

2022

ESG

Report

ASHTROM Group
EXCELLENCE IN CONSTRUCTION



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Statement from the Group's Chairman & CEO

Ashtrom Group strives to continue to lead in the initiation, planning, construction, purchase, management, creation, and integration of solutions that provide communities, people, and businesses with a flourishing environment to generate value, create living spaces, conduct their work and livelihood, engage in recreation, and achieve quality of life.

Our business is driven by clear values of leadership and striving for excellence; professionalism and reliability; entrepreneurship and innovation.

Ashtrom Group was established by five founding families in 1963 as a pioneer in industrialized construction in Israel.

Alongside the celebrations of our 60th anniversary, we are pleased to share with you our first Environment, Social, and Governance (ESG) report. We plan to continue this tradition by publishing periodic ESG reports for Ashtrom Group.

We are proud to be one of the foremost and leading construction and real estate groups in Israel, leading the development of infrastructure and building solutions throughout the country. Our Group specializes in the development and construction of projects in the private, corporate, and public markets, in the management of commercial, industrial, and residential structures, and in the marketing and manufacturing of building, finishing and construction materials for the entire real estate industry. Ashtrom Group leads the construction and real estate industries in Israel, **striving for excellence, professionalism, innovation, and entrepreneurship.**

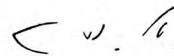
Our operation comes to serve a greater mission – providing stability and security to the residents, inhabitants, tenants, and owners of apartments, offices, or commercial spaces that we initiate, plan, construct, and manage.

We are particularly proud of the fact that throughout our 60 years of operation, we have continued to preserve the family spirit, identity, and unique DNA of Ashtrom Group, which was first set in motion by our founding families and that continues to influence the strength and exceptionality of our business dynamic. This relationship is further fortified together with our employees, who are invariably our source of strength. We are committed to ensuring their security, health, wellbeing, and to fostering a workplace that is safe, enriching, and inspiring. We are acutely aware that climate change is now an integral force in all of our lives, with the potential to significantly impact the future of our business. Therefore, we work to reduce our environmental impacts by not only clearly defining goals and setting work plans, but by actively participating in environmental changemaking through our global renewable energy projects. We are committed to continuing to uphold our values of ethical, fair, and transparent corporate conduct with our business partners and in all of the countries in which we operate. Finally, we are dedicated to conducting open dialogue with all of our stakeholders in our quest for continuous improvement.

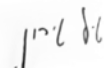
With that, we invite you to read this report that covers our current activities, as well as our goals, plans, and ambitions for the future.

We wish you a pleasant reading experience.

Sincerely,



Avraham (Rami) Nussbaum
Chairman of the Board,
Ashtrom Group



Gil Gueron
CEO, Ashtrom Group



Statement from the Group's ESG Leaders

Dear readers,

It's been just over a year since we began our ESG journey at Ashtrom Group. We familiarized ourselves with the concepts, instructed the Group's leadership in its significance, and began organizing our business activities according to key strategic areas of sustainability focus, including setting binding goals and developing detailed workplans that will guide us and ensure success in the field. As part of this journey, we are committed to remaining fully transparent regarding our progress, to be presented in this and similar reports published by the Group, and which will become part of the course of business for the Group's material subsidiary companies.

As partners in leading the initiative within the Group, which has such an extensive range of activity, we witnessed the broad commitment of managers and employees to addressing enlightening and fascinating challenges. Predominantly, we learned that alongside the magnitude and demands of the work at hand, we are presented with a unique opportunity for wide-reaching impact.

Together with the managers and employees recruited to take part in the challenge, the Group's management is fully engaged and has taken advantage of the opportunity to make board and positive impact. We have begun the process of mapping where we can improve, setting forth our strategy, approving the corresponding goals, and adopting detailed work plans.

Ashtrom Group has built-in traditions of **entrepreneurship, innovation, reliability, and professionalism**, which are based on high and uncompromising standards, as well as substantial and lasting financial fortitude. Since its inception, the Group has fostered an **aspiration for excellence** among its employees, which is reflected in our various activities across the generations. Ashtrom Group's human capital our best business card, forming a solid and strong foundation worthy of admiration, which is essential in realizing our strength for years to come. Together with our employees, we are committed to continuing to promote our ESG activities out of a belief that our activity will **ensure the continued success of the Group, while strengthening the employees, communities, and the environment in which we operate.**

Today, we proudly present our inaugural ESG report, which eloquently expresses the extent of the meaningful and extensive activity carried out by the Group in full participation with our many stakeholders.

As part of our commitment to open dialogue and continuous improvement, we are always available to receive feedback.

Sincerely,



Oren Nussbaum
Deputy Managing Director



Gal Omer
Chief Financial Officer



Maya Feuer
Head of Innovation
& ESG



About Ashtrom Group

Founded in 1963, Ashtrom Group is the leading construction and real estate group in Israel. In May 2014, the Group issued its first shares and bonds to the public. The Group's shares are traded in the leading indexes of the Tel Aviv Stock Exchange (TASE): **Tel Aviv 35, Tel Aviv 125 and Tel Aviv Real Estate**. The Group's bonds are rated **A Grade** by Ma'lot with a stable outlook.

Cast into the Group's foundational cornerstones is its commitment to furnish its customers with comprehensive and professional solutions, starting with the foundation and extending to the rafters. Ashtrom Group ensures that its subsidiaries work in ultimate synergy to generate a complete network of solutions for every project in Israel and abroad.

The Group engages in the following areas of activity through its subsidiaries in Israel and abroad:

Construction and infrastructure in Israel – through Ashtrom Contracting	Development, manufacture, import, marketing and sales of raw and finishing materials for the construction industries – through Ashtrom Industries
Development and management of real estate for investment in Israel and abroad – through Ashtrom Properties	Residential development, infrastructural contracting, and real estate for investment abroad – through Ashtrom International
Residential real estate development in Israel – through Ashtdar	Investment and development in renewable energy projects – through Ashtrom Renewable Energy
Residential rental units for long-term rental – through Ashtrom Rental Housing	Specialization in complex P.P.P. projects in the context of the Group's activities – Ashtrom Concessions



Since its establishment, Ashtrom has built:

nearly **123,000** housing units

nearly **1,800,000** square meters of commercial areas, offices, hotels, and public structures

over **2,000,000** square meters of industrial, occupational, and logistical structures, in addition to national and international infrastructural megaprojects



Sales Volume Data By Business Sector and Region



Sectors

Construction: Residences, offices, public buildings, government projects

Real estate for investment: Offices, commerce, retail, industry, and logistics; Development in Israel, Germany and England

Residential real estate development including urban renewal projects

Planning, management, and construction of residential units for long-term rental

Manufacture, marketing, and sale of raw and finishing materials for construction-related industries

Concessions of infrastructure and public building projects: public-private partnerships (PPP) for the establishment, financing, and operation of courthouses and student dormitories

Initiation and construction of renewable energy projects in Israel, the United States, Poland and Greece

Residential real estate development in the U.S. & Portugal; Private, public, and governmental construction, contracting and infrastructure projects in Jamaica, Nigeria, and Zambia; Commercial property investment in Serbia, Romania, and Bulgaria**

Locations



Sales Volume*

(in millions of USD)

774

142

530

41

271

5

1

84



* The data refer to the year that ended on 12.31.2022. The amounts are before adjustments and cancellation of cycles for the consolidated financial report.

** Bulgaria up until July 2022.



The Story Behind Ashtrom Group

Ashtrom Group was founded in February 1963 under the name "Ashtrom Engineering Company Limited" by its founding members - Yehezkel Nussbaum, Haim Gueron, Lipa Meshurer, and Elimelech Maybloom.

The first project that the young Ashtrom Group carried out was the construction of 1,000 housing units in Ashdod's Gimmel (Third) District.

In order to complete the project, Ashtrom constructed the first prefab construction factory in Israel in close proximity to the site in Ashdod, hence resulting in the Group's name: **Ashtrom**, combining together Ashdod and the Hebrew word 'tromit', referring to 'prefab'.

Even now, the Ashkrit factory in Ashdod serves as testimony to the Ashtrom Group's pioneering leadership in the field of industrialized construction in Israel, symbolizing 60 years of lively accomplishment and a broad horizon for future success.

Ashtrom Group's history is integrally intertwined with the development of the State of Israel.

In 1965, Aaron Gutwirth and Haim Rubin joined the Group, and in 1967, following the Six-Day War, Ashtrom Group established itself as a bastion of construction and infrastructure in Israel. The Group played a substantial role by constructing hundreds of housing units extending from the Golan Heights to Ophira (Sharm El-Sheikh), expanding settlements and cities, and developing key infrastructure and public structures.

While the Group worked to expand its foothold in the construction industry, Ashtrom Group also launched and developed its extensive industrial activities. Israbeton began to construct concrete factories countrywide, ensuring the continuous supply of high-quality building materials and concrete for nationwide

construction and infrastructure projects. In addition, the Group began to operate quarries and mines to provide necessary raw materials, establishing factories for the production of blocks, construction additives and finishing materials.

In 1973, with the first major waves of immigration to the country, Ashtrom entered into field of residential real estate development.

Less than a decade later, **Ashdar**, Ashtrom's housing development company, was founded, and it quickly became the Group's major development arm, constructing tens of thousands of housing units and residential communities in existing and new settlements throughout Israel.

In 1969, The Group's international arm, Ashtrom International, began its first projects in Jamaica and the Caribbean, expanding its activities to residential

real estate development in the United States beginning in the 1980s.

In 1987, Ashtrom Group began its activities in commercial real estate with the development and management of the Bat Yam Shopping Mall, which opened its doors in 1993.

Over time, the Group expanded its presence in the commercial real estate sector significantly, investing in retail properties, offices, industrial and logistical structures, as well as mixed use properties, including the purchase and management of commercial property in Germany and England.



1963
Foundation of the Ashtrom Group
Pioneer of industrialized construction in Israel



1965
Aaron Gutwirth and Haim Rubin join the Group as investors



1966
Commencement of industrial manufacturing activities



1968
End of the Six-Day War – Contracting activities increase significantly throughout the country



1969
Beginning of contracting activities abroad



1973
Beginning of real estate development and entrepreneurship in Israel



1981
Beginning of real estate entrepreneurship abroad



1987
Beginning of commercial real estate investment activities



Continued The Story Behind Ashtrom Group

In the decade beginning in 1990, large waves of immigrants began arriving in the country, and Ashtrom Group was well prepared to face the challenges.

In record time, the Group constructed thousands of housing units throughout the country, established brand new cities, and expanded existing neighborhoods with the utmost professionalism and efficiency.

The early 2000s marked an era of national infrastructure projects, with Ashtrom being credited with establishing the "Hayovel Port" at the Port of Ashdod as well as the Blue Marina Ashdod, and the government quarters in Haifa and Be'er Sheva.

Later, the Group completed the construction of megaprojects in the concessions sector such as the Carmel Tunnels in Haifa, which opened towards the end

of 2010, and the Jerusalem Light Rail, which transports over 40 million passengers around the city each year.

With its listing on the Tel Aviv Stock Exchange in 2014, Ashtrom Group established its financial strength for the long-haul. In 2021, the Group was added to the Tel Aviv 35 (TA-35) Index and has remained there since.

In 2016, the Group expanded its activities to the development of long-term residential units for rent with approximately 2,500 housing units in major Israeli cities.

In 2021, the Group established its renewable energy business that is active in Israel, Europe, and the United States predominantly in the fields of solar and wind energy solutions.

Ashtrom Group works to foster optimal synergy between all areas and sectors of its business and generates meaningful value for its activities in Israel and abroad.

The Group is proud to cultivate an atmosphere of excellence among its employees throughout the generations, and, combined

with its substantial and ongoing financial stability, they form the basis for the realization of its strength for years to come.



1990-1998
Major immigration wave
Extensive development
of settlements and
neighborhoods
throughout Israel



2000-2005
Development
of national
infrastructure
projects



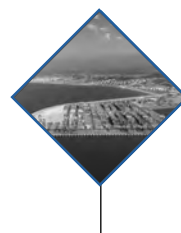
2010-2011
Completion of
development of
mega concession
projects



2014
Ashtrom Group
issues its shares
(goes public) on
TASE



2016
Commencement
of Rental Housing
projects



2021
Completion of
the new Haifa
Bay Port



2021
Ashtrom Group enters
the TA-35 Index.
Entrance into the field
of renewable energy



2022
The Group's
headquarters
move their
offices to the
LYFE Towers



Ashtrom Group's values are based on **boldness, entrepreneurship and innovation** alongside strict adherence to **professionalism, quality, safety and reliability** in all areas of construction and real estate

These values have continued to be the core of the Group's conduct for over six decades, while consistently striving for leadership and excellence in all sectors of activity, together with fostering an atmosphere shaped by partnership, family, care for others, and the environment.

We are proud of our continuous and extensive activities in the field of contracting, which began with the Group's establishment. Conducting work in this field requires adjusting to ever-changing and complex conditions, consistent care for the safety of employees, and setting a high bar for the requirements inherent in engineering planning, executional accuracy, budgetary controls and adoption of technology.

We view the contracting field as our core business that constitutes the material basis of all of our activity, in synergy with the entrepreneurial sectors and together with the use of raw materials in industry. Currently, nearly half of Ashtrom Group's employees are employed through the Group's construction segment.

The Group's synergy and wide-ranging activities in the construction and real estate sectors present challenges paired with unique opportunities to improve the state of these industries. We invest heavily in safety, innovation, developing learning capabilities, and ensuring the utmost monitoring and control for the full range of our activities. We believe in our ability to consistently and constantly improve at every step of the value chain.

Today, the second generation of our original founders continue to influence and manage the Group in key leadership roles – Avraham (Rami) Nussbaum as Chairman of the Board; Gil Gueron as CEO; and Yaron Meshorer as Deputy Managing Director for Construction and Concessions, also managing the Group's marketing, branding, and advertising efforts. In addition, Oren Nussbaum, third generation to the original founders, serves as Deputy Managing Director of Finance, Business Development and Renewable Energy.





Ashtrom Group's Value Chain

Ashtrom Group and its subsidiaries offer comprehensive solutions for the entire value chain in the construction and real estate industries, namely regarding green (sustainability) standards, promotion of local procurement, standards of ethical conduct, and incentivizing long-term rental housing solutions:

Our Environmental Impact



Use of Green Building Materials

Through **Ashtrom Industries**, Ashtrom Group manufactures and markets building materials that are predominately all certified according to an environmental standard:

- 100% of the B.G. Paint products
- 100% of Ashbond's products
- 90% of Ashkalit's products
- The majority of B.G. Bond's products
- Israbeton is in the process of receiving green certification for its leading products



Green Planning & Development

- Through **Ashdar**, **Ashtrom Properties**, and **Ashtrom Rental Housing**, the Group develops and markets residential buildings throughout Israel that adhere to the Israeli Green Building Standard 5281 (SI 5281). The buildings' plans adhere to the law including the use of green materials that do not endanger the health of the residents nor the public. An assessment of health and safety impacts is conducted during the planning phase to receive a building permit.
- **Ashtrom Industries'** factories work towards maximal recycling in the following areas: water, manufacturing, and packaging materials. Also, the company strives to increase the use of recycled materials according to different amounts, as stipulated in the Israeli standard.



Green Building Based on Local Procurement

- The Group constructs residential, commercial, industrial and infrastructural buildings and structures using materials from **Ashtrom Industries** and in accordance with the Israeli Green Building Standard (SI 5281).
- Construction waste is removed to approved waste removal sites, while we also look to identify ways to recycle the building materials to minimize landfill disposal.



Management and Development of Properties and Rental Housing

- Through **Ashtrom Properties** and **Ashtrom Rental Housing**, the Group manages residential, offices, commercial, and industrial properties, and works towards consistent improvement of environmental management efforts in all of those owned properties. Renewable energy solutions are integrated into many owned properties, in accordance with the technical and regulatory constraints of the property.
- **Ashtrom Properties** is in the process of integrating 100% renewable energy solutions on all rooftops with technical and regulatory feasibility.
- **Ashtrom Properties** and **Ashdar** invest in technological systems for efficiently managing electrical and gas consumption in their properties, EV charging stations and other efforts to save costs and improving their environmental affairs.



Integration of Renewable Energy Solutions

The Group actively promotes renewable energy initiatives and projects in Israel and internationally through **Ashtrom Renewable Energy**, a subsidiary company.

The Group promotes the development, construction, and management of international properties through **Ashtrom International** and through **Ashtrom Properties** (commercial real estate investment). A number of the properties are LEED certified, and all of the new projects in Israel are built according to, at a minimum, the LEED GOLD standard.



Continued Ashtrom Group's Value Chain

Ashtrom Group and its subsidiaries offer comprehensive solutions for the entire value chain in the construction and real estate industries, namely regarding green (sustainability) standards, promotion of local procurement, standards of ethical conduct, and incentivizing long-term rental housing solutions:

Our Social Impact



Long-Term Rental Housing

The Group develops and manages residential units for long-term rental through **Ashtrom Rental Housing**.*

The buildings are planned and constructed according to the requirement set out in the government agreements and take into consideration the corresponding rental support for eligible residents for a period of 10 years.

The Group is committed to local procurement practices with approximately **95%** of the procurement for Ashtrom Group **headquarters**, **Ashdar** and Ashtrom's construction companies coming from local Israeli suppliers.

More than **80%** of the procurement at **Ashtrom Industries** comes from local suppliers, although some of the companies directly import international goods.



Digital and Physical Accessibility in Israel

The Group is **95%** committed to upholding all accessibility standards in **Ashdar**, **Ashtrom Rental Housing**, and **Ashtrom Properties'** buildings in Israel, as well as for all of the Group's digital assets in Israel.

The Group's various companies implement a comprehensive and continuously updated program for rules, regulations, and trainings on the topic of worker safety, including risk assessments, use of advanced technological tools, investigative systems, and the prompt arrival at relevant conclusions. The **TRIR** (Total Recordable Incident Rate) calculation has been decreasing, and the Group is consistently working to minimize the extent and severity of workplace injuries.



Fostering Community and Providing Services

- Through **Ashtrom Properties** and **Ashtrom Rental Housing**, the Group manages residential units, offices, commercial spaces, and industrial buildings, with the vision that the tenant comes first out of a belief in the importance of strengthening communities.
- **Ashtrom Rental Housing** and **Ashtrom Properties** offers digital community management tools that are available for access and use by building tenants, according to their needs.
- **Ashdar** contributes to its urban renewal projects through the construction of public structures.
- **Ashdar** has a customer relations division that efficiently and dedicatedly deals with all requests it receives, transferring the requests to the relevant manager to provide the best possible treatment and response.

During 2022, there were no material claims against the Group regarding ethical issues, nor were there any instances of corruption, breaches of information security and privacy, or infringements of the Group and its subsidiaries' Code of Ethics. Governance topics are ardently managed including through risk management, corruption, and bribery committees.

* The majority the rental units of Ashtrom Rental Housing were built for long-term rental, according to Israel's tenders, according to which between 25-50% of the rental units will be rented to eligible tenants (as defined by the Ministry of Housing). In addition, the terms of the tenders define that those tenants will pay 20% less than the free market rent for 10 years.



Economic Impact on Stakeholders

Ashtrom Group has an overwhelmingly positive economic impact on the Israeli economy through its business activities and its support for a variety of stakeholder groups, achieved through continued success in its sectors of activity. The Group's economic impact is expressed, among other ways, in payment to its employees through both direct and indirect engagement models, investment in the community, payment of taxes, financing of lines of credit, and payments to suppliers, which, in turn, pay salaries to their employees and make other payments to their stakeholders, and so forth.

In 2022, the Ashtrom Group's economic impact amounted to

approx. **1.7** million USD

Figures in thousands of USD

	2020	2021	2022
Direct economic value generated: total revenue (Barring internal revenue between companies, as noted in the relevant note in the Group's annual financial statements)	1,316,585	1,268,616	1,464,312
Economic value distributed:			
Total operating costs/expenses for payments to suppliers (products and services), rent and various payments (such as water, electricity, property taxes), salary payments and employee benefits and other operating expenses	1,159,290	1,125,959	1,276,088
Total amount paid to shareholders as dividends	45,481	96,618	90,935
Total payments to lenders, such as banks and other financial institutions (Including loan and bond repayments)	299,532	379,793	325,337
Total payments to governments (Ongoing taxation payments, as report in the profit and loss statement)	12,538	18,229	17,419
Total community investment	565	538	708
Total Economic Value Distributed	1,516,841	1,620,600	1,710,639

Ashtrom Group received payment in kind from the Israeli Innovation Authority as part of an incentive for research and development into advanced materials for sustainable building applications being conducted by Ashbond Industries Group Ltd. During 2022, an advance payment of 142 thousands USD was received. In Ashtrom Properties' projects, old chiller systems were replaced, using funds from a government grant.



Ashtrom Group's Achievements in Numbers – 2022

Sustainable Environment

2.5GW

Planned supply from renewable energy projects in solar and wind energy in the coming years

Majority of the products have

green certifications

at Ashtrom Industries
With its products being used by the rest of the companies

~95%

Renewable Energy on roofs of buildings managed by Ashtrom Properties*

1

Development of Israbeton's product that is suitable to the climatic conditions in Israel according to Standard 1045

~99.2%

Recycled water at Israbeton's factory (not returned to the sewer system)

~95%

Of wooden pallets at Ashkalit are recycled/reused

Stability

in energy intensity
Between 2020 and 2022

LCA

Ashtrom Industries conducted a Life Cycle Assessment

For a number of popular products sold by B.G. Bond and Ashbond

Healthy & Safe Community Environment

~40%

Residential units for long-term rental at a controlled price out of all units for rent (including the Be'er Sheva student dormitories)

~12%

Employees from Arab society

Decrease

in TRIR (Total Recordable Incident Rate) pointing to improvement in employee safety indicators.

The rate stands at 1.25 for occupational accidents among the Group's employees in 2022

~29%

Women in the workforce

~61%

Women employed at the Group's headquarters, at Ashtrom Rental Housing, Ashtrom International; ~56% at Ashdar and above 48% at Ashtrom Properties

~95%

Accessibility of physical and digital property in Israel at Ashdar, Ashtrom Properties and Ashtrom Rental Housing

Ethical Business Environment

9

Innovative pilots in various sectors are under development

0

Material environmental noncompliance events

~50%

External directors

~25%

Female directors
37.5% Women on Ashdar's Board of Directors
25% Women on Ashtrom Properties' Board of Directors

0

Substantial Claims
On ethical, corruption-related issues, information security and privacy, or violations of the Group and its subsidiaries' Code of Ethics

5

New products and programs were created and implemented by the Group

2

Products and services developed in-house

225

Innovative technologies were examined in 2022

~95%

Local Procurement
At Ashdar's Contracting, Ashdar, and Ashtrom Rental Housing

Over 80%

Local Procurement
At Ashtrom Industries



* From the existing roofing potential (technical and regulatory feasibility) – partially established or in the process of being established to ensure full realization of space potential.

Our Commitment to ESG Progress



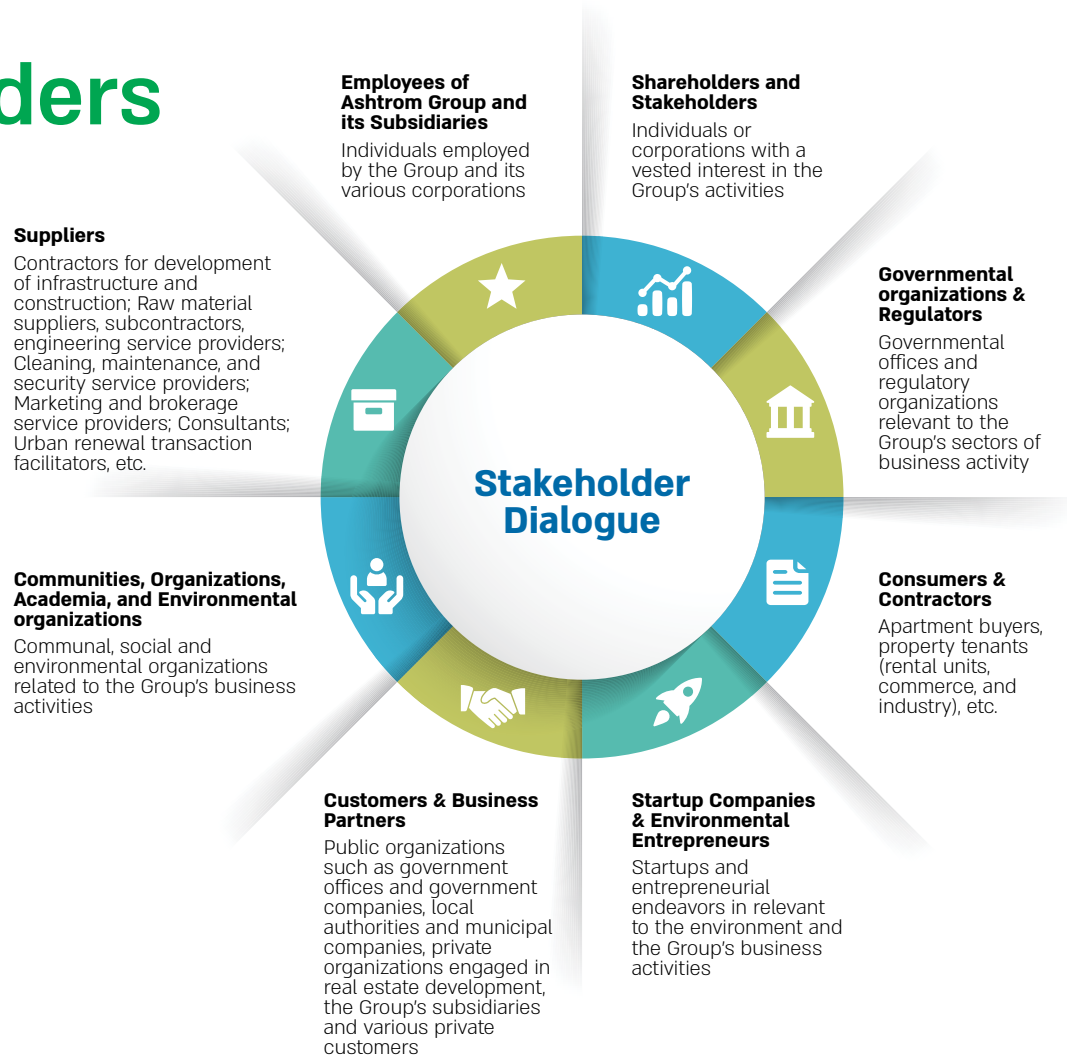
Ashtrom Group's Stakeholders

Ashtrom Group's stakeholders include our employees, customers, business partners, suppliers, consumers, and contractors, governmental organizations and regulators, communities in which we work, environmental organizations and, of course, our shareholders and financial stakeholders. We at Ashtrom view with highest importance conducting continuous, transparent, and consistent dialogue with our stakeholders, chief among them being our employees, customers, consumers, and all our business partners' tenants.

We are committed to conducting open and honest dialogue with our stakeholders.

As part of the strategic efforts implemented by the Group, we mapped our various groups of stakeholders, and our methods of on-going communication with those stakeholders, in order to ensure feedback and promote fruitful dialogue. We rely on our subject matter experts who are in ongoing contact with our stakeholders to bring to the attention of the Group's managers the predominant insights that arise in regular meetings and conversations with those stakeholders.

For details on the dialogue channels and topics of discussion, see the table presented in the appendices of this report.



Materiality Analysis

In preparation of our ESG strategy, we carried out an in-depth analysis of the material topics relevant to our activities to ensure maximum impact and define relevant and targeted goals.

The analysis process included:



Comprehensive mapping: surveys, questionnaires, and inquiries that were carried out with internal and external stakeholders, who presented us with their expectations for the Group's conduct.



Inquiries conducted among the Group's key subject matter experts who are in on-going contact with various groups of significant stakeholders, for example: procurement managers, health & safety managers, and more. The inquiries provided us with meaningful insights regarding our stakeholders' expectations.



Data collection and analysis of relevant material sustainability topics for the construction and real estate sectors through:

- Local and global benchmark studies
- Examination of research, emerging regulations, local challenges, and global trends in the field
- In-depth analysis of ESG rankings (for example GreenEye and Sustainabilitytics)
- Comprehensive examination of relevant United Nations' Sustainable Development Goals (SDGs)
- Analysis of international standards (for example GRI, SASB, and GRESB)

The analysis introduced a network of interlaced issues, pointing to opportunities in addition to risks, as well as real and potential positive and negative impacts from Ashtrom Group's activities. Based on the results of the analysis, we prioritized the key topics according to the origin of the information, the level of significance assigned to a particular topic, and the impact on our business activities.

The topics were discussed by management and in internal working groups to arrive at Ashtrom Group's map of material relevant topics, and a list of relevant specifications for our activities:

Scope of Impacts	Impacts from the Group's Activities	Impacts on the Group's Activities	Material Topic for Reporting
1 Ensuring a Safe and Healthy Work Environment	Increased productivity	Increased productivity	Internal and external to the organization
2 Ethics and Corporate Transparency	Strong partnerships	Strong partnerships	Internal and external to the organization
3 Prevention of Bribery and Corruption	Strengthening stakeholder relationships	Corporate ethics	Internal and external to the organization
4 Reduction of Greenhouse Gas Emissions	Opportunities for energy efficiency	Reducing emissions	Internal and external to the organization
5 Environmental Policies and Management Systems	Responsible business conduct alongside corporate resilience	Reducing emissions	Internal and external to the organization
6 Management and Treatment of Waste and Effluents	Environmental improvement	Reducing emissions	Internal and external to the organization
7 Quality of Performance and Products, Safety, and Sustainability of Products	Responsible business conduct alongside corporate resilience	Reputational management, customer, and tenant satisfaction	Internal and external to the organization
8 Encouraging Innovation	Operational excellence and increased productivity	Increased productivity	Internal and external to the organization
9 Risk Management	Sustained corporate resilience	Increased productivity	Internal to the organization

Ashtrom Group's ESG Strategy

Ashtrom Group's ESG Goals

E Sustainable Environment

- Manufacture, planning, construction and management of environmentally-friendly properties
- Efforts to minimize environmental impacts and implementation of circular economy principles (reduce, reuse, recycle)
- Choice of properties for investment and entrepreneurship and portfolio management
- Innovative materials, methods and processes

- Carbon neutrality (net zero emissions) by 2050
- 100% environmental certification in Israel and abroad, by 2050

S Healthy & Safe Community Environment

- Safe and healthy construction of properties and communities
- Systematic and structured management of worker health & safety including built-in enforcement and controls
- Strengthening the local employment market
- Promotion of long-term rental housing solutions

- Total Recordable Incident Rate (TRIR) of 1 by 2030
- At least 18% female senior and middle managers by 2030
- Representation of at least 4% of individuals with disabilities or impairments in the HQ workforce by 2030
- Expansion of employee involvement in regular and on-going volunteering activities by 2030
- Donation of at least 0.5% of net profit before taxes* to community by 2030

G Ethical Business Environment

- Enforcement of an ethical framework and preservation of human rights
- Risk & opportunity management, including ESG risks
- Development of a responsible supply chain – local and environmental
- Quality of performance, safety, and sustainability of outcomes

- Zero ethical incidents** by 2035
- ESG assessment for 100% of all material suppliers by 2035
- Zero carbon emissions from material suppliers by 2050
- Implementation of the Code of Ethics by 100% suppliers and central business partners by 2035

* Of the year prior to the donation, excluding one-time profit.

** Material events are those that, in their extent and scope, influence Ashtrom Group's activities and reputation.

ESG Governance at Ashtrom Group

Ashtrom Group manages its ESG topics according to a clearly-defined and structured framework to ensure that all relevant efforts are focused, intentional and effective prior to their implementation. To this end, several subject matter experts have assumed responsibility for leading the Group's efforts, and steering committees have been established to oversee efforts according to the following:



The Group's ESG Leadership

- On-going management of ESG topics at the Group, according to the approved strategy
- Tracking of progress towards goals, preparation of reports management of initiatives with all relevant parties, and distribution of critical tasks among relevant parties, management and the Board.
- "Gatekeepers" of ESG issues in business activities

Goals of Committee Meetings



Working Groups for Promotion of Focus Areas

- Defining areas of focus and goals in relevant fields
- Setting work plans, allocating necessary resources, division of tasks and responsibilities
- Tracking of progress and consistent improvement



Executive Steering Committee

- Tracking implementation of ESG strategy, subject matter experts' progress regarding various subjects, and goal-meeting status; preparation and presentations for relevant Board of Directors discussions
- Decision-making at key turning points, approving budgets, etc.



ESG in the Board of Directors

- Updates and reporting regarding ongoing management of the field, and approval of the ESG report

Frequency

Ongoing

Monthly or bi-monthly, or as needed (ad hoc)

Four times a year

Once a year

Committee Leader and Composition

- Main ESG Leader – The Group's Deputy Managing Director
- On-going management – Chief Financial Officer
- Joint Management – ESG Manager
- Employee Health & Safety Manager

- CEOs of subsidiary companies
- Subject matter experts at subsidiaries
- The Group's and its subsidiaries' ESG leadership

- Chairman of the Board
- Ashtrom Group's CEO
- Subject matter experts

Chairman of the Board

Alignment with the United Nations' Sustainable Development Goals (SDGs)

Out of the need to unite the efforts of nations and organizations for global action to promote a response to the environmental and social challenges and barriers currently faced by world citizenry, the United Nations (UN) set out 17 Sustainable Development Goals (SDGs) to be achieved by the year 2030, defining key areas of focus, among them: eliminating hunger and poverty, improvement of health and education systems, minimizing inequalities, promoting economic growth while grappling with the effects of climate change, and preservation of the world's oceans and forests.

We at Ashtrom Group understand that humanity and the planet currently face grave economic, social and environmental challenges, and therefore, we seek to support this global effort to achieve the UN SDGs. According to this outlook, we have integrated the SDGs into our strategic goals in an effort to help promote and obtain them, and report on progress made towards chosen areas of impact.



Our Contribution to Attainment of the SDG

The following outlines the SDGs that were selected by the Group, presented according to their order of importance and their contribution to the advancement of our ESG outlook:



As a Group that develops, constructs, and manages properties in cities, we develop capacities and skills in the Group, in addition to finding innovative solutions so that we can promote sustainable urban living spaces. This is achieved through:

- Development of housing solutions for long-term rental
- Promoting urban renewal ventures
- Integrating aspects of transport accessibility, creating accessibility solutions for individuals with disabilities, and for property users
- Use of building materials with a green certification and construction according to necessary green building standards in Israel or/and LEED GOLD standards, at a minimum
- Continued development and construction in the geographic periphery of Israel



Ashtrom Group is committed to continuing to transparently communicate its progress in achieving the ESG goals it has set for itself, achieved through our efforts and initiatives in the field.

As part of the commitments that we've set out for the Group, we will work towards the use of sustainable materials in the framework of our activities, expanding our recycling efforts and minimizing waste generation, in addition to promoting a responsible supply chain. These issues are central to the material topics that guide the Group's ESG strategy. The advancement of green building practices based on circular economy principles are key in our efforts to contributing to the attainment of this goal.



Ashtrom Group promotes sustainable industrialization and innovation in order to contribute to overall environmental sustainability. This is in addition to our aspirations and efforts to upgrade local infrastructure (to the extent that they are depended upon: the group), to invest in renewable energy and to seek out and implement environmental solutions in the context of our activities. In the Group's efforts to foster the growth of local economies, we strive to work with local employees and suppliers to the greatest extent possible in the context of our projects.



Ashtrom Group creates jobs and economic growth through its activities and throughout its value chain. We work towards fair employment. We do not employ children and strictly prohibit forced labor practices, promote a safe and secure work environment for employees, ensuring that our business partners and suppliers are also aligned with our outlook on these issues.

We implement policies and practices to prevent discrimination in the workplace, to promote diversity and inclusion, and to develop the skills and abilities of our employees.



Ashtrom Group works to reduce carbon emissions in its operations and supply chain through the development of energy efficiency projects, and reduction of the carbon footprint of its manufactured products, services and the processes involved in its activities. The Group has set out ambitious carbon emissions reduction goals, in line with increased investment in environmentally-focused innovation. Ashtrom Group has set out readiness plans and management systems for climate change-related risks and opportunities, as part of its risk management framework, and in order to bolster the resilience of its business activities, its supply chain and the communities in which it engages.



Ashtrom Group entered into the renewable energy sector with the goal of expanding opportunities for the implementation of renewable and sustainable energy solutions, which embodies within it our commitment to the reduction of greenhouse gas emissions and our efforts to contribute meaningfully to combatting the climate crisis.

Sustainable Environment





Sustainable Environment

Production, Planning, Construction, and Management of Environmentally Sound Properties

The construction and real estate sectors are sizable consumers of numerous environmental resources that are estimated to amount to over 40% of the total global energy consumption each year and use of about 40% of all the world's available raw materials. In addition, buildings and structures are responsible for approximately 20% of total global greenhouse gas emissions – beginning in the construction phase, continuing to the living phase and through to the end of a building's lifecycle. Buildings are responsible for more than half of all urban emissions (on average).

According to estimates, in the next 30 years, the **global building stock is expected to double** – making it imperative upon us to take action to reduce these environmental impacts*.

According to the World Green Building Council (WorldGBC):

- Operational emissions from buildings (energy used for heating, cooling, and lighting) – account for about 28% of global greenhouse gas emissions
- Emissions from construction processes and material use throughout a building's lifecycle – account for about 11% of the remaining greenhouse gas emissions arising from the construction and real estate sector activities

A McKinsey study (November 2022) found that 76% of the emissions from an average building arise from operational activity, and only 24% of the emissions are the result of raw material use. Taking into consideration that 80% of the buildings that will constitute the built environment in 2050 have already been constructed – we must explore methods to reduce operational emissions, with an emphasis on thermal insulation, and use of upgraded energy sources. Conversely, there is tremendous opportunity accessible in readying and securing climate change-resilient infrastructure that can aid in safeguarding structures from the effects of extreme weather events including drought, extreme temperature fluctuations, flooding, and fires.

Measuring and accounting for environmental impacts occurs across the entire construction value chain:



* Source: https://www3.weforum.org/docs/GAC16/CRE_Sustainability.pdf

** Source: <https://www.mckinsey.com/capabilities/operations/our-insights/accelerating-green-growth-in-the-built-environment>

Continued Measuring and accounting for environmental impacts occurs across the entire construction value chain



Ashtrom Group, through **Ashtrom Industries**, manufactures construction materials that are predominately certified according to a green standard



The Group builds, through its initiatives and those of its construction and contracting companies, residential buildings, offices, commercial, industrial, public and government structures, in addition to hospitals, and promotes the development of infrastructure (including ports, roadways, bridges and railways), while using, among other things, the materials manufactured by **Ashtrom Industries** and materially complies with the Israeli Green Building Standard SI 5281



The Group develops and markets, through **Ashdar**, **Ashtrom Properties** and **Ashtrom Rental Housing** residential buildings, offices, logistical centers, and public structures across the State of Israel, built in accordance with the Israeli Green Building Standard SI 5281



Through **Ashtrom Properties** and **Ashtrom Rental Housing**, the Group manages residential, commercial, and industrial properties according to an outlook that puts the tenant first and reinforces the local community. In addition, we work to improve and streamline the management of our owned properties to minimize our environmental impact. We integrate renewable energy solutions into several of our owned buildings and properties



The construction waste from our projects is transferred to approved waste removal sites and we work to identify ways to recycle building materials to prevent, to the greatest extent possible, disposal into landfills

Ashtrom Group strives to reduce its environmental impacts, and, to that end has formulated an **Environmental Sustainability Policy**, defined relevant goals, and engaged an Environmental Sustainability Manager to undertake leadership of the topic within the Group.

Ashtrom Group has set out ambitious goals aimed at the promotion of environmental sustainability:



**ACHIEVE
CARBON
NEUTRALITY
(Net Zero)**

**for projects in Israel and
aboard, by 2050**

Interim goal of 50% reduction in the Group's carbon emissions by 2040 (with 2020 taken as the base year for calculations)

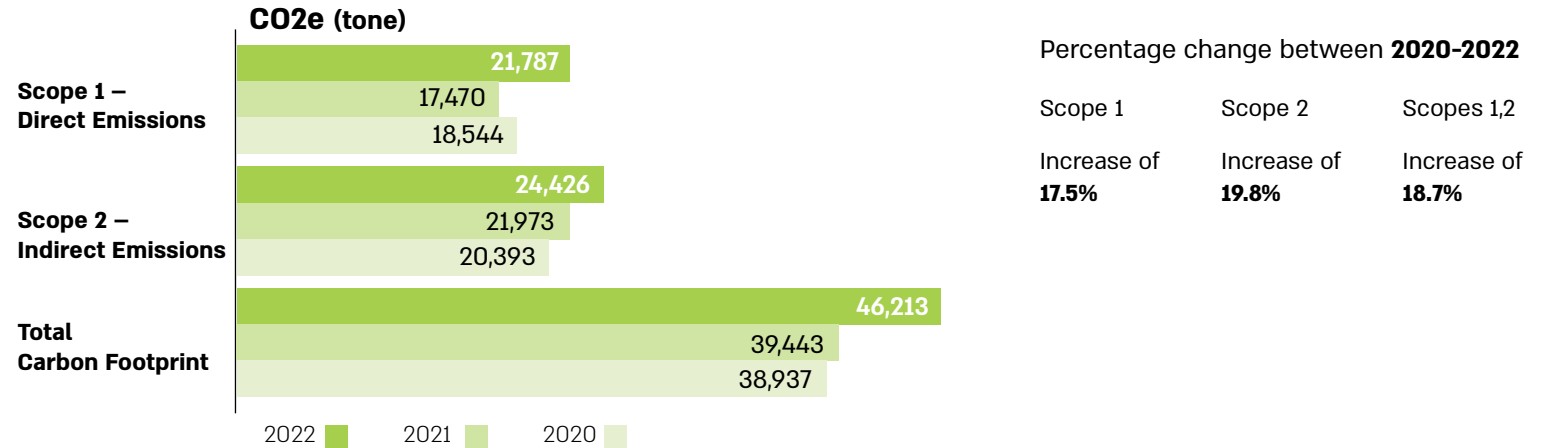


100%
**environmental
certification**

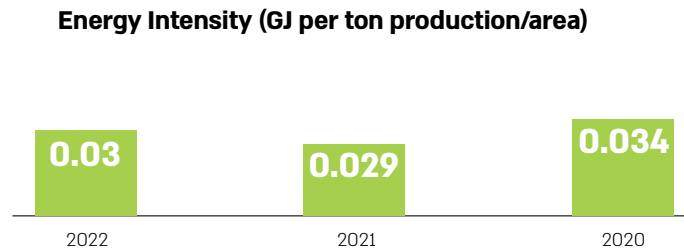
throughout the value
chain by 2050

The Group's Carbon Footprint

The Group's carbon footprint data for energy consumption (fuel and electricity) in Scope 1 (direct fuel consumption) and Scope 2 (indirect consumption through the purchase of generated electricity) indicate an increase in emissions of approximately 19% between 2020-2022, due to expansion of the Group's business activities together with energy consumption at additional properties and work sites.



Alongside an increase in the Group's activities, we worked to ensure an improvement in the energy efficiency of those activities. Thanks to various projects we carried out, we have been able to preserve a relatively stable energy intensity ratio over the years.



* The data does not include, similar to all the reports presented in this report, companies and/or projects in which Ashtrom Group's ownership is lower than 50% or those with negligible to zero activity. The data includes all fuels used by the group, including fuels for leasing vehicles that are used by the group's employees. The data was updated following a recalculation carried out by the environmental consultants at the beginning of June 2023 and includes solar energy production according to the ownership rate in the facilities. The group plans to expand the scope of reporting in the following years, including the addition of companies that pay electricity and water for tenants in properties it owns. Also, the group intends to improve the quality of the data collected regarding electricity and water consumption (while canceling consumption estimation based on paid bills).

Note: At the Group's headquarters, the consumption of refrigerants for air conditioning units is not measured due to difficulties in collecting the data and due to its relatively inconsequential impact. In addition, due to transference of the offices to the LYFE Towers, there is no justification for establishing methodology for collecting this data until after the move has been completed.

Green Building and Use of Sustainable Materials

The vast majority of **Ashtrom Industry's** products are green label certified. In addition, we also focus on, among other things, research and development efforts aimed at improving the thermal efficiency of buildings – for example through sealant products free of solvents, the development of plaster blocks for maximal insulation (a project conducted with the Israel Innovation Authority), thermal paints, and more.

Innovative products from Israbeton's ISRA THERMI family comply with the requirements of Israeli Standard SI 1045. The products are adaptable to various climates in Israel, enable the use of fewer insulation blocks in apartment construction, offer a solution to the challenge of overcoming "cold bridges", or gaps in the insulation, are lightweight, highly flame resistant and, most importantly, conserve energy to reduce electricity expenses.

Our products are used by the Group's subsidiary companies and therefore, we consistently work to expand our efforts and identify further opportunities to innovate through the application of new raw materials, inventive products, and construction methods.

Ashtrom Industries invests in the integration of recycled material in its products, which contributes to a reduction in the need to mine certain resources, as well as more efficient production of asphalt-based products. In addition, we place a strong emphasis on

the use of recyclable product packaging, such as our paper sacks, which are compiled of **approximately 95%** recyclable material, based on the existing recycling framework in Israel.

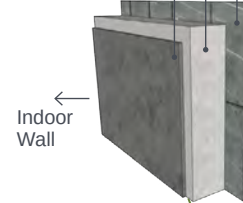
In 2022 **Ashtrom Industries** and its subsidiaries launched Life Cycle Assessment (LCA) projects for a wide range of their bestselling products. In the context of the LCAs, the environmental impacts of the companies' products are measured, including their carbon footprint, using science-based and primary data from the companies on the raw materials, their handling by various factories, and additional relevant manufacturing data.

The scope of research for the LCA projects is Cradle to Gate A1-A3. The research will be conducted according to ISO 14040/44 standards and the results will be authenticated by an authorized third party. Moreover, the goal of the LCA projects is to provide the company with insights on how to improve manufacturing and production processes, to reduce its environmental impacts and, namely, to enable full transparency with relevant stakeholders – customers, contractors, architects, and consultants. The results of the LCA projects are expected to be published in the coming months.

Ashtrom Industries is among a select group of companies that received a Platinum Standard from the Standards Institute of Israel for 10 permits to its mark products with the Israeli standard SI 118 in 2021.

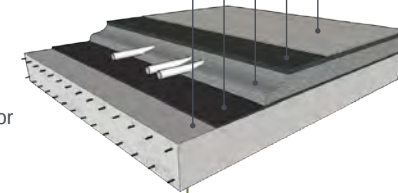
External Wall

Barnovich method Covering
ISRA THERMI
ISRATIT



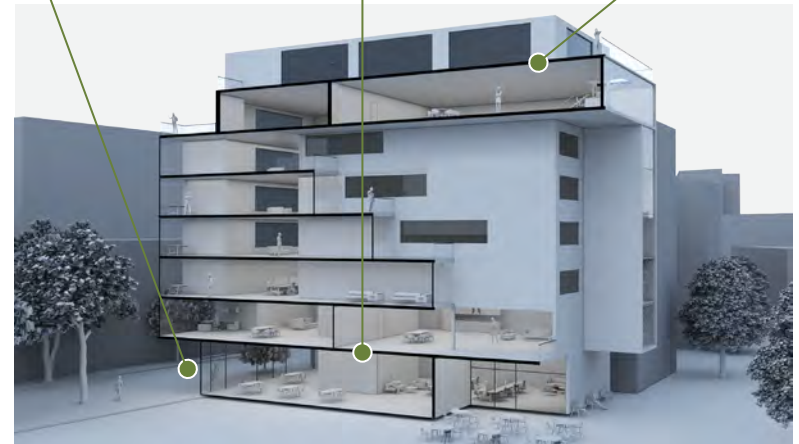
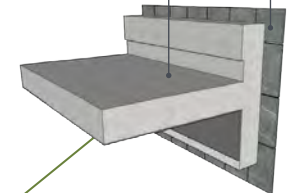
Structural Floor

Flooring
BG Porcelain 477
Flooring infrastructure
Acoustic sheet
ISRA THERMI



Roof Top

Barnovich method Covering
ISRA THERMI



Continued Green Building and Use of Sustainable Materials

Ashdar develops residential construction projects in Israel and in every project, works with an expert green building consultant who instructs the planning teams on how to meet, and exceed, the threshold requirements necessary for the issuance of building permits according to the mandatory standards, as well as on the use of materials and implementation of construction processes that result in reduced emissions of environmentally harmful or hazardous materials.

Ashdar has planned approximately 6,000 units according to the Israeli Green Building Standard, which encourages the improvement of the quality of life, while saving water, energy resources and recycling waste. Among other things, Ashdar places an emphasis on climate-compatible, sustainable, and environmental planning processes to prevent hazards and pollution, with the aim of improving residents' overall wellbeing.

Ashtrom Properties places significance on planning and developing green buildings according to a comprehensive application of the LEED GOLD standard, assuming responsibility for its effective implementation as a market leader and the proprietor of construction rights for nearly 900,000 meters of buildable space. The company is working on a number of projects, currently in the planning phase, which were designed to meet the requirements of the standard including:

- The approx. 173,000 meter Phoenix Holdings Campus in Rishon LeTsyon
- The approx. 90,000 meters 'Ashtrom Campus' project currently under construction in Yavne
- Approx. 12,000 meters for the Fox Group on the outskirts of the Haifa Bay
- The approx. 10,000 meter 'Olive' office building, in Bat Yam
- The approx. 60,000 meter 'Amad Project' in Bat Yam
- The 'C Tower' of the Group's flagship LYFE Towers project, which was constructed according to the LEED GOLD standard

Towers A and B in the same project received two stars according to the Israel Green Building Standard SI 5281. The towers integrate several environmental elements into their design, for example: shading for walls with screens, advanced HVAC and lighting systems, synthetic wood decks on the balconies, skylights in the main terminal, glass parking lot elevators to introduce natural light, smart water taps, bicycle storage facilities, and more.

All of **Ashtrom Rental Housing's** residential rental buildings were constructed according to the Israeli Green Building Standard SI 5281. Ashtrom Rental Housing has approximately 2,500 housing units for long term rental that are currently being planned, constructed or managed. All of the units were designed with an emphasis on:

- A healthy environment for the residents including thermal insulation and the introduction of natural light
- Planning energy efficient properties with an emphasis on electrical, ventilation and air conditioning systems
- Use of healthier raw materials
- Optimal planning of sanitation systems
- Considerations regarding the buildings' accessibility and access to transportation methods



Ashtrom Port A Project with a Social and Environmental Vision

Ashtrom Properties believes in planning, building, and managing mixed use projects where people want to spend time, grow, hang out, and live. We are proud of **Ashtrom Port** that exemplifies the realization of this vision alongside a number of social and environmental initiatives in the complex. **Ashtrom Port** includes Port Workspaces, a state-of-the-art office complex that provides the necessary peace and the secure base that businesses need to enable the growth and constant change that drive their progress.

Ashtrom Properties seeks to promote the construction of mixed-used properties as part of its business strategy and strategic vision, with the goal of creating comfortable, healthy, ecological, and high-quality living environments where people want to live, work, shop, and spend time. **Ashtrom Port** is a project that integrates between community values and places a strong emphasis on planning and creating green spaces, concealing operational areas, and offering transportation alternatives (bike parking, showers, EV charging stations, etc.)

while also implementing efforts to improve the tenants' overall work and leisure environment with innovative digital and technological tools, including HOST, an internally-developed platform for improving access to services and overall customer experience.

The complex promotes values of environmental sustainability in a number of ways, starting from forbidding the use of single-use plastic, on to separating waste in the main kitchens, and by making showers and bicycle parking readily available to encourage the use of sustainable forms of transportation to the complex.

Every member of **Ashtrom Port** is required, in the context of their engagement with the complex, to sign a dedicated Code of Ethics. In addition, the suppliers that serve the complex are chosen based on their accordance with its vision and values. For example, the complex works with a cooperative as a supplier of office materials called 'Meah Ahouz' (100%), which is a social business that allocates half of its profits to social causes.

In the context of the complex's social engagement activities, two non-profit organizations were granted office spaces free of charge for a period of 3-6 months so that they can further their activities. Throughout the year, the complex hosts meeting events together with social causes and organizations, lectures, and other activities to bring Israel's most burning social issues to the forefront of discussion.



Reducing Emissions, Electricity Consumption and Promoting Renewable Energy Sources

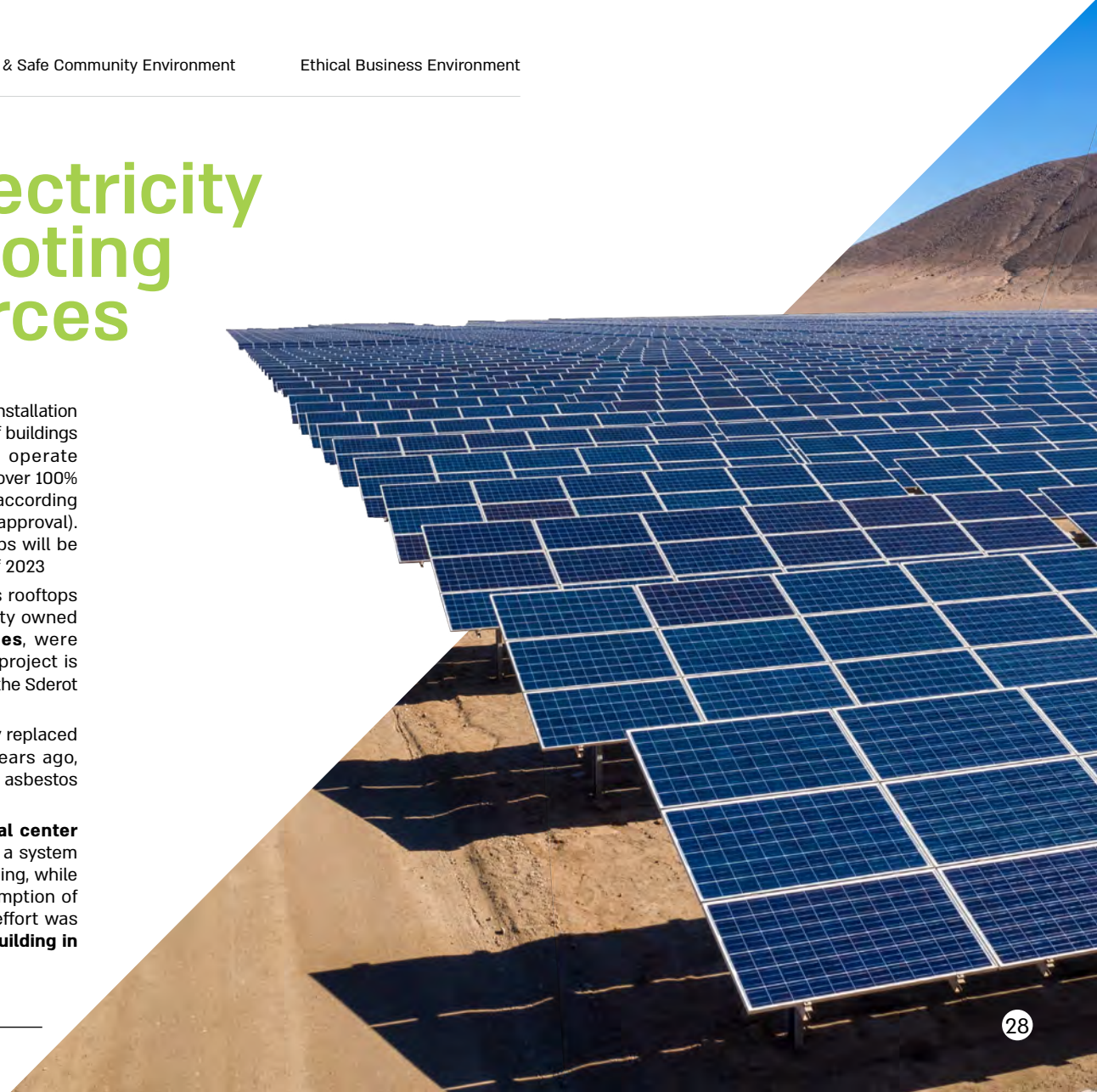
Ashtrom Group's renewable energy business division was established with the goal of promoting initiatives around the world to reduce the consumption of energy from fossil fuel-based sources. Initially, the Group mapped out the relevant rooftops and potential sites for installing solar energy systems (PV). Therefore, the Group agreed to install solar panels on all rooftops that were deemed to be fitting for such usage by the group.

Ashtrom Renewable Energy is currently working to install solar panels on more than 40 rooftops by the end of 2023.

As of the publication of this report, systems enabling a generation capacity of **approximately 29 MW** have been installed and connected to the electrical network. **Ashstrom's renewable energy** activities mainly include initiation, development, planning, construction, Financing, maintenance and operation of renewable energy facilities of photovoltaic systems for the production and sale of electricity. The group has projects of significant scope in Israel and abroad operated by the renewable energy sector - in the United States, Greece and Poland. All the renewable projects of the group together are projected to generate 2.5GW of solar and wind energy activity.

For example:

- **Ashtrom Properties** has completed the installation of solar panels on most of the rooftops of buildings that are suitable, while working to operate according to a clear plan of action to cover 100% of the rooftops of potential buildings (according to technical feasibility and regulatory approval). Approximately 29,500 meters of rooftops will be covered with solar panels by the end of 2023
- During 2022, 5,000 meters of asbestos rooftops in the Barkan Industrial Area, a property owned and managed by **Ashtrom Properties**, were replaced with solar panels. A similar project is being considered for implementation in the Sderot Industrial Area
- **Ashkrit**, the Group's prefrap factory, fully replaced its asbestos rooftops a number of years ago, completely eliminating the existence of asbestos rooftops the facilities
- While constructing the **new logistical center in Barkan**, it was decided to establish a system that would assist in insulating the building, while also enabling the independent consumption of renewable energy sources. A similar effort was also carried out for the **Jumbo Stock building in the Haifa Bay**



Ashtrom Renewable Energy – Projects' Pipeline

Israel

Ashtrom Renewable Energy, together with a third party, Rapac Renewable Energy Ltd., has signed on seven options agreements with several agricultural settlements in Israel with the goal of setting up long-term solar projects using photovoltaic technology. **Ashtrom Renewable Energy** and **Ashtrom Properties** established a limited partnership, 'Ashtrom Properties Renewable Energy', with the goal of operating electricity generation facilities using photovoltaic solar energy on the roofs of Ashtrom Properties' buildings with the potential scope of approximately 8 MW. In addition, the company received a license to supply electricity from the Israel Public Utility Authority for Electricity.

United States

Ashtrom Renewable Energy signed an agreement with a development company, which is a third party and is not related to the company and/or its controlling ownership, specializing in the initiation of solar projects in the U.S. for the development as well as the purchase of solar energy projects. **Ashtrom Renewable Energy** owns six projects in the U.S. that are in various stages of development and with cumulative generation capacity of approximately 1,800 MW.

Poland

Ashtrom Renewable Energy has shared rights in the ownership of a project to generate wind power in Poland with a total generation capacity of approximately 257 MW, considered the largest such project in Poland. The company has a 10.8% share in the project. The company is considering entry into additional projects in Europe.

Greece

Ashtrom Renewable Energy has signed, through a Greek corporation under its full control, agreements with another Greek corporation, a third party and is not related to the company and/or its controlling ownership, which specializes in the initiation and development of projects for the generation and supply of solar power through photovoltaic systems and wind energy in Greece, to purchase and development of a portfolio of solar projects in the country at various stages of development and with a total generation capacity of approximately 541 MW.

Accumulated projects with a planned generation capacity of 1,800 MW Of which:

⚡ 188MW

under development in El Patrimonio, Texas
The remainder of which are in the initiation phase

Scope of the project:

⚡ 257MW

At various stages of development**

Scope of the project:

⚡ 541MW

At various stages of development

⚡ About 8MW

to be installed on the roofs
of Ashtrom Properties*

Future Projections

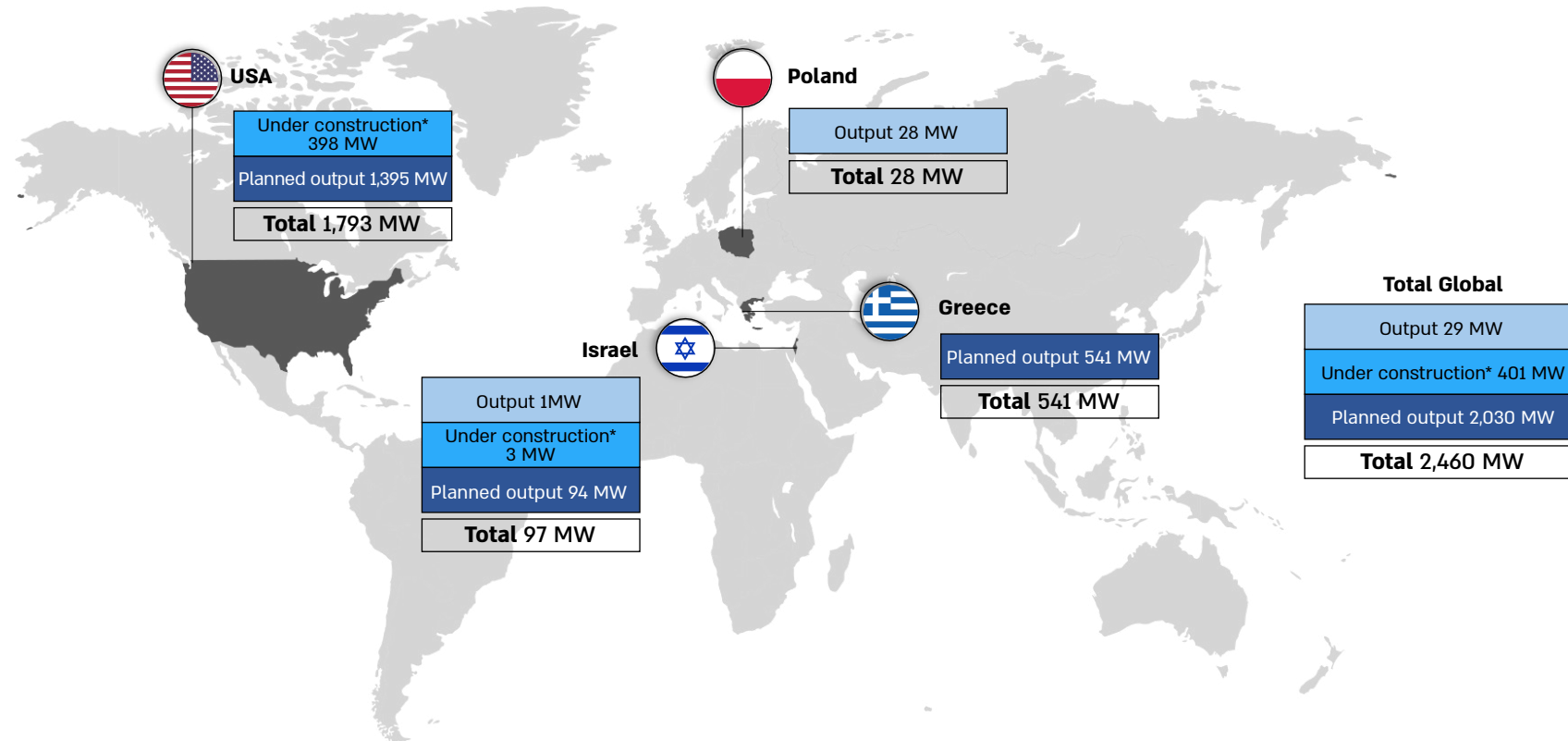
Ashtrom Group believes that the market in which **Ashtrom Renewable Energy** operates is rapidly growing and that it is expected to continue to do so in the coming years due to a number of key trends including:

- Continuation of efforts by OECD countries to sign agreements that will require member countries of the organization to reduce the scope of polluting energy production methods in their boundaries
- The strengthening of opposition from citizenry for the construction of polluting fossil fuel-based power plants, paired with increased awareness of climate change impacts
- A continued decline in the price of installation and equipment due to an increase in the global production capacity (economies of scale)
- It has been observed that in the last ten years, the scope of investment in renewable energy increased by approximately 8% per year cumulatively

Ashtrom Renewable Energy is working to expand the scope of its activity in the field of renewable energy in local markets in the U.S., Greece and Poland by examining entry into additional renewable energy projects, and also by expanding its activity in other countries as well, both through the initiation and purchase of projects.



Ashtrom Renewable Energy has a Planned global deployment of **2.5GW** (Ashtrom's share)



* Under construction status refers, according to the Israel Securities Authority's instructions, to projects that meet the cumulative conditions:
 1. Approved plan 2. Connection agreement 3. Construction started or expected to start in the next 15 months.

Encouraging Energy Efficiency

Ashtrom Rental Housing promotes various energy efficiency efforts that are not included in standard agreements with the government, such as:



Installation of shared charging stations for electrical vehicles (EVs) at energy demand management rates to encourage the use of EVs. This initiative was implemented at two of the company's large rental unit projects



Addition of a system for electrical load shedding at the Bat Yam courthouse, which leads to a reduction in electricity consumption when electrical demand is high



Installation of a variable refrigerant flow system (VRF) to enable increased energy efficiency from air conditioning units in the Beer Sheva student dormitories

It should be noted that the diesel fuel in the backup generators in **Ashtrom Rental Housing's** structures is negligible in terms of its impact on the total amount of fuel consumed. In addition, ventilation units are almost never operational in public spaces such as lobbies or hallways.

Ashtrom Properties has promoted, and continues to promote, a variety of initiatives to minimize energy consumption through select projects, such as updating lighting in lobbies and public areas to combine incandescent fixtures with LED lighting – initiatives that resulted in electrical savings of **500 KW**. An additional initiative sought to replace old chiller systems, which received a grant from the State of Israel.

With the goal of aiding our tenants in reducing their fuel use and the consequent emissions, **Ashtrom Properties** is in the process of preparing the requisite infrastructure for the addition of EV charging stations at offices that are under the management of the company, covering up to 25% of all parking spaces in each building. This initiative is set to be completed in the coming years.

In the context of our manufacturing activities at **Ashtrom Industries**, we obtained the necessary emissions permits and possess the necessary business licensing that directly refers to both the environmental and social aspects of our activities.

The asphalt plant belonging to the **Drachim Construction and Infrastructure** company promotes connection to gas infrastructure from the distribution network in order to reduce the use of fossil fuels and encourage a transition to the use of gas.

Water and Effluent Management

Ashtrom Industries has diminutive amounts of wastewater, which are mainly treated in one of the following ways: pre-treatment tanks and discharge to a wastewater treatment center, or in septic ponds.

At **Israbeton**, the manufacturing systems determine the proportion of recycled water that is integrated into the production process, which is used together with source or system water. The cesspits with sanitation water (from the toilets, showers, etc.) are moved with a sewage pumping system (vacuum trucks) from time to time (2.5 cubic meters) to a designated treatment site. The company is exempt from sewage tax.

At the **Israbeton** plant, approximately 99.2% of the water is recycled, meaning that it does not end up in the sewage system. This is in accordance with a periodic report from the Standards Institute of Israel that examines all the water that enters into the removal trucks and into the storage tanks located on each truck, at which point it is transported to draining ponds that contain all of the plants' wastewater that arises from: water used in the concrete mix production process and rainwater. The wastewater is recycled and reenters the manufacturing process to prepare the concrete mixes.

Another **Ashtrom Industries** subsidiary treats wastewater using a pre-treatment tank, which allows wastewater to then be transferred to a designated treatment facility. The sludge residue remaining in the pre-treatment tanks are directed to a licensed waste treatment site in Ramat Hovav through the Environmental Services Company Ltd. (ESC).

In **Ashtrom Rental Housings'** projects, wastewater and sewage is transferred for treatment to the municipal sewage system, except in restaurants and courthouses that have grease separators installed. The grease byproducts are pumped from the grease pits by vacuum trucks once every few months. The treatment of wastewater and effluents is relatively minor in the context and scope of the Group's business activity.

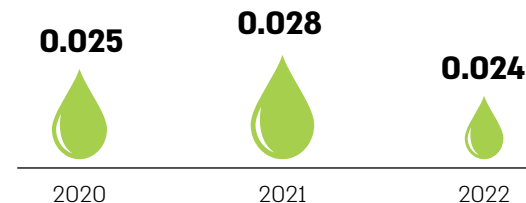
Ashtrom Group has invested in WINT, a company that has developed Artificial Intelligence technology that can detect and stop water leaks and related anomalies at the source. WINT's solutions are integrated into the operational infrastructure of the Group's new headquarters and main offices – in the LYFE Tower – and in additional properties.

Total water consumption by the Group* in 2020-2022:

Year	2020	2021	2022
Water consumption (cubic meters, m ³)	617,563	706,883	718,234

The water consumption increased by 16% between the years 2020-2022 due to expansion of the Group's activities.

Ashstrom Group's aquatic intensity Between the years 2020-2022 (in cubic meters per ton of production/square meter):



* Water consumption by Ashtrom Rental Housing projects is not included in the calculation as the payments for water consumption are carried out directly by building tenants.

Waste Management

Ashtrom Group is committed to handling construction waste according to the guidelines set out by the Ministry of Health and is resolute in its commitment to ensure that all waste materials are transported directly from the construction sites to authorized treatment facilities and landfills. We are dedicated to properly handling and treating the waste products generated in the context of our business activities, and we will continue to deliver on this commitment.

Ashtrom Contracting

Construction waste and construction byproducts that are recyclable are treated and occasionally are sold for further treatment, refurbishing or reuse, such as wooden pallets and iron scraps, which are transferred to **Ashtrom Contracting** for recycling. The recycling of these materials ensures the circularity of waste management practices.

See data on the recycling of wooden pallets and iron scraps in recent years by **Ashtrom Contracting**:

Year	2020	2021	2022
Iron scraps transferred to recycling (ton)	1,508	1,237	1,077
Profits from sale of iron scraps for recycling (USD)	170,980	238,752	226,633
Number of wooden pallets transferred to recycling (units)	19,140	8,750	4,883
Profits from sale of wooden pallets for recycling (USD)	163,171	74,595	41,628

Ashkalit

In recent years, the majority of wooden pallets that are used to transport **Ashkalit's*** products are reclaimed from the construction sites and reused, allowing our customers to enjoy a refund and encouraging continuation of this important environmental initiative. A small number of pallets are sold to wooden pallet suppliers for recycling.

Data on the recycling and reuse of wooden pallets.

Year	2020	2021	2022
Number of wooden pallets collected from sites for reuse (units)	71,903	98,503	129,550
Total refunds to customers due to reuse of pallets (USD)	91,708	88,573	108,229
Number of wooden pallets recycled from sites and sold for recycling (units)	26,369	14,255	4,057
Total profits from sale of wooden pallets for recycling (USD)	15,254	8,085	2,306

Continued Waste Management

Ashtrom Industries owns, through an incorporated company, quarries and an asphalt plant, and in both cases recycled materials are used in order to reduce unnecessary mining and to optimize the use of asphalt. Additionally, waste from the quarry is used as raw material for paving roads.

Ashtrom Industries invests in integrating recycled material into its product packaging. For example, the company's paper sacks contain **approximately 95%** recyclable material according to the existing recycling infrastructure in Israel.

Ashtrom Industries transfers various amounts of concrete waste to authorized sites for the recycling and treatment:

Tons	2020	2021	2022
Landfill	51,039	37,849	49,047
Recycling	11,428	20,067	5,440
Total	62,467	57,917	54,487
% Recycled of Total Waste	18%	35%	10%

The data reflect the company's investment in waste recycling units that intake the concrete byproducts and shred them for reuse in production. This process results in relative savings in terms of the cost of waste removal despite a considerable increase in production. Currently, the company is considering an investment in special equipment to expand its recycling activities for byproducts and waste products.

Ashtrom Properties has a methodological system for the treatment of waste:

Tons	2020	2021	2022
Waste sorted – iron, concrete and construction waste	345	345	10,700
Waste sorted – cardboard, nylon, and waste transferred to Argeman Waste Treatment Company	290	442	709
Waste recycled – iron and concrete	230	230	10,000
Waste recycled - cardboard, nylon, and waste transferred to Argeman Waste Treatment Company	99	145	137
Use of renewable/recycled/recycled input materials	125	125	1,000
Percentage of renewed and recycled from total building materials (%)	0%	0%	50%

* The relative increase in the data presented for 2022 is due to the separation of iron/concrete/dirt waste in the renovation of the Bat Yam Mall.

Ashtrom Properties is currently examining options to expand its waste treatment activities by conducting a pilot with a company that specializes in waste treatment at its LYFE Towers and in the Shoham Commercial Center. The project seeks to improve the company's methods for waste separation at the source including treatment of cardboard waste and commercial packaging, standardization of bins accessible in public areas, use of cages and containment pallets, regulating the treatment of oil byproducts and waste, implementing recycling solutions, and identifying opportunities for improving energy efficiency.

Ashtrom Rental Housing tends to the topic of waste separation at courthouses and in residential buildings, enabling the following classification of recyclable materials: packaging, cardboard, paper, and household waste. The only exception is the Neot Peres project in Haifa where waste separation is handled by the municipal authority. The sorted waste is transferred to specified compactors for removal by the municipal waste removal teams in separate trucks, according to the defined framework. Cardboard and paper recycling undergo paid removal by the Infinya Ltd. recycling company.

Ashtrom Renewable Energy transfers all of its pallets and remaining waste following installations of solar panels at its sites to subcontractors for recycling, free of charge.

Environmental Compliance

Ashtrom Group has no material environmental non-compliance events to report. **Ashtrom Contracting** has incurred fines predominantly from local authorities, but in negligible amounts. Between 2021 and 2022, there was a 14% increase in the volume of payments and 10% increase in the number of fines incurred.

Conservation of Biodiversity

In nature there is a large variety of different organisms that make up the biological diversity, or biodiversity. The interrelationships between the components of biodiversity and various environmental conditions create ecosystems that provide products, services and benefits for humanity and its wellbeing in the fields of health, society and economy. Human activity and population growth, which have been accelerating in recent years, increase the erosion of biodiversity, along with the introduction of invasive and non-native species that damage the environmental fabric and cause negative economic impacts.

In the context of the projects that Ashtrom Group is responsible for in Israel, assessments of potential and real damage to the environment

and biodiversity are carried out as part of the initial site analysis, together with local authorities, government offices or other the relevant organizations, according to the type and nature of the project.

In the context of every project, we perform consultation with ecologists and professionals in accordance with the mandatory guidelines for preserving the environment, biodiversity, and for performing landscape restoration.

For example, in all of **Ashdar's** projects, the company acts according to the guidelines and instructions of the local authorities and forestry officials, which involves completing a survey that details the required methodology for preserving and restoring

the arboreal environment at the work site, according to the appropriate location and layout determined by the officials. It is important to emphasize that arboreal restoration is carried out by contractors and professionals with the appropriate certifications, knowledge and experience in transferring mature trees and after performing detailed analysis, which includes examining the limitations of the area in order to ensure adequate completion of the project.

Ashtrom Contracting acted and took various steps in the context of its projects implemented along many of Israel's main roadways. For example, on Highway 79, restoration and covering of the rocks of Nahal Tzipori was carried out over 2017-2021. In the **Expressway Project** on the

Ayalon Highway, and together with the residents of northern Tel Aviv, we worked to protect a field of daffodils - one of the largest remaining fields in the country - and we performed a clean-up of Nahal Ahia. In addition, in the Herzliya Park, we protected an earth embankment that extends the entire length of the park and that safeguards a winter pond that is about 6,000 meters in size, which absorbs runoff during the rainy season and works to restore the natural environment.

Digital Transformation

Over the last three years, we at Ashtrom Group have supported widespread digitalization efforts, touching on several aspects:

Digitalization of processes and documentation

- Switching to an ERP system for the digital management of processes starting with orders, approvals, financial aspects and recording documentation
- Integration of a supplier management portal to minimize the use of paper and encourage digital record-keeping
- Integration of digital signature systems and digital payment systems in order to minimize printed contracts and the use of checks
- Digitalization of main human resource processes, with an emphasis on recruitment and on-boarding of new employees, saving the need to print on average fifteen on-boarding documents for each new employee
- Digitalization of processes at the work sites and at headquarters

Digital archive

implementation of an innovative platform for the management of the organization's documentation in order to locate relevant materials and to make them accessible.

Transition to the use of tablets by Ashtrom's site and factory workers

Over the last few years, we have purchased tens of tablets for use by the company's site workers in order to expand our digital on-site activity and to minimize the use of paper.

Digitization of services and solutions for consumers, purchasers, renters, and users of the Group's properties

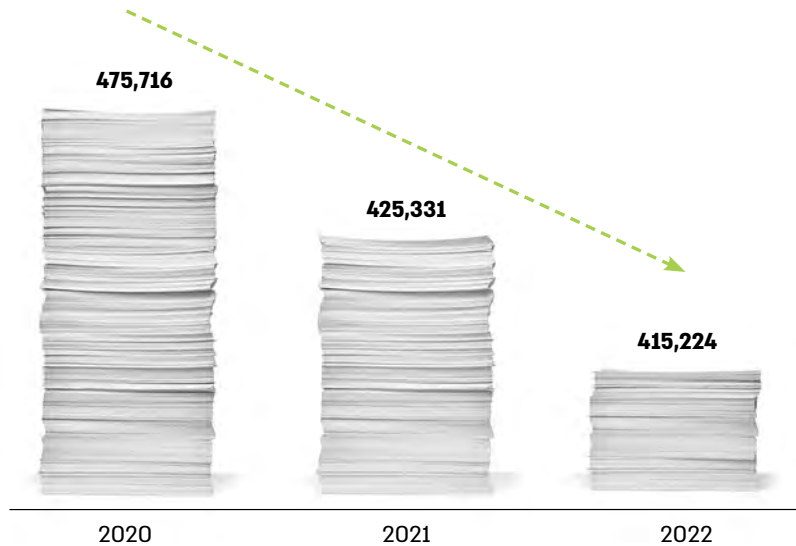
Ashtrom Group integrates platforms for the management of relationships with tenants or purchasers of the Group's properties. For example, at **Ashtrom Rental Housing** access to a digital portal is provided to enable the tracking of payments and transfers, ordering of services and on-going management of necessary services to improve the tenant's overall experience. A similar initiative is being implemented currently by **Ashdar** with the goal of improving relationships with apartment buyers. At **Ashtrom Properties**, a unique and standalone platform was developed, focused on meeting customers' needs based on an in-depth survey performed by the company. The application, **Ashtrom Host**, provides an accessible, comfortable and inclusive customer service experience that addresses relevant needs.



Greening Our Offices

Over the last few years, we have successfully reduced the amount of paper that is printed by the Group.

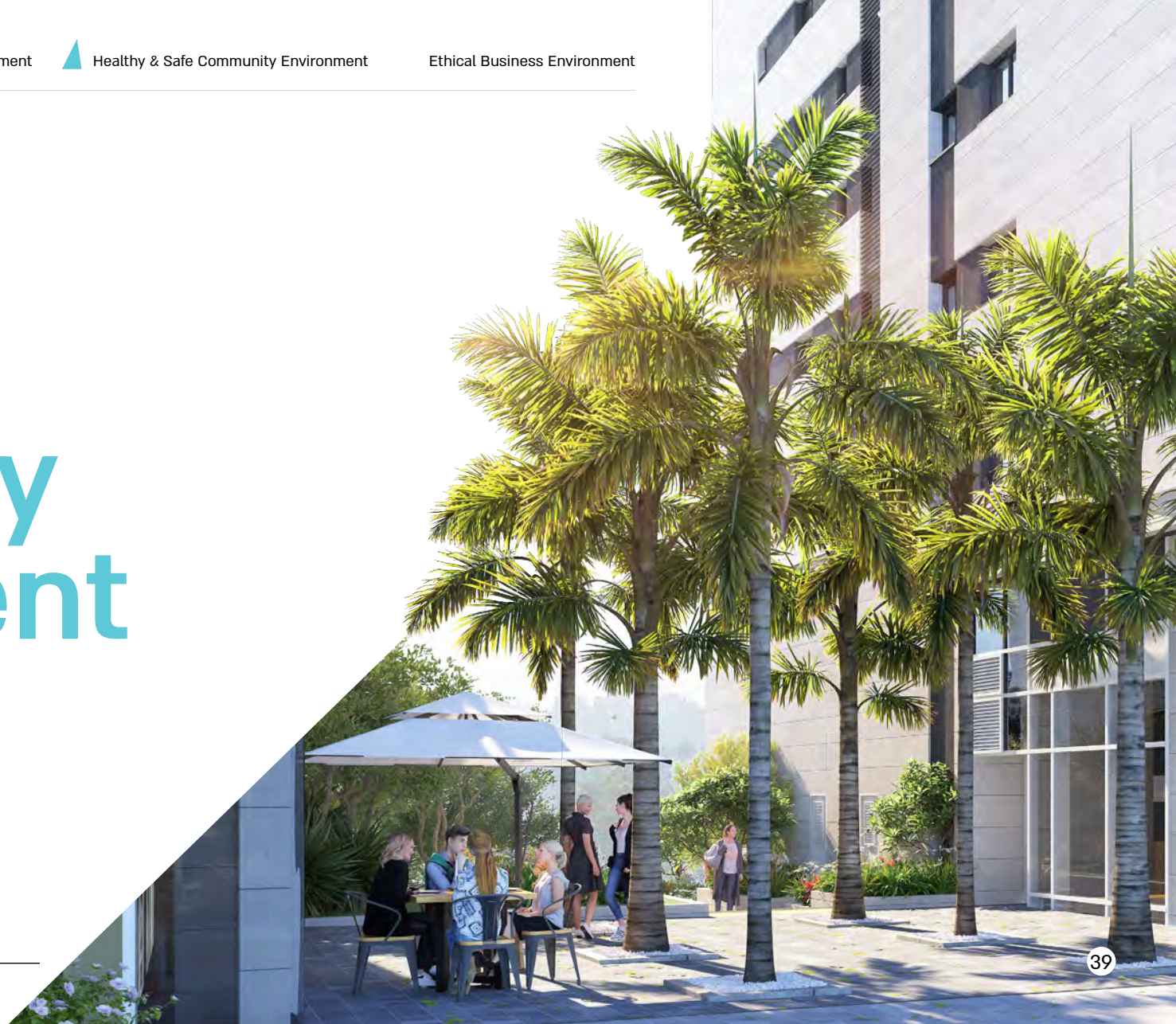
Total Printing Events at Ashtrom Group 2020-2022



In October 2022, the Group moved its headquarters to LYFE Towers in Bnei Brak, which has received two stars according to the Israeli Green Building Standard SI 5281. Multiple environmental elements were incorporated into the planning and design of the towers including: shading for walls with screens, organized bicycle parking, lighting and ventilation controls in each room, inverter chillers with alternating speed, synthetic wood decks on the balconies, skylights in the main terminal to minimize the use of artificial light, glass parking lot elevators to introduce natural light to parking lots, smart water taps on every floor to prevent leaks, integration of smart systems designed to locate and identify leaks and anomalies in the water system, and more.



Healthy & Safe Community Environment



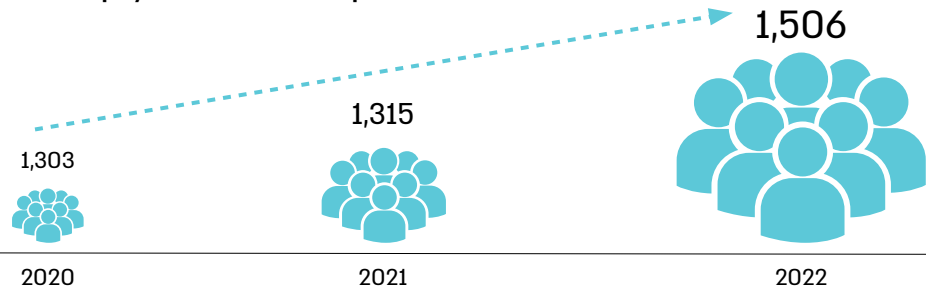
Our employees are the source of pride in the work that we do and are integral to the success we have achieved over the years. We care deeply about fair employment, their health and well-being, their training and growth opportunities, encouraging equality, diversity, and inclusion. Furthermore, we impart this outlook to our business partners and suppliers.

We at Ashtrom Group believe that all people are equal, and we take care to uphold the human rights and well-being of all of our employees. We are committed to maintaining an atmosphere of dignity and to treat every person with the respect that they deserve. The Group's employees set out their commitment to behave with tolerance and fairness towards others, without ever discriminating on the basis of sex, religion, belief, political opinion, sexual orientation, personal, economic or social status, or on the basis of any other form of discrimination.

At Ashtrom Group, we are committed to giving every employee and every job candidate an equal opportunity in all areas of work, in the appointment to positions and professional promotions. The Group strictly forbids discrimination in any form.

Ashtrom Group employs 1,506 employees as of the end of 2022 – an increase of 14% from 1,315 employees in 2021, namely due to the addition of a new company to the Group. Ashtrom Group does not employ children, nor does it condone forced labor practices.

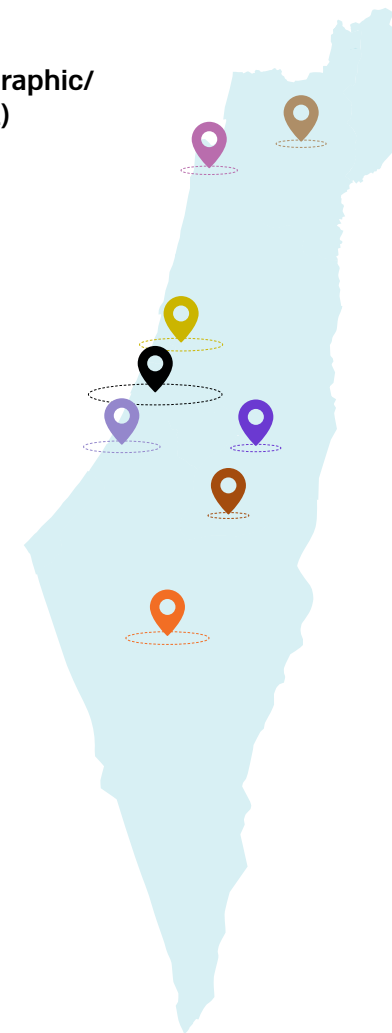
Total Number of Employees at Ashtrom Group



In 2022, there was an increase in the number of recruitments due to expansion of the Group, following years of relative stability in the number of recruited and departing employees.


Employees by Geographic/ Local Region (Israel)


- 87 North
- 89 Haifa-Hadera
- 216 Sharon
- 88 Jerusalem
- 517 Center
- 186 Shfela
- 296 South
- 27 Samaria




Our goals for promoting the health, safety, and wellbeing of our employees:

 **Reducing workplace accidents and achievement of TRIR** (Total Recordable Incident Rate) **rate of 1** for the Group's employees by 2030

 **18% Women** in senior and middle management positions by 2030

 **4% individuals with disabilities** added to the workforce at the Group's headquarters

 **Expanding opportunities for employee engagement** with consistent and regular volunteering initiatives

 **Donation to the community of 0.5% of net profits before taxes*** by 2030
*of the previous year, excluding one-time profit



Ensuring Fair and Decent Work Across the Supply Chain

We are committed to fair and decent employment and operate in accordance with the rule of law with regards to wage conditions and employee benefits.

The employment of the Group's employees in Israel is conducted through individual contracts, without the application of any collective agreements except for a group of employees subject to collective agreements arising from their work in the construction sector. The Group provides its employees with benefits such as basic health insurance coverage at its own expense. In addition, the obligations of the Group and its subsidiaries to upholding the social rights of all employees and instances of termination of employment are covered by deposits to compensation funds and by insurance policies and/or by existing provisions in the Group's financial accounting.

At Ashtrom, we thoroughly respect the importance of maintaining healthy work-life balance and honor our employees' free time and private lives. Hence, on days of rest and weekends, we make an effort not to contact employees and we expect them to take the time for themselves, except for in extremely urgent cases when their attention is required. At Ashtrom, we value the importance of the development of stable working relationships among colleagues and manage regular interfaces for communication and connection-building in the Group's offices and at its various sites.

Provisions for Pensions Savings and Provident Funds

Our employees are entitled to provisions for pension savings. We believe that understanding the topic and having awareness of the various options regarding pensions savings are essential for the employees and their families. However, there are some employees who are not fully knowledgeable of the issue and its complexity and who are not aware of their rights regarding pension savings. To this effect, we created a dedicated area within our employee information portal that provides general details, as well as important and relevant areas of emphasis, to enable employees to manage their pension savings effectively and intelligently. In addition, we provide lectures and recorded training sessions on the topic to enrich our employees' knowledge.

Every employee of Ashtrom Group is entitled to a pension arrangement according of his or her choice and in accordance with their employment agreement. Employees have the right to choose, according to their preference, an insurance agent with whom they wish to work. The pension insurance provides coverage for employees in case of disability and income protection insurance arising from a loss of ability to work, as well as savings for when they reach the age of retirement. Entitlement to these allowances begins from the first day of work.

The Group offers all employees access to a provident fund, according to their

employment agreement, starting from their first day of work or at the end of the first year, depending on their employment agreement.

Termination of Employment

Our hope is that our employees will continue their employment with us for as long as possible, given that they are happy and satisfied. However, we also understand that there are some employees who may wish to change workplaces or who may be forced to cease work with the Group, and therefore, we provide them with clear and detailed information, as well as necessary support, in every case of termination of employment either through resignation or dismissal. The notice period for the employee is determined according to their level of seniority or time spent in the workplace, in accordance with the provisions of the law and the terms of their employment contract. An employee who decides to terminate their employment or is dismissed from employment with the Group receives the relevant and necessary documentation including confirmation of the period of employment, letters to the pension provident funds for the release of funds, a Form 161 and the employer's signed termination of employment notice.



Fostering a Supportive Work Environment at the Group's Headquarters

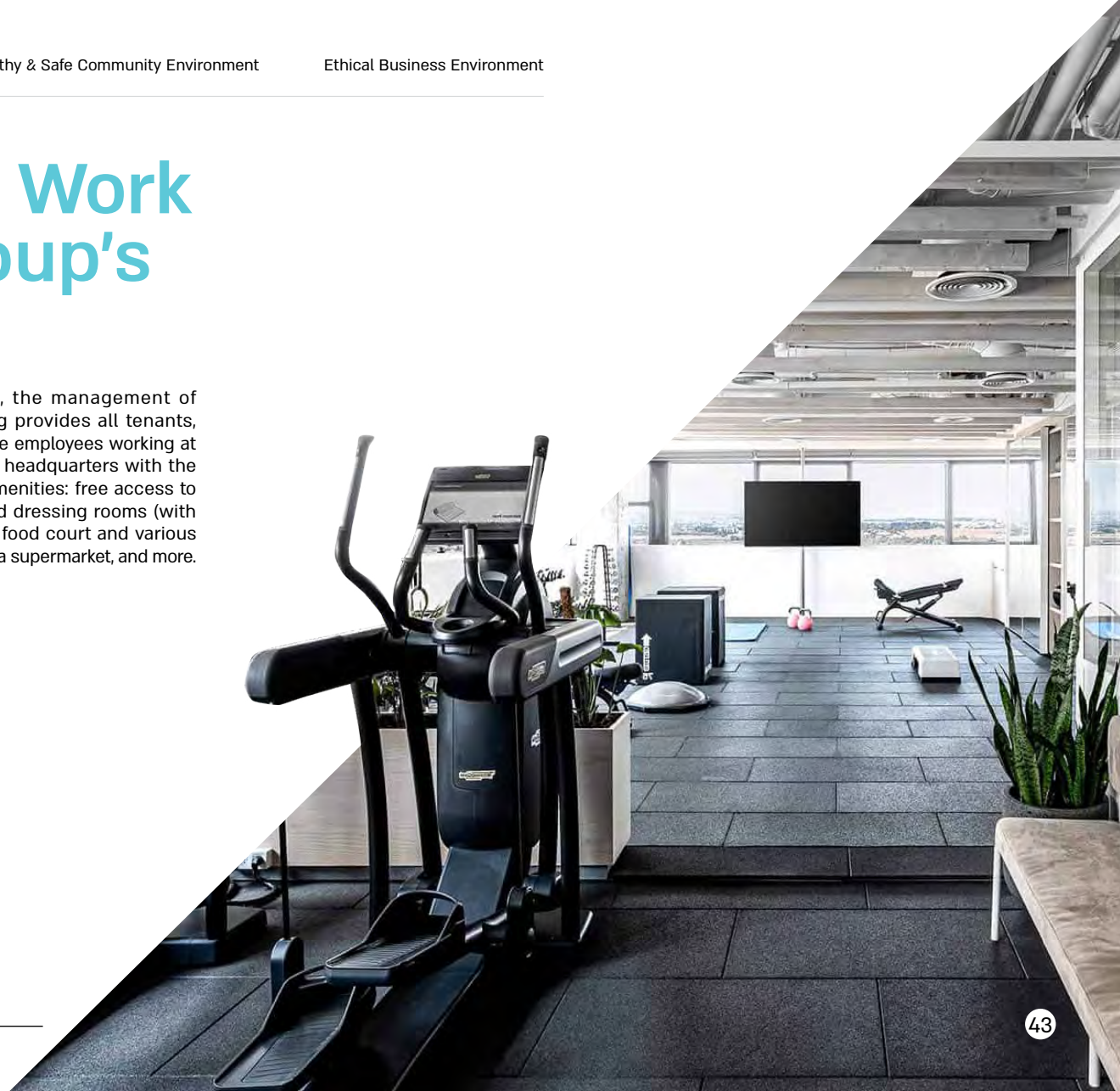
In October 2022, the Group moved to its new offices in the LYFE Towers. Unifying the Group's subsidiaries' various offices into one building, which previously were spread out across Israel, enables more efficient work processes due to the physical proximity of employees, producing social and professional synergy that emanates throughout the Group's activities.

At Ashtrom, we actively invest resources to create a pleasant and supportive work environment, that is both beautifully designed in its physical aspects and comfortable, with the goal of generating a positive and inviting atmosphere for all employees.

The offices were designed to introduce plenty of natural sunlight, offer adjustable and ergonomic furniture, meeting areas, fully-equipped kitchens, state-of-the-art electrical appliances and healthy refreshments for the wellbeing and nourishment of our employees.

The designed and shared dining areas contribute to an atmosphere of teamwork, creating opportunities for informal discussions and strengthening the bond between employees.

In addition, the management of the building provides all tenants, including the employees working at the Group's headquarters with the following amenities: free access to the gym and dressing rooms (with showers), a food court and various restaurants, a supermarket, and more.



Caring for Employees' Health, Safety and Wellbeing

We are committed to ensuring the safety of our employees and recognize the potential dangers inherent in work at various construction sites. Accordingly, we have a well-established mechanism for regulated management of health and safety topics, as well as a series of procedures and trainings to ensure that both employees and managers are aware of risks and that they consistently work to reduce exposure to such risks.

We do all in our power to ensure the health of all employees engaged in the work we do, placing heavy emphasis on prevention, protection, training, and security mechanisms aimed at fostering a safe work environment. In addition to all of this, we offer various opportunities to promote employee wellbeing.

In line with our commitments, we have established Ashtrom Group's [Employee Health & Safety Policy](#).

Employee Welfare

Employee welfare activities at Ashtrom Group touch on two aspects:



Embracing Individualism and Fostering a Familial Environment

activities aimed at the personal welfare of the employee, touching on individual empowerment, while emphasizing their feeling of belonging and inclusion in the Group's familial atmosphere.



Organizational Bonding

activities aimed at strengthening employees' connection to the organization, including benefits, perks, and access to services on the basis of their association with the organization, regardless of their salary or level of performance.

Our outlook on employee welfare is designed to accompany employees throughout their period of employment with the Group, operating according to 5 main channels:

01.

Personal well-being – involvement in all aspects of the employee's professional life.

02.

Strengthening organizational solidarity – activities that fortify the organization's relationship with its employees and vice versa.

03.

Benefits and perks – employees have the right to these benefits due to their membership in the organization, regardless of their performance or position.

04.

Leisure and enrichment opportunities – encouraging and developing a culture based on leisure, healthy lifestyle, and personal growth.

05.

Discovering meaning – enabling employees to meaningfully engage with causes that matter to them through volunteering activities, community give-back programs and more.



Continued Employee Welfare

The Group hosts a variety of activities aimed at employee well-being, including a company-wide vacation that, aside from during the COVID-19 pandemic, occurs once every two years. In June 2019, the Group went to Rhodes, and in 2022, visited the Athenian Riviera in Greece.

In addition, each business division or subsidiary company in the Group manages its own budget for leisure and well-being activities that is used according to their discretion and specific needs. In the context of these activities, the business divisions and companies host a wide array of events including holiday parties, happy hours, end of the year parties, team building days, and activities for the employee's families and children, such as a day-long summer camp during the annual summer vacation, fittingly called the "Young Builders".

The employee welfare division at the Group's headquarters organizes individual gifts for each employee to mark special days such as Family Day, International Women's Day, birthdays, and important life events.

Ashtrom Group hosts sporting events and encourages group exercise through running groups, soccer teams, and its women's volleyball team that represents the Group in the local workforce league.

Ashtrom's sporting groups have been around for years and they continue to meet on a regular basis, including for weekly training sessions. Employees are encouraged to participate in the annual Tel Aviv Marathon and in the Tel Aviv Night Run at the full expense of the Group's management. In 2022, the Group's employees participated in the CivilEng run for the first time, a race designed specifically for employees of the construction, real estate, and infrastructure sectors in the Mini Israel Park in Latrun.

Ashtrom Group offers its employees the possibility of receiving financial support in the form of salary advances or loans at critical personal junctions or life events. Salary advances are provided based on the approval of the direct manager. Loans are provided based on the fulfillment of certain conditions and based on the total amount requested, and the interest rate is linked to the consumer price index, according to the law. The maximum amount is twice the average gross salary payment, or up to a cap of 10,230 USD, subject to approval.

In the last three years (2020-2022), the loans amount granted per year, an average, were

227,330 USD

each year





A Safe Work Environment

We at Ashtrom Group do all that we can to foster a lively, enriching, and safe work environment. We conduct trainings and promote efforts to raise awareness on the importance of adequate behavior from the Group's managers, according to what is required by law and beyond it – based on our corporate values and the guidelines in our Code of Ethics.

The Group strictly forbids the practice of discrimination in any and all forms and will not tolerate threats nor any actions against anyone who submits a complaint regarding the matter. The Group is committed to fighting harassment and abuse and treats any instance of such behavior with the utmost severity.

Abuse in the Workplace

We have appointed a designated employee to manage the topic of abuse in the workplace at the Group, including supporting awareness with managerial training and fielding employee inquiries.

During 2021, three complaints regarding workplace abuse were filed, of which one complaint was found to be justified and the relevant party received a warning notice. In 2022, three additional complaints were filed and are currently being investigated.

Sexual Harassment

A designated employee manages the topic of sexual harassment according to the specifications of the law including conducting necessary trainings, fielding and managing employee grievances.

In 2021, four complaints were filed regarding sexual harassment in the workplace (two of which were reported informally), and they were all found to be baseless. In addition, one employee (who did not have an official complaint filed against them) received a warning notice as a result of the complaint. In 2022, no complaints were filed.



Road Safety

The Group's vehicle department works to promote road safety among employees by distributing information and reminders on the topic via email and messaging notifications throughout the year. At different milestones throughout the year, for example during the rainy season or at the beginning of the academic year, reminders and warnings are sent out to employees to remain vigilant. In 2023, we plan to conduct a dedicated training session on road safety.



Safety Instructions at Work

The execution of construction and infrastructure projects requires compliance with the health and safety rules that are stipulated by the legal provisions and laws of the State of Israel including the Work Safety Ordinance (New Version), 5730-1970, and the Labour Inspection (Organization) Law, 5714-1954, and all of the related orders and regulations therein.

The Group operates safety departments that employ safety inspectors and supervisors who are responsible for all aspects of safety in the Group, providing consultation and supervision on related topics to all the Group's subsidiaries. In addition, in accordance with the provisions outlined in the Labour Inspection (Organization) Law, 5714-1954, at every construction project site there is a work manager who is responsible for overseeing the safety of the site.



Health Insurance

The management of Ashtrom Group is dedicated to ensuring its employees' health, and therefore all the Group's employees are insured under collective medical insurance that provides coverage for transplants and special procedures in Israel and abroad, assistance in financing expensive medication that are not included in the scope of typically covered medication, and more, providing additional support on top of the supplementary medical insurance. The insurance agency that accompanies the Group in providing the coverage has extensive experience in the management of large collective medical insurance policies and provides service to tens of thousands of policy holders from the leading companies in the Israeli economy. The health insurance coverage is offered to all employees and their immediate families (and can be expanded). The employees have a dedicated website with information on their health insurance policies, where they can also file a claim and perform other actions.

As part of their collective health insurance coverage, the employees have the option to receive psychological counseling (12 subsidized sessions per insurance year at low co-pay rates). In addition, the Group allows employees to receive their annual flu shots in the workplace at the beginning of each winter.



On-Site Work Accidents

In recent years, we have worked to minimize the number of safety incidents at our sites and in our factories by investing significant resources, conducting trainings, and implementing management and control measures at our construction sites and factories, and more. Unfortunately, work at construction sites and in factories involves rapidly evolving work conditions, as well as unpredictable variation in the conduct of the workforce, which, together can lead to regrettable accidents – at any level of injury. We are committed to continue to act in accordance and even in exceedance with the requirements of the law, and to promote the health and safety of employees at our sites and in our factories, including with subcontractors and business partners involved in our activities.

We place notable emphasis on conducting **prevention activities – training, employee security and protective equipment** – in order to ensure that accidents and injuries are reduced to the bare minimum possible. We invest significant resources in technological tools, trainings, control measures, and more.

Occupational diseases are likely to arise due to exposure to various chemical agents and components, as well as dust, during the construction process. We do all in our power to ensure the safety of the work environment, including providing instruction to the site managers and workers on the correct use and application of personal protection gear and equipment, which assist in ensuring their health and preventing exposure to various substances.

Section 80 of the National Insurance Law defines an occupational accident as “an employee injured in an accident that occurred while working (that is, during work and/or at the workplace) and, as result of the work (or as the result of the risks of the workplace).”

We closely monitor all accidents that occur in the context of our activities without classifying the severity of the injury.

Ashtrom Contracting invested **6.5 million USD** in 2022 in the health and safety of employees, with similar investment in 2021. Using a dedicated system for health and safety management we monitor our activity and conduct investigations into ‘near miss’ events, despite the difficulty in managing the initiative among subcontractors.

At **Ashtrom Industries**, we invested in the development and adaptation of an occupational health and safety management system, and currently, we are working towards its implementation, following an investment of nearly 284 thousands USD in the last two years. This is in addition to spending on our engagement with a consulting company that assists us in all of our activities to promote employee health and safety.

Our conduct regarding the topic is regulated by the appropriate officials: a designated safety officer registered with the Ministry of Labor for every activity, safety trustees in every factory and for every activity, and safety committees that are formed and that meet to discuss relevant activities. These committees are also responsible for analyzing ‘near miss’ events, including conducting an investigation with the site managers in order to locate and report on the events. The company has made an extensive investment in protective elements for manufacturing equipment and machinery, in the development and initiation of the ‘Small Steps’ program that includes monthly trainings in workplace safety for employees and managers and the appointment, training, and authorization of additional safety officers at the factories.

The company operates a dedicated application for reporting incidents that undergo an initial investigation lead by the appointed safety officers at **Ashtrom Industries**. The conclusions of the investigation are presented in dedicated communications used to train health and safety leaders, which are distributed by email, in messaging groups, and which are posted on the safety board for the knowledge of the factory managers, so that they too can inform their employees. This is alongside the actual implementation of the conclusions from the investigation and discussion of the event in the safety committee, as well as in management meetings.

All incidents, with an emphasis on ‘near miss’ events, are recorded in a shared library that all managers, appointed safety officers, and other relevant actors have at their disposal.

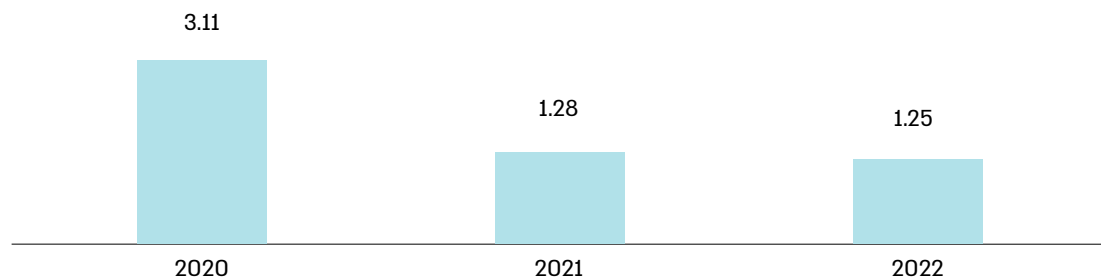
The following details the scope of occupational health and safety accidents that occurred at the Group in the last three years:

	2020	2021	2022
Work accidents employees	37	18	21
Work accidents contractors	85*	90*	86
Car accidents**	8	18	14
Total	130	126	121

* 1 case of death in 2020 at an **Ashtrom Construction North Ltd.** site (North of Israel) and in 2021 at an Ashtrom Contracting site (**Ashtrom Engineering & Construction Ltd.**).

** Ashtrom Group employees only – on the way to/from the workplace. These are not accidents caused in or at the workplace itself.

TRIR for workplace accidents among the Group's employees (without car accidents) for 2020-2022



The total number of accidents, at the Group generally and at its work sites specifically, is currently decreasing, similar to the TRIR (Total Recordable Incident Rate), that currently stands at 1.25. We aim to improve our TRIR, with the goal of reaching 1 by 2030 for these accidents. As part of our efforts to encourage innovation at the Group, we place special emphasis on inventions that can improve the health and safety of our employees, and we are currently in advanced phases of examining the implementation of smart systems for management of safety issues at the Group, together with a pilot to implement a safety data analysis and alert system.



Subcontractors

The construction and real estate sectors heavily depend on the work of subcontractor employees to implement and complete projects. To the extent under our control, we attempt to avoid agreements that prevent us from directly supervising the terms of employment. We ensure that the engagement agreements with the contractors include commitments on topics that are of importance to us such as fair and decent terms of employment, health and safety measures of the employees, etc.

In addition, some of our cleaning staff are employed through subcontractor companies and we work to ensure fair employment conditions for them as well.

Our activities regarding subcontractors are managed in the following ways:

01.

Prior to issuing a work order– we conduct proper reviews that include, among the following, examination of their health and safety measures, fire safety, accessibility, arrangement of payments to employees, such as social security payments, and the existence of necessary insurance coverage. These are in addition to operational aspects related to the nature of the engagement such as environmental and green building principles. In addition, contractors undertake agreements not to employ workers under the age of 18 and to uphold basic workers' rights such as provision of transportation, meals, social welfare conditions, application of collective agreements and expansion orders, all in accordance with the labor law provisions.

02.

During the engagement period and for the continuation of the joint project – controls are carried out and some of the terms of the contractual engagement are implemented, such as reporting regarding the participation of employees in Ashtrom Group's expanded safety trainings, examination of the agreements and conditions of employment, namely through requesting to receive a quarterly report on the payment of wages according to the law, etc.

Ensuring the proper existence of safety aspects are of highest priority for the Group and accordingly, our engagement agreements with subcontractors emphasize our commitments in their area including provision of details regarding the safety requirements outlined in the laws and regulations governing workplace safety including: the Safety at Work Ordinance (new version 1987, 1070), Safety and Health in Construction Convention, 1988 (No. 167), Safety at Work Ordinance – Environmental and Biological Monitoring of Workers with Hazards (1990), Safety in the Workplace Regulations – First Aid in the Workplace (1988), Regulations on Providing Information and Training to Workers (1999), Occupational Safety Regulations – Working at Height (2007), Safety Regulations at Work – Electricity (1990), Temporal Electrical Installations at Construction Sites at a Voltage that Does Not Exceed Low Voltage (2022), the regulations of the Labour Inspection Organization – Safety Management Plan (2013).

As part of the engagement agreement, the subcontractor undertakes a full commitment to managing the topic of occupational safety including **appointing a manager on their behalf to ensure the safety of workers at the site**. It is the subcontractor's responsibility to prepare a 'Work Safety Plan' and to ensure its full application and implementation, its management and direct and ongoing supervision among all of the workers throughout the project period. These measures are in addition to daily inspections that are carried out at the site.

A **'Safety Management Plan'** is prepared in accordance with the regulations and conditions laid out by the Labour Inspection Organization – Safety Management Plan (2013). In addition, it is the subcontractor's responsibility to prepare a detailed **risk survey**, which is conducted by a qualified safety officer on their behalf, and which is submitted to the project manager for approval by the main contractor's safety officer. The subcontractor is required to inform the main foreman on site of any defect, safety hazard or malfunction that may pose a risk to workers on or off site. Given such an instance, the contractor will be required to cease work if there is any action that contradicts these guidelines and principles and while there is any concern for the safety of the workers on site.

It is the subcontractors' responsibility to be **extremely precise in ensuring that all of their employees are properly trained** on the risks that they may be exposed to while working at height and areas of safety emphasis while working on site. This is in addition to specific safety training for employees according to the nature of their work and the risks inherent in performing such work. This activity will be documented, and in the absence of such documentation, work will cease at the site. Of course, it is the subcontractor's responsibility to provide all of the **personal protective equipment** required by law and according to the nature of work, as well as any unique or special safety equipment that is required to ensure the full safety of the workers during the work process. Subcontractors are required to perform **periodic inspections of on-site equipment and the associated safety implements** to ensure that they have provided all of the necessary protective measures against risk factors including those for the prevention of exposure to occupational diseases. In addition, subcontractors are forbidden from introducing tools at the site that have not been inspected in accordance with the necessary safety laws and regulations.



Continued Subcontractors

Ensuring the safety of workers requires **elaboration on the safety requirements set out in the laws and regulations** and accordingly, we expect our subcontractors to extend the duty of caution and the implementation of safety measures beyond the required standards of conducting a risk surveys, performing trainings and use of approved tools and machinery. Other safety expectations of our subcontractors include: electrical safety, excavation and drilling, scaffolding, lifting machinery and cranes, work at height, work in an enclosed space, work with open fire, work that requires special permits, establishing a safe work environment, waste removal, and protection to prevent soil contamination.

Each year, there are several lawsuits that are filed against us by subcontractors' employees alleging employee-employer relations, however they are closed in court and without any judgments against Ashtrom Group.

Additionally, all of the Group's employees and third parties who work on the Group's projects are insured for bodily injuries, whether through employers' liability insurance or through third party insurance. The projects are insured either by Ashtrom Group or by the client, however, and in any case, insurance coverage is secured. Any case of bodily injury claims is referred to the relevant insurance company for further handling and treatment.

The application of subcontractors depends on the specific nature of the project in which their services are required and according to the details of the engagement. As a result, there is much instability in the employment of subcontractor employees, as it is a matter of the subcontractor's own considerations and is not subject to Ashtrom Group's involvement. Beyond enforcing the terms of the contract and guaranteeing that the terms and clauses governing the obligations of the contractor to their

employees are upheld, the Group does not monitor specific details on the employees working at the sites as these are likely to change daily.

Ashtrom Group also works with subcontractors for the operation of properties and their maintenance, such as for cleaning services, mainly through the activities of **Ashtrom Properties** and **Ashtrom Rental Housing**. **Ashtrom Industries** prefers direct employment and seeks to minimize work with subcontractors, except for in exceptional cases.

Contracts with contractors include detailed references to their obligations as direct employers of their employees, including their obligation to adhere to the law regarding all aspects of their employment, such as: wage payments, social security payments and conditions, pension savings, workers compensation, illness, uniforms, transportation, meals, equipment, etc. In addition, contractors are required to make all of the necessary payments to the tax authorities and the National Insurance Institute for their employees.



Employment of Foreign Workers in the Construction Industry by Labor Contractors

The Group's activities in the fields of infrastructure and construction are performed by, among others, foreign workers. The Group does not directly employ foreign workers, but instead works with them through authorized corporations in accordance with the 'Procedure for Employing Foreign Workers in the Construction Industry by Labor Contractors', which was published by the Ministry of Economy and Industry and was last updated in January 2017.

Employee Development and Empowerment

We at Ashtrom Group encourage the personal and professional development of our employees and attach critical importance to encouraging the development of their skills and abilities through varied learning processes. We consider the development of our employees as an integral to the continued growth and evolution of the Group. The Group conducts trainings for both employees and managers according to our specific needs, business targets, and based on the employee's role. Additionally, managers and employees are sent to conferences, and attend seminars and forums on an array of topics.

The Group's learning activity is led by the **Learning and Training Department** of the Human Resources division, which has set a goal for itself of connecting to the wider organizational goals in each of the Group's various business segments to produce a learning program that supports two key aspects:

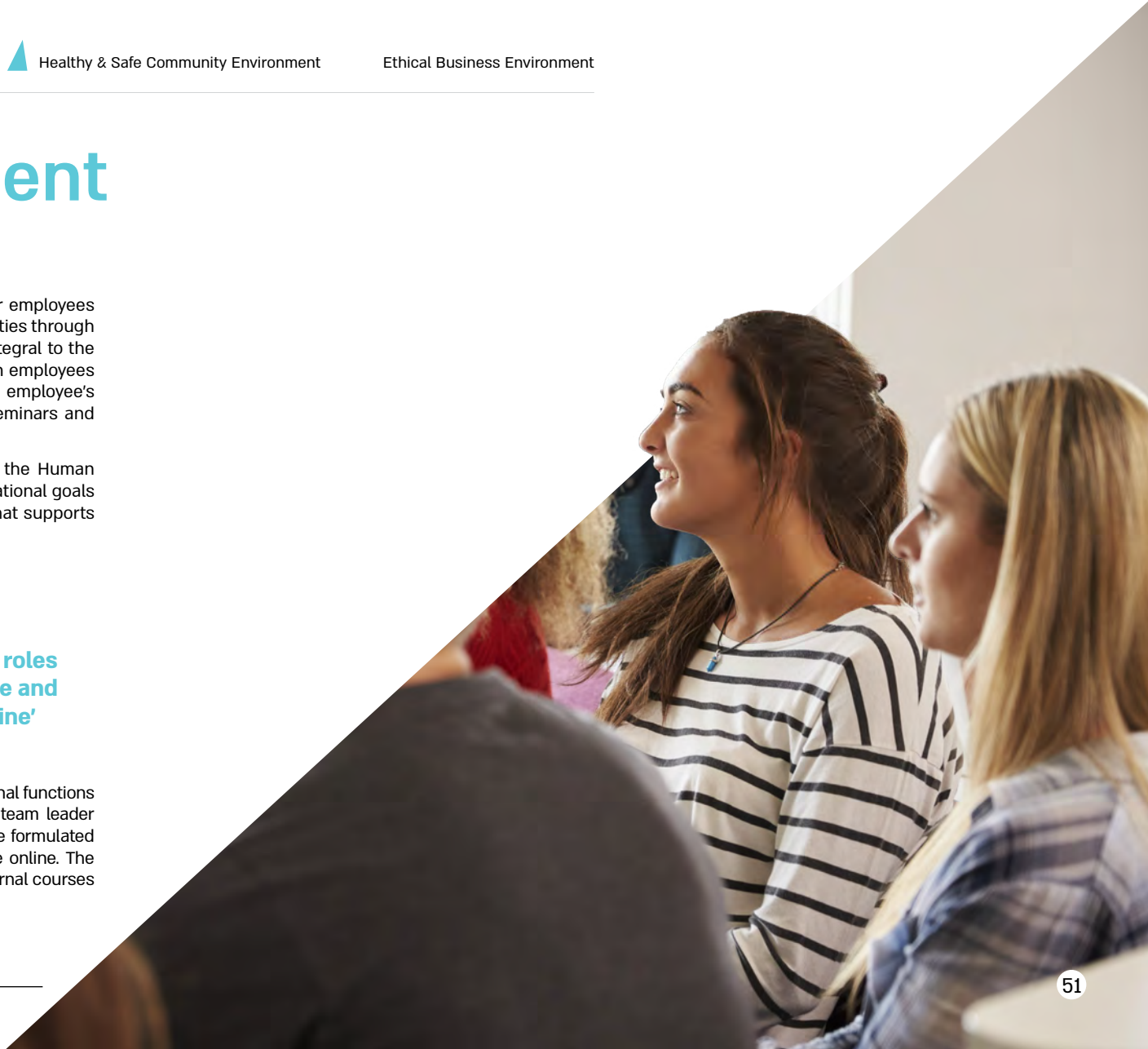


Nurturing human capital through learning processes and professional growth as a tool for employee retention and development



Identifying and closing knowledge gaps in key roles to improve performance and influence the 'bottom line'

In order to accommodate this strategic shift in the human resources department, additional functions were recruited and for support of the learning and training department, including a team leader and a learning projects manager. Standard and clearly communicated procedures were formulated for all employees and the department's activities were automated and made available online. The activities include, among other things: updates on available courses, registration for internal courses and conferences, employee requests for subsidized support for their studies, and more.



At Ashtrom Group, we manage the training and development of employees across three levels:

01.

Trainings on Regulation

Training and refresher modules that are required by regulation. Special emphasis is placed on the topic of occupational health & safety.

In 2022, 1,269 of the Group's employees underwent regulatory trainings that extended over 9,333 hours (approximately 7.4 hours of training per employee).

During 2021, 1,657 of the Group's employees underwent regulatory trainings that extended over 10,985 hours (approximately 6.6 hours of training per employee).

All of the employees were asked to complete courseware that is required by law on topics such as the prevention of sexual harassment, information security and the Privacy Protection Law.

02.

Internal Learning Opportunities

As a result of the organizational and strategic changes that the Learning and Training Department underwent, the scope and array of activities significantly expanded, based on identification of the learning needs of various segments within

the Group. The trainings are intended to close existing professional gaps through the imparting improved skills, expanded professional knowledge on relevant work processes and topics. The development of the trainings is carried out by relevant content experts internal to the organization as well as the active involvement of external service providers. The trainings are characterized by different learning methods: digital courseware for self-study, online tutorials, recorded and frontal lectures, digital surveys and examinations, study aids, and more. The various learning instruments are available to employees through the Group's educational platform 'Ashtrom+' that was released this year. The platform enables access to dedicated and specific content for every employee according to their educational regimen and is accessible at any time or in any place via computer or mobile telephone. The trainings conducted in the context of the annual educational program include: trainings on Microsoft Office systems and Excel, improvement of service, sales managers development courses, skill development for factory managers, and more. The purpose of the trainings is to improve managerial effectiveness, business processes, and sales and to help employees realize professional excellence while providing them with basic skills that establish a stable professional framework to promote of innovation at the Group.

The most notable training programs of the past year include: the professional development program "Quality in Execution" for the contracting sector that was hosted with the goal of providing access to and instilling professional knowledge for the creation of a unified and high standard of implementation at all of the relevant and involved levels in the construction process. In addition, in 2022 we placed an emphasis on the creation and development of training programs for key positions in at the Group. The first project was in the industrial sector at **Israbeton** – we developed a training program for those entering relevant positions in the company including digital courseware for self-study, together with individual tutoring that was carried out by the company's veteran employees. To support the program, we launched a framework to train the veteran team of mentors who were tasked with accompanying and professionally guiding the new employees and recruits.

In 2022, 985 of the Group's employees underwent internal training that extended over a total of 5,586 hours (approximately 5.7 hours of training per employee).

During 2021, 1,047 of the Group's employees underwent internal training on professional topics that extended over a total of 3,441 hours (approximately 3.3 hours of training per employee).

03.

External Learning Opportunities

Courses and professional certification courses, seminars, and conferences at external training institutions, as well as financial assistance for academic studies provided by the Group. Employees' requests for academic funding from the Group are submitted digitally and go through a standardized process of approvals that takes into account the relevance of the studies to the employee's professional area of expertise and how it is likely to contribute to their continued professional development and opportunities for promotion within the Group.

In 2022, 59 employees participated in external certification studies and courses. Additionally, 376 employees took part in about 50 different seminars and conferences.

In 2021, 45 employees participated in external certification studies and courses, and 210 employees took part in 33 different seminars and conferences, with many being conducted online due to the limitations of the COVID-19 pandemic.

Ashtrom Group enables its employees to submit requests for receiving financial assistance and support for academic degree studies or engineering certification studies, as long as the studies contribute to the employee's professional development

and their preparation for a current or future position within the Group. The Group's employees with two or more years of earned experience can use this option to pursue academic degrees and studies on a variety of topics including: business administration, economics, civil engineering, electrical engineering, industrial engineering and management, architecture, and more. The Group offers support of up to 50% coverage of the annual tuition fees, with a cap of 2,840 USD per academic year. Additionally, employees pursuing an academic degree are entitled to three vacation days every year to complete their exams.

In 2020, 8 employees received financial support for their academic studies, three employees for engineering studies in various tracks and at different academic institutions and colleges.

In 2021, 4 employees received financial support for their academic studies.

In 2022, 11 employees received support for their bachelor's and master's degree studies in topics such as business administration, with three employees pursuing engineering studies. The employees study at some of Israel's leading universities and colleges including: the Hebrew University of Jerusalem, Tel Aviv University, the College of Management, Rupin College, the Open University, and more.

Supporting a Diverse and Inclusive Workplace

Ashtrom Group works towards the diversification and equality of the workforce, out of an understanding of the significance of and the benefits in having a wide variety of opinions, cultures and experiences from different communities.

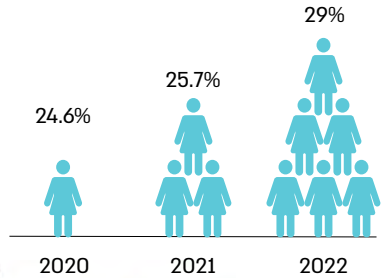
Encouraging Gender Diversity

Even though the construction sector is often categorized as male-dominated, the proportion of women employed by Ashtrom Group is approximately **29%**. In 2022, the number of women employed by the Group increased by 13%. The Group's commitment to promoting gender diversity and equality is reflected in the Group's headquarters and senior management, where the proportion of women employed among the total number of employees stands at **61%**. A similar percentage of women are employed by **Ashtrom International** and **Ashtrom Rental Housing**, at **Ashdar** (56%) and at **Ashtrom Properties** (48%).

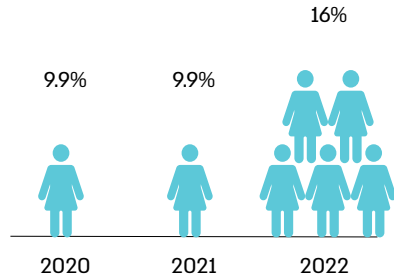
We work to increase the proportion of women in the workforce with a particular emphasis on growing the number of women in management positions (senior and middle management positions) out of all the managers at the Group – a rate that currently stands at about 16%.

We have set a goal of 18% women in senior and middle management positions by 2030.

Women in the Workforce at Ashtrom Group



Woman in senior and middle management positions



Employees Aged 50 and Older

We place notable emphasis on the employment of individuals over the age of 50 with extensive knowledge and experience. Currently, **37%** of the Group's employees are aged 50 and over, with more than **41%** of managers (senior and middle management) at the Group being from this age group. In 2022, there was a **14%** increase in the number of employees aged 50 and over at the Group. Approximately **18.4%** of the Group's employees are aged 60 and over.

Employment of Individuals with Disabilities

Ashtrom Group views the employment of individuals with disabilities as a great privilege and meaningful means of contributing to society. The Group has established relationships with organizations that work to integrate more individuals with disabilities into the workforce, such as the Shekulo Tov Group ('All Good Group'), Belev Echad ('One Heart'), an organization that seeks to integrate injured and disabled Israeli Defense Force veterans into the workforce, and Israel Elwyn. In 2022, with the support and assistance of these organizations, the Group hired 6 employees with disabilities and has set a goal to continue recruiting individuals with disabilities in 2023.

Currently, **2.6%** of the employees at the Group's headquarters are individuals with disabilities.

Encouraging Productivity and Employment in Arab Society

Another group that is currently underrepresented in the employment market in Israel is Arab society. Currently, members of the Arab society account for **12%** of Ashtrom Group's employees, representing an increase of **20%** compared to 2021.

Assistance for Asylum Seekers

From time to time, we are able to assist in the provision of employment to asylum seekers and those employees with work visas. We ensure that they are paid the requisite deposit according to the law to ensure their continued employment. In 2020-2022, we successfully employed 35 employees from the community of asylum seekers each year.

Advancing Physical and Digital Accessibility

95% of the properties belonging to **Ashdar, Ashtrom Rental Housing** and **Ashtrom Properties** in Israel are accessible in accordance with the requirements of the law in Israel at the time of their construction. All of the digital assets belonging to the Group in Israel are fully accessible.

Equal Pay

The value of equality is central to all that we do at Ashtrom Group. According to an [investigation regarding equal pay in 2021 \(in Hebrew\)](#) that was published on June 1st, 2022, the maximum salary gap in the Group stands at approximately 5% in three categories out of the 11 categories that were segmented for analysis.

At **Ashdar**, it can be seen from the study that in half of the segmented categories, the salary gaps in favor of women are significant as opposed to in categories where the situation is reversed.

At **Ashtrom Properties**, the salary gaps are at about 2% for the gross salary in one group out of nine categories.

In the majority of categories, gender diversity was not recorded, therefore making it difficult to conduct an adequate comparison. In addition, the gaps that were discovered were due, among other factors, to the seniority, experience, and the nature of the employee's experience, as well as from the addition of certain factors, such as vehicle leasing benefits.

Dialogue and Communication with Our Employees

Ashtrom Group's employees are located at various sites throughout Israel – engaged in construction activities in the field, working in the manufacturing facilities, busy conducting their marketing or sales positions and in fulfilling their responsibilities at the Group's headquarters. Therefore, and to ensure that our employees are heard, we place an emphasis on asking our managers to conduct regular and productive dialogue with employees, as they are present with them throughout their daily activities.

We have established a dedicated digital portal for employees where they can find necessary information, and which has been made smartphone accessible in order to ensure the utmost availability of relevant messages and publications. The content for employees is presented in a clear and concise format. The Group's digital portal is still under development and new content is regularly added.

In addition, other content that is made available to our employees includes periodic newsletters with important updates on our activities, points of focus regarding their profession, notices from subsidiary companies and other specifically relevant topics. Such updates are also sent periodically to employees through messages to ensure that they are seen, read and, if necessary, responded to by the employee. The messages can contain benefits, perks, news or other highlights and safety reminders that we want to share with our employees. Of course, we also communicate with employees via personal channels regarding different topics relating to the management of human resources at the Group.

Our message distribution system gives us a clear picture of how many employees open and read our messages, and currently we are witnessing a response rate of about 30-40% for ongoing notices alongside a 100% response rate for messages pertaining to the Group's annual employee event.

Ensuring a Healthy, High-Quality and Pleasant Environment for Renters

Ashtrom Properties promotes mixed-use projects as part of its strategy, with an emphasis on projects will provide residents with a comfortable, ecological, and high-quality living environment. In addition, an application-based property management system was implemented for use by tenants. In the context of the planning phase, emphasis was placed on the development of areas focused on the wellbeing of the tenants and the residents of the surrounding area, such as energy, loading and unloading areas, organized garbage disposal, and access facilities for tenants and visitors (showers, bicycle storage facilities, etc.).

Ashdar designs residential properties and units with an emphasis on optimizing the end user experience. During the planning phase process, emphasis is placed on:

- Green spaces and gardening for tenants' benefit the tenants, while integrating those elements into the surrounding urban fabric, while considering ecological factors such as: conserving energy usage, operational efficiency, ease of maintenance, and accessibility for individuals with disabilities
- Developing public spaces at the projects, filling them with dedicated facilities such as: bicycle, stroller, and motorcycle parking, preparations for EV charging stations, tenants' clubs and more
- Planning energy efficiency and savings systems such as: solar panel systems, ventilation systems with high energetic efficiency, movement sensors for lighting control, lighting fixtures with low energy consumption, and more

Ashdar has made it a priority to construct high quality and community-based infrastructure for the tenants of urban renewal projects through the construction of public structures, the development of critical infrastructure and the creation of open spaces to the benefit of tenants, and in partnership with municipalities:

- At the Persimmon Project in the Gilo neighborhood of Jerusalem, kindergartens and daycare centers are set to be built on an area of 960 square meters, a synagogue and ritual bathing house on 1,700 square meters, a promenade extending over 2,800 square meters, and the development of open public spaces over a large area of 5,371 square meters, and more
- At the Bilo Project in Herzliya, kindergartens will be built on an area of 1,000 square meters, an alternate synagogue on an area of 1,500 square meters, a coffeeshop on 20 square meters, as well as the development of town squares on 2,115 square meters, in addition to public spaces in an open area of 1,494 square meters
- At the Aminadav Project in Tel Aviv-Yafo, a public structure is set to be constructed on an area of 430 square meters, including the development of public space for the benefit of tenants over an area of 932 square meters
- At the Shaked Project, an open public space is planned over 1,060 square meters, including two kindergartens to be built on 270 square meters with a 630 square meter yard, and the development of a town square and roads over 1,470 square meters
- In the Zabar Project, a kindergarten is slated to be built over an area of 150 square meters with a 200 square meter yard, the development of public open spaces over an extensive area of 9,900 square meters as well as paving works and public development in an area of approximately 1,400 square meters
- At the Mavdil Project in Ramat Gan, two kindergartens will be renovated on an area of 270 square meters alongside development of an additional area of 440 square meters. Prior to the beginning of construction work, two temporary kindergarten spaces will be built on an area of 280 square meters nearby, and the project will also construct a public structure on an area of 650 square meters

Ashtrom Rental Housing aims to develop and create comfortable, ecological, and high-quality living spaces that seamlessly integrate communal structures such as gyms and shared learning spaces, such as at the Beer Sheva dorms, including tenant clubs and meeting spaces, bicycle storage facilities, shower rooms, and more.

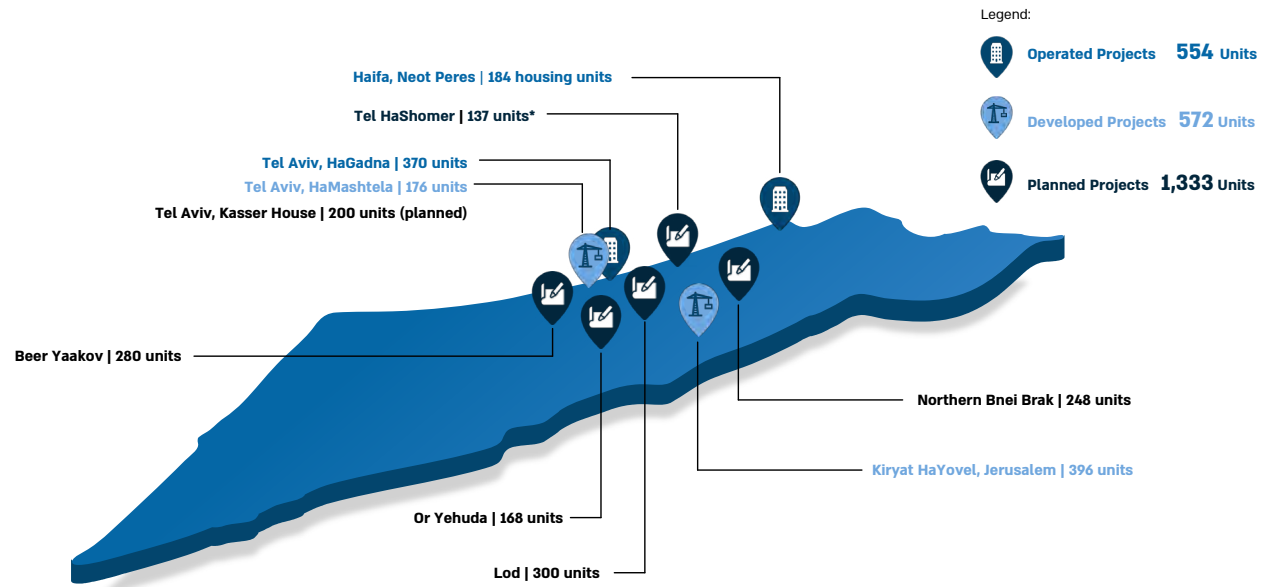
Enabling Long-Term Rental Housing

We work to encourage long-term rental housing that acts as an alternative to purchasing an apartment.

Ashtrom Rental Housing plans, constructs and manages apartments for rent, most of which are constructed according to dedicated state-issued tenders (between 25%-50% of the units per project) for tenants that are eligible for rental support from the Ministry of Construction and Housing. In addition, the terms of the rental agreement stipulate that these qualified tenants will pay 20% less than the market price for a period of 10 years.

The rate of long-term rental housing out of all of the units offered for rent under the management of Ashtrom Rental Housing currently stands at approximately **40%** (267 apartments out of 683, including the student dorms in Be'er Sheva).

Ashtrom Rental Housing Approx. 2,500 housing units for long-term leasing



Supporting Community Resilience

Ashtrom Group recognizes the importance of empowering local communities either through financial support or volunteering activities. The Group takes action in the community **according to a defined policy on the topic.**

The Group has set a goal of, in the absence of outstanding circumstances, increasing its level of investment in the local community to 0.5% of its net profit before taxes*. We are committed to furthering gradual implementation of this goal by 2030.

The Group has established annual tradition of volunteering through participation in 'Good Deeds Day', which is hosted each year in Israel and around the world, offering a number of volunteering opportunities for Group-wide and individual engagement. In addition, there are a number of other voluntary initiatives that are introduced by employees at the Group's various subsidiary companies.

Every year, between 60 to 100 employees from the Group's various subsidiary companies volunteer in 'Good Deeds Day', devoting one full workday to giving back to the community. Usually, the organization seeks to identify volunteering opportunities that are suited to the nature of the Group's business and the employees' specific skills. Over the years, employees have chosen to mostly to spend the day doing light renovations, handy work and painting jobs at educational facilities and boarding schools for at-risk youth. All of the materials for completing the volunteer work are provided by Ashtrom Group.

The following are some of the volunteer activities that the Group's employees engaged in during 'Good Deeds Day':



Renovations and painting of buildings, railings, and benches in the Ben Shemen Youth Village



Painting buildings and setting up a therapeutic garden for children in special educational frameworks at an agricultural farm in Rehovot



Renovations and painting of a building and surrounding facilities at a factory run by individuals with multiple forms of disability



Distribution of goodies including drinks, cakes, cookies, balloons, and candy on carts at a hospital for patients and their guests



Donation of cakes and baked goods to young children and girls across the country through the 'Women's Yard' organization

During the COVID-19 pandemic, we were not able to participate in 'Good Deeds Day' due to the stay-in-place limitations and therefore, we promoted give-back opportunities with the 'Women's Yard' organization, donating cakes baked by the Group's employees. In the context of the activity, 400 cakes were donated, which were wrapped and transferred to the organization, delivering them to at-risk women throughout the country. The employees spent time wrapping the cakes during their regular working hours.



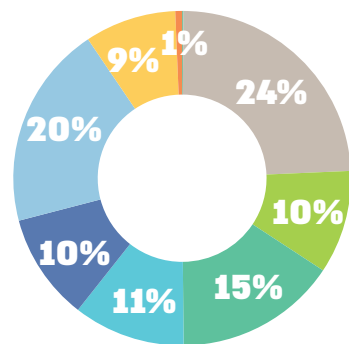
Continued Supporting Community Resilience

During the COVID-19 global pandemic, Ashtrom Group supported medical institutions through the purchase of necessary equipment and additional financial support that was required during the crisis, as well as by supporting food banks and organizations serving needy populations. The Group continuously supports organizations that work to promote education, culture, and sports and that support diverse and varied populations.

In 2022, the Group donated **708 million USD**, which accounts for 0.28% of the Group's net profit before taxes (of the previous year, excluding one-time profit).

The Group's Total donations in 2020-2022 (in millions USD):

Years	2020	2021	2022
Total donations	565	538	708
% of donations from the total net profit before taxes of the Group in the previous year	0.24%	0.41%	0.28%

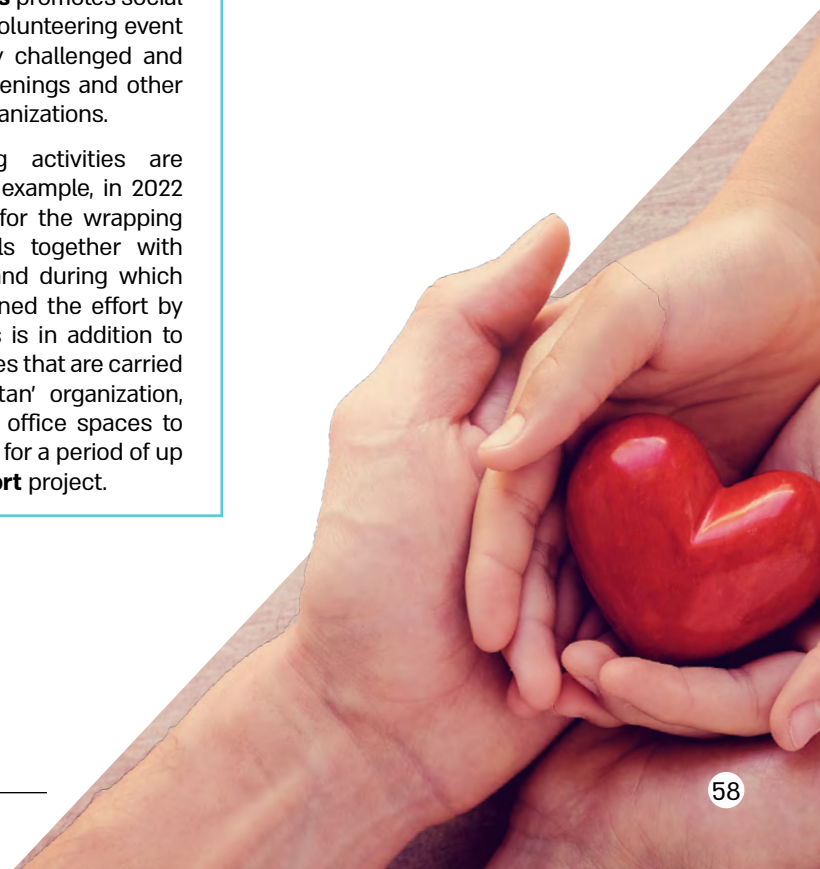


- Health
- Support for individuals with disabilities
- Support for the needy
- Support for at-risk youth and youth movements
- Promotion of education, culture and sport
- Support for Haredi and religious communities
- Support for IDF veterans and casualties
- Other

Ashtrom Group recognizes the importance of donating to and supporting communities in Israel and views this activity as material and integral to its values. Community giving is expressed in financial giving that reaches sums of 710 thousands USD per year to various organizations and associations.

For example, **Ashtrom Properties** promotes social activities such as an employee volunteering event where they work with mentally challenged and at-risk youth, and by hosting evenings and other events to support charitable organizations.

The majority of volunteering activities are initiated by the employees. For example, in 2022 the company hosted an event for the wrapping and packaging of food parcels together with the Tel Aviv-Yafo municipality, and during which the company's management joined the effort by donating financial support. This is in addition to the community give back activities that are carried out with the help of the 'Matan' organization, as well as the donation of two office spaces to variable non-profit organizations for a period of up to six months at the **Ashtrom Port** project.



Over the course of 2022, we mapped and analyzed potential avenues of investment in the community with the goal of correlating those investments with Group's wider ESG strategy. Accordingly, we arrived at the following policy for community investment that is based on our areas of ESG focus and financial allocations as outlined below:

Sustainable Environment

Support for environmental organizations to increase awareness among partners and customers, organizations that promote circularity and partnerships with academia to develop impactful innovation



Safety & Well-Being

Support for increasing awareness, research and partnerships with academia that promote people's safety and health

Communal Involvement & Volunteering

Funding employee and customer volunteering activities, encouraging tenants' communal engagement, offering tenants volunteering scholarships, etc.



Responding to Communal Needs

Support during disaster events, volunteering in communities near work sites, answering the needs of the local community

Ethical Business Environment

Ashtrom Group is committed to ethical and fair business conduct in accordance with the rule of law. We are dedicated to conducting our business with honesty and fairness, while strictly upholding ethical behavior. The Group believes that persistent and uncompromising ethical behavior is of utmost importance in earning the trust of customers, business partners, suppliers, employees, and all stakeholders, and is key to the continued survival of the Group and its sustained success.

The Group operates according to a Code of Ethics that acts as the moral compass for all of our activities, and we have set out ambitious goals to improve our performance including:



No major ethical events* by 2035



100%

of suppliers for ESG-related aspects and Zero carbon emissions from material suppliers by 2050



100%

implementation of the Code of Ethics with major suppliers and business partners by 2035

Managing an Ethical Framework

We at Ashtrom Group are committed to ethical, fair, professional, and honest business conduct. We recognize the fact that we work in particularly challenging sectors and therefore we are extremely careful and cognizant of our conduct in these areas. The Group operates in accordance with an established Code of Ethics, manages and maintains a hotline for related queries, implements policies and procedures for the prevention of bribery and corruption among all employees, and ensures the security and privacy of information, and all other required ethical procedures for the regulation of our activities. Furthermore, the Group does everything in its power to identify and handle efforts to hinder or prevent the implementation of our ethical framework.

Ashtrom Group expects its business partners, suppliers and third parties to conduct themselves according to its Code of Ethics and the principles it presents. To ensure their understanding of this expectation, the Group sends its Code of Ethics to partners and suppliers prior to initiating an engagement with them.

Ashtrom Group's Code of Ethics

Ashtrom Group's [Code of Ethics](#) represents the Group's commitments to maintaining proper and fair business conduct in accordance with the accepted ethical standards and provisions of the law in addition to the definition of our comprehensive system of values for the Group's employees and its subsidiary companies. These values include rules for managing specific events pertaining to ethical conduct in addition to general guidance and principles to be used as a tool for dealing with ethical dilemmas as they may arise in the workplace.

In addition to the requirements stipulated by the law, all of the Group's officers and employees are required to meet high ethical standards of both personal and professional behavior in the completion of their work. The behavioral expectations include demonstration of honesty, reliability, and integrity in all areas of their occupational pursuits and in all dealings with other employees, with the Group, with its shareholders, business partners, customers, suppliers, the general public, communities and public or governmental authorities.

Ashtrom Group's Code of Ethics was written and approved on November 29th, 2015. The Code was reviewed and revised on February 6th, 2021, and its updates are examined as needed. The Code is implemented among all the managers and employees of the Group through periodical trainings. In addition, employees have access to a dedicated hotline where they can submit queries or grievances regarding concerns of Code violations at any time.

Group employees who wish to report a suspected violation of the Code of Ethics can contact the Code of Ethics compliance officer, the Human Resources Department and/or the Group's CEO and/or the Chairman of the Audit Committee. In cases regarding executive management, concerns should be submitted to the Group's Chairman of the Board. The Group is committed to thoroughly handling such reports with utmost sensitivity and confidentiality for their contents, while protecting the whistleblower. Inquiries can be filed anonymously by mail to the Code of Ethics compliance officer.

General violations of the Code of Ethics are considered disciplinary infringements, without incurring additional relevant violations, be them civil and/or criminal, insofar as it is a violation of a legal requirement. Failure to comply with the Group and its members' Code of Ethics may result in disciplinary action and/or dismissal without prior notice, along with additional measures. If they are grave enough, the violations may be discussed by senior manager and/or by the Group's Audit Committee. During the years 2021-2022, no anonymous queries regarding violations of the Code of Ethics or the management of the Group were filed that required exceptional treatment.

Prevention of Bribery and Corruption

Since its establishment, Ashtrom Group has made all efforts to promote and maintain synergistic, fair, and transparent business activity towards all of its stakeholders. This commitment includes the Group's **zero tolerance policy for bribery and corruption**, which harms the opportunity for fair competition and exposures the Group to material risks of damage to its reputation, financial damage, and the unfortunate consequences of criminal and administrative penalty. For these reasons and more, Ashtrom Group actively takes steps to prevent unethical and illegal business conduct, both by raising awareness and training the Group's employees of the inherent risks and by setting established work processes and controls that allow the risks to be handled properly, should they arise.

Ashtrom Group's compliance program for the [prevention of bribery and corruption](#) is implemented throughout the organization and includes guidelines and methodology for dealing with possible risks of bribery and corruption. The program presents the relevant laws and regulations on bribery and corruption that apply to the Group directly and indirectly and offers resources and procedures that are available to employees to ensure compliance with those laws and regulations.

To ensure implementation, ongoing risk assessments are conducted, the Group's Anti-Bribery and Corruption Policy is closely monitored and updated, a compliance function was appointed to manage the topic and who is charged with reporting on the Group's implementation process of certain related measures. In addition, the Group's management has set up a dedicated steering committee to discuss material topics that may present compliance risks in addition to discussing the effectiveness of the compliance plan.

The compliance plan was formulated based on an in-depth survey aimed at identifying and raising awareness of central areas of risk in the Group's various companies (geographically, nature of business and transactions). The Group manages a training program and requires signature on the Anti-Bribery and Corruption Policy from senior positions that may be exposed to greater risk. In addition, the Group conducts regular control and monitoring of these risks and more, with an emphasis on strategic risks, financial risks, sectoral operational risks, regulations, compliance, environmental risks, and risks inherent in engagements with third parties.

The Group and its subsidiaries' senior managers are responsible for the daily implementation of the principles laid out in the compliance plan and on supervising the fulfillment of other duties.

Privacy Protection and Information Security

Ashtrom Group is committed to [protecting the privacy of and securing the data](#) belonging to its employees, clients, and business partners, and operates in accordance with the Protection of Privacy Law, 5741-1981, the Protection of Privacy Regulations (Information Security), 5777-2017, including for database management. The Group has formulated and established policies and security procedures that provide guidance on the following topics: use of network protection, user management and network access control, password policies, backup and restoring data, physical security, instructions for the use of mobile devices, data encryption, network updates, documentation and controls, outsourcing, periodic audits, transmission of data to external sources (outside of the organization), methods for dealing with cyber events, backup site management (DR), systems for monitoring cyber incidents with a 24/7 support center. In addition, the Group conducts information security surveys and periodic penetration tests on the organization's network.

Guidelines and procedures for ensuring information security are implemented through direct trainings, screensavers with relevant information security instructions, and digital courseware on information security and data privacy protection. Cyber incident drills are also carried out among the Group's management and technical teams, as well as awareness-raising activities such as phishing emails that are sent out to all employees.

2/3
of our employees have completed the information security and privacy protection courseware during 2022.

The corporate governance structure for the management of the areas of privacy protection and information security are based on the ongoing management by Ashtrom Group's dedicated cyber and data privacy manager; biannual meetings of the steering committee to guide, monitor and control management of relevant topics, which counts senior management and legal advisors among its members; discussion in the Group's Board of Directors each year regarding reporting on all cyber and data privacy protection events.

Administrative Enforcement for Securities

Ashtrom Group considers observance of the law in general and the securities and company laws in particular to be of utmost importance to the continuation of its successful business practices, in Israel and abroad, regarding all areas of its activity. Accordingly, the Group has established an enforcement policy that sets forth the principle of proper disclosure as the basis for appropriate conduct and for upholding the Group's hard-earned good name.

The plan was primarily intended to prevent violations and offenses by the Group and applies to **all of its employees** according to the provisions set out in the Securities Law and the Companies Law and the regulations established therein in their entirety and should be used to identify relevant violations. The plan will aid the Group in managing the topic, preventing offenses, and identifying and dealing with violations, if they occur, as well as drawing relevant conclusions to improve internal enforcement of securities-related topics within the Group.

The plan organizes the internal enforcement mechanisms including those officials who are responsible for implementing and ensuring the fulfillment of the plan, as well as an enforcement officer and an enforcement committee that will be responsible for handling and reporting on any **material** incidents. The enforcement committee consists of at least three director members and at least one external director. The legal quorum for discussion and decision-making in the committee is based on majority rules. The committee is responsible for appointing the enforcement officer and assigning an end to their term, for receiving reports from the enforcement office regarding implementation of the enforcement plan and discussions on the conduct of the Group based on those reports, monitoring of the resources necessary for implementation of the plan, approval of the enforcement officer's plan and handling violations of the plan while correcting failures, learning lessors and imputing sanctions upon violators, when relevant.

Moreover, the plan provides details on the principles for reporting and also includes all of the relevant enforcement procedures.

The plan has been approved and implementation began at the beginning of 2022. In December 2022, the plan was approved by the management of **Ashdar** and **Ashtrom Properties**.

Ashtrom Group's Board of Directors and Management

Ashtrom Group's Board of Directors has eight members – including two women (25%) and four external directors (50%). Three members of the Board of Directors have accounting and financial expertise (Tamar Goldenberg, Amalia Paz, and Matityahu Tal Z"l), beyond what is stipulated in the bylaws.

Gil Gueron

Mr. Gil Gueron has been employed by the Group since 1985, has served as joint CEO, and currently serves as the CEO of the Group, as a director at Ashtrom Properties, the Chairman of the Board at Ashdar and as a director at the Group's other subsidiary companies.

Mr. Gueron has a degree in building engineering from the Technion – Israel Institute of Technology.

Mr. Gueron is one of the Group's controlling shareholders.

Jonathan Levy

Mr. Jonathan Levy has served as the CEO and owner of Taf Plastic Products Ltd.

Mr. Levy has a degree in design from the Bezalel Academy of Art and Design, Jerusalem.

Mr. Levy was appointed by the Gueron family, one of the Group's controlling shareholders.

Offer Zahavi

Mr. Offer Zahavi managed the chain of stores Zahavi Atzmon, was the SVP of Marketing at Zahavi Atzmon until 2015, served as the CEO and owners of Workshop, shared workspaces.

Mr. Zahavi has a degree in economics from the University of London, and a degree in business administration from the Tel Aviv University.

Mr. Zahavi is a relative of Avraham (Rami) Nussbaum, one of the Group's controlling shareholders.

Avraham (Rami) Nussbaum Chairman of the Board

Mr. Avraham (Rami) Nussbaum has been employed by the Group since 1979, has served as its joint CEO, and serves as Chairman of the Board at Ashtrom Properties, as a director member at Ashdar and other companies in the Group.

Mr. Nussbaum holds a degree in economics from Tel Aviv University.

Mr. Nussbaum is one of the Group's controlling shareholders.

Tamar Goldenberg

Ms. Tamar Goldenberg managed a law office from 2005, served as an external director in Property and Building Corp., serves as a city council member, and is a member of the finance committee in the Council for the Preservation of National Heritage Sites.

Ms. Goldenberg has a bachelor's degree in law from the Tel Aviv University, and a degree in business administration from Barry University, Florida.

Ms. Goldenberg is an external director, a member of the Group's Audit Committee, The Committee for the Review of Financial Statements, and the Compensation Committee.

Matityahu Tal

Mr. Mati Tal served as a manager in the logistics department of Bank HaPoalim, a member of the managing board of the Shema Association (for the hard of hearing), and a director at Isracard Ltd.

Mr. Tal has a degree in economics from the Hebrew University of Jerusalem and completed a directors course at the Israeli College of Management.

Mr. Tal served as an external director, a member of the Group's Audit Committee, Chairman of the Committee for the Review of Financial Statements, and Chairman of the Compensation Committee.

As of the publication of this report, we were informed of the untimely death of Mr. Mati Tal. We send our deepest condolences to the family and his loved ones.

Amalia Paz

Ms. Amalia Paz has served in a number of key financial positions at international real estate, industrial and high-tech companies, such as: Polar Investments Ltd., Vishay Intertechnology Inc., and Tada Technological Development and Automation Inc.,

Ms. Paz serves as a director appointed by the public at a number of companies including GFI Real Estate Limited, Afcon Holdings Ltd., and Tada Technological Development and Automation Inc.

Ms. Paz is a certified public accountant (C.P.A.) with a degree in economics and accounting from the Ben Gurion University of the Negev.

Eliezer Shekdy

Mr. Eliezer Shekdy is a major in the reserves, who served as a fighter pilot and served as the 15th commander of the Israeli Air Force (2004-2008).

Mr. Shekdy served as the CEO of El Al in the years 2010-2014 and as a director of the Paz Company. Currently, Mr. Shekdy serves as the president of 'Masa Israeli organization'.

Mr. Shekady has a bachelor's degree in mathematics and computer science from Ben-Gurion University and a master's degree in systems management from the US Naval Postgraduate School in California.

On the boards of directors of the public companies belonging to the Group – **Ashdar** and **Ashtrom Properties** – three and two women serve, respectively. That is, Ashdar has **37.5%** and Ashtrom Properties has **25%** women on their boards of directors.

The statutory board committees include the audit committee, the committee for the examination of financial statements, and the compensation committee. In addition, an enforcement committee was established with the same composition as the audit committee.

The work carried out by the Board of Directors is evaluated based on the quality and scope of the involvement of its members and their contribution to promoting the Group's activities. Ashtrom Group deals with a wide variety of projects, and therefore predominantly, works according to defined plans and budgets for approved initiatives.

The Board of Directors delegates responsibilities to appointed and senior managers as part of the ongoing decision-making process and as often as necessary, while establishing the appropriate reporting mechanisms.

The topic of economic risk management is managed by the CFO, who reports to management and the Board of Directors regarding all of the various risks that are examined and presented in the Group's financial statements. Risk management is performed by the Group's Board of Directors.

Locating and appointing members to the Board of Directors occurs according to a defined framework, which includes reference to skills and professional experience that are relevant to the Group and its activities, their degree of independence and gender diversity.

During 2022, a number of the board members completed 9 years of activity and, as a result, the Group located alternatives by fielding a large number of requests that we receive as well as recommendations from various bodies, as well as our own efforts to reach relevant contestants who are recognized within the Israeli market.

During 2023, the board members are slated to participate in a meeting to expand their knowledge on sustainable development and the furtherance of ESG in the organization. That's in addition to the meeting in which the Group's ESG strategy and goals were approved, and a new meeting will be set to approve the ESG report that has yet to be published.

The Group's senior managers were assigned responsibility for various topics in the context of ESG-relevant issues and based on their area of expertise and activity.

A portion of Ashtrom Group's shareholders serve in various positions in the Group and its subsidiaries and therefore, we sensitively and carefully manage our business conduct in accordance with the law, both in terms of shareholder involvement in the various board committees and in providing significant transparency on our activities in the context of the Group and our subsidiaries' financial statements. The shareholders who do serve as directors are not members of the various board committees, which are fully managed by external directors. The same applies for the implementation of the executive compensation policy as well as provision of full transparency regarding usual or unusual transactions involving shareholders or transactions with other related parties.

For more information regarding the activities of our Board of Directors, refer to Chapter 4 – More Details on the Corporation – in the Group's annual financial reports.



Preventing Conflicts of Interest

Aspects of conflicts of interest are carefully examined regarding all aspects related to the Board of Directors' activities and that is due to the close connection between shareholders, the Group and its subsidiary companies. Accordingly, there is a clear mechanism for the involvement of controlling interest members of managements and shareholders in the activities of the Board of Directors including their absence, in all forms, from the statutory committees. In addition, their connection to suppliers is examined, as well as to other parties involved in business transactions, as well as regarding other bodies that work with the Group.

Risk Management

Risk management at Ashtrom Group play a significant role in strengthening corporate governance as the Group and its companies are exposed in our activities in Israel and around the world to a number of risks that extend across various areas: strategic risks, financial risks, sectoral operational risks, regulatory risks, compliance and environmental risks.

As part of its implementation process of corporate governance practices, the Group works to continuously fortify the commitment to risk management among our managers and employees and seeks to establish synergy between its risk management framework and the Group's business activities. The topic is managed by the Group's internal auditor who is responsible for updating the survey of the Group's risks on a regular basis, and for sharing it with the Group's management and legal advisors, as well as ensuring its implementation within the Group and its subsidiaries.

Ashtrom Group, as a universal group with operations in Israel and abroad, and which is exposed to changes on a global scale (such as exposure to the interest rate policy during 2022 around the world and in Israel), as well as regulations and macro-economic reforms in the countries in which it operates, added to the Group's exposure

to risks in Israel in which the Group's activities are concentrated for the years outlined of this report (2020-2022), resulting, from among other things, the Group's activities in a number of sectors that include the contracting sector, the industrial sector, the initiation and real estate investment sectors (residential and non-residential), the rental housing sector, the renewable energy sector and the concessions sector.

The Group has a risk management policy, which is based on the ongoing monitoring of the activities of the various companies, including receiving reports from the managers of the companies and the subordinate units with great frequency and regularity, and this is among other things, intended for the purpose of detecting risks at the earliest possible stage and providing the best possible response to them, in accordance with the Group's policies on various issues.

As a leading group in our sectors of business activity and in light of the importance we place on the environment and corporate governance, including responding to risks that are inherent to those topics, we as a group have taken on the subject of ESG with the aim, apart from dealing with the risks, to try and contribute to a better future. Ashtrom Group aims to update and adapt its risk management policy and procedures to include the following: social risks, climate change and environmental risks.

Management of Environmental Risks

The Group's subsidiary companies are exposed to environmental risks that may be caused, among other things, by damage to the area in the context of contractors' activities, and therefore, there is a need to examine the environmental condition of the building sites as well as the environmental impact of a planned project on its surroundings. The risks arising from the construction and establishment of projects are, among others, noise, air pollution, soil pollution, pollution of water sources and underground infrastructure, exposure and/or damage to burials, antiquities and nature reserves, odor nuisances, dust, obscuring the landscape, etc.

In addition, as part of the macro risk analysis carried out by the Group, natural disasters are included, which are physical conditions that cannot be predicted and may harm the success of projects in the field of infrastructure and construction. The most prominent of these are weather damage - heat, cold, storms and floods that can lead to shutdowns, delays and the destruction of the works carried out, as well as earthquakes that can cause damage to properties and projects. In addition, it is worth noting that according to the accepted insurance policies, the Group's subsidiary companies are obliged to pay a deductible in the event of earthquake damage.



Compensation Policy for Group Officers

As of July 2014, Ashtrom Group implements a compensation policy that was published with the goal of adopting the appropriate compensation solutions that would encourage the Group's officers to fulfill our strategic goals over time.

The compensation policy creates a clear connection between the officers' contribution and the Group's performance while handling challenges, considering the Group's best interests, its goals, its risk management policies, while maintaining plenty of motivation, and developing and preserving human capital.

The compensation policy takes into account a variety of parameters such as achievements, professional experience and qualifications, the officer's role, previous salary agreements, the degree of responsibility assigned to the officer, **the size of the Group and nature of its activity**, the Group's risk management policy, reference to the compensation of other office holders, the standard conditions of remuneration in the market, and more.

A similar compensation policy exists for the public companies that are part of the Group, **Ashdar** and **Ashtrom Properties**. The policies are also used for the provision of additional awards.

For the complete and detailed compensation policy (in Hebrew), including an addition on the policy design process, fixed and variable salary components, retirement conditions and more – **[click here](#)**.

Compliance

Ashtrom Group is committed to utmost compliance with the provisions of all relevant laws and implements various procedures to ensure compliance.

All of the Group's employees are obliged to comply with all laws applicable to our business. Beyond just the legal obligation to comply with the law, the Group aims to lead other companies by example, and does so out as a result of its commitment to promote ESG. In the framework of employee trainings on the Code of Ethics, we emphasize for employees that any illegal activity of theirs in connection with the Group may, at times, also place blame on the Group itself and/or on other employees or officers. Therefore, employees are obligated to absolutely avoid any illegal activity, be it minor or serious.

The Group has implemented an enforcement plant for the prevention of bribery and corruption, an administrative enforcement plan for securities, and [an Antitrust Enforcement Plan](#).

We track and report on notable events of non-compliance with laws and regulations, including those cases that come to monetary fines or non-monetary sanctions. We are proud to share that during 2021-2022, no material non-compliance events occurred.

Ashtrom Group's Management

The Group's management consists of 11 members. The management is heavily involved, guides and directs the promotion of ESG in the Group according to the defined corporate governance structure

Avraham (Rami) Nussbaum Chairman of the Board

Mr. Avraham (Rami) Nussbaum has been employed by the Group since 1979, has served as its joint CEO, and serves as Chairman of the Board at Ashtrom Properties, as a director member at Ashdar and other companies in the Group.

Mr. Nussbaum holds a degree in economics from Tel Aviv University. Mr. Nussbaum is one of the Group's controlling shareholders.

Yaron Meshorer

Deputy Managing Director – Construction and Concessions, Responsible for Marketing, Branding and Advertisement

Mr. Yaron Meshorer has served Ashtrom Group in various capacities since 1989. Mr. Meshorer currently serves as the Deputy Managing Director for issues of Concessions, and is responsible for the Group's marketing, branding and advertising efforts. Initially, Mr. Meshorer served as a member of Asher's management, and lead the development of the light rail project in Jerusalem, as well as the Carmel Tunnels project in Haifa. Mr. Meshorer previously served as the CEO of Ashdar and, previously, as a member of the managing team regarding topics of commercial real estate.

Mr. Meshorer is a retired helicopter pilot in the Israeli Air Force and holds a general studies degree from the Rhode Island School of Design.

Gil Gueron CEO

Mr. Gil Gueron has been employed by the Group since 1985, has served as joint CEO, and currently serves as the CEO of the Group, as a director at Ashtrom Properties, the Chairman of the Board at Ashdar and as a director at the Group's other subsidiary companies.

Mr. Gueron has a degree in building engineering from the Technion – Israel Institute of Technology.

Mr. Gueron is one of the Group's controlling shareholders.

Oren Nussbaum

Deputy Managing Director – Finance, Business Development and Renewable Energy

Mr. Oren Nussbaum is the Deputy Managing Director for issues of Finance, Business Development and Renewable Energy at the Group. Mr. Nussbaum began his career with the Group in 2006, when he was employed as a manager for property acquisitions, real estate business development in Israel and abroad and fundraising at Ashtrom Properties. Previously, he worked as a professional assistant on issues of finance at the Safira Company Ltd.

Mr. Nussbaum has a bachelor's degree (B.A.) in business administration, with specialization in finance, from the Reichman University (formerly the Interdisciplinary Center of Herzliya).

Within the Group's public companies, three women in total, two at Ashdar and one at Ashtrom Properties, serve in management positions, accounting for 33% of Ashdar's total management and 14% of Ashtrom Properties total management positions.

Shay Etrogy

CEO Ashtrom Construction

Mr. Shay Etrogy has served as the CEO of Ashtrom Construction since 2011.

Mr. Etrogy has a wide range of experience in the field after having served in various capacities at Solel Boneh in the Shikun & Binui Group, including as CEO, lead engineer and a regional manager in the roadways company. Previously, Mr. Etrogy worked as a project manager at "Nadir Contracting and Engineering" and as a project manager at the Malibu Construction Ltd. Mr. Etrogy was a member of the chief standardization committee of the Standards Institute of Israel for paving and development. In addition, Mr. Etrogy served as a director on a number of boards, including for Derech Eretz CJV, a partnership between Ashtrom and Solel Boneh for the construction of the Carmel Tunnels.

Mr. Etrogy has a bachelor's degree in civil engineering (B.Sc.) from the Technion – Israel Institute of Technology and is a graduate of the director's course from the Israeli Association of Engineers.

Yitisk Marmelshtein

CEO Ashtrom Renewable Energy

Mr. Yitsik Marmelshtein has served as the CEO of Ashtrom Renewable Energy and Concessions since 2021.

Mr. Marmelshtein previously worked in various positions within government offices, including as a referent for energy and water issues in the General Accountant's Office in the Ministry of Finance; a senior economist in the Department of Budgeting and Price Planning, Ministry of Health; and an internship with late member of parliament Uri Orbach. In addition, he has served as an emissary on behalf of the Zionist Seminars within the Jewish Agency for Israel in Australia and England.

Mr. Marmelshtein has a bachelor's degree in Philosophy, Economics and Political Science from the Hebrew University in Jerusalem and a master's degree in business administration with specialization in finance and banking from the Hebrew University in Jerusalem. Mr. Marmelstein is a graduate Maoz Leadership Program in Harvard Business School.

Sharon Leventer

CEO Ashtrom Industries

Mr. Sharon Leventer serves as the CEO of Ashtrom Industries. Mr. Leventer joined the Group in 2014 as the CEO of B.G. Technologies. Previously, he served as the CEO of Afikim Electrical Vehicles, CEO of Biological Industries Israel Plant Breeding Beit HaEmek Ltd., and the CEO of Netafim, Korea.

Mr. Leventer had a bachelor's degree in life sciences (B.A.) from the Hebrew University of Jerusalem, the Faculty of Agriculture (Agronomy), and a master's degree (M.A.) in law studies from the Bar Ilan University.

Shamai Kama

CEO Concessions – Rental Housing

Mr. Shamai Kama has served as the CEO of Ashtrom Rental Housing since June 2022. Mr. Kama has over 20 years of proven managerial and executive experience in the real estate sector in Israel and abroad. Mr. Kama previously served as the director of construction and properties at the Bezeq Company, a partner and CEO in the Tak Real Estate company, and the global director of real estate at Amdocs. Previously, he worked as a manager of commercial real estate properties at Ashtrom Group.

Mr. Kama has a bachelor's degree in computer science from Queen's College and a master's degree in business administration (M.B.A.), with a specialization in finance, from the Reichman University (formerly the Interdisciplinary Center of Herzliya). In addition, he completed a director's course at Tel Aviv University.

Zachi Boneh

CEO Ashtrom International

Mr. Zachi Boneh began his work at Ashtrom International in 2014 as a manager of the company's activities in Serbia and Portugal, and in 2017 was appointed to the position of CEO of the company. Previously, he served as an operations manager at the Amandi Investment company, as a manager in the construction unit at Solel Boneh and the chief engineer at Malibu Construction Ltd.

Mr. Boneh holds a Bachelor of Science B.Sc. in civil engineering, with specialization in construction and transportation from the Technion – Israel Institute of Technology.

Arnon Fridman

CEO Ashdar

Mr. Arnon Fridman has served as the CEO of Ashdar since 2008 and has vast experience in the construction and real estate sectors. Before joining Ashdar, Mr. Fridman served as the SVP of business development and as SVP of engineering and real estate development at Africa Israel Residences Ltd. company. Prior to that, Mr. Fridman served as the project manager of "Ramat Aviv Mall", as the deputy head of engineering and as the head of engineering in the residential division of Africa Israel Investments Ltd. Mr. Fridman also served as a project manager at "Margolin Brothers" company and in various functions in the construction unit of the Israeli Air Force. Mr. Fridman has a Bachelor of B.Sc. in Civil Engineering with high honors from the Technion – Israel Institute of Technology and has a master's in business administration (M.B.A.) with high honors from the Reichman University (the Interdisciplinary Center of Herzliya).

Yaron Rokman

CEO Ashtrom Properties

Mr. Yaron Rokman has served as the CEO of Ashtrom Properties since 2017. Mr. Rokman served as the founding director of the IFI Company, the Israel Financial Institute, and as the manager and founding director of the Safira Company, as the CEO of Rus Basilica Property & Investments Ltd. that is active in the field of real estate investment in Russia, and as a founding partner and CEO of the Rekah Group that deals with the initiation, development, construction and management of real estate projects in Israel and abroad. Previously, Mr. Rokman served as a director in the Gan HaZafon Company and as an analyst at Singer Barnea and Co., Shipping Bank Israel and Migdal Insurance Company Ltd.

Mr. Rokman has a master's degree in business administration (M.B.A.) from Tel Aviv University and a bachelor's degree in political science, accounting and economic studies from the Tel Aviv University.

Promoting Innovation In Products, Processes, Construction and Property Management

With culminative experience that extends over six decades, Ashtrom Group is considered one of the leading innovation, research and development entities in the real estate value chain, spanning from construction materials to construction project management to planning, operating and managing real estate projects. As part of the rapidly accelerating changes occurring in the construction and property management industries, we are committed to continue to examine innovative applications for integration into the Group's business activities throughout the value chain in an understanding that it presents us with an opportunity to extend our positive impact on businesses, society and the environment.

We are committed to growing our efforts to explore opportunities for applying innovation – in raw materials, in products, in new building methods, in improved management of the workforce and health and

9 pilots that are currently at various phases of implementation

3 in-house developments of products and services

safety issues, and in developing and expanding our services offered to tenants and property purchasers.

A culture of entrepreneurship and innovation was and still is rooted in our DNA, thus we continue our work to discover sustainable alternative solutions for our products or those that will improve the current core activities and contribute to the preservation of natural resources and the environment.

In 2021, we appointed a dedicated manager for the promotion of innovation within the Group, who has established work processes for presenting and examining innovative applications.

In the context of intensive efforts to focus innovation initiatives at Ashtrom Group, we brought to our consideration hundreds of potential initiatives and investments, of which led to the launch of 9 pilots,

investment in 4 startup companies in the fields of wellness, ConTech (construction technologies), water resource management, development digital interfaces with customers, development of lightweight concrete alternatives with positive environmental impacts, as well as the application of 5 products that were chosen for promoting Ashtrom's digitalization processes– minimizing the use of paper, digitalization of processes and quality assurance, structural operational efficiency and improvement of customer service.

These efforts led us to the integration of innovation in various areas of our business activity in addition to the recruitment of the Group's management to dedicate resources to the topic and build supporting organizational infrastructure for the application of innovative solutions, such as through the appointment of two innovation officers and the formulation of the appropriate legal frameworks for such endeavors.

At Ashtrom Group, we closely follow innovation in our business sectors for application of solutions across several dimensions:



BuildTech

Resource Planning & Management

Tools and applications to improve the way companies plan and execute projects, in order to respond to industry challenges, improve efficiency and resource management, and to impart increased clarity to decision-making processes.



ConTech

Improving Building Outcomes

Construction technology for implementation on site including manpower controls and worker safety solutions, monitoring and control solutions, construction materials and methodologies, infrastructural technological applications, and collaborative management platforms.



PropTech

Digital Property Management

Advanced technological solutions focused on innovating the purchase, sale, development, management and operations of real estate properties. Relevant technology includes maintenance tools, collateral and insurance, marketing solutions, financial and investment platforms and location-based services.

Our innovation strategy is based on a mapping of the Group's needs, identification of inventive ideas stemming from both in and outside of the organization, and their integration into new and existing projects based on academic and internal research and development, all while focusing on strengthening the Group's core business and minimizing its carbon footprint.

Ashtrom Group opens its doors to members of the tech and academic ecosystems and collaborations with leading players from parallel industries in order to remain at the forefront of innovation in the construction and real estate sectors.

The innovation strategy is based on several complementary and multidisciplinary axes, which are an integral part of the Group's business strategy for the years to come, with the aim of creating value for the Group's employees, its shareholders, customers and all of our stakeholders.

Ashtröm's strategic axes for promoting innovation include:



Innovation to improve the management and monitoring of construction projects

that streamline the entire construction process, while minimizing the use of building materials and the depreciation of value. Such tools are used to increase the safety of workers by implementing a safety system that includes routines, alerts and the instillation of safety culture at the work sites and by drawing conclusions to improve relevant safety measures.



Innovation to improvement of planning, operations and management of commercial real estate property

while focusing on planning and building sustainable and green buildings that offer energy efficiency opportunities and promote the use of renewable energy sources, involving technologies for the optimal property management and air quality management.



Innovation in construction materials and new building methods

that reduce impact on the environment, while taking into account circular economy principles, recycling of materials and the application of process that minimize carbon footprint and waste.



Furthering digital transformation

throughout the organization to increase efficiency and improve productivity through automation, streamlining processes, improvement of customer service, deriving insights and driving innovation through data analysis and artificial intelligence.



During 2021-2022, we examined the application and integration of several innovative technologies in our business activities, such as:

Innovation in building materials and new approaches to construction

Ashtrom Group continues to explore possibilities for the development of new construction materials and processes, to minimize the amount of waste and environmental impacts generated: examination and use of novel concrete manufacturing methods to produce concrete with new characteristics such as: light concrete, 'green' concrete, minimizing the use of polluting raw materials while maintaining the necessary physical qualities of concrete.

Examining the potential for recycling of concrete waste based on circular economy principles, and new construction techniques to enable increasing speed and accuracy of processes; exploration of developments in plaster materials, such as the use of plaster blocks for improved insulation.

Innovation to improve the management and monitoring of construction projects

The rapid acceleration of technological solutions in recent years has enabled Ashtrom Group to integrate new technologies into its business practices that expedite the digitalization of construction processes, starting with digital management of tenders, implementation plans, tracking of execution, schedule management, quality assurance management, tenant modifications and the delivery of units to tenant processes. As a leading group working in the contracting sector, Ashtrom seeks and strives to optimize the construction process through more effective management and control, which in turn makes it possible to shorten schedules and meet budgetary constraints.

Innovation to improve the management of commercial real estate properties

Examining digital tools to optimize and improve of management and design aspects of the properties owned and/or marketed by the Group, as well as improving tenants' overall experience. For example, integration of robotic cleaning systems that minimize the use of harmful substances and water, monitoring through sensor technology of the buildings' air quality, electricity consumption, cleanliness, and more.

Digitalization of services for residents and tenants

Development of platforms to manage residents, purchasers, and tenants' overall experience with and in the Group's properties. For example, tenants of **Ashtrom Rental Housing's** projects have access to a digital portal for communicating concerns to the building's management, as well as for ordering services, managing and tracking payments and for easily performing transfers of management fees.

A similar initiative is being carried out by **Ashdar** in order to improve their relationship with apartment buyers, as well as by **Ashtrom Properties** to improve and elevate the level of customer service available to their properties' renters.

Manpower Safety at Work Sites

Over the last year, Ashtrom Group continued to develop, implement, and reinforce new metrics for the technological solutions already in place at its worksites, with the goal of improving management of worker health and safety topics. Ashtrom Group is one of the pioneers in Israel for the implementation of technological solutions for management of the health and safety of workers on-site, and in fact enables safety managers, supervisors, foremen, heads of trade groups and other employees to ensure the continued improvement of health and safety efforts through the use of digital tools for documentation and reporting, making it easier to access safety management plans, to conduct risk surveys in ways that save time and resources, to close loops and enable tight control over the topic. In addition, the Group is currently examining pilot projects to increase the level of safety for workers at the construction sites.

Ashtrom Group's Digital Transformation

Digitalization brings the past into the present and builds the future. Data that was previously stored in traditional formats is now the basis for a wide-reaching database and network with the ability to analyze and learn things that will provide Ashtrom Group with key business intelligence, including insights on its operations that could produce opportunities for increasing efficiency through minimizing environmental impacts.

Ashtrom Group continues to progress towards the future in an understanding that improvement of organizational digitalization processes enables more efficient and convenient service for end users (managers and employees), while increasing their productivity and the effectiveness of their outputs, even in the completion of daily and routine tasks that are not necessarily tied to construction processes, for instance: digital management improvements, digital payments and billing, electronic signatures, going 'paperless', and more.

Transparency and Management of Stakeholder Dialogue

Currently, there are no claims against the Group for the violation of labor or other local laws and regulations. We are extremely careful and remain vigilant regarding fairness and clarity in our marketing and advertising campaigns and, accordingly, in the last two years, we have not received any claims regarding the subject.

Customer Service

Ashtrom Group strives towards the future in the understanding that improving mechanisms for customer service within the Group can improve our customers' experience as well as increase efficiency and convenience in the management of relations.

At **Ashdar**, customer inquiries regarding payments, guarantees and mortgages during the construction periods are handled by the 'Customer Relations' department within the finance division. Inquiries regarding various planning and engineering issues are handled by the engineering department and inquiries regarding the approval and transfer of rights following the occupancy period are handled by the real estate department. Inquiries from apartment owners in urban renewal projects are handled by the tenant relations department in the business development and urban renewal division and as a group effort of all of the managers to provide adequate responses. We view customer inquiries with great importance and strive to provide an immediate and prompt answer to their needs.

Ashtrom Rental Housing offers its tenants access to various tools and initiatives for property management, beyond what is required in their agreements, and, as a result, the tenants are increasingly satisfied and the current demand exceeds the availability of the company's properties. This is a key part

of the community building efforts that are conducted at the Group's properties.

Ashtrom Rental Housing offers interested tenants access to a webpage that presents detailed information on its properties. The webpage is currently being upgraded.

In addition, the tenants have at their disposal access to a dedicated application 'Maintenance Assistant' for reporting malfunctions and for establishing urgent contact. Currently, the company is preparing to launch a new website that will be developed and launched by mid-2023 that will enable the management of communal activities at the properties including: events and activities for tenants' children (plays and interactive entertainment during summer vacation, creative workshops and more), platforms for tenants to create and establish connections and generate mutual support (such as through lending and loaning of goods for the encouragement of sustainable consumption patterns, and ongoing or one-time ride sharing opportunities).

Ashtrom Rental Housing provides tenants with access to dedicated buildings intended for communal activities, beyond what is agreed upon in the terms of the initiation agreements, such as tenant clubs, and a gym in the HaGadnah Street project, and more.



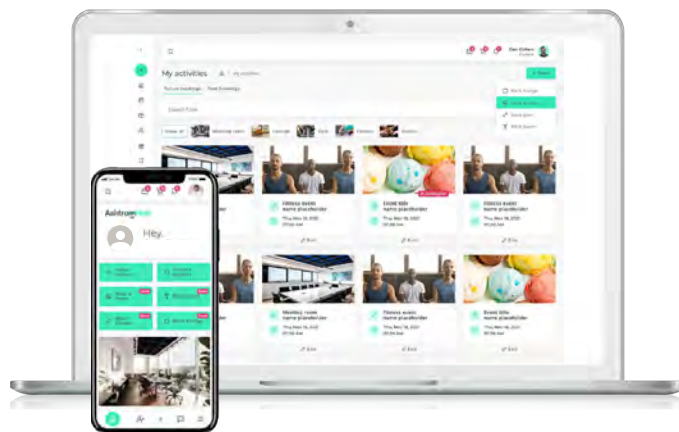
During 2023, a new tenant portal is planned for launch that will foster the creation of a modern and pleasant residential experience by providing access to relevant information on news and events in the buildings, make it possible to reserve shared spaces, and provide perks and discounts, among other functions.

AshtromHost

The **AshtromHost** portal provides accessible, comprehensive and pleasant service for customers' every need – from transferring service requests for issues as they arise to requesting and approving access for building visitors, reserving space at the gym, signing up for classes, and registration for use of lecture halls and classrooms, in addition to access to various content-related services.

Ashtrom Properties also promotes digital innovation in the development of management tools with the goal of making data and information widely accessible in order to improve the quality of service at its properties. One of the main tools developed by the company aims to improve managerial reports sent directly from the ERP system to relevant approved users, which serves an efficient, accessible, accurate and readily updated work tool for presenting relevant data to management.

In addition, the company developed a dashboard based on business intelligence systems for the mapping and processing of financial and operational data to improve oversight and management of processes, and to investigate indicators and trends that can assist management in obtaining business insights.



Fair Pricing

Our stakeholders, namely apartment buyers and property tenants in Israel, face increasing difficulties due to the rapidly rising demand for housing and the cost of living. Ashtrom Group works to ensure that it acts out of utmost fairness and integrity towards its stakeholders by listening to their concerns and constantly considering relevant modes of action to improve available solutions such as through the development and construction of residential units through **Ashdar**, in addition to various long-term rental and subsidized housing options at a price significantly below the going market rate for qualifying tenants according to the Ministry of Housing through **Ashtrom Rental Housing's** activities. These efforts are in addition to the development of infrastructure, social and physical accessibility mechanisms, and transport solutions to benefit of the residents of these properties.

Safety and Quality of Products

The safety and quality of the real estate assets that we develop, build and manage are top priorities and help us maintain the significant level of trust that our stakeholders invest in us. **We work to ensure the quality of our properties through application of the ISO 9001 Standard** in the context of all of **Ashtrom Contracting's** activities and expect all of our subcontractors to implement this standard as well.

The Group has a track record dedicated to quality and continues to be recognized as the recipient of various awards and certifications that denote the excellence and pursuit of the highest quality that are central pillars of our business activity.

A portion of our activities at **Ashtrom Contracting** are managed by subcontractors who are also required to meet the Group's quality standard of ISO 9001 and no less. In the context of contractual agreements with subcontractors, guidelines for implementation of the standard are clearly outlined and maintained, including the performance of tests, participation in sharing oversight documentation, tests at delivery, processes tests, end-product tests, handling of unsuitable products and materials, product identification and traceability, the status of examination and testing, and more. Subcontractors are required to maintain a quality assurance team on their part that are at the behest of Ashtrom Group's quality assurance manager.

Developing a Responsible Supply Chain

Ashtrom Group makes it a point to promote a responsible supply chain out of an understanding that we have significant influencer regarding this aspect and that it duly reflects back on all our activities.

First and foremost, the Group and its employees do their best to work only with contractors and/or suppliers who conduct their business honestly, fairly and according to the law, avoiding corruption and adhering to standards of ethical behavior.

In addition, we prioritize local procurement and are currently expanding our efforts to promote environmental procurement practices. In the activities of **Ashtrom Contracting, Ashdar and Ashtrom rental housing**, we are proud to share that over **95%** of our procurement practices are conducted with local suppliers. At **Ashtrom Industries**, more than **80%** of procurement comes from local suppliers.

Currently, we are in the process of establishing a procurement policy that will regulate our activities with new and existing suppliers to ensure appropriate due diligence prior to engagement and oversight and control in the course of the engagement. In the context of these efforts, we have begun to evaluate our suppliers, beginning with the most material area of impact – **Ashtrom Contracting**.

In 2022, we began to set forth an ESG questionnaire for assessment of our suppliers and have begun distributing and implementing the questionnaire among **Ashtrom Contracting's** building material suppliers. The answers that have been received thus far are very encouraging, and it was found that a number of suppliers have sustainability and/or ESG strategies, work to minimize their environmental impacts, are aware and work to conform to green building standards. The following details some of the major findings from the supplier questionnaire:

50%

of suppliers that answered the questionnaire have an ESG/ sustainability management policy and reflect their contributions to the field.

75%

of suppliers have a Code of Ethics, supporting guidelines and policies on material issues.

75%

of the suppliers that answered the questionnaire manage diverse and inclusive businesses – owned by women or employing individuals with disabilities. In addition, 50% of suppliers are categorized as small-to-medium-sized businesses.

75%

of suppliers declared that they manage their environmental risks and opportunities in an organized fashion and under the direction of company management. In addition, 75% have not had legal claims filed against them in the last three years regarding environmental issues.

The suppliers do not measure their carbon footprint, but

75%

of suppliers do implement initiatives to minimize their greenhouse gas emissions. In addition, 25% of suppliers have implemented processes for recycling waste, and have activities in accordance with the requirements of environmental building standards.

In 2022, a supplier portal was launched that enables the Group to effectively manage its relationships with suppliers in a friendly, convenient, and accessible manner in order to improve work processes. The portal offers certain capabilities such as management of supplier information, recording of purchase orders and goods received. Suppliers can submit their invoices for payment, perform digital underwriting and upload relevant documents and attachments (such as signed certificates). In the coming months, the portal's activities will be expanded to include certificates of delivery.



About This Report

This is Ashtrom Group's inaugural ESG report that was created in order to reflect the Group's activities to promote responsible business conduct in all areas of its activity and particularly in the construction and real estate sectors, according to advanced global standards that express the full scale of its commitment to ethical business conduct.

The Group's ESG activities represent a critical opportunity to positively impact society and the environment, but embody within them numerous challenges due to the wide variety of the Group's activities in the field, the nature of its business sectors that the Group operates in, and their extensive environmental impacts. Despite these challenges, the Group seeks to promote meaningful action and accordingly has set out goals and detailed work plans to generate positive change in such challenging and complex business sectors.

In order to effectively choose the qualitative and quantitative topics for inclusion in this report, we conducted a benchmark study and surveyed the major requirements and expectations arising from the SASB, GRI and United Nation's SDG frameworks. We believe that the material topics included in this report accurately reflect the subjects that are relevant to our business sector.

As part of our commitment to open and transparent dialogue with our stakeholders, we welcome any feedback, insights or suggestions from our various stakeholders. We invite you to pass on your feedback or questions regarding this report for 2022 to Gal Omer, Chief Financial Officer at Ashtrom Group and/or to Maya Feuer, Head of Innovation & ESG at Ashtrom Group via email:

Gal Omer: galo@Ashtrom.co.il | **Maya Feuer:** mayaf@Ashtrom.co.il

This report and the data presented in the GRI Content Index are valid for the period of January 1, 2022, to December 31, 2022, in reference to the GRI Standards 2021. This report covers all of the companies that are owned by the Group (ownership of 50% or more) according to various sectors of activity: the report does not cover companies without or with negligible business activity.

We aim to continue to deepen and expand on the scope and scale of reported topics, performance indicators and policies in the coming years, and are considering expanding the data included in this report to include efforts that occurred during 2023 and up until the publication of this report.

The report was prepared with the assistance of external ESG consultants and experts – 'Arioz Ltd.' and an environmental consulting company. While an authorized party has not externally verified the contents of this report, we conducted the appropriate checks, both internally and by a third party, regarding the validity and accuracy of data detailed herein, and we have reasonable confidence in all of the published data and practices that reflect our activities as of the date of publication of this report, to the best of our knowledge. However, as with any report, there may be generalizations, estimations, inaccuracies, errors or omissions.

The Group does not assume responsibility for inaccuracies that are unknown to it and does not give any party its stated permission to rely on the information presented in this report. In any case of a contradiction between the information in this document and information appearing in its **public reports, including through a different presentation, of a company pursuant to the Securities Law of 1968 ("Securities Law")**, including the Group's financial statements, then the information presented in its reports issued by force of law will prevail.

This report includes forward-looking information as defined in the Securities Law, and therefore includes, among other things, forecasts, assessments and estimates of the Group, which refer to future events whose realization is uncertain and not under the control of the Group, and which may actually differ from those presented in this report. It is further clarified that forward-looking information does not constitute a proven fact and is based only on the Group's point of view and subjective assessment at the time of publication of this report and the Group is not obligated to update or change what is stated in this report, which will apply and be brought to its attention after its publication.

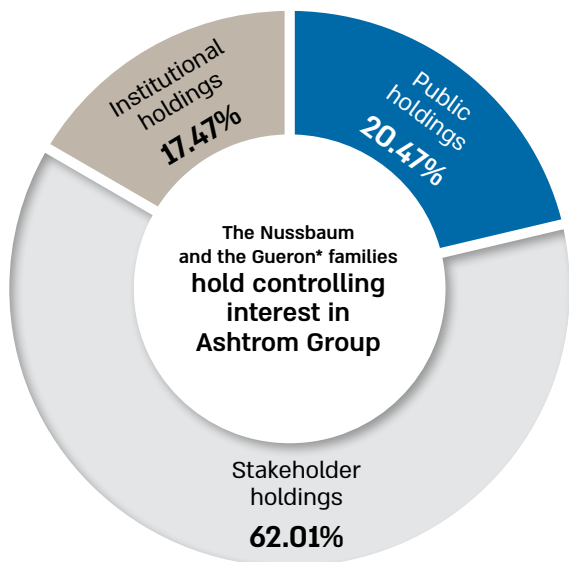
A GRI Content Index and SASB table for 2022 is attached to this report.

The US Dollars amounts in this report were converted from NIS according to the conversion rate that was reported on December 31st, 2022.

Appendices



Ashtrom Group's Ownership Structure, Assets, and Areas of Activity



* 57.1% of the shares in the Ashtrom Group are held by the parent company, United Engineering and Development "Unedco" Company Limited, which is owned by the following founding families: the Nussbaum family (33.33%), the Gueron family (33.33%), the Meshorer family (15.31%), the Rubin family (10.93%), and the Maybloom family (now known as the Moore and Lipshitz families) (7.10%).



Ashtrom Group LTD.

ASHTROM Concessions

Citypass Ltd. 29% (9)
Citypass Operator, L.P. 29% (10)
Connect Jerusalem (Light Train) Ltd. 100%
Ashtrom Technologies Ltd. 100%
Ashtrom Ben Gurion Dorms L.P. 100%
Ashtrom Beit Mishpat Bat Yam, L.P. 100%

ASHTROM Renewable Energy

Ashtrom Renewable Energy Ltd. 100%
Ashtrom Renewable Single Member S.A 100% (Greece)
Ashtrom RE inc. 100% (USA)
Ashtrom Renewable Energy LLC. 100% (USA)
Ashtrom-Rapac Renewable Energy, L.P. 50%
Aeolus Energy, L.P 10.8%

ASHTROM Construction

Ashtrom Contracting Ltd. 100%
Ashtrom Engineering & Construction Ltd. 100%
Ashtrom Jerusalem Co. Ltd. 100%
Ashkri Industrialized Construction Plants Ltd. 100%
Melet Building Ltd. 100%
Ashtrom Construction North Ltd. 100%
Base Pile Ltd. 100%
Drachim (A.C) Construction and Infrastructures Ltd. 100%

ASHTROM Concessions-Rental Housing

Ashtrom Residence for Rent L.P. 100% (11)
Ashtrom Development and investments Co. Ltd. 100%
Ashtrom Kiryat HaYovel L.P. 100%
Ashtrom Hagadna L.P. 100%
Ashtrom HaMashtela L.P. 100%
Ashtrom North Bnei Brak L.P. 100%
Ashtrom Kasser House L.P. 100%
Ashtrom Lod International L.P. 100%
Ashtrom Ramot Pinkas L.P. 100%
Ashtrom South Tel Hashomer L.P. 100%
Ashtrom Beer Yakov L.P. 100%

ASHDAR ASHTROM GROUP

Ashdar Building Co. Ltd. 100% (6)
Ashdar Tama 38 Ltd 100%
Ashdar Development and Construction 1997 Ltd. 100%
Acro Ashdar in Yafo Ltd. 50% (7)
The Blue Marina Ltd. 37.5% (8)

ASHTROM Industries

Ashtrom Industries Ltd. 100%
B.G (Israel) Technologies Ltd. 55% (1)
Y. Zahavi Flooring Industry Ltd. 100%
Netivey Edomit (2011) Ltd. 50% (2)
Ashbond Ltd. 50% (3)
Studs P.O.W.E.R Ltd. 50% (4)
Sorek Quarrying Ltd. 25% (5)

ASHTROM International

Ashtrom International Ltd. 100%
ABS Development Corporation 100% USA
Ashtrom B.V. 100% Netherlands
Ashtrom Serbia Holding CV 100% Netherlands
Navipor Investment Ltd. 100% Cyprus
A.B. Investii Si Constructii SRL 80% Romania
Douro Habitat 100% Portugal
Ashtrom Jamaica Ltd. 95% Jamaica
Jdp construction Nigeria Ltd. Nigeria 100%
Ashtrom Swiss sarl 100% Switzerland

ASHTROM Properties

Ashtrom Properties Ltd. 100% (12)
Details may be found in the next page
Ashtrom Ltd. Cyprus 90%
Central Hali O.A.D. Bulgaria 100%

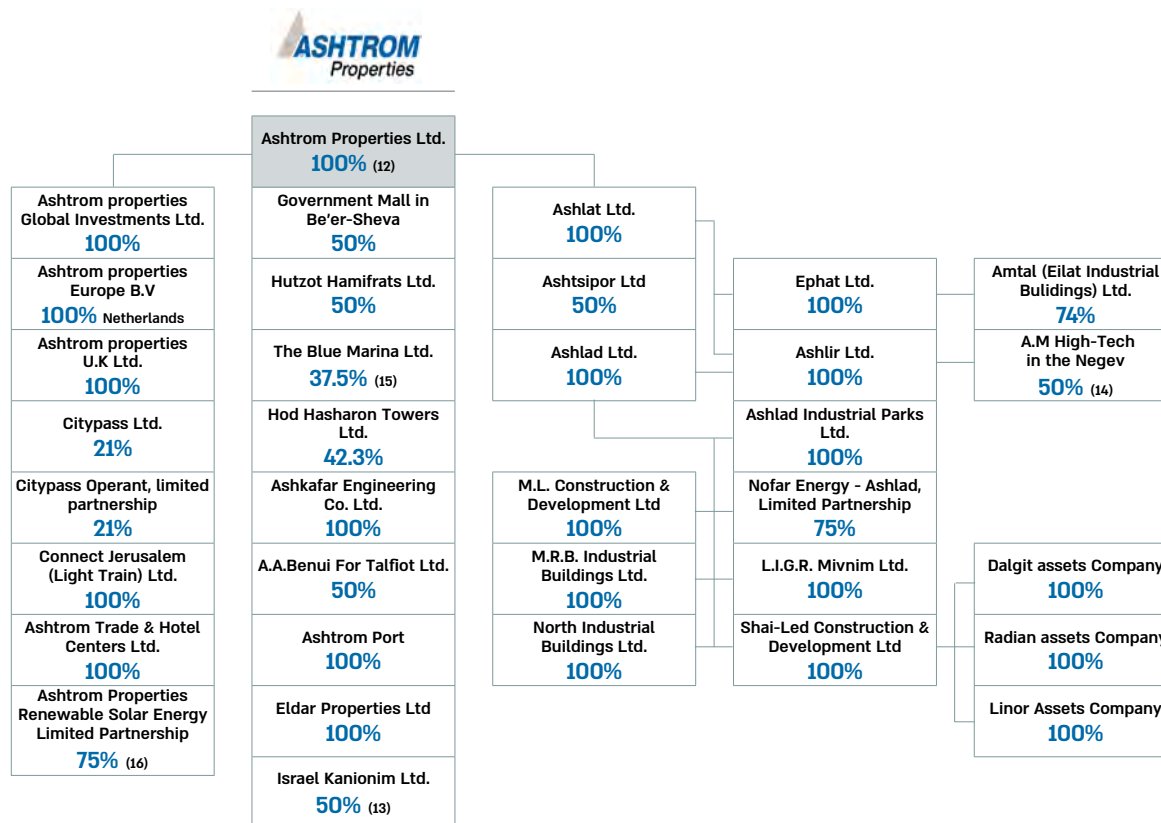
ABD DOO Serbia 100%

Ashtrom Contracting Georgia Georgia 100%
Ashtrom Zambia Construction Ltd. Zambia 100%

(1) To the best of the Group's knowledge, the remaining shares are held by KG Polymers, Agricultural Cooperative Ltd., a company wholly owned by Kibbutz Beit Govrin that is not related to the group and/or to its stakeholders. (2) To the best of the Group's knowledge, the rest of the shares are held by Y.R. Barzani Ltd., a company that is not related to the group and/or to its stakeholders. (3) To the best of the group's knowledge, the rest of the shares are held by Orbond Gypsum Industries and his products Ltd., a company that is not related to the group and/or to its stakeholders. (4) To the best of the Group's knowledge, the remaining shares are held by third parties that are not related to the company and/or to its stakeholders. (5) To the best of the Group's knowledge, the rest of the shares are held by Argyle Transport Services (1993) Ltd. and Celfon Quarries Ltd., companies that are not related to the group and/or to its stakeholders. (6) The company reports that its shares are traded on the Tel Aviv Stock Exchange. (7) The rest of the shares are held by Akro Real Estate (50%), a company that is not related to the group and/or its stakeholders. (8) To the best of the Group's knowledge, the rest of the shares are held by (i) Maqor Ha'avot Ltd. (25%), a company which is not related to the group and/or to its stakeholders (ii) and by Ashtrom Properties Ltd. (37.5%) (a consolidated company of the Group). (9) The Group owns 50% (the company owns 29% and Ashtrom Properties owns 21%) of the issued and paid-up share capital. (10) The group owns 50% (the company owns 29% and Ashtrom Properties owns 21%) from the issued and paid-up share capital. (11) Ashtrom Residence for Rent L.P. is 99% owned the rest of the shares are held by Ashtrom Technologies. The rest of the partnerships are held 99% by Ashtrom Housing for rent - the rest of the shares are held by Ashtrom Technologies.



Ashtrom Properties LTD.



⁽¹²⁾ The company reports that its shares are traded on the Tel Aviv Stock Exchange. On November 1, 2020, the tender offer for the company's shares was completed and the Group owns the entire issued and paid-up share capital of the company. ⁽¹³⁾ To the best of the Group's knowledge, the remaining shares are held by Big Shopping Centers Ltd., which is not related to the group and/or its stakeholders. ⁽¹⁴⁾ To the best of the Group's knowledge, the remaining shares are held by Mebni Industry Ltd., which is not related to the group and/or its stakeholders. ⁽¹⁵⁾ To the best of the Group's knowledge, the remaining shares are held by Magor Holdings Ltd. (25%), a company that is not related to the group and/or its stakeholders. And by Ashdar Yazom and Construction (1997) Ltd. (37.5%) (a consolidated company of the group). ⁽¹⁶⁾ The remaining rights (25%) are held by Ashtrom Renewable Energy Ltd.



Below we present an analysis of our various channels of dialogue with key stakeholder groups:

Stakeholder Group

Regular Dialogue Mechanisms to Ensure Significant Involvement of Stakeholder Group in Our Activities

Key Topics for Discussion and Goals of Engagement

Employees of Ashtrum Group and its Subsidiaries

- Periodic meetings with managers in each business unit
- Salary and performance reviews
- Ethics hotline

- Terms of employment
- Well-being, work-life balance
- Workplace health & safety
- Employee empowerment and development
- Employee community involvement and engagement
- Responsible business conduct
- Encouraging innovation

Government Customers

In Contracting and Concessions – public bodies such as governmental offices including governmental companies abroad; local authorities and municipal companies located abroad; private actors in the fields of real estate entrepreneurship and development; the Group's subsidiaries.

Conversations, meetings and on-going communication

- Operational excellence
- Quality of performance and products, safety, and sustainability of products
- Responsible business conduct
- Encouraging innovation

Private Customers

Conversations, meetings, and on-going communication

- Fair and responsible pricing
- Operational excellence
- Quality of performance and products, safety, and sustainability of products
- Responsible business conduct
- Encouraging innovation

Consumers – Apartment Buyers

Sales meetings
 Customer service engagements
 Various dedicated and on-going surveys
 Tracking of consumer inquiries to customer service channels
 Tracking of consumer dialogue on social media networks

- Fair and responsible pricing
- Responsible business conduct
- Operational excellence
- Encouraging innovation



Below we present an analysis of our various channels of dialogue with key stakeholder groups:

Stakeholder Group	Regular Dialogue Mechanisms to Ensure Significant Involvement of Stakeholder Group in Our Activities	Key Topics for Discussion and Goals of Engagement
Consumers* – Users, Renters, and Tenants	Conversations, meetings, and on-going communication	<ul style="list-style-type: none"> • Quality of performance and products, safety, and sustainability of products • Responsible business conduct • Encouraging innovation – emphasis on digitalization and innovative applications to make service efficient and widely accessible
Business Partners	Conversations, meetings, and on-going communication	<ul style="list-style-type: none"> • Responsible business conduct • Quality of performance and products, safety, and sustainability of products • Minimizing environmental impacts • Encouraging innovation
Suppliers and Subcontractors**	Dedicated periodical survey Conversations, meetings, and on-going communication	<ul style="list-style-type: none"> • Supplier empowerment • Responsible and local supply chain • Minimizing environmental impacts • Responsible business conduct
Startups and PropTech Companies	Dedicated meetings	<ul style="list-style-type: none"> • Minimizing environmental impacts • Construction site safety • Encouraging innovation – focusing on digitalization, accessibility, and more efficient work processes • Discovery of new green building materials and methods • Collaboration with academia • Increased productivity

* Users of project (in Concessions, in Rental Housing Projects, PPP projects); Renters – offices and residences (Ashtrom Properties and Ashtrom International – commercial real estate activities in Israel and abroad)
 ** Subcontractors (that employ foreign workers) for development, infrastructure and construction; Raw materials suppliers in Israel and abroad; Subcontractors in Israel and abroad; Suppliers of engineering services (architects, planners, project managers, coordinators, supervisors, and various consultants – electrical, water, air conditioning, and acoustics); Service providers in Israel and abroad (cleaning, security, safety, maintenance, etc.); Marketing service providers (agents, marketers and advertisers); Consultants (lawyers, accountants, etc.); Facilitators of urban renewal projects, etc.

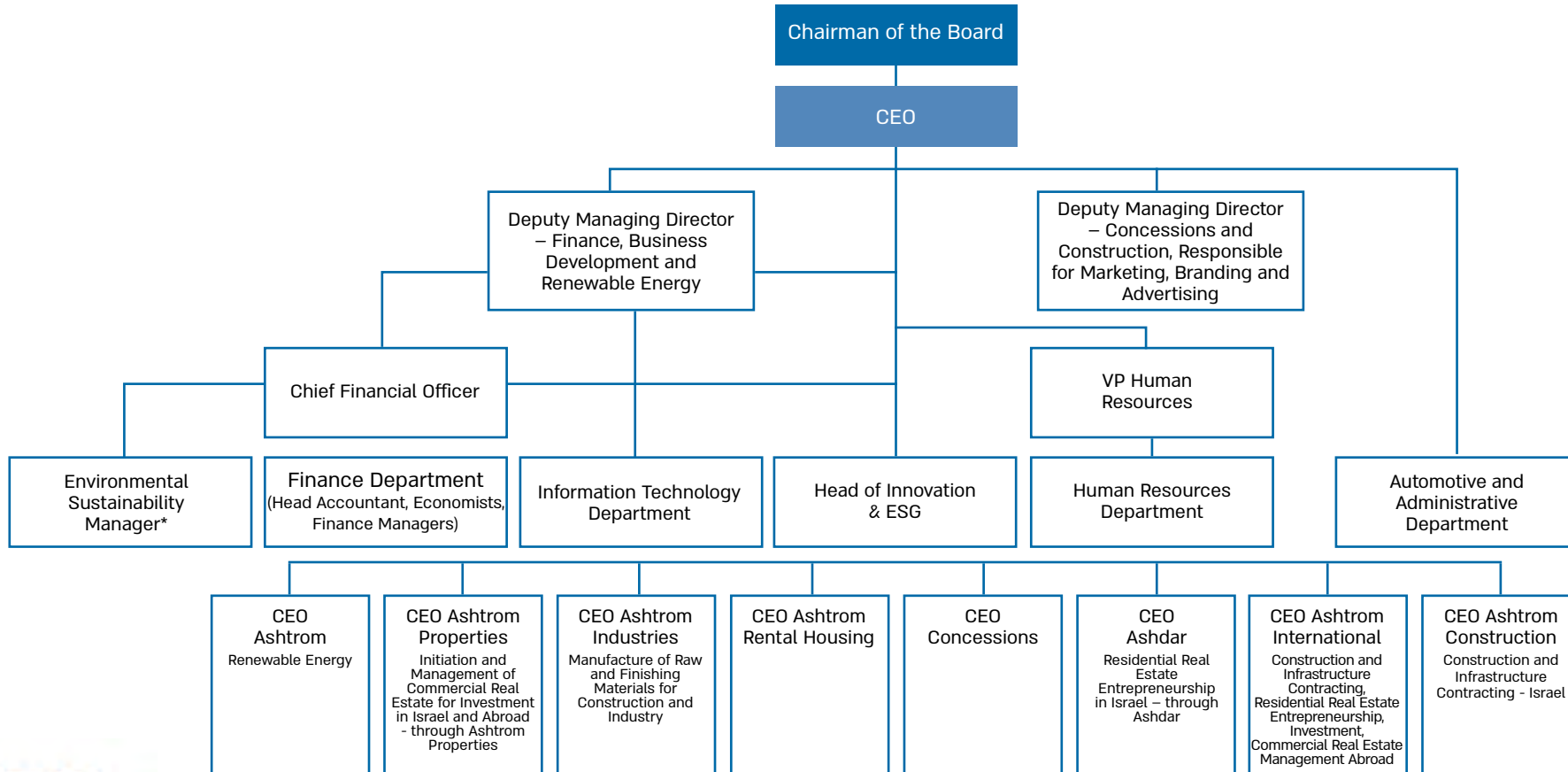


Below we present an analysis of our various channels of dialogue with key stakeholder groups:

Stakeholder Group	Regular Dialogue Mechanisms to Ensure Significant Involvement of Stakeholder Group in Our Activities	Key Topics for Discussion and Goals of Engagement
Communities	Dedicated meetings On-going community activities in proximity to the Group's sites and properties	<ul style="list-style-type: none"> • Resilience of communities • Diversity and inclusion • Employee involvement • Responsible business conduct
Environmental Bodies and Organizations	Meetings and discussions	<ul style="list-style-type: none"> • Responsible business conduct • Minimizing environmental impacts • Operational excellence • Encouraging innovation
Governmental Bodies and Regulators	Conversations, meetings, and on-going communication	<ul style="list-style-type: none"> • Operational excellence • Quality of performance and products, safety, and sustainability of products • Responsible business conduct • Encouraging innovation
Shareholders and Stakeholders	Business meetings Investor meetings and presentations Reports On-going feedback surveys	<ul style="list-style-type: none"> • Responsible business conduct • Safety and quality of the products • Employee, customer, and consumer satisfaction • Minimizing environmental impacts • Responsible and local supply chain • Encouraging innovation



Ashtrom Group's Organizational Structure





Memberships of Association and Participation in Leading Forums

Ashtrom Group participates as a member in several sectoral and corporate organizations and associations in Israel, which work towards the promotion of best practices in the construction and real estate sectors locally and globally, including:



Manufacturers' Association of Israel (MAI)

Ashtrom Industries Ltd., Ashbond Ltd., B.G. (Israel) Technologies Ltd., Y. Zahavi Flooring Industry Ltd., and STUDS P.O.W.E.R Ltd. are members of the Manufacturers' Association of Israel.

Since 2022, the CEO of Ashtrom Industries, Sharon Leventer, has filled a management position in the Construction division of the Manufacturers' Association.

The Manufacturers' Association (MAI) has served as an umbrella organization for Israel's industrialists for over 100 years. More than 1,500 organizations and industrial factories are members, which, taken together, employ approximately 400 thousand employees. MAI members enjoy a wide range of support and access to services at both the national levels and in the daily operation of their plants and factories. The MAI provides a strong framework for industrialists and acts as a solution provider for a number of industries including: electronics, hi-tech, textiles, fashion, chemicals, pharmaceuticals, environmental goods, food & beverage, metals, consumer products, infrastructure and construction.



The Israel Builders Association (IBA)

Ashdar is a member of the Israel Builders Association (IBA), and the CEO of the company, Arnon Fridman, is a Presidential Member. Mr. Fridman is also a member of the advisory committee for the appointment of decisive appraisers, representing the Israel Builders Association in his capacity.

In addition, the Deputy CEO of Ashdar, Omer Gugenheim, acts as the Association's Joint Chairman on the Urban Renewal Committee.

The IBA is the only representative organization for dealing with the Israeli markets' construction, infrastructure, development, and engineering issues. The IBA works to support the building and infrastructure sectors in Israel, to promote the interests and rights of all contractors and builders in Israel, and to resolve various professional issues. The IBA has over 2,000 members. Three professional divisions operate within the IBA's framework – an Entrepreneurship and Building Division, an Infrastructure Division, and the Contract Building Division. In addition, 14 local branches operate within the IBA's framework.



The Contractors and Builders Association – Tel Aviv and Central District

Ashtrom Contracting is a member of the Contractors and Builders Association – Tel Aviv and Central District.

The Contractors and Builders Association was established some 85 years ago. Its goal is to assist its contractor and entrepreneur members both individually and professionally, in addition to promoting shared sectoral goals. The Association offers tailored solutions regarding strategic issues, including provision of professional support to construction companies, entrepreneurs, and building contractors regarding construction, infrastructure projects, renovations, systems access and more. Members of the Association receive treatment of both pressing and overarching principal issues, as they arise.



Memberships of Association and Participation in Leading Forums



Israel Organization of Consulting Engineers and Architects (IOCEA)

The Israel Organization of Consulting Engineers and Architects (IOCEA) is an umbrella organization for most of the independent engineers, architects and project managers in Israel. As part of its activities, the IOCEA has established partnerships with a number of local and international organizations. The IOCEA is a member of FIDIC – the International Federation of Consulting Engineers – which represents engineering professionals from over 100 countries around the world.

The organization promotes its members economic, business and professional goals, while also hosting a number of activities and training opportunities at its four branches across the State of Israel. The IOCEA guides, trains and assists its members in handling a wide array of financial, business, legal and professional issues.

Ashtrom Group actively participates in the IOCEA's annual conferences.



Israel Readymixed Concrete Association

Ashtrom Industries is a member of the Israel Readymixed Concrete Association. The CEO of Ashtrom Industries is the Secretariat of the Association and is authorized to sign on its behalf.

The Israel Readymixed Concrete Association has been active since 1972 and is incorporated as an association. The Association represents companies in the imported concrete industry in Israel and is a member of the European Ready Mixed Concrete Organization (ERMCO).

The goals of the Association are to promote and develop the readymixed concrete sector, **to improve the quality of concrete, its composition, standards, and to adapt to environmental and "green construction" trends.** In addition, the Association works to position the concrete industry, professionally and technologically, as an industry based on innovative manufacturing and control processes, and to uphold strict health & safety measures. The Association works with policy makers and authorities on issues of common interest to promote the industry.



The Israeli Green Building Council (ILGBC)

Ashtrom is a member of the Israeli Green Building Council (ILGBC).

Senior members of Ashtrom Industries take part in workshops and trainings offered by the ILGBC in addition to their membership.

The ILGBC is the leading organization in Israel for the promotion of built spaces that are environmental, high in quality, healthy, and accessible for all. To achieve its mission, the ILGBC works with industrial actors and decision makers responsible for planning and development in Israel to ensure that considerations of people, society and planet are brought to the fore.

The ILGBC is a non-for-profit organization that was established in early 2009 as a multi-sector platform for cooperation between business, the public, "third sector" (social institutions), and academia. The ILGBC has a wide-reaching spectrum of partner companies and organizations within its community of members, all working together to improve the built environment while ensuring encompassing discourse where various interests can be openly expressed. The ILGBC's community of members assists the organization in attaining knowledge on state of relevant plans and developments on the ground, while working to promote the local industry and influence policy making to remove barriers and create opportunities that enable better building decisions.



The Council on Tall Buildings and Urban Habitat (CTBUH)

Ashtrom Group is a member of the Council on Tall Buildings and Urban Habitat (CTBUH).

The CTBUH is the world's leading nonprofit organization that explores how tall buildings and urban density can support more sustainable and healthy cities. The stated mission of the CTBUH is to explore the relationship between policy, buildings, people, urban density, urban space, interior space, and infrastructure within the environment of Israel's developed cities in particular, to enable a sustainable urban future

ASHTROM
Construction

ASHDAR
ASHTROM GROUP

ASHTROM
Industries

ASHTROM
Properties

ASHTROM
International

ASHTROM
Concessions-Rental Housing

ASHTROM
Renewable Energy

ASHTROM
Construction

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EXCELLENCE IN CONSTRUCTION

