Simply. Grow. Together

Adama
Corporate Social Report
2012-2013
ADAMA Agricultural Solutions Ltd. is the leading global manufacturer and distributor worldwide of crop-protection solutions.

The company is focused on the development, manufacturing and marketing of crop protection solutions.

The main products in the activity area are: herbicides, fungicides and insecticides

The company is characterized by its farmer-centric approach to product development, and strict standards of environmental protection and quality control.

Adama supplies efficient solutions to farmers across the full farming value-chain, including crop-protection, novel agricultural technologies, and complementary non-crop businesses.

In 2013, Adama ranked seventh in the world in the overall agro-chemicals industry.
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Chapter 1.
Introduction
Welcome to ADAMA
ADAMA - a name to bring our promise to life

Our new name Adama is Hebrew for “earth,” the essential element of farming. Our strong connection to the land represents our commitment to agriculture, as well as our down to earth, practical approach and culture.

We are very proud of our heritage in Israel and the “MA” ties us to our heritage as Makhteshim Agan, the original name of the company. We are equally proud of the fact that we operate in over 50 countries around the world today.

The “AD” in the name represents “Advancing the future of agriculture.”

The three A’s in our name remind us of our past, our present and our future and it is also the symbol for quality.

Our logo, a stylized “A”, reflecting the three A’s in Adama, is an arrow pointing upward, a simple, universal image of growth.

Three layers bring our brand visually to life.

- The core represents the farmer
- The body represents our partnership with our customers, partners, peers in the farming industry
- The outer envelope shows how we bring everything together for sustainable growth.
From the Chairman

Welcome to this year’s report on corporate and social responsibility. Across its pages, you will learn about the extraordinary activities and investments Adama has taken towards protecting and improving our community and environment.

Adama is one of the leading entities in corporate responsibility among ChemChina companies and those efforts are particularly significant for the ChemChina Group. ChemChina places great importance on responsible actions towards the environment and community, actions that are being documented in ChemChina’s own CSR report. Responsibility, though, is not just a slogan at Adama or ChemChina. It’s an approach we share towards our business. We are the ones who must bring value to all of our stakeholders - our shareholders, our customers, our employees and our communities. Protecting our planet is fundamental to those efforts.

A healthier environment helps our customers, the farmers, maximize their use of valuable land resources to defeat global hunger. Such change does not happen overnight. It requires vision, commitment and, most of all, persistent action.

And action is what you’ll find in this report. Learn about the new technologies Adama has introduced to reduce our carbon footprint. Take pride in the new programs Adama is sponsoring to identify, educate and develop tomorrow’s agricultural leaders. Marvel at the creative, interactive programs Adama sponsored to promote public awareness around agriculture and the environment.

We have accomplished so much, but more lies ahead. Better corporate and social responsibility comes from a culture of persistent improvement, the kind of culture you find at Adama. I am very proud of what we have achieved at Adama, but I’m even more excited to see what lies ahead in the future.

Yang Xingqiang
Chairman
From the CEO

Corporate responsibility are essential to our success

Adama has invested hundreds of millions of dollars in reducing the environmental footprint of our plants. We significantly reduced Total Organic Carbon waste with a new hazardous sewage treatment and eliminated harmful gases and odors at our factories with new monitoring systems. In addition, we increased clean energy usage, signing an agreement to supply natural gas to our plants. And not only do our Israeli plants run on clean energy, but so will our new power stations. The discovery of natural gas off the Israeli coast will only expand the scope of those efforts.

Learning and Education have always been important at Adama. A new series of seminars engaged business and academic leaders in developing creative solutions to some of our most pressing environmental and business challenges. Our affiliated Marie Curie and Archimede programs nurture future generations by providing outstanding high school graduates with advanced courses in chemistry and agriculture.

Significant resources went towards raising awareness around agriculture and the importance of protecting the environment. This activity is not just a contribution, but an investment, in the future alongside the communities within which we operate. The “Greenhouse Science – Scatter the Seed of Science” program established a network of science incubators to encourage the youth to learn about farming and urban agriculture. Our crop protection exhibit in Beer Sheva’s science park educates the public about the global food challenge. An agricultural farm teaches young people in Ashdod about good farming practices.

I’m proud that we have accomplished much, but there is more to be done. We will continue to look for ways to reduce our carbon footprint while working with farmers everywhere to improve crop yield.

Work together and we can overcome any obstacle. Let’s write an even better chapter for our next report – and for our children.

Chen Lichtenstein
President and CEO
From the CSR Officer

Smart business and good leadership are the core of CSR

Welcome to this year’s Corporate Social Responsibility Report. This report describes the extensive efforts Adama made in 2012-2013 to continue our journey of significantly enhancing our corporate awareness and responsibility.

Across its pages, you will read about many of the projects and efforts making Adama a better and more responsible company. We have hired more women and minorities. We have reduced our emissions and adopted clean energy. We have made great strides in workplace safety, improved the ecological profile of our products, and found new and creative ways to contribute to our communities.

Less apparent, though, are the efforts not so easily quantified or measured – leadership. Throughout the organization we have promoted employees to leadership roles. A new executive management team consisting of 23 leading group managers was created as part to expand our investments and believe in promoting from within. Their vacated positions were also filled through internal promotion, giving substance to the principle of providing the best opportunities for the most appropriate people. As these leaders guide Adama towards success, they will also lead the company towards creating a greener, more sustainable future.

CSR is about the ethics of being a responsible company, but it’s also about smart business. If we are to improve ourselves, we are to ensure an environment conducive to our business, so we must be able to communicate our values to all our stakeholders by setting a true example and “walking the talk”. CSR is a principle part of those efforts. In a world conscious of “Going Green” and diversity in the workplace, the CSR approach is our best answer. The companies that report with authenticity and integrity will win business.

Any project as complex as the CSR report involves the effort and hours of many, many people. A big thanks to Efrat Kravchinsky and the teams all over the globe for producing such an attractive, informative report. And a special thanks to all of you for it is you who have made CSR possible.

Happy reading,

Michal Arlosoroff
General Legal Counsel, Secretary & Corporate Social Responsibility Officer
From Vision to Action
Creating Simplicity in Agriculture

Farming is complex and full of challenges. At Adama, we recognize that in order to make a genuine difference, we can’t do this alone. Neither can farmers. So we will work together with our partners around the world to find ways to simplify it.

We will work passionately in the field, in the office, and in our lab and production sites to provide simple, practical solutions that are made with everyday use in mind. Farmers save time and energy whilst improving their yield. We know from experience that even the smallest change in design or application can make a vast difference, and that the best ideas are created through close collaboration.

We will connect people through relationships across the global farming community in an honest, open and agile approach. We will use digital technology to build and run a powerful network that brings people together.
Our core purpose will be achieved through several strategic initiatives:

**Building the hybrid offering**

With today’s challenges, farmers need to produce more with scarce resources. At Adama, we are in a unique position to leverage our R&D, extensive registration capabilities, and broad portfolio of active ingredients to tailor innovative yet simple solutions for farmers, to help them overcome these challenges.

The Hybrid Offering is a portfolio of “agricultural solutions,” comprised of over 120 AIs and over 1,000 mixtures and formulations, many of which are innovative. It creates customer value by balancing off-patent and innovative products and services, customized to suit all farmers.

With an eye on environmental impact, farmers are moving towards on-demand, precision agriculture, and our current and future R&D efforts in novel agricultural technologies will focus on offerings for on-demand application of fertilizer and crop protection chemicals.

Our team’s unique knowledge and experience in tandem with strong relationships with major Israeli research institutions lets us tap into the cutting edge agricultural practices and technologies originating from Israel, a major source of innovation in both technology and agriculture. This, together with our strong links in China, provide us with new sources of innovation and inspiration.
From China forward: Building and leveraging a uniquely positioned China platform, as a foundation for global leadership

Our partnership with ChemChina, and the acquisition of several ChemChina businesses, brings Adama closer to our goal of becoming the first truly integrated global-China player in the crop protection industry. The cost savings and efficiencies we will achieve through backward integration of manufacturing, formulation and global supply chain and logistics capabilities will enable us to provide better, more effective solutions to our customers in China and throughout the world.

The crucial foothold we are gaining in the center of China’s AgChem ecosystem, Jiangsu Province, enables Adama to serve as a bridge between China and the International market.

In the highly fragmented Chinese market, in which the top ten companies held a combined market share of 20% in 2013,

Adama expects to become the standout agrochemical leader in China, and ultimately use this as the springboard to become one of the top players globally.

Focus on Developing Markets

Crops, climates and planting seasons vary across the globe, and at Adama we are uniquely equipped to provide economically feasible solutions and agrochemical knowhow to these diverse geographies.

In particular, our presence in emerging markets is strategic, indeed half of our sales in 2013 came from emerging markets, and we expect our growth there to outpace developed markets. In key locations such as Brazil, Central and Eastern Europe and India we have established direct market access and distribution capabilities, enabling us to address the food challenges.

Grow Revenues and Increase Profitability to Achieve Sustainability

Our ability in the long term to contribute to economic prosperity depends on our ability to develop and expand. To this end, we must continue to grow profitably while improving our competitive capabilities, expand our product portfolio while enhancing its uniqueness, and grow our geographical presence.

Shifting to a more differentiated, higher-margin product portfolio along with unique mixtures and
formulations and innovative and novel products will drive revenue growth, along with increased penetration of high-growth markets. We further believe that our investment in developing local manufacturing footprints in China and India will lower costs, improve manufacturing efficiency and distribution logistics and reduce inventory requirements in many markets worldwide.

Taken together, these will impact our ability to keep our business healthy, and continue providing valuable solutions that simplify the lives of farmers across the globe.

**Fulfill Rebrand Initiative and Global Portfolio Integration**

As part of our efforts to “Create Simplicity in Agriculture,” we are integrating our business across the globe, streamlining all of our companies under the new, unified “Adama” brand, a name that signifies our commitment to agriculture, the land and the farmer.

Consistently putting farmers at the center, we are simplifying hundreds of brand and product names by migrating to two a new brand architecture of two distinct product umbrellas, Advanced and Essentials. These new product lines will be differentiated through their innovative and unique packaging that will help farmers practically in their daily lives. Over the long term, we will also introduce digital solutions which will enhance direct communication and interaction with distributors and farmers globally.

Through these initiatives, we expect to enlarge the impact of Adama and our products, for greater food security and simplicity in farming.

"Our perspective is best described as ‘farmer-centric’. These men and women are on the front-lines in our common war against global hunger.

It is for our future generations that we dare to be different, to challenge conventions and assumption, in order to bring the good and services that will help them win this war.

*Ignacio Dominguez, Chief Commercial Officer*
Our Promise
Three everyday words to guide us into making a lasting difference to farming everywhere, whilst ensuring the sustainability of our company.


‘Simply’ bringing the right solutions to the right place at the right time. These are ways we will help improve the quality of life of farmers and their families.

‘Grow’ takes us beyond exceptional support in the field. We will provide assistance and guidance from sowing to sales and help farmers re-establish their deserved status in the community.

‘Together’ is about delivery and progress. As employees, as farmers as custodians of the land, we will work together to find ways to create simplicity and enable growth. Farming is too important for one person or business to lead the agenda alone: we all need to share the responsibility.
Adama At A Glance

Sales
$3,076 M

Gross profit
$968.1 M

Net Income
$127 M

4,564 Employee
336 New Registration
33 Product Launches
5 Synthesis Plants
14 Formulations Plants
About 1400 Different Formulations

$968.1 M
$127 M
Over 50 Subsidiaries
In 45 Countries Around the World

Adama Sales 2009-2013
USD Billions

Sales By Geography 2013

North Americas  17%
APAC & AME  21%
Latin America  25%
Europe  37%

2009  2.21
2010  2.36
2011  2.69
2012  2.83
2013  3.076
ADAMA’s crop protection products area includes research, development, and production, product licensing and marketing of products which enhance crop quantity and quality by protecting crop yields against the damaging and destructive effects of a variety of weeds, pests and fungi.

The company manufacture and sell a broad range of crop protection products that are divided into three main categories based on their uses:

**Herbicides**
Products that prevent or reduce weeds that compete with crops for nutrients, light and water. Herbicides can be subdivided into (1) selective herbicides, which are crop specific and control weeds without harming the crop, and (2) non-selective herbicides, which reduce or halt the growth of all vegetation with which they come in contact. We sell both selective and nonselective herbicides. Our best-selling herbicides are designed to protect soybean, corn, cereal, rice and cotton.

**Insecticides**
Insecticides are products that control insects and other chewing pests, including caterpillars and sucking pests such as aphids, which reduce crop yields and quality. Our insecticides are designed to selectively control such insects or pests without damaging or destroying the crop itself.

Our best-selling insecticides are designed to protect fruits and vegetables, corn, cotton and soybean.

**Fungicides**
Fungicides are products that prevent and cure fungal plant diseases that affect crop yield and quality. Demand for fungicides decreases when weather conditions in the growing season are dry as the outbreak of crop diseases is much smaller during such seasons.

Our best-selling fungicides are designed to protect grains, fruits, vegetables, soybean, vines and rice.

Our crop protection solutions are also developed and adapted for use in seed treatment as well as for non-crop uses such as protection against weeds, pests and disease in roadsides, forests, lawns, parks, institutions, the wood and paint industry, animal health and private facilities, homes and gardens.

We are a private company, held by:

60% ChemChina
40% Koor

2013 Product Segmentation

Herbicides 49%
Insecticides 24%
Fungicides 15%
AgChem 4%
Others 8%
New Organizational Structure

In 2014, we announced significant changes to our organizational structure to improve strategic execution and focus, which is built on the strengths of our existing strong management team and we believe will foster alignment and increased team work.

The key component to our new structure include reorganizing our commercial units into seven commercial clusters: North America, Brazil, Latin America Asia Pacific, North Europe, South Europe; and India, Middle East and Africa. We expect that we would add an eighth cluster for China once we grow and establish our operations in the region.

These changes are being implemented gradually and will be completed by the end of 2014.

“Successful companies are able to tap their best resource - their people, which makes me particularly excited by our new management team. The 23 men and women comprising this team came from teams and regions across Adama. They know the DNA of Adama are well poised to help lead our business to an even more successful future.”

Chen Lichtenstein, Adama’s President & CEO
- IMA includes India, Middle East and Africa
- APAC includes Australia, NZ & SE Asia
- IDR includes Innovation, Development, Research and Registration
Our Global Footprint

- **8** development and registration hubs
- **2** chemistry R&D centers
- **100** local registration capabilities in over 100 countries
- **120** sales in over 120 countries

We operate 8 Development and Registration hubs located in Europe, Israel, Latin America, U.S. and Asia. We have developed local registration capabilities in over 100 countries, generating 320 new registrations in 2013 (excluding renewals and label extensions) and 1,300 new registrations in the last five years.

This has provided us with a vast portfolio of a total of 4,500 registrations globally, enabling us to provide solutions to farmers for the major crops in all regions.

We operate 3 R&D facilities in Israel, India and Brazil, with a new R&D center under development in China.

Our facilities in Israel have been certified under Good Laboratory Practice standards.

As of December 31, 2013, we had approximately 200 employees dedicated to research and development.

We have synthesis facilities for the manufacture of our crop protection products at a number of locations in Israel, Brazil, Poland, Mexico and Colombia. Approximately 37% of our products’ active ingredients are produced in our manufacturing facilities, with the highest portion being produced at our facilities in Israel.

Our formulation and packaging operations, which require less complex facilities, are often conducted at one of our plants located closer to the intended customer base.

We operate 17 chemical formulation and packaging plants in Israel, U.S, Colombia, Brazil, Mexico, Spain, Italy, Greece, Poland, South Korea, and India. In addition, we also have agreements with third-parties around the world for various outsourced formulation and packaging services.
- More than 45 subsidiaries
- 65 -PHDs & other higher degrees in the sciences or technology
- 4,600 registrations globally
- <50 More than 150 Registration employees globally
- >300 >300 AIs 120 Centrally managed AIs

HQ        Subsidiary Development & registration center Chemical R&D center

US        Germany        Switzerland        Israel        India
Brazil        Colombia        China
The Story of ADAMA

1940’s
Agan’s Chemical Manufactures was founded (1945)
Makhteshim Chemical Works was founded (1952)

1970’s
Focused on chemistry and Technology

1980’s
Built regulatory capabilities and expanded global presence in Europe
For many years, we have helped farmers turn the desert green in a sustainable way and enabled a whole nation to flourish. With each decade, we have extended our capabilities and grown into a global company, attracting valuable people, organizations and partners that contribute their individual culture and experience every day. Through our people, products and knowledge, we offer new and better solutions to simplify the lives of all farmers across the planet.

Our promising partnership with ChemChina has started another chapter in our story. The mutual benefits of our merger will be felt beyond China, as we move to strengthen our global leadership.

Together, as one organization, we empower our people to support farmers and the world’s farming community.

Matching the needs and experiences of farmers, to improve yields and simplify farming practices, using less land and requiring less input.

With our lifelong focus on innovation and passion for simplifying the life of the farmer, today Adama is set to help meet the vital needs of global agriculture, to do our part to feed a vast and growing population.

A story of vision, entrepreneurship, and creativity

1990’s
- Extended global footprint in key European countries & in Latin America
- Merged Makhteshim & Agan
- Public listing

2000’s
- Broadened product portfolio through acquisitions
- Entered the non-crop market segments

As of 2010
- Business model transformation, differentiation and innovation. From products to market orientation
- Merger with ChemChina
- New brand – ADAMA
- New organizational model
Chapter 2.
Our Stakeholders
Our stakeholders influence the company, and the company and its activities, in turn, influence them.
The following is a description of our stakeholders and our commitment to them.

**Employees**
Our employees are our most important resource. We are committed to providing a workplace that is healthy and safe, to rewarding work with fair compensation and appreciation, and to providing many opportunities for personal and professional advancement.

We maintain constant communication with our employees via several channels: Yammer, periodical newsletters and internal organizational messages. We inform our employees about the company’s processes and hold personal dialogue with the employees concerning their individual issues.

We post new positions in our internal system and priority is been given to internal candidates.

**Customers & business partners**
We believe that business relationships based on fairness, integrity, and mutual respect are the key to our long-term success. To this end, we invest significantly in safety of our products and endeavor to manufacture products and use operating procedures that conform to the highest international standards of quality.

We encourage direct communication with all our business partners, as we strive to better understand their needs and encourage them to give us feedback and raise any concerns and issues they might have.

This constant dialogue allows us to tailor crop protection solutions to our customers and better address their needs.

Over the long term, we will offer digital solutions which will enhance direct communication and interaction with our distributors and farmers globally.

**Suppliers**
In our relationships with suppliers, we strive to conduct business in ways that are legal and fair and that are based on clear and established procedures. We consider it of utmost importance to work only with suppliers who abide by all relevant laws, including those related to employee rights, health, safety, environmental protection, and other factors.

**Community**
As good corporate citizens, we embrace our responsibility to contribute to the communities in which we operate.

Our active involvement in the community and our contributions to community-based organizations are inseparable strategic components of our business plan, and we allocate significant financial resources to these areas on an annual basis.

**The Environment**
As an industrial group with production plants around the globe, we are aware of the environmental effects of our activity and strive to minimize these effects throughout the lifespan of our products, from the development of production processes during the R&D stages, through constant improvements in production processes, to distribution processes and the products themselves.

Adama is committed to environmental protection, and we invest significant monetary and organizational resources to improve continuously our environmental profile.
Chapter 3.
Corporate Governance
We aspire to conduct our business according to the highest standards of integrity, fairness, reliability, transparency and responsibility – standards that we believe are essential for our long-term success and serve as the basis for all the Group’s operations.
The acquisition of the Chinese companies

On October 2014, ADAMA engaged in an agreement with, China National Agrochemical Corporation (CNAC), ADAMA’s parent company, pursuant to which, ADAMA will acquire control of businesses in China, with 2013 total sales of approximately $850m.

Once finalized, the acquisition is expected to raise the ADAMA’s revenues close to $4bn and give ADAMA a major foothold in the Chinese market, which is expected, over time, to become one of the Company’s key growth engines. ADAMA expects to close the transaction during the first half of 2015.

The board of directors

Adama’s board of directors consists of 9 directors – 5 directors were appointed by ChemChina and 2 directors were appointed by Koor. In addition, two external directors were appointed by the Board of Directors (one upon the recommendation of CNAC and one upon the recommendation of Koor).

The positions of chairman and CEO are held by two different people from among the members of the Group, and none of Adama’s employees is a member of the board of directors.

There are currently three standing committees of the board of directors: the Audit Committee, the Financial Statements Review Committee and the Compensation Committee.

Audit Committee

The audit committee is responsible for supervising all the Group’s activities and ensuring that they are conducted in compliance with all the legal provisions.

The Audit Committee discusses, among others, the reports of the external auditor and other issues that are brought before it, examining internal controls and internal auditor’s performance, establishing procedures for the handling of employees’ complaints and setting the criteria for, and determining the approval procedures of transactions that are both non-extraordinary and non-negligible.

Financial Statements Review Committee

The committee is responsible for considering and making recommendations to the board of directors on our financial statements.

Prior to the approval by our board of directors, the committee reviews and discusses the financial statements and presents its recommendations.

Compensation Committee

Adama appointed a compensation committee following the enactment of Amendment 20 to the Companies Law, 1999. On December 24, 2013, this committee adopted a remuneration policy (as amended on November 9, 2014) applying over and regulating the remuneration of the senior management members. This policy and its amendment were published by the company on December 25, 2013 and November 10, 2014, respectively.

On December 24, 2013, the Company’s shareholders and its Board of Directors also approved adopting a long-term incentive plan for the officers and other employees in the Company, which granted options exercisable to Company’s shares.
We at Adama think of integrity as a destination and our company’s Code of Ethics and Business Conduct is the map we use to get there. Our code of conduct sets out the rules concerning Adama’s commitment to its employees, the employees’ responsibility to the company, business ethics, community relations and responsibility for appropriate behavior. It provides information to help us work fairly, and honestly when dealing with government authorities, suppliers, consumers, competitors, our employees and to the community in which we operate.

This code of conduct was reviewed and amended by the board of directors on November 2014.

Assimilating the code of ethics

The process of implementing the code of ethics began in 2009 when the first code of ethics was approved by the board of directors. On August 9, 2012, the board of directors ratified the adoption of a zero tolerance policy toward bribery and corruption by anyone at Adama, and an update of the Company’s code of ethics.

On November 15, 2012, the board of directors ratified the adoption of an anti-trust enforcement plan in order to integrate the laws of anti-trust into the company’s processes.

On August 7, 2014, the board of directors approved the adoption of an Anti-Bribery and anti-corruption compliance program, which is another, curtail corporate governance instrument that supplements the company’s code of conduct and the company’s anti-bribery and anti-corruption zero tolerance policy. As mentioned above this code of conduct was amended on November 2014.

The Ethics Officer

To ensure ethical behavior throughout the Group, we have appointed an Ethics Officer to handle ethics-related complaints in a professional and confidential manner. Processes established by the Ethics Officer are aimed at making it easy for employees to seek advice or counseling regarding any ethical questions, dilemmas or complaints, and to assure that all queries are handled.

The Group’s Ethics Officer is responsible for serving as a contact point for related complaints.

See our full code of ethics

Our Values

How we bring our purpose to life is just as important as knowing what our purpose is.

Our values are our ethical compass. They describe what is important to us, and how we intend to hold ourselves accountable for our actions and behaviors.

We have four values:

Getting it done
We are proud of how we roll our sleeves up and get things done. This deeply engrained value reminds us of how important it is to deliver on our promises. But the way we deliver on them is also extremely important. Meeting new challenges with optimism and high energy is part of who we are and why our customers and stakeholders value working with us so much. We have some big challenges and changes ahead so staying true to this value will be a test of our true strength and composure.

Creating simplicity
Typically we need to move through complexity to arrive at a simple solution. Creating simplicity challenges us to go beyond what is just functional, workable and effective to create something that has simplicity, beauty and elegance. In an ever-complex world, part of our contribution is to create solutions that are accessible, easy to use and which work. Simple.

Empowering people
If we are to become an ever more power force in the industry, we must learn to better tap into the talents and expertise of our people. Empowering our people requires us to lift our expectations and create the conditions for others to succeed and grow. Building confidence, coaching, mentoring, engaging, inspiring, providing resources and when necessary getting out of the way, all contribute to this vital value.

Passion
We are passionate about agriculture, what we do is good for society. This value reminds us that work is a personal, emotional business and that we need to match our passion with high levels of professionalism and responsibility. It requires us to ask the question what is it that switches ourselves and others on? When we connect what we do with our desires, hopes, fears and expectations we create the possibility of doing something exceptional.
Chapter 4.
Our People
4,564
Adama no. of employees around the world, In 2013

495
New hires in 2012-2013

25%
Women of our total workforce
Human Resources Management

Simply is the way we want to interact and communicate with each other – open, pragmatic, and straight-forward.

Grow is the ultimate goal for every employee to progress on a personal and professional level and help the company to prosper.

Together is a call to work for the same goals across countries, functions and hierarchies.
Management Approach

We, at Adama, enable our employees to develop and work in a business environment that offers them many opportunities. We enable them to identify with a meaningful common goal, and provide them a clear ethical framework as well as a supportive work environment.

Our approach include:

- Believing in the right of every person to earn a livelihood with dignity and to benefit from opportunities for personal growth.
- Recognizing that differences in age, race, gender, nationality, sexual orientation, physical ability, thinking style and background bring richness to our work environments.
- Respecting the right of its employees to unionize freely and to conduct collective negotiations, and it maintains proper and fair relations with all the workers committees at its sites.
- Developing Global processes and tools for the entire group with adaptations for the unique local needs of each one of the companies.
The employment conditions are established in collective agreements, personal contracts or other arrangements in accordance with the relevant laws in the various countries. In many cases, the Group has established employment procedures and policies above and beyond the standards required by law.

**Minimum wage**
In most of the companies in the Group, the salaries are higher than required by law in that region.

**Creating fair remuneration**
Adama gives its employees all the benefits required by law and, in many cases, it even goes above and beyond the legal requirements.

To help us define criteria for salaries and benefits, we conduct annual surveys that focus on parallel/similar industries in Israel and around the world. Our goal is to provide levels of remuneration that are equivalent to those in local markets, or to surpass them.

The benefits that we give to our employees in Israel include health insurance, loss of working capacity insurance, allocations to savings plans and pension funds, etc.

**Freedom of Association**
Adama recognizes the right of its employees to join trade unions, to conduct collective negotiations and to enjoy all the rights available to them through their membership in those unions. We have never restricted our employee’s freedom of association, and we continue to support the process of collective negotiations and to protect all the rights of Group employees.

Approximately 39% of our employees are represented by collective bargaining agreements which generally cover pay rates, working hours, other terms and conditions of employment, certain employee benefits and orderly settlement of labor disputes.

**Human rights**
Adama is committed to protecting the human rights of all its employees. We ascribe great importance to this value and view it as the cornerstone of all our activities.

**Full-time vs. Part-time employees**
At the end of 2013, 99% of the Group’s employees were working in full-time jobs.

**Permanent vs. Temporary employees**
Adama prefers to employ its personnel on a permanent rather than a temporary basis.

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### Employees by department 2013

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<th>Department</th>
<th>Percentage</th>
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<tr>
<td>Administration</td>
<td>5%</td>
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<tr>
<td>Sales &amp; Registration</td>
<td>11%</td>
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<tr>
<td>R&amp;D</td>
<td>40%</td>
</tr>
<tr>
<td>Production</td>
<td>44%</td>
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ADAMA is committed to providing a safe work environment for its employees, and strictly follows all relevant law provisions in order to protect the health of its employees. In order to ensure a safe work environment, the Company implements a safety program in each of its installations according to the nature of the activity executed there.”

ADAMA Code of Ethics
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basis so the vast majority of its employees receive full salary and benefits. At the end of 2013, 95% of the company’s personnel were permanent employees.

**Contract employees**
Contract employees are hired to implement special seasonal projects by filling temporary job vacancies. In 2013, 2,178 contract employees were hired on average, primarily in the plants (India – 1,692, Israel – 300) and in accordance with seasonal requirements.
Diversity

We employ more than 4,000 people in over 50 countries.

Our people reflect the diverse richness of cultures around the globe.

Our concept of diversity goes beyond that of race, age and gender. We look to promote the diversity of thinking that results from the differences in experiences, knowledge and background. Diversity of thinking will help us continue to encourage the creativity and innovation necessary for our Company to maintain a competitive advantage in the global marketplace.

Anti-harassment policy
Adama has a zero tolerance policy for discriminatory, harmful, harassing or humiliating behavior toward other employees, irrespective of religion, gender, race, nationality, age or disabilities.

We have established a clear policy against harassment and conduct training sessions in order to assimilate it among our employee. We ascribe great importance to this issue and we handle any complaint or event of this type immediately and with utmost severity in accordance with the applicable laws, the relevant agreements and the Group’s code of ethics.

Employment of women
The company ascribes great importance to encouraging the employment of women for jobs in the Group and it recognizes the need to increase the percentage of women in the workforce. Wherever possible, we have established a policy of flexible work hours to enable employees to balance their work hours and family time, and we allow employees to do some of their work from home.

Range of age groups
At Adama, the age of the employees is not a factor in decisions that are made on hiring, remuneration, or promotion. The company believes that variety of all types, including age, makes a positive contribution to the quality and overall ability of our workforce.
Women Ratio 2009-2013

- 20% in 2009
- 21% in 2010
- 25% in 2011
- 25% in 2012
- 25% in 2013
Organizational & Personal Development

Listening to and sharing with our people

Our employees are our success. The Company provides a variety of channels for employees to develop themselves personally and professionally, as well as to have their opinions and concerns affect the organization as a whole.

Performance Reviews
Once a year, and in some cases more frequently, each employee discusses his progress with a manager. The process is a key component of employee development and provides our employees an opportunity to:

- Discuss job performance
- Set goals for professional development
- Discuss expectations and accomplishments

Based on the evaluation, we also award periodic grants in amounts that are determined by scale drawn up for each unit.

This computerized and standardized system is one of the methods we use to establish transparency in all parts of the Group. It helps us to ensure that management’s objectives are transmitted effectively to the employees, and it constitutes a channel for feedback from the employees to the directors and managers.

Our Beat – Employee Engagement
To identify and address more strategic concerns, Adama added the employee engagement survey in 2013. This anonymous survey explored a wide range of topics across six dimensions of work: task and resources, quality of life, company practices, rewards and recognition, professional growth opportunities, people interaction and empowerment.

The survey showed high involvement in and a strong commitment to the Company. Survey engagement was very high with 97% of the employees responding to the survey. Overall, the results exceed the AgChem industry norm and only four out of 17 topics were perceived less favorably, requiring more attention.

A common complaint by employees was the lack of information regarding career development. As a result, the Human Resource (HR) team launched a new career page entitled “New Opportunities for Growth”, which aggregates employment and advancement opportunities from departments across Adama. More strategically, HR is working with the new management team to formulate a more systematic process for developing tomorrow’s leadership.
“Our overall engagement results stand at an impressive level of 69%. This score is 9% above the AgChem industry norm (60%), and 10% above the global norm (59%). This is very strong feedback - 7 out of 10 employees are engaged to give their best and beyond for the company success and this is a very strong and valuable message”

Michal Rozenkrantz, Head of HR Israel HQ and HRBP IMA, IDR
“Make it Simple” Competition

At Adama, we understand that no one has a monopoly on creativity. In fact, it’s often the people in the field who see and solve our most pressing problems first. To tap, promote and reward that creativity, Adama instituted a new innovation competition. “Make It Simple” solicits the best ideas from employees across the company. The goal: to identify creative ways that an employee or teams improved processes in marketing, business models, strategy, regulatory affairs, safety and more.

Many ideas were submitted and even though only one team walks away with the prize, the entire organization benefits from exciting and energetic level of innovative, collaborative and passionate work.

All of the ideas are captured and preserved online in the company portal and in a printed booklet. This way other departments can also learn from the many innovative ideas that did not win the competition.

The winner in 2013 was Adama Argentina who developed a digital platform to inform local farmers about the various solutions and product options on combatting weed resistance, a growing problem in the area.
General Assembly
Once a year Adama managers and leaders from around the world gather to meet together and strategize. The General Assembly sessions revolve around future planning, regional challenges and successes, and workshops on various topics. This is an opportunity for representatives from Adama’s offices across the globe to share ideas and connect together as a unified company.

Social media – Yammer
Improving employee engagement also means tapping new kinds of communication and collaboration tools. To those ends, Adama implemented the Yammer enterprise social network. Employees can launch and engage in discussions involving all levels of the organization. Yammer groups allow communicate with the whole organization. Periodically, the organization is invited to participate in a Yam Jam session where the CEO and his management team are present on-line to answer questions ranging from the company’s financial performance to organizational changes or professional growth. Employees are invited to send in questions before the event or post them live.
Professional development

Adama is a large global company in which its employees can pursue complete long-term careers within the organization.

The company is committed to investing continually in the personal and professional development of its employees in order to provide them with the knowledge and abilities that will help them to succeed in their present jobs, while preparing them for the next steps in their career.

We invest special efforts in cultivating particularly capable managers in the company by developing attractive promotion tracks, encouraging them to undertake academic studies, allocating special budgets for employee participation in official training programs, and including the managers in the formulation and assimilation of significant organizational processes.

Over the past few years, we have been formulating a leadership model that describes the abilities and behaviors characteristic of a successful manager in the company.

This model will serve as the basis for the screening and hiring process for senior personnel. The model also informs management development programs for all managerial levels, planning a managerial reserve, and manager evaluations.
The health, safety and well-being of our employees is our top priority and stands at the center of our commitment to employees. While important in all facilities, this goal is especially important in production sites and plants, locations in which the potential for accidents, exposure to hazardous materials and erroneous use of equipment is higher than average.

To maintain a safe working environment for all employees, Adama aims to reduce workplace accidents to the lowest possible level.

Our safety approach includes:
- Conducting risk assessments as of the initial phases of our activities;
- Focusing on organizational and human factors in safety management; and
- Providing continuous employee awareness and training about prevention and protection systems.

We adhere strictly to all laws of safety and health in the workplace, and practice thorough, structured, and professional management of this critical area.
Performance Status
As part of our ongoing pursuit of improvement, we measure and monitor all existing processes, and perform in-depth analyses of each accident or “near-miss.” These analyses help us learn lessons that we use to prevent similar occurrences in the future.

In 2013, 25 Injury incidents with absence days were recorded in our production plants. A 22% reduction in comparison to 2012. Total days of absence related to these accidents were 55% lower than 2012.

Accidents related to chemical substances
We place special emphasis on the prevention of accidents related to the misuse of chemical substances. This type of Injury Incidents presents the severity of the Injury Incidents. In 2013 we achieved a 10% decrease in the total No. of accidents resulted from exposure to chemicals.

Safety committees
At each one of our committee meets with the plant’s safety team and the employees’ representative. The purpose of these meetings is to discuss issues connected with health and safety in the work environment, identifying possible hazards and resolving health and safety problems.
Health

Periodic tests
To assure the health of our employees, we carry out periodic tests to determine the level of harmful substances present in each work area of each of our plants. In addition, we require that our employees take tests to assess their exposure to substances that they contact as part of their work routine. Employees who are found to have a heightened level of exposure to substances that are categorized as hazardous or harmful must then undergo periodic blood and urine tests according to the circumstances of the exposure. Responsibility for performance of these tests lies with each plant’s Safety Team.

Healthy life style
As part of our concern for the health and welfare of the employees, the company promotes a healthy lifestyle as part of the daily routine. Employees are invited to attend lectures on the subject and to meet with a nutritionist in the dining room, where they can find a variety of nourishing meals. The cafeteria at the headquarters in Israel serves fruits and vegetables during the work day and the workers can utilize the fitness room in the mornings and evenings and/or they can sign up for a sports club in the area.

In Israel, there are groups that participate in a league of workplace sports teams (basketball, bowling, mini-soccer, running and others) and in view of the importance of physical activity, the company encourages the employees to take part in them.

Looking forward
Reducing the number of work-related accidents – especially those accidents related to exposure to chemical substances and operational accidents.
Chapter 5.
Environmental Responsibility
Investing in environmental facilities

$29M

Equipment and facilities
$29 million have been invested in equipment and facilities in 2013 (11% more than 2012)

Reducing the environmental impact

30%

Natural Gas
30% Increase in using Natural Gas in 2013 versus 2012

13%

Water consumption
13% decrease in specific water consumption in 2013 versus 2012

20%

TOC Effluents
20% decrease in the total amount of effluents discharged versus 2012

42%

42% decrease in the amount of specific TOC load versus 2012

50%

Emissions to Air
50% decrease in total amount of SOx emitted

18%

18% decrease in total amount of NOx emitted
We will ensure to minimize environmental impact of all processes and products, while optimizing the use of natural resources.

“Adama fully recognizes the importance of protecting the environment and invests considerable resources, efforts and attention in continually improving the safety of its facilities and protecting the environment. The company is committed to acting in accordance with the provisions of the applicable laws, regulations and permits in matters pertaining to safety and protecting the environment.”

Adama Code of ethics

Adama recognizes the importance of safeguarding the quality of the environment as one of the components of its business activities.

To that end, it works in accordance with the provisions of the applicable laws, regulations, quality standards and company procedures relating to environmental protection and safety, and takes all the measures available to it to protect the environment, prevent environmental effects and to make the best use of natural resources.

Our Activity based on innovation, use of up to date technologies and open dialogue with other industrial partners, governmental authorities, Non-governmental organization and the public.
Reducing the environmental impact

Adama measures the environmental impact generated by Energy consumption, emissions, water consumption, Wastewater & Waste in an effort to reduce and report them to the interested parties.

Energy consumption
The transition to clean energy consumption is part of Adama’s long-term policy, which is striving to reduce the consumption of natural resources.

Most of the energy we use, and the associated GHG emissions, result from our production processes.

In recent years, the company has begun to use natural gas. We started at 2011 and in 2012, the supply of natural gas to Israel was stopped due to regional problems.

In March 2013 our gas supply was renewed and we, again, were able to use cleaner energy source.

Using Natural Gas I allow significant reduction in emissions of air pollutants and a reduction of greenhouse gas emissions.

About 45% of all the energy consumed is purchased from outside sources (Electricity, Steam). 55% is produced internally by combustion of various fuels.

The next Graph presents the contribution of NG to the overall internal production of Energy

Proportional Contribution of each component to overall Energy Consumption

- 41% Electricity purchased
- 4% Steam purchased
- 55% Internal Energy Production (Fossil Oils)

Proportion of Natural Gas contribution to overall inhouse Energy Production

- 40% Natural Gas
- 60% Other fossil oils
Water is essential for sustaining life. However, this valuable resource is distributed unevenly throughout the world and is also often used wastefully and polluted.

By developing and promoting solutions to support efficient and responsible consumption of water, Adama is committed to conserving one of the most crucial of all raw materials.

The company constructed a facility to desalinate industrial effluents at the Ramat Hovav site. This facility operating continuously from Q1 2013 enable the recycling & reuse of good quality water.
Performance

Specific Water Consumption (m³/ton)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Water Consumption (m³/ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>9.93</td>
</tr>
<tr>
<td>2012</td>
<td>8.40</td>
</tr>
<tr>
<td>2013</td>
<td>7.29</td>
</tr>
</tbody>
</table>

* ton product
The Company’s sites are subject to atmospheric emissions regulation, whether by virtue of the terms provided in the business licenses or under the Clean Air Law.

The Company invests extensive resources to mitigate and prevent the environmental effects of its plants on air quality.

**Among the measures that have been taken are:**

- Installing permanent on line monitoring systems in Adama’s facilities in Ramat Hovav, to pinpoint and measure the presence of certain pollutants in the emissions from various stacks.
- Regular stack testing to examine the functioning of other stacks at the Adama Makhteshim site and Adama Agan site.
- Installing absorption and adsorption systems to purify gases eliminate contaminants and odors emitted by various sources at Adama Agan & Adama Makhteshim Ramat Hovav site.
- Operating high efficiency thermal oxidizers to oxidize volatile organic pollutants from gas emissions at the production facilities in Ramat Hovav and Ashdod.

### Performance

**Nox Emission**

(gr/ton)

<table>
<thead>
<tr>
<th>Year</th>
<th>Emission</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>348</td>
</tr>
<tr>
<td>2012</td>
<td>310</td>
</tr>
<tr>
<td>2013</td>
<td>228</td>
</tr>
<tr>
<td>Year</td>
<td>Sox Emission (gr/ton)</td>
</tr>
<tr>
<td>------</td>
<td>----------------------</td>
</tr>
<tr>
<td>2011</td>
<td>530</td>
</tr>
<tr>
<td>2012</td>
<td>489</td>
</tr>
<tr>
<td>2013</td>
<td>219</td>
</tr>
</tbody>
</table>
Adama invests significant resources to ensure compliance with the environmental protection laws that apply to the company regarding treatment of industrial wastewater, in an effort to minimize the hazards to the environment and the effect that may ensue as a result of the company’s operations.

Industrial effluents is generated in the production processes of the company’s products, and is treated in different ways according to the conditions and circumstances at the site and according to the relevant business licenses.
Waste management

Adama views waste as a vital component in reducing the harm to the environment.

Our guiding principles include:

- Taking ongoing measures to reduce the quantities of the waste.
- Removing the waste in a considerate manner.

### Hazardous Waste (kg/ton)

<table>
<thead>
<tr>
<th>Year</th>
<th>Waste (kg/ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>37.59</td>
</tr>
<tr>
<td>2012</td>
<td>44.03</td>
</tr>
<tr>
<td>2013</td>
<td>40.04</td>
</tr>
</tbody>
</table>
Local initiatives

Recycling packaging
Packages of crop protection products are considered hazardous materials in many countries, so recycling the packaging is essential. In Colombia and Australia, cooperative ventures in packaging recycling projects have begun.

Columbia
The Proficol Company is cooperating with a nonprofit organization called “Clean Fields,” which recycles over 600 tons a year of materials including plastic bottles, containers, paper bags and cardboard boxes. The organization also participates in a variety of community programs. One of the projects is the construction of a bridge made of three tons of recycled packaging materials, which helps children in the community to cross a river each day on their way to school.

Australia
The Farmoz Company is participating in a recycling project that turns containers into useful materials such as garden furniture, watering hoses and street signs. The company also reuses containers by using recyclable containers or those that can be used for repackaging.

Israel – Packaging without aluminum
At Agan we have created a package that is made entirely of plastic, including the cap, making it easier to recycle the cans (in one process) in the destination country. For the most part, the plastic cans are sealed with an aluminum cap to keep the bottles sealed tightly. However, recycling in such cases requires two separate types of collection and treating both the plastic and the aluminum.

Raising awareness of environmental quality
In dozens of schools in Beer Sheva we are running the program “Children Leading Change” together with the Society for the Protection of Nature. Thousands of the city’s schoolchildren learn about protecting the environment, the proper use of natural resources, how to save water, planting and cultivating community gardens, smart consumerism, adopting sites, etc.

Together with the nonprofit association “The Sustainable Negev” and the director of education at the Beer Sheva municipality, we are helping to promote the first school of environmental studies – Ma’anit – in the city of Beer Sheva.

Recycling electronic waste by people with special needs
Adama in Israel collects electronic waste such as old computers, printed circuit boards, controllers, switchboards, communication equipment etc., from company sites. The waste is transferred to ECOmmunity, an organization that create jobs for people with special needs and contributes to preserving land and water resources by removing, dismantling and recycling this waste.

In 2012-2013, about 7 tons of electronic waste were collected from the company sites in Israel.
Chapter 6.
Our Community
More than 7,500 Volunteer hours

The involvement of our employees who have assimilated the values of social responsibility

$3.62 M Contributions

The company contributed significant amounts of money to the community (year 2012 -2013)

About 160 Non-profit organization received assistance

The company is working to build genuine partnerships with local authorities and nonprofit organizations

Over 13,000 Students

Participants in a variety of Adama empowerment and assistance programs
Respecting the place where we grow

The company believes that it has a responsibility to the society in every place in which it operates and it recognizes that business leadership must coexist with leadership in social values.

Focusing on improving educational opportunities for young people in our core disciplines, Chemistry and Agriculture, Adama also invests in the community in a variety of ways.
“Adama is deeply committed to the improvement and advancement of the community within which it conducts its business. The Company donates to social organizations and runs programs to support furthering of education. The Company activity for the benefit of the community is accomplished with the involvement of the employees and assimilating values of social and corporate responsibility, promoting excellence in industry and education, sensitivity and involvement in the local communities where the Company operates.”

From Adama Code of Ethics
Community policy

Allocation of financial resources for the benefit of the community
The company donates significant amounts to programs that promote education and encourage excellence among children and teenagers; it provides scholarships to outstanding students; purchases medical equipment, supports welfare institutions, and more. Allocations are budgeted in a focused manner to promote specific objectives.

Establishing partnerships for contributing to the community
The company collaborates with the local educational authorities, institutions and organizations with the aim of providing students with a wide range of enrichment programs on culture, arts and the environment. These programs are formulated jointly by the company and the entities it supports, and then submitted for the approval of both parties. After approval, an official partnership is established and the program commences. The activities are supervised by the company and the supported entity, and monitored regularly to assess their effectiveness in achieving their goals.

Involving employees and their children in the community activities
At the initiative of the company and with its encouragement, many of our employees volunteer in programs such as helping new immigrants, educating and encouraging excellence in teenagers, and promoting social welfare.

Through these programs our employees donate their time, and sometimes their money as well. The company endeavors to cultivate the values of giving and caring even among employees’ children, by engaging them in service to the community during their summer vacation.
In 2013, the Company donated $1.938 M of which $1.387 M was invested in promoting community activities in Israel.
Israel

Adama in Israel blooms where it is planted. Focusing mainly on projects in three cities: Ashdod, Beer Sheva and Lod, the company is committed to improving the quality of life for its employees, their families, neighbors and friends.

Education is the chief focus of the Adama’s community outreach programs. Encouraging young minds to excel in the areas of Agriculture and Chemistry, Adama in Israel invests heavily in resources which have a direct and immediate impact on the communities we serve. These projects embody core principles of community and social development.

Our social development projects are designed to uphold our essential values:

- Focus on the core nature of our company – Agriculture, Chemistry
- Long term projects
- The projects are analyzed according to how effectively they have achieved stated goals.
- Based on Strategic relationship with external community partners, including professional partners rather than independent project.

Promoting Educational Projects

Adama invests in education in Israel as part of its business strategy. The company’s community relations activities focus on the cities of Lod, Beer Sheba and Ashdod, mainly to promote studies in the fields of chemistry and agriculture, which are the core activities of the company. Encouraging scientific exploration among young people is a business strategy with a long term payoff: providing career paths to promising students in our communities.

Of the many community activities with which Adama is involved, two key programs in target communities are:

1. Promoting of Agricultural Studies
2. Promoting of Chemistry Studies

Promotion of Chemistry Studies

Center of Excellence in Chemistry in Beer Sheva

Adama donated money to renovate and upgrade the laboratory of the “Eshkol Pais” High School in Beer Sheva. More than 260 local students have participated in a chemistry enrichment program which exposes them to the world of chemistry. The intensive program of 8 laboratory sessions is run in collaboration with the Education Authority of the Beer Sheva Municipality and “Eshkol Pais.”

The program aims to awaken curiosity about learning in the field of chemistry while experimenting and researching in an optimal environment. The project will provide a solid knowledge base towards studying chemistry in the future, both in high school and at the academy.

“My deepest thanks to Adama’s generous donation to the Archimedes program...the students who represented Israel at the International Olympiad...returned with gold, silver and bronze medals – an international achievement that raises the scientific education level in Israel...”

Prof Alon Hoffman, Dean of the Technion’s Chemistry Faculty.
Developing Excellence in Chemistry among Israeli High School Students

Adama takes part in two unique high school programs that aim to develop excellence in chemistry studies.

As part of the program, top performing students in the 9th and 10th grade can study for an undergraduate degree in chemistry at a university.

Archimedes Program

The Technion Institute of Technology in Haifa developed the Archimedes Program to encourage chemistry studies at university. The program, in which 30 high school students from northern Israel study chemistry for an undergraduate degree from the Technion, has had great success identifying and encouraging future scientists. Adama has assisted in financing the Archimedes Program for the past three years, and to date, has invested more than $100,000 in its success.
Marie Curie Program

The success of the Technion program led to our own initiative to run a similar program in the Negev. Along with the Ben-Gurion University in Beer Sheva, the Israel Education Ministry, the Beer Sheba Municipality, and the Rashi Foundation, we created the Marie Curie Program for the promotion of excellence in chemistry for high school students in southern Israel.

In 2013, about forty 10th grade students began studying for an undergraduate degree in Chemistry at the Ben-Gurion University.

Adama invested more than $70,000 in the program in the 2012-2013 school year.

Scholarships

With the aim of nurturing excellence in chemistry among university students, Adama awards scholarships to exceptional students in the Chemistry and Chemical Engineering departments at Ben-Gurion University.

In addition, last year, the company awarded three scholarships to Chemistry Ph.D. students at Ben-Gurion University and the Hebrew University of Jerusalem, whose research is related to the company’s development.

Collaboration with Ben-Gurion University

Adama has several collaborations with Ben-Gurion University, one of which is a course called “Industrial Chemistry,” which is taught by Adama chief chemist Dr. Michael Grabarnik.

Promoting Agricultural Studies

The Scientific Incubator: “Spreading Seeds of Science”

Expressing a core value of connecting the community to agricultural values, the company focuses on community activities to promote knowledge.

Adama, in collaboration with the Education Ministry and the local government, identified the need for leveraging and developing research agricultural farms for the purpose of advancing practical experience.

The company launched the flagship program “Spreading Seeds of Science” in which advanced technological research incubators will be developed on several farms in Israel. This will position agriculture as an essential part of the economy and society, and expand the range of opportunities available to Israeli students in the field.

Several research farms are currently being used to educate and advance agricultural knowledge. Adama invested heavily in one particular farm in Ashdod. At that site, the technological, research and scientific elements of the agricultural farm was significantly upgraded using:

- Advanced and computerized incubator connected to a classroom that enables research of crops in varying conditions and temperatures, changing light intensity, and more.
- Upgraded classroom with innovative equipment enabling viewing crops and measurements received directly from the incubator.

Community Gardens

At Adama’s initiative, more than 10 community gardens were established in educational institutions in Beer Sheba, Lod and Ashdod.
Hearts and minds are attentive to the needs of the community

Adama’s involvement in the community extends beyond training young people to develop careers in agriculture and chemistry. Adama is committed to the improvement of the quality of life for its employees, their families and their neighborhoods.
**Children Leading Change**

Adama actively participates in the program, “Children Leading Change.” The program, run by the SPNI (Society for the Protection of Nature in Israel) has seen thousands of students from throughout Israel participate. The program includes various activities related to the environment, such as:

- Planting community gardens in school courtyards
- Recycling
- Adopting and cleaning nature preserve sites
- Smart consumerism
- Using water wisely

In this program, school-age children are exposed to the values and challenges that the environment poses for all of us. The activity is part of an overall concept that encourages teaching about environmental preservation as a significant part of the education of coming generations.

**Raising awareness of the dangers of alcohol abuse**

A unique program in which thousands of students participate, with the goal of raising awareness of the dangers of alcohol abuse. The program helps teens create positions against the use of drugs and alcohol and provides opportunities for significant dialogue on the leisure culture of teenagers in an original way, outside the ordinary classroom framework.

**The program is implemented in cooperation with:**

- The Beer Sheva municipal authority for preventing the use of violence, alcohol and drugs
- The Fringe Theater
- ASRAN – the association of medical students at Ben-Gurion University and the education administration at the Beer Sheva municipality

This program, which was initiated by Adama and written by the Fringe Theater, presents a play that deals with the peer pressure exerted on teenagers to drink alcohol and the “culture” that develops around the issue. At the end of the play, small discussions are conducted with the actors and another workshop is conducted in cooperation with medical students, in which the medical and legal ramifications of alcohol abuse are presented.

**We greatly appreciate the efforts of our volunteers**

With the company’s encouragement, many of our employees volunteer in social action programs. Some of these programs involve working with teens or new immigrants, volunteering for literacy, or donating time to improve the communities in which we live.

Through these programs, our employees donate their time and sometimes their money as well. The company endeavors to cultivate the values of giving and caring even among the employees children, by engaging them in service to the community during their summer vacation.

Throughout the year, company employees in Israel, together with various nonprofit associations, volunteer in four programs for personal mentoring and tutoring children who are having problems with their schoolwork.

The nonprofit associations with which we work are Elem – Youth in Distress in Israel, Tzeva – Youth Building a Future, and the Haruv Immigrant Absorption Center.
During the year employees also volunteered at various special events, including:

- Good Deeds Day in three cities: Lod, Ashdod and Beer Sheva.
- Volunteering for the elderly in old-age homes.
- Volunteering for hospitalized children.
- Volunteering for women and children victims of domestic violence.
- Volunteering for children and teenagers with special needs, in cooperation with the Krembo Wings nonprofit association.
- Packing and distributing food to the needy on the Jewish holidays.

In 2012, for the first time, we held a recognition and appreciation event for all our volunteers that contribute their time throughout the year.

Looking forward

- Intensifying our cooperation with academic institutions in Israel.
- Start supervising some of our activities through external professional assessment in order to increase the program’s effectiveness.
- Encouraging our employees to volunteer and contribute to the communities in which they live.
- Continuing our partnerships to promote education.
- Assessing global activities.

“The volunteers at Adama are angels in the form of human beings. No words can describe the caring, dedication, investment and love that the volunteers contribute at Adama. This is a group of passionate employees with goodwill who want to be part of giving back to the community. Each person in his own field of expertise invests his heart and soul to the Adama community. He who enters the world of volunteering remains forever.”

Rachel Levy, Community Relations Manager, ADAMA.
Adama India “adopts” a village in western Bengal

In December 2010, as part of our commitment to improve the communities in which we operate, we “adopted” a village – Baidyapur – in western Bengal.

This area is inhabited primarily by farmers who cultivate the land for their own use, and the literacy rate is very low.

Baidyapur is an ongoing project that helps farmers and family gain a better life for themselves.

Between 2010 - 2013, we focused on several issues:

- Agricultural development – Educated and trained farmers on paddy cultivation
- Educational Development – Encouraged villagers to send their children to school by providing basic amenities
- Entrepreneurship Development – Provided training programs for youth on entrepreneurship
- Female Empowerment through self-help groups
- Environmental conservation – Educated the farmers regarding sanitation, public health, plantation, water conservation and water harvesting
- Adopted one elementary school - The company provided study aids and sports equipment to the school, while improving the children’s health by installing water purifiers and financing a program of inoculations and medical exams.
Adama Brazil
Adama Brazil invests considerably in the local community. For the purpose of coordinating and supervising social activities, Adama Brazil established the Instituto Milenia in 2007. The main goals of Instituto Milenia:

- Encouraging employees to volunteer
- Contributing to the improvement of the quality of life in the community
- Serving children, youth and adults in educational area

The main projects developed at Instituto Milenia are:

**Toy Library**
This special place is designed especially for the young child. Using a playful methodology, the child has opportunities to socially interact through games and toys designed to encourage autonomy and environmental awareness. All activities are developed and supervised by Pedagogical experts.

**Soccer and Dancing Schools**
These projects were initiated in May 2013 and by the end of the year 2013, we had 140 children (80 boys and 60 girls) from the ages of 5-15 that came regularly and participated in those courses.

**Aprendiz School**
Aprendiz School serves low-income youth, aged 16 to 18. Along with Senai (National Service of Industrial Apprenticeship), students at this school get professional practice in real businesses, often serving in administrative departments. Adama Brazil participates in this program, training students in back office administrative functions. Annually, 15 youths have been trained at this school.
The reporting framework that we have chosen is the Global Reporting Initiative (GRI) G3 Guidelines. We believe our reporting meets the requirements of Application Level B.

The disclosures and performance data in this report address Adama’s globally owned and managed facilities and assets for the fiscal years 2012–2013, unless otherwise noted.

The report intend to provide information that is useful to all of our stakeholders, including our consumers, employees, investors, business partners, community members, and governmental and Non-governmental organizations*.

We hope that you will find it to be interesting and informative and we welcome your questions, comments and feedback.
Chapter 7.
Index
# G3 Content Index

## STANDARD DISCLOSURES PART I: Profile Disclosures

### 1. Strategy and Analysis

<table>
<thead>
<tr>
<th>Profile Disclosure</th>
<th>Description</th>
<th>Page Number</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Statement from the most senior decision-maker of the organization</td>
<td>8-10</td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Key impacts, risks, and opportunities</td>
<td>12-15</td>
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</tr>
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</table>

### 2. Organizational Profile

<table>
<thead>
<tr>
<th>Profile Disclosure</th>
<th>Description</th>
<th>Page Number</th>
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</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Name of the organization.</td>
<td>Front Cover , 6</td>
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<tr>
<td>2.2</td>
<td>Primary brands, products, and/or services</td>
<td>20-21</td>
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<tr>
<td>2.3</td>
<td>Operational structure of the organization</td>
<td>24-25</td>
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<tr>
<td>2.4</td>
<td>Location of organization's headquarters</td>
<td>100</td>
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</tr>
<tr>
<td>2.5</td>
<td>Countries where the organization operates</td>
<td>25</td>
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<tr>
<td>2.9</td>
<td>Significant changes during the reporting period</td>
<td>6,23</td>
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<tr>
<td>2.10</td>
<td>Awards received in the reporting period</td>
<td>71</td>
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</table>

### 3. Report Parameters

<table>
<thead>
<tr>
<th>Profile Disclosure</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Reporting period</td>
<td>90</td>
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<td>3.2</td>
<td>Date of most recent previous report</td>
<td>2011</td>
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<tr>
<td>3.3</td>
<td>Reporting cycle</td>
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<tr>
<td>3.4</td>
<td>Contact point for questions regarding the report</td>
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<tr>
<td>3.5</td>
<td>Process for defining report content</td>
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### 3. Report Parameters

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<tbody>
<tr>
<td>3.11</td>
<td>Changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report</td>
<td>None</td>
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### 4. Governance, Commitments, and Engagement

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>4.1</td>
<td>Governance structure of the organization</td>
<td>23</td>
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<tr>
<td>4.2</td>
<td>Indicate whether the Chair of the highest governance body is also an executive officer</td>
<td>2013 Annual Report</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>Independent Directors</td>
<td>2013 Annual Report</td>
<td></td>
</tr>
<tr>
<td>4.5</td>
<td>Linkage between compensation for members of the BoD, senior managers and the organization's performance</td>
<td>2013 Annual Report</td>
<td></td>
</tr>
<tr>
<td>4.7</td>
<td>Qualifications and expertise of the members of the BoD</td>
<td>2013 Annual Report, 35</td>
<td></td>
</tr>
<tr>
<td>4.8</td>
<td>Internally developed statements of mission or values and code of conduct</td>
<td>11-15, 36-37</td>
<td></td>
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<tr>
<td>4.9</td>
<td>Procedures of the BoD for overseeing the organization’s identification and management of economic, environmental, and social performances</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>4.16</td>
<td>Approaches to stakeholder engagement</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>4.17</td>
<td>Key topics and concerns that have been raised through stakeholder engagement</td>
<td>48-52</td>
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### STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

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<tr>
<td>DMA EN</td>
<td>Disclosure on Management Approach EN</td>
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<tr>
<td>DMA LA</td>
<td>Disclosure on Management Approach LA</td>
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<td></td>
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<tr>
<td>DMA HR</td>
<td>Disclosure on Management Approach HR</td>
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</tr>
<tr>
<td>DMA SO</td>
<td>Disclosure on Management Approach SO</td>
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### STANDARD DISCLOSURES PART III: Performance Indicators

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<tbody>
<tr>
<td>EC4</td>
<td>Significant financial assistance received from government</td>
<td>2013 Annual Report</td>
<td></td>
</tr>
<tr>
<td>EC5</td>
<td>Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation</td>
<td>2013 Annual Report</td>
<td></td>
</tr>
<tr>
<td>EC8</td>
<td>Infrastructure investments and services provided primarily for public benefit</td>
<td>74-89, 66-67</td>
<td></td>
</tr>
<tr>
<td>EC9</td>
<td>Significant indirect economic impacts, including the extent of impacts</td>
<td>62-69</td>
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<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>EN4</td>
<td>Indirect energy consumption by primary source</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>EN5</td>
<td>Energy saved due to conservation and efficiency improvements</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>EN6</td>
<td>Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives</td>
<td>62-63</td>
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## Environmental

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<tbody>
<tr>
<td>EN7</td>
<td>Initiatives to reduce indirect energy consumption and reductions achieved</td>
<td>63</td>
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<tr>
<td>EN18</td>
<td>Initiatives to reduce greenhouse gas emissions and reductions achieved</td>
<td>63</td>
<td></td>
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<tr>
<td>EN20</td>
<td>NOx, SOx, and other significant air emissions by type and weight</td>
<td>66-67</td>
<td></td>
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<tr>
<td>EN24</td>
<td>Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally</td>
<td>68</td>
<td></td>
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## Social: Labor Practices and Decent Work

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<tbody>
<tr>
<td>LA1</td>
<td>Total workforce by employment type, employment contract, and region</td>
<td>44-45</td>
<td></td>
</tr>
<tr>
<td>LA2</td>
<td>Total number and rate of employee turnover by age group, gender, and region</td>
<td>46-47</td>
<td></td>
</tr>
<tr>
<td>LA4</td>
<td>Percentage of employees covered by collective bargaining agreements</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>LA8</td>
<td>Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>LA12</td>
<td>Percentage of employees receiving regular performance and career development reviews.</td>
<td>52</td>
<td></td>
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</tbody>
</table>

## Social: Human Rights

<table>
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<th>Performance Indicator</th>
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</thead>
<tbody>
<tr>
<td>HR4</td>
<td>Total number of incidents of discrimination and actions taken.</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>HR5</td>
<td>Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.</td>
<td>44-45</td>
<td></td>
</tr>
</tbody>
</table>
### Social: Human Rights

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Description</th>
<th>Page Number</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR6</td>
<td>Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>HR7</td>
<td>Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>HR9</td>
<td>Total number of incidents of violations involving rights of indigenous people and actions taken.</td>
<td>None</td>
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</table>

### Social: Society

<table>
<thead>
<tr>
<th>Performance Indicator</th>
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</thead>
<tbody>
<tr>
<td>SO1</td>
<td>Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>SO2</td>
<td>Percentage and total number of business units analyzed for risks related to corruption.</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>SO4</td>
<td>Actions taken in response to incidents of corruption.</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>SO5</td>
<td>Public policy positions and participation in public policy development and lobbying.</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>SO6</td>
<td>Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.</td>
<td>Not Material</td>
<td></td>
</tr>
<tr>
<td>SO7</td>
<td>Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.</td>
<td>None</td>
<td></td>
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<tr>
<td>SO8</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.</td>
<td>None</td>
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</table>
## Social: Product Responsibility

<table>
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<th>Performance Indicator</th>
<th>Description</th>
<th>Page Number</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>PR7</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.</td>
<td>None</td>
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<tr>
<td>PR8</td>
<td>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>PR9</td>
<td>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.</td>
<td>None</td>
<td></td>
</tr>
</tbody>
</table>
We would like to thank all those who took part in creating this report, and particularly:

Efrat Kravchinsky – Knowledge Manager & CSR coordinator
Mina Portnov, Portnov-Mishan.com – Concept and Design

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