



ICL Group's

# ICL Scope 3 Carbon Footprint Approach and Methods 2022

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# ICL Scope 3 Carbon Footprint Approach and Methods 2022

## Introduction

Following its Scope 1 and 2 Carbon Footprint reports for the years 2018-2022 conducted over the last few years, ICL Group assembled its Scope 3 Carbon Footprint for the year 2022 which covers Upstream indirect emissions (referred to as Scope 3 categories 1-8) and Downstream indirect emissions (referred to as Scope 3 categories 9-15).



# A | Company Description

## Overview

ICL Group Ltd. is a leading global specialty minerals company, which creates impactful solutions for humanity's sustainability challenges in the food, agriculture, and industrial markets. ICL leverages its unique bromine, potash, and phosphate resources, its global professional workforce, and its sustainability focused R&D and technological innovation capabilities, to drive ICL's growth across its end markets.

ICL Group is publicly-traded in the USA and Israel (NYSE: ICL, TASE: ICL). The company has 13,619 employees (as of year-end 2022) with 48 manufacturing facilities in 13 countries and group headquarters in Tel Aviv, Israel, Amsterdam, Netherlands, Shanghai, China and St. Louis, Missouri in the USA.

## Structure, Markets and Industries

ICL Group's integrated business model is mainly structured around three mineral value chains – bromine, potash and phosphate. These minerals are the main raw materials for most of the value-added downstream products in the company's portfolio. Its operations are organized under four reporting segments: Industrial Products, Potash, Phosphate Solutions and Growing Solutions. The segments represent a specific value chain in which ICL Group is a leader in each of these segments – either in terms of market share or cost competitiveness.

The Industrial Products segment primarily operates the bromine value chain, which includes elemental bromine and bromine compounds for various industrial applications. This segment also operates several complementary businesses, mainly phosphorous-based flame retardants and additional Dead Sea minerals for the pharmaceutical, food, oil and gas, and de-icing industries.

The Potash segment operates the potash value chain and includes primarily potash fertilizers and the magnesium business, a byproduct of potash production, which produces and sells pure magnesium and magnesium alloys, as well as chlorine and sylvinitite.

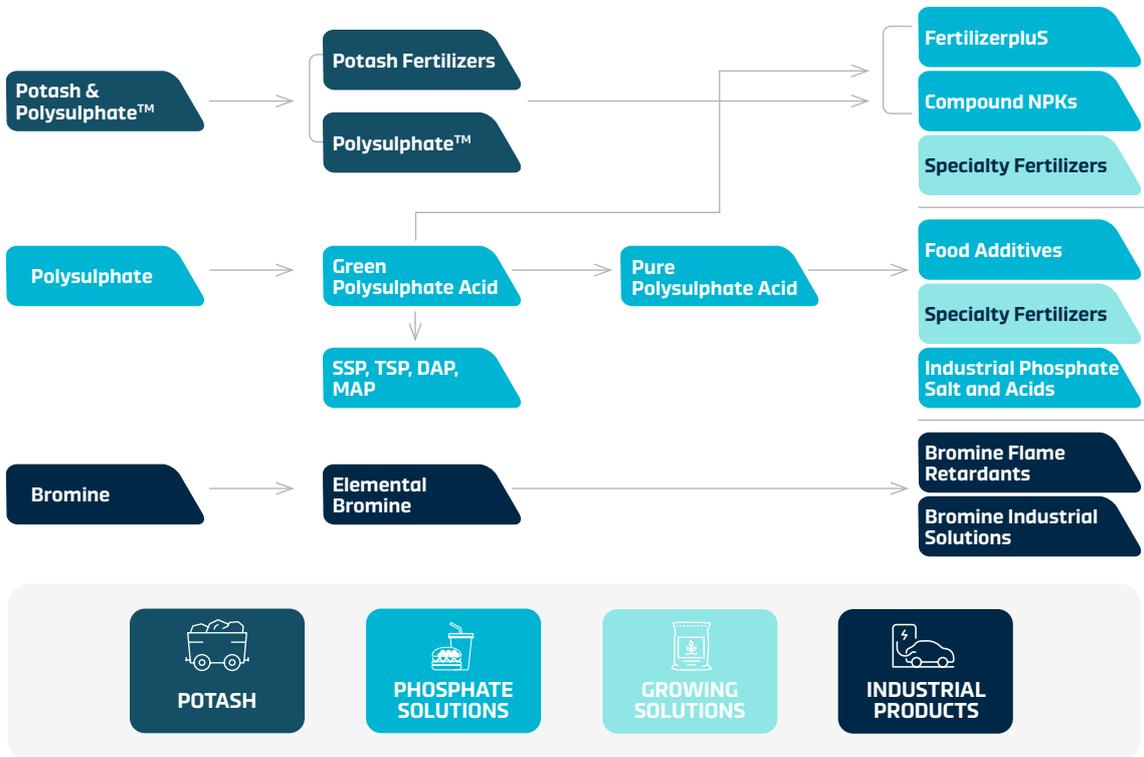
The Phosphate Solutions segment is based on the phosphate value chain. It includes specialty phosphate salts and acids for various food and industrial applications, as well as commodity phosphates, which are used mainly as fertilizers.

The fourth segment, Growing Solutions, includes the specialty fertilizers business. In 2021, ICL Group expanded its geographic scope, with the acquisitions of Fertiláqua, a Brazilian specialty crop nutrition company, and a South American plant nutrition business from Compass Minerals (ADS). Both acquisitions were integrated into ICL Group's operations during 2022 and have helped to position ICL as the leading specialty plant nutrition company in Brazil as well as balance the segment's seasonality between the Northern and Southern hemispheres.

# A | Company Description

## Structure, Markets and Industries

### Value Chain



## B | Organizational Boundaries

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ICL Group is using the Operational Control approach for the purposes of consolidating and reporting GHG emissions.

Using this approach, the relevant data necessary for calculating the Scope 3 emissions has been collected from ICL Group's manufacturing, research facilities, technical centres, laboratories, power plant, transport and logistics sites, warehouses and loading facilities. For the full list of properties, please see the company's 2022 audited Annual Financial Report.

For exceptions to the organizational boundaries please see below, subsections "Boundary Exceptions" detailed specifically for each Scope 3 Category.

## C | Operational Boundaries

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### Scope 3 Carbon Footprint categories:

- 1 Purchased goods and services
- 2 Capital goods
- 3 Fuel- and energy-related emissions
- 4 Upstream transportation and distribution
- 5 Waste generated in operations
- 6 Business travel
- 7 Employee commuting
- 8 Upstream leased assets
- 9 Downstream transportation and distribution
- 10 Processing of sold products - excluded from downstream emissions
- 11 Use of sold products
- 12 End-of-life treatment of sold products
- 13 Downstream leased assets
- 14 Franchises - not applicable for ICL
- 15 Investments

## D | Reporting Period

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1 January 2022 - 31 December 2022.

## E | Measuring & reporting approach

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ICL has followed the World Business Council for Sustainable Development (WBCSD) / World Resource Institute's (WRI): "GHG Protocol Corporate Accounting and Reporting Standard" (2004, as updated January 2015); "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" (2011); and "Technical Guidance for Calculating Scope 3 Emissions" (version 1.0, 2013). Emissions are reported in thousand tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>e).

## F | Calculation Methods by Category

### General Formula Used to Calculate Emissions

ICL Group's GHG calculations follows the formula below unless otherwise indicated:

Activity data x emission factor x global warming potential (GWP) = CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions

Where:

- ▶ **Activity data** is a quantitative measure of a level of activity (e.g. mass of material purchased, kilometers travelled, etc.) that results in GHG emissions.
- ▶ **Emission factor** is a factor that converts activity data into GHG emissions data (e.g. kg CO<sub>2</sub> emitted per liter of fuel consumed, kg CH<sub>4</sub> emitted per kilometer travelled, etc.). Most conversion factors are provided in CO<sub>2</sub> equivalent units by the various sources of emissions data, thus a simplified formula can be expressed as:  
Activity data x emission factor = CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions
- ▶ **Global warming potential (GWP)** is a factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG, relative to one unit of CO<sub>2</sub> over a specific multi-year time horizon. Multiplying emissions of a given GHG by its GWP gives us the CO<sub>2</sub> equivalent emissions. Figures for GWPs are set out by the Intergovernmental Panel on Climate Change (IPCC) Assessment Reports (AR). The GWPs used in the calculation of CO<sub>2</sub>e are based on the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4) over a 100-year period so that the Conversion Factors are consistent with the latest national inventories, on which they're based.

Below are details of the Category-specific calculations that were employed:

#### 1. Purchased goods and services

This Category includes all upstream (i.e. cradle-to-gate) emissions from the production of goods (tangible materials, chemicals & products), as well as services (intangible products).

##### Activity data

Total mass and amount spent (US\$) of each purchase, was obtained from the relevant financial transactions, i.e. purchase orders and invoices, recorded on ICL Group's financial systems supplemented by various local operational systems.

##### Method

ICL Group uses the average-data method to estimate emissions for goods and services by collecting data on the mass (e.g., kilograms or pounds), or other relevant units of goods or services purchased and multiplying by the relevant secondary (e.g. "industry-average") emission factors for the majority of purchased materials and chemicals and for all purchased packaging materials and water.

For unspecified materials and chemicals and for assorted small-volume non-industrial supplies the spend-based method was used to estimate emissions for goods and services by collecting data on the economic value of goods and services purchased and multiplying it by relevant secondary (e.g., industry average) emission factors (e.g. average emissions per monetary value of goods).

## F | Calculation Methods by Category

### Limitations

**Packaging Materials** - Activity data was obtained from various local operational systems. Thus, some of the data that was provided in purchased units ("number of pieces") and required estimating unit weights in order to arrive at total masses per material.

**Water Supply** - Activity data is managed at a local, operation level systems.

Given the unique reliance on energy-intensive desalination in the supply of freshwater in Israel and given ICL's significant water consumption in Israel, the emission factor for Israel's fresh water supply was specifically calculated based on the best available public source data.

**Other supplies** - Other supplies were currently assumed to be negligible and were not assessed. ICL Group operates a diverse range of financial activities globally. Given the variation relating to local markets, regulatory jurisdictions and supplier or customer preferences, the activity data for calculating the emissions related to this category were taken from ICL Group's Business Intelligence System, a system that aggregates financial transactions from the various local ICL Group's ERP source systems which are used in assembling audited financial statements.

## 2. Capital goods

This Category includes all upstream (i.e. cradle-to-gate) emissions from tangible assets ICL Group uses to produce goods and services. These include fixed assets, such as buildings, machinery, equipment, vehicles, and tools used to produce consumer goods or services. Capital goods are considered durable items and differ from consumer goods and services, which are the end-product of production and manufacturing. ICL Group uses the spend-based approach to estimate emissions for capital goods by multiplying the economic value of goods (i.e. spend data) by relevant industry-average emission factors (i.e. emissions per dollar spent).

### Activity data

Total amount spent (US\$) on capital goods purchased during the year was calculated based on the corresponding note "Property, Plant and Equipment" included in the company's 2022 audited Annual Financial Report. The amounts in this note are based on the relevant financial transactions, i.e. purchase orders and invoices, recorded on ICL Group's financial systems.

### Method

ICL Group's Category 2 emissions were determined by modelling secondary data (total expenses) using the [US Environmental Protection Agency's Environmentally Extended Input-Output \(USEEIO\) model](#). Input-output tables traditionally represent the monetary transactions between industry sectors in mathematical form. Environmentally Extended Input-Output (EEIO) models indicate what goods or services (or output of an industry) are consumed by other industries (or used as input). EEIO tables used in life cycle assessment also calculate the average emissions of pollutants associated with spending a certain amount of funds on a particular industry. Operational costs were excluded from the total expenses. The following information was entered into the USEEIO model:

- The detailed sector that each capital good transaction belongs to, based on the North American Industry Classification System (NAICS) Codes (2017)
- The amount of money spent
- The input-output table to be used

The NAICS (2021) emissions factors were used in the calculation.

## F | Calculation Methods by Category

### 3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)

This Category includes indirect upstream emissions related to the production of fuels and energy purchased and consumed in the reporting year, which are not included in Scope 1 or Scope 2. For ICL Group, these emissions include well-to-tank (WTT) emissions of purchased fuels, well-to-tank (WTT) emissions of purchased electricity, and transmission and distribution (T&D) losses for purchased electricity. WTT emissions account for the emissions arising from the extraction, production, and transportation of fuels consumed or used to generate electricity. For all electricity not produced by ICL Group directly, it uses the average-data method to estimate WTT and T&D emissions by using secondary regional-average factors for upstream emissions per unit of energy consumption. WTT emissions of renewable energy uses technology-specific emission factors for upstream emissions per unit of energy consumption.

#### Activity data

Total annual consumption of each fuel and source of purchased electricity or steam consumption (in kWh) used for Scope 1 and Scope 2 emissions calculations.

#### Method

Calculation follows the general formula. To estimate emissions, each fuel consumption data is multiplied by WTT emission factors for each fuel. Electricity consumption data are multiplied by regional-average WTT emission factors, and separately by regional-average T&D losses emission factors.

### 4. Upstream transportation and distribution

This Category includes emissions from transportation and distribution of products purchased in the reporting year, between a company's tier 1 suppliers (tier 1 suppliers are companies with which ICL has a purchase order for goods or services) and its own operations in vehicles not owned or operated by the reporting company as well as third-party transportation and distribution services purchased by the reporting company in the reporting year (either directly or through an intermediary), including inbound logistics, outbound logistics (e.g., of sold products), and third-party transportation and distribution between a company's own facilities.

#### Activity data

For each trip, the mode of transportation (e.g. cargo ships, container ships, trains, trucks), the origin and destination of the trip (enabling an estimate of the distance travelled) and the mass of goods transported were aggregated from ICL Group's various local operational systems.

#### Method

Calculation follows the general formula utilizing the distance-based method in which distance is multiplied by mass or volume of goods transported and emission factors corresponding to each mode of transportation. Emission factors for this method are represented in kilograms of carbon dioxide equivalent per tonne-kilometer.

## F | Calculation Methods by Category

### Limitations

1. ICL Group operates a diverse range of logistical activities globally. Given the variation relating to local markets, regulatory jurisdictions and supplier or customer preferences, the activity data for calculating the emissions related to categories 4 and 9 have been aggregated from various local operational systems.
2. Wherever specific addresses were not available, distances were calculated using best available information, such as city or site names. In cases where city or site names were not available, estimated distances were applied using the most appropriate and conservative approach.
3. Certain assumptions had to be used in order to divide ICL Group's activity data between upstream and downstream transportation and distribution data (categories 4 and 9), including assuming 2/3 of transportation and distribution activities to be upstream and 1/3 downstream.

### 5. Waste generated in operations

This Category includes emissions from offsite disposal and treatment of solid waste and wastewater that are generated in the reporting company's owned or controlled operations in the reporting year. For solid waste, ICL Group uses the waste-type-specific method to estimate emissions.

### Activity data

Activity data (in mass units) is provided by the relevant facilities and verified by the relevant environmental managers throughout ICL Group's properties. Supporting documentation includes regulatory reports to local environmental authorities, where such regulations exist (such as the Pollution Release and Transfer Registry Directive in the EU), as they are an internally verified compilation of waste stream data typically derived from waste hauler invoices. Otherwise, activity data sources include facility summaries and individual hauler invoices. This documentation usually includes the mode of recovery or disposal applied to each waste stream and hazardous/non-hazardous location-specific definitions.

### Method

Calculation follows the general formula. To calculate emissions, each specific activity (waste mass) data provided by environmental managers was multiplied by the corresponding emission factors for waste-type (e.g. cardboard waste) and waste-treatment-specific (e.g. landfilled, composted). These emission factors represent average end-of-life processes for the transportation and treatment of each waste stream.

For waste streams with mixed composition that are usually managed by local service providers in accordance with the country's general waste management policy and infrastructure, a weighted average emission factor for each country was applied, based on its reported waste management split to the OECD and Defra/BEIS emission factors for each treatment/disposal option.

### Boundary Exceptions

For a small number of sites 2022 data was not available, and where possible an approximation based on 2021 data was used. These instances include negligible amounts of office and food waste.

## F | Calculation Methods by Category

### 6. Business travel

This Category includes emissions from the transportation and accommodation of employees for business-related activities in vehicles and hotels owned or operated by third parties, such as aircraft, trains, buses, passenger cars and hotels. ICL Group uses the distance-based approach to estimate emissions for transportation by air travel and car rental, by multiplying the distance travelled by mode-specific emission factors. Emissions resulting from accommodation in hotels is estimated by multiplying the number of nights spent at any given hotel by an average location-specific emission factor.

#### Activity data

Activity data come from car rental, hotel accommodation and flight reports generated by ICL Group's internal accounting office in charge of travel covering all such activities paid for by ICL Group.

#### Method

**Air travel:** All flights were grouped into short, or long haul flights based on leg distances, because each haul distance has a different emission factor associated with it. The general formula was followed for each haul type, using the appropriate emission factor and distance.

**Rental car travel:** The activity data from ICL Group's accounting office did not include the distance travelled. The European daily average distance of travel by vehicle (45 km per day) was applied to each day of car rental. The total distance travelled for the year was applied to the general formula, along with the corresponding secondary emission factors to determine ICL Group's emissions.

**Hotel stays:** the number of hotel stay nights were grouped for each country, because there are substantial differences between emission factors associated with hotel stays in each country. The general formula was followed for each country, using the appropriate emission factor and number of hotel stay nights.

#### Limitations

Local transit and travel by trains and buses was not determined, given the low emission profile of these modes of transport and the limited use reported by ICL Group executives over substantial distances.

#### Boundary Exceptions

ICL Group manages most of its business travel data locally, on a site-by-site basis, recording travel data as part of the general expenses, resulting in varying quality, format, and level of detail of the recorded data. Activity data is currently available for business travel conducted by executives and employees from Israel, Europe, North America, South America, Australia and a key site in China, while data from other smaller sites in Asia is currently not available.

## F | Calculation Methods by Category

### 7. Employee commuting

This Category includes emissions from the transportation of employees primarily between their homes and worksites, as well as to other locations related to employment at ICL Group (e.g. organized retreats, corporate-sponsored events, etc.). ICL Group uses the distance-based method to calculate employee commuting emissions. In addition, given a company policy that enacts one day per week of working from home, an estimate of emissions resulting from this activity uses an energy-based calculation.

#### Activity data

The vast majority of employee commutes at ICL Group are arranged by the company on a geographic basis. Total distance commuted annually per mode of travel for each ICL Group geography is compiled from company records provided by the relevant dispatching office. For an estimate of emissions resulting from employees working from home, the total number of employees split by location was obtained from the company's 2022 audited Annual Financial Report.

#### Method

**Employee commutes:** The distances for all commutes organized by ICL Group are assembled by specific mode of transportation (e.g. bus, minibus/van and taxi/passenger car) to give the total distance travelled by ICL Group employees for each different mode of transportation. The totals for each mode of transportation are then applied to the general formula using the appropriate emission factors for each mode to determine ICL Group's employee commuting emissions for the given year.

**Work from home:** The total annual number of work-from-home hours per employee was estimated by multiplying one day per week (minus vacation and holiday weeks, on an annual basis), by 9 work hours per day. The general formula was followed for each country, multiplying the number of employees in each major location by the annual work-from-home hours per employee and by the relative time period and appropriate emission factors for hours with heating, cooling or with no heating or cooling.

#### Limitations

**Employee commutes:** The company holds detailed information for employee commutes where the company is the primary provider of logistics. For commutes within the same city in Israel, when specific addresses were not available, an estimated distance was applied.

**Work from home:** The calculation included an estimate based on the company's work-from-home policy and relied on global secondary emission factors.

#### Boundary Exceptions

In several sites, employee commuting data was not available, due to various constraints (such as: site is currently not being operated, there is no employee commuting arranged by ICL, etc.), however given they are all smaller in size, the impact is assumed to be negligible.

## F | Calculation Methods by Category

### 8. Upstream leased assets

This Category includes emissions from the operation of assets that are leased by the reporting company in the reporting year and not already included in the reporting company's Scope 1 or Scope 2 inventories. All of ICL's industrial and logistical facilities, whether owned or leased, are included in the company's Scope 1 and Scope 2 inventories. The remainder of leased assets are office buildings and storage facilities with relatively low electricity consumption, devoid of other significant sources of emissions.

#### Activity data

The location and area of leased office buildings and storage facilities was obtained from ICL Group's 2022 Annual Financial Report.

#### Method

Calculation follows the general formula utilizing the built area (in square feet) multiplied by annual electricity consumption (in kWh) and multiplied by the location-based emission factor for electricity from the local grid. The electricity consumption corresponding to each climatic region and asset type (e.g. offices or warehouses) was extracted from: US EIA, 2018, Table C20. Electricity consumption and conditional energy intensity by climate region.

#### Limitations

The method described above is known to be less accurate than direct monitoring of electricity consumption. However, due to the nature of the lease agreements, such direct evidence could not be obtained.

## F | Calculation Methods by Category

### 9. Downstream transportation and distribution

This Category includes emissions that occur in the reporting year from transportation and distribution of sold products in vehicles and facilities not owned or controlled by the reporting company, and only from transportation and distribution of products after the point of sale.

#### Activity data

For each trip, the mode of transportation (e.g. cargo ships, container ships, trains, trucks), the origin and destination of the trip (enabling an estimate of the distance travelled) and the mass of goods transported were aggregated from ICL Group's various local operational systems.

#### Method

Calculation follows the general formula utilizing the distance-based method in which distance is multiplied by mass or volume of goods transported and emission factors corresponding to each mode of transportation. Emission factors for this method are represented in kilograms of carbon dioxide equivalent per tonne-kilometer.

#### Limitations

1. ICL Group operates a diverse range of logistical activities globally. Given the variation relating to local markets, regulatory jurisdictions and supplier or customer preferences, the activity data for calculating the emissions related to categories 4 and 9 have been aggregated from various local operational systems.
2. Wherever specific addresses were not available, distances were calculated using best available information, such as city or site names. In cases where city or site names were not available, estimated distances were applied using the most appropriate and conservative approach.
3. Certain assumptions had to be used in order to divide ICL Group's activity data between upstream and downstream transportation and distribution data (categories 4 and 9) including assuming 2/3 of transportation and distribution activities to be upstream and 1/3 downstream.

### 10. Processing of sold products - excluded from downstream emissions

This Category includes emissions from processing of sold intermediate products by third parties (e.g., manufacturers) subsequent to sale by the reporting company. Intermediate products are products that require further processing, transformation, or inclusion in another product before use, and therefore result in emissions from processing subsequent to sale by the reporting company and before use by the end consumer. Emissions from processing should be allocated to the intermediate product.

ICL Group produces a large number of intermediate products with many potential downstream applications, each of which has a different GHG emissions profile. Thus, it is unable to reasonably estimate the downstream emissions associated with these various end uses. To address such instances, Section 6.4 of the Scope 3 Standard states that "In such a case, companies may disclose and justify the exclusion of downstream emissions from Categories 9, 10, 11, and 12 in the report (but should not selectively exclude a subset of those Categories)". Thus, ICL has excluded Category 10 from its downstream emissions.

## F | Calculation Methods by Category

### 11. Use of sold products

This Category includes emissions from the use of goods and services sold by the reporting company in the reporting year. Reporting companies are required to report the direct emissions resulting from use of sold products, including the Scope 1 and Scope 2 emissions of both consumers and business customers that use final products. ICL Group has determined that their most dominant use-phase emissions are the result of field application for some of ICL Group's fertilizer products. In addition, carbon dioxide (CO<sub>2</sub>) emissions are captured from ICL Group's operations and sold for various downstream industrial uses. Other products, intended mostly for industrial use, are not known to emit significant greenhouse gases directly during the use-phase and are therefore not included in this Category. In contrast, nitrogen-containing fertilizers are a primary source of greenhouse gas emissions (predominantly ) during field application (the "use phase" for fertilizers). In accordance with best practices outlined by the GHG Protocol's "Technical Guidance for Calculating Scope 3 Emissions" (version 1.0, 2013), reporting direct and indirect use-phase emissions were calculated for this activity.

#### Activity data

The mass of nitrogen-containing products used as fertilizers sold annually, with breakdown of sales by country/region, activity type (e.g. agriculture, turf, etc.) and product type (e.g. conventional fertilizer or precision product, for which emissions are more limited), was obtained from the relevant financial transactions, i.e. purchase orders and invoices, recorded on ICL Group's financial systems. In addition, the percentage of nitrogen was associated with each N-containing product. Sales of captured CO<sub>2</sub> are monitored and the relevant financial transactions, i.e. purchase orders and invoices, are recorded on ICL Group's financial systems.

#### Method

Concentration of nitrogen is recorded from ICL Group product specifications for each N-containing fertilizer product. N concentration is multiplied by the total annual mass sold to arrive at the annual mass of N sold. Calculation then follows the general formula: to calculate emissions, the mass of N sold in fertilizer products calculated from the data provided by ICL Group is multiplied by secondary emission factors and the N<sub>2</sub>O:N ratio to arrive at total N<sub>2</sub>O emissions.

#### Limitations

1. The study serving as the source for emission factors (Menegat et al. 2022) utilized AR5 100-year GWP values for N<sub>2</sub>O - a lower value than the previous AR4 value.
2. ICL Group operates a diverse range of financial activities globally. Given the variation relating to local markets, regulatory jurisdictions and supplier or customer preferences, the activity data for calculating the emissions related to this Category were taken from ICL Group's Business Intelligence System, a system that aggregates financial transactions from the various local ICL Group's ERP source systems which are used in assembling audited financial statements.
3. ICL Group recognizes and records its revenues (including provisional sales) on ICL Group's ERP source systems in accordance with IFRS 15 Accounting Standard "Revenue from Contracts with Customers".
4. As part of ICL Group's business decarbonization strategies, ICL is increasing its development and deployment of high efficiency controlled release fertilizers (CRFs). To best reflect their emissions a conservative value of 30% reduction in emission from the soil was chosen for calculating emissions from CRFs during the use phase, representing the lower bracket of the range quoted above. ICL Group conducts field studies and continuously reviews new scientific reports regarding use of CRFs and nitrogen loss in the field. Its most recent field trials (July 2022) suggest CRFs reduce nitrogen losses through volatilization by 32-54% compared to conventional fertilizer. This result is consistent with findings of other studies conducted by various independent research groups globally.

## F | Calculation Methods by Category

### 12. End-of-life treatment of sold products

This Category includes emissions from the waste disposal and treatment of products sold by the company (in the reporting year) at the end of their life. This Category includes the total expected end-of-life emissions from all products sold in the reporting year. Many of the chemicals and products manufactured and distributed by ICL Group are consumed during the use-phase and do not result in waste requiring disposal or treatment. These products include both fertilizers and food ingredients and are excluded from the estimates of end-of-life emissions.

#### Activity data

Total mass of products sold, aggregated from the relevant financial transactions, i.e. purchase orders and invoices, recorded on ICL Group's financial systems.

#### Method

Calculation follows the general formula. To calculate emissions, the mass of sold products provided by ICL Group is multiplied by emission factors corresponding to waste-type (e.g. commercial and industrial waste) and waste-treatment-specific (e.g. landfilled, composted). These emission factors represent average end-of-life processes for the transportation and treatment of waste.

### 13. Downstream leased assets

This Category includes emissions from the operation of assets that are owned by the reporting company (acting as lessor) and leased to other entities in the reporting year that are not already included in Scope 1 or Scope 2. Leasing of assets at ICL Group amounts to an office building and a storage facility in Haifa, Israel.

#### Activity data

The location and area of the leased asset was received from ICL Group records.

#### Method

Calculation follows the general formula utilizing the built area (in square feet) multiplied by annual electricity consumption (in kWh) and multiplied by the location-based emission factor for the local grid. The electricity consumption corresponding to the specific climatic region and asset type (e.g. industrial structure) was extracted from: US EIA. 2018. Table C20. Electricity consumption and conditional energy intensity by climate region.

#### Limitations

The method described above is known to be less accurate than direct monitoring of electricity consumption. However, due to the nature of the lease agreement, such direct evidence could not be obtained.

## F | Calculation Methods by Category

### 14. Franchises - not applicable

This Category includes emissions from the operation of franchises not included in Scope 1 or Scope 2. A franchise is a business operating under a license to sell or distribute another company's goods or services within a certain location. This Category is applicable to franchisors (i.e., companies that grant licenses to other entities to sell or distribute its goods or services in return for payments, such as royalties for the use of trademarks and other services). ICL Group does not have any franchising activity and therefore this Category is deemed "not applicable".

### 15. Investments

This Category includes Scope 3 emissions associated with the reporting company's investments in the reporting year, not already included in Scope 1 or Scope 2. Other than investments in capital goods, for which emissions are estimated in Scope 3 Category 2, ICL Group holds investments in a limited number of companies with complimentary activities and technologies.

#### Activity data

ICL Group's investments, percentage of holdings and total revenues (in US\$) for each investee company were obtained from ICL Group's financial records.

#### Method

ICL Group's category 15 emissions were determined using the US Environmental Protection Agency's Environmentally Extended Input-Output (USEEIO) model. The following information was entered into the USEEIO model:

- The detailed sector that each investee company belongs to, based on the North American Industry Classification System (NAICS) Codes (2017)
- The investee companies' annual revenues multiplied by ICL Group's percentage of holdings
- The input-output table to be used

The NAICS (2021) emissions factors were used in the calculation.

For a discussion of the uncertainties and limitations of the EEIO models ("spend-based method") see chapter "G. Data Availability, Exclusions and Uncertainties".

## G | Data Availability, Exclusions and Uncertainties

**Limitation of the use of secondary emission factors.** Using secondary (e.g. "industry-average") emission factors is less granular than using a supplier-specific approach, whereby suppliers provide high-quality product carbon footprints or detailed Scope 1 and Scope 2 data that can be used to calculate supplier-specific emissions for each good or service purchased. Currently, ICL Group is not employing this approach, following a supplier survey conducted in 2022 that indicated that the majority of suppliers are not yet able to provide product-specific carbon footprints or detailed emissions data. ICL is participating in an industry-wide initiative to improve and expand reporting by suppliers, in parallel to direct engagement with its own suppliers in order to advance the supplier-specific approach.

**Limitations of the spend-based USEEIO model.** Spend-based emissions calculations suffer from greater uncertainty than average-based calculations, due to additional volatility introduced by the influence of price fluctuations. In addition, this model was developed with input-output tables representing exchanges among industries in the United States, and with USA economic data. Thus, when using USEEIO emission factors to estimate emissions, we assume similar correlations for global suppliers as for those that originate in the US, even though that may not always be the case. The US EPA is reportedly developing a global EEIO model that may help make for better location-specific estimates. There are also challenges with assigning specific transactions to the USEEIO model industry sectors. Given the limitations of the spend-based method, the implementation process gives automatic preference to all mass, distance and energy-based methods over the spend-based methods, wherever possible, in accordance with GHG Protocol methodology. The method is used partially for scope 3 category 1, where material assignments are vague (e.g. "defoaming agent" or "antioxidant") or not available and for the entirety of Scope 3 Category 2.

**Site-specific limitations.** ICL's sites are managed on a range of enterprise and operational systems, operate in different industries, under varying local regulatory requirements and within diverse market conditions. As a result, not all activity data is uniform in quality, resolution or availability and certain assumptions and estimates had to be applied. Detailed information on a Category-by-Category basis is described in the "Limitations" sections for each Category in chapter "F. Calculation Methods by Category".

**Acquisition of new assets.** New industrial operations in Brazil were acquired and owned by ICL Group over the course of 2021 fiscal year. Their emissions estimates were first recorded in the 2022 Scope 1 and Scope 2 Carbon Footprint report and are included in the current scope 3 Carbon Footprint report as well. However, some information may also not be fully available yet from these sites. Given the limited proportion of these sites activities, compared to the overall activities in ICL Group and their negligible proportion of Scope 1 and Scope 2 activities, this limitation is considered as very small or negligible.

## G | Data Availability, Exclusions and Uncertainties

### Disclaimer

The Company has made good faith and reasonable efforts to ensure the accuracy of the information presented in this Scope 3 emissions disclosure.

These reports and associated materials have been prepared utilizing international and industry standard methodologies to describe our approach towards the calculations of Scope 3 greenhouse gas emissions. Although Company believes the report and its information to be reliable, neither a guarantee, nor a warranty express or implied is made regarding the information provided, as it may be subject to updates and revisions as additional information becomes available in the future or certain third-party data required for the preparation of this report is amended. While we strive to use reputable sources, the Company is not responsible for the accuracy or reliability of third-party data, and no endorsement or warranty is provided for such information. The information provided herein is not intended to be a substitute for any technical, regulatory, legal or other professional advice, in any relevant jurisdiction, on any subject matter.

