
CORPORATE RESPONSIBILITY REPORT 2011

ISRAEL CHEMICALS LTD.



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Foreword



We are pleased to present ICL's Corporate Responsibility Report for 2011. This report continues in the tradition which we began in 2006 of documenting our activities in the area of social and environmental responsibility, and is the second that is written and published according to the guidelines of the Global Reporting Initiative (GRI). It is our intention to continue reporting in this format in the future.

Over the past several years, ICL has been engaged in a significant expansion of its operations around the world, and we have invested a significant effort to present as much information as possible about our activities in more than 50 locations. In each subsequent report, we have offered information about more locations than in the last, and in this report, we have reported on the environmental aspect of the activities that contribute more than 90% of our revenues.

The preparation and publication of this report is part of our serious, uncompromising commitment to sustainability management.

This commitment is demonstrated through a broad variety of concrete activities, including significant ongoing investment in environmental management, research and development of sustainable processes and products, measurement of the environmental impact of our activities, efforts to reduce emissions and to mitigate climate change, conservation of biodiversity as related to our operations, the carrying out of an ongoing dialogue with stakeholders, investment in the community and far-reaching efforts to assure the health and welfare of our employees.

Our commitment to sustainability and transparency is an integral part of ICL's business strategy. We hope that this report serves as a comprehensive response to our stakeholders' interest in our activities.

Throughout the report, we present examples of ICL's recent significant investment in environmental projects in our plants.

We hope you enjoy reading the report and that it will enhance your insight into ICL.

Letter from the Chairman and CEO



Mr. Nir Gilad
Chairman of the Board



Mr. Stefan Borgas
President & CEO

History will probably judge the past few years as a period during which the global agenda was affected by economic instability and social awakening, all leading to uncertainty regarding the future of our planet. The Rio Earth Summit held in the middle of 2012, some twenty years after the world's first climate summit, addressed many issues that cloud our global future, including many intermingled challenges: what will become our primary sources of energy? Given growing pressure on the balance of climate, land and the global economy, is it possible to guarantee a steady food supply for future populations? How will countries adapt to the emerging global carbon market? What actions can be taken to conserve biodiversity? And above all: what infrastructure investments are required today to successfully address the challenges that will emerge tomorrow?

It is against the backdrop of this uncertainty that we present our Corporate Responsibility Report for 2011, a document

which demonstrates the determination and initiative that ICL has invested to meet global and environmental challenges while improving our competitive position as a publicly-traded company.

ICL's activities relate to each of the central issues discussed at the global summit, and the subjects of the report are closely related to ICL's core focus areas - including the improvement of agriculture, the securing of adequate supplies of clean water throughout the world and the creation of products that make the world safer - all while conserving energy. For example, as a company dedicated to reducing its carbon footprint, we have invested in technologies for energy efficiency and converted our main construction sites to cleaner, more advanced fuels. This has improved our energy and carbon balance dramatically, reducing the carbon footprint of our products while decreasing our greenhouse gas emissions in Israel by 39% compared to 2008.

As discussed in this report, we are proud to have achieved a significant reduction in the environmental impact of our operations around the world, reflecting a clear strategic decision to act vigorously and consistently and to invest record sums in the acquisition of advanced technologies. In 2011, we invested USD 39 million in projects to improve our environmental performance while continuing with ongoing environment-related expenses of USD 67 million, and in 2012 we intend to increase this sum significantly to USD 68 million. Moreover, we are proud to lead the industry with our groundbreaking and uniquely comprehensive Product Carbon Tracking project, an effort which has enabled us to monitor the life cycle of all our major product lines and to further reduce our carbon footprint. Having calculated the carbon footprint of over 50 ICL products to date, ICL has emerged as a global leader in this field.



”
OUR FERTILIZERS AND SPECIALTY FERTILIZERS, THE FRUIT OF CONTINUOUS INVESTMENT IN RESEARCH, DEVELOPMENT, AND EFFICIENT MANUFACTURING PROCESSES, PLAY AN IMPORTANT ROLE IN THE EFFORT TO SECURE FOOD SUPPLIES TO THE PLANET’S GROWING POPULATION. WE, ICL’S EMPLOYEES AND MANAGERS, ARE PROUD OF THE CONTRIBUTION THAT WE MAKE TOWARDS ALLEVIATING THE WORLD’S SOBERING FOOD CHALLENGES.
 ”

In addition, we pay special attention to the conservation of biodiversity in our operational areas throughout the ICL group. In 2011 and early 2012, an inter-company process was launched to prepare and implement an organized policy for this issue, and a special Center of Excellence was established to determine priorities and investments for the Company’s global biodiversity conservation operations. In the past, we focused on addressing biodiversity issues at our mines and quarries, and now we are expanding the effort, establishing operating guidelines and best-practices for all of our operations and plants worldwide. We have set a target end-date of 2014 for completing the biodiversity impact surveys and practical action plans for all of our major operational sites, a critical first step that is necessary to assure the continued effectiveness of our investment in environmental excellence.

In 2011, we acquired Fuentes Fertilizantes, Everris (formerly Scotts Global Pro) and the remaining 50% of Nutrisi Holdings, establishing ICL as one of the world’s largest providers of advanced specialty fertilizers, eco-friendly products which are suitable for advanced environmentally-sound agricultural techniques.

As one of the largest and leading fertilizer companies in the world, ICL accepts the challenge of helping to assure food security for growing global populations. This is ICL’s core activity, and in an era where serious social, demographic and geopolitical questions cloud the state of global agriculture and regular food supply for the growing world population, ICL is able to serve as an expert resource, making a significant contribution to the ability of all types of agricultural organizations to increase yields and optimize crop production. ICL’s state-of-the-art fertilizers and specialty fertilizers reflect the result of constant development,

innovation and creativity, together with an efficient and competitive production system, making the Company’s products an important component of food security and food supply for the global population. We, the employees and managers of ICL, are proud and satisfied with our contribution and role in relation for the challenge of global food.

However, much remains to be done. This year, we are launching one of the world’s most ambitious infrastructure projects in pursuit of environmental protection and sustainability: harvesting salt from the Dead Sea to preserve the delicate ecological, human and industrial fabric in this important and historic area. Harvesting salt requires investment on a scale that many countries would hesitate to undertake. However, ICL’s long-term vision and unique ability to manage mega-scale environmental projects places the Company in a position to accept the challenge. We are confident that this project, along with other major projects that we have undertaken in the past, will open up new horizons for the Company, notwithstanding the heavy burden required of us.

We hope that this Corporate Responsibility report will provide you with comprehensive information regarding ICL’s goals, the challenges it faces and its performance to date. We look forward to hearing from you and to learning with you how to present useful and relevant information that meets your needs.

Best regards,

Mr. Nir Gilad
 Chairman of the Board

Mr. Stefan Borgas
 President & CEO

Chapter 1



Key Objectives and Achievements in Sustainability



Flowers blossoming at a restored ICL mining site. The vegetation confirms the success of the restoration process.

Key Objectives and Achievements in Sustainability

ADVANCING SUSTAINABILITY INITIATIVE

1 ADVANCING BUSINESS STRATEGY, FOCUSING ON SUSTAINABILITY

ICL aims to develop new products that meet environmental standards at every stage of the product life cycle. This policy applies to companies that ICL acquires, enabling it to expand its ability to supply eco-friendly products. In addition, the Company develops new products that contribute to the environment, such as Merquel, a product designed to prevent mercury emissions; water purification and desalination products; and phosphate-based flame retardants.

2. RESPONSIBLE MANAGEMENT OF PRODUCTS THROUGHOUT THE PRODUCT LIFE (PRODUCT STEWARDSHIP)

A. In 2011, Rotem Amfert Negev and Dead Sea Works were awarded Product Stewardship certification with honors by the International Fertilizer Association (IFA), with Rotem Amfert Negev receiving a grade of 95 and Dead Sea Works receiving a grade of 99. In general, ICL companies work closely with their customers to reduce the environmental impact of the use of their products. The framework for this cooperation includes programs such as VECAP for fire retardants and individualized work plans with growers for fertilizers.



ICL INDUSTRIAL PRODUCTS WAS AWARDED THE GREEN CHEMISTRY PRIZE FOR 2011 BY THE ISRAEL CHEMICAL SOCIETY

ICL Industrial Products was awarded the Green Chemistry Prize for 2011 in recognition of its outstanding contribution to environmental protection and the reduction of the industry's environmental impact. The Israel Chemical Society also praised ICL Industrial Products for its environmental achievements, including its contribution of eco-friendly products to the automotive, textile, building and pharmaceutical industries, its development of innovative "green" products, its building and adoption of an advanced internal voluntary standard for a "green" manufacturing plant, and its significant reduction of the environmental impact of its operations (for example, its 30% reduction of overall power consumption and 75% reduction of overall paper consumption).

**ICL'S MINING PLANS
INCLUDE RESTORATION
STRATEGIES THAT
ARE COORDINATED
WITH ENVIRONMENTAL
AUTHORITIES.**



3. NATIONAL AND INTERNATIONAL STANDARDS AND CERTIFICATION

All ICL production plants in Israel have attained certification by the three central international standards for environment, quality and safety: ISO 14001 (environment), ISO 9001 (quality) and OHSAS 18001 (safety). By 2015, all ICL companies worldwide are expected to have adopted these or equivalent standards.

ENVIRONMENTAL RESPONSIBILITY AND PERFORMANCE

ICL invests hundreds of millions of dollars in environmental quality. It is in compliance - and strives to go beyond compliance - with the standards established by environmental authorities.

1. RESPONSIBLE USE OF NATURAL RESOURCES:

ICL invests significant effort to balance its use of natural resources. ICL's long-term policy for responsible usage of phosphate deposits begins with comprehensive geological surveys, followed by a deliberate process of defining long-term mining goals, followed by the comprehensive planning of sustainable mining and restoration processes, all before starting to mine a new area. At the Dead Sea, ICL continuously streamlines its production processes, enabling it to have maintained nearly the same level of net pumping over the last 20 years even as it has increased total potash production significantly. Moreover, ICL has recently agreed to invest heavily in the Dead Sea Harvesting Project, a process recommended by environmental organizations that aims to preserve the Dead Sea's southern basin and the area's tourist industry.

Rotem Amfert Negev and Dead Sea Works have earned certification according to international standards of Product Stewardship



B. Since 2008, ICL has participated in Responsible Care, the global chemical industry's initiative to improve health, safety and the environment. ICL has signed the Responsible Care Global Charter, which includes guidelines for the chemical industry's future activities.

2. CONSERVATION OF BIODIVERSITY:

ICL's subsidiaries lead processes and projects for conserving the biodiversity of the regions in which they operate. ICL activities are implemented at all operational stages: when planning mining sites, during ongoing operations, upon completion and at the product usage stage. For example, all ICL mining plants (both in Israel and in other countries) have created restoration plans in coordination with environmental organizations, and the restoration activities are initiated before project completion using advanced imagery to restore sites to the original topography.

3. ENERGY EFFICIENCY AND CONVERSION TO NATURAL GAS:

ICL plants are fueled mainly by natural gas, which is a cleaner fuel with a lower environmental impact than fuel oil. Conversion to natural gas has been completed by most of ICL's production plants in Israel. Most ICL production plants at Sodom and some of its production plants at Mishor Rotem have converted to natural gas. In parallel ICL is continuing its efforts to increase energy efficiency, resulting in a reduction in energy expenses of USD 4 million in 2011 (equivalent to reducing its CO₂ emissions by 30,000 tons):

4. SIGNIFICANT REDUCTION OF AIR POLLUTION:

ICL invests heavily in projects designed to reduce the emissions of its plants. The Company has adopted a clear policy according to which any plant that fails to comply with strict standards will be closed down. Over the years, the Company has achieved a significant reduction in emissions. These efforts have reduced its sulfuric acid emissions by 53% compared to their level in 2005, while reducing nitrous oxide emissions by 77% and particle emissions by 99%.

5. REDUCTION OF GREENHOUSE GASES:

By 2011, ICL plants in Israel had reduced their greenhouse gas emissions by 39% compared to 2008. To date, ICL has completed two greenhouse gas reduction projects in accordance with the Clean Development Mechanism (CDM) of the United Nations, under the Kyoto Protocol. ICL has also mapped the carbon footprint of more than 50 of its products.



Dead Sea Works' new office building at the Dead Sea was built according to the highest Green Building principles.

In 2011, ICL reported its greenhouse gas balance to the Carbon Disclosure Project, achieving a score of 84 for the high level of its transparency. Accordingly, ICL has been included in the Carbon Disclosure Leadership Index and is listed in seventh place among the leading chemical companies worldwide. ICL also files reports regarding its greenhouse gas emissions to the voluntary reporting mechanism in Israel.

6. CONTRIBUTING TO CLEAN AIR

ICL has developed Merquel, a product used to reduce mercury emissions from coal-fueled power stations. In this way, ICL has contributed to the preservation of the world's air and water resources, which are obviously critical for the continued existence of our world. ICL is a world leader in the supply of bromine-based chemicals for improving air quality and reducing damage to local ecological systems.

7. GREEN BUILDING PRINCIPLES:

ICL carries out all of its building renovations and construction according to green building principles, and has renovated and built a number of green buildings in Israel. In 2011, ICL completed construction of an innovative "green" logistics center in Germany.

SOCIAL RESPONSIBILITY AND TRANSPARENCY

1. FAIR EMPLOYMENT:

ICL is an anchor for the employment and economic development of Israel's Negev region. ICL employees benefit from favorable wage conditions, and agencies that employ workers permanently for ICL plants are required to pay salaries that are higher than the minimum stipulated by law. ICL has established external supervision and control mechanisms that ensure compliance with these requirements.

2. EMPLOYEE SAFETY:

Over the past five years, ICL has reduced the number of accidents that occur on its premises by more than 40%. The Company's goal is to continuously reduce the number of accidents and near-accidents affecting employees and contract-workers in all ICL facilities, and to assimilate a Zero Accident organizational culture.

3. TRANSPARENCY AND COMMUNITY INVOLVEMENT:

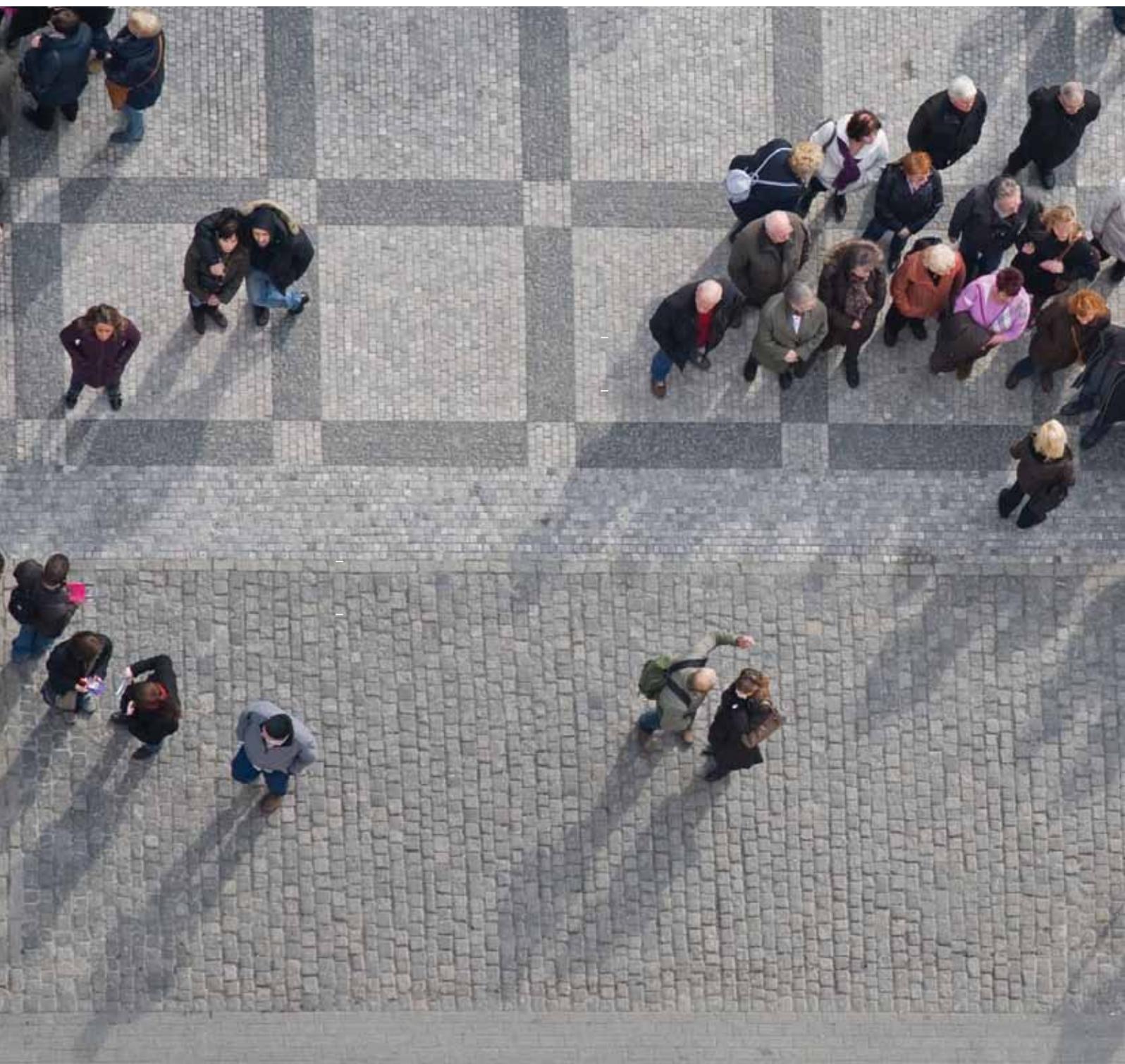
- A.** ICL's public reporting regarding the economic, social and environmental aspects of its operations is based on international protocols, including the publication of corporate responsibility reports according to the guidelines established by the Global Reporting Initiative (GRI), and the reporting of its greenhouse gas emissions according to the guidelines set by the Carbon Disclosure Project (CDP).
- B.** For the past five years, ICL has established three community advisory panels (CAP) in Israel to encourage community involvement in environmental issues, and participates in them actively through representation of its Sodom and Mishor Rotem plants and its Bromine Compounds plant in the Ramat Hovav Industrial Council. ICL companies in the United States have also established community panels.
- C.** ICL contributes resources and encourages its employees to participate in a range of activities that benefit the community, including:
- Ongoing support of the Afternoon Club project, which serves over 700 children in over 60 clubs, mainly in the Negev. In these clubs, children receive assistance with studies as well as social enrichment.

ICL OPENS ITS PLANTS IN ISRAEL TO VISITORS. IN 2011, OVER 37,000 PEOPLE VISITED THE COMPANY'S SITES.



- Volunteering by hundreds of Company employees (in their free time) in club activities.
- Provision of financial assistance for hospitals, cultural projects, welfare organizations, health and education projects and schools.
- Provision of assistance for Bedouin communities through education projects, encouragement of environmental protection, personal empowerment and other activities.
- Adoption of military units.
- Contribution to developers in the context of environmental protection.
- Support for enrichment and education projects in chemistry, technology, industry and environmental protection.
- Encouragement of chemistry studies (in partnership with the Weizmann Institute of Science) through programs for high school students and young entrepreneurs.
- Cooperation with the Nature and Parks Authority for educational programs related to industry and environment.
- Provision of significant support for the construction of a village in the Negev for autistic teenagers.
- Support of organizations for populations at risk, including Maslan (The Negev's Sexual Assault and Domestic Violence Support Center) and the Inbal Center for treating victims of sexual abuse.

Chapter 2



Organizational Profile



- The Corporation
- Products for people
- Global marketing and sales
- Company structure and ownership
- Corporate governance
- Organizational and business culture
- Financial information

ICL IS A MULTI-NATIONAL COMPANY FOCUSED ON FERTILIZERS AND SPECIALTY CHEMICALS IN THREE SEGMENTS: FERTILIZERS, INDUSTRIAL PRODUCTS AND PERFORMANCE PRODUCTS.



ICL is a multinational corporation focused on fertilizers and specialty chemicals in three segments: fertilizers, industrial products and performance products. ICL's operations are based primarily on natural resources. Its natural resources include potash, bromine, magnesium and sodium chloride mined from the Dead Sea, and phosphate rock mined from the Negev Desert, both under concessions and licenses from the State of Israel. ICL also mines potash and salt in England and Spain under lease agreements and licenses from local authorities. ICL produces these minerals, sells them worldwide, and develops, manufactures and markets downstream products based primarily on these raw materials.

ICL's main production facilities are located in Israel, Germany, the USA, the Netherlands, Spain, England, China, Brazil and France. ICL also has plants in Austria, Belgium, Turkey, Argentina, Ireland and Australia. ICL's international operations engage primarily in the production of products that are complementary to, or based on, ICL's operations in Israel or related fields.

As part of ICL's policy, the Company uses base materials produced in its plants with high efficiency and converts them to downstream products with high added value. For example, ICL Fertilizers manufactures fertilizer-grade phosphoric acid from phosphate rock mined from open-pit mines in the Negev Desert. ICL Industrial Products processes this acid to produce clean phosphoric acid, which serves as a raw material in the manufacture of phosphate salts and hygiene products. Phosphate salts are also used to manufacture food additives.

ICL's fertilizers contribute to the world's ability to produce a greater quantity of food, a fact that is even more important given the shrinking quantity of the world's arable land and the rapid growth of its population.

ICL's flame retardants allow many industries to produce effective products that are safe for public use. Its chlorine-based biocides and bromine are used in various types of water treatment processes. ICL's Merquel is a product used to reduce the mercury emissions generated by coal-powered electricity plants thereby contributing to cleaner air.

As a result of the Company's continuous efforts to seek out new business opportunities and to address emerging needs, ICL has succeeded in maintaining its global leadership in a variety of product groups, including elemental bromine, fire control products and phosphorus-based flame retardants.

ICL is a market leader in most of the fields in which it operates, as illustrated by the following statistics:

- #1 in elementary bromine, with 40% of global bromine production capacity
- #1 in phosphorus-based flame retardants
- #1 in specialty phosphates
- #1 in the production of pure phosphoric acid
- #1 in the manufacture of PK fertilizers (compound potash and phosphate fertilizers) in Europe
- #1 in the production of products for the control of forest fires
- #2 in the manufacture of potash in Europe and #6 in the world
- #2 in manufacture of magnesium in the western world
- Central manufacturer of specialty chemicals in niche, high-profit markets

ICL'S INVESTMENTS IN ENVIRONMENTAL PROTECTION:

Conversion of ICL facilities in Israel Use of natural gas

An investment of

95

USD million



DATE: 2008 - 2011



OBJECTIVE:

Energy saving, reduction of greenhouse gases and non-polluting gas emissions.



RESULT:

The conversion to natural gas has been nearly completed at Dead Sea Works sites, Sodom, Bromine Compounds plant and at Rotem Amfert. The conversion helped to end the usage of fuel oil and diesel fuel at ICL sites in Israel, resulting in a measurable reduction of emissions and a significant improvement in the Company's carbon footprint. Together with other related decisions made by ICL's management team, these steps led to a 45% reduction of SOx emissions, an 80% reduction of NOx emissions and a 35% reduction of PMOs.

The Corporation

ICL HAS THREE MAIN OPERATING SEGMENTS: ICL PERFORMANCE PRODUCTS, ICL FERTILIZERS AND ICL INDUSTRIAL PRODUCTS.

ICL FERTILIZERS



ICL INDUSTRIAL PRODUCTS



ICL PERFORMANCE PRODUCTS



IMI (TAMI)

IMI (TAMI) is ICL's central research institute. Its facilities include some of Israel's most advanced research laboratories, a sophisticated mini-pilot facility, large pilot facilities and analytical laboratories equipped with state-of-the-art equipment. IMI (TAMI) provides a broad range of services, including research and development, production testing and other types of analyses for both ICL and external customers from the broader chemical, pharmaceutical, food and environmental service industries. IMI (TAMI)'s most important assets are its human resources, including highly experienced chemists, engineers, microbiologists, analytical chemists, corrosion experts and technicians. IMI (TAMI)'s professional teams produce work on an extremely high level as can be expected from a world-class R&D institute.



ICL FERTILIZERS

ICL Fertilizers produces potash from the Dead Sea, phosphates from Israel's Negev, and operates underground potash and salt mines in Spain and the U.K. It markets potash as an end product and as a raw material for the production of fertilizers, and also processes potash to produce fertilizers. In Israel, ICL Fertilizers mines and processes phosphate rock from open-pit mines in the Negev Desert and manufactures sulfuric acid, fertilizer-grade phosphoric acid, phosphate fertilizers, compound fertilizers based primarily on potash and phosphate, and specialty fertilizers. It also manufactures fertilizers in the Netherlands, Germany, Spain and Belgium, and phosphate-based animal feed additives in Turkey and Israel. ICL Fertilizers markets its products worldwide, primarily in Europe, Brazil, India, China and Israel.

ICL INDUSTRIAL PRODUCTS

ICL Industrial Products develops, manufactures, markets and sells bromine as well as industrial chemicals based primarily on bromine, magnesium, chlorine and salt, all of which are mined from the Dead Sea, and on phosphorus and chlorine acquired externally. The Company's products are classified according to applications and are used in many industries. Its flame retardants are used by the electricity generation, electronics, building, motor and furniture industries. Its biocides are used in the industrial water, drinking water and swimming pool industries. Its clear solutions are used in the oil industry, and its Merquel products are used to treat mercury emissions from coal-fired power generation plants. Its magnesia-based products are used in the food, pharmaceutical and transformer industries, and its salt products are used to reduce dust and to melt snow.

ICL PERFORMANCE PRODUCTS

ICL Performance Products develops, manufactures, markets and sells a wide range of phosphate-based products as part of ICL's policy to increase its manufacture of downstream products with higher added value. It also develops, manufactures, markets and sells aluminum-based and other products. ICL Performance Products purifies some of the fertilizer-grade phosphoric acid manufactured by ICL Fertilizers, purchases pure phosphoric acid from other sources, and also manufactures thermal phosphoric acid. The segment's production takes place at plants in Germany, the USA, Brazil, Israel, China and other countries.

The ICL Group also operates inter-segment Centers of Excellence in various areas. These Centers are managed by senior Group-level personnel who have expertise in the relevant subject areas, in addition to their regular responsibilities. These Centers help ICL and the segments manage, coordinate and monitor many aspects of the business and to promote the adoption of Best Practices throughout the organization.

MAIN COMPANIES IN THE ICL FERTILIZERS SEGMENT

DEAD SEA WORKS manufactures potash and a wide range of chemical products, industrial salts, bath salts, cooking salt and more. The company operates a production plant in Sodom, a transportation plant at Mishor Rotem (Zefa), and terminals at the Eilat and Ashdod ports. Its offices are located in Beersheba.

FERTILIZERS AND CHEMICALS manufactures fertilizers based on potash, phosphorus and nitrogen for world agriculture and chemical industries, and liquid fertilizers for agriculture. The company also manufactures and exports NPK soluble fertilizers. The company provides ongoing agronomic consultation to its customers, and operates a computerized logistics system that enables it to supply fertilizers on demand to farmers throughout Israel.

ROTEM AMFERT NEGEV LTD. mines and enriches phosphates and produces downstream products in three main sites: Zin, Oron and Rotem. Rotem Amfert Negev also operates a sulfur terminal at the Ashdod port, and utilizes the services of the Ashdod and Eilat ports for storing and transporting its products. The three main products manufactured by Rotem Amfert Negev are phosphoric acid, fertilizers and sulfuric acid. Rotem Amfert Negev also manufactures clean phosphoric acid as part of the ICL Performance Products segment.

MIFALEI TOVALA provides transportation, storage and logistics services. It is comprised of three divisions: liquid, bulk and general cargo. The company operates an average of 350 trucks daily, and also uses transportation subcontractors. Mifalei Tovala operates the container terminal at the Zefa terminal.



ICL FERTILIZERS EUROPE CV is headquartered in Amsterdam, Netherlands. It manufactures, distributes and markets P, PK, NP and NPK fertilizers throughout Europe.

CLEVELAND POTASH LIMITED is headquartered in the north of England. It mines, manufactures and markets potash and salt.



ICL FERTILIZERS GERMANY GMBH is located in Ludwigshafen, Germany. It manufactures, distributes and markets P, PK, NP and NPK fertilizers throughout Europe.



IBERPOTASH is located in Catalonia, Spain. It manufactures and markets potash and salt.

ROTEM TURKEY is located in Bandirma, Turkey. It manufactures animal feed.



EVERRIS is headquartered in the U.S. and operates four manufacturing plants: one in the Netherlands, one in England and two in the United States. Everris also mines peat, which is used as growing media in the U.K. The company operates in three areas: commercial nurseries and greenhouses (ornamental horticulture); turf for public gardens and sports arenas; and intensive/advanced agriculture (specialty agriculture). Everris manufactures and sells controlled release fertilizer, soluble fertilizers, growing media, plant protection products and grass seeds.

FUENTES, located in Spain, manufactures and markets fertilizers suitable for drip irrigation and foliar application. Fuentes manufactures specialty fertilizers and markets NPK compounds and solid fertilizers. The company maintains state-of-the-art facilities, production and packing plants in Totana, Cartagena, ports in Cartagena and Almeria, and also operates a fleet of trucks.



MAIN COMPANIES IN THE ICL INDUSTRIAL PRODUCTS SEGMENT

BROMINE COMPOUNDS operates plants in the Ramat Hovav Industrial Council area, and maintains offices in Beersheba. It manufactures bromine-based compounds for a variety of markets and industries, including flame retardants for the electronics and plastics markets, soil fumigation and pesticide products, brines for the oil drilling industry, mercury emission control products for coal-fired power plants, water purification and treatment products, and products used by the textile, photo and construction industries.

DEAD SEA BROMINE operates plants at two sites:

PERICLASE, which is located at Mishor Rotem, manufactures magnesium-based products used mainly in the food additive and pharmaceutical, steel transformers, rubber, vehicle and fertilizer industries. The Periclase plant, a significant energy consumer, has converted its operations to the use of natural gas to the extent supported by the quantity of gas that it is allocated.

BROMINE-CHLORINE, which is located in Sodom, is the largest bromine producer in the world. The bromine manufactured at the plant is used as a raw material for the manufacture of bromine compounds, and as elemental bromine for use by various industries, including primarily the pharmaceutical, pesticide and fumigation, flame retardant and tire industries.

IPA is located in West Virginia, USA. It manufactures phosphorus-based flame retardants for the furniture, vehicle and building industries as well as for foam polyurethane sealing products. The plant also manufactures hydraulic fluids for pistons used in power stations and aircraft.

SCORA is located in Caffiers, France. It manufactures magnesium-based substances primarily for the steel transformer and pharmaceutical industries.

SINO-BROM COMPOUNDS Co.

is located in Shangong, China. It manufactures bromine-based products, including flame retardants used in the electronics and plastics industries and water treatment products.



JIAXING ICL CHEMICAL CO. The Jiaxing plant is currently under construction. For the short term, it is planned that the plant will be used for producing bromine-based biocides for the water treatment industry. In the next stage, it is planned that the plant will be used to manufacture phosphorus-based flame retardants. The company is located at the Jiaxing port in China.

CLEARON manufactures chlorine-based water treatment products. The company's main products are TCCA, which is used mainly for treating swimming pools and spas, and DCCA, which is used primarily for treating surfaces in public buildings, such as hospitals and dairies. The company is located in West Virginia in the U.S.

MEDENTECH manufactures water purification products. Its Aquatabs is one of the world's most recognized products for sterilizing and purifying drinking water. The company is located in Wexford, Ireland.



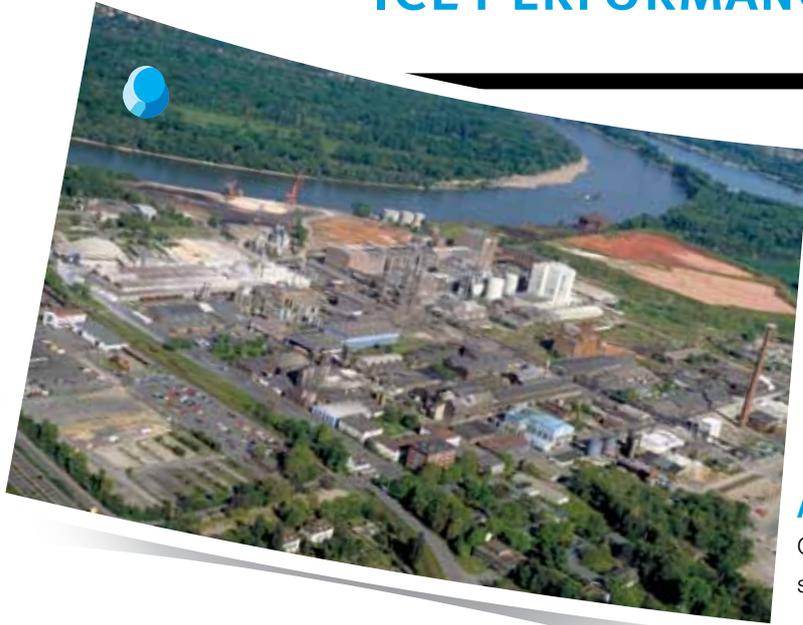
ICL IP-AMERICA manufactures phosphorus-based flame retardants, mainly for the furniture, vehicle and building industries and the foamed polyurethane used for sealing. The company is located in Gallipolis Ferry, West Virginia in the U.S.

LIANYUNGANG DEAD SEA BROMINE CO. LTD. manufactures a product for the soil fumigation industry. The company is located in Jiangsu, China.

ICL-LP TERNEUZEN manufactures bromine-based compounds for the pharmaceutical, pesticide, building, flame retardants and plastics industries. The company is located at the Zevenaer harbor in the Netherlands.



MAIN COMPANIES IN THE ICL PERFORMANCE PRODUCTS SEGMENT



BK GIULINI GMNH operates from two sites in Germany: Ludwigshafen and Ladenburg. It manufactures phosphate- and alumina-based products for the food, paper, water treatment, building, cosmetics, pharmaceuticals, hygiene, clothing and footwear industries.

FIBRISOL SERVICE MUSCALLA is located in Weinheim, Germany. It manufactures food additives.

FIBRISOL SERVICE LONDON is located in London, UK. It manufactures food additives.

FIBRISOL SERVICE AUSTRALIA is located in Melbourne, Australia. It manufactures food additives.

SHANGHAI TARI INTERNATIONAL is located in Shanghai, China. It manufactures food additives.

ANTI-GERM FRANCE is located in Vaas, France. It manufactures hygiene products, water purification substances and cleaning products for industry and agriculture.

ANTI-GERM GERMANY is located in Memmingen, Germany. It manufactures hygiene products, water purification substances and cleaning products for agriculture and industry.

ANTI-GERM AUSTRIA is located in Neumarkt, Austria. It manufactures hygiene products, water purification substances and cleaning products for industry and agriculture.

ANTI-GERM HUNGARY is located in Nirgihze, Hungary. It manufactures hygiene products and cleaning substances for industry.

ICL BIOGEMA SAS is located in Aix-en-Provence, France. It manufactures flame retardants and fire control products.

PURIPHOS is located at Mishor Rotem and manufactures food-grade phosphoric acid.



BKG JIANGYIN is located in Jianxing, China. It manufactures products for the paper, water treatment, pharmaceuticals, cosmetics and footwear industries.

YUNNAN BK GIULINI TIANCHUANG is located in Kunming City, China. It manufactures specialty phosphates for food and other industries.



ICL PERFORMANCE PRODUCT LP operates from a number of sites in the U.S. (Missouri, New Jersey, Kansas and California) and in Canada. The company manufactures phosphoric acids and phosphates for the food, water treatment, metals, ceramics, electronics, asphalt and other industries. It also manufactures fire safety and anti-corrosion products.

ICL PP BRASIL operates from two sites in Sao Paulo, Brazil. It manufactures phosphates and compounds for the food industry and for other industrial uses.

ICL FOSFATOS Y ADDITIVOS MEXICO is located in Monterrey, Mexico. It manufactures phosphates and additives for the food industry.



DEAD SEA MAGNESIUM

Dead Sea Magnesium manufactures, markets and sells pure magnesium and magnesium alloys. The company also manufactures dry carnallite and carnallite by-products containing chlorine and sylvanite. Magnesium is used by the foundry industry for vehicle spare parts due to its strength and low weight compared to other metals.





Products for People



SOCIO-ECONOMIC CONTRIBUTION

The products that ICL manufactures are essential components that make it possible for the electronics, pharmaceutical, textile and other industries to create innovative products that meet the needs of evolving markets.

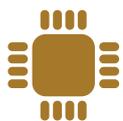


FEEDING THE WORLD

In order to meet the growing food needs of an expanding global population with less arable land, it is necessary to use advanced, intensive agricultural methods that optimize output and quality. The potash and phosphate fertilizers, downstream products and specialty fertilizers (slow-release and soluble fertilizers for irrigation) manufactured by ICL enrich the soil and accelerate development of plants and yields, allowing farmers to meet new agricultural requirements while protecting the soil and the environment. In addition, controlled release fertilizers are inherently labor- and time-saving, since only one application per season is required, compared to regular fertilizer, which requires several applications each season. This further enhances the efficiency of agriculture, increasing the overall food supply available to the global population.

ICL'S GRASS SEEDS AND FERTILIZERS WERE USED TO UPGRADE EURO 2012 STADIUMS

Everris, a business unit of ICL Specialty Fertilizers, was chosen to supply a unique grass seed blend for four football fields in Poland, the venue of the 2012 Euro Cup Games. The ProSelect 1 and Premium Sport seed blend, which was chosen to supplement turf in the stadiums, is a unique grass seed blend that was formulated specifically for sports fields. It was chosen for its tolerance to high wear, which characterizes sports in general and football in particular, as well as for its resistance to extreme weather and its rich dark green color, which provides greater contrast between ball and pitch. Everris's specialty grass seeds and fertilizers are considered to be top quality in the sports industry, not only because of the attractive turf they produce and its deep color, but also because it grows with no need for additives such as iron or nitrogen, making it healthier for players and staff. The seeds have also been used to upgrade turf in stadiums of the world's leading football teams, including Barcelona, Real Madrid, Rome and Olympic Lyon.



ENSURING PRODUCT SAFETY

Many of ICL's products enable diverse industries to ensure the safety of their consumer products. For example, ICL's flame retardants are integrated into textiles and plastic products by the electronics and other industries to reduce the risk of fire, thereby allowing many types of consumer products to be used safely. In addition, ICL's coated specialty fertilizers, such as its controlled-release fertilizers combined with plant protection substances, significantly reduce exposure to active substances, thereby rendering the plant safer for consumption.



TAKING AN ACTIVE PART IN THE PHARMACEUTICAL INDUSTRY

ICL companies manufacture products that serve as raw materials for the food and pharmaceutical industries. Bromine compounds and magnesia specialty products are used as interim materials to manufacture life-saving drugs used to treat debilitating diseases such as epilepsy, cardiac neurological and thyroid diseases, and cancer, as well as anesthetics. ICL is also a leading manufacturer of calcium carbonate, a premium product that is an essential component in the production of osteoporosis drugs and other applications.



CONTRIBUTION TO THE ENVIRONMENT

ICL's products help protect the environment against water and air pollution and conserve natural resources.



LEADERS IN WATER TREATMENT

ICL contributes to society's ability to overcome contaminated water sources by producing products for purifying and disinfecting wastewater that greatly increase the water resources available to humans and animals. ICL manufactures bromine and chlorine based biocides used primarily for treating different types of water.

1/2
**HALF OF THE PATENTS
 REGISTERED BY ICL IN 2011
 WERE FOR INNOVATIONS
 RELATED TO SUSTAINABILITY.**

INNOVATION AT ICL

ICL invests in the development of new products which are compatible with the changing requirements of the dynamically evolving world. ICL's sales of new products have increased steadily in recent years, reaching approximately USD 200 million in 2011.

In ICL Fertilizers, polyhalite is the leading new product. Polyhalite can be used in its natural form as an organic fertilizer, or as raw material in the production of specialty fertilizers. As a fertilizer, polyhalite offers unique advantages: its low chlorine component makes it suitable for chlorine-sensitive soil, and it supplies additional nutrients unavailable in potash, such as sulfur and magnesium.

In ICL Industrial Products, the leading new products are new, more sustainable flame retardants for the construction, transportation and paper industries. These "greener" flame retardants have been recommended by regulatory authorities and international standardization institutions as a more sustainable substitute for competing products in the market. Another leading product developed by this segment is Merquel®, a solution for reducing mercury emissions from coal-fired power stations.

ICL has over 900 patents registered in various countries. In 2011, ICL registered 58 patents related to flame retardants, industrial and specialty products, biocides, agrochemicals, and new alloys, of which 29 are innovations related to sustainability. ICL believes that patent protection is an important tool for preserving and developing its business activities, and it manages its intellectual property actively.

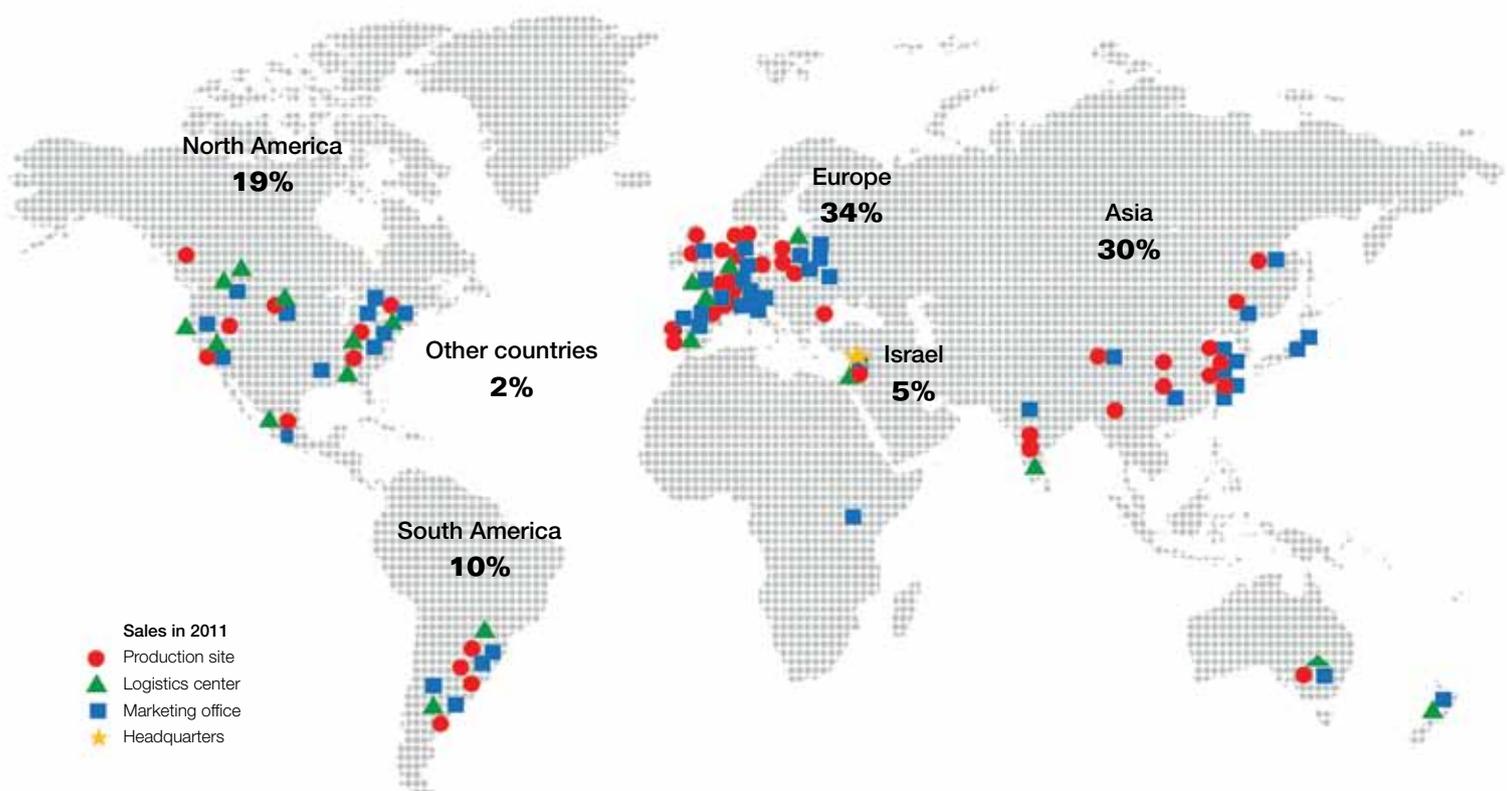
Global Operations

ICL OPERATES MANUFACTURING PLANTS ON 4 CONTINENTS, AND MARKETS ITS PRODUCTS IN MORE THAN 180 COUNTRIES AROUND THE WORLD.

ICL has established a leading position in international markets for potash, bromine, pure phosphoric acid, phosphate fertilizers, specialty phosphates, bromide and phosphate-based flame retardants and fire control chemicals. Potash and phosphate are core components of fertilizers. Bromine is used in a wide range of applications, primarily as a basic ingredient of flame retardants. ICL's products are used primarily in agriculture, electronics, food products, oil and gas drilling, water purification and desalination, reduction of mercury emission from power station stacks, and in industries such as detergent, paper, cosmetics, pharmaceutical, automotive and aluminum. ICL has decades of accumulated

experience in most of its businesses. Approximately 5% of ICL's production is sold in Israel. For certain products, ICL and some ICL subsidiaries have been declared a monopoly in Israel. In 2011, 43.5% of ICL's annual sales turnover was attributable to production outside of Israel. Approximately 13% of the selling cost of ICL products manufactured outside of Israel were attributable to raw materials supplied from Israel.

The following diagram shows the geographic distribution of ICL sales in 2011 and a description of the Company's main sites:



ICL'S INVESTMENTS IN ENVIRONMENTAL PROTECTION:

Construction of a bromine recycling unit (BRU) to recover bromine from the waste streams created by the Bromine Compounds plant

An investment of

32

USD million



DATE: The project began in 2006 and is in the advanced running-in stage



OBJECTIVE: Treatment of the waste produced as part of the manufacturing process and recovery of bromine



RESULT: A facility that treats process waste while recycling raw materials and energy (as steam) to the manufacturing process

Company Structure and Ownership



ICL was established in 1968 as a government-owned company. The Company's privatization process started in 1992 with a partial issue on the Tel Aviv Stock Exchange. ICL was sold to Israel Corporation Ltd, which was controlled at that time by the Eisenberg family. In 1999, Ofer Group acquired the Eisenberg family's shares in Israel Corporation. ICL is a multinational public company whose shares are traded on the TASE. The

Company has three operating segments: ICL Fertilizers, ICL Industrial Products and ICL Performance Products, divided on a functional-management basis.

ICL's products are divided among its operating divisions as follows:

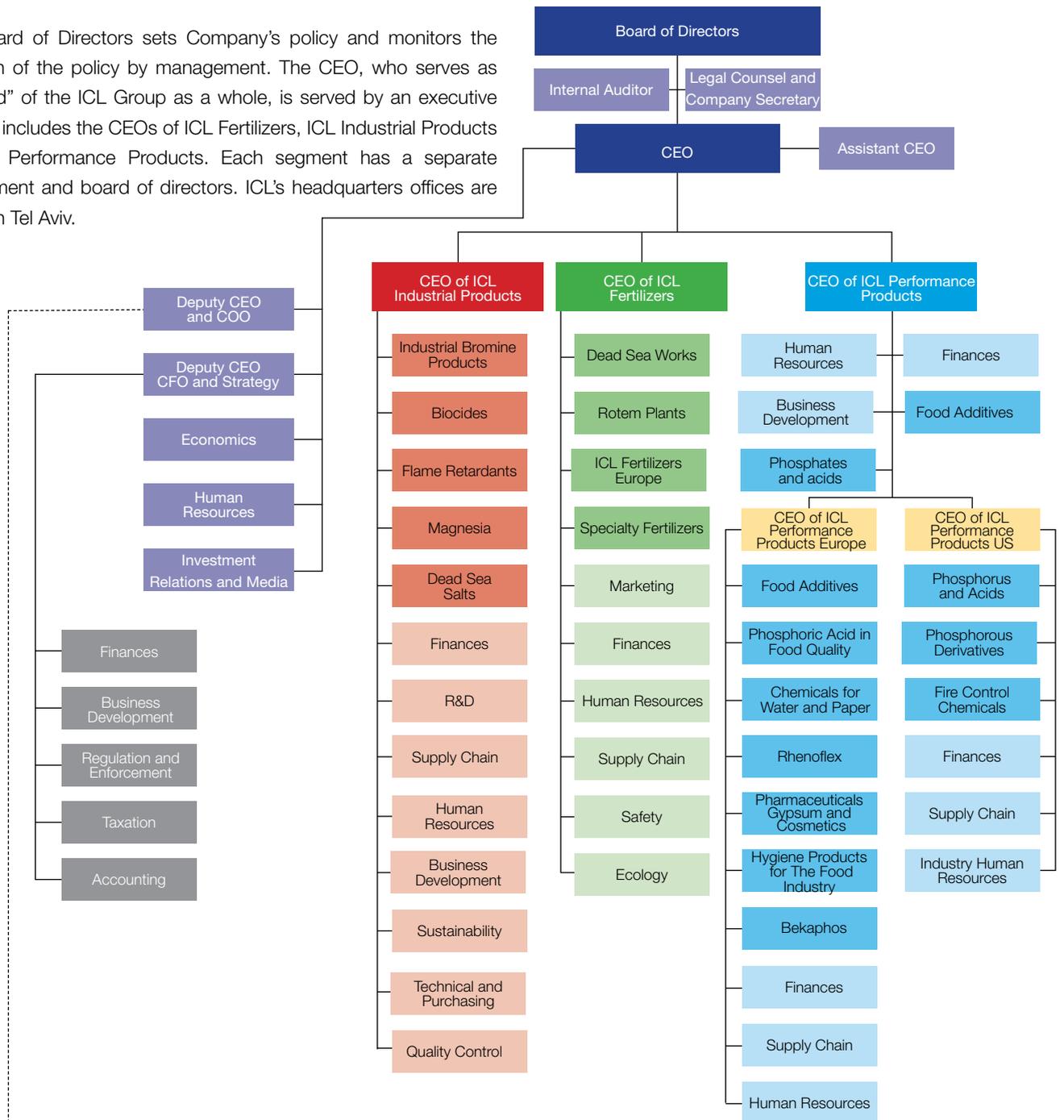
ICL Fertilizers	ICL Industrial Products	ICL Performance Products
<p>Potash</p> <ul style="list-style-type: none"> ■ Standard, compacted & fine ■ Red and white from 3 sources ■ Salt <p>Phosphates</p> <ul style="list-style-type: none"> ■ Phosphate rock ■ Phosphoric acid ■ Phosphate fertilizers, compound fertilizers and specialty fertilizers ■ Animal feed additives 	<p>Flame Retardants</p> <ul style="list-style-type: none"> ■ Based on bromine, organophosphorus & magnesia <p>Elemental Bromine</p> <p>Dead Sea Salts</p> <p>Other chemical</p> <ul style="list-style-type: none"> ■ Organic and inorganic bromine compounds ■ Bromine and chlorine based biocides for water treatment ■ Functional fluids based on phosphorus ■ Magnesia products 	<p>Specialty Phosphates</p> <ul style="list-style-type: none"> ■ Technical, food grade & electronic grade phosphoric acid ■ Food additives ■ Water treatment chemicals & services <p>Other products</p> <ul style="list-style-type: none"> ■ Based on phosphorus, phosphate, alumina & other chemicals

Each segment manages a number of companies and production sites that can be grouped together as a logical structure for the purpose of management and evaluation. However, the segments do not serve as legal entities.

70%
APPROXIMATELY 70% OF ICL SHARES ARE HELD DIRECTLY AND INDIRECTLY BY THE PUBLIC.

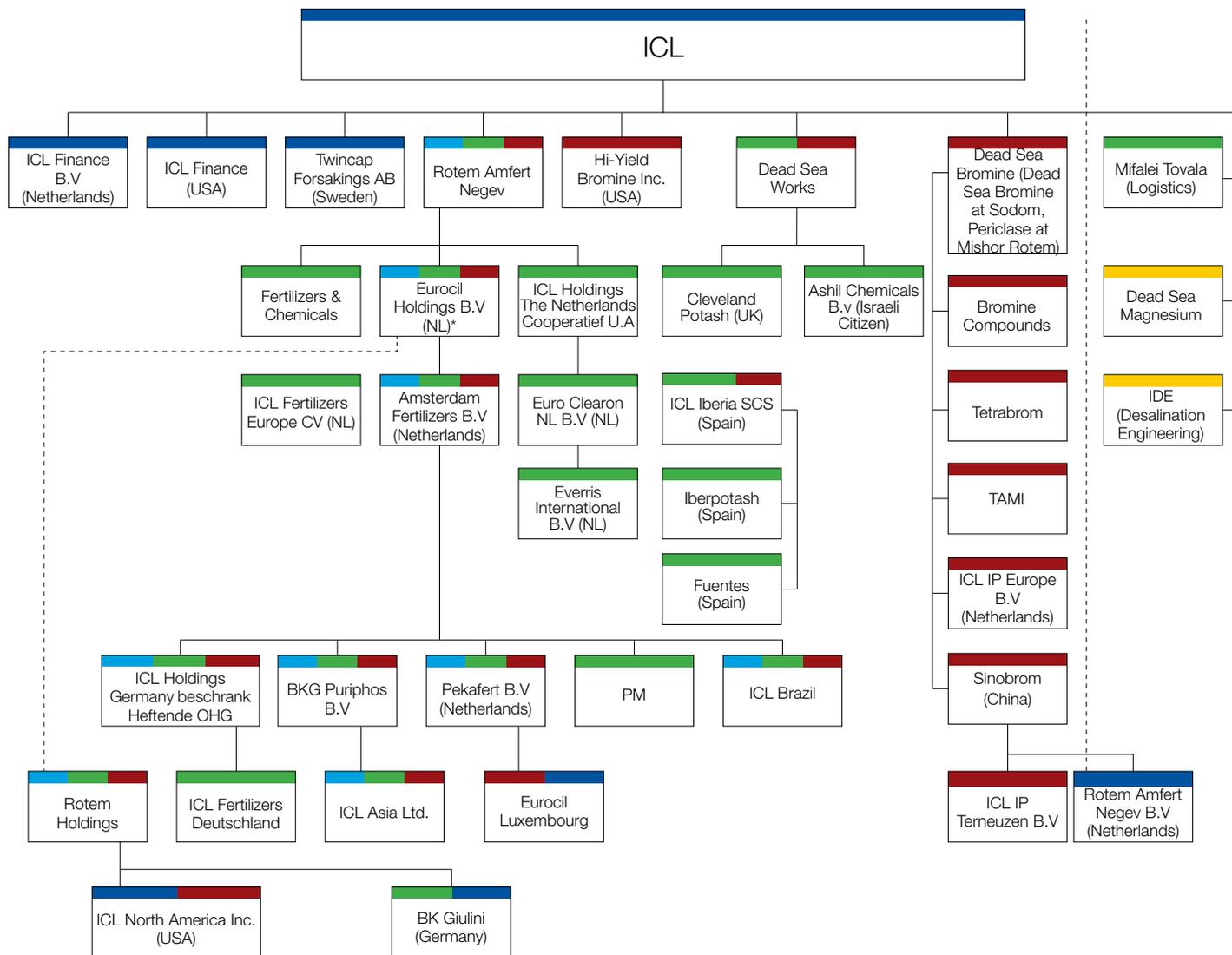
ORGANIZATIONAL STRUCTURE

ICL's Board of Directors sets Company's policy and monitors the execution of the policy by management. The CEO, who serves as the "head" of the ICL Group as a whole, is served by an executive staff that includes the CEOs of ICL Fertilizers, ICL Industrial Products and ICL Performance Products. Each segment has a separate management and board of directors. ICL's headquarters offices are located in Tel Aviv.



Energy	Packaging	Environmental Quality and Ecology	Maintenance and Inventory Reduction	Quality and Excellence	ICL Training Center
Safety and Health	Security	Greenhouse Gases	Restrictive Practices	Green Building	Insurance
Logistics	Financing	R&D	IT Systems	Information Management	ERM
Intellectual Property	Regulation and Safety	Earthquake	Vehicles	PR and Investor Relations	Far East Purchases
Computers	Communications	Project Management	Purchases	Computerization	

STRUCTURE OF ICL'S MATERIAL HOLDINGS



- ICL Fertilizers
- ICL Industrial Products
- ICL Performance Products
- Others
- Finance and Services



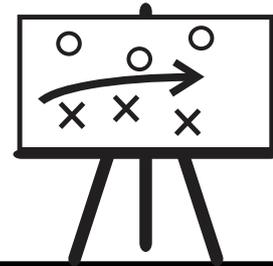
MATERIAL MERGERS AND ACQUISITIONS IN THE REPORTING PERIOD

As part of its strategy for expanding its business and building out its core activities, ICL seeks out opportunities to acquire related and complementary technologies and businesses. For example, the Company acquired the subsidiaries Iberpotash and CPL in Spain and England in 1998 and 2002, respectively, and the assets and operations of Astaris in North and South America in 2005. Supresta was acquired in August 2007, and Biogema and the water treatment unit of Henkel Group were acquired in January 2008. In 2009, ICL completed five acquisitions, mainly in the food and water hygiene industry. In 2010, ICL completed another acquisition in the food hygiene industry. In 2011, with the aim of expanding the Company's specialty fertilizers business, ICL completed the acquisition of the specialty fertilizers business

unit of Scotts and the Spanish company Fuentes, which also operates in the specialty fertilizer industry. With the goal of increasing its competitive positioning, ICL also continuously assesses acquisition opportunities related to the expansion of its access to strategic raw materials.

Since 1998, ICL has invested a total of USD 1.7 billion in acquisitions, mergers and joint ventures, and sold companies and businesses which are not part of its core business for USD 265 million. ICL intends to continue to pursue acquisitions to take full advantage of the Group's technological and operational experience and other skills and to maximize its competitive advantages, synergies and growth potential.

Corporate Governance



Corporate governance is a set of processes, practices, policies, laws, institutions and control structures through which a corporation or organization is managed and controlled. Corporate governance defines the relationship between risk issues and the objectives of the organization's corporate governance.

The main interested parties are the shareholders, Board of Directors and management.

Corporate governance is, among other things, a management tool that includes a broad collection of principles and rules that are essential for prudent management of corporations, from aspects of control and supervision and referring specifically to how the Board of Directors oversees and manages the company's business.

The corporate governance approach refers to a range of mechanisms designed to ensure appropriate and fair management of companies for the benefit of all the shareholders. Effective implementation of corporate governance mechanisms may contribute to the development of financial markets in terms of transparency, efficiency and openness to international markets. ICL operates according to advanced corporate governance principles, and accordingly, it has also adopted voluntary rules to ensure maximum transparency towards shareholders and other stakeholders, and an advanced enforcement plan to ensure strict compliance with the law and with its advanced internal regulations.

THE COMPANY'S BOARD OF DIRECTORS AND COMMITTEES

ICL separates the identity and functions of the Chairman of the Board and the CEO. It has also mandated a separation between the functions of the Board of Directors and those of the Company's officers who are not directors. The directors are elected each year by the General Meeting (except the external directors, whose appointment is determined by law for a three-year term). The Board of Directors of ICL resolved that at least three of its directors should have accounting and financial expertise.

As of the date of this report, 10 out of ICL's 12 Board members have accounting and financial expertise. ICL has not adopted a provision in its articles regarding the minimum number of independent directors. However, in the current reporting year, ICL's audit committee determined that five of the 10

OPERATING ACCORDING TO A HIGH STANDARD OF CORPORATE GOVERNANCE, ICL HAS VOLUNTARILY ADOPTED OPERATING PROCEDURES THAT ASSURE A HIGH LEVEL OF TRANSPARENCY FOR SHAREHOLDERS AND OTHER STAKEHOLDERS, TOGETHER WITH A STRINGENT ENFORCEMENT PROGRAM THAT ASSURES ICL'S COMPLIANCE WITH LEGAL REGULATIONS AS WELL AS ITS OWN INTERNAL POLICIES.



board members are independent directors, as stipulated in the Companies Law. In 2011, the Board of Directors of ICL convened 20 meetings, and the Board of Directors of the segments convened 11 meetings. In accordance with ICL's policy, the operations of the Company or its subsidiaries, such as operations involving investments that exceed a specified amount, organizational changes, mergers and acquisitions, require the approval of the Board of Directors.

Each year, the Board of Directors of ICL holds detailed discussions on the annual budget, annual work plan, five-year plans, approval of the periodic reports and annual and quarterly statements. During the year, the Board of Directors convenes from time to time with Company management, which presents its operations in material issues. The Board members generally tour the Company's plants. The Board of Directors convenes once a year without the Company's management, with the participation of the auditor and the internal auditor.

In addition to ICL's Board of Directors, the segments also work with other Boards of Directors in which some of ICL's directors are members, as well as with ICL officers and others who are not ICL directors or officers, including independent directors. These Boards of Directors, themselves or through committees (Finance, Audit, Investments, Safety, Ecology and Security, R&D, Human Resources, and other ad hoc committees), convene at least once a year to discuss the subjects of corporate responsibility and sustainability, as well as employee safety, ecology and other subjects to review the segments' operations. According to ICL policy, the segments' Boards of Directors also operate according to most of the accepted norms in publicly-traded companies. New board members receive appropriate instruction about ICL and its operations, and all directors receive periodic training

about issues in which there are significant changes.

ICL's Board of Directors appoints, from time to time, ad hoc committees to deal with special issues, as well as standing committees that supervise, on a regular basis, areas of activity that require special supervision. The main standing committees include the following:

AUDIT COMMITTEE

ICL and the operating segments have audit committees in which all the outside directors serve. The ICL Audit Committee is made up of six directors, of which three are external directors and three independent directors. The chairman of ICL's Audit Committee must be an external director. In 2011, the Audit Committee held 13 meetings, in addition to the 15 meetings of the segments' audit committees.

The Audit Committee is responsible, among other things, for approving the annual and multi-annual internal audit plan, based on a risk survey conducted in Israel and abroad. The Audit Committee oversees the effectiveness of the Company's internal auditor, ensuring that the auditor has the tools, resources and information required to perform the job according to appropriate professional standards. The Committee convenes once a year with the auditor, without the presence of ICL management.

In 2008, the Audit Committee approved a covenant for all of the audit committees in the ICL Group aimed at ensuring that they fulfill their legal duties and that the segment committees fulfill their roles. The covenant is also intended to regulate responsibilities and authorities between the Committee and the committees of the segments.



FINANCE COMMITTEE

The Finance Committee reviews drafts of periodic reports, directors' reports and annual and quarterly financial statements. In 2011, the Finance Committee held four meetings, in addition to the two meetings of segment finance committees.

In these meetings, Company management presents a detailed review of the financial statements and significant related issues. The auditors review the accounting issues, discuss the reports and formulate the Committee's recommendations to the Board of Directors. The Finance Committee also oversees the Company's operations regarding issues related to taxation, accounting, financing and insurance.

HUMAN RESOURCE COMMITTEE

The Human Resource Committee addresses issues related to ICL's human resources. For example, it discusses issues such as remuneration of employees and officers, promotion of employees and work relations. It is comprised of five board members, including two external directors and one independent director. In 2012, the committee held four meetings.

SAFETY AND ECOLOGY COMMITTEE

Safety and Ecology Committees operate in all ICL segments. Most of the committees are comprised of five board members, including two representatives of ICL and three directors. The CEOs and VPs of the relevant divisions also participate in the meetings. In the meetings, all activities relating to environmental protection and safety are reported, including work plans, objectives, reference to meeting schedules and relations with

the Ministry of Environmental Protection. Issues for discussion are raised and operative decisions are made for continuation of the Company's performance.

R&D COMMITTEE

R&D Committees operate in all ICL segments. Each is comprised of six directors who are not Company officers, together with the CEO or deputy CEO of ICL, designated CEO teams and R&D managers. In the meetings, R&D activities are presented, including the status of projects, schedules and budgets.

SPECIAL SECURITY COMMITTEE

The inter-segment special security committee includes representatives of ICL Fertilizers and ICL Industrial Products. It is comprised of four board members. The CEOs and VPs of the relevant divisions also participate in committee meetings.

The meetings include reports on all activities related to security and the status of protection projects, including budgets, schedules and preparation for emergencies

IDENTIFYING CANDIDATES FOR MANAGEMENT POSITIONS

Potential candidates for senior management positions at ICL are reviewed in a professional process. In the first stage, there is an attempt to identify qualified candidates within the corporation. If suitable people are not identified, the search is extended beyond the corporation. The process includes receiving recommendations for candidates, formal testing and multi-level interviews.



OFFICER COMPENSATION

Officer compensation is based on the business and financial results of the Company and its segments, the extent of attainment of business goals, the performance of each individual officer and assessments made by their superiors regarding their contribution to the Company. Compensation levels also take into consideration comparative data regarding past compensation within the Company and levels of salaries paid in benchmark companies.

Officer compensation includes three components: a fixed component of salary and incidentals, variable components of annual bonuses, and equity payments. The bonus component in senior management compensation is related to the Company's long-term financial performance, compliance with professional and personal goals, and the managers' compliance with safety and environmental requirements.

IDENTIFICATION AND APPROVAL OF TRANSACTIONS WITH INTERESTED PARTIES

ICL's Audit Committee has approved an outline document which defines guidelines for transactions between the Company and officers, interested parties and controlling shareholders, or other transactions in which these parties have a personal interest. The outline includes regulations for identifying such transactions, transferring information about such transactions, and reporting and approving such transactions.

Any transaction between ICL and one of its officers or controlling shareholders, or any transaction in which one of these individuals has a personal interest (and which is not an extraordinary transaction), requires the approval of ICL's Audit Committee and Board of Directors. According to Section 16 of the Companies Law, all transactions are presented to ICL's Audit Committee for classification as an extraordinary transaction or a regular transaction. On June 19, 2012, the Committee approved a regulation for classification of a transaction as extraordinary. This regulation is in addition to any legal requirement in respect of approval of transactions.

To implement this procedure, ICL has developed a computerized system to identify transactions that require disclosure and approval according to the regulation. Officers and controlling shareholders are required to complete a semi-annual questionnaire to identify and list all the entities in which they have a personal interest and in which a transaction could be considered to be in their personal interest. The list of interested parties from the questionnaires is entered into the IT system and transferred to the ICL Controller, who is responsible for tagging specified suppliers and customers as interested parties. The system issues a real-time alert before making transactions (above a certain sum) with a supplier that is an interested party, enabling ICL to follow the correct procedure for approving the transaction according to the provisions of the law and ICL's policy.

In addition, ICL does not make financial or other contributions to politicians or to political bodies.



FEEDBACK AND CONTROL MECHANISMS

EXTERNAL AUDIT

In accordance with the Securities Law, ICL performs a periodic audit of the effectiveness of its internal audits, primarily in relation to its financial reporting. In accordance with the Law, the Company's management and auditor are required to sign declarations about the effectiveness of these controls.

In addition to these control mechanisms at the management level, the Company has established a field auditing mechanism. As part of the implementation of the ICL Code of Ethics, ICL companies operate hotlines through which employees can contact internal auditors to report issues or events they consider to be improper, problematic or in deviation from the provisions of the law, procedures or the Code of Ethics.

ICL's hotlines are operated under the auspices of the internal audit system. They are currently operated in all ICL companies in America, as well as in some of ICL's companies in Europe and the Far East (about 50%). ICL's teams in Europe are taking steps to expand the coverage with the aim of establishing a hotline in most companies and sites by the end of 2012.

INTERNAL ENFORCEMENT

ICL maintains internal enforcement programs to ensure that Company employees comply with the provisions of the law and the Company's procedures. These programs refer to antitrust practices, securities laws, ecology, occupational health and safety, ban on smoking and prevention of sexual harassment.

In 2011, an enforcement program was added for labor laws, which is currently in the assimilation stage. The program is designed specifically for Israel and provides a response to Israeli legislation.

The enforcement programs are presented on an ongoing basis to ICL managers and employees, and there is periodic assessment by external entities to ensure implementation of the programs. An officer has been appointed to be in charge of each program, and the Boards of Directors of ICL and the segments receive quarterly reports regarding the implementation of the programs in all operating segments.

PROCEDURE FOR AUTHORIZED SIGNATORIES FOR THE COMPANY'S ACCOUNTS

ICL has established a procedure for signatory rights and authorization. According to Company policy, two defined authorized signatories are required to bind the Company in any legal action. The authorizations are determined by the level of the signatory's position and according to the financial scope of the transaction. Authorized signatories are divided into different groups, some of which have limited signatory rights.

COMPLIANCE WITH THE LAW AND REGULATIONS

ICL's policy is to comply with all provisions of the law, statutes, instructions, regulations, treaties and applicable standards and to strive, to the extent possible, to achieve standards beyond compliance. (Beyond Compliance)

OPERATING ACCORDING TO A HIGH STANDARD OF CORPORATE GOVERNANCE, ICL HAS VOLUNTARILY ADOPTED OPERATING PROCEDURES THAT ASSURE A HIGH LEVEL OF TRANSPARENCY FOR SHAREHOLDERS AND OTHER STAKEHOLDERS, TOGETHER WITH A STRINGENT ENFORCEMENT PROGRAM THAT ASSURES ICL'S COMPLIANCE WITH LEGAL REGULATIONS AS WELL AS ITS OWN INTERNAL POLICIES.

As a company that operates in the chemical industry, ICL is required to comply with a series of regulations and laws that apply to the entire life cycle of the product, both in the countries in which they are manufactured and in the countries in which they are sold. These include laws to protect employees and the public, manufacturing regulations, standards for classification and labeling prior to transportation, packaging regulation, material safety data sheets (MSDS), labeling and registration of existing chemicals and chemicals under development in specific countries (for example, REACH in Europe) specific rules and regulations regarding special uses of substances that ICL manufactures (such as food or cosmetics), environmental protection laws relating to manufacture or the use of the product and its environmental impact and laws regarding recycling of products at the end of their useful lives (such as electronic and electrical equipment and plastic).

In 2008-2012, there was a significant increase in regulatory requirements for environmental issues in Israel. The major laws are based on European legislation and the following laws relate directly to the activities of ICL: The Clean Air Law, 2008 ("the Clean Air Law"), the Packaging Management Law, 2011 ("the Packaging Law"), and the Environmental Protection Law (Pollutant Release and Transfer Register - Duties of Reporting and Registration Requirements, 2012 ("the PRTR Law"). For further information about preparations for implementation of the Clean Air Law, please refer to page 116.

ICL adapts its operations to the new regulations regularly, using economically viable state-of-the-art technologies. For further information about ICL's investments in improving and streamlining environmental infrastructure in recent years, please refer to page 47 and throughout the report.

The Packaging Law and the PRTR Law that recently came into effect focus on a requirement for greater transparency and reporting on the industry's impact on the environment. In recent years, ICL has invested efforts to streamline processes for collection of environmental information on a voluntary basis. As a result, we are now better prepared to implement the reporting procedures required by law in the near future.

A number of ICL companies are involved in legal proceedings. Further information about the legal procedures appear in the notes to the financial statements as of December 31, 2011, on pages 65-69.

EXTERNAL VOLUNTARY QUALITY STANDARDS

ICL integrates a broad variety of quality management systems into the operation of its subsidiaries, with the understanding that these systems contribute to improving and streamlining processes and performance and reducing risks. The following management systems are applied at ICL: Quality Management - ISO 9001; Environmental Management - ISO 14001; Safety and Health Management - OHSAS 18001; Food Safety Standards for the Food Industry - HACCP, ISO 22000 and FSSC-22000; GMP Good Manufacturing Practices (Food); and the Standard for Corporate Social Responsibility - SI 10000 (at Bromine Compounds Ltd. and Periclase Dead Sea Ltd.). ICL also assimilates methodologies for operational excellence such as Six Sigma, improvement teams, risk management and learning from experience. All the industrial subsidiaries in Israel have achieved three certifications: ISO 9001, ISO 14001, and OHSAS 18001 (except for Mifalei Tovala, which has achieved ISO 9001 and IS 9301 certification for transportation safety). Most of ICL's companies located outside of Israel are certified by OHSAS



18001 and ISO 14001, as well as by food safety standard setting bodies according to the type of product. Bromine Compounds has recently achieved SI 24001 certification for security and continuity management, an Israeli standard providing guidelines for coping with emergencies and extraordinary situations.

MEMBERSHIP IN PROFESSIONAL ASSOCIATIONS

ICL attributes great importance to continuous learning and market leadership. To this end, the Company's employees and managers are active in professional associations in Israel and other countries.

In Israel, ICL is involved in the Manufacturers' Association of Israel and participates in various committees such as risk assessment, hazardous materials, air pollution, wastewater, climatic changes and environmental management. In addition, representatives from ICL segments take part in public committees, such as committees of the Standards Institute. ICL's Deputy CEO is Chairman of the Chemical, Pharmaceutical and Environmental Society of the Manufacturers' Association of Israel. The Quality Assurance Manager of ICL Industrial Products' R&D division is Chairman of the Responsible Care forum. A manager from ICL Industrial Products represented the Standards Institute of Israel at the international Association for the ISO 26000 Social Responsibility Working Group until the standard was approved. Representatives of the segments and companies participate in the associations that are specifically relevant to them. Detailed information appears in the ICL Fertilizer and ICL Industrial Products 2009 Corporate Responsibility reports.

ICL'S INVESTMENTS IN ENVIRONMENTAL PROTECTION:

Installation of 3 catalytic oxidation systems for the treatment of volatile organic compound emissions (VOC) at the Bromine Compounds plant

An investment of

19

USD million



DATE: The project began in 2006 and has now been completed.



OBJECTIVE: Reduction of the quantity of emissions released into the air in order to comply with the strictest levels of environmental regulation and legislation.



RESULT: Audits performed both by internal experts and external independent consultants show that a drastic reduction in emissions was achieved, confirming the success of the project.

Organizational and Business Culture

**ICL'S CODE OF ETHICS
HAS BEEN TRANSLATED
INTO 19 LANGUAGES
AND HAS BEEN ADOPTED
BY EVERY ICL COMPANY
THROUGHOUT THE WORLD.**

A good corporate culture is based on quality and excellence, health and safety, environmental protection, fairness, transparency, compliance with the law, responsibility, mutual respect, trust and credibility. This culture produces values rooted in the Company's core business and allows sustainable prosperity and growth. The Company's culture is the foundation for ICL's operations. Adoption of values and the Code of Ethics that are compatible with ICL's organizational culture is a key element in realizing the organization's mission and strategies to improve organizational effectiveness and change management. The organizational culture is assimilated and implemented continuously through personal example and external and internal explanation, training, assimilation and control.





CODE OF ETHICS

In August 2011, ICL approved and published a new revised Code of Ethics. The Code of Ethics is a standard global code prepared according to conventional and advanced practices which replaces previous versions adopted by subsidiaries abroad. It has been translated into 19 languages and distributed to all ICL employees in all ICL companies in Israel and throughout the world.

The new Code of Ethics includes values and guidelines for various issues. The fundamental values of the Code of Ethics are business integrity, responsibility, excellence and continuous improvement, respect for others, commitment to maintaining the safety of all persons in ICL facilities and to environmental protection, a ban on all bribery and favors, safeguarding the rights of employees, and employees' right to privacy.

The code is instilled among all ICL employees in Israel and other countries through periodic training and other activities. The Code of Ethics is the foundation of values upon which the corporate culture is based. It also serves as the framework and core of the enforcement programs currently in effect at the Company with respect to securities, restrictive trade practices, safety and health, environmental protection, prevention of sexual harassment and the initial stages of issues related to labor laws.

Ethics committees have been set up at ICL and in its segments with the mandate of implementing the Code of Ethics, both through definition of internal procedures and discussion of ethical dilemmas raised by employees.

THE CODE OF ETHICS IS BASED ON SIX FUNDAMENTAL VALUES:

Business integrity: We will be honest, fair, transparent and direct in all our operations.

Responsibility: We take full responsibility for our actions, performance and fulfillment of the expectations of our stakeholders.

Excellence and continuous improvement: We constantly strive to be the best. We encourage everyone who works with us – our employees, customers, suppliers and business partners – to excel. When performing our work, we guarantee that the service, processes and performance that we provide are of the highest quality. We demand of ourselves and others to remain open to constructive criticism and suggestions for improved efficiency.

Respect for others: We will treat all people with respect and courtesy. We will respect diverse opinions, encourage variety and diversity, and allow people the space they need to express themselves. We will take care of the welfare of people and respect their need for life outside of the workplace.

Commitment to the environment: Wherever we operate, we will conduct our business with respect and care for the local and global environment, and act consistently to manage risks and promote sustainable business growth. We will not rest until we eliminate all cases of environmental damage resulting from our activities. We strive for continuous improvement of the environmental performance of our products and sites.



Commitment to safety: ICL is committed to maintaining the health and safety of all persons taking part in our operations or living in communities where we operate. We will not rest until we eliminate injuries, occupational diseases and unsafe working conditions.

PROTECTION OF HUMAN RIGHTS

In all regions and areas of activity, ICL supports human rights as defined in the United Nation's Universal Declaration of Human Rights.

ICL maintains the dignity and rights of the Company's employees, their families, the local communities in which we operate and all persons with whom we come in contact. ICL is committed to prevent violation of human rights in compliance (or beyond compliance) with the laws prevailing in each country and site where we operate.

As a corporation, ICL is characterized by a low level of exposure to human rights violations. Seven of ICL's mining sites are located in developed countries where there is a low risk of violation of human rights.

In ICL's manufacturing and logistics operations in China and Brazil, ICL operates according to international standards for the protection of human rights, as it does in all of its facilities.

In addition, wherever we operate, we are in contact with the community and stakeholders to understand the environmental, social and economic effects that our operations have on the local community, and to minimize any adverse effects. We believe that our activities contribute to the economy and communities in which we operate, thereby contributing to the upholding of human rights throughout the world.

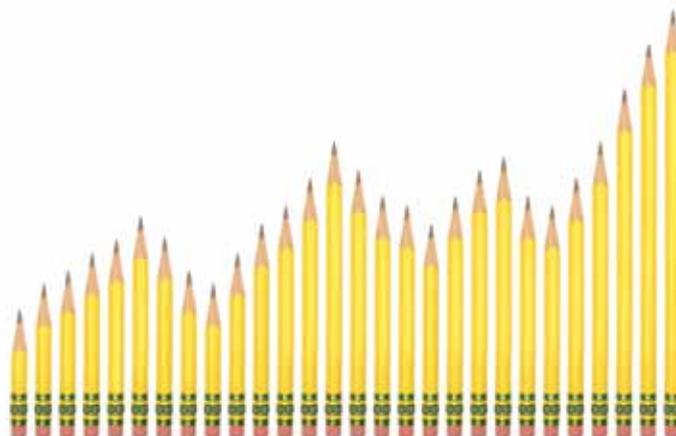
PREVENTION OF BRIBERY AND CORRUPTION

Integrity, fairness and prevention of bribery and corruption are central values in ICL's organizational culture. The obligation to refrain from corruption and the ban on giving or accepting bribes is clearly anchored in the Company's Code of Ethics. All ICL employees receive training on the Code of Ethics in general and prevention of bribery and corruption in particular.

ICL has several control mechanisms to minimize regulatory risks and prevent corruption (such as prevention of money laundering, financing the enemy or terror and preventing providing or receiving a bribe). To prevent financing of terror, ICL acquired a computerized system that scans all of the Company's potential transactions and checks the identity of potential customers against the sanctions lists of the United States, Europe, the United Nations and more. The system is in the pilot stage at ICL Fertilizers. On completion of the pilot, the system will be integrated within all ICL companies. The system provides a warning and blocks transactions in ICL's SAP system for transactions with entities suspected of being on one of the sanctions lists.

In addition, in 2012, ICL will launch two new compliance programs that are currently in the final stages of preparation: 1) a plan for enforcing the ban on receiving bribes; and 2) prevention of money laundering. As in all other areas of enforcement at ICL, these programs will set a high standard of caution, beyond compliance, while adopting European and American standards for these issues.

Financial Information

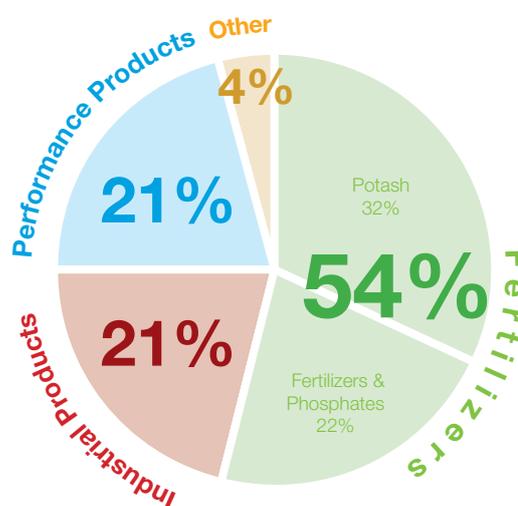


ICL works to maximize its profits for the long-term benefit of its shareholders, with the utmost regard for other stakeholders such as employees, suppliers, customers and creditors.

As a public company, ICL operates in accordance with several relevant laws, regulations and guidelines, with full transparency from an economic, social and environmental point of view. ICL strives for continuous improvement, while complying with all provisions of the law and reaching beyond compliance. Where there is no legislation, ICL strives to adopt the leading accepted standards in the industry around the world. ICL applies a policy of efficient and effective use of resources, while minimizing waste and effluent where possible. ICL believes this policy is consistent with its economic goals and operates a training system and procedures to enhance its implementation. In addition, ICL strives to use the best available technology and economic measures to comply with regulatory requirements.

The following describes the breakdown of ICL's revenue in 2011 by sector:

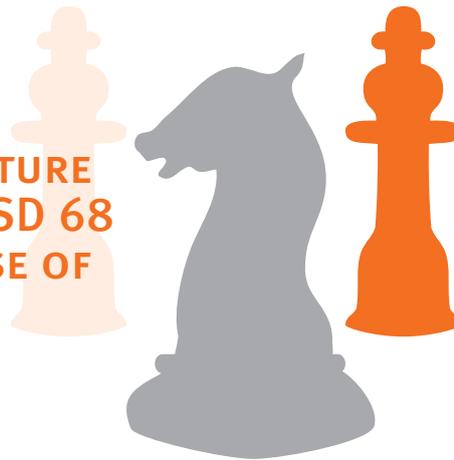
TOTAL SALES IN 2011: USD 7.1 BILLION



Corporate financial data:

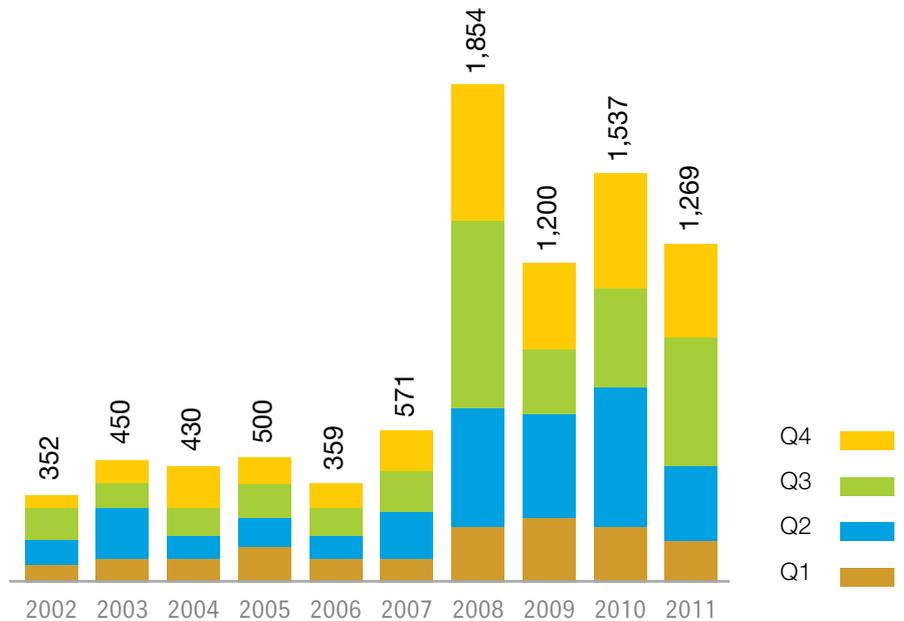
Thousands	2009	2010	2011
Revenues	4,554,316	5,691,537	7,067,834
Cost of sales	2,717,786	3,259,461	3,912,171
Operating income	938,173	1,346,127	1,925,565
Taxes paid on income	111,893	240,449	422,083
Return on investment	32,922	47,832	49,609
Dividends paid to shareholders	549,037	1,167,954	961,330

IN 2012, INVESTMENT IN ENVIRONMENTAL INFRASTRUCTURE IS EXPECTED TO AMOUNT TO USD 68 MILLION, A PLANNED INCREASE OF 75% COMPARED TO 2011

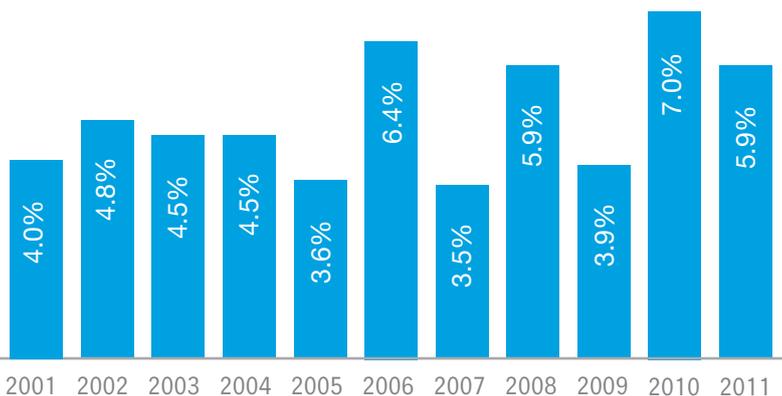


As part of its strategic goals, ICL strives continuously to improve its cash flow. Consequently, cash flow is a key index to assess management performance at ICL and the segments. ICL's high cash flow allows the Company to carry out appropriate, ongoing maintenance and expansion of its production facilities, to invest in infrastructure and the environment, to construct new plants, to take advantage of acquisition opportunities and to distribute dividends to shareholders.

CASH FLOW FROM 2002 TO 2011



DIVIDEND YIELD 2001-2011
%



Dividend Policy: In March 2007, ICL's Board of Directors decided that the Company would distribute a dividend every quarter totaling up to 70% of the Company's net income for the period. The amount of the dividend paid depends upon a number of factors, including the size of the profits, the Company's investment plan and financial status, and other considerations. In May 2010, the Board of Directors revisited the issue, and decided, given the current financial condition of the Company, to distribute a one-time dividend of USD 500 million while also reaffirming the previous policy of distributing up to 70% of the Company's net income each quarter as a dividend.

4
 DURING THE PAST 3 YEARS, ICL HAS SPENT ABOUT NIS 1 BILLION ON PROJECTS RELATED TO ENVIRONMENTAL PROTECTION

NIS 1 BILLION

6
 DURING THE NEXT 6 YEARS, ICL PLANS TO SPEND ABOUT NIS 3 BILLION ON PROJECTS RELATED TO ENVIRONMENTAL PROTECTION, MORE THAN ANY OTHER ISRAELI COMPANY

NIS 3 BILLION

110
 DURING 2011, ICL SPENT ABOUT USD 110 MILLION ON PROJECTS RELATED TO ENVIRONMENTAL PROTECTION

USD 110 MILLION



ICL'S INVESTMENTS AND EXPENSES RELATED TO ENVIRONMENTAL PROTECTION

ICL has adopted a policy of corporate social responsibility and has adjusted its strategy to reflect this policy. ICL believes that implementation of this policy will lead to sustainable activities for the benefit of the next generations. The guidelines for ICL's investments plan is the creation of environmental and social benefits, including the responsible use of natural resources, adoption of manufacturing processes that require less use of energy, recycling of raw materials from production waste and investment in the safe transportation project. ICL is taking steps to reduce, control and manage the environmental risks associated with its activities. These activities include identification of the environmental effects of different projects, investment in new technologies and compliance with relevant legislations, and are performed in cooperation with authorities, employees, suppliers and customers. On this basis, ICL determines the criteria for assessing these effects and the measurements required to meet the requirements and goals that were set.

ICL has invested extensive resources in routine environmental management and in improving manufacturing infrastructure, resulting in the continuous reduction of emissions and increased efficiency in its usage of raw materials. In recent years, ICL companies have spent USD 100 million annually on environmental issues.

Over the years, ICL has steadily increased its investment in environmental protection, resulting in a dramatic reduction in the impact of its activities on the environment.

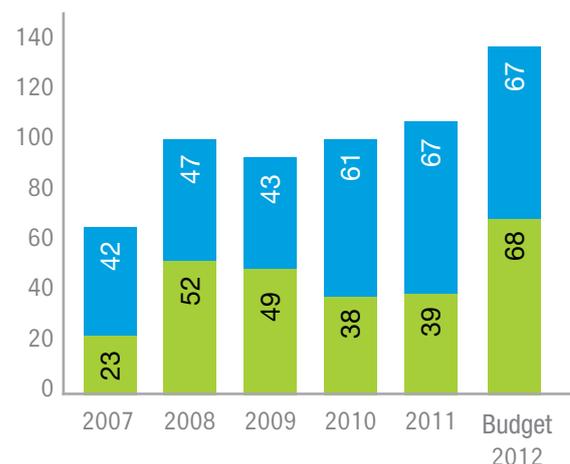
In 2011, ICL spent USD 67 million on routine environmental management activities, and an additional USD 39 million in infrastructure aimed at improving its environmental performance. In 2012, ICL's investment in environmental infrastructure is expected to amount to USD 68 million, a planned increase of 75% compared to 2011.

ICL expects that after 2012, it will not reduce its level of investment in environmental protection.

TOTAL EXPENSES AND INVESTMENTS IN ECOLOGY

USD millions

- Current expenses
- Equity investments



Chapter 3



Management of Corporate Responsibility

- Corporate responsibility policy: guidelines
- Transparency and dialogue with stakeholders

Management of Corporate Responsibility



ICL'S CORPORATE SOCIAL RESPONSIBILITY POLICY WAS ADOPTED VOLUNTARILY WITH THE INTENTION OF MANAGING ITS BUSINESSES WHILE TAKING INTO CONSIDERATION THE INTERESTS OF STAKEHOLDERS WITH AN AFFINITY TO ICL. ICL HAS ADOPTED BINDING CORPORATE RESPONSIBILITY PRINCIPLES AND HAS ADJUSTED ITS ACTIVITIES TO BRING THEM IN LINE WITH THESE PRINCIPLES.



ICL recognizes its corporate and social responsibility towards its shareholders, customers, suppliers, employees, the community and other stakeholders, and as such is committed to manage its business in a way that will lead to sustainable growth and to the right balance between the needs of present and future generations, while fulfilling statutory and moral duties. Where there is no legislation, ICL strives for voluntary adoption of accepted and leading standards in the industry around the world. ICL places great emphasis on setting periodic quantitative targets, while identifying and measuring the economic, social and environmental impact of its activity, and strives to achieve these objectives in a responsible manner. ICL's commitment to sustainable development and social responsibility is reflected in its adoption of corporate social responsibility (CSR) principles, as well as the adoption of responsible care principles according to the Responsible Care Global Charter of the global chemical industry. For further information, please refer to page 63.

The Board of Directors of ICL and its segments, as well as the Group's management, are taking steps to apply principles of the policy to the day-to-day operations of the Company. For this purpose, committees have been appointed by the segments' Boards of Directors in Israel to review and discuss all areas related to the environment, safety, health and security. These committees are supported by external consultants in relevant fields. In addition, ICL management has established enforcement and monitoring programs to ensure compliance with all obligations according to the law. ICL's Board of Directors appointed Asher Grinbaum, the Company's Deputy CEO and COO, to serve as the corporation's Chief Risk Manager in charge of environmental, safety, occupational health and security issues in the Company. Asher Grinbaum reports to ICL's CEO and periodically on his behalf to the Board of Directors on activities in these areas.

**ICL IS COMMITTED TO
MANAGE ITS BUSINESS
IN A WAY THAT WILL LEAD
TO SUSTAINABLE GROWTH
AND THE RIGHT BALANCE
BETWEEN THE NEEDS OF
PRESENT AND FUTURE
GENERATIONS**



GUIDELINES FOR CORPORATE RESPONSIBILITY



Environmental protection:

- Striving for leadership in emission reduction and greenhouse gas control
- Ensuring environmental management principles for waste, natural resources and energy consumption
- Complying with laws and regulations and voluntary adoption of international principles in the field (beyond compliance)
- Minimizing environmental impact by implementing best available technology (BAT)
- Striving for conservation and restoration of the landscape and biodiversity in areas of the Company's activity

Economy:

- Developing the organization's business-strategic operations with a view towards preserving the environment and society
- Transparency and reporting of economic and environmental information
- Adopting systems to identify, assess and control risks in the organization and throughout the product life (product stewardship)
- Providing the administrative and financial resources required to implement and assimilate a corporate responsibility policy

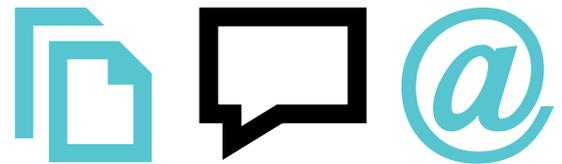
Social involvement:

- Encouraging community empowerment plans and social and environmental involvement
- Cooperating with authorities and the community in environmental projects
- Maintaining a sustainable supply chain
- Encouraging ongoing dialogue with all stakeholders

Work environment:

- Managing production, while maintaining fair employment conditions and terms of adequate health and safety
- Training and developing skills among employees for safety, professionalism, and environmental quality
- Maintaining and implementing the Code of Ethics as part of the corporate culture
- Increasing security in the Company's areas of operation, by implementing national and international laws and regulations, in coordination with local security forces

Transparency and Dialogue with Stakeholders



ICL carries out dialogue with all stakeholders in Israel and other countries where the Company operates, ranging from employees, suppliers, distributors and customers to government and control officials, academics, neighboring communities, environmental and social organizations, consumers and the community. Through this dialogue, ICL examines the areas of interest to each group of stakeholders and moves toward practical, balanced and long-term solutions to the full range of challenges faced in the realm of sustainable development.

ICL also operates according to a basic principle of open and active communication as a response to controversial issues and specific incidents. For ICL, dialogue with stakeholders is an opportunity for early identification of the demands and requirements of diverse markets and to define areas that require initiative. While reinforcing the communication and understanding between the Company and the stakeholders, dialogue also makes a significant positive effect on the Company's risk management. Through discussion and transparency, the Company strives to address the skepticism and cynicism that are often raised in public dialogue about the chemical industry and ICL products and operations, and to build trust with customers, civil organizations, policy makers and leaders in local communities. ICL's transparency policy extends to include its manufacturing operations and products, their safe and efficient use and the risks that should be avoided. As such, ICL is involved in dialogue in diverse areas.

Over the past six years, ICL has tracked the stakeholders with which ICL and its subsidiaries held significant dialogue, documenting the interests of the different groups and the relevant mediums for dialogue. Five of the most significant topics discussed were: 1) the future of the Dead Sea and the industrial

activities around it; 2) pollution and conservation activities related to ICL's mining and production sites; 3) international treaties related to climate and pollution; 4) encouragement of clean-tech; and 5) the full life-cycle effects of ICL's products. The specific chapters in this report directly address the topics that arose during the different dialogues.

Synthesis of this information has proven useful for shaping the channels for ICL's dialogue with stakeholders, and has affected the frequency and content of the dialogue.

The table below summarizes our dialogue with stakeholders and provides concrete examples. Although many of the issues related to sustainability are global in nature, local priorities and issues are extremely important and a local and regional perspective dominates discussions that we have held with many of the entities in the communities where ICL operates. Where relevant, ICL develops and implements a response to local issues and challenges. As such, dialogue is adapted to the specific local conditions, and there is no standard solution for an issue that is discussed, the duration and intensity of the dialogue or the mix of the participants.

FOR THE PAST 5 YEARS, ICL HAS HELD FORUMS AND DISCUSSIONS WITH ITS STAKEHOLDERS IN ISRAEL, INCLUDING ENVIRONMENTAL ORGANIZATIONS, LOCAL COMMUNITY LEADERS, SUPPLIERS AND MORE.

CREATION OF DIVERSE PUBLIC DIALOG: MAIN STAKEHOLDERS AND MEDIA CHANNELS

Stakeholders	Direct dialogue	Reporting	General communication
Internal stakeholders			
Employees	1,3,4,5	A, B	@
Investors	3,7	A, B, C, D	@
Supply chain			
Suppliers	3,7	A, B	@
Distributors	2,3,6	A, B	@
Customers	2,3,7	A, B	@
External stakeholders			
Local community	1,3,6,7	A, B	@
Social and environmental organizations	1,3,6,7	A, B, D	@
Government authorities	3,5,6,7	A, B	@
Regulatory entities	5,6,7	A, B	@
Academia	6,7	A, B	@
Press	3	A, B	@
Examples			
<p>Dead Sea Bromine website: www.brom.co.il</p> <p>Barir Field website: www.sdebarir.co.il</p> <p>Dead Sea website: http://deadseasite.net/</p> <p>Dead Sea Works website: http://www.dswblog.co.il/</p> <p>ICL Fertilizers' YouTube channel: http://www.youtube.com/user/iclfertilizers?feature=mhee</p> <p>ICL Fertilizers' scribd site: http://he.scribd.com/iclfertilizers</p> <p>ICL Fertilizers' slideshare site: http://www.slideshare.net/iclfertilizers</p> <p>Rotem Amfert website: http://www.rotemamfert.co.il/</p> <p>Dead Sea Works' Flickr site: http://www.flickr.com/photos/68569209@N02/</p> <p>Rotem Amfert's Flickr site: http://www.flickr.com/photos/59034539@N05/</p>	<p>VECAP (page 68); IFA activities (page 65); IPI activities (page 98); community forums (page 55); community activities together with social and community organizations (page 140); environmental activities together with environmental organizations (page 124)</p>	<p>Periodic report (Barnea); periodic financial reporting to the stock exchange; GRI report; CDP report (see page 109)</p>	<p>www.brom.co.il www.sdebarir.co.il</p>
Legend: frequency of occurrence or publication is noted in parentheses			
	<p>Direct dialogue</p> <ol style="list-style-type: none"> 1. Joint community forums (ongoing) 2. Customer support (ongoing) 3. Visit to the Company's sites (ongoing) 4. Internal communication (as needed) 5. Membership in professional associations (once a month) 6. Involvement of Company representatives in social associations (ongoing) 7. Ad-hoc events and initiatives (ongoing) 	<p>Reporting</p> <ol style="list-style-type: none"> A. Financial statements (once a quarter) B. Sustainability report (once a year) C. Presentations for investors (once a season) D. Information for investors related to Code of Ethics and Sustainability Indices (as necessary, and different from company to company) 	<p>General communication</p> <ul style="list-style-type: none"> @ Website Press releases Special publications

Direct Dialogue with Stakeholders

ICL EXECUTIVES VOLUNTEERING FOR THE PUBLIC GOOD

Many ICL executives volunteer their free time in management and consultation positions in diverse social, medical, environmental, academic and scientific societies and organizations. The involvement of ICL's executives in non-commercial projects and organizations enables them to contribute their rich business and professional experience to promote important issues unrelated to routine management of ICL, while providing an opportunity to reinforce ICL's relationship with an understanding of the needs of its stakeholders.

ICL executives fill the following positions, among others:

In Israel

Akiva Mozes, ICL's outgoing CEO, is a member of the Friends of the Soroka Medical Center and a member of the Friends of Ben Gurion University; **Asher Grinbaum**, Deputy CEO of ICL, is chairman of the Nitzana Educational Community and chairman of the public management of Beersheba Theater; **Mr. Nissim Adar**, CEO of ICL Industrial Products, serves as a director of the Sami Simon College of Engineering and of the Elem Youth in Distress Organization in Israel; **Asher Rapaport**, VP Human Resources at ICL, is a managing member of the Negev Development Authority; **Dr. Malka Nir**, VP Research and Development at Rotem Amfert Negev, is chairman of the International Women's Foundation (IWF); and **Mr. Dodo Zbeida**, Senior VP Operations of Dead Sea Works, is a member of the Sami Simon Institute of Engineering and a director of Kfar Rafael in Beersheba.

Around the Globe

Deborah Tallo, Vice President Human Resources at ICL Performance Products, is President Elect of the Mother's Club at Ursuline Academy; **Charles Weidhas**, President and CEO of ICL Performance Products, is on the board of directors of the ACC (American Chemistry Council); **Alex Maurer**, Vice President Global Operations, is Chairman of the sup-group "P-Saure Salze" of the German Chemical Industry Association VCI.

For further information about the involvement of ICL executives in professional societies, please refer to page 40.

Dialogue with stakeholders is maintained through several channels, the main one being joint forums (Community Advisory Panel - CAP) consisting of representatives of ICL plants, local communities and green organizations. The objective of the forums is to create a dialogue for the discussion of environmental issues, to develop joint programs for the benefit of the environment and the community, to generate a relationship between industry and stakeholders and to develop an intelligent and productive dialogue based on reliable and professional information. ICL plants in Israel and other countries have been actively creating joint forums for several years. In the U.S., for example, ICL has established three joint forums (at Clearon, Gallipolis Ferry and Lawrence).



JOINT FORUM AT THE LAWRENCE, U.S. PLANT

ICL Lawrence has been holding an open dialogue with the local community through a community advisory panel (CAP) for 25 years.

The objectives and tasks of this forum are to allow the community to express its opinion in all matters relating to the plant's operations, to identify ways to improve and reinforce the relationship with the panel members, neighbors and broad community in their environment, and to serve as a platform for discussing all matters relating to emergency operations, environmental protection, safety and public health.

The community panel members meet once a month. The meetings are run in a professional manner with an agenda set by panel members. Since 1996, the community panel has demonstrated a strong commitment to its members and a high percentage of participants are long-standing members.

Achievements of the joint forum at the Lawrence plant include the following:

- More than 15 years of dialogue and successful relationship with the community
- Significant participation in community events and educational programs at schools
- Restoration and development of a natural region
- Open house events where the public is invited to tour ICL's facility and to learn about its process and products
- Establishment of programs for recycling and collection of hazardous waste
- Organization and participation in the adopt-a-park program to help keep parks clean
- Support of local charities and environmental advocacy groups through donations and volunteering

JOINT FORUMS IN ISRAEL

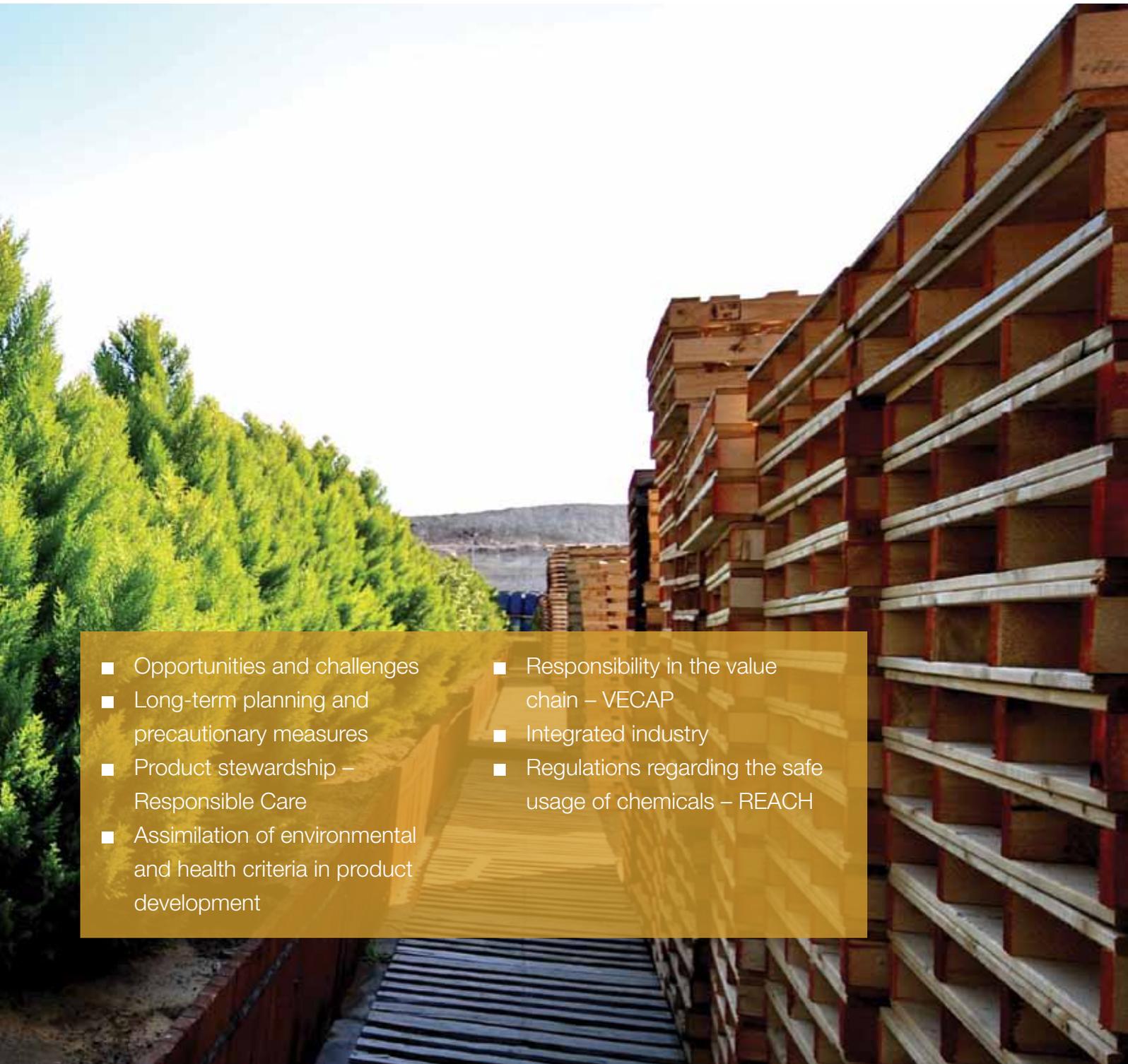
The first forum in Israel was set up at the Bromine Compounds plant of ICL Industrial Products more than nine years ago. This was followed by the establishment of other forums, including forums serving Dead Sea Works and Dead Sea Magnesium, established in 2005, and a joint forum at Rotem Amfert Negev and Periclase, which was set up in 2009. One of the resolutions implemented was the establishment of a monitoring station at Neot Hakikar, financed by the plants, and ability for residents to view its results on a public website. In addition, 90 hectares of land south of the concession area were transferred to one of the local agricultural villages for cultivation. Some of these issues are addressed in this report and others will be addressed in other frameworks and future reports.

In 2011, joint forums in Israel convened for eight meetings. The forums discussed the following issues, among others: routine reports on environmental performance, salt harvesting, the P-9 station, power station, conversion to natural gas, bromine recycling facility, Clean Air Law and ongoing monitoring.

Chapter 4



Sustainability in Core Businesses

- 
- Opportunities and challenges
 - Long-term planning and precautionary measures
 - Product stewardship – Responsible Care
 - Assimilation of environmental and health criteria in product development
 - Responsibility in the value chain – VECAP
 - Integrated industry
 - Regulations regarding the safe usage of chemicals – REACH



**FOR ICL, SUSTAINABLE DEVELOPMENT MEANS
COMBINING LONG-TERM SUCCESS AND AN
ECONOMIC ORIENTATION WITH ENVIRONMENTAL
PROTECTION AND SOCIAL RESPONSIBILITY.**

ICL manufactures products on four continents. These products are marketed to thousands of customers in over 180 countries worldwide. The raw materials used in production are, in part, chemicals that may be hazardous. The production processes require an investment of energy, the production of which involves combustion of fuels. The processes and some of these products may potentially cause environmental damage as a result of the generation of wastewater, air emissions and waste generated in the production process.

For ICL, sustainable development means combining long-term success and an economic orientation with environmental protection and social responsibility. As an international chemical company, ICL faces this challenge in all areas of its operations. Combining the principles of corporate responsibility with its existing corporate strategy helps the Company to identify risks as early as possible while taking advantage of new business opportunities.

ICL is taking steps to reduce, control and manage the environmental risks associated with its activities. This requires nurturing ongoing dialogue with ICL's many stakeholders, including employees, customers, suppliers and authorities.

ICL's policy is to routinely identify, develop and implement means of measuring and monitoring the environmental impact of its operations. To this end, ICL invests time and resources to monitor and assess existing and new problems on a regular basis. The goal is to identify the topics that are most important for the Company and to select the most relevant for ICL. By identifying existing problems, ICL develops solutions that contribute to addressing future social needs. For example, ICL develops products that are used to purify and treat water, to treat the mercury emitted from coal-fired power stations, and to increase the yield of agricultural activities worldwide.

ICL also invests significantly in reducing the environmental impact of its own operations, including the treatment of wastewater, air

emissions and waste flows, efficient transportation of products, and the training of employees, service providers and consumers with whom ICL companies operate in the methods and standards set by governmental, environmental and social organizations. The Board of Directors and ICL management have mandated that any activity that deviates from relevant standards whose deviation cannot be solved to the satisfaction of the authorities must be closed down. ICL requires compliance with binding standards, while striving to use the best available technology (BAT) and economic measures and, where technological and economically feasible, to go beyond compliance.

As such, the Company promotes full compliance with environmental and occupational safety and health standards in the Group's plants throughout the world. To comply with the standards, master plans are implemented for reducing emissions created during production, including non-point emissions. To implement these principles, ICL promotes the development of new products, production lines and processes, taking into account their effect on people and the environment throughout the product life cycle. Research and development are designed to take into account, to the extent possible, all stages of production, storage, transport, use and disposal at the end of product's life. In the manufacturing process, use is made, wherever possible, of environmentally-friendly solvents, while taking into account environmental considerations such as savings of energy and water. As a rule, preference is given to products whose production processes create biodegradable waste, along with implementation of a policy for reducing waste quantities. To implement these principles, the Company has developed a sustainability index for developing sustainable products and improving existing products. ICL also conducts risk surveys for the implementation of a process policy to reduce environmental impact.

Additionally, ICL promotes projects to reduce its impact on the environment in order to conserve natural resources, reduce greenhouse gas emissions and save energy.

THESE PROJECTS INCLUDE:

1. Conversion to the use of natural gas as a source of energy where possible.
2. Responsible use of natural resources, including: conservation of water and recycling of process water for other manufacturing processes; pumping brine back into the Dead Sea; responsible use of land resources; restoration of river beds; restoration and preservation of mining and quarrying areas and returning them to the State at the end of operations for the land zoning determined by the State, and in accordance with relevant laws.
3. Reduction of the amount of waste and byproducts from manufacturing processes for maximum restoration of resources and inputs used; including the use of advanced recycling technologies such as catalytic recycling; reuse of water; recycling and reuse of raw materials and waste; use of byproducts as raw materials in other production processes; and proper treatment of waste.
4. Ongoing cooperation with manufacturers, suppliers, research institutes, customers, and other users in the development and implementation of methods for safe product manufacture and use, while reducing and preventing harm to users and the environment.
5. Safe transportation: selecting and training responsible carriers; use of emergency systems to handle transportation breakdowns; strict compliance with safe and standardized packaging; and strict compliance with proper and adequate transportation measures. In addition, use of a control system to track the transportation of ISO tanks.
6. Reduction at source of the amount of waste generated by ICL companies and increased recycling of recyclable waste, including paper, cardboard, wooden pallets, beverage containers, rubber, metals, oils, batteries, printer heads, computer equipment, iron, plastic and glass.



Opportunities and Challenges



Industry activities have both a positive and negative impact on sustainability. Positive impacts include factors such as contributing to economic growth and satisfying the needs of local communities, while negative impacts include factors such as the use of non-renewable resources and emission of byproducts into the environment. ICL operates proactively to increase the positive impact of its operations on sustainability in general and the environment in particular while taking steps to reduce the adverse effects, employing mechanisms such as dialogue with stakeholders, development of markets that contribute to the environment and economy, and by voluntary early adoption of standards.

THE ORGANIZATION'S IMPACT ON SUSTAINABILITY: OPPORTUNITIES AND CHALLENGES

Opportunities	Challenges
<ul style="list-style-type: none"> ■ Economic growth and creation of jobs ■ Development of products to address climate change ■ Increase in agricultural production and the amount of food in the world ■ Reduction of mercury emissions from coal-fired power stations 	<ul style="list-style-type: none"> ■ Reduced use of energy sources ■ Reduction of byproduct emissions from production process ■ Minimization of the effect of the receding Dead Sea level ■ Wise use of non-renewable resources

IMPACT OF SUSTAINABILITY ON THE ORGANIZATION: OPPORTUNITIES AND CHALLENGES

Opportunities	Challenges
<ul style="list-style-type: none"> ■ Growth in international markets ■ Increase in demand for water treatment and purification ■ Regulation and legislation ■ Growing population 	<ul style="list-style-type: none"> ■ Opposition of stakeholders ■ Public opposition to industrial activities ■ Regulation and legislation ■ Climate change

NIS
12.4
BILLION

ICL'S CONTRIBUTION TO ISRAEL'S GDP IS APPROXIMATELY 1.5%, OR NIS 12.4 BILLION

Long-Term Planning and Precautionary Measures



ENVIRONMENTAL RISK MANAGEMENT

ICL has created a structured process to review, identify, manage and reduce environmental risks in companies. ICL aims to operate a sustainable chemical company. This is only possible if sustainability is an integral part of ICL's managerial systems and is firmly instilled in the organizational culture.

As part of the strategic planning required to implement sustainable business activities, an organizational risk management structure has been established, including structured programs to promote the issue. In addition, the Ecology Center of Excellence serves as ICL's arm for managing, reducing and controlling environmental risk in ICL companies. Through this structured process of identifying risks and opportunities, ICL applies the precautionary principle to environmental and economic issues.

Together with Ernst & Young, ICL has created Enterprise Risk Management (ERM), a system for identifying existing and future risks, including environmental aspects. ERM identifies, measures, manages and reduces risks, including assimilation of procedures required to implement the policy. The ERM system refers to strategic, operational, statutory and economic risks in all aspects of the organization's operations, including its impact on the environment, the economy and society at large.

Regarding the environment, ICL's commitment to the principles of Responsible Care Global Charter also integrates precautionary principles. For optimum implementation of the



EMERGENCY RESCUE VEHICLE

Taking precautions and preparing for emergency situations are an integral part of daily life at ICL. ICL strives to avoid emergency situations, but in the event a situation arises, the Company makes every effort to find a timely and professional response that is appropriate for the situation.

Preparedness for emergency situations extends to situations arising from the general security situation of the country, natural disasters such as earthquakes or floods, and production activities involving the use of dangerous substances, all of which are dealt with on an individual basis at each of ICL's companies, according to updated risk analyses, and overseen on a corporate level for events that may impact more than one company.

As part of the Group's preparations, three MAN trucks were recently acquired, equipped and designated as emergency vehicles for ICL companies. They will be based at Bromine Compounds at Ramat Hovav, Bromine Chlorine at Sodom and at Rotem Amfert Negev in the Rotem Plains. This will enable broad geographical coverage that will support ICL's main production plants.

The vehicles will be activated in the event of a leak of dangerous substances or to neutralize any resulting waste, to seal leaking containers, and to transport hazardous materials, etc. In addition, the emergency vehicles have been equipped with state-of-the-art equipment for firefighting and to rescue trapped workers. The equipment and accessories were acquired and tested carefully according to an analysis of the Company's needs, and based on the experience it has gained from prior events.

The emergency vehicles will be operated by specially trained workers who practice for possible events according to professional procedures. In addition, other workers have been appointed to operate the vehicles in the event of a situation that requires moving dangerous substances.

ICL invested NIS 6.5 million in this emergency vehicles project which is managed by the Bromine Compounds safety team.



risk management process, ICL's Board of Directors appointed ICL's Deputy CEO and COO, Asher Grinbaum, who also serves as the corporation's Chief Risk Manager, to be in charge of the Company's environmental quality, safety, occupational health and security. Asher Grinbaum reports to ICL's CEO and reports periodically on his behalf to the Board of Directors on activities in these areas.

In addition, to address the precautionary principle regarding occupational safety, ICL applies proactive safety measures. All ICL companies have implemented safety programs, and the issue is discussed regularly by the Board of Directors. To ensure occupational safety, ICL complies with safety standards and requirements prescribed by local laws and international and local standards. This is reflected in ongoing investment in occupational safety and health as well as in designated projects, with the aim of preventing accidents and out of constant concern for the Company's employees.

Product Stewardship - Responsible Care

The Responsible Care program is the global chemical industry's flagship program for chemical management. The program is run by the International Council for Chemicals Associations (ICCA), in which associations from 53 countries are members, including the Manufacturers Association in Israel. The Responsible Care program strives for continuous improvement in the chemicals industry, compliance (and beyond compliance) with the provisions of the law and standards, and promotion of volunteer initiatives, with the aim of realizing these principles together with government, public and other stakeholders, with the goal of establishing public trust in the chemicals industry and the highest possible level of security. All ICL segments have adopted the principles of Responsible Care.

In October 2008, ICL's CEO signed a commitment to the principles of the Responsible Care Global Charter of the ICCA. The principles include product stewardship, responsibility for environmental risk management along the supply chain, increased transparency along the supply chain, contribution to sustainable development, increased dialogue with stakeholders,

and third-party validation.

ICL applies the principles of Responsible Care throughout the product life cycle (product stewardship) and performs a number of routine activities, including identification of environmental impacts and health concerns when developing products; testing and evaluating all purchased raw materials; producing according to safe and effective systems; marking product packaging appropriately while also complying with the requirements of the law and customer requirements; distributing products in a safe way; and providing comprehensive training and qualification programs, product information manuals and technical support.

ICL supports its customers in order to maximize their benefit from its products and to minimize adverse environmental impacts during use. Product stewardship is important for the chemical industry as a responsible industry. Potential leakage of chemicals to the environment and their impact on health should be reduced and there should be risk-free product management along the value chain.

CORNERSTONES OF RESPONSIBLE CARE AT ICL



PRODUCT STEWARDSHIP - ALL STAGES OF PRODUCT LIFE MANAGEMENT, FROM DEVELOPMENT THROUGH THE END OF THE PRODUCT LIFE CYCLE



MAIN ASPECTS OF PRODUCT STEWARDSHIP:

PRODUCT DEVELOPMENT:

Attention to health, safety, environmental and regulatory aspects in the development process and implementation of environmental and health criteria in product development. For example, creating a sustainability index for materials in development (see below).

RAW MATERIALS:

This stage includes: 1) evaluating suppliers based on quality and on health, safety and environmental aspects; 2) replacing suppliers if the risks are too high; 3) proper handling of raw materials, including testing quality, appropriate storage, assessment of the environmental and health impact of raw materials and employee training.

PRODUCTION:

The guidelines for this stage refer to occupational health programs and preparedness for emergency situations; reduction of environmental emissions; prevention of emissions; waste reduction; water conservation; reduced energy consumption; efficient use of resources; proper handling of empty raw material packaging and defective product packaging; checking product quality, and proper storage before distribution.

PACKAGING:

The plan for this stage includes guidelines for packaging and design according to product features; customized packaging designed for customers to minimize environmental emissions; appropriate packaging and labeling according to regulations; periodic testing of multi-use packaging; high level of maintenance in packaging and storage rooms; safe loading to prevent environmental and safety incidents.

DISTRIBUTION:

The guidelines for this stage include selection of warehouses according to procedures and periodic reviews; selection of distribution and transportation companies based on safety criteria; training of drivers and assessment of distribution methods regarding safety risks; emergency procedures; internal reporting and investigation of incidents.

MARKETING AND SALES:

The guidelines for this stage include registration of new products; providing customers with information about products and their use; providing information about chemical regulations and customer support; customer training for proper use of products and cooperation with customers regarding product stewardship.



PRODUCT STEWARDSHIP AT ICL

In early 2010, two committees at Rotem Amfert began to implement product stewardship principles for green and white acids, and, following a large-scale upgrade of its sulfur system, for sulfur. Consequently, ICL Fertilizers accepted an offer by the International Fertilizer Industry Association (IFA) to participate in a global pilot to implement the program. The same activities with IFA were carried out at Dead Sea Works.

ICL Fertilizers developed a methodology using a matrix with product life stages on one axis and the “building blocks” of product stewardship on the other. Each intersection of a stage in the product life cycle with a building block is studied through interviews with key professionals in the field. The study focuses on identifying the risks in the crossing, assessing the severity and probability of events, reviewing

current activities to minimize risks and suggesting additional activities to further minimize the risks. The Company has also prepared a product stewardship procedure and policy.

In 2011, IFA performed an audit of Rotem Amfert Negev and Dead Sea Works and awarded the Company with a product stewardship certification, with honors. Rotem Amfert Negev is the first company to receive IFA certification with honors for this standard.



USE:

ICL also applies its product stewardship policy for the stage of the customer's use of the product. As part of the activities in this stage, ICL provides guidelines and training to customers for efficient and sustainable use of its products. The guidelines for this stage also refer to use that contributes to reduction of environmental emissions. For example, VECAP, which has been adopted by the ICL Industrial Products segment (see below), sets guidelines for the handling of used packaging according to product stewardship principles, and ICL Fertilizers has initiated customer instruction and training worldwide to promote safe and intelligent use of fertilizers.

END OF PRODUCT LIFE:

In this stage, reference is to minimizing environmental and health effects at the end of product life, and, if possible, risk preparedness. For example, for the use of flame retardants, End of Life considerations include assessment of the options of handling, recycling or combustion for energetic utilization.

In 2009, several ICL companies began adopting product stewardship principles and examining products on this basis. For example, at Dead Sea Works (a business unit of ICL Fertilizers) this process is being carried out with an emphasis on granulated potash; at ICL Industrial Products, for a range of products; and at Rotem Amfert (a business unit of ICL Fertilizers), for diverse products, including green and white phosphoric acids.

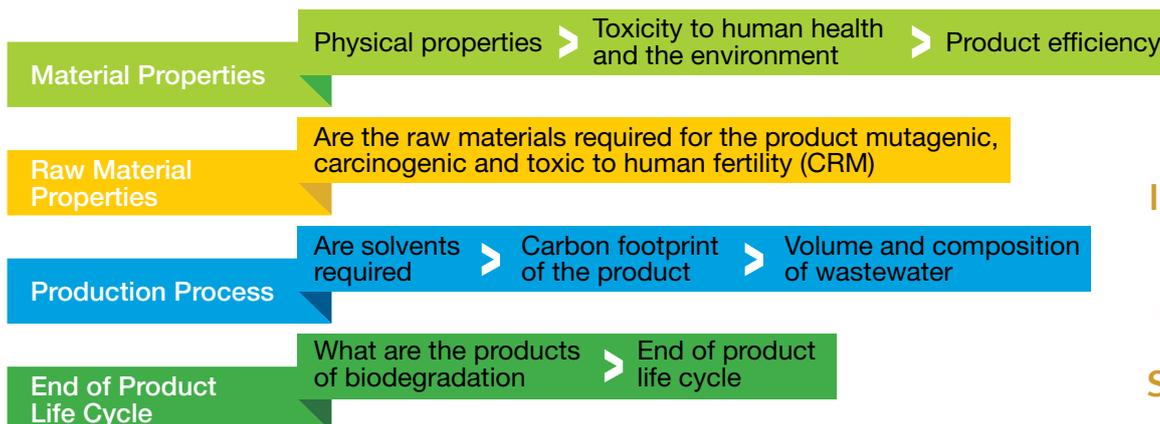
Implementing Environmental and Health Criteria in Product Development

SUSTAINABLE INDEX FOR PRODUCT DEVELOPMENT

To manufacture products with a maximum positive impact and minimum negative impact throughout the life cycle requires optimum product planning from the development stage. As part of its process for developing new products, ICL considers environmental and health factors as well as commercial and operational considerations. All potential material to be used for development is comprehensively and rigorously tested to specify the physical properties of the material, including its efficiency, toxicity to humans and the environment, and more.

To assimilate environmental and health criteria, ICL Industrial Products has developed a sustainability index for substances under development, with the aim of determining parameters for a sustainable product in the development stage. In accordance with the index, each product is assessed and graded during the development process according to defined parameters, and based on the grading results, a program of development changes is prepared.

The parameters selected for the sustainability index for materials under development include considerations throughout the product life cycle, such as the properties of materials and raw materials, the use of solubles in the synthesis process and the waste produced in the process. The object is to develop products with molecules or polymers that are too large to penetrate biological membranes, thereby reducing the potential for the substances to be absorbed into organisms and to accumulate in the food chain. In addition, "no go" properties were defined. Materials that meet one of the categories defined as "no go" are stopped at the development stage and are not commercialized. Each of ICL's segments is currently engaged in the process of assimilating the index into its ongoing operations. Overall product stewardship management is subject to regulation in all ICL areas of activity, and ICL companies closely track regulatory developments in this area.



DURING 2011, ICL INDUSTRIAL PRODUCTS COMPLETED ITS "PRODUCT DEVELOPMENT SUSTAINABILITY INDEX"

ICL'S INVESTMENTS IN ENVIRONMENTAL PROTECTION:

Installation of filter bags for dust control at Dead Sea Works

An investment of

10

USD million



DATE: 2008 - 2011



OBJECTIVE:

Significant reduction of dust emissions at the plant



RESULT:

Reduction of dust concentration in emission gases from 350 milligrams per cubic meter to less than 5 milligrams per cubic meter.

Responsibility in The Value Chain - VECAP

Numerous technological improvements implemented recently in ICL's production facilities aim to reduce the environmental impact of each plant. In addition to technological improvements, product management efforts have been implemented to reduce the environmental impacts of ICL's products throughout the value chain.

As part of its product stewardship activities, ICL Industrial Products has adopted the Voluntary Emissions Control Action Program (VECAP), a beyond-compliance program designed to reduce the environmental emissions associated with flame retardants. As part of the program, ICL works with customers to reduce the environmental impact of the segment's products in all stages of their use.

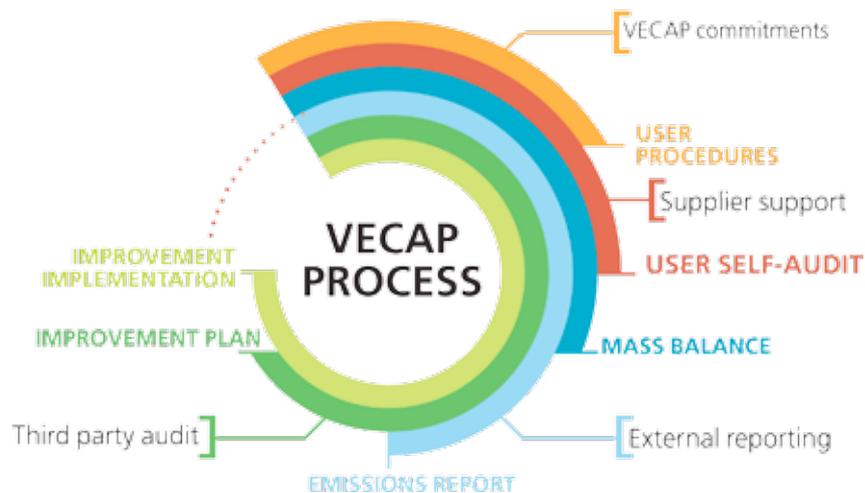
VECAP was initially created by ICL Industrial Products and two other major flame retardant manufacturers with the goal of reducing the emissions associated with the use of flame retardants. At a later stage, the program was extended to include the reduction of emissions from the production stage.

VECAP is based on the principle of continuous improvement and achieves its goals by:

- Improving the management of chemicals in the value chain beyond existing legislation
- Raising awareness among all those involved in the process, from the shop floor to the boardroom
- Implementing best practices according to the program's principles
- Promoting and supporting an open dialogue with all interested parties, including industry, legislators, local communities and customers

After gaining experience in implementation of the program in production plants and customer sites and examining its methodology and environmental benefits, VECAP principles can be applied across the global chemical industry. These principles can form the basis for reducing the environmental impact of the industry.





VECAP IN THE VALUE CHAIN

As part of VECAP, ICL Industrial Products has secured commitments to the program by its customers. This partnership, which is part of the industrial supply chain, primarily involves small and medium-sized enterprises (SMEs) in the plastics and textiles industries in Europe, North America and Israel. Customers using flame retardants in the manufacture of their end products review their production processes, quantify the loss of material using a mass balance model, diagnose the reason for the loss and the destination of the emissions (into the atmosphere, water and soil), and prepare an improvement plan to prevent environmental emissions in the future. Manufacturers of flame retardants that are partners in the program train customers in optimal courses of action while also providing supporting information and professional guidance. Since 2009, an independent professional has conducted audits of the VECAP program and certified it.

Over the past year, after companies participating in the program expanded it to include additional products, ICL Industrial Products began applying VECAP methodologies to several of its proprietary products including all bromine-based flame retardants.

In 2011, the program in Europe, which incorporates three ICL companies that manufacture flame retardants, achieved the following:

- Participation of customers in VECAP remained high in 2011, reflecting 94% of total fire retardants sold.

- The environmental emissions associated with the flame retardants, TBBA, Deca and HBCD continued to decline. For TBBA, the outstanding achievement was zero soil emissions, which was achieved primarily by optimization of emission prevention activities. This indicates successful user assimilation of the optimum methods suggested.
- Increase in VECAP certification for ten international sites, including all the production sites of the three manufacturers and associated user sites.

All ICL Industrial Products brominated flame retardant production sites have achieved VECAP certification, including the Ramat Hovav site as well as ICL IP plants in the Netherlands and China. The program has also been implemented in North America, and efforts are being made to expand its scope to the Far East. Additional information can be found at:

http://www.vecap.info/uploads/VECAP_2011_light.pdf



Integrated Industry



The industrial revolution symbolized the start of a new era, one of economic prosperity, technological development and a modern lifestyle. However, over the past few decades, industry and technology have come to symbolize health and environmental hazards. This change in the perspective of industrial production processes, with a focus on the environment, has resulted in calls for change in various industrial sectors and instilling an industrial ecological approach.

According to this approach, the industrial production process should shift from a linear process, where resources and capital pass through the production chain and eventually become waste, to a closed process where waste can serve as input for new production processes.

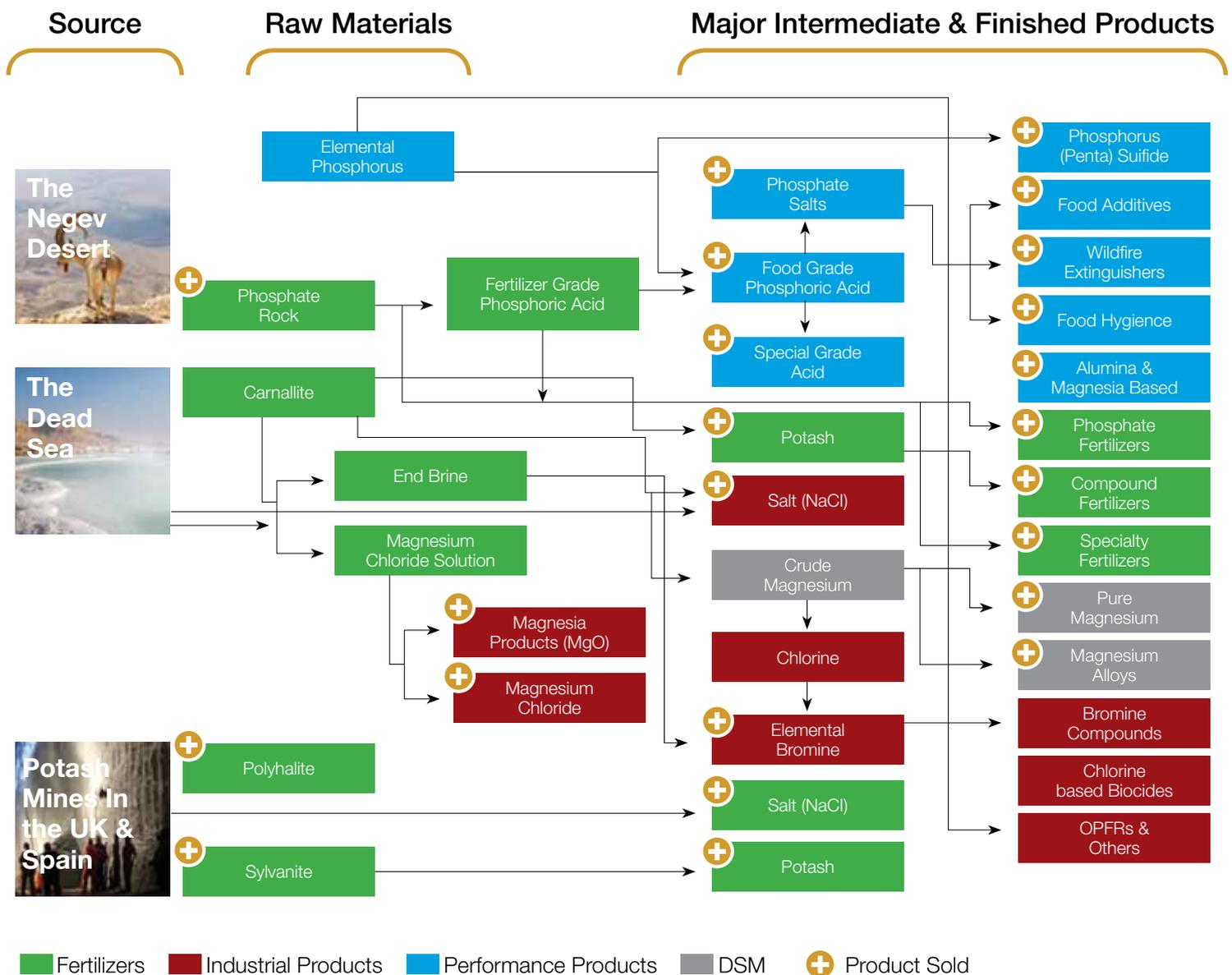
**ICL USES THE
BYPRODUCTS AND
WASTE PRODUCED
IN ONE PROCESS
AS RAW MATERIALS
FOR OTHERS**

ICL uses the byproducts and waste produced in one process as raw materials for another. For example:

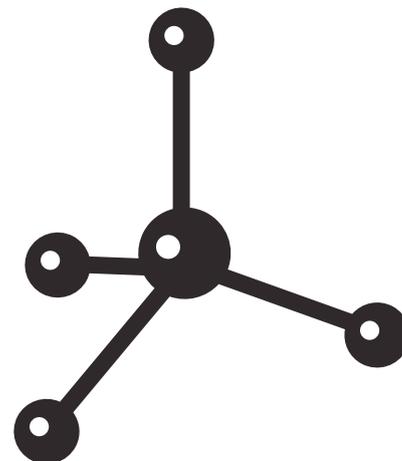
1. The Company's bromine production begins with the bromine generated as a byproduct of the brine created from its potash production. This brine has a higher bromine concentration than that of the water in the Dead Sea.
2. The Company produces magnesium from solutions rich in magnesium chloride that are produced as a byproduct of the potash production process.
3. A by product created by the magnesium production process is collected and sent to the Rotem Amfert Negev plant, where it is used as raw material.
4. ICL Fertilizers uses sylvanite, a byproduct of magnesium alloy production, to produce potash.
5. ICL Industrial Products uses the chlorine emitted in the production of magnesium alloys to produce bromine.



THE INTEGRATION OF ICL'S NUMEROUS PRODUCTION PROCESSES:



Regulation on Chemicals and Their Safe Use – REACH



In 2007, the framework law for Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) came into effect. The aim of the law is to protect health and the environment through management of chemicals in use and in development. The law calls for the gradual replacement of 40 chemical derivatives currently used in Europe, and its application and enforcement is being supervised by the European Chemicals Agency (ECHA).

There are three registration deadlines for existing chemicals: 2010, 2013 and 2018, depending on criteria for the sales volumes and toxicity levels of the substances to health and the environment. The complete dossier for all existing substances is prepared and submitted by one company on behalf of all the companies that must register the substance. This company (the “lead registrant”) is liable both to other companies in the industry and to the European Chemicals Agency (ECHA). The process of this work is defined by law, and companies are required to work according to agreed regulations. The dossier includes a risk assessment report for substances, including uses of and exposure to the substance.

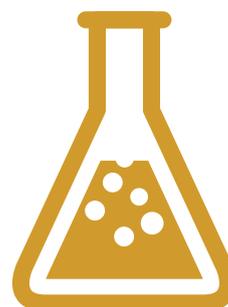
Since 2007, ICL has been preparing for REACH within the framework of its Product Regulation and Safety Excellence team, and each of its segments is working to comply with the requirements of the law as it applies to its product range. In this context, the Company has prepared licensing dossiers and submitted them to the European authorities. In addition, all the chemicals have been reclassified in compliance with the

Classification, Labeling and Packaging (CLP) regulation, which came into effect in Europe in 2010.

All ICL segments have submitted registration dossiers for chemicals relevant to their businesses in Europe (production and sale) within the first timetable established by the law, through November 2010. ICL Industrial Products and ICL Performance Products have volunteered to become the lead registrant for a number of its products.

Each of ICL's segments, including ICL Industrial Products, ICL Performance Products and ICL Fertilizers, is preparing to develop or acquire information for the preparation of dossiers due for submission by the second target date, which is set for mid-2013. ICL Industrial Products and ICL Performance Products will serve as lead registrant for several substances whose dossiers are due at this time.

Under the law, ECHA published two lists of substances defined as substances of very high concern. These lists include two products manufactured by ICL Industrial Products, including one whose production had already been reduced to a minimum prior to publication. ICL Industrial Products continues to comply with the provisions of the law for these substances while developing substitutes.



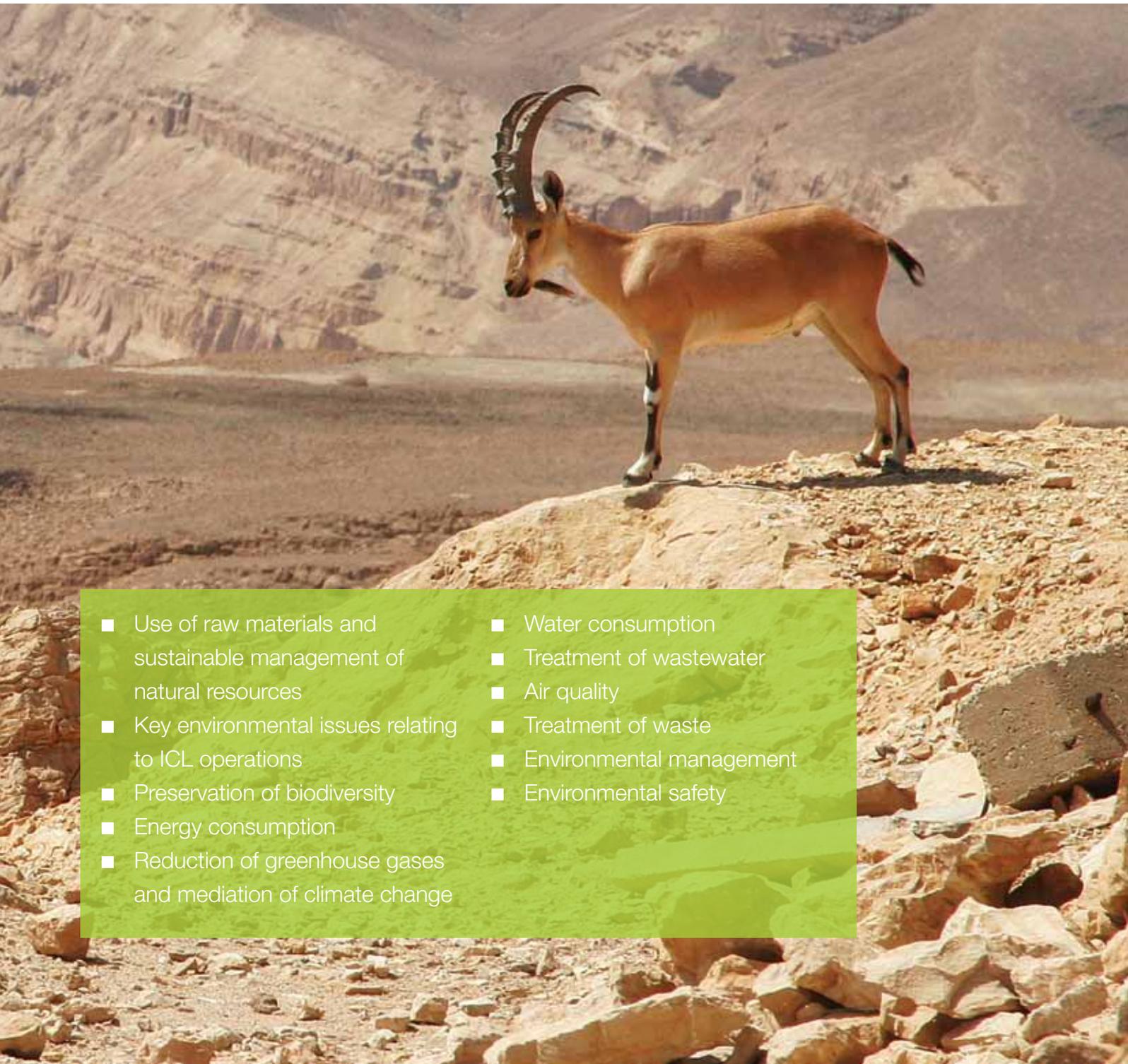


**ALL OF ICL'S SEGMENTS
HAVE SUBMITTED
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Chapter 5



Environmental Aspects



- Use of raw materials and sustainable management of natural resources
- Key environmental issues relating to ICL operations
- Preservation of biodiversity
- Energy consumption
- Reduction of greenhouse gases and mediation of climate change
- Water consumption
- Treatment of wastewater
- Air quality
- Treatment of waste
- Environmental management
- Environmental safety



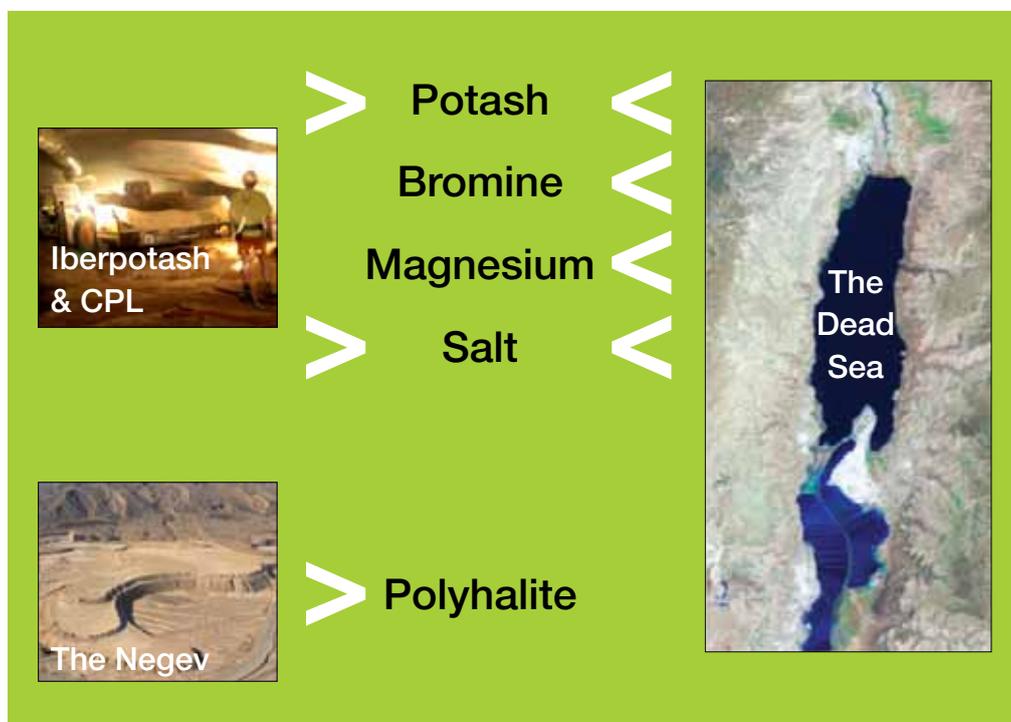
ICL has developed and assimilated a sustainable development policy that mandates responsible usage of natural resources, development of value-added sustainability products aimed at reducing environmental impact, reduction-at-source of the volume of waste generated by its facilities, safe transportation methodologies and “green” building of its plants and offices. ICL invests significant efforts to comply and, where possible, to go beyond compliance, with laws that regulate air emissions, and aims to be among Israel’s leading companies in the effort to reduce greenhouse gases. Among its major objectives are reducing emissions in industrial processes, converting its operations to the use of natural gas, and the development of new products that contribute to reducing the emissions of their users.

ICL also implements a policy of responsible management throughout the life cycle of its products (product stewardship). ICL’s environmental policy is a proactive activity that includes voluntary adoption of advanced international environmental management principles, as well as compliance with the stringent requirements of the law.

Use of Raw Materials And Sustainable Management of Natural Resources

ICL's operations are based primarily on natural resources, including potash, bromine, magnesium, phosphorus and salt from the Dead Sea, as well as phosphate rock mined from the Negev Desert, based on concessions and licenses from the State of Israel. ICL's operations are also based on potash and

salt mines located in England and Spain under lease agreements and licenses from the relevant authorities in those countries. ICL produces these minerals, sells them worldwide, and develops, manufactures and markets downstream products based primarily on these raw materials.



ICL has direct access to low-cost, high-quality sources of most of the raw materials required for its activities as a result of the exclusive concession that it was granted by the State of Israel to extract minerals from the Israeli side of the Dead Sea, in return for which ICL pays significant royalties to the State.

PHOSPHATE MINES IN THE NEGEV

Most of Israel's phosphate deposits are located in the northeastern region of the Negev Desert. Rotem Amfert mines phosphate rock deposits at three sites in the Negev: the Oron mine (in production since 1952), the Zin mine and the Rotem mine.

Rotem pays the State of Israel royalties for mining phosphates based on a calculation defined in the Mining Ordinance. The method for calculating royalties was revised in February 2010 as part of an agreement that revised the method for calculating the payment of past royalties and a formula for future royalties.

Phosphates and phosphate products are essential for many diverse industries and are used in a wide range of everyday products. The phosphates found in the Negev are among the most important and essential in the world; for example, there is no alternative source of this raw material for the fertilizer industry. Rotem Amfert Negev, an ICL subsidiary, is one of the world's largest manufacturers of phosphorus fertilizers. Phosphate rock is used as the primary raw material in the production of phosphorus-based acids and fertilizers. In 2011, ICL produced 3.1 million tons of phosphate rock.

SUSTAINABLE MANAGEMENT OF PHOSPHATE DEPOSITS

ICL has established a long-term policy for managing its mining of Negev phosphate deposits. This policy includes the following elements: performing comprehensive geological surveys, evaluating mining alternatives, defining long-term mining goals, sustainable mining and comprehensive planning of restoration prior to the commencement of mining in a new area. This planning involves the use of a landscape architect, mining engineer and ecologist to ensure optimum implementation of the process. ICL representatives tour the area with representatives of the Society for the Protection of Nature in Israel, Nature and Parks Authority, Israel's Ministry of Environmental Protection and other government departments to monitor, study and assure transparency about the Company's involvement with these issues.

ICL also monitors the depletion of raw materials to ensure their optimal use over the long term. It performs ongoing research and development to find solutions for using deposits in areas where it already operates. The Company invests significant efforts to make full use of deposits that have become more depleted than in the past, and sometimes re-uses waste that was generated in previous years.

Israel possesses almost two billion tons of phosphate deposits in the Negev. Consequently, Israel is not expected to reach a shortage of phosphates for hundreds of years. However, Rotem invests efforts to ensure the balanced use of the deposits by responsible planning and controlled mining.





WATER FROM THE DEAD SEA

ICL uses water from the Dead Sea to produce potash, bromine, salts and magnesium chloride through a process of mineral precipitation in ponds located at the southern Dead Sea basin. Dead Sea Works pumps water from the northern basin to these evaporation ponds. Each year, ICL removes 150-170 million cubic meters from the Dead Sea to produce potash. The volume of water removed from the Dead Sea represents 9% of the total volume of water removed from the Dead Sea basin every year compared to the volume of water flowing into the sea in the past (see further information below).

As a result of evaporation, minerals in the water sink to the bottom of the ponds in a specific order: halite (cooking salt) sinks in the first ponds and carnallite, which is used to produce potash and magnesium chloride, sinks in the next ponds. The water extracted from the Dead Sea is first transferred to Pond 5 (the northernmost pond) where most of the halite sinks. The concentration of the water increases from one pond to another, until the carnallite also begins to sink. Carnallite is harvested by barges that pump the slurry through floating pipes. Carnallite is also used by the magnesium alloy plant, while brine in the carnallite ponds is used by the bromine plants and by Periclase at Mishor Rotem. After the carnallite is extracted, the water is returned to the Dead Sea. Evaporation and salt precipitation result in accumulation of salt on the bed of Pond 5, resulting in the rising of the level of this pond.

Dead Sea Works uses water from the Dead under the Dead Sea Concession Law, 1961. In 2011, Dead Sea Works agreed to

increase the rate of its royalties from 5% to 10% for quantities of potash chloride that it sells in excess of 1.5 million tons in any year.

A dispute exists between the State of Israel and Dead Sea Works for back-payment of royalties. Arbitration related to this issue is underway, and is currently in the evidence stage. Based on a legal opinion, Dead Sea Works believes that the royalties paid that it has paid in the past are in compliance with the terms of the concession. For further information regarding the arbitration and claims of the parties, please refer to section 4.1.18 on page 65 of the Periodic Report for 2011.

SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES AT THE DEAD SEA

Over the past 20 years, the production efficiency of Dead Sea Works has increased greatly, so that net pumping of Dead Sea water has remained stable even as potash production has increased significantly. This improvement has reduced the environmental impact of potash production. Moreover, with the goal of protecting hotels located at the Dead Sea from rising water levels in Pond 5, a decision was recently made to harvest salt from the Dead Sea using a method recommended by environmental organizations. This process will preserve the southern basin and its hotels for many years to come.





POTASH MINES IN SPAIN AND THE U.K.

ICL produces potash from underground mines in Spain and the U.K.. The production process includes mining sylvanite, a potash and salt compound found in different concentrations of potash. The potash is separated from the salt in production plants located near the mines.

CPL, a subsidiary of ICL, is considering constructing a plant to produce specialty fertilizers and industrial products based on polyhalite in the Tees Valley area, near its potash mine in the U.K.. Geological studies performed by CPL indicate that more than

one billion tons of polyhalite ore are located below the potash layer of the Company's mine. ICL Fertilizers has completed access tunnels to facilitate mining of the polyhalite deposits and is carrying out trial sales of polyhalite. Regular production of the product will begin in 2012.

In 2011, ICL produced 4.3 million tons of potash in Israel, Spain and the U.K.

4.3
MILLION TONS

Key Environmental Issues Relating to ICL Operations



THE RECEDING LEVEL OF THE DEAD SEA¹

The Dead Sea located on the border of Israel and Jordan is the lowest dry land in the world and the world's second most saline body of water. Over thousands of years, there have been significant changes to the Dead Sea level and the southern basin has dried up a number of times. Since the 1960s, construction of Israel's National Water Carrier, combined with industrial development, have caused an accelerated decrease in the volume of water flowing into the Dead Sea basin, resulting in a steady recession of the water level of approximately one meter every year. The water level as of September 2011 was 425 meters below sea level. As the level of the Dead Sea drops, its surface area is shrinking, sinkholes and underground cavities are developing, and the courses of the streams that flow into the Dead Sea are deepening (stream erosion).

ICL is aware that its pumping of water from the northern basin to the southern pond contributes somewhat to the receding water level of the northern basin, but this plays a minor role as compared with other contributing factors. It is important to note that the primary cause for the receding water level is the policy of the Jordanian, Syrian and Israeli governments, which use a large portion of the fresh water from the Jordan River for household, agricultural and industrial uses before it flows into the Dead Sea catchment area.

Projects such as the National Water Carrier, the diversion of the Yarmouk River, the King Abdullah Canal in Jordan and other

DURING 2012, ICL'S INVESTMENT IN INFRASTRUCTURE TO PROTECT THE ENVIRONMENT IS EXPECTED TO TOTAL USD 68 MILLION, AN INCREASE OF 75% COMPARED WITH 2011.

USD MILLION

projects claim more than 1,400 million cubic meters each year from sources flowing into the Dead Sea.

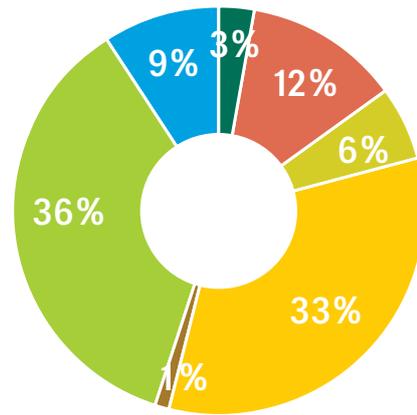
In addition, the amount of rainfall in the Dead Sea catchment basin is declining. As a result, the flow of water from the Jordan River to the Dead Sea has virtually ceased.

In total, instead of about 1.7 billion cubic meters per year (the average recorded between 1900-1950), today, only 300 million cubic meters of water reach the sea each year (according to the estimate of the Geological Institute). About 650-700 million cubic meters evaporate from the Dead Sea annually. The evaporation ponds of the potash plants in Israel and Jordan result in further depletion of 250-280 million cubic meters. Of this volume, the activities of Dead Sea Works result in depletion of 150-170 million cubic meters.

¹ Based on information from the Dead Sea policy document, Ministry of Environmental Protection and Jerusalem Institute for Israel Studies, 2006, and the document prepared by the Jerusalem Institute for Israel Studies, 2011: Altering the Water Balance as a Means to Address the Problems of the Dead Sea.

1,657 million meters of water are diverted from the Dead Sea each year, including:

- **Palestinian Authority 3%:** drinking water, 45 mcm
- **Syria 12%:** drinking water, 200 mcm
- **Jordan 6%:** potash plants, 100 mcm
- **Jordan 33%:** drinking water, 560 mcm
- **Lebanon 1%:** drinking water, 20 mcm
- **Israel 36%:** drinking water, 600 mcm
- **Israel 9%:** Dead Sea Works, 150 mcm



Based on data provided by the Office for Environmental Protection and the Jerusalem Institute of Research, 2006

Jordan's potash plants and Dead Sea Works account for about 250-280 million cubic meters of the negative water balance, out of the 1,700 million cubic meters that previously flowed into the sea, and which are now diverted for consumption by all of the countries in the region. The Jordanian plants and Dead Sea Works are responsible for a total of 15% of the reduction (250 divided into 1,700), with Dead Sea Works itself responsible for 160 million cubic meters per year, or 9% of the total.

The net volume of pumping from the Dead Sea has not changed significantly in recent years. The pumping volume is determined primarily by the area of the Dead Sea ponds. This area, and accordingly, the net pumping volume (total volume pumped less solutions returned) of Dead Sea Works has not changed for 20 years, and is based on 150-170 million cubic meters per year, according to variable meteorological conditions. Most of the solutions pumped from the sea are returned directly and indirectly, except for loss resulting from evaporation.

If steps are not taken to stop the recession of the Dead Sea, the level is expected to reach 440 meters below sea level in 2025, and 465 meters below sea level in 2050. According to estimates presented in the policy document of the Dead Sea basin, prepared by the Ministry of Environmental Protection, the Geological Institute in the Ministry of National Infrastructures and Jerusalem Institute for Israel Studies, as the surface of the Dead Sea shrinks, annual evaporation will diminish, until there is a balance between inflowing and outflowing water. Accordingly, the recession will stop within 150 to 200 years, and the sea will remain at 550 meters below sea level.



SINKHOLES

The water level of the Dead Sea (northern basin) drops about one meter per year. Alongside the drop in the Dead Sea level, the surface area of the sea is shrinking, sinkholes and underground cavities are developing, and the courses of the streams that flow to the Dead Sea are deepening (stream erosion). Sinkholes are created by penetration of underground fresh water to areas where the sea has receded. The water dissolves the salt layer and the surface collapses into the void that was created. Sinkholes may reach a depth of 20 meters, with a diameter of 25 meters. Sinkholes started to appear in the 1970s on the western bank of the Dead Sea, from Ein Gedi southwards. In the 1990s, the phenomenon spread to north of Ein Gedi. In the past decade, about 1,000 new sinkholes have appeared along the Dead Sea shore, mainly on the western side. Their distribution along the shore is not uniform, and they are concentrated in about 40 sites. The sinkholes pose a danger to infrastructure in the area, and generate uncertainty, presenting obstacles for development.



SEA CANAL

Maintaining the current water level and surface area of the Dead Sea requires an additional inflow of more than 800 million cubic meters a year.

In 2003, the Israeli government decided to evaluate a number of alternatives for the future of the Dead Sea, including a sea canal from the Mediterranean Sea to the Dead Sea, a sea canal from the Red Sea to the Dead Sea, and freshwater inflow by returning a significant portion of the natural water sources flowing to the Dead Sea through the southern part of the Jordan River. The government also assessed the default choice: the assumption that the current situation will continue.

In 2006, the final report of the policy document for the future of the Dead Sea was published, which assessed the default choice only. Earlier, the Jordanian government, together with Israel and the Palestinian Authority, initiated the evaluation of a canal from the Red Sea to the Dead Sea. This feasibility study is financed by the World Bank, which prepared a document to define the tests to be performed before a decision is made (term of reference - TOR). The feasibility study is being led by a steering committee with members from Jordan, the Palestinian Authority, Israel and the World Bank.

In 2008, two international companies were chosen to perform the feasibility study. The study has been completed, however the reports are yet to be published due to disagreements between the members of the steering committee. An affirmative decision regarding the project requires the approval of Israel, Jordan and the Palestinian Authority.

Any inflow of water from the Mediterranean Sea or the Red Sea will affect the composition of the water in the Dead Sea and the level of evaporation, and consequently, the quantity of raw materials that can be produced in the evaporation ponds of Dead Sea Works. Inflow of water from the Mediterranean Sea or Red Sea could result in a layer of light, low-mineral water on the upper level of the sea, an increase in relative humidity and as a result, a decrease in evaporation in the evaporation ponds, as well as the creation of gypsum and development of microorganisms. The extent of the impact depends on a number

of variables, such as the entry point into the Dead Sea, type of water entering the Dead Sea, annual amount of water and the future water level to be decided on.

Today too, notwithstanding the tests that have been performed, it is difficult to determine the impact that the sea canal will have on production in the evaporation ponds, or any other environmental impact in the Dead Sea area. According to publications, Jordan is also preparing a project, in addition to the World Bank project. According to these reports, Jordan intends to construct a desalination plant near Aqaba, and the concentrated water will flow to the Dead Sea. Even if the quantities are relatively small (approximately 200 million cubic meters annually), this project could affect the sea and, accordingly, the operations of Dead Sea Works.



RISE IN THE WATER LEVEL IN POND 5

Dead Sea minerals are extracted at the Sodom site of Dead Sea Works by solar evaporation, in which salt sinks to the bottom of Pond 5. The salt creates a 20 cm layer on the pond bed every year. Production of raw materials requires a constant balance of solutions in the pond. As a result, the level of solutions in the pond rises by 20 cm annually. To date, the pond beds have risen by 7.5 meters.

The ponds enable the existence of the Ein Bokek and Hamei Zohar hotels on the Dead Sea shores, since without the artificial intervention of the ponds, the hotels would not have a beach. Raising the water level of the pond above a certain level is likely to cause structural damage to foundations and hotel buildings near the pond, to the town of Neve Zohar and to other infrastructure installations on the western shoreline of the pond, because the foundations of the buildings are lower than the water level of the ponds.

For a number of years, temporary solutions have been implemented to address this problem, including construction of dikes along the western shore of the pond opposite the hotels and a groundwater drainage system, delaying the need to implement a permanent solution.



A dredge will crush the salt and pump it as slurry.



The slurry will flow in a floating pipe to a drainage area near the Pond 5 dike.



In the drainage area, the salt will dry and the solution will precipitate in the pond.

PERMANENT SOLUTION - SALT RECOVERY PROJECT

In December 2011, ICL reached an agreement with Israel's Ministry of Finance regarding an outline of principles for salt recovery project, a permanent solution to the rising level of Pond 5. Approval of the outline plan is expected to be finalized by June 2013. The agreement is supported by the Tamar regional council, hotel owners and "green" organizations.

The agreement with the Ministry of Finance includes two components: increasing the rate of royalties paid by the Company from 5% to 10% for potash production in excess of 1.5 million tons, and financing the salt recovery according to an allocation of costs so that 20% of the project is financed by the State and 80% is financed by the plants and 80% is financed by Dead Sea Works.

The solution is based on the annual removal of 20 million tons of salt from Pond 5 and the transfer of the salt to the Dead Sea's northern basin. Removal of the salt will stabilize the pond level and secure the future of existing hotels, while also enabling development of new hotels on the pond's shore.

The salt recovery project will be one of the largest engineering projects undertaken in Israel. The project's infrastructure will cost NIS 2.2 billion, and a further NIS 330 million will be invested each year until 2030.

The project will directly employ hundreds of employees and will create jobs for more than 1,000 residents of Negev towns, including Arad, Yeruham and Beersheba. The project will be managed by the Meshivim Division, a special organization established for this purpose by Dead Sea Works.

ADVANTAGES OF THE PROJECT

1. Recovery of salt is the most ecological option among possible alternatives for protecting the hotels.
2. This is a sustainable solution that allows long-term planning and development of new hotels along the shore of Pond 5. In the comprehensive agreement with the State, the rate of royalties paid by ICL will be raised, and some of the finances paid to the State will be used for development of the Dead Sea region.
3. The project will also benefit Negev residents by creating hundreds of jobs.

ICL regards the project as a mission. Although it will not generate any profits for ICL, it will reinforce ICL's relationship with the hotels and the State, and is important for the preservation and development of the region.

The salt recovery project will stabilize the southern basin and enable the sustainable, long-term development of the region for the benefit of the environment, tourism, towns in the area and industry. ICL is proud to be partners in this important project.

NEW PUMPING STATION - P-9

In the production process, Dead Sea Works pumps water from the Dead Sea through a special pumping station and delivers it to the salt and carnallite ponds. Due to the receding level of the Dead Sea, the water line is receding from the current pumping station, P-88, and a new pumping station, P-9, must be built. The station will be constructed further north since P-88 is close to the southern part of Zeelim Stream. As a result, the station will be reconstructed north of the stream.

There is geographical overlap between the P-9 station and the salt removal infrastructure of the salt harvest project. If one of the projects crosses Nahal Zeelim, the other project will also cross it. Therefore, the question is not whether to cross the stream, but how to cross it, while taking into account the natural and scenic value and provided that the solution is appropriate from an engineering perspective. One of the measures to minimize environmental impact is to cross the stream while consolidating infrastructure (the salt harvest conveyor with the channel from the pumping station to the evaporation ponds). The project for crossing the stream is part of the National Infrastructure Plan 35 A of the National Infrastructure Committee where decisions regarding the implementation method will be made.



PLANNED MINING SITE IN THE BARIR FIELD

The phosphate mine at the Barir field (part of Zohar South) covers a small area of approximately 13 square kilometers in the Arad valley. An estimated 65 million tons of phosphate reserves in the field are expected to be extracted and produced over 25 years for use at the Rotem site.

The field is in a region with low landscape sensitivity that is relatively close to the Mishor Rotem processing plants. Phosphate yield per square kilometer will be high, and the project will be the highest in the Negev, and the project will also have ecological advantages: large quantities of phosphates will be able to be extracted while disturbing only a relatively small area.

ICL performed a survey of the environmental impact of mining on the Barir region over the course of three years. Its plans have been approved by experts of the Ministry of Environmental Protection, which informed the District Committee for Planning and Construction that the Ministry does not object to the plan under the conditions stipulated.

SPONTANEOUS COMBUSTION OF OIL SHALE

Oil shale is rich in organic matter and has relatively low energy potential. It is used in a very few countries to produce energy by direct combustion, such as a PAMA (Energy Sources Development) or by producing crude oil from the rocks by heating without oxygen. Estonia, China and Brazil are the only countries currently using oil shale. Many countries are currently evaluating its potential and are developing methods to extract oil from shale. This development is directly related to the significant increase in the price of oil.

The PAMA facility has the capacity to receive and burn only the medium oil shale. Therefore, over the years, large reservoirs of poor shale piles have been created around the PAMA mine. Occasionally, rich oil shale is mined to reach the bituminous phosphate deposits below the shale, and this oil shale is also stacked in piles around the mine.

In parallel, oil shale mining is being pursued in the upper layer above the phosphate layers (unrelated to PAMA), to use in fertilizer applications. This oil shale is also stacked in empty mining pits, and in a relatively short time, begins to burn following exposure to air and oxygen.

Rotem Amfert Negev invests great effort to treat and prevent combustion within these pits, and has appointed an action team and steering committee to extinguish fires and prevent future combustion.

The following actions have been implemented:

- Excavation and flow of water to cool and extinguish combustion points.
- Distribution of drippers and slow and steady water flow.
- Covering inert material to prevent exposure to oxygen.

Temperatures are monitored by a system of boreholes drilled for this purpose.

The following steps have also been taken:

1. Negotiations are underway with a company in China that specializes in controlling fires in mines.
2. There are attempts to build reservoirs using technologies studied in mines around the world.
3. There are attempts to identify solutions and potential investors to use the oil shale.
4. New mining methods are being evaluated.



THE BARIR PHOSPHATE MINING FIELD - ICL'S COMMITMENT

In addition to the survey results, which indicate that the mining will have no impact on local residents, the Company undertook the following actions:

- Performance of a one-year trial before making a final decision to undertake full mining of the field
- Establishment of a monitoring committee comprised of local residents
- Responsibility on the level of a personal order for the mine manager
- Suspension of mining during extreme meteorological conditions
- An option to suspend mining by the Eastern Negev Environmental Unit in Arad
- Continual monitoring beginning as soon as mining is initiated
- Conveyance of the phosphate on a path that will be built far from local towns and roads
- Use of innovative technology for the reduction of dust during the mining process

The phosphates mined will be transported to the Rotem plant at Mishor Rotem over a road that will be paved. In the second stage, a conveyor will transfer the raw material to the plant, eliminating the need for transportation by trucks.

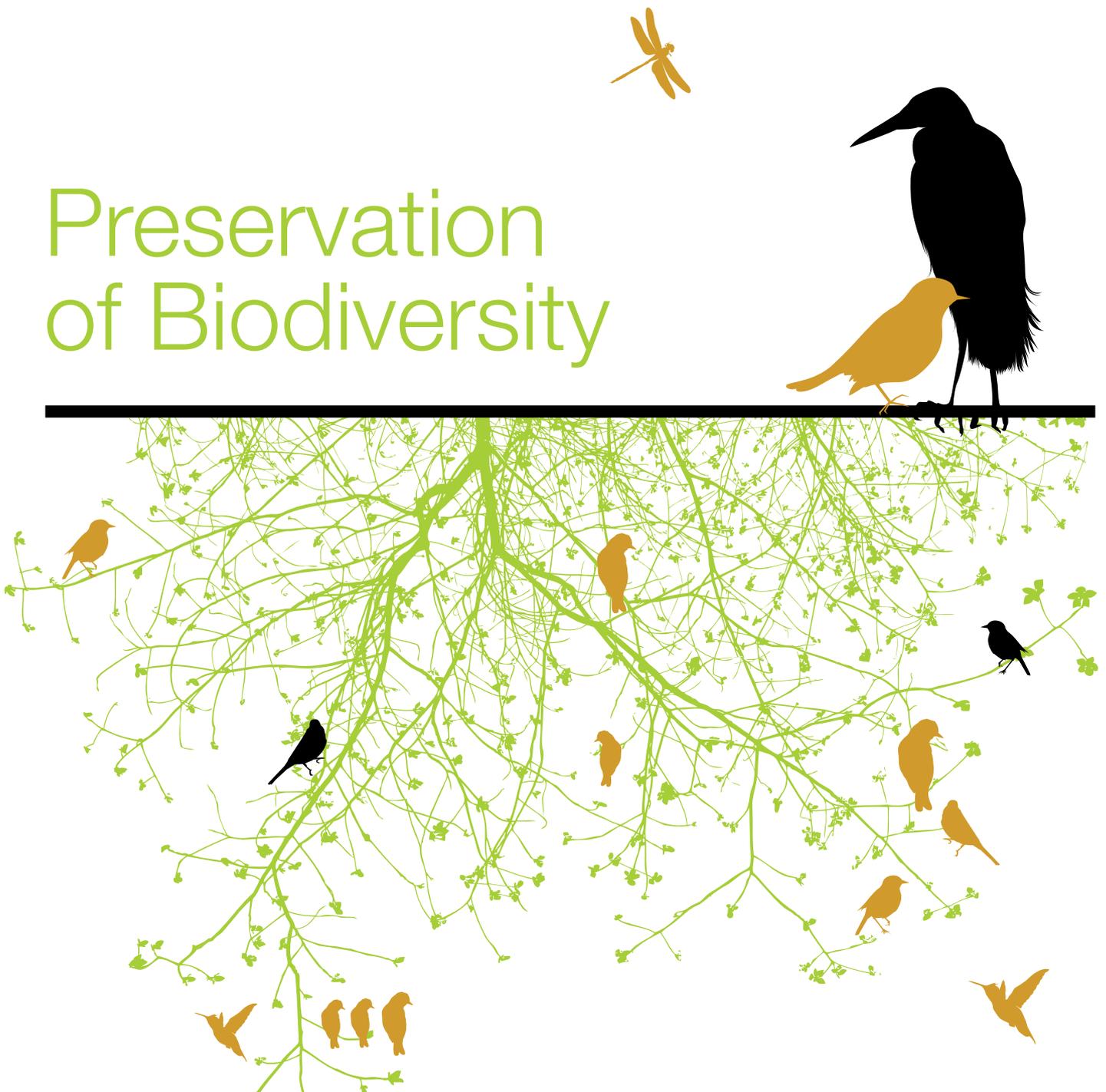
The Barir field will be mined in relatively small blocks, and only one block at a time will be mined. At any given time, only 5% of the field will be mined, with the remaining 95% of the area reclaimed or left unmined.

The reclamation method to be used will be carried out during the mining process itself: small mined blocks will be restored simultaneously to their mining. A new block will be mined only after the wadis and block structure of the previous mine have been restored and the topsoil has been redistributed over the area.

The phosphate mining plan in the Barir field is currently in the approval stage and a decision has yet to be made to file the plan. The residents of Arad and the Bedouin communities in the area oppose the continuation of planning in this field, and claim that environmental and health hazards will result from the mining activities.

For further information, please refer to <http://sdebarir.co.il>

Preservation of Biodiversity



With the growing loss of biodiversity due to human activity, there is growing public concern about the impact of the mining industry on biodiversity. ICL operates seven mining sites in three countries: Israel, the U.K. and Spain. Until recently, environmental issues of all sorts, including biodiversity, were regarded as risks inherent in a mining company's "license to operate". However, we believe that proper environmental and biodiversity management are an opportunity to reinforce ICL's business values, through building good relationships with our stakeholders, better understanding of the evolving ecosystem services market, and achieving our goal of becoming a thriving company that operates according to sustainable development principles.

ICL recognizes the need to consider environmental factors when using the land and managing its operations, particularly in ecologically sensitive areas and areas with unique cultural value. Further, ICL recognizes that biodiversity conservation and management are important business and social issues. As a result, ICL is committed to the ongoing consideration of the impact of its activities on biodiversity when making decisions, and regards biodiversity conservation as an opportunity to create value for its business.

In the spring-summer of 2012, ICL began to prepare principles for biodiversity management, with the aim of addressing stakeholders' demands.



THE PROCESS INCLUDES THE FOLLOWING STEPS, SOME OF WHICH WERE IMPLEMENTED IN 2012:

1. Commissioning of an international benchmark survey to evaluate the position of biodiversity conservation organizations, including the Ministry of Environmental Protection, the Nature Protection Society and the Nature and Parks Authority
2. Commissioning of an internal survey of the major sites at which 80% of the Company's mining activities are located to evaluate the Company's existing biodiversity awareness and management activities
3. Participation by Group managers in biodiversity training, and presentation of biodiversity considerations at the ICL's Forum of Excellence in Ecology
4. Preparation of guidelines for biodiversity management at ICL
5. Establishment of a Biodiversity Center of Excellence

The survey findings and the first draft of guidelines for ICL's biodiversity management practices were presented at a meeting held in August 2012.

For benchmark purposes, ICL conducted a biodiversity management survey in accordance with biodiversity conservation principles developed by the International Council for Mining and Metals (ICMM). Management believes that leadership in the area of biodiversity conservation is an important part of its leadership in the area of environmental responsibility, and will work over the next year to formulate its policy on the subject.

KEY ISSUES TO BE INCLUDED IN ICL'S BIODIVERSITY MANAGEMENT PRINCIPLES

1. Reference to all stages of ICL's activities, from planning, mining and production through use and end of product life
2. Responsible use of land under ICL management
3. Identification of the biodiversity values that affect ICL's activities
4. Preparation of a biodiversity survey at the planning stage for all new projects at ICL
5. Identification and implementation of solutions and technological means for biodiversity conservation
6. Preparation of a best practice manual for biodiversity management at the corporate level
5. Commitment to preserve indigenous and endangered species
6. Cooperation of stakeholders and development of local and strategic partnerships to promote the issue
7. Allocation of resources and knowledge to build organizational capacity and processes to implement biodiversity policy
8. Effective control of the Company's implementation of the policy
9. Tracking developments in monitoring biodiversity performance and striving to develop effective parameters

BIODIVERSITY MANAGEMENT AT ICL

ICL's environmental management system includes measures intended to conserve biodiversity. ICL conducts extensive activities related to biodiversity conservation on five different levels: biodiversity conservation measures at the project planning stage; biodiversity conservation measures during operation; preservation and restoration on completion of operations; activities at the product use stage; and general restoration activities designed to mitigate ICL's impact on biodiversity.



A. BIODIVERSITY CONSERVATION MEASURES AT THE PLANNING STAGE

1. MINE PLANNING FOR BIODIVERSITY CONSERVATION AT ROTEM AMFERT

Depending upon the depth at which raw materials are located, ICL mines minerals directly from the surface or from underground mines. It mines only in areas in which it has secured mining concessions, and takes steps to ensure maximum preservation and restoration of the surrounding area and ecosystems. Plans for surface mining include restoration plans. To increase efficiency of the restoration process, most restoration is performed during the mining process. Mining and restoration plans are prepared using the most advanced engineering design software, enabling simulation of each stage of the process. Each design includes the following aspects:

- Confining mining activity to the smallest area required: design of the physical extent of the pit, keeping the area free of secondary substances (the layer that does not contain phosphate rock) and restricting access paths to a minimal area, while preventing, as much as possible, disturbance of areas with high scenic value.
- Reducing the scope of the affected area at any given time by dividing the mining area into small mining blocks, planning the direction for advancing mining activities and disposing of secondary substances, to the extent possible, in affected mined areas.

- Restoration of the original topography, to the extent possible. This is defined when preparing a mining plan. The topography is restored during and after mining and includes reestablishment of flow channels.
- Restoration of the original texture of the surface, to the extent possible, by removing, stockpiling and redistributing topsoil.
- Restoration of habitats and biodiversity within areas of activity.

ICL has undertaken to survey all new fields that it plans to enter.

2. PLANNING FOR REDUCING THE IMPACT OF USE OF WADI MATERIALS AT DEAD SEA WORKS

Dead Sea Works is aware of the environmental and ecological sensitivity of the alluvial fans that serve as a broad mining base for building materials (wadi material) for its dikes, and is searching for ways to avoid mining new alluvial fans, either by mining in disturbed areas or by environmental restoration during mining. Examples of projects of this type are the Ein Gedi date plantation project and the master plan for the Nahal Heimar estuary.

Planting the Ein Gedi date plantation

The Nature and Parks Authority has given Kibbutz Ein Gedi an area north of Nahal Zeelim to replace a date plantation that was critically damaged by sinkholes. Dead Sea Works was asked to evaluate the amount of wadi material in the plantation prior to planting. Once it was determined that the area offered high potential for mining wadi material, Dead Sea Works reached an agreement with Kibbutz Ein Gedi whereby it will compensate it for postponing planting of the trees for several years to allow mining of the wadi material. This agreement is supported by all parties, including the Nature and National Parks Authority, Tamar Regional Council, Ministry of Agriculture and Rural Development, Commissioner of Mines and the Israel Lands Administration, as an arrangement that will allow mining of wadi material in an area that will, in any event, be disturbed. The wadi material to be mined from the date plantation site will be used as the main raw material for the permanent solution to protect the hotels.

Summary of Alternative Work Plans

Mining options	Restoration options	Development options
<p>Minimal mining: Utilization of unused mining resources in wild areas, the nahal area and approved areas</p> <p>Limited mining: Restriction of mining in wild areas in the northern portion of approved areas and in the south up to the hiking area</p> <p>Maximum mining: Maximization of mining in the western area up to the hiking area</p>	<p>Restoration of the mining areas into a center for growing biblical plants</p> <p>Restoration of the mining areas into a center for growing water-based plants</p> <p>Combined plan: Transformation of as large a portion of the affected regions as possible into a center for growing biblical plants, and the rest into a center for growing water-based plants</p>	<p>Minimal development: Development of isolated points along existing trails, including creation of a camping ground and new hiking trails without any buildings. Intended primarily for tourists and small groups.</p> <p>More significant development of points for vacation/tourist interest: Building of resources along Nachal Pratzim, the Nava Pools and the southern reservoir.</p> <p>Development of a tourist center: Development of a regional tourist center focused on the reservoir, Nava pools and other points of interest.</p>

Master plan for the Nahal Heimar estuary, south of the Dead Sea

Nahal Heimar is one of the largest streams in the Judean desert. The stream has interesting geological formations and a large variety of animals and plants, some of which are rare.

Extensive earthworks were performed in the alluvial fan of Nahal Heimar (Nahal Lot and Nahal Pratzim), including damming and collecting flood water, regulating and diverting streams, construction of protective dikes and mining operations. There is also an infrastructure system that serves Dead Sea Works drilling and pumping stations.

Notwithstanding the significant changes and extent of the works (existing and planned) in the Nahal Heimar estuary, there is high potential for nurturing nature and landscape values and the promenade.

When evaluating restoration options for reversing former damage and the option to expand mining, the need arose for a comprehensive master plan for the entire area that references a range of planning considerations.

The planning and referenced area is bordered by Route 31 on the north, Route 90 on the east, and Mount Sodom in the south and southeast. The reference to landscape and ecology is broader and includes areas with further impacts.

The planning stages include the review, description and analysis of the existing situation, definition of goals, creation of planning alternatives and selection and development of the preferred option.

According to an ecologic survey, there are 118 plant species in the area and another 58 species in the Heimar reservoir. A wide variety of species live in the stream channels.

The fowl in the area includes 33 species of birds, one endangered species, and two critically endangered species. Three species of fish live in the pools, one of which is endangered. There are also seven species of mammals in the area, including the Negev deer, wolf, hyena, fox, ibex, rock hyrax, and rabbit, and 15 species of bats, seven of which are endangered species and seven at risk of extinction. Two species of reptiles live in the area, including the spiny-tailed lizard and Bosc's fringe-toed lizard.

The objective of the plan is to define an action framework for each planning component, including mining, restoration and development. Activities and development will be carried out while conserving and nurturing nature and the landscape, and supporting controlled hiking.

The plan includes the following:

- **Definition of conservation and interface principles:** definition and mapping of protected areas and interface principles for the different areas
- **Definition of tourism development principles:** definition and location of passageways, parking lots, observation points, bird watching points, roads and trails at different levels of development
- **Identification of hazards and guidelines for treatment and restoration**
- **Identification of mining potential:** recommendations for future mining with emphasis on restoring the entire site and treatment of drainage



The plan includes a number of alternatives for each component, including mining, regulation, drainage and development.

The option that has been proposed, out of the three possibilities that were evaluated, is limited mining in disturbed areas north of the approved plan, in the stream and south of the plan up to the border of the hiking path. The advantage of this option is that it results in reduced damage to sensitive habitats and the continued function of the ecological corridor.

Of the three options, integrated restoration was chosen, which includes a variety of options, including restoration of some of the damaged areas to the original habitat, to the extent possible, and restoration of other areas to a wet habitat.

Of the development alternatives that were proposed, the option of minimum development was selected, which allows exposure to hikers with minimum damage and disruption of the habitat. The proposed management method for the development plan is supervised by the Israel Nature and Parks Authority.

The proposed plan for ecological restoration includes the following:

- Interface activities for restoring ecosystems, including covering disturbed areas with wadi material and local stones, creating sandbanks, digging holes to trap seeds and organic material, and opening blocked drainage channels
- Creation of ecological niches (for example, rock niches) to encourage use by animals
- Restoration of indigenous flora and habitats
- Relocation of animals and rare flora

B. BIODIVERSITY CONSERVATION DURING THE ACTIVITY

1. RECLAMATION OF MINING SITES DURING MINING AT ROTEM AMFERT

In recent years, ICL has been reclaiming sites during mining, restoring the function of the ecosystem immediately after mining in the area. This differs from the past, when reclamation activities were performed only after mining was completed, and only after many years had passed.

When beginning to mine new areas, Rotem Amfert removes the topsoil and stockpiles it in a separate area for use in restoration. On completion of mining of each small section, riverbeds and original topography are restored and the topsoil is spread over the surface. Stones are also floated to the upper level to prevent erosion by surface runoff.

In 2011-2012, there was intensive restoration of extensive segments of the mining sites, covering thousands of hectares. ICL has a dedicated budget for restoration, other than the routine restoration expenses. ICL's restoration program is based on statutory requirements but also includes extensive activities beyond compliance. The aim is ecological restoration, as well as landscape restoration.

Ecological restoration includes restoration of the region's wadis, and preservation of the original drainage system, various types of land that existed in the area and flora and fauna in the area. When planning and restoring its mining sites, Rotem Amfert consults with an ecologist. The ecologist reviews the various types of land, and the flora and fauna, and recommends a mining

ICL'S INVESTMENTS IN ENVIRONMENTAL PROTECTION:

Construction of a new logistics center at the BKG Germany site

An investment of

7.8

USD million



DATE: 2011



OBJECTIVE:

To comply with the most recent global food safety standards. The technology at the new center is one of the most advanced technologies used in green building and logistics efficiency.



RESULT:

The new logistics center complies with green building standards, including use of building materials that are not harmful to the environment, smart power consumption, sophisticated air conditioning systems, large windows for daylight utilization, efficient use of the area, a design that blends with the environment, landscaping, waste treatment, and surfaces that are sealed to fuel leakage. The center is also near convenient access routes, allowing less travel to and from the site and a reduction of greenhouse gas emissions.



and restoration process based on the findings of the Company's activities, supervised by the Nature and Parks Authority and effectuated with transparency and in cooperation with the Society for the Protection of Nature, the Office for Environmental Protection and the Nature and Parks Authority.

An example of reclamation during mining is the project at the Zarhit field at Mishor Rotem, which is a large mining area with steep slopes that can be observed from all areas.

2. PRESERVATION OF THE HYDROLOGICAL SYSTEM OF THE DEAD SEA AT DEAD SEA WORKS

This year, ICL year reached an agreement with the Israeli government, in collaboration with the Tamar Regional Council, hotel owners and environmental groups, regarding the outline of principles for salt harvesting as a permanent solution to the rising water levels in Pond 5. The solution is based on the ongoing transfer of salt precipitated in Pond 5 to the northern basin of the Dead Sea, in order to stabilize the pond level and provide security for the tourism industry. Following the salt harvest, the southern basin will become a stable area that will allow sustainable development in the region for the benefit of the environment, tourism, towns and industry. ICL is proud to be a partner in this process (see further information on page 84).

It is important to note that these decisions will drastically reduce the amount of wadi material consumed by the Company, and, as a result, will probably eliminate the need to open a new mining site in the Dead Sea valley.

3. CONSERVATION OF FLORA AND FAUNA AT THE BOULBY MINE AREA, CPL IN THE U.K.

Cleveland Potash operates an underground potash mine at Boulby, near the North York Moors national park in the U.K. Cleveland Potash strives to minimize its environmental impact and is working with organizations such as the Industry Wildlife Conservation Association (INCA), the Tees Valley Wildlife Trust and local authorities to ensure that industry and environment will continue to flourish together. Mining is underway about one kilometer below the surface, allowing preservation of flora and fauna in the area.

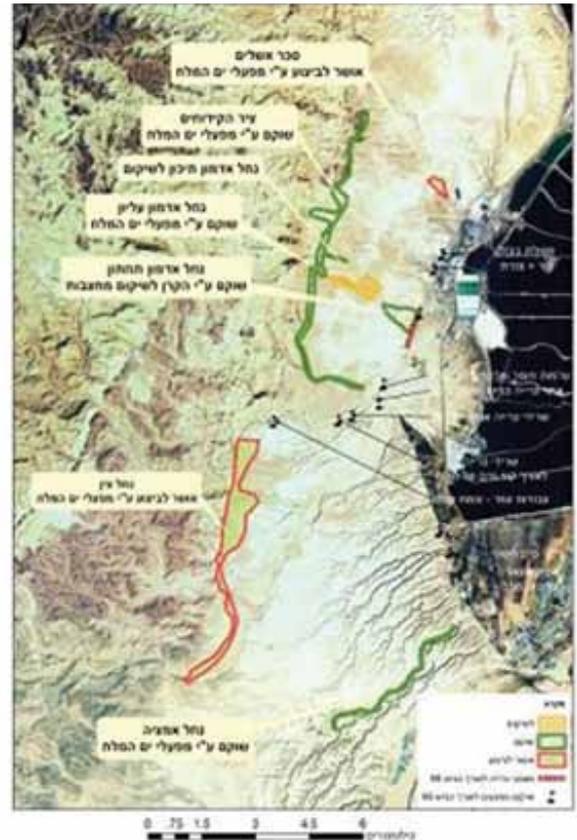
C. BIODIVERSITY CONSERVATION MEASURES AFTER COMPLETION OF ACTIVITIES

1. COMPLETE RECLAMATION AFTER CLOSING ROTEM AMFERT'S MINES AT HATZEVA DAROM, HATZEVA, SDE GOV AND HATZEVA B

Reclamation after mining has begun at Rotem Amfert's operations at Hatzeva Darom, Hatzeva and Sde Gov. Its reclamation plan for the Zin site includes landscape restoration beyond compliance. In 2012, mining and reclamation were completed at the Hatzeva field in the Zin mine. Since this field is within a nature reserve and a firing zone, special approvals were required, and one of the approval conditions was a commitment to carry out a high quality restoration of the mining site. Mining at the Hatzeva field continued for ten years and was completed at the end of June

Sites restored and to be restored by Dead Sea Works

Restoration refers to restoration of areas where mining has been completed and which will not be re-mined. Regulation refers to cosmetic treatment of the hazard to facilitate integration into the environment, such as painting of pipelines, treating pumping station fences, blending unused roads, disposing of waste and treating temporary mining sites.



2012, as planned. Extensive reclamation was carried out during and following completion of mining to restore the surface. After filling the pits, the Company's mine reclamation experts began intensive activities with the assistance of a landscape architect. The original surface and drainage system were meticulously restored, and the original natural borders of the field were well integrated. During the next stage, the surface was covered with the original topsoil which had previously been stockpiled separately, after which the topsoil was blended. The result is a full landscape restoration, approved by the Nature and Parks Authority which supervised the work. The area appears natural with shades of gray and brown that are well-integrated with the environment.

2. MASTER PLAN FOR OPEN SPACES AT SODOM, DEAD SEA WORKS

The southern are of Dead Sea Works' onshore concession extends from Masada in the north, to Metzok Ha'atakim in the west, to Kikar Sodom and south of the Arava junction in the south and to the Dead Sea on the east. This block covers 36,000 hectares and is located within the Judean Desert near the Dead Sea, extending to the industrial ponds in the southern basin.

The area has unique scenic, geological, and historical qualities. Over the years, some of these unique areas were disturbed by Dead Sea Works quarrying, mining and drilling activities (all carried out according to its existing concession) and by other activities unrelated to Dead Sea Works.

Dead Sea Works recently initiated a master plan for restoration, conservation and development of open spaces at Sodom, based on the principles of sustainable planning. The plan is based on

three components of sustainability:

Environmental: policy for restoration of past damage and rearrangement of the disturbed areas

Societal: preparation and development of the open spaces for the benefit of the general public

Economic: Dead Sea Works initiates and advances the plan

The plan has three stages:

1. Preparation of a master plan for the open spaces in the southern concession of Dead Sea Works. Dead Sea Works will outline the conservation, restoration and development policies that will guide its activities related to the region for the next several decades (until 2030).
2. Initial planning of project dossiers prior to detailed planning.
3. Promotion of a pilot for immediate planning, including project dossiers on the operative planning level.

The first stage of the plan has been completed and the second stage is nearing completion. Dead Sea Works is preparing project dossiers for implementation in full cooperation with the Tamar Regional Council and the Nature and Parks Authority. The master plan is managed by a steering committee comprised of the Nature and Parks Authority, the Ministry of Environmental Protection, the Society for the Protection of Nature, the Tamar Regional Council and other organizations.



3. RESTORATION OF HAZARDS FROM THE ACTIVITIES OF DEAD SEA WORKS WITHIN OPEN AREAS AND WITHIN THE DEAD SEA WORKS CONCESSION

The hazards are sites within the open areas of the concession where works disturbed the area, and include mining, collection of wadi material, collection of stone, roads, water drilling and drilling facilities, pipelines, signs and waste. Most of the hazards were created in the 1950s when Pond 5 was created, primarily from work in the open spaces and from collection of boulders used as a foundation for the pond. Collection of boulders began at Nahal Mishmar in the northern Dead Sea and continued south to Nahal Peres. Most of the stones were collected in areas west of Route 90.

Dead Sea Works carried out extensive restoration activities in 2010 (see information below regarding the restoration project of Nahal Amaziah and its drilling area) and is advancing further restoration and re-arrangement of mining sites and hazards. This restoration includes a list of sites selected after a field survey and in coordination with the Parks and Nature Authority.

4. LANDSCAPE REARRANGEMENT AND RESTORATION ALONG THE DRILLING AXIS AND NEAR NAHAL AMAZIAH, SOUTH OF THE DEAD SEA

In 2010, Dead Sea Works performed a landscape rearrangement and restoration project along the drilling axis and near Nahal Amaziah, a region located south of the Dead Sea, to eliminate the ecological, geomorphological, environmental and scenic hazards in the area.

The preliminary project survey and detailed plan were prepared together with the Nature and Parks Authority, and work was performed in full coordination with the supervisor on their behalf. The restoration project was carried out by a multidisciplinary team that included an ecologist, geomorphologist, landscape architect and environmental planner. The project included





4R NUTRIENT STEWARDSHIP

removal of hazards, including scraping dust and stone piles; blurring roads constituting a landscape hazard; blurring quarries and excavations; removal of waste; and reducing night lighting around pumping and drilling facilities. Before introducing heavy equipment to blur the roads, the area was scanned on foot to ensure that there were no spiny-tailed lizard burrows. Due to the diminishing open spaces in the Dead Sea area, it is important to restore damaged areas to conserve habitats and endangered animal populations. Restoration has high ecological, environmental, landscape and tourism importance.

5. NAHAL EIN BOKEK RESTORATION PROJECT

Nahal Bokek flows to Pond 5 through the grounds of the Ein Bokek hotels. An annual average of 300-400 thousand cubic meters of water flows in the stream. The flow is unstable and varies from year to year depending upon the amount of annual rainfall. In recent years, the river water has become salty, damaging the ecosystem in the stream channel. The source of the salinity is unclear.

Dead Sea Works is cooperating with the Water Authority and other relevant parties to restore Nahal Bokek by introducing water with a quality similar to the quality of water that flowed in the stream previously. In cooperation with the Nature and Parks Authority, this project includes:

- Introducing high quality water to the stream for its restoration, including diverse ecological activity in its environs
- Diverting the saline water to an aquifer and restoring the aquifer (at a later stage)

D. BIODIVERSITY CONSERVATION IN THE PRODUCT USE STAGE

TRAINING FARMERS FOR SOUND USE OF FERTILIZERS, ICL FERTILIZERS

Agriculture faces two major challenges relating to biodiversity: 1) conservation of agricultural biodiversity and ecosystem services that are provided by agriculture and which are essential for its existence; and 2) reduction of the negative impact of agricultural systems and practices on biodiversity.

The fertilizer industry helps overcome these challenges by increasing crop yields on existing agricultural land, thereby preventing the conversion of natural habitats to agricultural land. It can also do so by promoting the correct use of fertilizers by teaching and disseminating information about effective and sustainable fertilization methods.

For this purpose, ICL Fertilizers has adopted Fertilizer Best Management Practices (FBMPs), referred to as "4R". ICL agronomists work in conjunction with the International Fertilizers Association (IFA) and have been engaged for years in training farmers how to use fertilizer wisely and effectively. The agronomists provide guidance on Right Fertilizer use at the Right Time, in the Right Place and at the Right Rate ("4R").

In addition, Dead Sea Works, in collaboration with the International Potash Institute (IPI), develops and encourages the use of balanced fertilization models to achieve higher yields and better quality, while maintaining soil fertility for future generations



and preventing the conversion of natural land to agricultural land. Potassium (K), nitrogen (N) and phosphorus (P) are the three essential nutrients consumed in large quantities by plants. Potassium fertilizer increases the yield and quality of agricultural produce, improves plant resistance to diseases and pests, increases the plant's tolerance to drought and cold, and contributes to development of a strong root and healthy root system. The uniqueness of potassium is that it increases the efficiency of use of nitrogen and other nutrients. Therefore, the use of potassium results in better utilization of nitrogen fertilizer and prevents it from volatilizing or reaching groundwater.

For over a decade, ICL has invested half a million dollars every year to carry out information campaigns by the Company's agronomists in developing countries such as India, Bangladesh, Sri Lanka, China, the Philippines, Brazil and Mozambique. The goal of the program is to reach isolated and remote villages, and to spread the word about the importance of potassium as fertilizer for agriculture and to reach as many farmers as possible. ICL personnel work with agronomists, researchers and government agencies around the world, to provide training services through the IPI. Dead Sea Works is one of the oldest organizations and constitutes a major element in this program.



E. ADDITIONAL CONSERVATION ACTIVITIES (FOR COMPENSATION/OFFSET)

1. CONTRIBUTION TO STRENGTHENING THE POPULATION OF BIRDS OF PREY IN THE NEGEV, ROTEM AMFERT

In 2007, Rotem Amfert responded to the demand of the District Committee of the Southern District and reached an agreement with the Israel Nature and Parks Authority to help finance a project to increase the population of birds of prey in the Negev. The project includes the provision of high-quality toxin-free food for eagles and vultures, monitoring the population of eagles and vultures, and educational programs and information to promote preservation of birds of prey. In 2008, results were already visible, with 160 vultures populating the southern desert region, including 46 nesting couples, maintaining their numerical stability, compared to the downward trend in Israel's Mediterranean region. Following the project's success, it was decided to extend these activities until 2014.

2. WILDLIFE CONSERVATION IN THE AREA OF THE ICL PLANT IN LAWRENCE, USA

Since 1990, ICL Lawrence plant employees have been dedicated to preserving wildlife and habitats in the region. The Enviro Team benefits from wide support from management and the local community. Cooperation with neighbors, government agencies and other groups have led to the preservation of natural resources and nature areas, including indigenous lawns, trees and wetlands.

An example of the Enviro Team's activities to preserve biodiversity at the reserve is the annual release of more than 80 pheasant chicks and 100 quails.

POPULATION OF EAGLES AND OTHER BIRDS OF PREY



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
North	164	229	229	202	206	113	112	105	48	93	62	28	20
South	102	99	186	-	254	137	102	123	171	182	142	100	125
Total	266	328	335	?	460	250	214	228	219	275	204	128	145

The joint effort was widely lauded by the authorities and resulted in public appreciation, the most prominent being recognition of the site by the Wildlife Habitat Council. The Council awarded the site with an honorable mention for its habitat management and environmental education program. Today, many visitors enjoy the site which serves as a wildlife habitat.

125

DURING 2008, 125 EAGLES MIGRATED INTO THE ISRAEL'S SOUTHERN WILDERNESS REGION, INCLUDING 46 NESTED COUPLES.



Energy Consumption



Industrial activity requires energy. There are two types of energy sources: non-renewable energy, which is derived from minerals, and renewable energy sources, such as water, sun and wind. Energy from non-renewable resources such as coal, oil and diesel contributes to emissions of both air pollutants and greenhouse gases.

ICL strives to be the leading Company in Israel to reduce emissions and has begun to switch to natural gas, which, although a fossil fuel, is significantly cleaner than other fuels. ICL uses energy from various sources, fuels such as fuel oil, natural gas, oil shale, naphtha, and diesel. The Company's energy consumption is both direct and indirect. Direct energy is used mainly to operate steam boilers and similar facilities at the Company's sites, to generate electricity and as fuel for vehicles. Indirect energy use is mainly via the purchase of electricity from the power grid and the use of steam purchased from outside suppliers.

ENERGY EFFICIENCY

ICL invests significant effort to increase the efficiency of its energy consumption and to reduce the amount of energy consumed at its facilities and sites. Energy conservation activities are part of a comprehensive approach to reduce environmental impact. For this purpose, seven years ago, ICL launched an energy efficiency program at all Company plants in Israel as well as in other countries. The energy efficiency program is one of the Company's primary efficiency engines and serves as the main engine for reducing its carbon dioxide emissions.

Each ICL company maps its potential for reducing its energy consumption, and uses this map as the basis for planning improvement projects. Through ICL's Center of Excellence for energy and greenhouse gases, all ICL companies are initiating a variety of activities aimed at reducing their energy consumption. Efficiency activities are performed in the following main areas: Streamlining and optimization of machines in production processes, use of residual heat generated in production plant stacks, streamlining the use of heat and steam, and deployment of advanced systems for automatic shutdown of power, lighting and air-conditioning systems. In 2011, ICL's energy efficiency plans reduced expenses by USD 5 million. Cumulative energy savings since the plan was implemented total USD 45 million.

CONVERSION TO USE OF NATURAL GAS

In addition, in recent years, the Company has begun to use natural gas instead of fuel oil to power its production plants.

In 2010, ICL's power station at Dead Sea Works began to convert to the utilization of natural gas. Before the use of natural gas was introduced, approximately 250,000 tons of fuel oil were used annually. The switch to gas in the power station steam boilers will replace the need to burn 170,000 tons of fuel oil with cleaner burning natural gas.

In 2011, the power station and ICL plants near Sodom (Dead Sea Works) continued converting to natural gas to replace fuel oil, which was the main fuel used by these plants. Similarly, the Periclase plant is in an advanced stage of conversion and has been using natural gas as its primary energy source since March 2011. At the end of 2011, the Rotem Amfert plant at Mishor Rotem also began to use natural gas.

ICL'S INVESTMENTS IN ENVIRONMENTAL PROTECTION:**Restoration of the red sludge landfill at the BKG site in Germany**

An investment of

6

USD million

**DATE:** 2011-2012**OBJECTIVE:**

Following suspension of production and in accordance with an agreement with local authorities, a decision was made to restore and use the landfill area for environmental purposes. Red sludge is process waste material produced by treatment of Bautix in alumina production.

**RESULT:**

The area includes 160,000 square meters previously used as a waste site and now designated as a green 'lung' that contributes to the landscape and attracts animals.

USD 5 MILLION

IN 2011, ICL'S ENERGY EFFICIENCY PLAN
GENERATED A SAVINGS OF USD 5 MILLION.

However, there was a significant delay in this strategic conversion process due to problems in the supply of gas from Egypt. The repetitive disruption of this supply source resulted in growing demand for natural gas from the Yam Tethys field, ICL's gas supplier, increasing the depletion rate of the field and impairing its ability to honor its supply contracts. Unfortunately, supply of natural gas to Israel has decreased significantly, and recovery is not expected until the middle of 2013. ICL is following developments in the natural gas market closely, including all the recent new discoveries.

In addition, ICL operates a number of cogeneration stations at its plant sites. These stations use excess steam from the electricity generation process to produce thermal energy and other industrial uses.

1. **Sodom:** The Sodom station has a production capacity of 110 MW per hour, and generates 260 tons of steam per hour.
2. **Mishor Rotem:** The sulfuric acid facilities and Pama facility (which use shale oil as a source of energy) together provide a production capacity of 40MW per hour and 340 tons of steam per hour. The cogeneration power plants are considered to have a very high efficiency, reaching over 85%. It is noted that the power plants at the sulfuric acid facilities receive residual heat emitted from the sulfur combustion process.
3. **Cleveland Potash:** The cogeneration station operated by Cleveland Potash has a production capacity of 13 MW per hour and produces 22 tons of steam per hour.

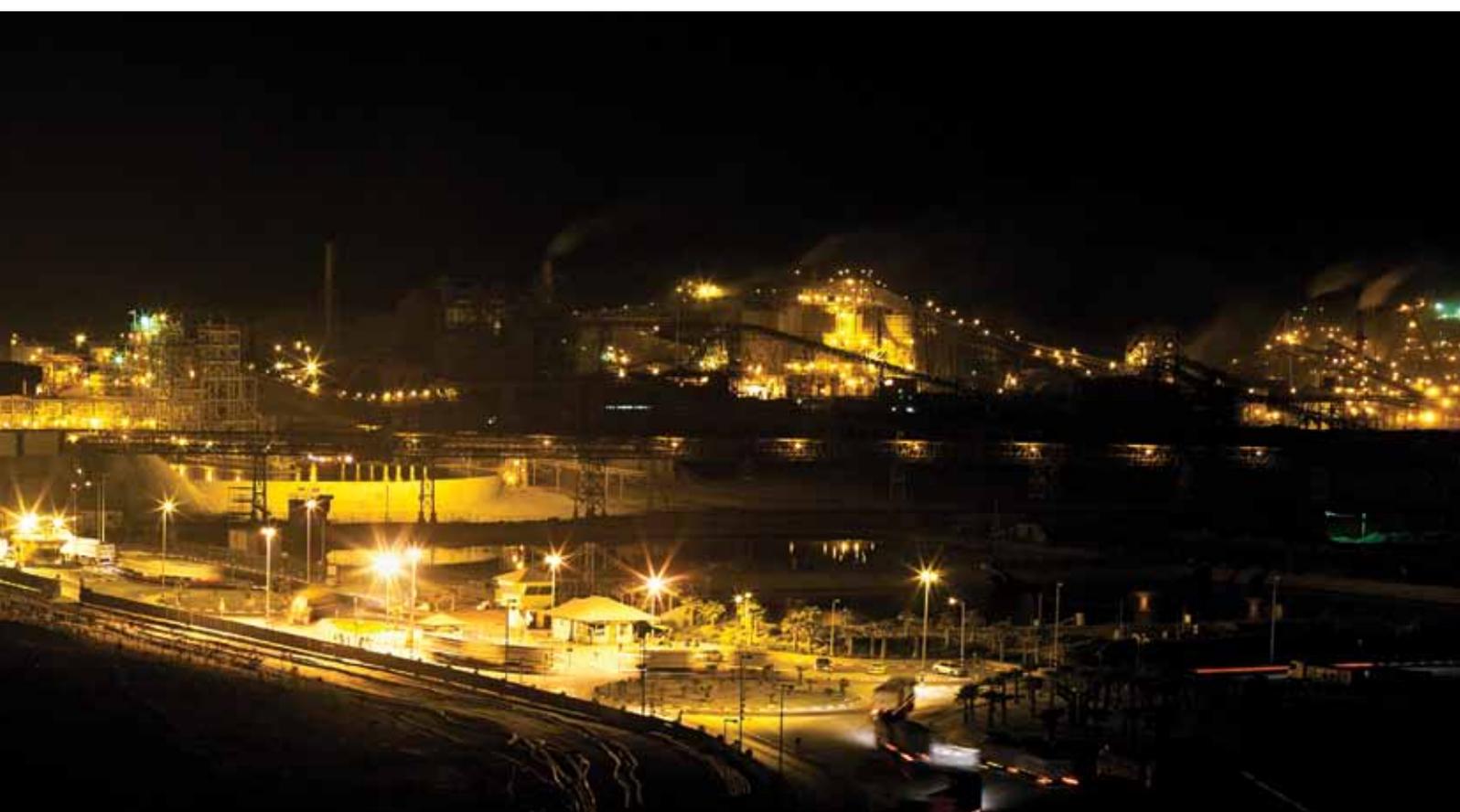




In addition, ICL is also taking steps to reduce energy consumption by changing the behavior of its employees and operating policies at its plant sites.

GREEN ELECTRICITY: PHOTOVOLTAIC ELECTRICITY GENERATION

ICL is evaluating the installation of photovoltaic collectors on the roofs of plants at all company sites in Israel, including installation of a photovoltaic roof in the Ashdod sulfur plant. It has also evaluated cooperation with the Ports Authority to install additional systems in port warehouses.





ICL'S GLOBAL R&D CONFERENCE ON ENERGY

In November 2011, ICL held a global R&D conference on energy. The conference was attended by representatives of ICL companies in Israel and abroad, as well as by international energy experts.

The purpose of the conference was to evaluate how ICL's operations address new trends in energy generation, storage and transportation. The conference also aimed to synchronize the activities of all ICL R&D units operating in the energy arena.

Issues discussed at the conference included supply of materials for the solar energy industry, such as thermal energy storage; phosphate-based and bromine-based applications in energy storage; chemicals for the energy-generation industry; and energy efficiency in material production processes at ICL, such as carnallite production.

In the brainstorming workshop at the conference, 132 ideas were presented by ICL employees. The ideas were filtered and six subjects were passed on for further consideration and development to ICL's R&D arms and business units.

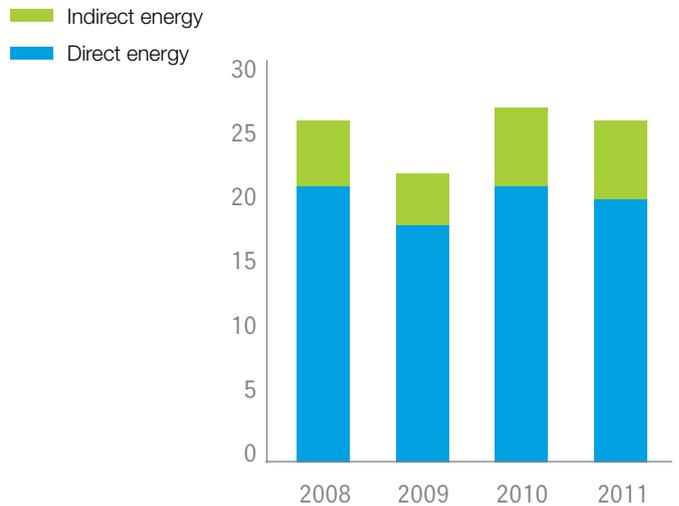
Direct energy: consumed directly by Company activities at its different plants and locations

Indirect energy: energy consumed by the Company's value chain partners (i.e. suppliers) that is related to their activities for the Company or in other indirect ways

TOTAL ENERGY CONSUMPTION AT ICL (DIRECT AND INDIRECT)

Total energy consumption at ICL

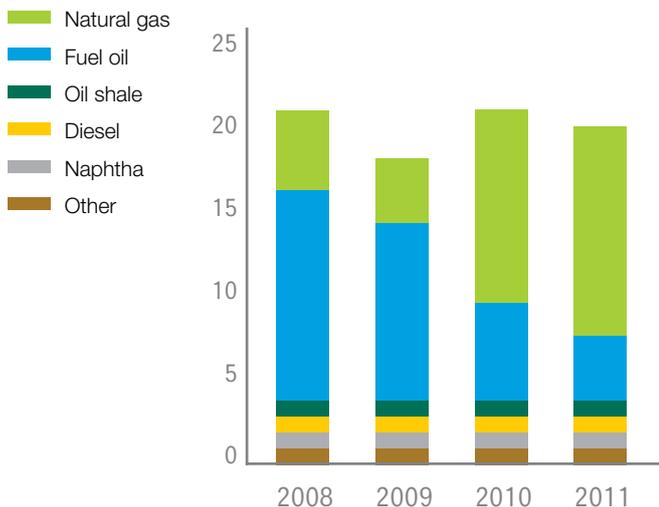
Millions (GJ)



DIRECT ENERGY CONSUMPTION AT ICL ACCORDING TO SOURCE

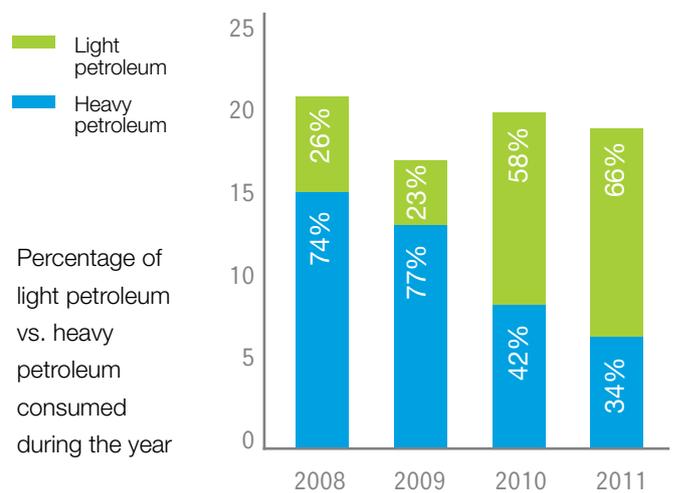
Direct energy consumption

Millions (GJ)



Direct energy consumption // Quantity and breakdown

Millions (GJ)

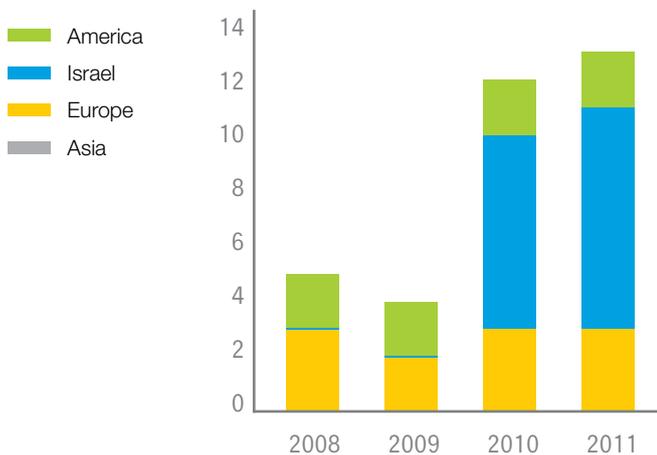


Percentage of light petroleum vs. heavy petroleum consumed during the year

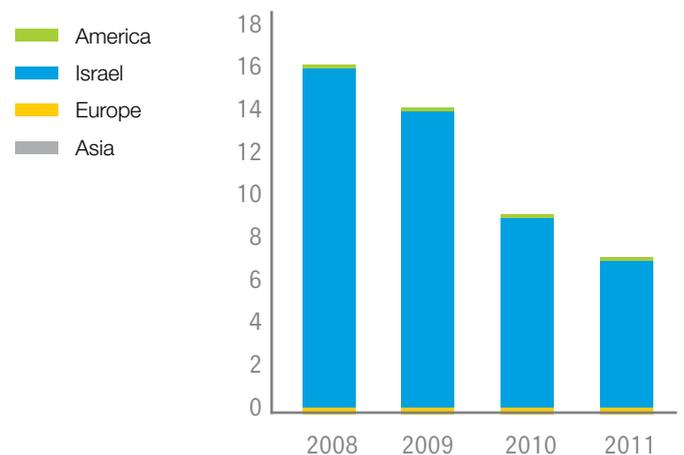
In 2011, ICL continued increasing its consumption of light petroleum fuel instead of heavy petroleum fuel. The main reason for the reduction of heavy petroleum fuel during the year was the continuation of conversion to natural gas at the Periclase and Dead Sea Works plants (including the potassium and magnesium plants).

**DIRECT ENERGY CONSUMPTION:
LIGHT PETROLEUM AND HEAVY PETROLEUM - BY CONTINENT**

Light petroleum //
Natural gas and liquefied petroleum gas at ICL
Millions (GJ)

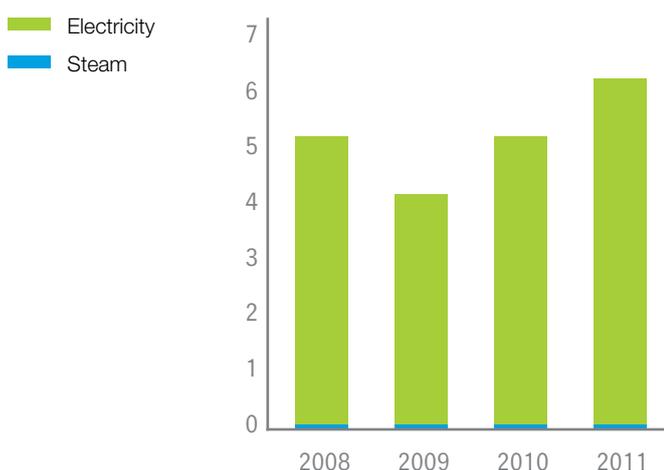


Heavy petroleum //
Coking coal, diesel, fuel oil, benzene gas, kerosene, neft, oil shale, etc.
Millions (GJ)



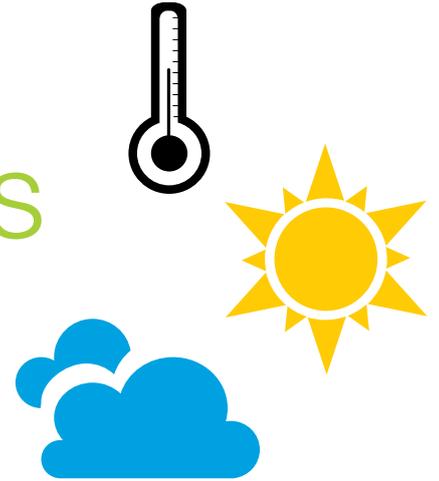
**INDIRECT ENERGY CONSUMPTION
AT ICL ACCORDING TO SOURCE**

Indirect energy consumption
Millions (GJ)



In 2011, ICL's electricity consumption increased due to problems with self-production of energy at the Company's plants in Israel, making it necessary to increase their purchase of electricity from the national grid. The significant increase in the potash production of Iberpotash, ICL's subsidiary in Spain, also contributed to the increase in electricity consumption.

Reduction of Greenhouse Gases and Addressing Climate Change



Human activity is a major factor responsible for the increase of greenhouse gases (GHG) emissions, particularly carbon dioxide, into the atmosphere, and this is believed to be a major contributor to recent climate changes. Weather events are becoming more extreme and frequent, and it appears that this is related to the increasing amounts of carbon dioxide in the atmosphere. For this reason, countries and industries, including ICL, have joined together to control carbon dioxide emissions and reduce their carbon footprint. ICL strives to be a leader in the Israeli and global chemical industry in the effort to reduce emissions in general, and especially greenhouse gas emissions. According to this policy, ICL performs a comprehensive annual review of the Company's carbon balance in a process that includes several months of data collection followed by comprehensive analysis.

In 2011, ICL's greenhouse gas balance was 1,754,639 tons of CO₂e emitted directly (scope 1) and 1,175,057 tons of CO₂e from indirect energy consumption (scope 2).

Total ICL emissions (tons of CO₂e):

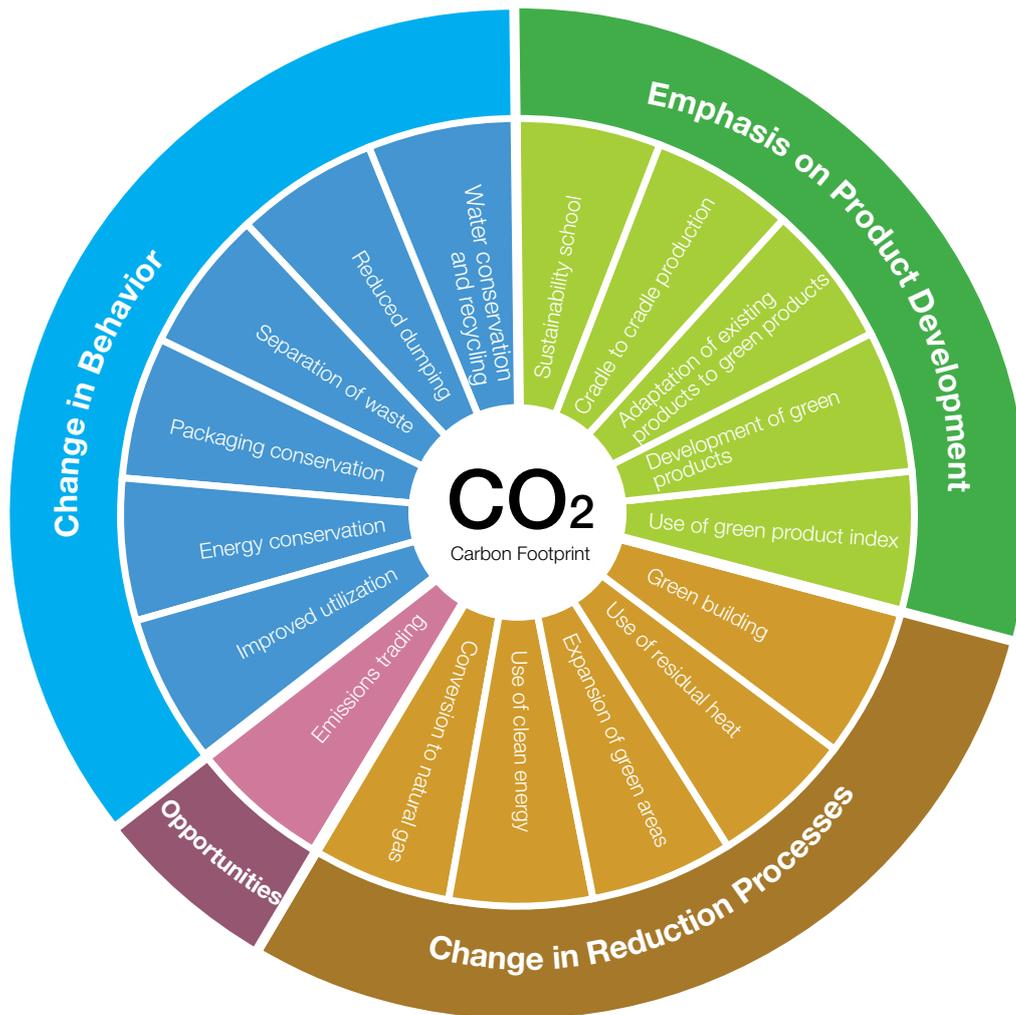
Scope 1	1,754,639
Scope 2	1,175,057
Scope 3	166,706
Grand Total	3,096,402

Climate change and increasing awareness present numerous challenges and opportunities for companies such as ICL. One of the significant challenges is the rapid rate of change in relevant regulations. Since climate change is a global problem, ICL estimates that regulations relating to greenhouse gases will be

expanded and intensified in many countries in which it produces its products, including in Israel. These changes may include mandatory reporting in Israel and other countries, emissions trading programs and carbon taxes. However, ICL believes that it is well prepared for such an environment due to recent internal developments related to the issue.

For example, in Israel, where a voluntary reporting mechanism for greenhouse gases is being implemented, ICL was one of the first companies that volunteered to make a full accounting and report. The recent PRTR law in Israel also requires reporting of greenhouse gases (from June 2013), but the methodology for this reporting is still unclear, and it is assumed that binding regulations regarding greenhouse gases will be introduced in the near future. In addition, some of ICL's operations in Europe are already subject to restrictions and quotas regarding for volume of greenhouse gas emissions that they are allowed to produce. Similarly, customer requests regarding the carbon footprint of individual ICL products present both a challenge and an opportunity. Demand from the market was one of the factors that led ICL to develop the issue in the organization, and to calculate the carbon footprint of more than 50 Company products.

Other challenges and risks facing ICL include the physical effects of climate changes. Climate changes are expected to cause exceptional weather, including both extreme rain events and droughts. These climate changes could also affect the consumption of ICL's products, and especially fertilizers, if the effect of extreme weather on crops reduces demand for agricultural fertilizers. Climatic change could also affect ICL's production capabilities. For example, ICL's central Sodom production site was damaged in the 2004 flash floods caused by an extreme level of rain, and the growing frequency and intensity



of extreme weather events could further expose the site. ICL is taking steps to address future floods, including physical protection and the purchase of appropriate insurance.

ICL is taking advantage of opportunities to engage in activities aimed at mitigating climate change and greenhouse gases by altering its production processes and evaluating its products.

MEASURES TO REDUCE THE CARBON FOOTPRINT AND INCREASE COMPETITIVENESS

CONVERSION TO NATURAL GAS

ICL's main production sites Israel are replacing their use of fuel oil and diesel with the use of natural gas, a cleaner energy source. Natural gas has many environmental benefits, including lower emission of greenhouse gases per unit of energy produced.

In 2011, ICL's power station and plants near Sodom (Dead Sea Works) continued their efforts to convert to natural gas, replacing fuel oil. Consequently, ICL's greenhouse gas emissions of ICL at Sodom fell by 20%. Similarly, the Periclase and Rotem Amfert plants are converting to natural gas.

However, this strategic conversion process has been delayed due to disruptions in the supply of gas from Egypt to Israel. Supply is expected to recover by mid-2013. ICL is following developments in the gas market including new discoveries, such as the Tamar field off the coast of Israel, with great interest.

ENERGY EFFICIENCY

In recent years, ICL has initiated a comprehensive program aimed at reducing its energy consumption. ICL has identified many areas in which energy consumption and greenhouse gas emissions from its activities can be significantly reduced. ICL believes that its energy efficiency program saves 30,000 tons of CO₂e (carbon ton equivalent) annually, and expects that related savings will continue to grow in the coming years. In 2011, ICL's energy efficiency activities reduced expenses by USD 5 million, and in 2012, these activities are expected to reduce expenses by USD 7 million. For further information, please refer to page 100.

OPPORTUNITIES RELATED TO PRODUCTS

ICL offers a range of solutions to address global warming, population growth and intensive urbanization, which could lead to shortages of food and water. ICL's fertilizers create

50
**ICL HAS CALCULATED THE
 CARBON FOOTPRINT OF MORE
 THAN 50 OF ITS PRODUCTS**



opportunities to increase yields in agricultural fields, thus avoiding the need for further deforestation for farmland. ICL's water purification products allow the supply of safe water in areas where natural disasters have polluted water sources. Anticipated climate changes could result in shortages of safe water for many populations. ICL continually examines the possibility of introducing new environmentally-friendly products to the market, through research and development, mergers and acquisitions.

ENCOURAGING REDUCTION OF THE CARBON FOOTPRINT IN THE SUPPLY CHAIN

As part of ICL's value chain management for climate change, ICL asks its suppliers to report the carbon footprint of the products which they supply for use in ICL's production processes. In this way, ICL encourages other companies to examine their carbon footprint and to reduce their contribution to climate change.

VOLUNTARY REPORTING OF ICL'S CARBON BALANCE

For two years, ICL has reported its greenhouse gas balance to the international Carbon Disclosure Project (CDP). In addition, ICL reports the balance of its greenhouse gas emissions at its sites in Israel to Israel's voluntary reporting mechanism. In 2010, the Ministry of Environmental Protection launched the voluntary reporting system for greenhouse gas emissions in Israel. This system will serve as the basis for greenhouse gas regulation in Israel. ICL was one of the first companies in Israel to report to CDP, and reported its emissions for 2011 in August 2012. For this report, ICL received a mark of 84.

CLEAN DEVELOPMENT MECHANISM (CDM) PROJECTS

CDM is one of the operational schemes developed under the Kyoto Protocol for trading greenhouse gas emission allowances. The scheme is administered by the UN and permits the allocation of tradable allowances for projects to reduce greenhouse gas emissions. Under the scheme, surplus emission allowances can be traded via voluntary projects in countries defined as developing countries, such as Israel. Through projects approved by the CDM, ICL has generated revenues of approximately USD 55 million.

1. ELIMINATION OF SF₆ GAS IN PRODUCTION PROCESSES AT DEAD SEA MAGNESIUM

Dead Sea Magnesium produces pure magnesium and magnesium alloys in compliance with strict quality requirements. In the initial casting stages, possible contact of the molten magnesium with oxygen could cause hazardous oxidation of the substance and impair its quality.

Magnesium manufacturers solve this problem by using cover gases to prevent harmful oxidation. However, some of these cover gases may have an adverse impact on the environment. With the growing awareness of climate change, it was discovered that the SF₆ cover gas, a substance used extensively at Dead Sea Magnesium, is a particularly harmful greenhouse gas with a Global Warming Potential value of 23,900 kg CO₂ e/kg.

Therefore, in 2009, Dead Sea Magnesium launched a project to phase out the use of SF₆ cover gas, replacing it with gases

² Until now, Israel was classified as a developing country under the Kyoto Protocol. It is likely that Israel's classification will soon be changed officially to a developed country, which will make mandatory reporting of greenhouse gases in Israel mandatory immediately, and in Europe mandatory following Israel's accession to the OECD.



that are more environmentally-friendly, via the CDM mechanism. The gas was first replaced with HFC134a, which has a far lower environmental impact, and already in 2010, use of SF6 was eliminated at Dead Sea Magnesium. In July 2011, Dead Sea Magnesium began replacing some of the HFC134a with Novec 612 compound, which has a very low impact on climatic change and other environmental benefits. The project is verified periodically by CDM to ensure that the switch was indeed performed and that the reduction allowances were calculated properly. Replacement of the gases resulted in a reduction of over 90% of emissions from the casting process at Dead Sea Magnesium in terms of CO₂e.

The project is one of ICL's leading engines for greenhouse gas reduction, resulting in an annual decrease of one million tons of CO₂e (compared to the base year). Approximately USD 900,000 has been invested in the project to date.

2. REDUCTION OF GREENHOUSE GAS EMISSIONS IN THE FERTILIZER SEGMENT

The nitric acid facility of ICL Fertilizers and Chemicals in Haifa Bay emits a small amount of nitrous oxide (N₂O), a substance which is not considered to be a direct pollutant, but that is considered a greenhouse gas that causes climate change. Since the end of November 2007, an innovative system has been operated that has the potential to reduce its nitrous oxide emissions by about 80%. At this stage, the actual reduction has reached 60%, and the Company is continuing its efforts to improve the system's performance by supporting the developer of the technology, Johnson Matthey. The reduction achieved to date is equivalent to prevention of the emission of 80,000 tons of carbon dioxide (CO₂).

REPORTING OF THE CARBON BALANCE TO THE CDP

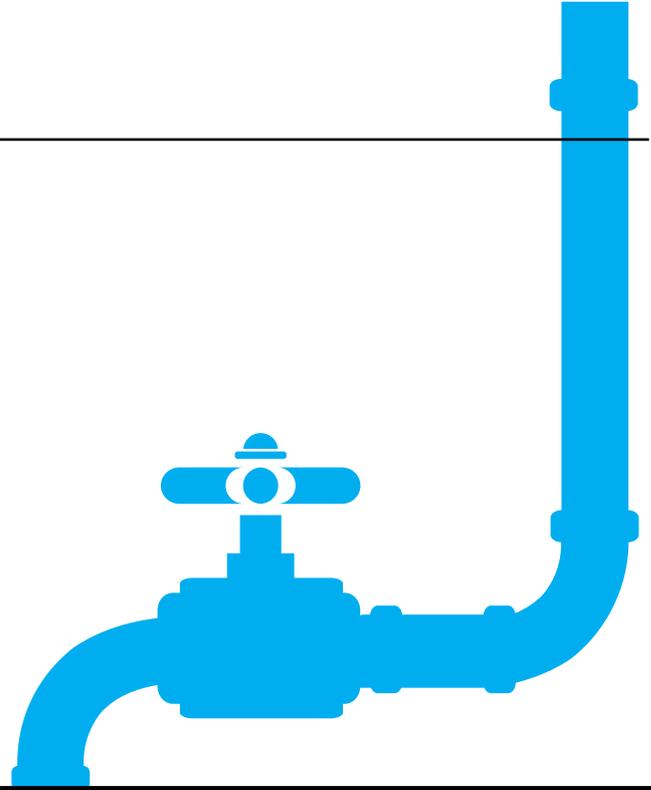
In 2011, ICL submitted a comprehensive report to the CDP regarding the Company's greenhouse gas emissions and the corporation's strategy for climate change. CDP is an international non-profit organization that serves 655 institutional investors holding USD 78 trillion in assets. The organization seeks, collects and publishes comprehensive information about greenhouse gases and climate change from more than 3,000 companies around the world.

Last year, ICL received a score of 90 out of 100 on the CDP disclosure index for the scope and quality of its reporting. This score is among the 50 highest scores in the world, out of thousands of reporting companies. Accordingly, ICL has been included in the exclusive Carbon Disclosure Leadership Index. To date, ICL is the only company in Israel that is in compliance with CDP's rigorous reporting requirements.

ICL also achieved a performance score of "B" (the second-highest score on a scale of A-E) based on its actions to reduce greenhouse gases and address climatic change. This high score indicates ICL's commitment to reduce its emissions and to contribute to the global climate change effort. ICL achieved a high score of 84 in 2011, giving it a "B" for the years, and it expects to repeat these achievements in 2012.

For further information about the list of leading CDP companies, please refer to: <https://www.cdproject.net/en-US/Pages/HomePage.aspx>

Water Consumption



Water is the most widely-consumed resource and the single most essential foundation of our existence. However, less than one percent of the water on earth is available for human consumption, either because of its salinity level (brackish water, salt water and brines), its contamination level, or because it is frozen. Today, more than one billion people around the world have no access to safe drinking water. According to different forecasts, this water crisis is expected to intensify through 2015, leading to water shortages in more than half of the countries in the world.

Israel, where ICL conducts a significant part of its operations, is an arid country with a water deficit that has intensified over the years. ICL performs various activities to use this precious resource efficiently and responsibly. In particular, ICL attempts to reduce its use of potable water in production processes and to find ways to use brackish water that is unsuitable for drinking.

In addition, ICL owns 50% of IDE Technologies Ltd., which in 2011 won the prestigious “Desalination Company of the Year” award from Global Water Intelligence (GWI) magazine. IDE is a pioneer and world leader in advanced water solutions, specializing in unique desalination technologies. Due to innovations that steadily reduce costs and increase the output and efficiency of the facilities, IDE is responsible for some of the most efficient and ecological desalination plants in the world. IDE operates and offers solutions in the following areas: construction and sale of desalination plants, sale of water, operation and maintenance of desalination plants and production and development of industrial evaporators and heat pumps, in Israel and other countries. IDE also has a range of solutions for industrial wastewater treatment, snow production and cooling.

IDE is a 50% owner of the consortiums that constructed and currently operate the mega-sized desalination plants in Ashkelon and Hadera, Israel, and a 51% owner of a project that is currently constructing the world’s largest salt water reverse osmosis (SWRO) desalination plant at Soreq, Israel. This facility is expected to begin desalination activities in 2013. Notwithstanding the significant progress made in desalination technology over the last decade, the desalination process still incurs considerable energy and environmental costs. However, these solutions are essential for the continuation of normal life in severely water-challenged regions, like Israel.

ICL operates its desalination facilities in coordination with governmental authorities and in compliance with relevant regulations. Through its subsidiary IDE, ICL develops its own technologies and follows global developments in the desalination field, and is among the world’s leading companies in the energy efficiency in its desalination processes, in the reduction of the environmental consequences of desalination activities, and in the health value of the water produced. As part of its environmentally-efficient processes, IDE has developed a product that desalinates seawater without using chemicals in the preliminary stage, and an environmentally-friendly process for cleaning membranes. IDE also uses an energy recycling system to reduce the usage of energy during various desalination stages.

ICL’s water consumption: In 2011, the reporting boundaries were expanded. The information provided below includes data from several companies whose water consumption information was unavailable in 2010, including Gallipolis Ferry in the U.S. The water consumption of other plants was also updated.



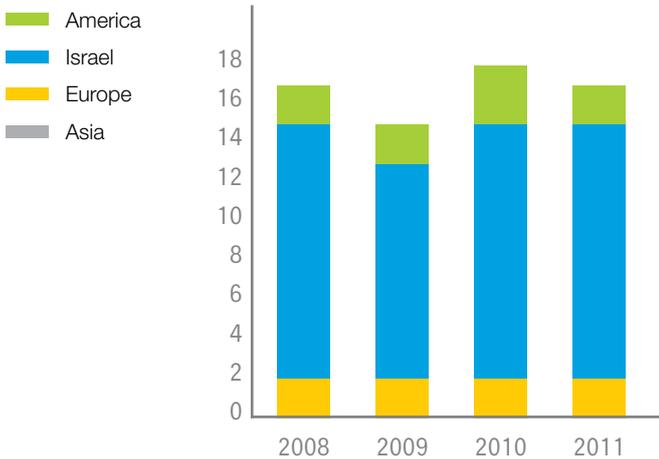
50%
ICL OWNS 50% OF IDE TECHNOLOGIES LTD.,
WHICH IN 2011 WON THE PRESTIGIOUS
"DESALINATION COMPANY OF THE YEAR" AWARD.

GEOGRAPHICAL BREAKDOWN OF WATER CONSUMPTION (CU. M)

Fresh water

Tap water and potable well water

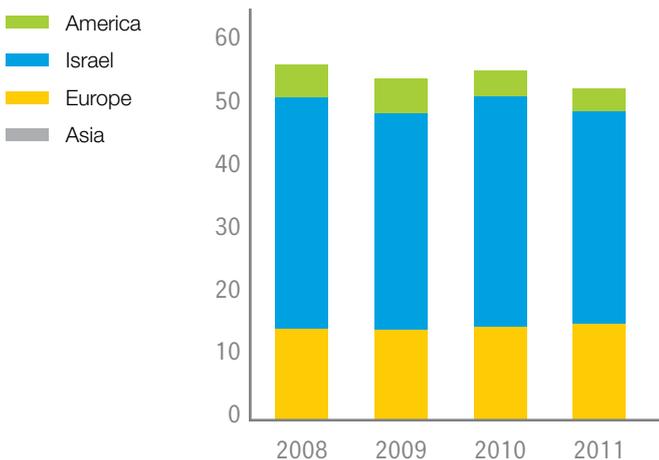
Millions (cubic meters)



Non-freshwater

Brine, brackish water, river water and rainwater

Millions (cubic meters)



As part of ICL's activities to conserve water resources, ICL companies employ a variety of activities to maximize utilization of non-potable water (non-drinking water) and reduction of fresh water consumption (network and groundwater consumption). The Company's consumption of potable water remained largely unchanged from 2008-2012 despite the significant increase in the Company's production of all primary products.



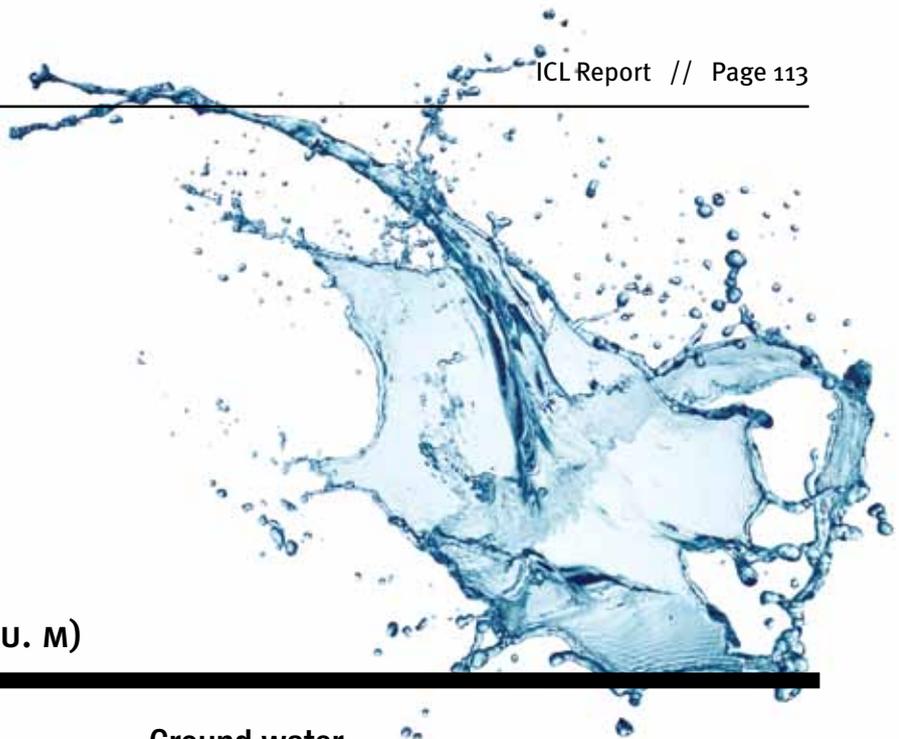
RECYCLED WATER CONSUMPTION AT ROTEM AMFERT (CU. M)

	2008	2009	2010	2011
Zin and Oron	966,000	1,0399,000	1,054,000	1,206,000

The Zin and Oron plants each produce 1.2 to 1.6 million cubic meters of industrial wastewater per year. Since this water is used to rinse phosphate rock, it contains limestone and a low level of phosphate, but is not hazardous. This flow is diverted to sedimentation and evaporation reservoirs. Some of the water is pumped back after precipitation of the phosphate and limestone and is reused in the process itself and for wetting roads around the site to reduce dust.

* As part of its effort to conserve water, Dead Sea Works, Rotem Amfert Negev and the Zin Factories used a small amount of rainwater from floodwater reservoirs between 2008 and 2010.

ICL's plants used recycled water - sewage or water that was used and purified for reuse.

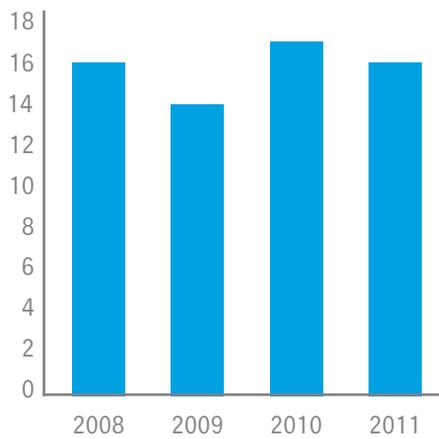


WATER CONSUMPTION BY SOURCE (CU. M)

Tap water

Millions (cubic meters)

Fresh water

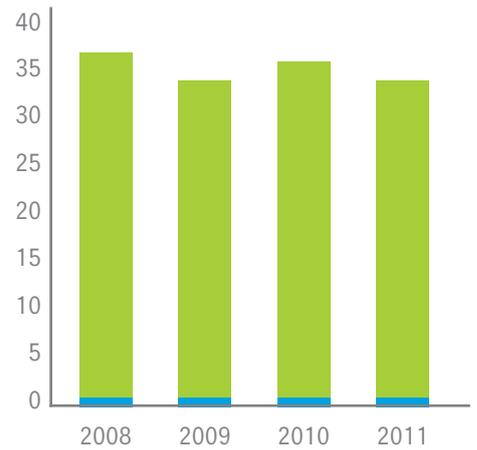


Ground water

Millions (cubic meters)

Brackish water

Fresh water

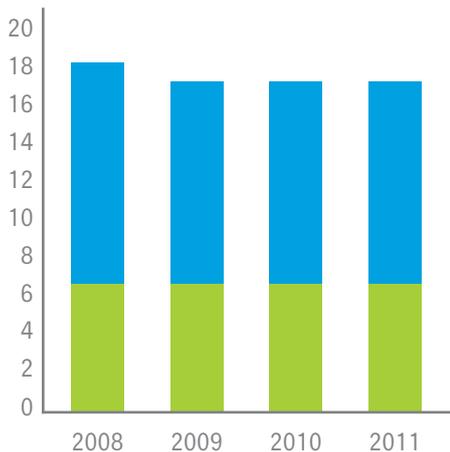


Surface water

Millions (cubic meters)

Fresh water

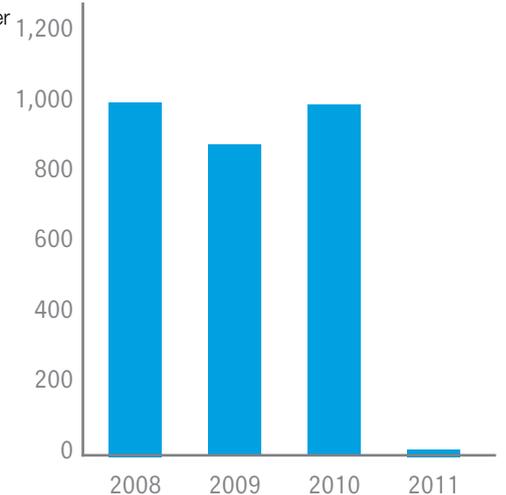
Brine



Rain water

Thousands (cubic meters)

Fresh water





Wastewater Treatment

PREVENTION OF SEEPAGE FROM THE ZIN PLANT'S SLUDGE RESERVOIRS, MISHOR ROTEM

Rotem Amferts' Zin plants conduct activities to prevent seepage of water from sludge reservoirs. The aim of the project is to prevent pollution of the soil and of the soil and damage to the groundwater. A hydrological survey was carried out to identify underground flow channels. To restore the original situation, three wells were drilled from which tens of thousands of cubes of water are pumped each year for reuse at the plant. Every year, 100,000 cubes of water are pumped from the wells, and the water is reused at the plant. The project is being implemented in coordination with Israel's Ministry of Environmental Protection and the Nature and National Parks Authority.

Many industrial processes generate wastewater from both primary production processes and from secondary processes, such as cleaning and washing. This wastewater often contains high concentrations of contaminants which may cause environmental hazards and nuisances.

ICL IMPLEMENTS PROJECTS TO REDUCE ITS VOLUME OF WASTEWATER AND TO IMPROVE ITS QUALITY:

- In 2001, Rotem Amfert began implementing a master plan to manage its industrial-acid wastewater. The plan included several changes in Rotem's wastewater disposal, with the main task being to reduce upstream wastewater, in other words, as close as possible to the source. Following this

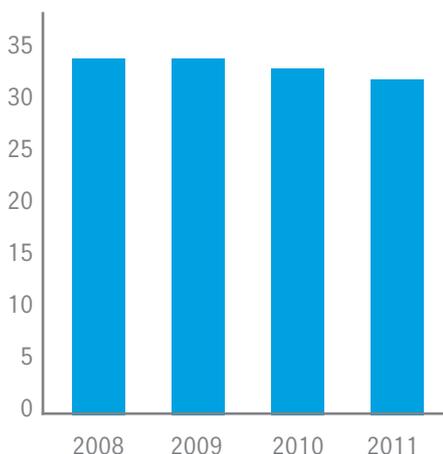
measure, the volume of wastewater produced by the plant was reduced by 85%, from 1.85 million cubic meters per year in 2001 to 267,000 cubic meters in 2011.

- The Bromine Compounds plant is taking steps to reduce the environmental impact of its production processes with the aim of containing the treatment of pollutants emitted in the production process within the boundaries of the plant, so that the cost of treating the pollution falls on the plant. One way to address the challenge is by imposing an "ecological tax", an internal tool that includes the cost of wastewater treatment in product pricing. Treated wastewater from the sanitary plant is also reused in cooling towers.



Wastewater

Millions (cubic meters)



ICL PRODUCTS CONTRIBUTE TO WASTE AND SEWAGE TREATMENT

IMI (TAMI), ICL's advanced R&D research institute (see further information on page 19) addresses the important issue of waste treatment to meet the evolving requirements of the modern world. Using an interdisciplinary team approach, IMI has gained expertise in different aspects of waste treatment technology (chemical, physical, biological and engineering). As a result, IMI has developed waste treatment processes in the following areas: inorganic and organic wastewater treatment, metal recovery, and biodegradation methods. In addition, IMI has evaluated new technology for disinfection and treatment of municipal wastewater.

ICL'S INVESTMENTS IN ENVIRONMENTAL PROTECTION:

Construction of a plant for the treatment of sanitary waste at Dead Sea Works in Sodom

An investment of

5.3

USD million



DATE: 2008 - 2010



OBJECTIVE:

Treatment of sanitary waste at the Sodom plants and tertiary purification of the site's sanitary waste for reuse in the facilities



RESULT:

The purified water is recycled for use in potash production for the scraping process.

Air Quality



Preserving air quality at production sites is a central goal of ICL's environmental policy. Air pollutants are substances, gases and particles in the air, whether from natural sources or resulting from human activity. Human endeavors, such as the generation of energy, industrial and agricultural activity and transportation, are responsible for generating the majority of air pollutants. Common pollutants are nitrogen oxides (NOx), sulfur oxides (SOx), volatile organic compounds (VOC), carbon monoxide (CO), particulate matter (PM) and heavy metals.

ICL is taking steps to reduce air emissions of various pollutants in different ways, such as implementing innovative technologies and switching to cleaner fuels. As a result, since 2008, the Company's SOx emissions have been reduced by 45%, NOx emissions by 75% and PM emissions by 35%. PM emissions have been reduced by more than 80% compared to 2006. The methods applied to achieve these reductions are described below.

STACK AND FUGITIVE EMISSIONS

ICL has prepared a comprehensive master plan to control fugitive emissions in all Company sites, with the approval of and in coordination with the Ministry of Environmental Protection. Guidelines of the plan include:

- Prevention at source of particle emissions: reducing the potential of dust from products, replacement of equipment with equipment that does not emit dust, changing the design of production systems / existing transportation, covering emission sources, paving roads and areas with the potential to emit dust.
- Collection and handling of generated dust: installation of dust collection systems. In 2008, design began for an environmental monitoring system at Mishor Rotem,

IMPROVED AIR QUALITY AT THE ORON SITE, ROTEM AMFERT

Rotem Amfert has initiated activities to prevent seepage of water from its sludge reservoirs at Zin. The systems include vacuuming facilities and wetting measures to prevent dust emission when loading and unloading. This is a pilot project with five dust absorption systems: a wetting system, three dust absorption systems for the stages of transfer to the plant and an absorption system for the stage of loading from the plant.

in cooperation with neighboring companies, to monitor emissions. At the Rotem white acid plant, a voluntary plan has been launched based on the IPPC model to reduce fugitive emissions of isoamyl alcohol. The model is implemented according to EU directive IPPC-EC/61/96 and the instructions of the Air Division of the Ministry of Environmental Protection – Southern District. A similar plan is being implemented at the Bromine Compounds plant in Ramat Hovav. ICL Industrial Products has begun to implement control and treatment of fugitive emissions with the support of a European company. Bromine Compounds met its goal for quantifying fugitive emissions and specification of the emissions was achieved. Fugitive emissions are measured regularly and initiatives to reduce them are continuing. ICL companies in Israel comply with the requirements of the Ministry of Environmental Protection and its guidelines for fugitive emissions.

ICL'S INVESTMENTS IN ENVIRONMENTAL PROTECTION:

Renovation of the port crane at the BKG Germany site

An investment of

4.2

USD million



DATE: 2010



OBJECTIVE:

To enable port operators to achieve greater economic and ecological efficiency by replacing a 70-year old piece of equipment with an innovative crane with an advanced engineering structure.



RESULT:

The new crane has a high loading capacity of 104 tons, an advantage which results in the reduction of airborne dust emissions. It features a quiet engine and an electric drive, and its electronic control system reduces the crane's energy consumption. In addition, the crane cab has large windows to take advantage of daylight. Where possible, biodegradable oil will be used to lubricate the crane's parts.



**A REDUCTION
OF 80%
IN NITROGEN
OXIDES
SINCE 2008**

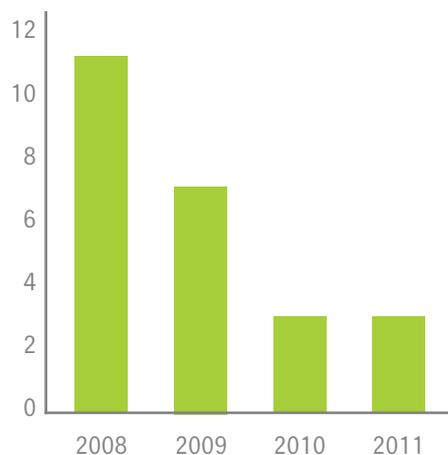
COMPLIANCE WITH THE CLEAN AIR LAW

The Clean Air Law, which came into effect in January 2011, refers to different sectors in industry for which different effective dates were established. Some ICL companies in Israel are included in the first implementation stage of the law. The law is expected to apply to plants in the chemicals industry, including most of ICL's production sites in Israel, beginning in 2014. The law regulates the handling of air pollutants under one law, and aims to improve air quality and reduce air pollution to protect health and quality of life.

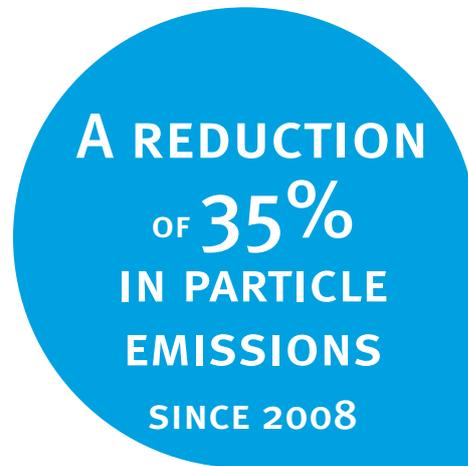
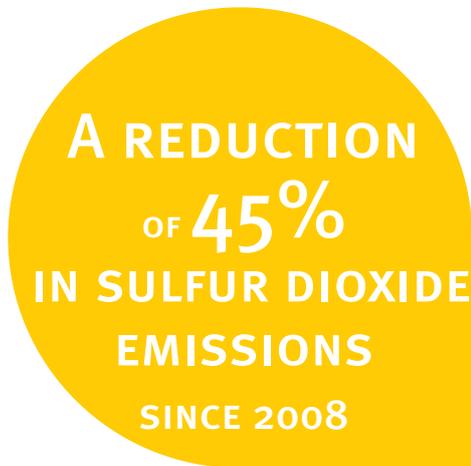
ICL is preparing to comply with the Clean Air Law at all of its production sites, where applicable, and expects to invest resources to adapt its plants to the law.

NOx – tons per year

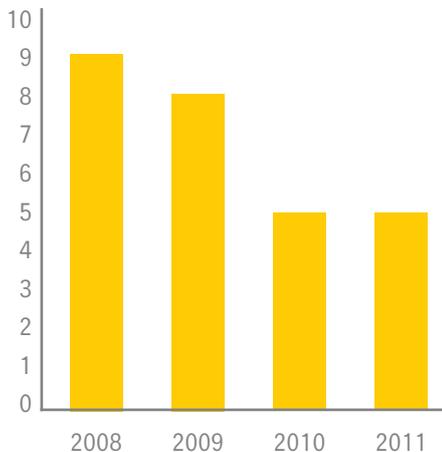
Thousands



The conversion to natural gas at ICL plants in Israel has already led to a reduction in NOx emissions between 2008 and 2009. In 2010, there was a further reduction of NOx emissions at ICL, mainly due to interrupted operation of diesel engines at Dead Sea Works' power station (from July 2010). In 2011, there was a slight increase in NOx emissions due to operation of a diesel generator at Dead Sea Works' power station.

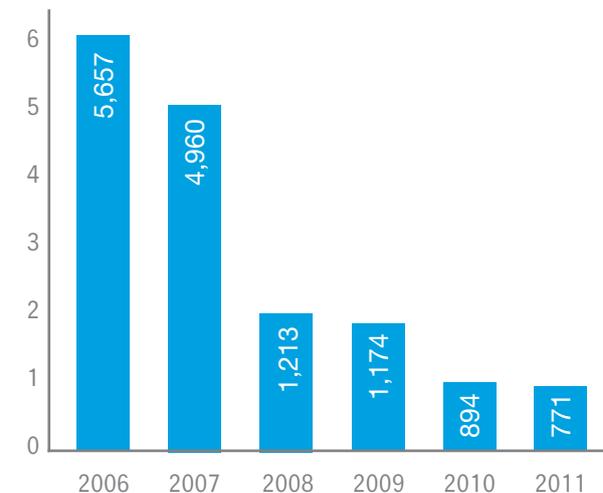


SOx – tons per year
Sulfuric acid emissions
Thousands



SOx emissions were similar to NOx emissions. There was a steady and continuous drop from 2008-2011 due to the gradual conversion of ICL plants to the use of natural gas.

PM – tons per year
Particle emissions
Thousands



The most significant reduction in particle emissions was achieved between 2007-2008, reflecting the closure of a roasting facility at Rotem Amfert. A further reduction was achieved in 2008 due primarily to the installation of absorption systems in the dryers at the Oron and Zin sites (Rotem Amfert). In 2010, a further reduction was achieved due to the installation of filter systems and the beginning of the conversion from fuel oil to gas. The reduction in particle emissions continued in 2011 due to the installation of additional filter systems at Dead Sea Works.

From 2006 to the present, the Company has achieved an 84% reduction in particle emissions.



METHYL BROMIDE AND THE MONTREAL PROTOCOL

Methyl bromide (CH₃Br) is a compound of carbon, hydrogen and bromine used mainly in agricultural pesticides. Methyl bromide is used as a pesticide and herbicide to destroy against insects, nematodes, fungi and parasitic plants) in applications for soil treatment, buildings and cstored agricultural produce.

Many of these uses do not have alternatives that meet environmental, manufacturing and economic standards. Methyl bromide is considered to be an ozone-depleting substance when released into the environment. Accordingly, methyl bromide has been included in the list of controlled substances under the Montreal Protocol (Montreal 1987, Copenhagen 1992), and its use in fumigation of soil, crops and goods is being phased out internationally until it is completely terminated in 2015, other than for critical uses where there is no available alternative.

ICL's Industrial Products segment has two methyl bromide production plants. The amount of methyl bromide produced at Bromine Compounds is reported to and controlled by the Ministry of Environmental Protection. ICL is investing great efforts to develop alternatives for methyl bromide and to assessing other existing solutions. For example, it is working to develop materials for specific treatment that combine with other technologies, such as soil solarization, while continually improving application methods. Its development activities are aimed at increasing the effectiveness of the substances, while minimizing damage to the environment and complying with the licensing requirements of host countries.

Over the past decade, ICL has reduced its production of methyl bromide by more than 80%.



Wastewater Treatment

ICL HAS ESTABLISHED A CENTER OF EXCELLENCE TO DEAL WITH WASTE TREATMENT.



The disposal of solid waste is an activity which wastes natural resources, land and raw materials while polluting the environment. Several methods can be employed to reduce solid waste, including reduction at source, reuse, recycling, production of energy from waste and landfilling. Typical industrial waste includes residues of raw materials, interim materials or products that have been spoiled, damaged or rejected. This sometimes involves hazardous waste.

ICL attributes great importance to this issue and invests significant resources in identifying ways to reduce the volume of its waste and to reuse and recycle existing waste. ICL plants reuse waste and byproducts, and re-use byproducts as raw materials in other vertically-integrated Company plants and processes. For example, ICL produces bromine from the byproducts of the evaporation ponds used to produce potash, and utilizes chlorine, a byproduct in the manufacture of magnesium, for the production of bromine.

In Israel, a densely populated country, the issue of waste is particularly serious. Each year, nearly five million tons of solid waste is produced in Israel, and this volume increases by 5% annually, even as the areas specified for landfill are decreasing. Over 80% of non-hazardous waste is transferred to landfills in Israel.

ICL has established a Center of Excellence to address the treatment of waste. Recently, a venture was initiated at Group companies in Israel to quantify waste and recyclable waste. Different types of waste, such as building and electronic waste, oils and pruned branches are quantified and reported through this effort.

The target for the coming years is to accurately quantify the Company's waste volume, to reduce overall waste, and to expand the Company's scope of recycling.

In 2011, Iberpotash in Spain upgraded the non-industrial solid waste recycling system at two plants. As part of the project, dozens of recycling bins were purchased and placed around the plants, and marked with instructions for correct recycling. A map specifying the location of all recycling areas at the plants has been distributed to all employees. The project also included recycling training for all plant employees.

Currently, waste is also recycled at ICL plants. Materials such as wooden pallets, cardboard, paper, plastics and metal are collected and transferred for recycling. There has been improvement in ICL plants around the world, and the amount of buried non-hazardous waste is decreasing every year.



Environmental Management



INTERNAL GREEN PLANT CERTIFICATION

As part of instilling a green approach and sustainable policy at ICL, a decision was made for gradual internal certification of all the Company's sites and plants. Although the Standards Institute of Israel does not grant green certification for production plants, ICL has voluntarily elected to apply the green standard to its production plants using an "ICL Green Plant Standard" based on parameters that extend beyond compliance, such as activities to conserve non-renewable resources (such as water, fuels and paper), waste recycling and management, establishing green areas, encouraging employees to find green solutions and green building. The process for implementing the green standard requires a material change in the perception, values and behavior of Company employees and of the Company as a whole.

A total of 42 parameters were defined, and a maximum score was defined for each parameter. Achievement of 70% of the possible points will certify the plant as a green plant, and 85% will certify the plant as an outstanding green plant. The procedure is complex and involves a number of stages.

The companies have the option to apply for certification for each plant separately, as a single site, or as a company with a number of sites. A plant that plans to apply for certification presents its activities for each item included in the standard to ICL's Certification Committee.

The activities are presented for a certification audit, which includes presentation of information and a visit to the plant. Following the audit, the ICL Certification Committee rates the plant according to a number of criteria and determines whether the plant qualifies for certification. The certification is valid for two years, after which the plant is required to reapply to the ICL Certification Committee.

The following ICL plants have received green plant certification: Dead Sea Works, Dead Sea Magnesium, Mifalei Tovala (Dimona site), Periclase at the Dead Sea, Bromine Compounds at Ramat Hovav, Rotem Amfert at the Zin and Oron sites, the Rotem Amfert mine and garages, the IMI (TAMI) plant, the Haifa R&D Research Institute and the Ashdod transportation site.



11 OF ICL'S PLANTS HAVE ACHIEVED GREEN CERTIFICATION ACCORDING TO A VOLUNTARY INTERNAL PROCESS



GREEN PLANT AT ICL- CERTIFICATION PROCESS & CRITERIA

Certification process:

The certification process includes the following steps:

- Request for proposal and criteria
- Appointment of a referent for each plant, a company committee for certification and a referent for the ICL committee
- Completion of a self-evaluation questionnaire
- Evaluation of the questionnaire and plant tour
- Formulation of the ICL committee's recommendation for certification by ICL's CEO
- Granting certification at a conference of ICL executives

Certification criterions:

- Wise conservation of resources 120 points
- Energy
- Water conservation
- Electricity conservation
- Paper conservation
- Green thinking 85 points
- Recycling 65 points
- Guidance and awareness 40 points
- Green building 30 points
- Entrepreneurship 20 points
- Bonus 40 points
- Authorities
- Deduction of points: warnings, fines, events requiring reporting

Total

400 points



GREEN BUILDING

ICL maintains an advanced green building policy based on a Company decision that any new building or significant renovation project must comply with green building principles. ICL has a binding procedure for evaluating green building standards for each new building and renovation based on the Israeli Green Building Standard, IS 5281. It is in complete compliance with the following green building principles:

- **Energy conservation:** shape and location of building, energy-efficient air-conditioning systems, energy-saving light fixtures, building controls, use of natural lighting, thermal insulation and double-glazed windows
- **Water conservation:** water-saving landscaping, dual-flush toilets, collection and use of rainwater for irrigation
- **Waste:** separation of waste and recycling areas
- **Air quality:** ventilation systems and emission identification equipment
- **Radiation treatment**

In 2012, the Company plans to construct a new laboratory at Dead Sea Works and a gate at ICL Industrial Products in full compliance with green building standards.

ENVIRONMENTAL SAFETY

ICL companies employ a system for comprehensive management of hazardous materials. The system employs a dedicated ERP system for dealing with emergencies, as well as a safety and entry control management system. The ERP system is used to:

- Control hazardous material inventories at Company sites according to permissible quantities of toxins
- Prevent deviation from permissible quantities when ordering, receiving or transferring hazardous materials within the Company by blocking such actions
- Issue applications for renewal of toxin permits and revisions of permits in existing databases
- Afford immediate access to material safety data sheets (MSDS) for hazardous materials in the system.

The companies also use a computerized system to control shipments of hazardous materials, performing all the checks required to ensure that materials are shipped only when all approvals have been received and validated. For example, ICL Industrial Products operates computerized systems to approve shipments. All materials, quality, packaging and country of destination are approved by a qualified professional, thus ensuring that each shipment meets the legal requirements of the destination country. Moreover, the label is adapted for each shipment, and packaging and shipping documents are prepared according to the label. The system may also be customized for a specific customer, if required. The process is implemented globally from each site.



GREEN PURCHASING: ENVIRONMENTALLY PREFERABLE PURCHASING POLICY

As part of ICL's sustainability policy, ICL companies have adopted a green purchasing policy. The Green Purchasing Committee of the Purchasing Center of Excellence evaluates new green products to replace products that have greater impact on the environment. The Executive Steering Committee discusses the recommendations of the Green Purchasing Committee and approves the introduction of green products in the companies. As part of the green purchasing policy, ICL acquires a series of products, such as office equipment and materials, lighting, vehicles, packaging materials, and production equipment and facilities.

Criteria for green products:

- Preference for products with a green standard
- Preference for products with a low energy rating
- Approval of products according to recognized standard certification (Israeli standards or certification from a recognized international organization)
- Preference for products / materials that can be reused or ecologically disposed



ICL's Makleff House in Beersheba after renovation and certification as a Green Building Beersheba.

Chapter 6



Social Aspects



- Work environment
- Fair employment
- Safety and health
- Contribution to the community

11,910

NUMBER OF PEOPLE EMPLOYED BY ICL IN 2011

ICL's employees are the source of the Company's strength. As a result, ICL does its utmost to create a supportive, comfortable and safe workplace for its employees. The chemical industry requires skilled, high-quality human resources, and therefore a key element of the Company's business strategy is the channeling of extensive resources into the development of the skills and

strengths of its employees. The Company's corporate culture, which is instilled among all employees, defines both team and personal goals assuring that every employee understands his/her role in the organization and the way in which he/she can contribute to its success.

GEOGRAPHIC BREAKDOWN OF EMPLOYEES

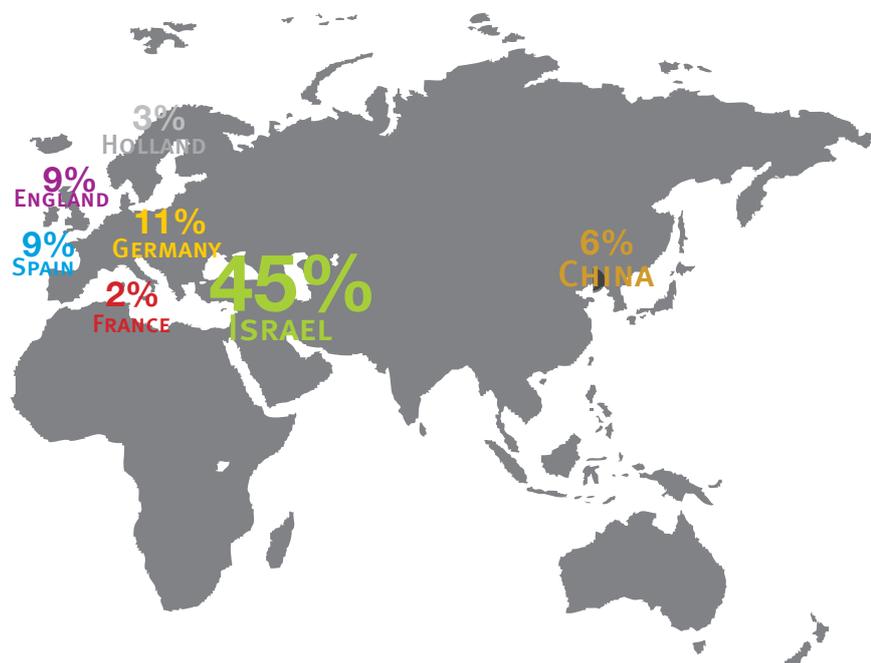
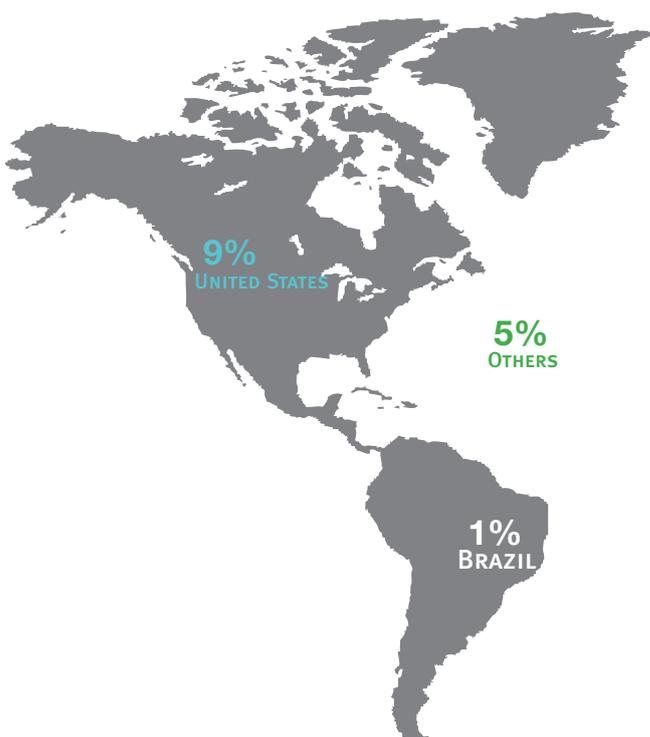


Work Environment



	2011	2010
Israel	5,306	5,200
Germany	1,270	1,237
Spain	1,160	1,023
England	1,037	955
Holland	435	243
USA	1,040	942
China	654	584
France	358	333
Brazil	102	106
Other	548	412
Total number of employees	11,910	11,035

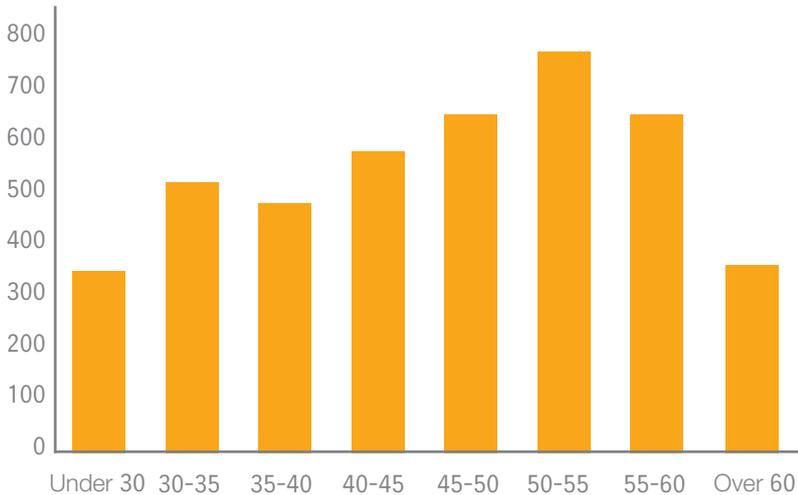
At the end of 2011, ICL had 11,910 employees, of which 44 were employed at ICL headquarters and the remainder at its subsidiaries. The increase in the number of employees from 2010 (see chart below) is primarily due to the contribution of human resources made by companies acquired by ICL during the period, as well as the employees hired as a result of the completion of investment in new facilities and increased production activities.





BREAKDOWN OF ICL EMPLOYEES AND EXECUTIVES BY AGE

Breakdown by age



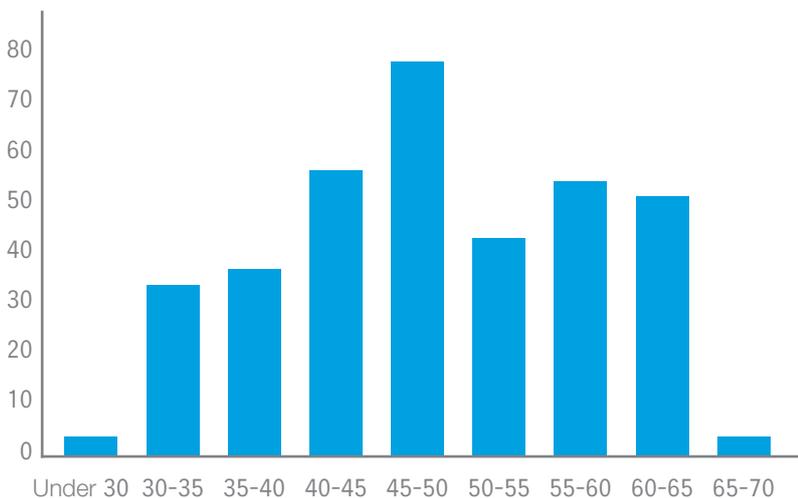
WOMEN AT ICL

As of the end of 2011, ICL employed 1,451 women (750 in Israel and 701 in other countries). Women account for 13% of ICL employees in Israel and 15% in ICL companies abroad. Women account for 19% of ICL's management.

MINORITIES AT ICL

As of the end of 2011, ICL employed 523 minority members (378 in Israel and 145 in other countries). Minority members account for 5% of the company's employees abroad and 8% in Israel.

Breakdown by age of ICL executives



Fair Employment

ICL's Code of Ethics defines rules for appropriate conduct for the Company and its employees, including respect for others, equal opportunity, prevention of discrimination and respect for the rights of employees according to the law and labor agreements. ICL attributes great importance to fair working conditions for all of its employees, including agency employees who are not counted as Company employees but work on Company premises. All agency employees receive information about ICL's Code of Ethics and are expected to respect it. The Company does not employ workers from agencies that are not committed to upholding human rights criteria and fair employment.

In addition, the Company does not employ children under the age of 17 in any of its locations, and does not employ persons under the age of 21 at its production sites. In 2011, ICL began to implement the preliminary stages of a labor law enforcement plan. The objective of the plan is to ensure that all of its operating activities are performed in compliance with labor laws through training, refreshment courses, audits by labor attorneys, documentation and control. To help assure the rights of agency employees, the Company invests in periodic monitoring by an external auditor to ensure that activities are carried out according to the law and the Company's regulations (compliance with the Goldshmidt Report). No risk of forced labor has been identified in any of the Company's sites, and any deficiencies identified are corrected immediately.

SALARY EXPENSES AT ICL USD THOUSANDS

	2009	2010	2011
ICL salary expenses	938,181	1,002,900	1,180,265

LABOR AGREEMENTS AND TEMPORARY WORKERS

ICL employees in Israel are employed either under collective labor agreements or personal agreements for ICL executives. Collective labor agreements are signed for a defined period and renewed periodically. By law, if no new collective agreement is signed, the terms of the agreement are extended for another year or indefinitely, as the case may be, unless one party submits a notice of withdrawal. Senior employees in positions of special trust and members of management are employed under personal agreements. These agreements are for an indefinite period and can be terminated by notice of a specified number of months in accordance with the agreements and the law. In Israel, 90% of the Company's employees are employed under collective agreements.

Seasonal employment at ICL is very limited and results from business needs, primarily to reinforce the manufacturing workforce, to control forest fires abroad or to replace employees during summer holidays. A small number of employees at ICL sites in Israel are employed through employment agencies for short periods of up to nine months in accordance with the law.

In addition, the Group has agreements with subcontractors in Israel for outsourcing special services which are not within the Company's core business and areas of expertise such as security, maintenance, catering and cleaning.

Of ICL's 11,910 employees, 562 are agency employees (45 in Israel and 444 abroad) and are defined as temporary employees without an expiry date for a contract.

Other outsourced workers at ICL are not reported, as they are hired on a project basis or to provide a unique or professional



service in their field of expertise that is not part of ICL's core business. According to a resolution of ICL's Board of Directors and its subsidiaries in Israel as of October 2004, agencies employing workers at ICL plants in Israel are required to pay their salaries according to terms that are beyond those required by the law. According to the resolution, the agency employers are required to pay a salary which is at least 5% higher than the minimum wage stipulated by law, as well as pension and severance fund contributions, convalescence pay, appropriate uniforms and holiday gifts. Such wages and benefits are reviewed by an external auditor for all Group companies.

ORGANIZATIONAL CHANGES

In ICL companies, organizational changes are implemented with the consent of the Workers' Committee. In all cases, all activities related to human resources are addressed in accordance with local legislation in each area of operation.

EMPLOYEE CHURN RATE

ICL is proud to be a leading company in employment stability. Most ICL employees work for the Company for many years, and in many cases, for decades. ICL offers its employees excellent employment conditions as well as professional and promotional tracks. Therefore, the churn rate of ICL employees is low compared to other sectors of the economy in general, and to the industry, in particular. When there is a decline in business activities, ICL also invests efforts to protect the rights of its employees. In 2011, 65 employees left ICL, representing 1% of all of ICL's Israeli employees. The churn rate decreased compared to 2010, when 79 employees left the Company, representing 1.5% of ICL's workforce in Israel.

PREPARING EMPLOYEES FOR RETIREMENT

ICL invests in efforts to help its employees to prepare for retirement. Some ICL companies hold a 6-14 day retirement preparation course covering various aspects of the transition from working life to retirement. The course includes lectures and workshops on a range of issues relevant to the new pensioner such as:

- The psychological aspects of retirement, the effect of retirement on family and marriage, and lectures by a sexologist about relationships and intimacy following retirement
- Lectures by an attorney about family property arrangements, including wills and estates
- Lectures on health, including proper nutrition and exercise, leisure and volunteering in the community
- Lecture on managing family economics, including income tax and national insurance rights

The frequency of the retirement workshops is determined by need, or when early retirement plans are put into force. Some of the meetings are also attended by retirees' spouses.

WOMEN'S EMPOWERMENT AT ICL

ICL works to promote women in the organization. For this purpose, a Women's Forum was established in 2011 to empower women, with the aim of building and reinforcing the role of women in the Company's executive management, establishing lateral relationships between women executives in the Forum, providing women with tools for empowerment and



Dr. Yifat Bareket
VP R&D
IP Industrial Products



Annat Tal
VP Products
IP Industrial Products

personal and management development, exposing them to the Company's executive management and mentors, and impacting the organization's culture.

The program will continue for two years, with meetings held bi-monthly. Forum participants are required to commit to the process and participate in all meetings. Active participation in at least one project initiated by the Forum is mandatory. The program is managed by a steering committee and Forum members.

The Forum focuses on three types of activities:

- Empowering and training Forum members:** Activities include addressing personal management dilemmas in the Forum, formulating personal management horizons, personal empowerment of women managers in ICL companies, exposure to managers in the organization, exposure to processes and topics on the ICL level, and learning methods and models for management.
- Promoting action at ICL:** This activity includes establishing a portal for leading women managers, an academic empowerment program in the organization, a mentoring program for new women managers in the organization, "roaming meetings" in the companies and exposure of the Forum to training and other forums in the companies.
- Contribution to the community:** This activity includes formulation of a social statement by the Forum which emphasizes issues related to excellence, utilizing the unique managerial and professional skills of women in the Forum for the benefit of the community, identifying target population/issues to promote social excellence and integration of the Forum's participants in the target field.



ROAMING MEETINGS FOR WOMEN EMPLOYEES BY ICL'S WOMEN'S FORUM

- Meetings of Forum representatives with women's groups in the plants
- Discussions about the Forum's core issues and personal/professional dilemmas
- Discussions about difficulties faced by women at ICL and coping strategies
- Exposure to as many women as possible
- Disseminating content about women's empowerment based on Forum discussions
- Creating a social/women's circle in the plant

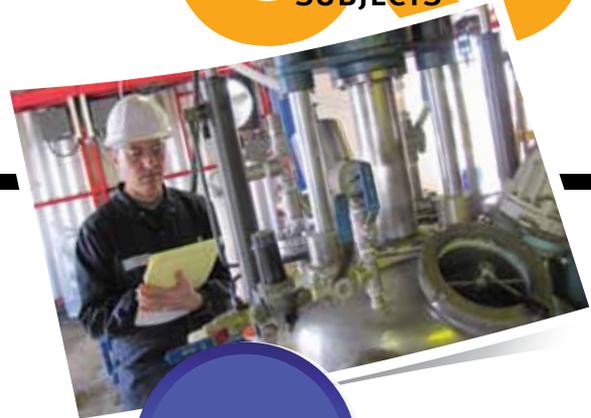
In 2012, the Forum promoted six major projects:

1. Adopting a women's organization
2. Mentoring new women managers
3. Roaming meetings for women employees
4. Academic empowerment in the organization
5. Personal and group training workshop
6. Inter-organizational mentoring by senior women managers at ICL

At the end of 2012, the project achievements will be presented to the ICL Management Forum.

Employee Training and Qualification

IN 2011, EACH ICL EMPLOYEE RECEIVED AN AVERAGE OF 68 HOURS TRAINING IN DIVERSE SUBJECTS



ICL invests regularly in the development, training and qualification of the Company's human resources. We are proud that most of ICL's middle to senior managers are promoted from within the Company. For synergetic development and training activities, a learning center was established in Israel that is focused on the development of organizational issues common to ICL companies, and the training and development of managers through professional courses, conventions and seminars. The learning center's management team includes development and training staff in the segments. In addition, periodic training is held at ICL's Learning Center and at training units at the companies, related to areas in which ICL maintains internal compliance programs, including restrictive practices, securities, safety, ecology, prevention of sexual harassment and ethics.

Other activities aimed at raising the professional level of ICL personnel include hiring professionals in different fields, conducting preliminary screenings and training courses (for operating and maintenance positions), and preparation of job descriptions (for operating, maintenance, safety, security, ecology and project personnel). In 2010, a Leadership



Profile for the ideal ICL Senior Manager was mapped with the goal of guiding efforts to develop, train and promote senior managers at ICL. Based on the profile, organizational development profiles were prepared, and the Company's processes for hiring and screening senior managers were formalized. In addition, development programs were established for all management positions, and processes were developed for planning managerial apprenticeships and manager assessment.

Safety and Health



Since the production of the Company's products often requires the use of hazardous substances and processes involving high pressures and temperatures, it is necessary that special precautionary measures be followed by all personnel involved in the production process. In fact, some ICL products, raw materials and production processes represent a high risk to anyone who deviates from correct safety standards.

To ensure the safety of the people at its plants, ICL is required to comply with strict occupational safety and health standards, which are prescribed by local laws as well as international and local standards. As a responsible employer with the highest concern for the safety of its employees, ICL invests extensive resources in measures aimed to improve occupational safety and health and to prevent accidents.

ICL is pursuing a goal of zero accidents. The multi-dimensional efforts of each company towards achieving this goal, pursued continuously over the course of several years, has resulted in a significant improvement in the safety and excellence record of each plant as measured in terms of a reduced number of accidents and near misses, and in improved work safety conditions.

Safety and health issues are included as part of the Company's collective labor agreements. These agreements include provisions such as mandatory medical examinations prior to employment and periodically after employment, hygiene standards and comprehensive discipline regulations in the event of safety violations.

ICL's safety committees include both management and employee representatives. Each committee is responsible for defining and implementing safety instructions, such as the mandatory use of personal protection equipment, periodic testing of employees, fines for safety violations, etc.

In addition, improvement teams operate at plants to develop and implement advanced and original ideas to improve safety. Contests with prizes for safety achievements are held annually to incentivize innovation.

ICL also has a Center of Excellence for corporate safety which is attended by safety officers from all Group companies. The forum discusses ICL's safety guidelines and policies, and makes presentations regarding safety events and activities at ICL companies.

ICL's detailed policy for health and safety includes the following principles:

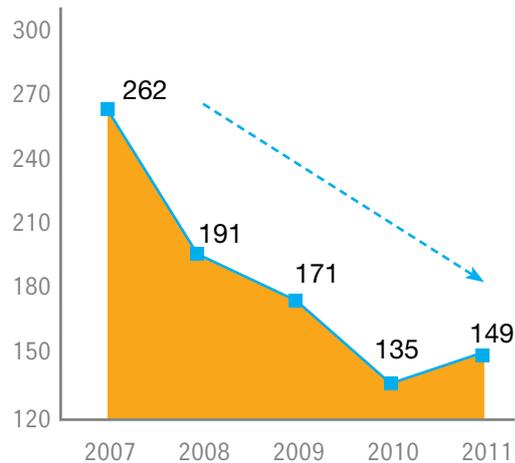
- Continuous improvement in the implementation of safety and health targets with the goal of achieving a 'zero accident' record
- Adoption of international standards and compliance with accepted international safety standards
- Encouragement of a high, uncompromising level of safety and health awareness among employees, service providers, construction contractors, transporters, suppliers and visitors to the plants
- Implementation of advanced procedures for behavioral safety, training and accident prevention



400%
IN THE PAST FIVE YEARS, ICL HAS REDUCED THE NUMBER OF ABSENCES BY MORE THAN 40%

TOTAL WORK ACCIDENTS (COMPANY + AGENCY) 2007-2011

Total work accidents (Company + agency) 2007-2011



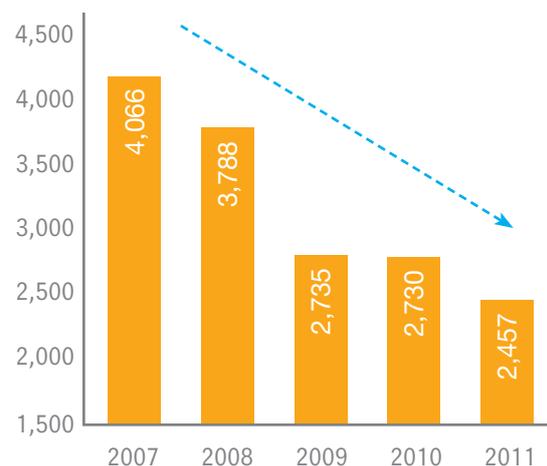
- Internal training, certification and drills to deepen safety knowledge and preparedness, usually held at the Group's general training center
- Testing and monitoring occupational and environmental health in work areas in compliance with regulations and beyond compliance
- Routine evaluation of health risks to prevent exposure of employees to hazardous products and processes at plants
- Periodic medical examinations for employees and operation of a system for occupational medicine and preventative medicine inside the plants, in cooperation with hospitals and experts in these fields
- System to deal with malfunctions outside of the plants

The safety committees in the segments and the plants periodically examine safety achievements and events, and evaluate progress towards the achievement of targets set in the Company's safety policy.

To ensure compliance with the provisions of the law and ICL's regulations, the segments implement a safety and health enforcement plan with routine internal and external audits. Accidents and near misses are tracked and analyzed in almost all ICL companies in Israel and in most ICL companies in Europe and the U.S.

The Company's safety activities, incident analysis and monitoring activities have paid off in a steady decline in work accidents and absences, as illustrated below:

Absentee days of Company employees





SECURITY

ICL invests great effort and resources to maintain the security of its operating sites, thereby protecting neighboring communities and plant employees from the hazardous materials at ICL's production facilities while also securing valuable equipment. The security policy of ICL companies is based on implementing strict Israeli and international laws and regulations, and goes beyond compliance. Security operations are performed in full cooperation with local security forces in the Company's areas of operation. In 2008, ICL began expanding its security system at its plants in Israel. Security issues are examined routinely as part of the Company's periodic internal control around the world.

In 2011, ICL completed a series of security projects at its Mishor Rotem (Rotem Amfert Negev) sites and in its Fertilizers and Chemical subsidiary. Furthermore, ICL performed a survey of its security measures at all ICL sites and offices around the world, and used the results to help it prepare improvement guidelines, including training and preparation of the companies for the C-TPAT US security standard.

DEAD SEA WORKS SEARCH AND RESCUE UNIT

Dead Sea Works' Search and Rescue unit was established in 2010 and is the only rescue unit in Israel operated by an industrial plant. Today, the unit has 65 employees from all the professional sectors of Dead Sea Works at Sodom. The establishment of the unit stemmed from an assumption that an earthquake could isolate the Dead Sea area from standard rescue forces for a number of days, and that it should therefore prepare its own search and rescue capabilities. The rescue unit consists of highly motivated individuals who volunteered for

INFORMATION SECURITY AND CYBER THREATS

ICL's management attributes great importance to securing its information and identifying and dealing with cyber attacks. Therefore the Company has implemented many steps related to the issue, including appointment of officers responsible for the area; approval of an integrative policy for addressing the issue and preparation of work plans in the segments on this basis; performance of risk surveys in all plants in Israel and several plants in other countries; frontal training for all employees to increase awareness and learn how to cope with threats; preparation and distribution of revised work procedures; heavy investment of resources in all segments to improve technological and physical protection against cyber threats, with emphasis on protection of the plants themselves; and investment of resources to comply with regulations of the State Authority for Information Security at the fertilizer plant.

All activities are managed and controlled by a number of ICL's Centers of Excellence with an emphasis on the IT Center of Excellence, together with the Computer Processing Center of Excellence and the Security Center of Excellence.

the unit and were carefully chosen according to their ability to function under pressure. The unit holds an annual emergency drill for an earthquake at all its plants. This is just one step that the Company has taken to prepare for the eventuality of an earthquake.

The Company intends to establish similar search and rescue units at other ICL companies.



EMPLOYEE HEALTH

As part of the Company's Code of Ethics, ICL is committed to safeguarding the health of its employees.

ICL continuously invests in promoting the health of its employees and managers through a variety of activities. The following activities are carried out in Israel:

Periodic medical checkups: ICL employees in Israel undergo periodic checkups at certified medical institutions. These screening tests examine the employee's medical condition, identify risk factors, track medical parameters, and, if necessary, refer the employee for treatment or continued medical follow-up by a family physician or specialist. The checkup specification is evaluated periodically with professionals and adapted to accepted professional medical standards and innovations in accordance with studies on preventive medicine and occupational medicine.

Occupational physician: ICL engages the services of specialists who advise the Company on a broad range of topics, including preventive medicine, employee hiring considerations, provisions to insurers, changes in national insurance laws, elements of working capacity tests for employees following an accident or illness, and the adjustment of jobs to employee health limitations.

Anti-smoking compliance program: beyond compliance with the law, the Company conducts anti-smoking training and information activities and a "stop smoking" course for employees.

ANTI-SMOKING AT DEAD SEA WORKS

Dead Sea Works held anti-smoking activities as part of the World No Tobacco Day on May 31, 2012. The objective of this day, which has been held annually since 1987, is to raise public awareness of smoking hazards and prevent tobacco-related mortality and morbidity, while reinforcing the battle against smoking among the general public and policymakers. The VP of Human Resources contributed to the events of the day, in an attempt to raise anti-smoking awareness among employees. Two testing stations were set up near the dining room at the Sodom site to test the oxygen levels in the blood, and anti-smoking personnel visited the plants and distributed educational material. Another station was set up in the lobby of the DSW's Beersheba office building, where educational material was also provided. The activity was designed to encourage smokers to quit, while raising awareness among passive smokers of the dangers of passive smoking. According to the World Health Organization, the use of all types of tobacco claims six million victims a year, 600,000 of them due to passive exposure.

Health plan: Over the past two years, ICL has implemented a health plan to improve employee performance and health (reduction of risk factors for heart disease and cancer, and



reduction of sick days), and to increase job satisfaction. The program includes three components:

1. On the personal level: individual guidance and encouragement of proper activities, fitness and nutrition
2. Work environment: raising awareness of an active lifestyle and healthy diet
3. On the service level: improving the nutrition system and adapting the service to a healthy diet

HEALTHY LIFESTYLE AT BK GUILINI

In line with the Company's interest in maintaining employee health, BK Giulini established a unique project to study the causes of work pressure, in close cooperation with its employees' council. In the pilot project, volunteer employees were trained as managers who presented the plan to employees (without their managers) in a number of departments. Following presentation of the program, participants completed an assessment questionnaire. The questionnaire's findings were discussed among the group and future actions were determined and presented to the department managers at a later stage. Following the success of the pilot, it was decided to implement the project in all departments.

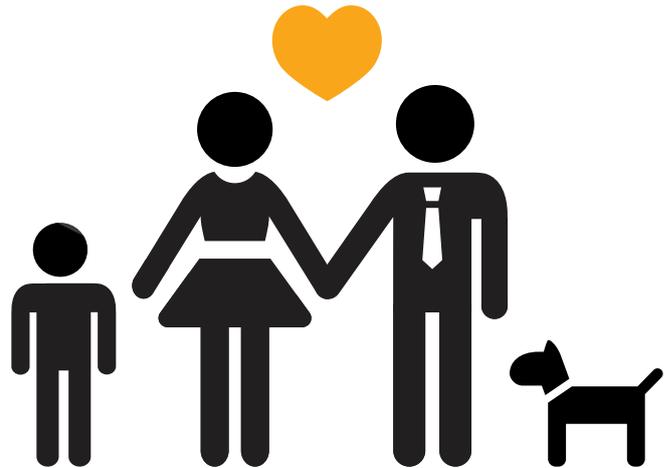
As part of the plant's employee health activities, it was decided to hold a Health Day with a variety of activities promoting a healthy lifestyle to provide relevant guidance regarding measuring blood pressure, diet and exercise.

SPORTS AT BK GUILINI

BK Giulini was one of the first companies in Germany to establish a sports club. The company has a long-standing tradition of an active employee sports club, and includes former employees and retirees as its members. In addition, in 2011, the plant hosted ICL's European football tournament. About 20 teams with some 200 male and female players, participated in the tournament, cheered on by hundreds of Company employees. The participants enjoyed sports, refreshments and entertainment during an unforgettable day in the spirit of fair play and ICL brotherhood.



Contribution to the Community



ICL believes that its success stems, in large measure, from the quality of the society and communities in which it operates. The Company depends on the community to provide the talented people that it employs, the consumers who buy its products, the residents of the communities and countries in which it operates and grants it concessions for the use of natural resources, and the young minds who develop the technologies of the future, enabling the Company to continue innovating and evolving. The Company's determination to contribute to and to be involved in the community is partially an attempt to repay the community for the substantial contribution that it makes to the Company's success.

In 2001, ICL's Board of Directors drafted a strategic policy for involvement and investment in society and the community. ICL's annual budget for community contributions is approved under this policy. In addition, as described below, ICL encourages its employees to participate in volunteer activities for the benefit of the community, and cooperates with and makes contributions to dozens of social and environmental organizations in diverse projects.

ICL invests efforts to support a wide range of groups and communities while focusing on flagship projects. Its projects in Israel's Negev, in particular, have continued for many years, and are directly related to its core activities as a major Israeli industrial company active in this regions.



FLAGSHIP PROJECTS

AFTERNOON CLUB PROJECT

ICL's flagship community effort is its Afternoon Club Project, through which it provides and staffs afternoon clubhouse activities for at-risk elementary-school children in different communities. The project includes the financial support needed to develop and maintain the clubs, together with the volunteer staffing of Group employees and retirees, whose close and active participation brings educational content and values to the children. Each of ICL's main companies has adopted a town, with each individual plant or department adopting a specific club in the town. Contributions made include volunteering by teams of employees, financing maintenance of club buildings, environmental development, installing computers and electronic equipment, donating games and books, and financing enrichment activities, trips and activities during holidays and vacations. In 2011, ICL employees and managers adopted approximately 60 clubs, and direct financial support totaled NIS 2.8 million, which was used for enrichment activities, trips and events. Thousands of volunteer hours were donated by employees, retirees and their families in their spare time.

EMPOWERING BEDOUIN COMMUNITIES IN THE NEGEV

For the past six years, ICL's Mifalei Tovola has organized extensive community activities in the Bedouin community in the Negev. The activities include a broad variety of projects related to welfare, health, education, culture, and the environment. In 2011, ICL invested NIS 1.5 million in activities in the Bedouin sector. All ICL companies participate in volunteer activities.



To promote volunteer activities, ICL is assisted by several professional organizations that it finances, including:

- **Sustainable Development for the Negev**, which operates a training and support system in Bedouin communities to promote preservation of nature and the environment.
- **Beit Issie Shapiro**, a community organization operating in Negev communities which promotes the advancement of people with special needs through educational services and professional support within their natural community. The organization also promotes education to accept children with special needs and to empower Bedouin children.
- **The Information and Counseling Center for Higher Education**, which exposes young Bedouins in the Negev to information about higher education and provides higher education counseling.
- **Liali Association for the welfare of children at risk**, which conducts activities to empower the Bedouin community, including clubhouses for children from homes under financial and emotional distress.
- **The mother and child station** at Rahat, which provides special equipment for children with motor and communication disabilities and professional support for parents of children with disabilities.
- **The Nature and Parks Authority**, in collaboration with ICL and educational organizations of the Authority and Bedouin society, which conducts activities to raise the level of awareness of nature preservation and environmental quality, while developing young leadership in these areas. The Authority conducts training and instruction for children in Bedouin communities, including in dispersed settlements, and operates wildlife feeding stations.

Examples of projects carried out under the program include the following:

WELFARE

- Operation of clubhouses for children from families with special needs. The clubhouses serve as a warm environment that provides assistance with homework, enrichment, extra lessons, social activities and computer skills.
- Individual therapy for developmentally challenged children, speech therapy and physiotherapy.
- The Children at Risk project meets the needs of children from disadvantaged families, including psychosocial intervention.
- Occupational rehabilitation center for people with emotional disabilities.
- Educational services for children with special needs in their natural environment.
- Operation of and assistance in kindergartens.

EMPLOYMENT AND HIGHER EDUCATION

- Encouragement of a business environment providing equal opportunities for employment of academics from the Bedouin society according to their training and skills
- Operation of a job placement center connecting employers to applicants, including a preparation and support process for applicants and workshops and an assessment center for screening and advancing applicants
- Training center for career and business skills
- Encouragement and support of youth to continue to higher education and choose a profession
- Operation of two education and consultation information centers to increase accessibility to academic education, system-wide support in coping with barriers in the



- community and in accordance with requirements
- Seminars, tours of educational institutions, assistance and guidance in preparatory courses, psychometric courses and English studies

ENRICHMENT, CLASSES AND TRIPS

- Diverse enrichment activities, such as sports, music, arts and crafts, and games
- Trips and activities, ecological summer camps, parties and children's birthday celebrations
- Classes in dental hygiene and proper nutrition
- Operation of the Chen Program to improve the attitudes of children and teenagers towards people with disabilities and developmental disabilities
- Creation of social infrastructure for activities and volunteer work within the community
- Locating and assimilating children in enrichment programs through the Weizmann Institute of Science

CONSERVATION OF NATURE AND THE ENVIRONMENT

- Long-term process to change environmental management through education, local authorities and neighborhood and community activities
- Conservation of biodiversity, landscapes and ecology through the education system in dispersed Bedouin settlements
- Training of Authority employees, support for ISO-14000 certification
- Joint project with Eshel Hanassi, a practical educational experience for students in the Bedouin society, linking environment, economy and agriculture

- Development of local young leadership and raising awareness of the need to maintain natural values together with heritage and way of life (e.g. shepherding)

Another example of the support provided by ICL for dispersed Bedouin settlements is the adoption of the Bedouin Desert Reconnaissance Battalion by Mifalei Tovala. Most soldiers in the reconnaissance battalion that monitors the borders with Gaza and Egypt are Bedouins from the Negev. The Company contributes resources to equip the battalion's special school, including the installation of Internet infrastructure.

SUPPORT OF HEALTH AND WELFARE

Contribution to Variety Israel

Until 2009, ICL provided funding to a foundation to enable it to acquire life-saving medication not included in the "basket" of Israel's National Health Program. After this lifesaving medication became included in the "basket", the management of the foundation decided, with the consent of its partners in the foundation, to transfer the balance of the project funds to Variety Israel to support children in distress. In 2011, ICL transferred NIS 250,000 from the balance to Variety Israel.

Contribution to ALUT - the Israel Society for Autistic Children

In 2011, ICL's Board of Directors agreed to donate an additional NIS 1 million to ALUT to help complete its Kfar Hairusim - Alut House for adolescents in Beersheba. The contribution was used to build two additional residential buildings, a work center and dining hall. This contribution completes a series of contributions made by ICL to construct Kfar Hairusim over the past four years. To date, ICL has contributed NIS 7.75 million to the project.



As part of its support for people with special needs, ICL supports mentally-challenged adolescents living in Kfar Rafael, a family community near Beersheba, and contributes equipment amounting to NIS 200,000 for their welfare. In addition, ICL companies' employees and managers provide the home with management and engineering consultation. ICL also contributed to Shanti House in the desert for youth who were forced to leave their homes around the country.

Contribution to Soroka Medical Center

In 2011, ICL donated NIS 1 million to Soroka Medical Center of the Negev, which serves the residents of the Negev, including ICL employees, plants, families and communities in which Group companies operate. In addition, in the summer, the children of employees assist in various tasks in the hospital, nursing homes, clubs, and community activities, in cooperation with the municipalities, and are paid by ICL companies. ICL focuses its community involvement in development areas in the Negev, Dimona, Yeruham, Arad, Beersheba and Bedouin communities in the Negev, as well as in the north of Israel, in Kiryat Ata, Haifa and Isfiya. These are all areas where most of its employees live, and their welfare and that of the community to which they belong is of special importance to ICL. ICL focuses its activities on children and youth with disabilities, women and children at risk, populations with poor socio-economic conditions, needy populations and populations with special medical needs, as well as supporting education programs that promote the study of chemistry, computer competency among children and young entrepreneurs, and awareness of the importance of industry. In addition, in 2011, ICL donated an ambulance to Rabbi Firer's Ezra Lemarpeh Association. The organization provides services to residents with disabilities in Beersheba and the environment. This reinforces the bond with the Negev and Rabbi Firer's

welcome and important activity in providing medical advice to needy families.

Donations to Aid Organizations:

ICL supports a variety of welfare organizations in the south of Israel, including the Hayim Association for the support of children with cancer and their families, the Al Sam association in Beersheba, the Nitzan organization for children with learning disabilities, Bat Dor dance company for children in Beersheba, the Arad branch of the Cancer Association, the Yad Sarah organization in Beersheba, the road safety association, an aid fund for new immigrants in the Negev and other associations and activities in towns and communities of ICL's employees in the Negev.

Adoption of Military Units

ICL companies, together with the Association for the Wellbeing of Israel's Soldiers, adopts several IDF units and bases, organizes joint activities and contributes to the wellbeing of soldiers. ICL has recently joined the Adopt a Soldier project and ICL Fertilizers has adopted the Desert Reconnaissance Battalion. The Company has committed to an annual donation of NIS 100,000 for three consecutive years, in addition to joint adoption activities and plans to absorb officers and soldiers to study and gain employment at ICL.

Contribution of Food Parcels

ICL companies reallocated the budget formerly used for holiday gifts (traditionally distributed to colleagues and other external parties at the Jewish New Year and Passover) to purchase hundreds of food parcels and gift vouchers for needy families in the Negev development towns and candy packages for children with cancer who are hospitalized at Soroka Medical



Center in Beersheba or undergoing daily treatment at the Soroka outpatients clinic (with the Hayim Association).

ACTIVITIES ON BEHALF OF WOMEN

ICL supports activities for the benefit of women, particularly at the Beersheba branches of Inbal and Maslan. In August 2008, a contribution of NIS 2 million over five years was approved for Maslan and Inbal, in equal parts. Inbal is a support center for child victims of sexual abuse. Maslan supports battered women and sexually abused women in the psychological and sociological rehabilitation process.

CONTRIBUTION TO THE COMMUNITY ENVIRONMENTAL INITIATIVES

The Company provided support to the following community environmental initiatives during 2011:

- Clean-up of the roads in the Arava Desert from Dead Sea Works to Eilat
- Refreshment stations on the eve of holidays and during the Sukkot and Passover holidays on the Arava road
- Maintenance of roads within nature reserves and scenic areas in the Negev desert
- Establishment of feeding stations for birds of prey by the Nature and Parks Authority to increase the number of birds of prey in Israel
- Assistance to hikers
- Support for regional cultural events, including walks, bicycle rides especially of associations for people with disabilities, and hikes

RESTORATION OF THE HISTORIC WORKERS CAMP AT DEAD SEA WORKS

In 2011, restoration began of the workers camp at Sodom that was used by the plant's employees between 1934 and 1957.

The Palestine Potash Plant, which was founded in the northern part of the Dead Sea in 1930 and expanded to Sodom in 1934, was one of the largest Zionist plants of pre-State Israel. At its peak, the output of this plant accounted for more than 50% of pre-state Israel's exports..

In pre-State Israel, Dead Sea Works was considered to be an exemplary model for industrial initiative, cooperation between Jews and Arabs, helping members of kibbutz communities to make a living, establish a vibrant social life and community under almost impossible conditions, playing an important role in protecting and preserving the Dead Sea area during the War of Independence, and, in short, realizing the Zionist dream.

In restoring the Workers Camp, the aim is to create a Visitors' Center, which will illustrate the plant's current and past activities. Dead Sea Works carries its heritage with pride and regards it as an integral part of the glorious industry established on the shores of the Dead Sea.

IN 2011, ICL'S TOTAL FINANCIAL CONTRIBUTIONS AMOUNTED TO NIS 18 MILLION. THIS AMOUNT DOES NOT INCLUDE THE MANY HOURS INVESTED VOLUNTARILY BY EMPLOYEES, SOME AT THE EXPENSE OF WORK ACTIVITIES.



SUPPORT OF EDUCATION AND SCIENCE

EMPLOYMENT OF PUPILS AND COOPERATION WITH VOCATIONAL SCHOOLS

ICL encourages vocational studies among high school students, in collaboration with industrial schools operated under the auspices of the Ministry of Industry and Trade. ICL employs about 60 11th- and 12th-grade students in four schools in the Negev: Amal Dimona, Atid Periclase, Amal Beersheba and ORT Arad. The students study four days at school and work two days a week at the plants, mainly in the maintenance and electricity departments and warehouses. At school, the students study in vocational tracks, and are awarded certificates in the following fields: electricity, welding, mechanics, automotive and machining.

Each student is assigned a Company employee to act as a mentor for school subjects and for practical vocational training in continuation of their studies, as well as to provide tools for coping with adult life, including taking responsibility, instilling a work ethic, accepting authority and social integration.

ICL is proud that most of these students join the army after graduating from high school, and then come return to ICL after the army to proceed in the profession they began learning earlier. As such, the Company believes that this program is highly important and makes a significant contribution to the community as well as to the the Company.

“WE HAVE CHEMISTRY” - ENCOURAGEMENT OF CHEMISTRY STUDIES IN COLLABORATION WITH THE WEIZMANN INSTITUTE

Over the past few years, interest in the study of chemistry has declined significantly, leading the Company to expect a shortage of chemistry and science teachers.

To reverse this negative trend, for four consecutive years, ICL and the Center for Relations between the Chemical Industry and the Educational System of the Department of Science Teaching at the Weizmann Institute have led a joint initiative to encourage high school students to study chemistry called “We Have Chemistry.” The purpose of the project is to use diverse and unusual learning methods to expose students to chemistry, to emphasize its importance and contribution to everyday life, and to demonstrate the relationship between chemistry and industry, the environment, society and the individual. An important activity is a national competition in which hundreds of students participate from dozens of schools around Israel. The project uses a professional team to provide students with close training and to connect students, when needed, between with scientists and engineers from academia and the chemical industry.

Students present the results of their projects in an exhibition, and projects that reach the final stage are presented at a prestigious conference.

During the year, special study days are established to allow pupils who registered for competitions to receive professional advice from experts in various areas of the media and guidelines for implementation. The project has a website that tracks the students’ progress during the year: <http://stwww.weizmann.ac.il/g-chem/learnchem>.



Participation in the national chemistry, industry and environment competition, “We Have Chemistry”

Year	No. of project participants	No. of participants reaching the finals	No. of schools reaching the finals
2008	220	115	22
2009	250	150	25
2010-2011	700	165	20
2011-2012	670	170	30

TAASIYEDA

ICL works in conjunction with the Manufacturers Association’s Taasiyeda to promote the study of industrial and environmental subjects in 40 schools in the Negev. As part of ICL’s cooperation with Taasiyeda, ICL has volunteered to run workshops at schools for the past two years.

Workshops were held in schools in Beersheba, Arad, Dimona, Kuseife, Segev Shalom and Yeruham. The workshops are designed to expose high school students to Israeli chemistry and industry studies. During the workshops, the students learned about the connection between chemistry and industry and the impact of chemistry on everyday life. The students learn about chemistry in general, and its use at ICL’s plants in the South; about bromine, potash and phosphates as raw materials and the outputs and products of ICL’s Dead Sea Works, Rotem Amfert Negev, Bromine Compounds, Periclase and Dead Sea Magnesium plants.

In each workshop, representatives of ICL companies describe the plant where they work and integrate a chemical experiment

associated with the plant. The uniqueness of the activity lies in the active involvement of ICL managers, R&D, marketing and environmental personnel, process engineers and geologists. ICL is pleased to cooperate with Taasiyeda in these enrichment activities and to encourage the study of chemistry, in particular, in view of the fact that in recent years, there has been a decline in the number of chemistry graduates, both at high schools and universities.

CONTRIBUTION TO ESTABLISH A FACULTY FOR SUSTAINABILITY STUDIES AT THE INTERDISCIPLINARY CENTER IN HERZLIYA

In 2010, ICL agreed to donate NIS 7.5 million to establish a Faculty for Sustainability Studies at the Interdisciplinary Center in Herzliya. The parties to the agreement include the Israel Corporation, Oil Refineries Ltd. and ICL. ICL’s share of the financing will be provided over several years through 2013.

The Effect of ICL Plants on the Economy



ICL is one of the largest sources of employment for residents of the Negev and Southern Israel. ICL employs over 5,000 people directly, and tens of thousands indirectly.

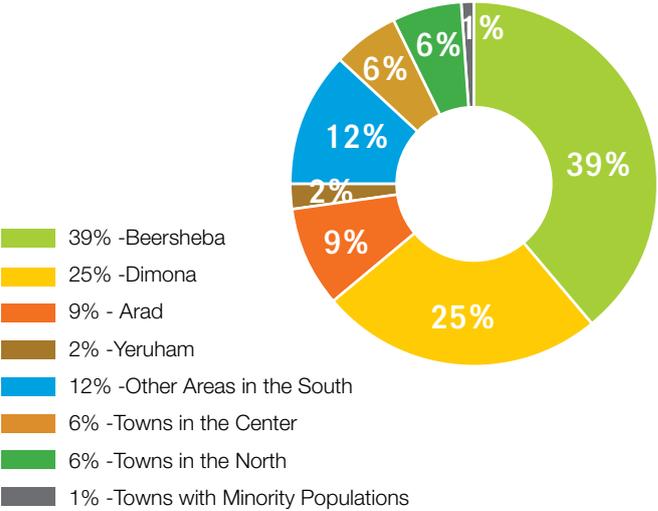
A study carried out by Dr. Mosi Rosenboim and Dr. Miki Malul of Ben Gurion University of the Negev evaluated the impact of ICL's large plants on the GDP of Israel's South and the entire country, as well as on employment. The findings demonstrate ICL's contribution to the local economy:

- ICL's plants in southern Israel account for 13% of the GDP in the Beersheba district and 1.3% of Israel's GDP.
- ICL plants in southern Israel account for 9% of employment in the Beersheba district and 1% of employment in Israel.

Based on these statistics, and without analyzing any external benefits or the multiplier effect, ICL plants in the South are a key factor in the economy of the Beersheba district and a significant factor in Israel's economy.

ICL's activities provide many other benefits for Israel and the southern party of the country, which are not reflected in the study. However, even without a quantitative analysis of these benefits, ICL's importance to the local economy is clear.

BREAKDOWN OF ICL EMPLOYEES BY RESIDENTIAL AREAS



About The Report

LIMITS OF THE CORPORATE RESPONSIBILITY REPORT FOR 2011

This report summarizes the activities of Israel Chemicals Ltd. for social, economic and environmental issues.

1. **Reporting period:** The report includes a summary of information for 2010. The report also includes information from previous years to allow comparison between years, identify trends and set future goals.
2. **Reporting cycle:** The last Corporate Responsibility Report of ICL was published in 2011 and summarized ICL's operations in 2010. The 2011 report was a full GRI report with level B. In 2010, two of ICL's three major segments, ICL Fertilizers and ICL Industrial Products, published corporate responsibility reports complying with level B of the GRI. ICL intends to continue publishing annual corporate responsibility reports according to the GRI principles. This report incorporates the Company's worldwide activities.
3. **Reporting limits:** The quantitative information in this report relates to ICL's three segments: ICL Fertilizers, ICL Industrial Products and ICL Performance Products. The performance of Dead Sea Magnesium is also reported. The information was collected from all ICL plants in Israel and dozens of production sites in other countries. Information about the environment presented in this report was collected from most of ICL's sites in the world, which account for 93% of the Company's total sales. It is important to note that this report does not include information about joint ventures outside the segments and that social information relating to foreign operations is only reported by central production sites.

4. **Report content:** ICL reports according to the GRI principles. This is an inter-segment initiative for socio-environmental reporting in businesses, with the participation of socio-environmental organizations and business entities. Additional information is available at www.globalreporting.org. The report complies with the requirements of Level B of the GRI and includes reference to the GRI sector supplement of the mining and metallurgy industry which is relevant to a number of ICL companies.

To allow periodic tracking of the main trends and processes of the corporation, the report includes information for a number of years. There have been recent changes in the organization and new companies have been acquired. Some of the reported trends related to environmental performance are affected by the material increase in production compared to 2009 and by new production sites that only began to report in 2011.

The issues in this report were selected according to GRI criteria, including the materiality criteria. ICL maintains constant dialogue with its stakeholders. For further information about the dialogue with stakeholders, see page 53. The highlights in the report and its structure are based on the diverse composition of ICL's stakeholders and with reference to feedback from the public and the regulators. Since ICL is an industrial company with production sites in Israel and other countries, emphasis is placed on the environmental impact of the Company, from the local-Israel aspect and from the global aspect. ICL includes the main environmental impacts on the corporate level as well as on higher levels of detail so that the report will be relevant for as many stakeholders as possible. The report presents the primary short- and long-term objectives of ICL and its stakeholders.



5. **Measuring methods:** The information was collected internally by the departments relevant to the environment, human resources, and Centers of Excellence of ICL, and by the corporation's headquarters. The reported information is a result of direct measurement of the issues under discussion and calculations when required (unless otherwise noted). To assess the trends in the Company in each of the reporting issues, an attempt has been made to provide information from prior years. Presentation of the information in the report was based on the GRI protocol.

6. **Changes in the report:** This is the second year that information has been collected from ICL's production sites throughout the world. Since the reporting infrastructure is still being created among ICL companies abroad, some companies reported partial information. Implementation of the reporting infrastructure will minimize future distortions and we expect continuous improvement in reporting quality. The significant change from previous reports of the segments and the Company is the material expansion of the reporting limits. The current report includes the Company's worldwide production sites. ICL does not submit the report for external assurance at this stage. In the long term, ICL sees itself as part of the global trend regarding integrated reporting. Integrated reports are annual reports that include all the financial information required from companies with reference to social and environmental issues. These reports will be submitted for external assurance.

ICL's Corporate Responsibility reports are distributed in English and Hebrew, in Israel and throughout the world, and are published on ICL's website.

ALL COMPANIES

ICL FERTILIZERS SEGMENT

Country	Location	Company	Main Activity
Israel	Rotem plain	Rotem-Amfert Negev	Phosphate rock mining and production of phosphoric acids and fertilizers
Israel	Zin, the Negev	Rotem-Amfert Negev	Phosphate rock mining and enriching
Israel	Oron, the Negev	Rotem-Amfert Negev	Phosphate rock mining and enriching
Israel	Sodom	Dead Sea Works	Extraction and production of fine and granulated potash
Israel	Haifa bay	Fertilizers and Chemicals	Production of fertilizers (mainly for Israeli market)
Israel	Omer, Zefa	Mifalei Tovala	Transportation and storage of cargo
Spain	Catalonia	Iberpotash	Mining and production of potash
Holland	Amsterdam	ICL Fertilizers Europe C.V.	Production of P, PK, NP and NPK fertilizers
Germany	Ludwigshafen	ICL Fertilizers Germany GmbH	Production of P, PK, NP and NPK fertilizers
U.K.	Boulby Mine, Loftus, Saltburn by the Sea, Cleveland	Cleveland Potash	Mining and production of potash
Turkey	Bandirma	Rotem-Turkey	Production of Calcium Phosphate products and industrial cleaning liquids
Israel	Beersheba	ICL Fertilizers Hq	Headquarters
Multiple	6 sales offices across Asia and America	ICL Fertilizers	Sales office
ICL-Special Fertilizers Segment			
U.S.A	Charleston	Charleston, Evriss	Production of coated (slow release) and blended fertilizers
Holland	Heerlen	Heerlen, Evriss	Production of coated (slow release) and blended fertilizers
U.K.	Ipswich	Nutberry Peat Works, Evriss	Extraction and production of growing media
U.S.A	Summerville	Summerville. Evriss	Production of coated (slow release) and blended fertilizers
Holland	Waardenburg	Evriss International BV	Headquarters and sales
U.S.A	Dublin, Ohio	Evriss NA Inc Dublin	Headquarters, sales, R & D
Spain	Totana	Fuentes	Production of custom fertilizers, NPK blends and solid fertilizers
Spain	Los Patojos	Fuentes	Production of custom fertilizers, NPK blends and solid fertilizers
Spain	Almeria Port	Fuentes	Warehouse & administration
Spain	Cartagena Port	Fuentes	Warehouse & administration
Belgium	Grobbendonk	Nu3 N.V	Production of specialty fertilizers
Multiple	11 sales offices across Europe (mostly), Africa and	Evriss	Sales office

ICL INDUSTRIAL PRODUCTS

Country	Location	Company	Main Activity
Israel	Ramat-Hovav	Bromine Compounds	Production of bromine based compounds, including flame-retardants, soil fumigation products and pesticides, oil drilling products, mercury emission control products and others
Israel	Rotem plain	Bromine - Periclase	Production of magnesium-based products used mainly in the food additive, pharmaceutical, steel transformer, rubber, vehicle and fertilizer industries.
Israel	Sodom	Dead Sea Bromine (and Chlorine)	Extraction and production of bromine
Israel	Sodom	Dead Sea Works - Dead Sea Salts Division	Production of various salt grades including table salt and magnesium Chloride.
Germany	Bitterfeld	ICL-IP Bitterfeld	Production of phosphorus based flame retardants
Holland	Zevenaar harbor	ICL-IP Terneuzen	Production of bromine based compounds for the pharmaceutical, pesticide, construction, plastics, flame retardants and other industries.
Ireland	Wexford	Medentech	Production of Aquatabs (water purification tablets).
France	Caffiers	Scora	Production of magnesium-based substances for the steel transformer and pharmaceutical industries.
U.S.A	West Virginia	IPA	Production of phosphorus-based flame retardants and hydraulic fluids for pistons.
U.S.A	West Virginia	Clearon	Production of chlorine-based water treatment products.
China	Jiangsu	Lianyungang Dead Sea Bromine	Production of soil fumigation products.
China	Shandong	Sinobrom Compounds	Production of bromine-based products, mainly flame retardants and water treatment products.
China	Jiaxing port	Jiaxing ICL Chemical Co.	Under construction; planned for production of bromine based biocides for water treatment purposes, and phosphorus-based FR:s is the next phase.
Holland	Amsterdam	IPE	Warehouse & administration
China	Zhejiang	Jiaxing ICL	Warehouse, administration and sales
Israel	Haifa bay	Novetide Ltd	Manufacture raw materials for pharmaceuticals
Israel	Haifa bay	IMI (TAMI)	Research & Development
Japan	Tokyo	ICL-IP JAPAN Ltd	Sales and warehouse
Multiple	4 sales offices across Asia, Africa and America	ICL IP	Sales office

ICL PERFORMANCE PRODUCTS

Country	Location	Company	Main Activity
Germany	Ladenburg	BK Giuliani Ladenburg	Production of phosphate and phosphate-based products such as food additives and products for paper, water treatment, construction and other industries
Germany	Ludwigshafen	BK Giuliani Ludwigshafen	Production of phosphate and phosphate-based products such as food additives and products for paper, water treatment, construction and other industries
Germany	Memmingen	Anti-Germ Germany	Production of hygiene and industrial cleaning products
Czech rep.	Praha	Anti-Germ Czech Rep.	Production of industrial liquid cleaning products
Austria	Neumarkt	Anti-Germ Austria	Production of hygiene and industrial cleaning products
France	Vaas	Anti-Germ France	Production of hygiene, water purification and industrial cleaning products
U.K.	London	Fibrisol Service London	Production of food additives
Germany	Weinheim	Fibrisol Service Muscalla	Production of food additives
Germany	Eisenbacher	Eisenbacher Dentalwaren ED GmbH	Production of dental alloy rods
Turkey	Bandirma	BKG Kimya	Production of water treatment products and products for the paper industry.
France	Aix-en-Provence	Biogema	Production of 100% APP based fire retardants
China	Jiangyin	BKG Jiangyin	Production of phosphate-based products and products for the paper industry, water treatment, pharmaceuticals, cosmetics and footwear industries
China	Shanghai	Shanghai Tari	Production of food additives
China	Angang	BKG Angang	Production of biocides, flocculants, scale-corrosive inhibitors and coagulants
China	Kunming	Yunnan BKG Tianchuang	Production of specialty phosphates for food and other industries
U.S.A	Carondelet, Missouri	ICL PP LP Carondelet	Production of phosphoric acids and phosphates for the food, water treatment, metal and other industries
U.S.A	Carteret, New Jersey	ICL PP LP Carteret	Production of phosphoric acids and phosphates for the food, water treatment, metal and other industries
Canada	Kamloops	ICL PP LP Kamloops	Production of forest fire fighting retardant
U.S.A	Lawrence, Kansas	ICL PP LP Lawrence	Production of phosphoric acids and phosphates for the food, water treatment, metal and other industries

U.S.A	Ontario, California	ICL PP LP Ontario	Production of long term fire retardants
Brazil	Sau Paulo	ICL Brazil Adicon-SBDC	Production of phosphates and compounds for the food industry and for industrial uses.
Brazil	Sau Paulo	ICL Brazil SJDC	Production of phosphates and compounds for the food industry and for industrial uses.
Israel	Mishor Rotem	Puriphos	Production of food grade phosphoric acid
Australia	Melbourne	Fibrisol Service Australia	Production of food additives
Hungary	Nyíregyháza	Anti-Germ Hungary	Production of hygiene and industrial cleaning products
U.S.A	Indiana	ICL PP Hammond	Production of specialty phosphates- corrosion and flash rust inhibitors to the paint and coatings industry
Mexico	Nuevo Leon	ICL Fosfatoso Aditivos Mexico SA de C.V.	Production of various phosphates
U.S.A	Montana	ICL PP Webster Groves	Research & Development
Germany	Dusseldorf	BK Giuliani GmbH	Research & Development
U.S.A	St. Louis	ICL PP Hq	Headquarters
Brazil	Sao Paulo	ICL Brasil LTDA	Headquarters
Multiple	25 sales offices across Europe, America and Asia	ICL PP	Sales office

ICL OTHER

Country	Location	Company	Main Activity
Israel	Sodom	Dead Sea Magnesium	Production of pure magnesium and magnesium alloys.

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Strategy and Analysis					
Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
1.1	Statement from the most senior decision-maker of the organization.	√	√	6-7	●
1.2	Description of key impacts, risks, and opportunities.	√	√	10-13, 58-62	●

Organizational Profile					
Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
2.1	Name of the organization.	√	√	30	●
2.2	Primary brands, products, and/or services.	√	√	19	●
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	√	√	31-32	●
2.4	Location of organization's headquarters.	√	√	31	●
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	√	√	28	●
2.6	Nature of ownership and legal form.	√	√	30	●
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	√	√	28	●
2.8	Scale of the reporting organization.	√	√	43-44	●
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	√	√	18-19, 28, 128	●
2.10	Awards received in the reporting period.	√	√	10-13	●

Report Parameters					
Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	√	√	6-7, 148-149	●
3.2	Date of most recent previous report (if any).	√	√	6-7, 148-149	●
3.3	Reporting cycle (annual, biennial, etc.)	√	√	6-7, 148-149	●
3.4	Contact point for questions regarding the report or its contents.	√	√	161	●
3.5	Process for defining report content.	√	√	148-149	●
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	√	√	6-7, 148-149	●
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	√	√	148-149	●

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Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	√	√	148-149	●
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	√	√	146-147	●
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	√	√	146-147	●
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	√	√	33	●
3.12	Table identifying the location of the Standard Disclosures in the report.	√	√	154-160	●
3.13	Policy and current practice with regard to seeking external assurance for the report.	√	√	149	●

Governance, Commitments, and Engagement					
Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	√	√	34-38	●
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	√	√	34	●
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	√	√	34-38	●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	√	√	34-38	●
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	√	√	37	●
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	√	√	37	●

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Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	√	√	36-37	●
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	√	√	34-38	●
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	√	√	34-38	●
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	√	√	34-38	●
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	√	√	61-62	●
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	√	√	38	●
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	√	√	38, 54	●
4.14	List of stakeholder groups engaged by the organization.	√	√	50-53	●
4.15	Basis for identification and selection of stakeholders with whom to engage.	√	√	50-53	●
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	√	√	50-53	●
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	√	√	50-53	●

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Disclosures on Management Approach (DMAs)					
G3 DMA	Contents	Reported in 2010	Reported in 2011	Page	Report
DMA EC	Disclosure on Management Approach EC	√	√	6-7, 28, 43-44, 144	◐
DMA EN	Disclosure on Management Approach EN	√	√	6-7, 45-46, 147	◐
DMA LA	Disclosure on Management Approach LA	√	√	6-7, 77-78, 106-107	◐
DMA HR	Disclosure on Management Approach HR	√	√	6-7, 42-44	◐
DMA SO	Disclosure on Management Approach SO	√	√	42-44, 131-132	◐
DMA PR	Disclosure on Management Approach EC	√	√	51, 60	◐

Economic performance					
Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
EC ₁	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	√	√	45-46	●
EC ₂	Financial implications and other risks and opportunities for the organization's activities due to climate change.	√	√	47, 58-60	●
EC ₈	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	√	√	47, 140-147	●
EC ₉	Understanding and describing significant indirect economic impacts, including the extent of impacts.	√	√	47, 147-148	●

Environmental					
Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
EN3	Direct energy consumption by primary energy source.	√	√	100-105	◐
EN4	Indirect energy consumption by primary source.		√	100-105	◐
EN5	Energy saved due to conservation and efficiency improvements.	√	√	100-105	◐
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		√	100-105	◐

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Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	√	√	104-105	●
EN8	Total water withdrawal by source.	√	√	110-113	●
EN9	Water sources significantly affected by withdrawal of water.	√	√	110-113	◐
EN10	Percentage and total volume of water recycled and reused.	√	√	110-113	◐
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	√	√	88-99	●
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	√	√	88-99	●
EN13	Habitats protected or restored.	√	√	88-99	●
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	√	√	88-99	●
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		√	88-99	●
EN16	Total direct and indirect greenhouse gas emissions by weight.	√	√	106-108	●
EN17	Other relevant indirect greenhouse gas emissions by weight.	√	√	106-108	●
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	√	√	106-108	●
EN19	Emissions of ozone-depleting substances by weight.	√	√	116-118, 120	◐
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	√	√	116-118	◐
EN21	Total water discharge by quality and destination.	√	√	112	◐
EN22	Total weight of waste by type and disposal method.	√	√	114	◐
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	√	√	88-99	●
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	√	√	63-65	●
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	√	√	39-40	●
EN30	Total environmental protection expenditures and investments by type.	√	√	47	●

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Social

Labor Practices and Decent Work

Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	√	√	129-132	◐
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	√	√	132	◐
LA4	Percentage of employees covered by collective bargaining agreements.	√	√	131	●
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		√	136-137	●
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	√	√	136	●
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		√	138	●
LA9	Health and safety topics covered in formal agreements with trade unions.	√	√	135	●
LA10	Average hours of training per year per employee by gender, and by employee category.	√	√	134	●
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		√	132	●
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	√	√	129-130	●

Social: Human Rights

Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	√	√	129-130	●
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	√	√	44	●
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	√	√	44	●

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Local communities

Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.		√	147	◐
SO2	Percentage and total number of business units analyzed for risks related to corruption.		√	44	◐
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.		√	44	◐
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	√	√	37	●
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	√	√	219-221 On the period report of ICL	●

אחריות מוצר

Indicator	Contents	Reported in 2010	Reported in 2011	Page	Report
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	√	√	63-65	●
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	√	√	63-65	◐

REPORT APPLICATION LEVEL

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures Output	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17		Same as requirement for Level B	
	G3 Management Approach Disclosures Output	Not Required	Report Externally Assured	management Approach Disclosures for each Indicator Category	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators Output	Report on minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report Externally Assured	Report on minimum of 20 Performance Indicators, at least one from each of: Economic, Environmental, Human rights, Labor, Society, Product Responsibility.	Report Externally Assured	Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either a: reporting on the Indicator or b explaining the reason for its omission	Report Externally Assured

* Sector supplement in final version.

SUMMARY OF PERFORMANCE

Reporting on Environmental and Social information has been expanded and includes all the main plants and group locations worldwide

	2010	2011	GRI
Business Aspects			
Financial Information			
Revenue (USD Thousands)	5,691,537	7,067,834	EC1
Expenses (USD Thousands)	4,345,410	6,322,532	EC1
Environmental Commitment and Responsibility			
Energy			
Direct Energy Consumption	20,497,179	20,129,702	EN3
Indirect Energy Consumption	6,155,087	6,322,532	EN4
Air Quality			
Nitrogen Oxide Emissions (NOx) (tons)	3,279	3,285	EN20
Sulfur Oxide Emissions (SOx) (tons)	5,401	4,915	EN20
EN20 particle Emissions (PM) (tons)	1,146	903	EN20
Water			
Potable Water Consumption (cu. M)	17,392,644	16,953,134	EN8
Non-Potable Water Consumption	54,089,750	51,278,065	EN8
Wastewater			
Wastewater (m ₃)	14,550,808	14,032,468	EN21
Social Commitment and Responsibility			
Employment			
Work Accidents	135	149	LA7
Lost of Work Days	2,731	2,457	LA7

To the reader:

This document includes the policy of Israel Chemicals Ltd. The document is updated as of its preparation date, as specified in the introduction. We have done our best to ensure that this document is true and accurate, however, as in any document; there may be generalizations, inaccuracies, errors or omissions. The complete and binding information for the public of Israel Chemicals Ltd is published in reports, including in the annual and quarterly reports.

We will be pleased to answer questions and receive comments, suggestions or any references.

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Statement GRI Application Level Check

GRI hereby states that **ICL - Israel Chemicals Ltd.** has presented its report "ICL 2011 - Corporate Responsibility Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 15 October 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a large, faint watermark of the GRI globe logo.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 20 September 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

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