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OUR CORE PURPOSE

Creating Simplicity in Agriculture
OUR CORE PURPOSE IS THE DRIVING FORCE BEHIND WHO WE ARE AS A COMPANY AND AS INDIVIDUALS. IT LEADS OUR DAILY ACTIVITIES AS WELL AS THE MOST SIGNIFICANT ACTIONS WE TAKE TO DIRECT THE FUTURE OF OUR COMPANY.

IT IS THE PRINCIPLE THAT SHAPES OUR STRATEGIES, DIRECTS OUR OPERATIONAL DECISIONS AND Dictates the manner in which we conduct business.
Our Values

Our values are our moral compass. They describe who we are, what is important to us, and how we intend to continue to be accountable for our actions and behavior.

Agriculture is a vital part of human life. It is complex and challenging. What differentiates Makhteshim Agan is our ability to simplify life for the farmers. That is the force that motivates us as individuals and as a company, and guides us in our daily activities and in every significant step that impacts our stakeholders. This principle shapes our strategy, guides our operational decisions and dictates how we do things.

Four main values describe “who we are” and what is important to us.

Creating simplicity

Farming is complex and challenging and we aspire to provide farmers with accessible solutions that are practical and easy to use, to simplify their work.

Creating simplicity requires us to understand the complexity of the farmers’ lives, enabling us to provide them with the best, most effective, and simplest solutions.

Get it done

Continuous results and success are critical to our business. To get the job done, we must constantly “look reality in the eye” and keep “both feet planted firmly on the ground” in order to turn the vision, the strategy and the long-term forecasts into daily actions that enable us to move toward future goals.
Empowering people

People live up to expectations, and empowering people requires us to raise the bar of expectations and create an organizational structure and conditions that allow for delegating responsibility and giving people opportunities to lead complex tasks, take responsibility, make an impact and succeed.

Our employees want to be part of a dynamic and interesting organization, where they can put their abilities to use and make a difference. Building trust, clarifying goals and expectations, and investing resources all contribute to empowering others.

Passion

We are passionate about agriculture. We are doing good things for people.

We are part of the solution that the world needs, to meet the essential goal of providing food for everyone in a world where the population is growing along with the agricultural challenges.

This value reminds us that the pleasure and satisfaction we get from the job are an important part of our work at Makhteshim Agan. As leaders in the field, we mold our workplaces, so we are obligated to make Makhteshim Agan a satisfying, exciting and lively workplace.
In August 2011, we launched a competition on “simplification.” In this competition, employees were given an opportunity to present simple solutions to various business situations. Over the months of the competition, about 60 test cases were received from company employees around the world, of which five cases were presented at the final stage, at a conference of the company’s top 100 managers, which was held in January 2012.

In the inner pages of this report you will be able to see more stories which provides a glimpse into activities aimed at “creating simplicity in agriculture” and simplifying the farmer life.
When it came to making things simple, the Agan chemical engineering team came out on top.

Faced with high production costs, complex chemical waste and working with unfriendly solvent during production, The Agan team wanted to make things better.

So they put their heads together and came up with a simple way to transform the byproduct chemical waste back into the process and cuts down the stages of production.

By simplifying their processes, the Agan team made their lives simpler and protected the environment, embodying our core purpose to great benefit.
Simplicity and performance are our engine
INTRODUCTION AND SCOPE

Makhteshim Agan is the world’s leader in branded off-patent crop protection solutions.

Since its founding over 60 years ago, Makhteshim Agan has strived to be a model corporate citizen in the broadest sense of the word. It begins with the adequate way in which we treat our employees, customers and suppliers, and extends to the responsible way with which we develop and manufacture our products. In addition, as a global business company our activities guided by the most advanced international standards regarding the environment.

MAI is focused on the development, manufacturing and marketing of generic crop protection products. The company's main products in this activity area are: (1) herbicides, (2) fungicides, and (3) Insecticides. All are designed to protect agricultural and other crops, at various stages of their development, during their growing season. In 2011, the CPP area represented some 93% of Company sales.

The Company is also engaged in several other non-agricultural areas, which together represented 7% of its sales in 2011. These include mainly the manufacturing and marketing of nutritional additives and food supplements, aromatic products for the perfume, cosmetics, body treatments and detergents industries, industrial chemical production and other insignificant activities.

About this report

In general, this report describes our policies on corporate responsibility issues, and charts our progress according to social and environmental key performance indicators. It is intended to provide information that is useful to all of our stakeholders, including our consumers, employees, customers, investors, business partners, community members, and governmental and non-governmental organizations*

In the framework of managing our corporate responsibility we establish this Corporate Responsibility Report. Its purpose is to provide our stakeholders with transparent and profound information on our activities. In it, we document our social and environmental performance. 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. In future years, as our measurement systems spread further throughout the organization, we will aim to achieve higher reporting levels.

An index at the end of this report lists the placing where the GRI indicators can be found through the report. More information on the G3 Guidelines and application levels is available at www.globalreporting.org.

Unless otherwise indicated, we have provided data on both our Israeli and international business units.

We are aiming to accomplish constant improvement in our social and environmental performance and we plan to utilize this first report as a baseline from which to chart our future progress in future CSR reports. We hope that you will find it to be interesting and informative.
I am proud to present you with MAI’s Corporate Social Responsibility Report, for the second time after we have joint with ChemChina.

ChemChina has also published its CSR report a few months ago and, just as MAI, is fully committed to CSR in carrying out its business activities.

In the long journey of fulfilling the CSR we become aware of the fact that we still have a long way to go on our road to achieve our goals for Social Responsibility, goals that are integral to the management path we have chosen and to the vision of our companies.

Being a socially responsible corporation can manifest itself in many ways. For MAI, CSR means the value we deliver to our different stakeholders, including shareholders, consumers, customers, employees and communities. Overall we will continue striving to become a better company with purposes beyond just the financial performance. We shall continue to leverage our strength to make the world a more fruitful place, thereby creating a better and safer life for all of us.

This report chronicles MAI’s leadership in all areas of Corporate Social Responsibility, a term that accurately describes MAI’s approach to business and its passionate, decades-long commitment to fairness, safety, quality, environmental stewardship and community.

As we continue to meet the challenges of the future, let me close by expressing my pride to the worldwide MAI team for bringing us to this point. I’m looking forward to the future and I trust that you share my excitement.

Yang Xingqiang
Chairman
The powerful changes all of us are experiencing in the global competitive landscape and their rapidly increasing pace have created a new reality that is taking shape from day to day. This is a new era, an era of true revolution in every sphere.

In this new reality, emerging economies possess immeasurably greater importance compared to the past. In fact, they are already generating the majority of global growth, and the entire future growth in the world population will take place in these economies.

These countries are presently at the height of a dramatic socioeconomic transformation. Concurrently with the population growth and as the world’s production hubs are relocating to them en masse, millions of people are migrating from the villages and agricultural areas to the big cities and urban centers, forsaking their occupation as farmers and becoming salaried employees. As the standard of living rises, the number of families joining the middle class is increasing.

Hence, the world’s economic center of gravity is shifting to emerging economies, and with this deep structural change the pressure on natural resources is growing, notably water, energy, farm land and forested land. At the same time, as purchasing power in developing countries grows, far-reaching changes are taking place in every consumer goods market in the world.

In this environment, the challenges that organizations like ours must deal with are greater than ever before, but also more important than ever before.

The fact that the products and solutions we supply increase crop yields and their quality has enabled us to play an important role in the global efforts to address the food challenge especially in emerging economies.

In addition to this, as a leading global firm we contribute to the economic prosperity and existence of our employees, our suppliers, our business partners, the communities in which we do business and the environment in which we operate.

We are committed to this responsibility to all of the aforementioned and implement it in our actions, directly and indirectly. Our ability in the long term to fill this vital role depends on our ability to develop and expand. To this end, we must continue to grow profitably while improving our competitive capabilities, expanding our product portfolio while enhancing its uniqueness, and continuing to expand our geographical presence.

For this reason, the subjects included in our CSR Report have become guidelines that are vital to us, and their importance will continue to grow. They are part of our vision, our goals and our values. They influence our everyday decisions as well as our strategic ones. We strive to integrate commitment and responsibility, transparency, personal integrity and professional ethics in our conduct toward all stakeholders and toward the environment, both as a corporation and as individuals who work in Makhteshim Agan and represent the company.

In the past year, together with ChemChina (which holds 60% of the Company’s shares jointly with Koor,
FROM THE CEO

which holds the remaining 40%), we have intensively addressed the advancement of all moves that will enable us to realize the great potential of the merger between Makhteshim Agan and ChemChina’s agrochemical division.

The realization of these moves, together with all the other measures which the Company has been carrying out in the past few years, will form the basis for building a business model that will enable us to exploit the great opportunities embodied in the changes in world agriculture, including the agrochemical industry.

At the same time, we are committed to the underlying concept of this CSR Report, including all its messages and the issues it covers, with the strong support of our shareholders, who consider CSR – with all its various aspects – to be the basis and infrastructure for the Company’s existence in the long term, and an inseparable part of its vision and strategy.

This report completes another step, but the road that lies ahead is still long, hard, and filled with opportunities and challenges. In preparing the many subjects included in the report we committed ourselves to transparency, and we were well aware that there will always remain room for improvement. Consequently, this paper is designed to serve as a platform for generating internal and external dialogue, just as it is designed to serve as a tool for measuring our progress in the long term.

I urge each and every one of you to take an active role in our common effort to meet the challenge of corporate responsibility.

CSR is an inseparable part of our long and fascinating journey. I am convinced that the greater our effort to accomplish our goal and progress toward it, the greater our satisfaction with our achievements will be.

Erez Vigodman
President & CEO
FROM THE CSR OFFICER

Our CSR report details our ‘beyond compliance’ efforts in all aspects of corporate social responsibility.

I am happy to present Makhteshim Agan’s Corporate Social Responsibility Report 2011.

This year, we sought to express Makhteshim Agan’s purpose, which is “Creating Simplicity in Agriculture”, in the CSR Report.

As you will see, we have succeeded in shortening the report, and did so without impairing our reporting quality, the transparency nor the information contained in the report.

In line with our mission and values, here too transparency and simplicity were our guiding principles. In 2011, as in past years, Makhteshim Agan has continued to post an improvement in many aspects of CSR, and the issues covered by this sphere are numerous – workforce diversity, environmental quality, workplace safety, corporate governance, the ecological profile of our products, our contribution to the community, and others. Along with this, another unique feature of the report is that it clearly reflects the process of internalization of the values of CSR in our corporate culture, and, of course, the courage to continue to persevere in disclosure and transparency.

In the report, you will also find different examples of the implementation of the values that guide our activity as we realize our business goals, as well as the changes we have assimilated in view of our desire to realize the Company’s vision.

I hope that while reading this report you will find that the responsible aspect in Makhteshim Agan’s strategy is identical to the overall business strategy. For us, these are values such as responsibility, transparency and sustainability, which empower our business conduct and drive the continuing dialogue with our stakeholders – employees, suppliers, shareholders, debenture holders, and, of course, no less importantly – the environment and the community in which we operate.

I believe and am certain that we will continue to act with efficiency and determination while empowering our people. We will advocate simplicity, and thus will bring about further improvement in all aspects of our social responsibility.

And in closing, a few words of thanks. This report is the result of efforts and countless hours of work invested by a broad team of our devoted people, and I would like to thank each and every one of them for their great contribution to the final product.

Pleasant reading!

Michal Arlosoroff
Director, General Legal Counsel, Secretary & Corporate Social Responsibility Officer
ABOUT MAKHTESHIM AGAN
Grow into tomorrow
Makhteshim Agan is the world’s leading company in generic solutions to crop protection, with proven practical experience of over 60 years and an excellent reputation for quality, values, attentive service and environmental responsibility.

**AT A GLANCE**

- US $2.691 BILLION IN SALES
- ABOUT 120 ACTIVE INGREDIENTS
- ABOUT 1,400 DIFFERENT FORMULATIONS
- 4072 EMPLOYEES AROUND THE WORLD
The 7th largest agrochemical company in the world

Over 50 subsidiaries in 45 countries around the world

5 synthesis plants

14 formulations plants around the world

The world’s leading producer and distributor of generic crop protection products

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2011 BUSINESS PERFORMANCE

MAI Sales 2007-2011

Sales by Regions

- Americas: 40.4%
- Europe: 39%
- APAC: 16.8%
- Israel: 3.8%

2.08 2.53 2.21 2.36 2.69

(US$ Billions)
EMPLOYEE DISTRIBUTION

- 17% APAC
- 20% Europe
- 29% Americas
- 34% Israel
“When I’m out in my fields, I don’t have access to the application information on my computer. Thanks to The MABENO Tag, I can scan a Quick Response code into my Smartphone, and get exactly what I need to know about product application quickly, easily and in the field. This has really made my life simpler.”
1944: The seeds are planted…

In 1944, Zvi Zur and Michael Pikarski, two young students at the Hebrew University in Jerusalem, rented a barn in Motza – a small village near Jerusalem – and set up a laboratory for developing chemical products. In this modest shed, the story of Makhteshim Agan began.

The two scientists worked together for several years and developed chemicals that were needed by Israel’s nascent industry, but their work was interrupted by the War of Independence, when they were recruited for the Science Corps of the Israel Defense Forces.

At the end of the war, when Israel had won its independence, our founders renewed their commitment to building the company and recruited their colleagues Israel Tamir and Eliyahu Teomim. The four partners established a cooperative: Agan Chemical Manufacturers.

At that time, the path of Makhteshim Agan was already laid out: advancing hand in hand with the farmers, direct contact with the farms and fields, and an understanding, from the field itself, of the customers’ unique needs.

During that period, dozens of agricultural settlements were established in the young State of Israel, which suffered from a dearth of water sources and land. Their objective was to feed all the new settlers, who were filling the land.

Learning and thriving

As an independent state, Israel began to grow rapidly, and so did the demand for Agan’s products. The young students worked day and night to supply the farmers’ needs and they soon began to hire more and more employees. The small company grew quickly and one of the biggest challenges was recruiting more professionals from the fields of chemistry and agrochemistry.

Their source of capital was found in the Histadrut General Federation of Labor. The Nir company agreed to invest, provided that Agan relocate its operations to Beer Sheva, the capital of the Negev. This demand caused a split between the founding partners. Three of them – Pikarski, Tamir and Teomim – chose to keep Agan’s operations in Tel Aviv, to which they had moved in 1949, and later a larger facility in Ashdod, where the company remains to this day.

Zvi Zur left Agan and relocated to Beer Sheva, where he founded Makhteshim Chemical Works in 1952.

Developing excellence

The establishment of Makhteshim in the Negev was the realization of David Ben Gurion’s dream of making the wilderness bloom, expanding the boundaries of the Jewish settlement and turning the Negev into a bustling economic and agricultural center, with Beer Sheva as its capital. Locating the plant in the Negev gave the company a significant advantage because kaolin clay from the desert and chlorine from the Dead Sea are used in its products.

Growth, cooperation and merger

During the 1950s and 60s, both Agan Chemical Manufacturers and Makhteshim Chemical Works continually expanded their R&D and production capabilities. They created a growing range of crop protection products for the local market, with the goal of expanding into international markets.
The two companies developed side by side, but continued to share a common vision. They continued to cooperate closely, built a diverse and supplementary range of products and together, in 1973, they established an international marketing system to distribute products all over the world. Together and separately the companies identified the common need of all farmers, the world over, for generic crop protection products at attractive prices, that are high quality, uncompromisingly effective and very easy to use. In 1997, the two companies merged.

The consolidated company continued the expansion and acquisition process. The vision of the company’s founders became a tangible, global, continent-spanning reality.

In 2011, Makhteshim Agan merged with ChemChina, the company’s shares were delisted from the stock exchange and Makhteshim Agan became a private company, held by ChemChina (60%) and Koor (40%).

Today, Makhteshim Agan continues to expand the boundaries of its operations to new global markets and new products, while utilizing the local expertise that it has acquired over its decades of experience.
2011: Shaping A New Future

Our ability to frequently adjust our business model in a changing business environment has been one of the company’s competitive advantages since its establishment over 65 years ago.

The dynamic market in which we operate presents us with many opportunities and challenges. We intend to continue adapting our business model to those competitive conditions, to continue ensuring our growth in the future.

The combination of defining our identity (the purpose, the values) and vision, and joining forces with ChemChina, creates a foundation that will enable us to take a significant leap ahead in coming years. This combination enables us to create a new business model, one that will be optimally suited to the coming changes in the global agrochemical industry.

Such a business model will place us in an ideal position to take full advantage of the great opportunities inherent in the dynamic market and to significantly reduce its risks.

Makhteshim Agan aspires to create a unique business model based on the realization of our purpose: creating simplicity in agriculture. This model relies on a range of products and services that place the need for simplicity and effectiveness at the heart of the endeavor. Our system in operations, licensing, development and supply will continue to strive for simplicity, accessibility and availability, to enable us to provide the very best service to our customers around the world.

We will forge our leadership through that simplicity and with innovation, creativity, passion and commitment. We will implement all this gradually, throughout the world. We will expand and deepen our operations in the markets in which we operate and we will strengthen the supply in emerging markets. Our leading position in China is part of our future. There we will be able to create both business and commercial leadership and a strong operational base that will serve our global operations, thanks to the connection with ChemChina.

It is clear to us that our global brand must transmit the values that we espouse along with our business aspirations, i.e., to simplify, as much as possible, the processes and challenges that face the farmers.

**Strengthening the operational infrastructure**

The first step was taken in 2010, with the launch of the matrix management organizational structure, which combines geographical areas, pivotal transorganizational functions and support functions. This initial measure allowed for the optimal allocation of resources, improved coordination and creation of value in areas that we identified as global priorities.

Concomitantly, we conducted an in-depth analysis of the future needs and the existing resources in our production system. Later on, we took measures that were designed to improve and upgrade our chemical synthesis capabilities. The main objective of these programs was to create optimal suitability between the existing facilities and the current needs of our customer base. Simultaneously, we are identifying potential gaps and we are working toward developing possible solutions.

We supported the production optimization process by improving the deployment of our formulation plants and their position in our end markets. We also strengthened our projection, planning and supply chain capabilities, to improve our response to market demands.

We strengthened our activities in the main strategic markets in Brazil and the US. In Brazil, we implemented a comprehensive reorganization program with the aim of adapting our business model to the existing trends in this important market. The reorganization effort was supported by changes and adjustments in our range of products by launching new products and cooperatives ventures. In the US, we adapted our business model to take advantage of the potential in this market. As part of that change, we also signed a commercial agreement with Monsanto, which offers solutions for a significant market trend in weed resistance.
Support for organizational growth

We have continued to move forward with major engines for organic growth. The developing markets represent an opportunity for genuine growth for our company, so we ascribe strategic importance to our growing presence in these markets. We have utilized acquisitions as an effective means of driving continued growth in key markets.

Our success has always been the result of the unique combination of the assets we bring to the market, including our commercial platform and our global licensing platform, our extensive portfolio of products, our in-depth knowledge in the field, our production facilities, R&D capabilities and the entrepreneurial spirit, passion, know-how and motivation of our people, which are the company’s most important asset.
WHO WE ARE?

The Makhteshim Agan Group is the largest generic company and the seventh largest agrochemical company in the world, with US$ 2.691 billion in sales in 2011, and a market share of over 5% of the global crop protection industry and 12% of the generic products industry.

The Group’s main activities include development, product licensing, synthesis, formulation and production of generic agrochemicals.

We utilize our advanced R&D capabilities in chemistry to develop production processes for new generic products. Our innovations in development stem from our unique synthesis – new active ingredients together with the development of new mixtures and formulations. Our differentiation is achieved through our synthesis and formulation sites around the world, which we utilize to improve our research capabilities and ensure optimal production and packaging efficiency of the end products.

We are striving to expand our leadership in the plant protection industry by our direct approach and uncompromising professionalism. To achieve this objective, Makhteshim Agan offers its customers the highest quality products and supports them with a global service system that operates through local offices with local management.
Our global service infrastructure

Makhteshim Agan is a global company with:

- **14** formulations plants around the world
- **5** synthesis plants
- **7** agrochemical development sites around the world
- **3** chemical R&D centers
- **120** a global sales organization, which serves our customers in over 120 countries
Our range of products is the basis for our ability to provide effective, high quality solutions that enable the farmers to move their businesses forward. We honor our commitment to key products and we focus on licensing and launching products to ensure that our product system provides a response to contemporary trends in agriculture.

**Herbicides**

Throughout the entire growing cycle, the crops must cope with the weeds that grow around them and compete with them for light, water and nutrients. Weeds can also cause other damage by sheltering pests and diseases and interfering with the harvest.

Makhteshim Agan’s herbicides prevent or delay the development of many types of weeds and make things easier for the farmer who, in the past, had to pull these weeds by hand.

**Insecticides**

During the growth process, the crops are attacked by insects and various types of pests, which impair their quality and impede their development.

The Insecticides produced and marketed by Makhteshim Agan help to minimize the damage to the crops by destroying various types of pests while preserving the helpful insects.

**Fungicides**

Parasitic fungi are other types of pests that impair the growth process of the crops, harming both its quality and quantity. The main crops are fruit and vegetables, grains, rice, soybeans and seed crops for oil.

The fungicides produced and distributed by Makhteshim Agan are designed to fight these pests and help the farmers to grow better quality crops.

**Seed treatments**

As part of the overall plant protection, Makhteshim Agan is developing a range of products for seed treatments. These products are designed to protect the crop during the first stage of its life, when it is sown in the earth.
Environmental solutions for non-agricultural applications

Life expectancy has never been better. Nutrition and hygiene are extremely important in safeguarding our health. So in the environmental solutions section, we leverage our expertise in crop protection and develop products outside the field of crop protection to keep the open spaces clean, safe and healthy.

Some of these applications include:
- Keeping highways free of weeds, thereby making them safer for drivers
- Treating pests
- Treating animals – veterinary medicine
- Protecting water reservoirs against the uncontrolled vegetation growing in their vicinity
- Decorative lawn borders

Non-Agro applications

In addition to its main sphere of operations, the company also conducts activities that focus on the following:

- **Lycord** – nutritional supplements and food enrichment ingredients
  The company develops, produces and markets nutritional supplements and special ingredients to enrich food. One of Lycord’s exclusive products is the natural lycopene produced from tomatoes, to which some attribute properties that protect the human body against degenerative diseases and cancer. Lycord has developed special varieties of tomatoes and technological methods for extracting, separating and concentrating the products of the tomato processing and adapting them to market requirements.

- **Agan Aroma** – Aromatic products for the cosmetics industry
  The company develops, produces and markets chemicals and synthetic fragrances for the detergent, cosmetic, skin care and perfume industries.

- **Industrial Products**
  The company produces and markets industrial chemicals that are mainly byproducts of its crop protection production processes, and sometimes raw materials such as hydrogen peroxide, carbon dioxide, hydrogen, etc.

- **Unique agricultural technologies**
  In 2011, the company established a new section for unique agricultural technologies, which will be integrated into the company’s core business. In the first stage, the company intends to focus, within this section, on developing and promoting activities related to seeds and biotechnology and, later on, it will decide whether to enter related agricultural fields.
“It was so difficult for me to control mites all season long. The only way to do it was by using complex, expensive mite programs. Makhteshim Agan North America has changed my life with the “Ultra-Early Apollo Program”, which lets me control mites all season long using a simple and cost-effective spray program.

This has really made my life simpler.”
GLOBAL CHALLENGES

The world’s population grows by 75 million people each year, and the food supply has become a major global challenge, particularly in developing regions where the majority of the world’s population increase occurs.

Farmers will have to produce about 1.5% more crops each year, which is an increase of 35% by 2030, and more than 70% by 2050.

As the need for agricultural production increases, the Earth’s agricultural resources decrease. The challenges related to the food supply are divided into three parts:

- Demand
- Limited natural resources
- Loss of output

Demand

Meat consumption

By 2050 the demand for meat will reach 230 million tons – double the annual consumption in 2000.

The increase in meat consumption means an increase in the demand for grain.
Organic fuel

By 2030 the demand for energy is expected to increase 50%.

This increase may make the production of organic fuel economically practical.

Any increase in the demand for organic fuel increases the overall demand for grain, and under certain circumstances, it may cause the diversion of grain, which was intended for food, to the production of organic fuel.

Urbanization

For the first time in history, more people live in cities than in rural areas. In China, about 50% of the population has moved to the cities.

The per capita demand for food in urban areas has increased 270% over rural areas.
**Limited natural resources**

**Water**

Potable water is the most limiting factor in the world’s ability to feed its large population.

In the past 50 years, the use of water for agriculture has increased threefold.

**About 70% of the water consumed around the world is used for agriculture.**

Today, a large part of the water used in agriculture is lost because of inefficient cultivation methods, primarily in Asia and Africa. In China, 40% of the land under cultivation requires watering that utilizes 90% of the fresh water supply.

Future solutions to these challenges of limited natural resources must focus on improving the quality of the crops, maintaining the output while using less water, and research to generate changes in the seeds to make them more resistant to drought, heat and flooding.
Changes in the zoning of arable land

By 2050, the number of people living in cities will increase by 3 billion and, as a result, vast stretches of arable land will become urban areas.

In 2025, 1 acre will be required to feed 5 people, compared with 2 people in 1960.

Crop Losses

About 40% of all the food produced in the world is lost or spoiled – a lot of it is wasted in the post-harvest process and another large part is thrown away by consumers, retailers and the food industry.

By focusing on products to protect the crops after the harvest and improving the efficiency of the supply chain, we can help to fight some of the issues connected with harvesting, storage and transportation.
"I was looking for one high quality, competitively priced fungicide for all my main crops. Makhteshim Agan Argentina did it, offering Custodia with smaller dose for each of my crops, and achieve the most efficient, high performing results.

This has really made my life simpler."
As a result of these macro trends, plant protection has become a critical factor in finding ways to increase crop output. We are now facing global challenges that focus on several main factors:

- Increasing the output on every acre of land while safeguarding the planet on which we live.
- Improving the quality of the crops and our ability to maintain the output while using less water.
- Creating changes in the seeds to make them more resistant to extreme climatic conditions and pests.
- Basic agricultural methods, such as crop rotation, mixed cultivation of plants and animals on small farms, combining traditional techniques and modern solutions.
- Focusing on improving and promoting agriculture in emerging markets.

Makhteshim Agan is proud to be a leader in this vital industry and to provide farmers with the simple and effective crop protection solutions they need to feed the world.
Our purpose and values guide us at every stage. Along with the constant search for simple solutions to the complex challenges faced by global agriculture, we rely on the basic definitions in our identity – on the values and the purpose.

The company’s efforts focus on preserving its uniqueness and leveraging the added value of its products. We do this while carefully maintaining a broad and innovative technological base, our research capabilities, and developing and acquiring new technologies. The company also maintains a high level of service and offers a broad range of products to both large and midsize customers in developed and emerging markets around the world.

Managing crop teams

Together with the farmer – for the farmer

Our mission is to help to feed a hungry world. It is a significant and challenging mission, but we know that there is one place where we must start – with the farmer. We strive to support the farmers, to serve them, and to be there – with them and for them.

We must know what they need, we must listen to them, learn from them, see things through their eyes and return to our laboratories and research centers to develop the best solutions for them.

That is why we have established an extensive global network of teams that focus on providing effective solutions for agriculture. These teams analyze the unique characteristics of various types of harvests. They examine the market conditions in which the farmers operate and they help to develop unique products, formulations and mixtures by exchanging information with the farmers.

The knowledge we have amassed by listening to our customers is what helps us to focus the challenges of innovation, and to integrate them into the product development process.

Together with the farmers we are finding a holistic solution to all the threats and challenges they are facing, and we are helping them, by simple solutions, to fulfill their goals. It is clear to us that, ultimately, we are helping them, contributing to food for everyone and creating simplicity in agriculture. What’s good for the farmer is good for the world.

Assaf Dotan
Head of global Crop Management

With the understanding that things are not identical, but they are very similar, we bring to farmers around the world the solutions and knowledge that we have acquired from other countries and regions, and we expose the farmers to new information and solutions which are sometimes better.
**Novel Technologies**

We are committed to utilizing the expertise and technology that we have developed over more than 60 years to create a new age of innovative and simple solutions for the farmers.

By investing in products that bring about a substantive change in farming, we are creating products that make the farmers more productive and profitable, and make their lives easier.

In 2011, the company established a new section to expand the company’s spheres of activity into unique fields of agricultural technology, which will be integrated into the company’s core business. This section will leverage our in-depth expertise and understanding of agricultural needs. The innovative solutions were designed to support agriculture, to achieve greater yields and better crops.

**Expanding activities in emerging markets**

Over the past 40 years, Asian countries such as China and India have significantly improved their harvest quantities. However, the harvests in these countries are still considerably smaller than countries that practice intensive farming, such as the countries of Western Europe (Germany, France and England).

There are various reasons for this:

1. Less than optimal use of fertilizers
2. Limited use of technical equipment for agricultural purposes
3. Small farms
4. Limited use of pesticides

We ascribe strategic importance to our presence in the emerging markets, which are characterized by the rapid growth of various agricultural markets. As part of this effort, we are striving to increase our supply to the markets in general, and to these markets in particular, as providers of economically feasible solutions and the agrochemical knowhow that are required by local customers.

In 2010, the company established a new operations headquarters in Singapore to manage the Asian Pacific, Africa, and Middle East region, with administrative emphasis on the continuing penetration of these growing markets:

**ASIA**

In order to serve our growing commercial system, we will continue to apply the existing technologies and we will focus on our product development efforts while deploying formulation facilities and building effective operational infrastructures in Asia.

**China**

China is now one of the world’s dominant entities. Its agricultural potential is great, the population to be fed is enormous, it has immense resources and its influence as a world power is growing.
As a company born out of an entrepreneurial and creative spirit, Makhteshim Agan's place is on the front lines of the challenges that China also faces.

We are currently working intensively together with ChemChina to build our infrastructure in China. Our goal is to optimize the potential inherent in the merger, in line with the five-year plan of the Chinese government, which has set itself the goal of expanding the scope of cultivated areas and raising the output of grains, oil seed crops, sugar and cotton.

We have no doubt that better management of land and water usage and better protection against pests and plant diseases in the rural areas will help China to achieve the major objectives set by the government.

As part of this endeavor, the company has begun to examine the acquisition of agrochemical assets under the control of ChemChina. It is also examining other business opportunities in China, which will enable us to create a stable and significant operational and commercial infrastructure in China.

**Thailand**

Makhteshim Agan has a well-established base of operations in Thailand. In 2011, Makhteshim Agan Thailand decided to change the company's business model to direct sales to local distributors, together with sales to the national formulators and distributors. These two distribution channels will help Makhteshim Agan Thailand to increase its market share and better serve the farmers in Thailand with unique products and various distribution channels.

**Vietnam**

In Vietnam, about 50% of the population works in agriculture, which is a very important source of income. In 2011, Makhteshim Agan Vietnam was established to be closer to the farmers and to better understand their needs. We believe in our commercial ability to provide simple and relevant solutions to the farmers in this important country as well.

**India**

In the framework of our activities in the growing markets, in 1999 the company began to operate directly in the Indian market and it established a local subsidiary for that purpose. Our operations in India have grown rapidly and consistently from the day they were established, which includes maintaining direct contact with the farmers and marketers throughout the country, with the help of a large team of sales personnel who have extensive knowledge of agronomy.

In 2010, the company established a research and development center in India, which supports our global operations. In July 2011, the company dedicated of a formulation and packaging plant in the city of Dahej, which supports the unique needs of Indian farmers.
Africa

Africa is the second largest continent, which suffers from harsh living conditions due to political instability, sparse natural resources, natural disasters and diseases, and many inhabitants who live in poverty and deprivation.

Makhteshim Agan is operating in this area and trying to bring smart and creative agriculture to the region in order to fulfill its main mission – feeding the world.

Makhteshim Agan is operating in this region on several levels:

1. Delving into the types of crops and the pests that exist in the region.
2. Preparing development programs for effective, unique and competitive materials.
3. Reinforcing registrations, in order to bring the solutions to the farmers as rapidly as possible.
4. Holding seminars for farmers, as well as training sessions and conferences run by our personnel who are located in the field.
5. Establishing local companies that bring the products closer to the farmers.

South Africa

In 2011, the operations of the Macro Agro company were acquired by Makhteshim Agan South Africa and all its employees were kept on by Makhteshim Agan.

This now enables us to invest in more intensive marketing in South Africa and in sales to neighboring countries such as Zambia, Zimbabwe, Malawi, Namibia and Angola.

Concomitantly, we expanded the development and licensing operations for products that are new to the country, and great emphasis was placed on the sale of the more profitable products.

West Africa

in 2010, the company established a subsidiary in Ghana in West Africa in order to support and sell unique protective substances to the markets in West Africa in general, and in Ghana in particular. The sales are made directly to the local distributors and to local companies and national distributors. The company was established to help the farmers in these areas to benefit from the know-how and capabilities of Makhteshim Agan.

“
A proper analysis of crops and markets, developing products that provide a solution to a variety of crop pests, bringing the product to the individual farmer and a great deal of initiative and determination, are the key to success in Africa despite the objective difficulties in the region.

Yoav Aizenberg
Manager, Africa and Middle East
We ascribe strategic importance to our presence in emerging markets which are characterized by the rapid growth of various markets connected to agriculture. As part of that endeavor, we are striving to increase our supply to those markets, as providers of economically feasible solutions and know-how in the industry, which are required by the local customers.
CORPORATE GOVERNANCE
CORPORATE GOVERNANCE

We aspire to conduct our business according to the highest standards of integrity, fairness, reliability, transparency and responsibility – values that we believe are essential for our long-term success. We have established these values through our corporate governance – a system of standards, rules and guidelines that serve as the basis for all the Group’s operations. As part of this policy, we have established permanent systems for controlling and managing conformance throughout the Group.

Corporate governance

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The board of directors

The company’s board of directors is currently composed of ten members – four directors appointed by ChemChina and three directors appointed by Koor. Similarly, as we will explain below, two external directors and one independent director were appointed in February 2012.

The positions of chairman and CEO are held by two different people from among the members of the Group, and no one from the Group’s employees is a member of the board of directors.

Board of directors committees

From a public company to a private company that issues bonds.

In October 2011, following completion of the merger with ChemChina, the shares of Makhteshim Agan were delisted from the Tel Aviv Stock Exchange, and the company went private.

The company remained a reporting corporation, as defined in the Securities Law, because the bonds issued by the company continued to be traded on the stock exchange.

The board of directors committees, including the audit committee and the financial statements examination committee, which operated up to that time, ceased to exist.

Following the enactment of Amendment 17 to the Companies Law, 5759-1999 in February 2012 and classification of the company as a private company that issues bonds, the company became subject to various corporate governance provisions and, accordingly, the company implemented the following:

Appointment of two external directors and an independent director

Two external directors – Dr. Shoshan Haran and Prof. Yechezkel (Hezi) Ofir (Mr. Ofir has accounting and financial expertise) and an independent director, Mr. Zhang Gong, were appointed.

Appointment of an 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 meets at least once every three months and discusses the
reports of the external auditor and other issues that are brought before it.

Two outside directors and one independent director are members of the audit committee.

The audit committee is subject to the provisions that apply to the audit committee of a public company.

**Appointment of a committee to examine the financial statements**

The composition of this committee is identical to that of the audit committee – two external directors and one independent director. The committee discusses the financial results and other substantive issues, and a presentation is made on any substantive legal proceedings to which the company is a party.

After discussing the statements, the committee formulates its recommendations on approving the statements and transfers them in writing to the company’s board of directors before the day of their discussion by the board.

**Remuneration committee**

The company recently appointed a remuneration committee following the enactment of Amendment 20 to the Companies Law, 1979. Its members are members of the Audit Committee.

**Risk management**

The Group utilizes a comprehensive risk management methodology that is designed to maximize financial returns for its stakeholders, despite the unavoidable risks and uncertainties of the business environment. This methodology includes an initial mapping of the risks relating to the Group’s activities, an in-depth analysis of their potential impact on the Group, and preparing strategies for coping with each risk category.

**Memberships**

Makhteshim Agan is an active member in various organizations and in the chambers of commerce in some of the countries in which it operates. In Israel, we are a member of Ma’ala (an organization for corporate social responsibility) the Publicly-Traded Companies Association and the Manufacturers Association of Israel. Like many multinational companies, M.A. became an active member of the OECD in 2012.

Makhteshim Agan participates in all the Manufacturers Association committees relevant to environmental protection issues, including the Hazardous Substances Committee, the Industrial Sewage Committee and the Air and Global Warming Committee. Mr. Yossi Goldstein, head of Ecology and Safety at Makhteshim Agan, serves as head of the Air and Global Warming Committee.

Makhteshim Agan is also a member of the Israel Export Institute, the Chamber of Commerce of Beer Sheva and the Negev, the Israel-America Chamber of Commerce, the Tel Aviv-Jaffa Chamber of Commerce, AIPPI (International Association for the Protection of Intellectual Property), the Chamber of Commerce of Latin America, the Chamber of Commerce of Africa, the Asociacion Mexicana de la Industria Fitosani (the Mexican Plant Protection Industry Association), and others.
“When I was having credit problems but needed to close a deal with Makhteshim Agan Russia, they used very creative thinking to help me out. Makhteshim Agan Russia let me pledge my herd as a guarantee.

I got the products I really needed and MARUS got to know my business really well.

This has really made my life simpler.”
ETHICS

The company ascribes great importance to adopting a code of conduct that will guide all its officers, managers and employees with rules for the conduct required of them as representatives of the company when dealing with government authorities, suppliers, consumers, competing commercial entities and to the community in which the company operates its business.

In 2009, the company adopted a code of ethics and since then we have been working constantly to improve and promote our code of conduct.

Purpose of the code of ethics

The code of ethics was designed to provide the Group’s employees with clear, unequivocal guidelines for their conduct at work, and to help them handle day-to-day problems and ethical issues related to the Group’s stakeholders. The code begins with a declaration of Makhteshim Agan’s commitment to its employees and continues by defining the employees’ responsibilities to the Group, including the expectation that they will behave ethically and with integrity in all their business dealings, that they will take responsibility for their actions vis-à-vis the environment, and that they will strive to contribute to the communities in which they work.

Assimilating the code of ethics

The process of implementing the code of ethics began in 2009 under the supervision of our Chief Legal Advisor, who was appointed to the position of Ethics Officer for the entire Group. As part of the process:

- Printed copies of the code of ethics were distributed to all Group employees.
- Training sessions were held in Israel, Europe and the US, including both lectures and open discussions.
- A training kit was created to train employees in other regions.
- Questions on ethical behavior have been added to employee performance review forms.
- Complaints submitted by employees and anonymous complaints have been handled.

Updating the code of ethics

August 2012, the board of directors and the audit committee approved the expansion of the code of ethics by expanding on two items in the existing code:

1. A policy of zero tolerance for cases of bribery and corruption, which states that the company will not offer, give or receive any bribes and will obey all the laws, regulations and requirements relating to the fight against bribery and corruption.

2. A policy prohibiting the use of internal information.
Internal securities enforcement program

In March 2012, Makhteshim Agan’s board of directors adopted an internal enforcement program for securities which, upon approval of all its constituent procedures, will be applied in the Group and assimilated among its employees and interested parties.

The Ethics Officer

To ensure ethical 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.

* Our code of ethics is designed to provide our employees with clear guidelines for the way they should perform their work.
EMPLOYEES AND THEIR ENVIRONMENT
Growing together
THE COMPANY’S EMPLOYEES

Managing the future

Summary

Hiring quality personnel
Makhteshim Agan is careful to hire only top quality personnel who are highly suited to their jobs, to teamwork, to the company’s values, and have the potential for professional advancement.

About 450 employees were hired in 2011.

Internal mobility
As a global company, Makhteshim Agan enables its employees to develop personally and professionally in company-spanning jobs and it enables them to develop satisfying and rewarding long-term careers in one place.

About 1% of all the employees in Israel moved to different jobs in the company in 2011.

Training
The companies in the group conduct training sessions for their employees in accordance with the employee’s job and the needs of the Group.

About US$ 270,000 were invested in training employees in Israel alone.
Ensuring the employees’ welfare

Creating fair remuneration
Makhteshim Agan provides its employees with all social benefits mandated by law, and in many cases, with benefits beyond those mandated by law.

Promoting employee welfare
Makhteshim Agan sees to the welfare of its employees and their families with understanding that they are all part of the Makhteshim Agan family.

There are two channels of benefits: for the employees and for their families.

Average number of years with the Group
Makhteshim Agan retains its employees.

Employees stay with the company for an average of 8.1 years.

Safety first
The safety officers in the Makhteshim Agan plants are responsible for handling and monitoring safety issues in the units. Safety committees and a network of safety trustees also operate at all the company’s sites.

There has been a 10% decrease in work accidents at the production sites in Israel, compared with 2010.

Policy
Makhteshim Agan enables its employees to develop and to work in a business environment that offers them many opportunities, enables them to identify with a meaningful common goal, and gives them a clear ethical framework and a supportive work environment. All these contribute to generating loyalty to the company, a high level of motivation, efficiency and creativity, and personal growth and development.

The combination of creativity and room for action and initiative, and an infrastructure of basic values and meticulously ethical conduct, is the foundation on which Makhteshim Agan employees grow – with commitment and excellence.

Makhteshim Agan insists on conduct that complies with the company’s code of ethics, which ensures equal opportunities and a safe workplace for everyone.

The company takes an unequivocal stand against any type of discrimination and welcomes all persons regardless of color, race, gender, nationality, religion, sexual orientation or other personal differences.

Makhteshim Agan respects 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.

The company’s contracts with its suppliers contain provisions on protecting the rights of the employees of the suppliers. The company believes in the right of every person to earn a livelihood with dignity and to benefit from opportunities for personal growth.

The global processes apply to all the company’s business units, including those in Israel, but local human resources processes are practiced in accordance with the unique needs of each one of the companies.
Human resources management

The global headquarters for human resources is in charge of developing uniform processes and tools for the entire group with adaptations for local applications. This focuses on matters that contribute added value to the organization and its employees, advances common goals and leverages Makhteshim Agan’s economies of scale.

The company’s employees

In 2011, Makhteshim Agan had 4,072 employees around the world, a 3% increase over the number of employees in 2010.
**Fair employment**

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.

**Employment of minors**

Makhteshim Agan does not employ people under the age permitted by law in any country in which it operates, and it refrains from any action that might be interpreted as exploiting or harming children. We meticulously obey all the local rules and regulations pertaining to this matter.

**Human rights**

Makhteshim Agan 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. In 2011, Group employees underwent refresher sessions on the code of ethics.

**Full-time Vs. Part-time employees**

At the end of 2011, 98% of the Group’s employees were working in full-time jobs, and only 2% in part-time jobs.

**Permanent Vs. Temporary employees**

Makhteshim Agan prefers to employ its personnel on a permanent rather than a temporary basis so the vast majority of its employees receive full salary and benefits. At the end of 2011, 95% of the company’s personnel were permanent employees and only 5% were temporary.
**Contract employees**

Contract employees are hired to implement special seasonal projects by filling temporary job vacancies. In 2011, 1,647 contract employees were hired on average, primarily in the plants (India – 1,212, Israel – 300) and in accordance with seasonal requirements.

**Freedom of Association**

Makhteshim Agan 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 employees’ freedom of association, and we continue to support the process of collective negotiations and to protect all the rights of Group employees.

Today, about 73% of our employees in Israel are employed under terms that were established in a collective agreement which was negotiated with a trade union. Collective agreements have also been negotiated in our plants in Brazil, Italy, France, Spain, Columbia and Poland, in which employment conditions were established for most of our employees in those locations. There has never been a case in which freedom of association and collective negotiations were endangered and we intend to continue that practice.

**Variety and law**

Makhteshim Agan does not collect data on origin, background, nationality or any other personal information on its employees beyond the information required by law and in accordance with the Equal Opportunity in Employment Law, 5748-1988, and it respects the privacy of its employees.

As an equal opportunity employer, we are committed to offering employment and advancement opportunities to talented employees of different cultural backgrounds, irrespective of gender, race, religion, nationality, age or disabilities.

**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. To that end, we actively recruit women and adapt the employment conditions to make the Group more attractive to women.

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.

In 2011, about 450 people were hired by the company, of whom 150 were women.

In 2011, the percentage of women in the company rose by about 4%, and women now constitute 25% of all our employees.
In 2011, Rony Patishi-Chillim has appointed as SVP Global corporate communications, and thus added a second woman to the senior management of Makhteshim Agan Industries, in addition to Michal Arlosoroff, SVP, Legal Counsel and Head of Corporate Responsibility.

Range of age groups

At Makhteshim Agan, 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.

In 2011:

- About 51% of the company's employees were under the age of 40.
- About 45% were 40-60 years of age.

Employing the handicapped

As stated, Makhteshim Agan does not collect data on origin, background, nationality or any other private information of its employees beyond the information required by law and in accordance with the Equal Opportunity in Employment Law, 5748-1988, and it respects the privacy of its employees.

To the best of our knowledge, in 2011 we hired 35 people with handicaps and we implemented the adaptations required in the workplace.

Anti-harassment policy

Makhteshim Agan 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, which we distributed to the employees.

in special training sessions designed to clarify our expectations, assimilate the procedures and enforce the policies. 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.
ORGANIZATIONAL AND PERSONAL DEVELOPMENT

Professional development

The Makhteshim Agan Group 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 one.

Together with the company management, we conduct evaluation processes that identify the employees’ potential while following their professional aspirations, so that we can adapt organization-wide development programs for groups of employees that are appropriate to their positions, along with personal programs that meet the needs of the individual employee.

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 working to formulate a leadership model that will describe 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, management development programs for all the managerial levels, planning a managerial reserve and manager evaluations.

Performance evaluation and career planning

We have instituted a structured and in-depth process for evaluating the annual performance and abilities of each one of our employees and for preparing career development programs. In most of the Group’s units in Israel and abroad, employee evaluations are performed annually. All our employees meet with their manager once a year to examine their strengths, issues that require improvement and other parameters, and to set goals for the coming year. Based on that evaluation, we 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.

Hiring quality personnel

At Makhteshim Agan we believe in matching the person and his qualifications to the job, the team in which he will work and the organizational culture in which he will exist.

As a result, in the first stage we define the organizational needs and the required position and after interviews and screening, upon hiring the candidate, we see to his or her effective assimilation into the company in a manner that benefits both the employee and the organization.

In 2011, about 450 people were hired at various levels.

Internal mobility

Makhteshim Agan is a large global company in which its employees can pursue complete long-term careers within the organization. The company enables them to move between departments, to develop, to contribute and to advance both personally and professionally. On the company’s Internet website – MAI Connect – every employee can find vacant positions before they are publicized outside the company.
An employee who is found suitable will receive support and suitable training that will allow for an effective and smooth transition to the new job.

In 2011, 14 employees in Israel alone moved to new jobs in the company.

Employees stay with Makhteshim Agan for an average of 8.1 years.

Ensuring The Employees’ Welfare

Creating fair remuneration

The Makhteshim Agan Group gives its employees all the fringe 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.

Allocations are regularly made to continuing education funds in accordance with the employee's position and seniority.

Promoting employee welfare

At the very heart of our organization are the employees. We believe that proper management of the human resource leads to the business success of the organization. An employee who feels that the organization is investing in him and appreciates him will invest all his energies and his output will be immeasurably higher. This belief leads us, in addition to salary and professional development, to look after the welfare of our employees.

In 2011, we established an employee welfare committee at the company’s headquarters in Israel, to create a sense of fairness among our employees. The committee is responsible for formulating guidelines for the annual employee welfare program and to monitor its implementation.
Encouraging a healthy life style

As part of our concern for the health and welfare of the employees, the company in Israel 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 and others) and in view of the importance of physical activity, the company encourages the employees to take part in them.
Safety first

At each one of our plants in Israel, the plant 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.

All the safety officers in Israel have undergone training in programs provided by the Ministry of Industry, Trade and Labor and approved by the district manager in that ministry. Each year, the safety officers also undergo intensive supplementary training for 10 days, in which they go through the entire range of issues related to health and safety in the workplace. In addition to the safety officers, the managers in the production facilities in Israel must also undergo an eight month health and safety course.
THE ENVIRONMENT, HEALTH AND SAFETY
Striving for the best
HEALTH, SAFETY & THE ENVIRONMENT

For the first time, in this report we are presenting information on our environmental impact with regard to all sectors of activity throughout the Group, all over the world, and not as we have reported in previous years.

The KMPG company has conducted a process of readiness assessment in the Group’s Production plants.

SUMMARY

Investing in safety and protecting the environment

We are continually investing in safety and in protecting the environment, thereby reducing our ecological footprint in all the areas in which we operate.

Over the last 5 years, about $305 million have been invested in equipment, facilities and ongoing maintenance.

Promoting effective environmental processes

Reducing the amount of sewage – we are investing in establishing new facilities to treat hazardous sewage (-35%).

Reduction in the amount of TOC in Israel.

-40%

Reduction in the amount of hazardous waste since 2009.
Makhteshim Agan 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.

Code of ethics of Makhteshim Agan

Makhteshim Agan 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.

The company’s safety and environmental protection management is based on an overall systemic approach: planning, application, monitoring and control, performing remedial actions and feedback. This is all done with the aim of continually improving the company’s performance in these matters.

The company is committed to proactive and continuous action on safety and environmental issues, and to the principles of innovation, renewal and exchange of ideas with the various interest groups, including those in industry, government ministries and various public entities.

The health, safety and welfare of our employees are a top priority and are at the core of our commitment to our employees. We invest significant resources in training our employees and managers in all aspects of health and safety, which includes constantly initiating programs in an effort to comprehensively improve the health and safety profile in our plants, and to reduce the number of incidents stemming from health or safety hazards.
REDUCING THE ENVIRONMENTAL IMPACT

Makhteshim Agan measures the environmental impact generated by the use of natural resources, energy consumption and emissions of air pollutants in an effort to reduce and report them to the interested parties.

Energy consumption

The transition to clean energy consumption is part of the Group’s long-term policy which is striving to reduce the consumption of natural resources. This will allow for a significant reduction in emissions of air pollutants by transitioning to the use of natural gas and electricity production, including a reduction of greenhouse gas emissions and a great improvement in the quality of the environment.

The Group’s performance, 2011

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<td>Total energy consumption (Tj)</td>
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<td>Electricity consumption (MWh)</td>
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<td>Natural gas consumption (1000 m³)</td>
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<td>LPG consumption (ton)</td>
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Performance in Israel

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy consumption (Tj)</td>
<td>2,434</td>
<td>2,694</td>
<td>2,844</td>
</tr>
<tr>
<td>Electricity consumption (MWh)</td>
<td>316,245</td>
<td>340,569</td>
<td>330,574</td>
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<tr>
<td>Mazut consumption (all types) (tonne)</td>
<td>11,266</td>
<td>19,447</td>
<td>15,217</td>
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<tr>
<td>Diesel fuel consumption (tonne)</td>
<td>18,297</td>
<td>12,740</td>
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<tr>
<td>LPG consumption (tonne)</td>
<td>1,724</td>
<td>1,781</td>
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<tr>
<td>Bought steam (tonne)</td>
<td>17,586</td>
<td>9,549</td>
<td>18,501</td>
</tr>
</tbody>
</table>

In 2011, because of the problems involved in the supply of natural gas, the company only succeeded in partially reducing the use of existing sources of energy.
Emission and treatment of air pollutants

Makhteshim Agan is working toward reducing emissions at its sites. Among the measures that have been taken are:

- Installing permanent monitoring systems in Makhteshim’s facilities in Ramat Hovav, to pinpoint and measure the presence of certain pollutants in the emissions from various chimneys.
- Regular examinations of the functioning of other chimneys at the Makhteshim plant. The results are sent to the Ministry of Environmental Protection and to the Ramat Hovav council.
- Installing absorption and adsorption systems to purify gases and odors emitted by various sources at the Agan and Makhteshim Ramat Hovav sites.
- Operating high efficiency thermal oxidizers to neutralize volatile organic pollutants from gas emissions at the production facilities in Ramat Hovav and Ashdod.

The Group’s performance, 2011

<table>
<thead>
<tr>
<th>Pollutant</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Reduction</th>
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</thead>
<tbody>
<tr>
<td>SOx emission (tons)</td>
<td>156</td>
<td></td>
<td></td>
<td>35%</td>
</tr>
<tr>
<td>NOx emission (tons)</td>
<td>152</td>
<td></td>
<td></td>
<td>2%</td>
</tr>
<tr>
<td>CO₂ emission (tons)</td>
<td>402,314</td>
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</tr>
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</table>

Performance in Israel

<table>
<thead>
<tr>
<th>Emission of pollutants</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOx emission (tons)</td>
<td>193</td>
<td>198</td>
<td>128</td>
<td>35%</td>
</tr>
<tr>
<td>NOx emission (tons)</td>
<td>162</td>
<td>141</td>
<td>138</td>
<td>2%</td>
</tr>
</tbody>
</table>
Preserving natural resources

Makhteshim Agan takes measures to preserve natural resources and reduce its impact on them by treating the waste that it generates, reducing the use of raw materials and transitioning to recyclable materials.

Sewage treatment

Makhteshim Agan invests significant resources to ensure compliance with the environmental protection laws that apply to the company regarding treatment of industrial sewage, 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 sewage 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.

Levels of pollutants in the industrial sewage at all production sites:

<table>
<thead>
<tr>
<th>Pollutants in the sewage in Israel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emission of pollutants</td>
</tr>
<tr>
<td>SOx emission (tons)</td>
</tr>
<tr>
<td>NOx emission (tons)</td>
</tr>
</tbody>
</table>
Waste treatment

Makhteshim Agan views waste treatment as a vital component in reducing the harm to the environment. Our guiding principles include:

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

The waste generated by the Group

The quantity of non-hazardous waste that was created in 2011 was 15,326 tons.

The quantity of hazardous waste was 16,381 tons.

The waste generated in Israel

Most of the non-hazardous waste comes from construction at the plants.

The quantity of hazardous waste in Israel in 2011 was 10,342 tons, a decrease of 27% from 2010. In 2011, there was an increase of 25% in nonhazardous waste, most of which was building materials.
“I get my own personalized weather forecasts and warnings from Makhteshim Agan Hungary’s METOS online system straight to my phone or email. Why would I ever want to work with any other company?

This has really made my life simpler.”
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.

Water consumption

The company constructed a facility to desalinate treated sewage at the Ramat Hovav site. This facility will enable the recycling of good quality water and reduce the quantity of concentrated sewage that is transferred to evaporation pools. This will reduce the need for salification of the ponds, which will lead to considerable savings in water.

In 2011, the Group consumed 4,326,122 m³ of water.

In Israel, in 2010 the group consumed 3,413,612 m³ of water.

Our relations with our neighbors

In 2011, in the framework of various lawsuits that were filed against Agan and its managers by the residents of Nir Galim – a moshav (collective agricultural settlement) in the vicinity of the Agan plant in the industrial zone of Ashdod – the first mediation agreement of its kind was signed in Israel between Agan and the residents of Nir Galim. As part of the mediation agreement, the claims were cancelled and Agan undertook various measures to reduce the effects of the plant’s operations on the moshav and its residents.

Agan views the relationships with its neighbors as part of its overall policy and as part of its efforts and contributions to the environment in which it conducts its business.
Israel – Packaging without aluminum

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. 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.

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.

In 2011, 2.35 tons of waste were collected from company sites. The waste is transferred to the Ecommunity organization, which creates production and other jobs for the special needs population, and contributes to preserving land and water resources in the State of Israel by removing, dismantling and recycling electronic refuse.
MAKHTESHIM AGAN AND THE COMMUNITY
Respecting the place in which we grow
MAKHTESHIM AGAN AND THE COMMUNITY

SUMMARY

**1.052**

Financial contribution

The company contributed significant amounts to programs for promoting education and encouraging excellence among children and teenagers.

US $1.052 million in contributions

**13,000**

Students

Thousands of children, teenagers and adults benefit from our activities, which are interwoven like a web in every place in which we operate.

Over 13,000 students have benefited from participation in a variety of Makhteshim Agan’s empowerment and assistance programs.

**150**

Non-profit associations and organizations

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

About 150 non-profit associations and organizations received assistance from the company.

**5,000**

Volunteer hours

Activities on behalf of the community are implemented with the involvement of our employees who have assimilated the values of social responsibility.

About 5,000 volunteer hours were dedicated to education, health, the environment and sports in 2011.
The company views its contribution and assistance to the community as a vital component that should be an integral part of its activities and a pivotal element in its vision for the future.

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.

Social responsibility, involvement in, and giving to the community, are strategic objectives that constitute an integral part of the company’s business plan, which allocates financial resources to these matters in the annual work plan.

In its community activities, the company has chosen to focus on education and preserving the quality of the environment, along with activities related to health, culture, art, sports, heritage and welfare.

To implement these initiatives in the community, we are building a genuine partnership with local authorities and nonprofit organizations. We carefully examine every request for funding and monitor it every step of the way, from the conceptual stage to actual implementation. That way, we can ensure that every contribution will be leveraged and will provide genuine added value to those who participate in the program.

We utilize our know-how, relationships and accumulated experience to help the initiators to fulfill their vision for their society.

In 2011, the company donated US$ 1.52 million, of which US$ 815,000 were contributed to activities in Israel.
Our policy of social involvement focuses on three levels:

The focused allocation of financial resources

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.

In 2011, Makhteshim Agan contributed to a wide variety of programs in Israel, as shown in the following chart:

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, art and the environment. These programs are formulated jointly by the company and the entities it supports, then submitted for the approval of both parties. After they are approved, 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.

Activities led by the company in 2011:

- Leadership and volunteerism
- Culture, art and music
- Preserving the quality of the environment
- Excellence and developing strategic thinking
- Entrepreneurship
- Preventing violence and drug and alcohol abuse, for youth at risk

Involving employees 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, education and encouraging excellence in teenagers, and 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 the employees’ children, by engaging them in service to the community during their summer vacation.

During 2011, company employees around the world donated 5,000 volunteer hours.

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 school work.
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.

Awards

The intensive daily activities in the company’s relations with the community lead to acknowledgment by the community. In 2011, we received dozens of thank you letters and three awards from:
- The mayor of Beer Sheva – award for our contribution to the community
- The Elem award for a volunteer organization, for the dedicated volunteerism of its employees, presented by the president of Elem, Ms. Nava Barak.
- The Light of Educating for Excellence award
Makhteshim Agan Israel

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, creating positions against the use of drugs and alcohol and creating 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 Makhteshim Agan 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 discussion groups 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.

“...It is wonderful to see how the children react to the play – they love it... And most importantly, in the discussion they attain extremely important insights regarding the effects of alcohol. The play transmits a strong and clear message and it is obvious that the students connect to it and identify with it and with the various situations presented in the play. The workshop also leaves them with a desire for more so it is wonderful that there is a continuation workshop in which they learn more about the damage caused by alcohol.”

Lital Algavish, The Beer Sheva Municipal Authority for the War on Drug and Alcohol Abuse
Makhteshim Agan India

Makhteshim Agan India “adopts” a village in western Bengal

As part of Makhteshim Agan’s commitment to improving the communities in which it operates, in December 2010 Makhteshim Agan India “adopted” a village in the Baidyapur region of western Bengal. This area is inhabited primarily by farmers who cultivate the land for their own use and the literacy rate is very low.

In order to help the farmers increase the yields from their fields and livestock, Makhteshim Agan has initiated two week training programs in which the farmers are taught, by example, the recommended work methods for farming, raising livestock, for health, safety, and the health of their livestock and crop fertilization methods.

Makhteshim Agan India has also adopted one elementary school and is planning to adopt another two. The company provides study aids and sports equipment to the schools, while also improving the children’s health by installing water purifiers and financing a program of inoculations and medical exams.

Makhteshim Agan Israel

Educating for environmental preservation

The Children Leading Change program has been operated by the Society for the Protection of Nature for six years, with the participation of thousands of students from a variety of schools. It encompasses 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.
Australia and New Zealand

Australia and New Zealand: Raising awareness of prostate cancer

Over 200,000 men in Australia are diagnosed with prostate cancer each year, 3,300 of whom die of the disease each year. Most of them live in rural areas.

In 2011, Makhteshim Agan Australia – New Zealand donated US$ 61,000 to the Prostate Cancer Foundation of Australia (PCFA).

Milenia, Brazil

Brazil – Milenia: Large-scale involvement in the community.

The Milenia plant in Brazil invests considerably in the local community. In the past decade the plant has taken an active part in implementing many valuable educational initiatives and projects.

For the purpose of coordinating and supervising the plant’s social projects the Instituto Milenia was established in 2007. It is a strategy Institute that utilizes human resource locating and evaluation mechanisms to encourage volunteerism and to develop the talents of each one of the employees. The Institute supports activities that focus on children and teenagers.

Additional educational initiatives

Milenia participates in additional educational initiatives, such as:

- The toys library – a project designed to encourage children to learn through pleasant experiences.
- The Empreender project – an initiative designed to create opportunities for professional and academic development, which helps residents of the area to find jobs while raising awareness of social and environmental issues.
- Other cooperative ventures designed to find ways to improve the welfare of the area’s residents.

Makhteshim Agan England

England – helping the community to raise fruits and vegetables

In September 2011, 20 Makhteshim Agan England employees participated in a project that was designed to help people learn how to grow a wide variety of fruits and vegetables and to promote the growing of the local foods.

Volunteers cultivated the ground for planting in the spring and they intend to continue volunteering.

The activity was implemented together with the Growing 2gether nonprofit organization.
Makhteshim Agan North America

Riding for multiple sclerosis

Makhteshim Agan North America, led by Dave Downing, participated in a 150 mile bicycle ride to raise awareness of multiple sclerosis. During ride, the team raised US$ 28,000.

Future objectives

In coming years, we will continue to take an active part in the communities in which we operate, primarily in the following channels:

1. Deepening cooperation with academic institutions, including enlarging scholarships for students of chemistry, chemical engineering and agriculture in the various universities, and participating in educational programs to encourage the study of chemistry among high school students, in cooperation with the Technion in Haifa and Ben Gurion University of the Negev.
2. Launching a major flagship program in the field of education – agriculture.
3. Encouraging our employees to volunteer and to contribute to the communities in which they live.
4. Continued participation in programs to promote education.
MAKHTESHIM AGAN’S VISION FOR THE FUTURE
Focusing on simplicity to create differentiation
In a constantly developing market, we are committed to staying focused on our goal – creating simplicity in agriculture.

By placing the community and the farmers at the center of our activities, we are utilizing a practical approach and our professional know-how to make the difference. Our unique ownership structure gives us the opportunity and allows us to make the commitment to integrate and leverage abilities from all over the world and bring the very best from both East and West.

**Active adaptation of our range of solutions to the changing needs of our customers**

We are committed to understanding the various needs of our customers in both the developed and developing markets, which requires us to take a holistic approach to our current range of products and to differentiate our products by integrating proven, effective and innovative solutions with services that take existing and future challenges throughout the industry into account.

We are striving to utilize our technological expertise and the scope of our product range to offer products and solutions that are precisely tailored to our customers’ needs. Our product differentiation is built on the correct balance of various mixtures, formulations and product innovation together with service that is uniquely efficient, based on our expertise and knowledge of agronomy.

**Unique agricultural technologies**

The company is committed to developing and promoting activities related to seeds and biotechnology, and it is considering entering other related areas of agriculture.

Improving and streamlining the global deployment of our production plants

We are striving to continually improve the balance in our range of products, between products manufactured by us (which we develop and produce using our own R&D and production abilities) and products from outsourcing (which we purchase, using the appropriate purchasing platforms). In the key products that we choose to produce, we strive to create vertical integration of the production processes while relying on our strong R&D capabilities in order to support our strategic goals.
Enhancing our global supply chain effectiveness

In order to take advantage of the economies of scale afforded by our global operations, and to improve the performance of the supply chain, we are constantly seeking ways to improve our organization, platforms, and methodologies. As part of that effort, we are focusing on reinforcing the compatibility between our supply chain and our production activities, and with our raw materials suppliers and our markets. To enable us to better serve our growing commercial system, we will continue to apply existing technology while establishing additional formulation facilities and building infrastructures in Asia.

Reinforcing our research and chemical R&D abilities

We are committed to the continued development and production of top quality products while leveraging our tradition and experience in chemical R&D and quality control all over the world.

We will continue to invest in processes to advance and leverage the Research and Development Department, in hiring new, professional human capital, in renovating and building research laboratories, in equipping ourselves with advanced systems and in building technologies that will allow us to specialize in new areas and to expand pilot projects.

Strengthening our competitive position in emerging markets in general and in Asia in particular

Our aspiration is to constantly expand the approach to new geographic areas, particularly to the emerging markets, which are characterized by the rapid growth of various markets connected to agriculture. As part of that endeavor, we are striving to increase our supply to those markets, as providers of economically feasible solutions and know-how in the industry, which are required by the local customers.

The future – China

In China, our mission is even greater. We view our mission as going beyond the sale of agrochemical solutions. We aspire to take an integral part in improving the agricultural methods in China. Our advantages are very deeply rooted in the agricultural methods, in the chemistry, and in business capabilities – a foundation that we have built over decades of commitment and a passion for the industry in which we operate.

In realizing this vision, the company is now in the process of assimilating a new marketing strategy. It has also begun to take measures to create a comprehensive uniform brand for all the products produced by the companies and subsidiaries in the Group, which will express the identity and values of the new Makhteshim Agan – the company that has created, and continues to create for its customers and its environment – SIMPLICITY IN AGRICULTURE.
## STANDARD DISCLOSURES PART I: Profile Disclosures

### 1. Strategy and Analysis

<table>
<thead>
<tr>
<th>Profile Disclosure</th>
<th>Description</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Statement from the most senior decision-maker of the organization</td>
<td>16-19</td>
</tr>
<tr>
<td>1.2</td>
<td>Key impacts, risks, and opportunities</td>
<td>53, 46-49, 38-41</td>
</tr>
</tbody>
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### 2. Organizational Profile

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<td>2.2</td>
<td>Primary brands, products, and/or services</td>
<td>22-23, 34-35, 37, 43</td>
</tr>
<tr>
<td>2.3</td>
<td>Operational structure of the organization</td>
<td>2011 Annual Report</td>
</tr>
<tr>
<td>2.4</td>
<td>Location of organization's headquarters</td>
<td>Back cover</td>
</tr>
<tr>
<td>2.5</td>
<td>Countries where the organization operates</td>
<td>33</td>
</tr>
<tr>
<td>2.6</td>
<td>Nature of ownership and legal form</td>
<td>2011 Annual Report</td>
</tr>
<tr>
<td>2.7</td>
<td>Markets served</td>
<td>22-25, 46-49</td>
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<tr>
<td>2.8</td>
<td>Scale of the reporting organization</td>
<td>24</td>
</tr>
<tr>
<td>2.9</td>
<td>Significant changes during the reporting period</td>
<td>28, 52</td>
</tr>
<tr>
<td>2.10</td>
<td>Awards received in the reporting period</td>
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### 3. Report Parameters

<table>
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<tr>
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<td>3.3</td>
<td>Reporting cycle</td>
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<td>3.4</td>
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<td>3.5</td>
<td>Process for defining report content.</td>
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<tr>
<td>3.6</td>
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<tr>
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<td>Page Number</td>
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<td>------------------------------------------------------------------------------</td>
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<tr>
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<td>Limitations on the scope or boundary of the report</td>
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<td>3.11</td>
<td>Changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report</td>
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### 4. Governance, Commitments, and Engagement

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<td>Governance structure of the organization</td>
<td>52</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>52</td>
</tr>
<tr>
<td>4.3</td>
<td>Independent Directors</td>
<td>52</td>
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<tr>
<td>4.4</td>
<td>Mechanisms for shareholders and employees to provide recommendations or direction to the BoD.</td>
<td>52-53</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>52-56</td>
</tr>
<tr>
<td>4.6</td>
<td>Processes in place for the BoD to ensure conflicts of interest are avoided</td>
<td>57</td>
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<tr>
<td>4.7</td>
<td>Qualifications and expertise of the members of the BoD</td>
<td>52-54</td>
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<td>4.8</td>
<td>Internally developed statements of mission or values and code of conduct</td>
<td>53</td>
</tr>
<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>53</td>
</tr>
<tr>
<td>4.10</td>
<td>Processes for evaluating the highest governance body's own performance</td>
<td>53</td>
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### STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

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<tr>
<td>DMA SO</td>
<td>Disclosure on Management Approach SO</td>
<td>57,87</td>
</tr>
</tbody>
</table>
## STANDARD DISCLOSURES PART III: Performance Indicators

### Economic

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Description</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC1</td>
<td>Direct economic value generated and distributed</td>
<td>46-49</td>
</tr>
<tr>
<td>EC3</td>
<td>Coverage of the organization’s defined benefit plan obligations</td>
<td>61, 67</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>63</td>
</tr>
<tr>
<td>EC8</td>
<td>Infrastructure investments and services provided primarily for public benefit</td>
<td>84-91</td>
</tr>
</tbody>
</table>

### Environmental

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Description</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN3</td>
<td>Direct energy consumption by primary energy source</td>
<td>74-75</td>
</tr>
<tr>
<td>EN4</td>
<td>Indirect energy consumption by primary source</td>
<td>74-75</td>
</tr>
<tr>
<td>EN5</td>
<td>Energy saved due to conservation and efficiency improvements</td>
<td>74</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>74</td>
</tr>
<tr>
<td>EN7</td>
<td>Initiatives to reduce indirect energy consumption and reductions achieved</td>
<td>74</td>
</tr>
<tr>
<td>EN8</td>
<td>Total water withdrawal by source</td>
<td>80</td>
</tr>
<tr>
<td>EN18</td>
<td>Initiatives to reduce greenhouse gas emissions and reductions achieved</td>
<td>75</td>
</tr>
<tr>
<td>EN20</td>
<td>NOx, SOx, and other significant air emissions by type and weight</td>
<td>75</td>
</tr>
<tr>
<td>EN22</td>
<td>Total weight of waste by type and disposal method</td>
<td>72, 77</td>
</tr>
<tr>
<td>EN23</td>
<td>Total number and volume of significant spills</td>
<td>76</td>
</tr>
<tr>
<td>EN28</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations</td>
<td>None</td>
</tr>
<tr>
<td>EN29</td>
<td>Significant environmental impacts of transporting products and other goods and materials used for the organization’s operations, and transporting members of the workforce</td>
<td>72</td>
</tr>
<tr>
<td>EN30</td>
<td>Total environmental protection expenditures and investments by type</td>
<td>51</td>
</tr>
</tbody>
</table>
### Social: Labor Practices and Decent Work

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Description</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA1</td>
<td>Total workforce by employment type, employment contract, and region</td>
<td>60-67</td>
</tr>
<tr>
<td>LA2</td>
<td>Total number and rate of employee turnover by age group, gender, and region</td>
<td>66</td>
</tr>
<tr>
<td>LA7</td>
<td>Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region</td>
<td>61</td>
</tr>
<tr>
<td>LA10</td>
<td>Average hours of training per year per employee by employee category</td>
<td>60</td>
</tr>
<tr>
<td>LA11</td>
<td>Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings</td>
<td>66</td>
</tr>
<tr>
<td>LA12</td>
<td>Percentage of employees receiving regular performance and career development reviews</td>
<td>66</td>
</tr>
<tr>
<td>LA13</td>
<td>Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity</td>
<td>65</td>
</tr>
</tbody>
</table>

### Social: Human Rights

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Description</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<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>60</td>
</tr>
<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>62</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>62</td>
</tr>
</tbody>
</table>

### Social: Society

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Description</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO2</td>
<td>Percentage and total number of business units analyzed for risks related to corruption</td>
<td>56</td>
</tr>
<tr>
<td>SO3</td>
<td>Percentage of employees trained in organization’s anti-corruption policies and procedures</td>
<td>Partially reported - 56</td>
</tr>
<tr>
<td>SO4</td>
<td>Actions taken in response to incidents of corruption</td>
<td>None</td>
</tr>
<tr>
<td>SO5</td>
<td>Public policy positions and participation in public policy development and lobbying</td>
<td>None</td>
</tr>
</tbody>
</table>
### Performance Indicators

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<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>
</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>
</tr>
<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>
</tr>
</tbody>
</table>

### Social: Product Responsibility

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Description</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR4</td>
<td>Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes</td>
<td>None</td>
</tr>
<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>
</tr>
<tr>
<td>PR8</td>
<td>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data</td>
<td>None</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>
</tr>
</tbody>
</table>

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We would like to thank all those who took part in creating this report, and particularly:

**Rony Patishi-Chillim** – SVP, Global Corporate Communications  
**Efrat Kravchinsky** – Knowledge Manager & CSR coordinator  
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