairy industries. Through the initiatives of our Next Step Forward strategy, we aim to transform our Food Specialties unit into a global leader in integrated solutions for food texture and stability, offering 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.

Acquisition of Hagesud Group (Germany)

Premium meat processing spice blends and food ingredients

In 2014, we completed our acquisition of Hagesud Group, a leading German manufacturer of premium spice blends and food additives used in meat processing, and merged it into the ICL Food Specialties business unit. The purchase included all of Hagesud's operations and production sites, including its sophisticated production technologies.

Acquisition of Prolactal (Austria)

Whey proteins

In early 2015, ICL Food Specialties agreed to acquire Prolactal GmbH, a leading European producer of functional dairy proteins for the food and beverage industries. The acquisition is a key component of our strategy to strengthen and grow our core food business, and will help transform ICL into an integrated, global formulator of unique, value-added texture and stability solutions for the food and beverage industries.

Marketing Initiatives in China & Latin America

With the goal of expanding its activities in China and Latin America, during 2014, ICL Food Specialties established marketing organizations and laboratories in these high-potential regions.



PLAN FOR 2015

- **Completion of the Prolactal acquisition** and integration of its operations into ICL Food Specialties
- Continued efforts to achieve **sales and marketing synergies** between Group food units
- **Evaluation of additional acquisitions** to strengthen ICL's positioning as a global formulator of texture and stability solutions
- **Major R&D effort** to develop novel tailored integrated formulations
- **Expanding labs and marketing initiatives** globally, with the emphasis on Asia and Latin America while leveraging the geographic expansion occurred in 2014.

2014: Delivering on the Strategy

Streamlining Our Operations



The economic evaluation carried out as part of our Next Step Forward strategy made us aware that the production costs of our mining and manufacturing operations are high compared to those of our competitors, an imbalance that will be intensified if the recommendations of Israel's Committee for the Examination of Taxation of Natural Resources (Sheshinski) (see p.27) are enacted. To assure our profitability and flexibility, as well as the long-term sustainability of these operations, we have initiated an operational excellence and efficiency programs that are designed to bring our costs in line with the market, and we plan to increase their scope in the future.

Efficiency Plan

During 2014, we began implementing a cross-company efficiency plan which includes cost reduction at our production plants as well as improvement and efficiencies in several cross-organization processes. To date, we have achieved \$100 million in annual savings (including \$70 million from the Fertilizers segment), partially compensating for the reduction in potash prices and the labor interruptions during the year. Production and SG&A contributed over 60% of the efficiencies, with additional savings achieved in pricing, procurement, and energy.

Rotem

As part of our efficiency effort, in early 2014 we implemented a Rotem Efficiency and Operational Excellence plan that achieved utilization improvements in our processing facilities as well as a 10% reduction in the labor force. Despite the reduced workforce, we achieved a 15% increase in phosphoric acid production. This initiative was the primary component of the \$70 million savings achieved in the Fertilizers segment.

New Headquarters for European Region

During 2014, we inaugurated our new European region headquarters in Amsterdam, a "green" facility that will house one of four global Shared Services Centers and our new Global Procurement organization, serving as the base for approximately 300

employees. The headquarters will also serve as a platform for creating 'ONE ICL' by contributing to improved efficiency and operational excellence, and will help strengthen our business in Europe.

Shared Service Centers

During 2014, we moved strongly forward with initiatives for building Shared Services Centers (SSCs) in Israel, Europe and the Americas, and eventually, Asia. These SSCs are aimed at establishing a more effective, service-oriented business framework by including accounting, finance, IT, HR, purchasing, legal and other functions within a single facility, enhancing the quality and efficiency of support available to our business units while minimizing costs.



PLAN FOR 2015

- Implementation of **efficiency initiatives** at all sites, advancing towards goal of achieving \$350 million in annual savings by the end of 2016
- Implement labor reduction and efficiency initiatives at ICL Dead Sea and ICL Neot Hovav (bromine compound plant)
- **Global Procurement:** expansion of worldwide organization based in Amsterdam
- **Shared Service Centers:** staffing of new Shared Service Centers in Amsterdam and Beersheva, Israel

2014: Delivering on the Strategy

Israel Advocacy



Sheshinski II

During 2014, the Israeli government's Committee for the Examination of Taxation of Natural Resources ("Sheshinski II") recommended that taxation from our sales of potash and other minerals from Israel be increased significantly and that royalties on our sale of products derived from the Negev Desert be increased significantly. The committee has recommended that profits from natural resources which represent a return on assets above 14% be subject to a resource tax of 25%, and that profits which represent a return on assets above 20% be subject to a resource tax of 42%. The committee also recommended a fixed level of royalties at the amount of 5%. After evaluating the severe impact that these recommendations would make on our future return on invested capital and product costs, our Board of Directors canceled \$750 million in planned investments in Israel, and began re-evaluating an additional \$1 billion in other planned investments.

Sde Barir

During the year, we continued to pursue the approval of our proposed Sde Barir phosphate mining activities to replace the depleting Rotem mine resources, and thereby to ensure the long-term continuation of Israeli phosphate operations. While the vast majority of governmental entities have expressed support of the project, the objection of the Ministry of Health, which is based on a misinterpretation of an expert report, has delayed the project's approval so far, and Israel's early elections have resulted in further delays. If the Israeli government approves our Sde Barir plans, we will proceed with the investment. In parallel, to ensure the continuity of ICL's phosphate business, during 2014 we signed a strategic alliance with Yunnan Yuntianhua to enlarge the scale of our phosphate operations, establish a footprint in Southeast Asia for our bulk and specialty phosphate business, and to provide us with a secondary sources of phosphate reserves.

ICL Magnesium

For many years, ICL's magnesium operations have been unprofitable, but have been retained because of the value of their by-products as inputs to other ICL manufacturing operations. However, the implementation of a resource tax on ICL's potash and bromine production, which would significantly reduce the value of the synergies contributed by the magnesium operations, led the Board of Directors to order Management to examine the closure of the plant as of January 2017. If the Israeli government implements a Cabinet decision to exempt these synergies from the new resource tax, ICL will not close the plant.



2014: Delivering on the Strategy

Global Enabling Platforms



During 2014, we made substantial progress in implementing a cross-organizational enabling platform that 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. Our goal is to create a truly multinational corporation whose 12,000 employees operate in an empowering environment through harmonized processes, while securing the financial resources needed to support our strategic initiatives.

Branding

“One ICL” initiative

During 2014, we launched a comprehensive, company-wide branding process aimed at unifying all of the divisions of our company into one strong, unified and global entity. The process included the re-naming of all of our business units, the creation of updated logos and the standardization of marketing “look and feel” of all ICL businesses. As part of our branding efforts, we launched a website (www.iclbranding.com) to convey our company’s brand story and language.

Open Innovation Platform

During 2014, ICL Innovation, the ‘open innovation’ technology incubator we established in 2012, continued to

evaluate, select and pursue promising initiatives. Projects accepted into the program benefit from our extensive oversight, financing, research capabilities and infrastructure, together with our financing from the concept stage through implementation. Projects currently underway include the development of novel controlled-release fertilizers, phosphorus-based compounds and products for increasing the yield of cereal crops.

IT - Harmonize ICL

Through the Harmonize ICL initiative, we are implementing a best-in-class operational platform through which we will unify data and create transparency between our headquarters and all business units. During 2014, we completed a comprehensive pre-study to determine harmonization drivers and the level of commonality of existing processes, completed the blueprint for a global template and implemented a CRM tool in North America.

Finance

■ **Dual listing on the NYSE:** During 2014, we listed our shares on the New York Stock Exchange (NYSE), resulting in their dual listing on both the NYSE and the Tel Aviv Stock Exchange. This is targeted at improving our liquidity and providing us with greater access to global capital markets.

- **\$800M bond offering:** During 2014, we raised \$800 million through a private offering of unsecured notes that will mature in 2024. The net proceeds will be used to repay certain short-term loans and debt under our outstanding revolving credit facilities.
- **Divestiture of non-core businesses:** During 2014, we sold several of our non-core businesses generating net proceeds of more than \$300 million, and we expect to divest additional businesses during 2015. We will recycle the proceeds to help fund our strategic initiatives.



PLAN FOR 2015

- **Divestments:** additional sales of non-core businesses
- **Innovation:** advancing incubator projects and cross-business projects
- **Harmonization Project:** roll-out of CRM in Europe and other geographies; advancing projects in HR, sales and procurement
- **ONE ICL:** launch of brand website; continued transformation of sites to the ICL brand; creation of a global internal communications platform

2014: Delivering on the Strategy

Sustainability: “Greening” Our Activities

ICL operates according to a sustainable development policy that mandates responsible use of natural resources, development of sustainable products with minimal environmental impact, reduction-at-source of waste, the implementation of safe transportation methodologies and “green” building standards. One of our central goals is to reduce emissions from our production processes, together with the development of products that contribute to the reduction of greenhouse gas (GHG) emissions.

Conversion to Natural Gas

During 2014, we neared completion of a multi-year process through which we are converting all of our Israeli manufacturing plants to the use of natural gas instead of heavy fuels, resulting in significant savings and a marked reduction in GHG emissions. With a commitment to streamlining our energy use, we continue to pursue projects aimed at delivering energy savings, including the conversion of drying kilns at our potash plants to the use of natural gas, the installation of a new boiler and the building of a new energy-efficient power plant based on a natural gas turbine.

Sustainability Index

ICL R&D teams around the world use a “Sustainability Index” to develop new products. The index is comprised of rating systems and life cycle considerations that are used to help researchers make decisions regarding the continued development of new products.

CDP Award

For the second year in a row, in 2014 the Carbon Disclosure Project (CDP) recognized ICL as a world leader in the reduction of greenhouse gas emissions and mitigation of climate change. We were awarded a score of 98 (out of 100) in the CDP’s Carbon Disclosure Index, and also received the highest grade (A) for our efforts to reduce GHG emissions.

New Polymeric Flame Retardant

During 2014, we launched a new line of polymeric flame retardant for EPS/XPS insulation foams as a more environmentally-friendly, safer and better-performing replacement for a previous product which, according to EU regulations, will be withdrawn from the market in August, 2015. This innovative, sustainable product will enable our customers to meet all fire safety standards for their downstream products while complying fully with the EU regulations.

R&D

As part of our ‘Next Step Forward’ strategy, during 2014 we significantly increased our budgets for the development of next-generation products and technologies, with a focus on new ways to use bromine in polymers, energy storage and environmental/ agricultural applications; improved technologies for balanced fertilization; new and healthy food ingredients for food texture and stability solutions; and process technologies for the reduction of the environmental footprint of mining operations.



PLAN FOR 2015

- Continued R&D to develop energy storage systems based on unique bromine compounds for energy producers
- Completion of new natural gas-driven power plant at Sdom in Israel

2014: Delivering on the Strategy

Community: Empowering Our Stakeholders



We believe that success comes with the responsibility of giving back to the communities in which we operate. We support the community through various means: via co-operations with authorities to promote education, scientific research, and environmental studies; by contributing significant funds to support challenged populations - especially children, women and minorities; and by supporting a broad variety of culture, sports and health service initiatives.

During 2014, we broadened and deepened our involvement in the community by increasing our budget for corporate giving. In addition to supporting activities in Israel, we have established a special fund through which we are increasing our community-related activities around the world. In addition, in line with our ONE ICL concept, we are consolidating the community activities undertaken separately by our segments and subsidiaries, and integrating them into ICL-wide, cross-segment activities coordinated by regional managers.

Community Relations

With a commitment to openness, co-operation and transparency, we maintain a continuous dialogue with the communities in which we operate. To educate our stakeholders, we strive to provide reliable information about our activities and operations:



for example, during 2014, we broadcast a series of infomercials describing the contribution of some of our products make as solutions to challenges faced by humanity.

The following are two examples of our initiatives in the community:

Afternoon Clubs

For the past decade, we have been deeply involved in the Afternoon Club Project that is operated by municipalities throughout Israel in cooperation with the Israel's Ministry of Welfare and Ministry of Education. Participants in the program are at-risk children aged 6-13 whose parents cannot care for them during the day. Our support includes financial support together with thousands of hours volunteered by our employees and retirees, whose participation enriches the clubs with educational content and values. In 2014, ICL employees and managers adopted approximately 60 clubs located in communities near our factories. Within this framework, we have also

adopted the Beersheba branch of Yated (Israel's Association for Children with Down's Syndrome), together with homes for adolescent girls in distress in several towns.

Empowering Bedouin Communities in the Negev

In 2014, we continued our activities in Bedouin communities of the Negev, including support for the building of a clubhouse in Rahat that works to empower adolescents and students. To advance our these activities, we enlist the assistance of a number of professional organizations to whom we also provide financial support, including: Sustainable Development for the Negev, Beit Issie Shapiro, Liali Association for the Welfare of Children at Risk, the Information and Counseling Center for Higher Education, the Mother and Child Health Station in Rahat, the Nature and Parks Authority, and others.

2014: Financial Highlights

Selected Financial Data

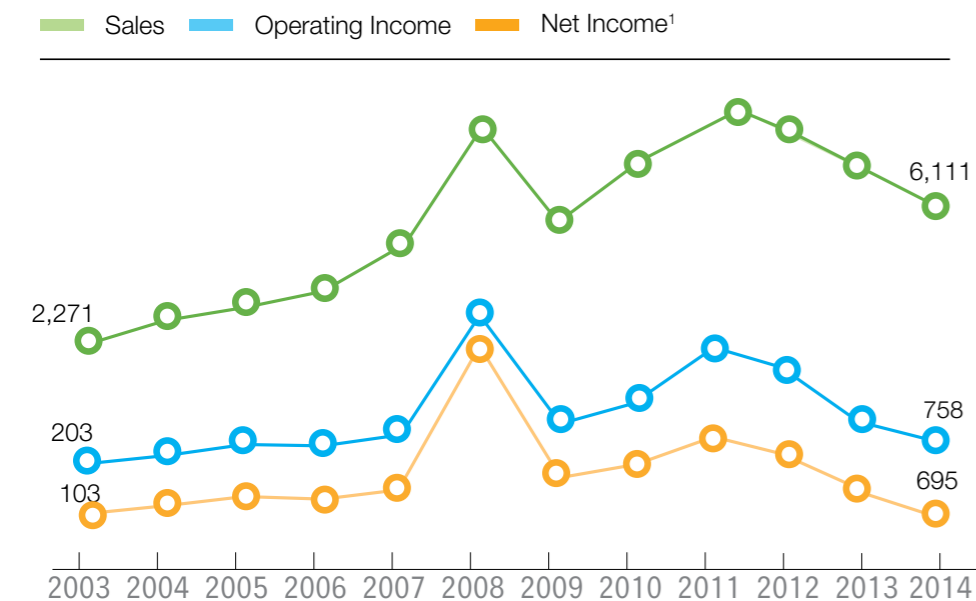
USD millions

	2014	2013	2012
Sales	6,111	6,272	6,471
Operating Income ¹	758	1,101	1,554
Net Income ²	466	819	1,300
Adjusted Net Income ³	695	1,012	1,339
Cash Flow from Operating Activities	895	1,127	1,727
EBITDA ⁴	1,344	1,569	1,946
ROE ⁵	21.0%	28.8%	40.4%
ROIC ⁶	13.6%	18.2%	25.8%
Dividend Yield ⁷	3.4%	8.0%	6.4%

¹ After elimination of non-recurring effects, including about \$149 million relating to a provision in respect of prior periods resulting from the arbitration decision on the royalties' issue, about \$71 million relating to an impairment of assets of subsidiaries, about \$36 million in income from entry into consolidation, stemming from completion of acquisition of all the shares of Fosbrasil, a loss of about \$17 million relating to the strike in Rotem and about \$1 million in other expenses, operating income totaled \$960 million
² To the Company's equity holders
³ After elimination of non-recurring tax effects (about \$62 million in respect of a non recurring tax expenses stemming mainly from assessment agreements in subsidiaries in Europe and the impacts detailed above in the adjusted operating income and the financing expenses, net of tax)
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. 2014 dividend was negatively impacted by one-time items totaling over \$200 million.

Revenues, Operating Profit, Net Income

USD millions



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

Segment Data

Sales (to external customers only)



- ICL Fertilizers Potash - 26%
- ICL Fertilizers Phosphates & Fertilizers - 25%
- ICL Performance Products - 22%
- ICL Industrial Products - 25%
- Other - 2%

Operating income (adjusted)



- ICL Fertilizers Potash - 53%
- ICL Fertilizers Phosphates & Fertilizers - 14%
- ICL Performance Products - 20%
- ICL Industrial Products - 13%

ICL Fertilizers

Revenues



* including \$260 million in internal sales

Operating income



ICL Industrial Products

Revenues



* Including \$20 million in internal sales

Operating income



** Adjusted operating income. Reported operating loss, which amounted to \$62 million, included a provision for royalties relating to prior periods and an impairment of assets in subsidiaries

ICL Performance Products

Revenues



* including \$81 million in internal sales

Operating income





Where needs take us

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