



# Report



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**Year  
2023**



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# Statement from the Chairman and CEO of Ashtrom Group

On October 7th 2023, the "Swords of Iron" war presented a significant challenge to our region. Ashtrom Group swiftly responded to support its employees, their families, and the wider community. Amidst these unprecedented circumstances, we take pride in the unwavering dedication and volunteerism demonstrated by our employees, as they actively support the IDF forces during these challenging times.

In 2023, Ashtrom Group maintained its leading position in Israel's construction and real estate sector, overseeing the inception, planning, construction, acquisition, production, and management of residential, commercial, and recreational properties. Our ongoing commitment ensures the delivery of tailored solutions that meet the diverse needs of communities, individuals, and businesses alike. Additionally, we actively participated in providing shelter for evacuees from conflict zones by implementing various long-term rental and construction projects.

Ashtrom Group remains dedicated to investing in the professional and personal growth of its employees, prioritizing their safety and well-being above all else. We are steadfast in upholding professionalism, fairness, and business integrity in our partnerships, and are committed to fostering transparent communication with all stakeholders of the company.

Ashtrom Group takes pride in being among the pioneers in Israel's construction and real estate sector, leading the way in initiating, planning, building, operating, developing, and manufacturing sustainable solutions. Our commitment stems from a dedication to addressing the economic, social, and environmental challenges of our time. We pledge to further advance our efforts in ESG initiatives, believing that by doing so, we not only secure the future for generations to come but also contribute to the enhancement of the communities and environments in which we operate.

We invite you to delve into Ashtrom Group's ESG report for 2023, showcasing our dedication to advancing this critical initiative.



**Gil Giron**  
CEO  
Ashtrom Group

**Avraham (Rami) Nussbaum**  
Chairman  
Ashtrom Group

# Statement from Ashtrom Group's ESG Leaders

## Dear Readers,

Two years ago, we embarked on a journey to enhance environmental, social, and corporate responsibility within Ashtrom Group, fully acknowledging the profound importance of these issues.

As a leading company, we recognize our pivotal role in shaping a more inclusive, sustainable, and equitable economy. We have mapped out a strategy, set operational goals, and devised detailed plans to drive meaningful progress in these areas.

We were inspired by the remarkable dedication shown by managers and employees across all divisions of Ashtrom Group. Despite challenges, we saw a chance to make a real difference.

This report marks the second annual publication since we began promoting Ashtrom Group's initiatives in this field, done in collaboration with numerous stakeholders. It underscores our steadfast commitment to transparency, a commitment we will uphold in the years ahead.

We believe that our dedication to offering sustainable solutions to the economic, social, and environmental challenges we encounter will secure the ongoing success and prosperity of the Group, while also enhancing the well-being of our employees, communities, and the environment in which we operate.

We value feedback and suggestions for improvement, as ongoing learning and enhancement are core to our values.



**Oren Nussbaum**  
Deputy CEO



**Gal Omer**  
CFO



**Maya Feuer**  
Head of  
Sustainability and  
Innovation

Ashdar Agamim, Netanya





# Ashtrom Group. A story of Success.

## 60 Years of Excellence

For six decades, Ashtrom Group has been building the daily reality of millions, influencing the neighborhoods they live in, the roads they drive on each morning, the bridges they pass by or cross, the offices they work in and the homes they return to.

Ashtrom Group has been one of the largest construction and real estate groups in Israel for over 60 years. In May 2014, the group completed its first issue of shares and bonds to the public, subsequently becoming a public company (ASHG). The group's shares are listed under the prestigious TA-35 index, TA-125 Index and TELREAL in TASE, while its bonds are rated as A category by S&P Maalot. This financial strength enables the implementation of a long-term business strategy, operational flexibility, and financial adaptation to changing market conditions.

## The Whole is Greater Than the Sum of its Parts

Ashtrom Group comprises eight divisions operating synergistically to initiate, execute, market, and manage projects that impact millions of people in Israel and across the globe. Its decentralized and diverse activities provide the group with business flexibility and financial robustness.

Ashtrom Group, through its various divisions, initiates, executes, markets, and operates projects in Israel and around the world across a diverse range of fields:

**Ashtrom Contracting** - Plans, coordinates, and executes diverse large-scale projects in construction and Infrastructure

**Ashtrom Rental Housing** - Initiates, markets, and manages residential complexes for long-term rent

**Ashtrom Properties** - Initiates, acquires, and manages incoming – producing properties, both in Israel and overseas

**Ashtrom Renewable Energy** - Initiates, establishes, and operates energy projects in Israel and overseas

**Ashdar** - Initiates, develops, and markets real estate projects for housing and urban renewal

**Ashtrom Concessions** - Establishes, manages, and finances national Public-Private Partnership (PPP) projects

**Ashtrom Industries** - Manufactures, develops, and markets raw materials and finished products for the construction industries

**Ashtrom International** - Initiates, executes, and manages construction, infrastructure, residential, and income-producing properties worldwide





# Volume Sales Data by Business Region and Sector



## Areas of Expertise

Construction - Residential, offices, public buildings, Government projects  
Infrastructure - roads, sea ports, airports, and railways

Income-producing properties in Israel, Germany and the UK - offices, commerce, retail industry and logistics

Residential real estate, including urban renewal projects in Israel

Planning, management, and construction of long-term rental residential projects

Production, marketing, and sales of raw and finished materials for all construction industries

Infrastructure PPP projects - Establishing, financing, and operating court halls and student dormitories

Initiation and establishment of renewable energy facilities in Israel, USA, Poland, and Greece

Residential Development - USA and Portugal; Construction and infrastructure - Residential, public and government - Jamaica, Nigeria and Zambia; Income - producing properties - Serbia and Romania

## Locations of Operations



## Sales Volume (in millions of NIS)

2,686

422

1,103

144

1,063

18

4

378



\* The data refer to the year that ended on 12.31.2023. The amounts are before adjustments and cancellation of cycles for the consolidated financial report.



# Our Core Values

Our core values have been the guiding force behind our journey for six decades, ensuring our growth and fostering our pursuit of excellence:



## Professionalism

Exercising attention to the finest details, driven by a sense of deep responsibility, and led by top-notch professionals



## Leadership

Ashtrom Group has played a significant role in the construction of the state of Israel and continues to spearhead projects that impact the daily quality lives of millions of people



## Reliability

Ashtrom Group's legacy empowers it to meet its commitments for any project, regardless of location or scale



## Stability

Ashtrom Group upholds a balanced business strategy, taking into account dynamic market conditions and operating with a combination of operational and financial flexibility



## Integrativity

Ashtrom Group comprises 8 divisions operating in perfect synergy to address every challenge or need



## International Reach

Leveraging the expertise acquired in Israel, Ashtrom Group extends its influence globally by undertaking large-scale projects overseas



## Collaboration

Ashtrom Group forges genuine partnerships among its divisions, collaborating with top professionals to execute impactful projects



## Strength

Ashtrom Group has been instrumental in the nation's development, acquiring and founding companies and factories that have fueled its growth and positioned it as a leading entity in Israel.



# 60 Years of Excellence

The remarkable journey of the Ashtrom Group began way back in 1963, with five founders who had a shared vision and a single goal – leading the construction and real estate industry in the developing country. And the rest, as they say, is history. The story of the Ashtrom Group is the story of the State of Israel.



## 1963 - 1973 A Decade of Pioneering and Expansion

Established in 1963, Ashtrom Group pioneered industrialized construction in Israel, starting with a project constructing 1,000 housing units and establishing the nation's first prefabricated construction factory in Ashdod. Following the Six-Day War, Ashtrom strengthened its position in Israel's construction and infrastructure sector, contributing to the development of hundreds of thousands of housing units nationwide. Concurrently, it expanded contracting activities, launching concrete factories nationwide and engaging in raw material mining.



## 1973 - 1983 A Decade of Housing Initiatives

In 1973, Ashtrom Group intensified its engagement in residential development in Israel. Over the following decade, Ashdar was established as the primary development division, spearheading the creation of tens of thousands of residential units in both new and existing settlements nationwide. Simultaneously, the group's international division expanded into residential development in the US.



## 1983 - 1993 A Decade of Income-Producing Properties

During a period of recession and inflation, Ashtrom Group strategically diversified into income-producing properties, starting with the development of the Bat Yam mall, primarily focusing on trade and retail. Over time, it expanded into offices, industrial and logistics complexes, and mixed-use properties. About a decade later, Ashtrom expanded internationally, acquiring and managing properties in England and Germany.



## 1993 - 2003 A Decade of Immigration and New Neighborhoods

During the influx of immigration from the former Soviet Union, Ashtrom Group swiftly responded to the Minister of Immigration's request to construct thousands of housing units within three years. Playing a central role for over a decade, Ashtrom contributed to the establishment of new cities and the expansion of neighborhoods from north to south.



## 2003 - 2013 A Decade of National Infrastructures

In the late 1990s, the Israeli government initiated extensive concessions for national infrastructure projects. Ashtrom secured mega-projects such as the Carmel Tunnels and the Light Rail, transporting over 40 million passengers annually. These projects were characterized by their extraordinary complexity in engineering, management, and contracts, solidifying Ashtrom's status and fostering collaborations with major global engineering, design, and concession companies.



## 2013 - 2023 A Decade of Growth

During this period, Ashtrom Group saw a significant increase in financial strength due to substantial investments and equity growth. The IPO on the Tel Aviv Stock Exchange transformed Ashtrom into a publicly traded company, providing a stable financial foundation. New development fields, such as long-term rental housing and renewable energy, were introduced. The strategic relocation of all subsidiaries headquarters to LYFE Towers enhanced synergy among divisions and fostered direct connections among employees.



Today, the second generation of founders' descendants hold key positions in the company. Avraham (Rami) Nussbaum serves as Chairman of the Board, Gil Giron as CEO, and Yaron Meshorer as Deputy CEO overseeing concessions, marketing, branding, and advertising. Oren Nussbaum, a member of the third generation, serves as Deputy CEO responsible for finance, business development, and renewable energy.





# Ashtrom Group's Value Chain

Through its diverse divisions, Ashtrom Group generates a substantial environmental footprint across its entire value chain. This spans from eco-friendly construction and upkeep, advocating for local sourcing, and minimizing environmental impacts of its properties, to leading renewable energy projects globally:



## Use of Green Building Materials

Through its division, **Ashtrom Industries**, Ashtrom Group manufactures and markets construction materials with a green certification:

- 100% of BG BOND Paint products
- 100% of Ashbond's products
- ~90% of Ashkalit's products
- The majority of BG BOND products
- EPD processes have been completed for the entire Ashbond catalog
- Most BG BOND products have undergone EPD processes
- Israbeton is in the process of obtaining green pass certification for its main products

## Green Planning and Development

Ashtrom Group, through its subsidiaries **Ashdar**, **Ashtrom Properties**, and **Ashtrom Residence for rent**, develops and markets housing units, adhering to Israel's green construction standard (5281). Planning the buildings involves complying with legal regulations and using eco-friendly materials to ensure the health and safety of users and the public. Health evaluations are conducted during the planning phase before obtaining building permits.

**Ashtrom Industries'** factories prioritize the efficient circulation of water used in the production process, as well as the recycling of production materials and packaging products.

The company continuously seek to increase the use of recycled materials in different quantities according to the Israeli standard.

**Ashtrom Properties** offers amenities like showers and bicycle parking to reduce reliance on private vehicles.

## Green Building Based on Local Procurement

**Ashtrom Group** specializes in infrastructure development and construction of residential, commercial, and industrial buildings, all in accordance with Israel's green construction standard (5281). Throughout our projects, we utilize products from **Ashtrom Industries**. Our waste management strategy involves directing building waste to authorized sites, and we continuously seek recycling methods for construction materials to minimize landfill usage.

## Initiation and Oversight of Rental Properties and Housing Units

Ashtrom Group, operating through **Ashtrom Properties**, **Ashdar** and **Ashtrom Residence for Rent**, oversees residential properties, office towers, and commercial and industrial complexes, and is committed to minimizing their environmental impact through efficient management and the integration of energy-saving solutions.

**Ashtrom Properties** is implementing the installation of solar rooftops on its properties, in accordance with the property technical and regulatory possibilities.

**Ashtrom Properties** and **Ashtrom Residences for Rent** invest in advanced technological systems to manage electricity, water, diesel, and gas consumption effectively and economically. The company is also actively involved in infrastructure development for electric vehicle charging systems.

Moreover, **Ashtrom Properties** is in the process of obtaining the LEED O&M standard certification for its major properties.

## Integration of Renewable Energy Solutions

Ashtrom Group advances energy initiatives both domestically and internationally through its subsidiary, **Ashtrom Renewable Energy**. Presently, the company is transitioning the rooftops of its facilities in Israel into solar rooftops. Moreover, it spearheads major solar projects in the US, aimed at supplying green electricity to tens of thousands of households. One such project is the Bonita Tierra solar field situated in Texas, poised to furnish green electricity to an estimated 60,000 households.

# Ashtrom Group's Value Chain (Continued)



## Our Social Impact

Ashtrom Group prioritizes local procurement, with approximately **95%** of procurement at **Ashtrom Group headquarters, Ashdar and Ashtrom Construction** are sourced from Israeli suppliers. Similarly, over 80% of purchases in **Ashtrom Industries** are from local suppliers, although some imports are utilized.

Across Ashtrom Group divisions, strict safety procedures and comprehensive training programs are implemented to ensure employee well-being. These initiatives include risk assessments, utilization of advanced technologies, and ongoing research to improve safety protocols. The Total Recordable Incident Rate (**TRIR**) index is continuously monitored, with efforts aimed at reducing both the frequency and severity of injuries.

In 2023, no significant ethical claims, cases of corruption, or breaches of information security and privacy were reported within the group and its subsidiaries.



## Long-Term Rental Housing

Ashtrom Group spearheads and oversees long-term rental housing units through **Ashtrom Residence for Rent**. These units adhere to agreements with the state, providing benefits for eligible individuals for up to 10 years.



## Digital and Physical Accessibility

- All properties managed by **Ashdar, Residence for Rent, and Ashtrom Properties** in Israel, as well as their digital properties, adhere to a **95%** compliance rate with accessibility standards.
- All assets owned by **Ashtrom Properties** in Germany and England are fully accessible. In Germany, properties meet the 'Handicap Friendly' accessibility standard, while in England, they adhere to the DDA standard.
- **Ashtrom Properties'** current strategy focuses on mixed-use projects, integrating employment, commerce, and residential spaces, strategically located near public transportation such as light and heavy rail. Efforts are made to enhance accessibility through the development of walking and cycling routes, aimed at reducing daily vehicle traffic.



## Fostering Community and Providing Services

- Ashtrom Group, operating through **Ashtrom Properties, Ashdar, and Ashtrom Residence for Rent**, manages a diverse residential, office, and commercial properties, with a strong focus on tenant satisfaction and community engagement.
- **Ashtrom Residence for Rent** and **Ashtrom Properties** provide tenants with digital tools for community management.
- In its urban renewal projects, **Ashdar** constructs public buildings
- Each department within **Ashdar** is dedicated to providing tailored customer service in alignment with their respective expertise, project phase, and specific requirements.
- **Ashtrom Properties** continuously strives to enhance the tenant/customer experience by offering innovative technological solutions, like the Ashtrom HOST, a comprehensive building management system designed to optimize tenant relationships and streamline operations.



## Economic Impact on Stakeholders

Ashtrom Group significantly contributes to the Israeli economy through a range of successful business endeavors involving various stakeholders. This impact is evident in several aspects, including salaries paid to Ashtrom Group employees through both direct and indirect employment models, community investments, tax contributions to the state, provision of financing credit lines, and payments to suppliers who, in turn, distribute wages and additional benefits to their stakeholders, and so on.

**In 2023, Ashtrom Group's economic impact amounted to.**

approx.

**1.5** million  
USD

### Figures in thousands of USD

	2020	2021	2022	2023
<b>Direct economic value generated: total revenue</b> (Barring internal revenue between companies, as noted in the relevant note in the Group's annual financial statements)	4,633,062	4,464,260	5,152,913	4,818,920
<b>Economic value distributed:</b>				
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	4,079,540	3,962,250	4,490,553	4,332,347
Total amount paid to shareholders as dividends	160,048	340,000	320,000	200,000
Total payments to lenders, such as banks and other financial institutions (Including loan and bond repayments)	1,054,054	1,336,492	1,145,036	1,278,737
Total payments to governments (Ongoing taxation payments, as report in the profit and loss statement)	44,122	64,149	61,297	92,564
Total community investment	1,987	1,893	2,490	3,192*
<b>Total Economic Value Distributed</b>	<b>5,339,751</b>	<b>5,704,784</b>	<b>6,019,376</b>	<b>5,912,840</b>

Ashtrom Group leverages the Innovation Authority benefit to incentivize research and development initiatives aimed at advancing products for green construction, conducted within its subsidiary, Ashbond. In 2022, an initial payment of half a million shekels was received to support various research and development endeavors. Additionally, funding from a state grant facilitated the replacement of outdated chillers utilizing 22R gas in Ashtrom Properties projects.



# Ashtrom Group's Achievements in 2023

## Sustainable Environment

### 2.5GW

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

Majority of the products At Ashtrom Industries have **green certifications**

### ~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 (Thermal block)

### ~99.2%

Recycled water at Israbeton's factory

### ~101

Smart WINT kits for leak detection were installed in the Group's assets

### LCA EPD

Ashtrom Industries conducted Life Cycle Assessments and Environmental Product Declarations for a number of popular products sold by BG Bond and Ashbond

## Healthy & Safe Environment

### ~29%

Women in the workforce

### ~19%

Women in both senior and junior management positions

### ~95%

Accessibility of physical and digital property in Israel at Ashdar, Ashtrom Properties, and Ashtrom Residence for Rent

### ~36%

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

### ~10%

Employees from Arab society

### Stability in TRIR

(Total recordable incident rate) Pointing to improvement in employee safety indicators.

The rate stands at 2.06 for occupational accidents among the Group's employees

## Ethical Business Environment

### 4

Innovative pilots

### 2

In- House development of products and services

### ~95%

Local procurement in Israel In Ashtrom Construction, Ashdar, And Ashtrom Residence for Rent

### 0

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

### 31

New innovative projects

### 0

NON-COMPLIANCE ENVIRONMENTAL EVENTS

### ~42%

External directors

### 29%

Women on Ashtrom Group's Board of Directors

**33%** Women on Ashdar's Board of Directors

**25%** Women on Ashtrom Properties' Board of Directors

# Dedicated to Promoting ESG



Eshdar Country, Natanya

# Ashtrom Group's Stakeholders

Ashtrom Group's stakeholders encompass a broad spectrum, including employees, customers, partners, businesses, suppliers, consumers, contractors, government organizations and regulators, communities in which we operate, environmental organizations, associations, shareholders, and other stakeholders. The company places great importance on dialogue and is committed to maintaining continuous, transparent, and persistent communication with all stakeholders.

## We Are Committed to an Open and Honest Dialogue with Our Stakeholders

As part of the comprehensive strategy process within Ashtrom Group, we have meticulously mapped out our stakeholders and established methods for ongoing communication with them. This approach aims to ensure that we receive valuable feedback and foster meaningful dialogue. We leverage existing content leaders who maintain regular contact with stakeholders and relay key insights to organizational managers based on the outcomes of meetings and ongoing conversations.



# Mapping the dialogue channels and discussion topics with key stakeholder groups

## Stakeholders Group

### Regular dialogue mechanisms to ensure significant involvement of stakeholders in the Group's activities Key Topics for Discussion

<p>Employees of the Ashtrum Group and its various divisions and subsidiaries</p>	<ul style="list-style-type: none"> <li>• Periodic meetings with managers in each business unit</li> <li>• Feedback sessions</li> <li>• Ethics Hotline</li> </ul>	<ul style="list-style-type: none"> <li>• Terms of Employment</li> <li>• Work/ life balance</li> <li>• Health &amp; Safety</li> <li>• Personal development</li> </ul>	<ul style="list-style-type: none"> <li>• Community engagement</li> <li>• Responsible business conduct</li> <li>• Encouraging innovation</li> </ul>
<p>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.</p>	<p>Regular conversations and meetings</p>	<ul style="list-style-type: none"> <li>• Operational excellence</li> <li>• Quality, safe and sustainable products</li> <li>• Responsible business conducts</li> <li>• Encouraging innovation</li> </ul>	
<p>Private customers</p>	<p>Conversations, meetings, and on-going communication</p>	<ul style="list-style-type: none"> <li>• Fair and responsible pricing</li> <li>• Operational excellence</li> <li>• Quality of performance and products, safety, and sustainability of products</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible business conduct</li> <li>• Encouraging innovation</li> </ul>
<p>Consumers - Apartment buyers</p>	<ul style="list-style-type: none"> <li>• Sales meetings</li> <li>• Customer service engagements</li> <li>• Various dedicated and on-going surveys</li> <li>• Tracking of consumer inquiries to customer service channels</li> <li>• Tracking of consumer dialogue on social media networks</li> </ul>	<ul style="list-style-type: none"> <li>• Fair and responsible pricing</li> <li>• Operational excellence</li> <li>• Responsible business conduct</li> <li>• Encouraging innovation</li> </ul>	
<p>Consumers - Users, Property Renters and Tenants</p>	<p>Conversations, meetings, and on-going communication</p>	<ul style="list-style-type: none"> <li>• Quality, safe and sustainable products</li> <li>• Responsible business conduct</li> <li>• Encouraging innovation - With a focus on digitization and innovative applications aimed at enhancing accessibility and optimizing service delivery.</li> </ul>	
<p>Business Partners</p>	<p>Conversations, meetings, and on-going communication</p>	<ul style="list-style-type: none"> <li>• Quality, safe and sustainable products</li> <li>• Responsible business conduct</li> <li>• Encouraging innovation</li> <li>• Minimizing environmental footprint</li> </ul>	



## Mapping the dialogue channels and discussion topics with key stakeholder groups (Continued)

### Stakeholders Group

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

### Key Topics for Discussion

Suppliers and subcontractors*	<ul style="list-style-type: none"> <li>• Dedicated periodical survey</li> <li>• Conversations, meetings, and on-going communication</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier empowerment</li> <li>• Responsible and local supply chain</li> <li>• Minimizing environmental impacts</li> <li>• Responsible business conduct</li> </ul>
Startup Companies and PropTech Entrepreneurs	Dedicated meetings	<ul style="list-style-type: none"> <li>• Minimizing environmental impacts</li> <li>• Construction site safety</li> <li>• Encouraging innovation – focusing on digitalization, accessibility, and more efficient work processes</li> <li>• Discovery of new green building materials and methods</li> <li>• Collaboration with academia</li> <li>• Increased productivity</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Dedicated meetings</li> <li>• On-going community activities in proximity to the Group's sites and properties</li> </ul>	<ul style="list-style-type: none"> <li>• Resilience of communities</li> <li>• Diversity and inclusion</li> <li>• Employee involvement</li> <li>• Responsible business conduct</li> </ul>
Environmental bodies and Organizations	Meetings and discussions	<ul style="list-style-type: none"> <li>• Responsible business conduct</li> <li>• Minimizing environmental impacts</li> <li>• Operational excellence</li> <li>• Encouraging innovation</li> </ul>
Governmental Bodies & regulators	Conversations, meetings, and on-going communication	<ul style="list-style-type: none"> <li>• Operational excellence</li> <li>• Quality of performance and products, safety, and sustainability of products</li> <li>• Responsible business conduct</li> <li>• Encouraging innovation</li> </ul>
Shareholders and Stakeholders	<ul style="list-style-type: none"> <li>• Business meetings</li> <li>• Investor meetings and presentations - transparent and complete reports</li> <li>• Compliance with the reporting regulations to the shareholders and stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible business conduct</li> <li>• Safety and quality of the products</li> <li>• Employee, customer, and consumer satisfaction</li> <li>• Minimizing environmental impacts</li> <li>• Responsible and local supply chain</li> <li>• Encouraging innovation</li> </ul>



# Materiality Analysis

As we laid the groundwork for formulating the company's ESG strategy, we conducted an in-depth analysis of key material issues within the group's operations. Our objective was to establish specific, actionable goals and maximize our impact.

## The Analysis process included:



**Comprehensive mapping** through surveys, questionnaires, and interviews with stakeholders, who shared their expectations regarding the conduct of the group.



**Inquiring** content leaders who maintain ongoing dialogues with stakeholders, including procurement managers, worker safety managers, and others, yielded valuable insights into stakeholder expectations.



**Data collection and analysis** of relevant sustainable materiality issues within the real estate and construction sector involved several key steps:

- Compiling local and global benchmarks
- Reviewing studies, regulatory developments, local challenges, and global trends in the field.
- Analyzing ESG ratings from platforms like GreenEye and Sustainalytics.
- Thoroughly addressing the UN's sustainable development goals (SDG's)
- Assessing international standards such as SASB, GRI, and GRESB.

This process ultimately identified a range of issues highlighting both opportunities and risks, as well as the actual and potential effects, both positive and negative, associated with Ashtrom Group's activities. Consequently, we prioritized these issues based on the source of information, the perceived level of importance attributed to each subject, and its impact on our business operations.

These issues were discussed among Ashtrom Group's management and in internal think tanks, aiding in the formulation of a roadmap outlining topics relevant to the group's 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








**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








**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 solution

-  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




**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 strategically manages the ESG field to ensure focused, effective management, and the successful implementation of goals. To achieve this, the group has appointed dedicated employees to lead in this area and established steering committees to oversee these initiatives:



## The Group's ESG Leaders



## Working Groups Promoting Focus Areas



## Executive Steering Committee



## ESG in the Board of Directors

<p><b>Goals</b></p>	<ul style="list-style-type: none"> <li>• Continuous management of the sustainability strategy within the group.</li> <li>• Oversight of goal compliance, preparation for reporting to relevant bodies, coordination of initiatives with stakeholders, and presentation of key issues to management and the board of directors.</li> <li>• Acting as gatekeepers for ESG issues in business operations</li> </ul>	<ul style="list-style-type: none"> <li>• Defining focus areas and objectives within the relevant fields.</li> <li>• Developing work plans, allocating necessary resources, and delineating task areas and responsibilities.</li> <li>• Monitoring progress and striving for continuous improvement.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring the implementation of the strategy and assessing progress towards goals, preparing progress reports, and presenting updates to the board of directors.</li> <li>• Making decisions at critical junctures, including budget allocation and key strategic decisions.</li> </ul>	<p>Updating the progress status and obtaining approval for the annual ESG report.</p>
<p><b>Frequency</b></p>	<p>Ongoing</p>	<p>Quarterly or as needed (ad-hoc)</p>	<p>Up to 4 times a year</p>	<p>Once a year</p>
<p><b>Committee Leaders and Compositions</b></p>	<ul style="list-style-type: none"> <li>• Main ESG leader - Director Managing Deputy</li> <li>• Ongoing management - CFO and Sustainability &amp; Innovation manager</li> <li>• Environmental manager - in recruitment process</li> <li>• Employee Health and Safety manager</li> </ul>	<ul style="list-style-type: none"> <li>• CEOs of the group's divisions and subsidiaries</li> <li>• ESG leaders in the group's subsidiaries</li> <li>• ESG leaders in the group and its divisions</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of the board</li> <li>• Ashtrom Group's CEO</li> <li>• Main ESG leader- Director Managing Deputy</li> </ul>	<p>Chairman of the Board</p>

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

In response to global environmental and social challenges faced by citizens worldwide, the United Nations has established 17 Sustainable Development Goals (SDGs) to guide global efforts towards addressing these issues by the year 2030. These goals prioritize reducing hunger and poverty, enhancing healthcare and education systems, mitigating inequality, fostering economic growth, addressing climate change, and conserving oceans and forests, among other key focuses.

Ashtrom Group acknowledges the significant economic, social, and environmental challenges facing humanity and the planet. Therefore, we actively support global efforts to achieve the United Nations' goals for sustainable development.

In line with this concept, Ashtrom Group has integrated the UN goals into our organizational objectives, aiming to drive actions that contribute to their achievement and regularly report on our progress in this area. Here are the selected goals, listed in order of importance, to advance our ESG progress:



**9 Industry, Innovation and Infrastructure**

Ashtrom Group actively promotes sustainable industrialization and innovation as a key contribution to environmental sustainability. Additionally, the group is committed to upgrading local infrastructure, investing in renewable energy, and implementing environmental solutions. Moreover, Ashtrom Group supports the employment of local workers and suppliers, aiming to contribute to the development of the local economy.



**12 Responsible Consumption and Production**

Ashtrom Group is committed to transparently reporting its progress toward achieving its self-defined ESG goals, including detailing all projects and initiatives in this area. Promoting the use of sustainable raw materials, expanding recycling activities, reducing waste, and fostering a responsible supply chain are key priorities within the Ashtrom Group's ESG strategy. Our efforts to promote green construction are aligned with circular economy principles, further advancing this objective.



**11 Sustainable Cities and Communities**

As a Group engaged in property initiation, construction, and management, we strive to implement sustainable solutions for urban living through the following initiatives:

- Development of long-term rental housing solutions.
- Promotion of urban renewal projects.
- Integration of transportation accessibility and ensuring accessibility for people with disabilities for all building tenants.
- Utilization of construction materials with green certifications and adherence to green construction standards required in Israel, aiming for at least LEED GOLD certification.
- Continued initiation and construction projects in Israel's geographical periphery.



**8 Decent Work and Economic Growth**

Ashtrom Group's operations across the value chain contribute to job creation and support economic growth. We prioritize fair employment practices, prohibit child labor and forced labor, and ensure a safe working environment for our employees. Furthermore, we actively promote workplace safety with our business partners and suppliers.

We have clear policies in place to prevent discrimination, promote diversity and inclusion, and foster the professional development of our employees.



**7 Affordable and Clean Energy**

Ashtrom Group has ventured into renewable energy to advance a sustainable future, aiming to reduce greenhouse gas emissions and contribute to addressing the global climate crisis.



**13 Climate Action**

Ashtrom Group is committed to reducing carbon emissions throughout its operations and supply chain. This includes developing energy efficiency projects and minimizing the environmental footprint of products, services, and processes within the group.

We have set ambitious goals for reducing carbon emissions and are increasing investments in environmental innovation. Additionally, Ashtrom Group is actively preparing for climate change and implementing a risk management strategy to support and promote our activities within the communities where we operate.

## 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., **Zahavi Atzmon** Ltd., and **Nitzavim** 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 Construction** 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.

## Leading Unions and Forums Membership (Continued)



### 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 policymakers and authorities on issues of common interest to promote the industry.



### The Israeli Green Building Council (ILGBC)

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

Senior members of **Ashtrom Industries** take part in workshops and training 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 policymaking to remove barriers and create opportunities that enable better building decisions.



### Council of 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.

# Sustainable Environment

Eshdar Monson, Nave Monson Yehud

# Sustainable Environment

## Developing, planning, constructing, and managing environmentally friendly properties

Research indicates that approximately 40% of global annual emissions stem from the construction and real estate sector combined. This statistic is concerning, especially considering the sector's anticipated growth due to population expansion, increased life expectancy, and urbanization trends. Achieving carbon neutrality (net zero emissions) is imperative, necessitating a fundamental reevaluation of our activities and their environmental footprint.

## Greenhouse Gas Emissions Across Process Life Stages





## Greenhouse Gas Emissions Across Process Life Stages

**During the construction phase, greenhouse gas emissions account for about 30% of the total annual emissions, primarily due to the use of raw materials with a high carbon footprint.**

Two of the most prominent raw materials in construction are concrete and steel:

- Concrete - Concrete is responsible for between 7%-11% of all global greenhouse gas emissions per year and about 40% of all emissions during the construction phase.
- Steel - Steel contributes to about 10% of all global greenhouse gas emissions annually and about 25% of greenhouse gas emissions during the construction phase. Approximately half of the world's steel production is consumed by the construction industry.

New technologies for sustainable building materials are still in their early stages of development. This means that there are several challenges that need to be addressed before these technologies can be widely adopted:

- Cost - Sustainable building materials are often more expensive than traditional materials due to higher production costs and research and development expenses. These cost differences make it challenging for builders and developers to integrate these materials, especially in markets with intense competition and tight profit margins characteristic of the industry.

- The absence of standards and regulations for new materials-complicates the adoption process. Without established standards, builders and developers face challenges in understanding how to use these materials safely and efficiently, meeting varying standards that can differ across construction types and areas. This issue also hinders consumer confidence in choosing sustainable building materials due to a lack of comprehensive information and limited experience with certain materials.
- Limited availability of some sustainable building materials - makes it challenging for builders and developers to procure necessary supplies.
- Awareness - about new construction materials and their advantages remains low among many in the construction industry.
- Resistance to change among developers and builders-hinders the adoption of new sustainable construction technologies and materials.

**Despite these challenges, there is extensive promising research in sustainable building materials. Continued investment in research and development is expected to mature these technologies, enabling broader adoption in the years ahead.**



## Greenhouse Gas Emissions Across Process Life Stages (Continued)

The property management phase accounts for about 70% of the real estate sector's greenhouse gas emissions, attributed to the following sources:



**Heating and cooling:** This is the largest source of greenhouse gas emissions from building operations, accounting for approximately 45% of emissions.

The greenhouse gas emissions of operational buildings vary according to several factors, including:



**Lighting** accounts for about 15% of greenhouse gas emissions from building operations.

**Climate:** Buildings in colder climates typically have higher greenhouse gas emissions due to the constant need for heating.



**Electrical appliances and electronics** constitute about 10% of greenhouse gas emissions from building activities.

**Building type:** Commercial buildings generally have higher emissions compared to residential buildings due to larger, open areas and more complex energy systems.



**Other sources:** Additional greenhouse gas emissions from building operations come from ventilation, cooking, and more.

**Building age:** Older buildings often have higher emissions due to outdated energy systems and less efficient building materials.

**Occupancy rate:** Buildings with higher occupancy rates tend to have increased greenhouse gas emissions.



Elef complex, Rishon LeZion

Studies\* indicate that about 80% of all buildings that will exist in 2050 already exist today. Therefore, optimizing existing assets and those currently being planned is crucial. Several effective strategies can reduce greenhouse gas emissions:



**Improving energy efficiency:** Enhance buildings by improving insulation, using efficient electrical and lighting devices, and ensuring airtightness.



**Adopting renewable energy sources:** Implement solar and wind energy to generate electricity, reducing reliance on fossil fuels for energy consumption.



**Waste reduction:** Construction activities generate significant waste, both during the construction phase and throughout the operational life of a building. Minimizing waste production is a critical step in reducing greenhouse gas emissions. When discarded in landfills, organic waste decomposes, releasing methane, a potent greenhouse gas.

**It's evident that achieving global environmental goals like carbon neutrality requires addressing the impact of the construction and real estate sectors. This solution will be complex, involving collaboration among multiple stakeholders and significant investments in infrastructure and technologies.**

**Regulating and ensuring sufficient availability of materials at lower costs will make sustainable materials more viable. Additionally, increasing awareness and educating stakeholders, especially construction companies and consumers, will be crucial in driving this transformation.**

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



Ashtrom Group, leveraging **Ashtrom Industries** as a prominent producer of environmentally-friendly construction materials, has initiated Environmental Product Declarations (EPDs) for key products by **BG BOND** and **Ashbond**. Moreover, the group is actively conducting pilot projects and technology tests to reduce the carbon footprint of concrete and finishing materials.



Ashtrom Group, through its construction subsidiaries, is involved in building residential buildings, offices, commercial spaces, industrial facilities, public buildings, government installations, and hospitals. In these projects, the group promotes the use of **Ashtrom Industries** products that comply with the Israeli green construction standard (5281).



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Ashtrom Group, through **Ashdar, Ashtrom Properties, and Ashtrom Residence for Rent**, manages residential, commercial, and industrial properties with a focus on a tenant-centric approach that promotes community engagement. We are actively enhancing property management methods to minimize our environmental footprint, integrating renewable energy solutions across many of our owned buildings. We are committed to expanding renewable energy integration in existing and upcoming construction projects to further our sustainability goals.



Construction waste generated from our projects is directed to authorized disposal sites, and we actively seek ways to recycle construction materials to minimize landfill disposal.



**Ashtrom Renewable Energy's** solar projects, including the Bonita Tierra project in Texas, which commenced construction in 2023, aim to generate green electricity that reduces emissions throughout the project's lifecycle.

Ashtrom Group strives to reduce its environmental impacts, and, to that end has formulated an **Environmental Sustainability policy**, defined relevant goals, and recruit 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) throughout the value chain by 2050**

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



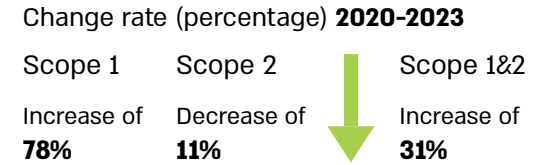
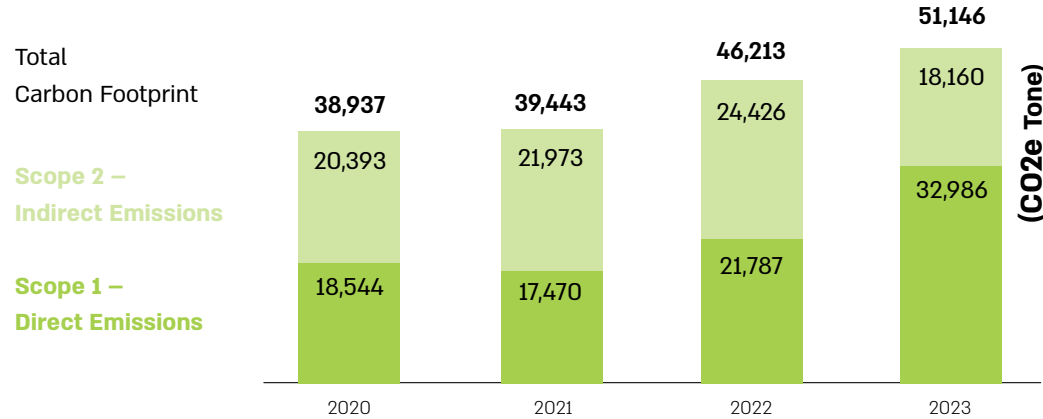
# 100%

**environmental certification for projects in Israel and abroad, by 2050**



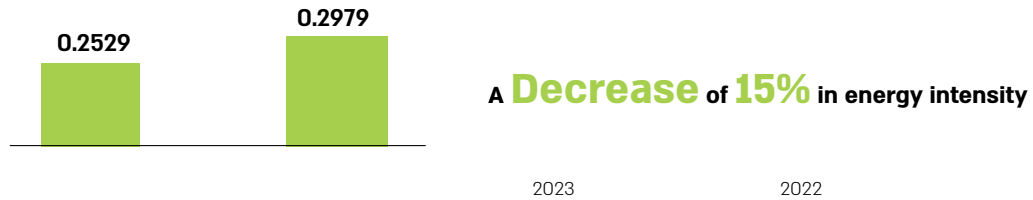
# Ashtrom Group's Carbon Footprint

Ashtrom 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 31% between 2020-2023. This increase is attributed to the expansion of the Group's business activities, resulting in higher energy consumption across more properties and work sites.



Along with the increase in Ashtrom Group's activities, we worked to ensure an improvement in the energy efficiency of those activities. As a result, we have been able to preserve a relatively stable energy intensity ratio over the years.

## Energy Intensity (GJ per ton production/area/income)



The data provided in the report excludes companies or projects with a holding rate of less than 50% or those with minimal activity. The data encompasses all fuels used by the Ashtrom Group, including operational leased vehicles utilized by employees. The data for the year 2023 was updated following a recalculation conducted by environmental consultants. This updated data incorporates the production of solar energy based on the ownership rate of buildings owned by Ashtrom Properties. In 2023, the company enhanced data quality by directly measuring electricity and water consumption instead of estimating based on paid bills. Please note that air conditioner gas activity at the Ashtrom Group headquarters is not measured due to collection challenges and its relatively minor impact.

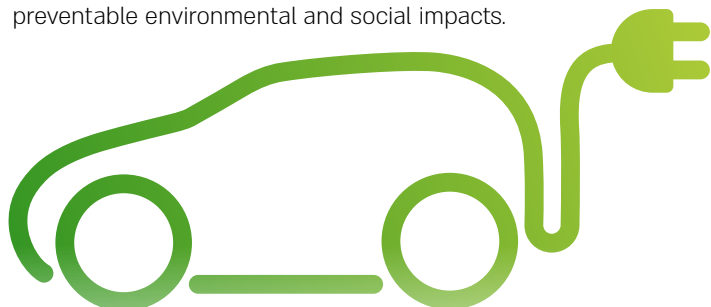
# Ashtrom Group's Carbon Footprint (Continued)

## Fuel Consumption

Most of the emissions from the Ashtrom Group are attributable to fuel usage. With the entry of Zehavi Atzmon in the third quarter of 2021 and Nitzavim in the third quarter of 2023, the company expanded its vehicle fleet by approximately **11%**. However, due to the adoption of hybrid vehicles and a fuel consumption reduction policy, fuel usage increased by only **2%**. Currently, **9%** of the company's total private vehicles are hybrid or plug-in vehicles (85 vehicles).

**The intensity figures for fuel consumption per vehicle show a decrease of 8%.**

The company aims to expand the use of vehicles with lower emissions in its fleet and carefully evaluates vehicle replacement schedules. Additionally, the company ensures that its vehicles are well-maintained to achieve maximum efficiency and reduce preventable environmental and social impacts.



	2021	2022	2023 Estimation	Change rate 2021-2023
Total Fuel (L)	2,020,844	2,031,719	2,058,279	2%
Fuel consumption growth rate (compared to previous year)		1%	1%	
Total vehicles	880	908	973	11%
Growth in number of vehicles		28	65	
Intensity per vehicle	2,296	2,238	2,115	-8%

### Car Sharing Initiatives in Ashtrom Construction

Ashtrom Construction is working to expand shared transportation options for its employees at all sites. For example:



At Ashkrit, shuttle services are provided for workers commuting from Jerusalem



At Drachim company, a shared ride is offered to sites from a gathering point in Bnei Ayish



At the asphalt plant, cooperative rides are offered for all-day jobs

# Green Building and Use of Sustainable Materials

The majority of **Ashtrom Industry's** products carry green-label certification, reflecting our commitment to sustainable practices. We also focus, among other things, on research and development to increase the thermal efficiency of buildings - For instance, we develop solvent-free sealant products, insulated plaster blocks (in collaboration with the Israel Innovation Authority), thermal paints, and other innovations.

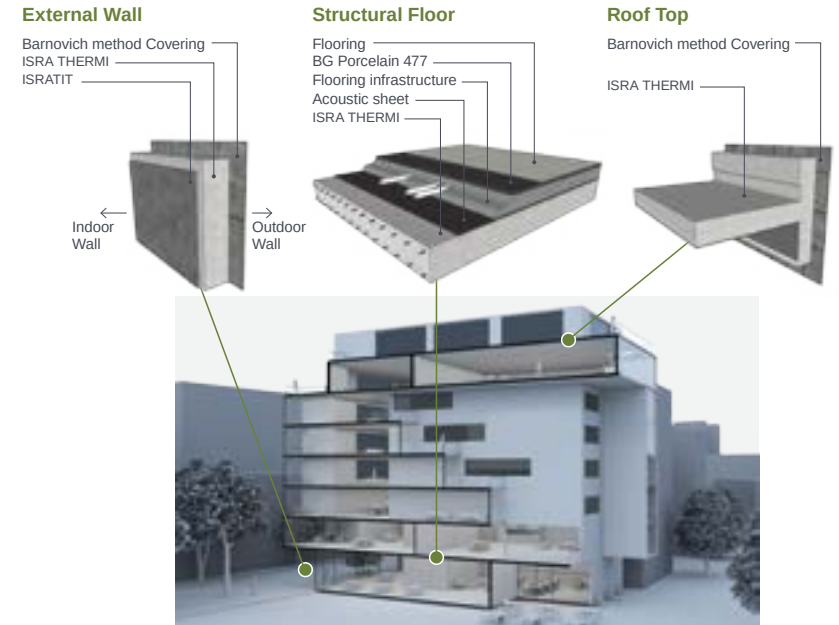
**We are committed to pushing the boundaries of innovation in construction materials. Our groundbreaking ISRA THERMI product family is setting a new standard in the industry, and we take pride in this achievement.**

Israbeton's innovative ISRA THERMI products meet the requirements of Israeli **Standard SI 1045**. These products are designed to be adaptable to different climates in Israel, allowing for the use of fewer insulation blocks in apartment construction. They effectively address challenges such as "cold bridges" by providing comprehensive insulation. Additionally, ISRA THERMI products are lightweight, highly flame resistant, and importantly, help conserve energy to reduce electricity expenses.

Compliance with the Israeli **standard SI 1045** signifies that our product family meets the highest quality and safety standards, providing peace of mind for builders and homeowners alike. Additionally, our products offer several notable advantages:

- **Adaptability:** Our products are engineered to excel in diverse climate conditions across Israel, meeting the requirements of **Israeli standard 118** for coastal exposure areas and aggressive soil conditions.
- **Efficiency:** Our products allow for fewer insulation blocks to be used in apartment construction, minimizing material waste and costs, while delivering exceptional thermal performance.
- **Cold Bridge Solution:** ISRA THERMI products effectively address the challenge of "cold bridges" by eliminating gaps in insulation, enhancing energy efficiency and comfort.
- **Flame Resistance:** We believe safety is above all and therefore, offer an additional layer of protection with their flame-resistant properties.
- **Energy Conservation:** ISRA THERMI products significantly reduce heat loss, resulting in lower electricity expenses and contributing to a sustainable and economical future.

We believe that these innovations will positively impact the construction industry by reducing environmental footprints, improving comfort, and generating savings for homeowners. The ISRA THERMI product series includes a type of LIGHT ISRA mixture that has been rigorously tested and utilized in several projects. This mixture was successfully deployed in two specific projects, meeting customer needs and receiving approval from various planners for its design and construction attributes.



## Green Building and Use of Sustainable Materials (Continued)

**In 2023, Ashbond achieved a significant milestone by developing a new gypsum block with enhanced environmental properties.**

This innovative block, supported by the Housing Innovation Authority and Ministry, is designed for insulation purposes, offering a healthier and higher-quality living environment compared to other insulation solutions. Importantly, the block surpasses the thermal insulation requirements outlined in Israeli standards 1045, 5281, and 5282, providing an advanced and stringent regulatory response.

**The innovative gypsum block offers several outstanding advantages:**

- ✓ Consistent Insulation, without causing condensation
- ✓ Free from harmful substances
- ✓ Strong resistance to fire hazards
- ✓ Enhanced Acoustic Performance

The research is in an advanced stage and is expected to be completed in the first half of 2024. To date, the company has invested approximately one million NIS in development.

**Strategic investment in Super Polymer**

As a global construction and real estate group, we are continuously seeking innovative solutions to enhance our value chain. Our recent strategic investment in **'Super Polymer'** exemplifies our commitment to leveraging technology that can significantly impact the production of raw materials, construction, and finishing products in the construction industry. Ultimately, this investment aims to improve the efficiency and effectiveness of our organization's entire value chain.

'Super Polymer' represents an enabling technology that enhances polymers used in construction industry products, offering improved thermal insulation, weight reduction, hydrophobicity, and other enhanced properties. This technology was developed by a company based in Be'er Sheva, employing all its staff from the city and its surroundings. The company's vision is to establish a production site and development center in Be'er Sheva, providing high-paying knowledge-based jobs for graduates of local universities and colleges.

As part of a pilot program to integrate the 'Super Polymer' product into our operations, we conducted an examination of incorporating 'Super Polymer' particles into external coatings. Several parameters were studied, including thermal durability and water absorption. The pilot results revealed that the coating with incorporated particles exhibited higher hydrophobicity, with water absorption being 36% lower compared to the control group. Additionally, surface temperature measurements showed a reduction of about 6 degrees compared to the control group.

Furthermore, the tests indicate that the coating is whiter and lighter compared to the control group. At this stage, it appears that the use of 'Super Polymer' particles can pave the way for advanced product development. The low water absorption and high thermal resistance demonstrated by these particles can contribute not only to external coatings but also to various other applications. We are currently focused on further advancements in this field, aiming to enhance the product, prepare it for industrial use, and incorporate innovative product developments across all catalogs within the Ashtrom Industries Group utilizing this technology.



Acrylic plaster - קבוצת הביקורת



Acrylic plaster + 5% SP particles

**SUPER  
POLYMER**  
Fully Crystalline Polymers

[To Super Polymer Website >>>](#)

## Green Building and Use of Sustainable Materials (Continued)



**BG BOND provides an innovative additive combination for concrete that improves durability, safety, and environmental sustainability.**

BG BOND introduces SILICA FLUID, a groundbreaking concrete additive that enhances durability, safety, and cost-effectiveness. Developed by Ha - Be Betonchemie in Germany, this liquid silica additive enhances all aspects of concrete quality while prioritizing human and environmental safety. Key advantages include:

- Improved concrete quality: reduces shrinkage, enhances impermeability, and increases resistance to chemicals.
- Low operating costs: saves on manpower, allows for project-specific equipment adaptations, and enables full automation in production.
- Optimal work process: eliminates human contact, streamlines production with automation.
- Cost savings: reduces cement usage and enhances concrete flow.
- Environmentally friendly: reduces cement consumption and lowers CO2 emissions.
- Human safety: eliminates health risks associated with powders, ensuring safer handling and application.

It is important to note that there are standards and guidelines for using concrete additives. Consulting with an expert in the field will help determine the most suitable additives and combinations based on the specific needs of the project.



**Self-renewing sealing technology that reduces the need for frequent application of sealing materials over time**

BG BOND offers a concrete sealing mixture featuring KIM (Krystol Internal Membrane) developed by Creighton. KIM is a crystalline admixture added to concrete that forms structured crystals within the concrete, filling capillaries and microscopic cracks to enhance long-term sealing and durability of the structure.

These crystals grow when water penetrates and fills the pores and microscopic cracks in the concrete, blocking water flow. When the concrete dries, these additives remain dormant until new water intrusion triggers the chemical reaction again, ensuring long-lasting sealing for years. Using KIM reduces sealing costs, shortens construction times, lowers maintenance costs, increases construction reliability, and eliminates the need for additional sealing materials during the building's lifespan.



## Green Building and Use of Sustainable Materials (Continued)

Our products are utilized by the Group's subsidiary companies, and therefore, we continuously strive to expand our efforts and identify new opportunities for innovation by introducing new raw materials, innovative products, and construction methods.

**Ashtrom Industries** invests in incorporating recycled materials into its products, which reduces the need for mining certain resources and promotes more efficient production of asphalt-based products. Additionally, we prioritize the use of recyclable product packaging, such as our paper sacks, which consist of approximately **95%** recyclable material, aligning with Israel's existing recycling framework.

In 2023, **Ashtrom Industries** and its subsidiaries continued conducting Life Cycle Assessment (LCA) projects for a wide range of their best selling products. These LCAs measure the environmental impacts of the company's products, including their carbon footprint, using science-based primary data sourced from the companies on raw materials, handling processes at various factories, and other pertinent manufacturing data.

The scope of research for the LCA projects encompasses Cradle to Gate stages A1-A3. This research was conducted in accordance with ISO 14040/44 standards, and the results were authenticated by an authorized third party. The goal of these LCA projects is to provide the company with insights on how to improve manufacturing and production processes, reduce environmental impacts, and achieve full transparency with relevant stakeholders such as customers, contractors, architects, and consultants.

In 2023, Ashtrom Industries obtained pre-verified Environmental Product Declarations (EPDs) for certain BG BOND products and all Ashbond products. An EPD reflects a manufacturer's commitment to analyzing and reducing the environmental impact of its products through transparent, objective, and verified reporting. When developing an EPD, the environmental performance of the product is assessed from a life cycle perspective using Product Life Cycle Assessment (LCA). All information is compiled into a dedicated EPD reporting format, which undergoes verification before registration and publication in the international EPD system. EPD registration enables scoring for green building standards like LEED 5281.



## EPD - Environmental Product Declaration

BG BOND and Ashbond, by Ashtrum Industries, are dedicated to sustainable and responsible manufacturing. We consider the EPD process crucial for developing and producing construction materials that meet our customers' needs while reducing our environmental impact. In 2023, we completed EPD processes for the top 17 BG BOND products and all Ashbond products. Additionally, we are currently undergoing EPD processes for more Israbton products across our range of building materials, starting with blocks, plaster, adhesive sealants, and more. Through this process, we ensure that our materials are designed with sustainability as a priority.

We are committed to continuous improvement and constantly seek ways to make our products and production processes sustainable. We believe that EPD is an essential tool that helps us achieve this goal. EPD assists us in developing and producing construction materials with several advantages, including:



**Reduced Environmental Impact:** EPD assists us in designing products that use fewer resources, produce less waste, and have a lower carbon footprint, contributing to overall sustainability.



**Improved Product Performance:** By leveraging EPD insights, we develop more durable, efficient, and safer products that meet high-quality standards.



**Enhanced Customer Satisfaction:** Customers value our commitment to sustainability, and EPD-certified products align with their environmental and social goals, ensuring satisfaction and trust in our offerings.

EPD is an essential tool for developing and producing sustainable building materials. We are committed to continuing its use to design and manufacture products that meet our customers' needs while minimizing our environmental impact.









## Green Building and Use of Sustainable Materials (Continued)

**Ashdar** develops residential construction projects in Israel and collaborates with expert green building consultants for each project. These consultants guide the planning teams on meeting the threshold requirements for building permits according to mandatory standards. They also advise on the use of materials and implementation of construction processes aimed at reducing emissions of environmentally harmful or hazardous substances. This approach ensures that Ashdar's projects prioritize sustainability and environmental responsibility. It's important to highlight that the finishing materials used in our company's projects are predominantly environmentally friendly and hold green standard certifications. These certifications ensure that production processes avoid the use of toxic and environmentally harmful substances. Additionally, Ashdar is progressively reducing the use of natural stone for cladding building facades and increasing the use of acrylic plaster, hard industrial cladding, or artificial stone. This shift aims to minimize damage caused by quarrying and mining activities.

**Ashdar** has planned approximately 8,000 housing units according to the Israeli Green Building Standard, which prioritizes improving quality of life while conserving water, energy resources, and promoting waste recycling. Ashdar emphasizes climate-compatible, sustainable, and environmentally friendly planning processes to prevent hazards and pollution, aiming to enhance residents' overall wellbeing.

**Ashtrom Properties** prioritizes planning and developing green buildings in line with the comprehensive application of the LEED GOLD standard. As a market leader and owner of construction rights for nearly 900,000 square meters of buildable space, the company is committed to effectively implementing sustainable practices.

Currently, **Ashtrom Properties** is working on several projects in the planning phase that are designed to meet LEED GOLD standards, including:

-  Phoenix campus in Rishon Lezion (phase1) Approximately 173,000 sqm. The campus received LEED Gold certification for the planning stage in 2023.
-  Office tower in the Olio project in Bat-Yam Approximately 10,000 sqm.
-  Hod Hasharon Hi-Tech Park, Building B - Approximately 60,000 sqm in planning.
-  Amed project in Bat Yam - Approximately 60,000 sqm.
-  LYFE Towers flagship project, Building C - Approximately 90,000 sqm.
-  Hayetzira complex in Ramat Gan - Approximately 60,000 sqm in planning. Considering the option of planning according to the Platinum L standard.

Towers A and B in the LYFE project received a two-star rating according to the Israel Green Building Standard SI 5281. The towers incorporate several environmental elements

into their design, such as 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.

During 2023, Ashtrom Properties initiated a pilot process to implement LEED for Operations and Maintenance (M&O) in existing buildings. This pilot initiative began with the separation of garbage at the source in the Beit Hagavish project, alongside mapping and completing all required actions to meet the standard. Following the successful implementation of the standard in the selected property, a structured plan will be developed to extend the implementation of the standard to all relevant assets owned by the company.

### Ashtrom Properties in England:

-  Manchester, First Street 8 No: This property is certified with an Excellent rating in the BREEAM standard and holds an A rating in the Energy Performance Certificate (EPC) index.
-  Gate Colmore, Birmingham: This property is undergoing advanced planning processes for a significant renovation aimed at achieving a BREEAM Excellent standard. The goal is to attain a minimum B rating for the property, with the potential to reach an A rating in the EPC index.
-  Liverpool, Flags Exchange: Significant investments have been made in this property, including the installation of smart meters for remote monitoring of usage.

Additionally, in 2023, Ashtrom Properties initiated carbon accounting processes for scopes 1, 2, and 3 emissions, covering calculations for two out of their four properties.

**Ashtrom Residences for Rent** prioritizes sustainability and tenant well-being through its rental properties, which adhere to green building standards (5281). With approximately 2,500 housing units for long-term rental across various stages of planning, construction, and operation, Ashtrom Residence for Rent focuses on several key aspects:

- **Healthy Environment:** Units are designed to provide a healthy living environment for tenants, emphasizing thermal insulation and natural light penetration to enhance comfort and well-being.
- **Energy Efficiency:** Properties are planned with energy efficiency in mind, particularly in the design of electrical, ventilation, and air conditioning systems to minimize energy consumption.
- **Healthy Materials:** Raw materials used in construction prioritize health and environmental considerations, avoiding harmful substances.
- **Sanitation System:** The sanitation system is optimally planned to ensure efficiency and sustainability in waste management.
- **Accessibility and Transportation:** Consideration is given to the building's connectivity and accessibility, promoting sustainable transportation options for residents.

## Promoting awareness and joint thinking for the development of sustainable construction solutions

**Ashtrom Industries** actively promotes awareness and collaboration for sustainable construction solutions within the industry. In September 2023, the company organized a meeting at its state-of-the-art conference center, bringing together industry executives to discuss modern construction solutions and sustainable methodologies. The meeting aimed to share innovative ideas, build relationships, and facilitate potential collaborations among participants. Discussions focused on advanced construction techniques, reflecting a shared aspiration for a more sustainable construction environment.

During the event, Ashtrom Industries showcased two innovative products: next-generation thermal concrete from Israbton and a new thermal block from Ashbond. These products represent a breakthrough in construction materials, offering exceptional durability and cutting-edge energy efficiency while advancing environmentally friendly construction practices. In addition to reducing environmental impact, these products deliver substantial long-term financial benefits. This initiative reflects Ashtrom Group's commitment to not only building better structures but also leading the industry toward a more sustainable future.



**Ashtrom Industries** is proud to be among the select group of companies awarded the Platinum Standard from the Standards Institute of Israel for 10 permits, allowing its products to bear the Israeli standard SI 118 in 2021.

The Israeli Standards Institute also awarded **Ashbond** the prestigious platinum mark for 2024. This achievement underscores our unwavering commitment to quality and excellence. The platinum designation comprises five permits, signifying our adherence to systems management of processes and products that align with Israeli and international standards:

-  ISO 9001:2015 - International Standard for Quality Management Systems, focusing on meeting customer and employee satisfaction.
-  ISO 14001:2015 - International Standard for Environmental Management Systems, encompassing procedures and work instructions for implementing an environmentally efficient management system. This system aids in identifying, managing, and monitoring the environmental impacts of the organization to significantly reduce ecological footprint.
-  ISO 45001:2018 is an international standard that specifies the requirements for a safety and health management system in employment. The purpose of this standard is to enable the improvement of safety management at work and occupational health by preventing and reducing accidents, diseases, and health damage in the workplace.
-  A standard mark is a certification placed on a product, confirming that the product meets the requirements of Israeli standards.
-  Green certification is awarded by the Israeli institute for products that reduce the use of hazardous materials, improve energy efficiency, and minimize damage to the environment.



## Ashtrom Port Integrating Social and Environmental Vision

**Ashtrom Properties** embraces a vision of social and environmental responsibility in its development of mixed-use projects where people can thrive, grow, socialize, and live. Ashtrom Port exemplifies this vision with a range of social and environmental initiatives integrated into the complex.

At **Ashtrom Port**, we've created a dynamic environment that supports businesses with Port Workspaces, a cutting-edge office complex designed to provide the stability and support needed for growth and innovation. Our strategy involves promoting the construction of mixed-use properties that prioritize comfort, health, ecology, and quality of life, making them appealing places to live, work, shop, and spend time.

**The Ashtrom Port project emphasizes community values and green spaces, conceals operational areas, and offers transportation options such as bike parking, showers, and EV charging stations. We're committed to enhancing the overall work and leisure environment for tenants with innovative digital tools like Ashtrom HOST, an in-house platform that improves access to services and customer experience.**

Our commitment to environmental sustainability extends throughout Ashtrom Port. We've banned single-use plastics, implemented waste separation in main kitchens, and provided facilities like showers and bicycle parking to encourage sustainable transportation.

All members of **Ashtrom Port** are required to adhere to a dedicated [Code of Ethics](#), and we select suppliers based on their alignment with our values. For example, we partner with a social business called 'Meah Ahouz' (100%) for office materials, where half of their profits go towards social causes.

As part of our social engagement, we provide office spaces to two non-profit organizations free of charge for 3-6 months to support their activities. Throughout the year, we host events, lectures, and activities that highlight Israel's most pressing social issues and bring communities together for meaningful discussions.

Ashtrom Port, Hod HaSharon



# Driving Emissions Reductions, Energy Efficiency, and Renewable Energy Adoption

Tierra Bonita, Texas




The Ashtrom Group's renewable energy division is dedicated to advancing projects in Israel and globally aimed at decreasing reliance on fossil fuels by investing in renewable energy sources. Ashtrom Group views renewable energy initiatives as a significant driver of growth within the organization.


**Ashtrom Renewable Energy** commenced operations in 2021 in Israel and has since expanded into the USA, Poland, and Greece, focusing on developing and managing renewable energy projects harnessing solar and wind power. In Israel, the company conducted a comprehensive survey of all roofs and potential sites across Ashtrom Group properties for solar system installations. Subsequently, the decision was made to install solar panels on the roofs of Ashtrom Group facilities deemed suitable for this purpose.

## Ashtrom Renewable Energy is actively installing solar panels on over 40 roofs of the company's properties in Israel.


As of the publication date of the report, installations totaling **29 MW** have been completed and connected to electricity.

### For Example:


 Solar panels were installed on most of the roofs of **Ashtrom Properties** buildings that are suitable for this purpose. We operate according to a clear plan to cover as many of the roofs of the potential buildings as possible, with the necessary technical feasibility and regulatory approval. Approximately 29,500 sqm of roofs will be covered with solar panels.

 During 2022, as part of Ashtrom Properties' activities, a replacement of asbestos roofs covering an area of 5,000 sqm in the Barkan industrial area was carried out with solar panels. A similar project covering an area of 5,000

sqm in the Sderot industrial area was planned for the end of 2023 but was postponed due to the war in Israel.

 100% of the electricity consumed in Ashtrom Properties' company properties in Manchester and Liverpool is sourced from renewable energy. Future plans include transitioning the properties in Birmingham to renewable energy as well, completing the transition to renewable energy sources for all of the company's properties in England.

At Ashkrit, asbestos roofs were completely replaced several years ago, and currently, there are no asbestos roofs in the factory.

 As part of the construction of the new logistics center in Barkan, a system was established to insulate the building and enable self-consumption of renewable energy. A similar approach was taken with the jumbo structure at 'Hutzot Hamifratz'.

# Ashtrom Renewable Energy: Projects Backlog

## Israel

**Ashtrom Renewable Energy**, in collaboration with Rapac Renewable Energy, has entered into option agreements with agricultural settlements in Israel to develop solar projects using long-term photovoltaic technology on their premises. The parties are advancing several projects at different stages of development. By the end of 2023, the total capacity of projects initiated under this partnership is approximately 101 MW. Additionally, the company, in conjunction with Repac Renewable Energies and insurance company Shamir Energy, is advancing a large-scale ground-based solar project in the Golan Heights.

**Ashtrom Renewable Energy** and **Ashtrom Properties** joined forces to create a limited partnership named 'Ashtrom Properties Renewable Energy'. The objective is to operate electricity generation facilities utilizing photovoltaic solar energy installations on the roofs of Ashtrom Properties' buildings, aiming for a capacity of around 8 MW.

 **109**MW

About 8 MW will be installed on the roofs of Ashtrom Properties' buildings

## USA

**Ashtrom Renewable Energy** has entered into an agreement with an independent entrepreneur specializing in initiating solar projects in the USA, who is a third party unrelated to the company or its controlling owners. The purpose of this agreement is to develop solar projects and to acquire existing projects. Ashtrom Renewable Energy currently owns six projects in the USA at various stages of initiation and development, with a combined capacity totaling approximately 1,800 MW.

In 2023, **Ashtrom Renewable Energy** completed the financial closure for the Tierra Bonita solar project in Texas, USA. Construction on the Bonita Tierra project commenced in January 2023. This significant solar project spans approximately 2,400 acres and is planned to have a capacity of around 400 MW, with an estimated total investment of about \$435 million. Once operational, the project is expected to generate enough electricity annually to meet the needs of approximately 60,000 households. The project is scheduled to become operational towards the end of 2024.

The company secured financing agreements totaling approximately \$270 million for the project. Additionally, an agreement was made to sell tax credits from the project's energy production (Tax Production Credits) amounting to about \$300 million over a 10-year period.

The project company has entered into an agreement to sell approximately 60% of the electricity generated by the project, representing a total capacity of about 235 MW, along with the associated green certificates. The buyer of this electricity and certificates is CPS Energy, the municipal electricity company of San Antonio, Texas, which holds an international credit rating of 2Aa from Moody's rating agency. According to the terms of the agreement, the electricity will be supplied at a fixed price for a period of 20 years.

**The Tierra Bonita project is anticipated to decrease CO2 emissions by over 500,000 tons annually, which is equivalent to removing more than 100,000 cars from the road. Additionally, the project is expected to generate employment opportunities and contribute to bolstering the local economy.**

We are dedicated to developing our renewable energy projects in a sustainable and responsible manner. We collaborate closely with local communities to ensure that our projects have a positive impact on both the environment and the people living nearby.

**Cumulatively, our projects have a planned capacity of approximately 1,800 MW, of which:**

 **1,774**MW

in Tierra Bonita Project - 400 MW under construction, with the remaining capacity in the initiation and development stages

# Ashtrom Renewable Energy: Projects Backlog (Continued)

## Greece

**Ashtrom Renewable Energy**, acting through a Greek corporation under its full control, has signed agreements with a third-party Greek corporation unrelated to the company or its controlling owners. This corporation specializes in initiating and developing projects for electricity production and supply through photovoltaic systems and wind energy in Greece. The agreements entail the purchase and development of solar projects at various stages, with a combined volume of approximately 541 MW.

### Total Scope of the project:

**⚡ 541<sub>MW</sub>**

Across various stages of development

## Future Projections

According to the Ashtrom Group assessment, the market in which **Ashtrom Renewable Energy** operates is experiencing growth that is expected to continue in the coming years, driven by several key trends:

- Continued efforts of OECD countries to sign agreements that mandate member countries to reduce energy production using polluting methods.
- Increasing opposition from citizens to the construction of polluting power plants fueled by fossil fuels.

## Poland

**Ashtrom Renewable Energy** holds a 10.8% stake in Zephyrus Wings Energis Ltd., a publicly traded company on the Tel Aviv Stock Exchange. Zephyrus is a renewable energy company focused on initiating and making long-term investments in wind farms and photovoltaic systems for clean electricity production in Poland, along with energy storage systems. They are also involved in the management, construction, operation, and maintenance of wind farms and photovoltaic systems in Poland.

Zephyrus owns and operates a wind farm project in Poland with a commercial capacity of 257 MW.

### Total Scope of the project:

**⚡ 257<sub>MW</sub>**

At a commercial operation stage

- Rising awareness about renewable energy and its benefits.
- Continued decrease in prices of installations and equipment due to increased production volumes worldwide.

Over the past decade, investment in renewable energy has grown cumulatively by about 8% annually, indicating a strong and sustainable growth trajectory for the industry.

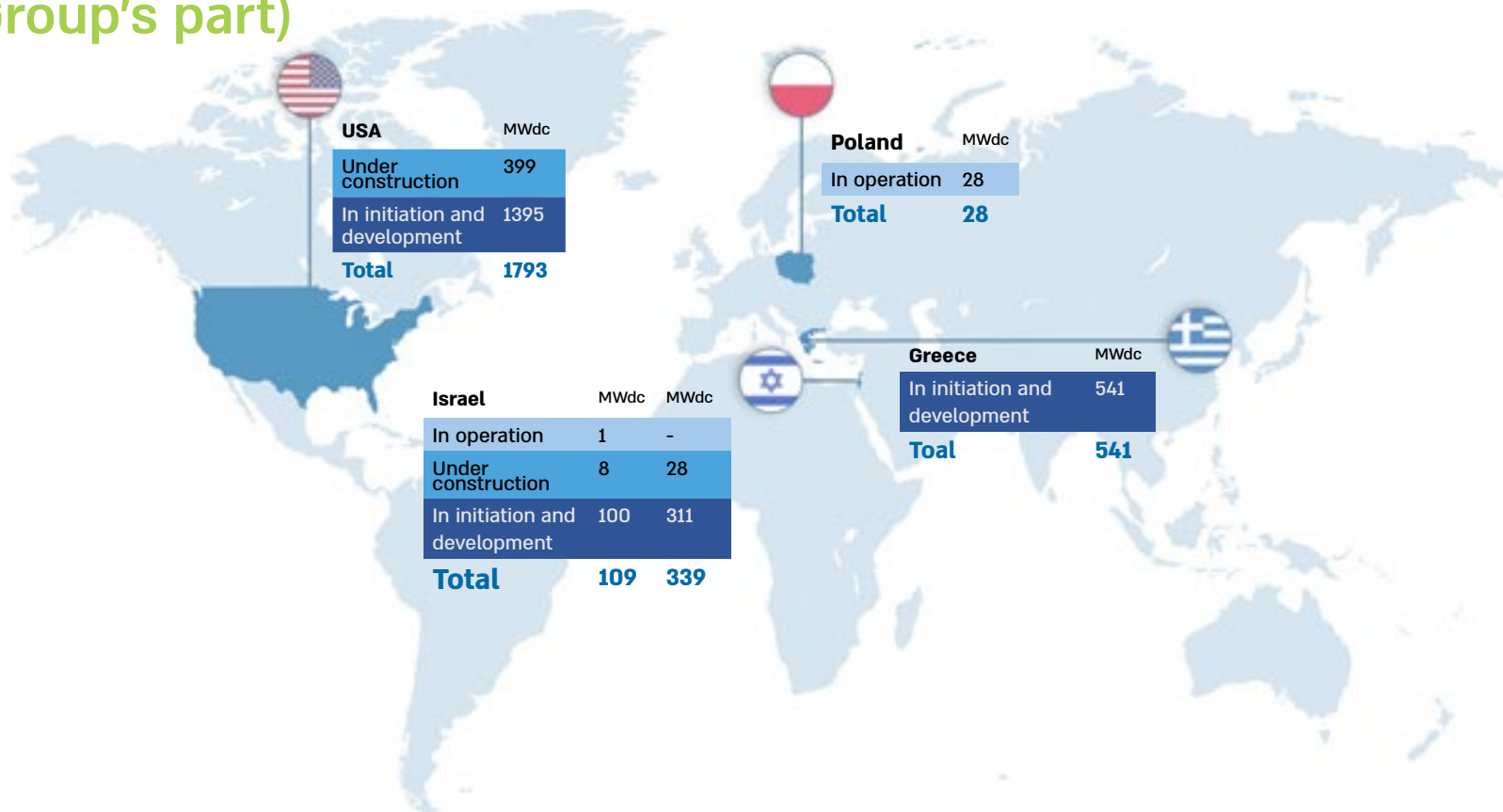
Tierra Bonita, Texas



# Ashtrom Renewable Energy: Global Reach

## 2.5 GW (Ashtrom Group's part)


<b>Total Global</b>	MWdc	Storage MWh
In operation	29	-
Under construction*	407	28
In initiation and development	2,016	311
<b>Total</b>	<b>2,452</b>	<b>339</b>





\* 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 Residence for Rent** is actively promoting various energy efficiency initiatives that go beyond standard agreements. Some of these efforts include:

 Installing shared charging stations for electric vehicles (EVs) at energy demand management rates to incentivize EV use. This initiative has been implemented at two of the company's large rental unit projects.

 Adding an electrical load shedding system at the Bat Yam courthouse to reduce electricity consumption during peak demand periods.

 Installing a variable refrigerant flow system (VRF) at the Beer Sheva student dormitories to enhance energy efficiency of air conditioning units.

It should be noted that the diesel fuel in the backup generators in **Ashtrom Residence for Rent's** buildings 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 actively promoted and continues to implement various initiatives aimed at minimizing energy consumption across select projects. One such initiative involves updating lighting in lobbies and public areas by replacing incandescent fixtures with energy-efficient LED lighting. This effort has resulted in significant electrical savings totaling 500 KW. Another significant step taken to enhance energy efficiency and save approximately 1.2 million kWh per year was the replacement of old cooling systems at the Arad and Magdali Hod Hasharon projects. These replacements were completed in 2023 with an investment of about NIS 1.5 million and involved transitioning to more environmentally friendly refrigerant gases, which also reduced maintenance costs. Ashtrom Properties plans to undertake similar initiatives in the coming years by replacing additional systems in their properties.

**Ashtrom Properties is actively working to support its tenants in reducing fuel use and emissions by preparing infrastructure for the installation of electric vehicle (EV) charging stations at offices managed by the company. The plan is to cover up to 25% of all parking spaces in each building with EV charging stations. This initiative is currently underway and is expected to be completed in the coming years.**

During 2023, Ashtrom Properties undertook several additional energy efficiency initiatives:

- Distributed a tender to explore alternative electricity providers and reduce consumption prices across their properties.
- Initiated a study on energy storage solutions at Hod Hasharon Hi-Tech Park.
- Implemented the use of A+ rated electrical equipment in ongoing projects to enhance energy efficiency.
- In Germany, installed advanced measuring systems for electricity and heating consumption, implemented a regulation system for efficient heating use, and upgraded lighting to LED technology. Additionally, insulation was applied to facades and roofs to improve energy conservation.
- In England, upgraded lighting to LED technology in properties located in Manchester. Plans are also underway to replace lighting with LED fixtures during renovations at a property in Liverpool, further enhancing energy efficiency across these locations.

As part of our production operations at **Ashtrom Industries**, we prioritize obtaining and maintaining regulated emission permits within our business licenses, which encompass considerations for environmental and social aspects. Specifically, at Drachim's asphalt plant, we are actively promoting the connection to gas infrastructure from the distribution network. This initiative aims to reduce our reliance on fossil fuels and facilitate a transition towards the use of cleaner natural gas.

Here are the details of the initiatives to replace lighting with LED fixtures in industrial buildings undertaken by Ashtrom Industries:

- Sderot: 40 fixtures
- Carmiel: 75 fixtures in 3 logistics centers
- Arad: 15 fixtures
- Migdal HaEmek: 25 fixtures
- Kanot: 35 fixtures
- Barkan: 15 fixtures

Here are the updates on the lighting replacements in commercial centers:

- Shoham: All fixtures in Shoham have been replaced with LED lighting, and an applet has been installed to control the power on/off, enhancing energy efficiency and control.
- Beit Hagavish : The lighting in the parking lot at Hagavish House has been completely replaced with LED fixtures, reducing energy consumption and improving visibility.
- Kiryat Hamemshala: A directive has been issued to replace the parking lot lighting at Kiryat Hamemshala with LED fixtures, promoting energy efficiency and sustainability.
- Bat Yam Mall: Old transformers have been disposed of and replaced with new transformers, and cluster lighting has been replaced with LED lighting at Bat Yam Mall, further optimizing energy use and reducing environmental impact.

## Encouraging Energy Efficiency (Continued)

At **Ashdar**, we are dedicated to advancing the future of real estate development through a strong commitment to sustainability, energy efficiency, and responsible construction practices. Our ESG principles are deeply ingrained in every facet of our residential projects. We continuously seek to enhance our performance across environmental, social, and governance dimensions.

In all of Ashdar's residential buildings, we prioritize the integration of systems that reduce energy consumption and promote sustainability. We also emphasize the use of sustainable materials and optimize planning processes to minimize environmental impact and enhance the overall quality and efficiency of our projects.

We strive to incorporate a range of energy-saving solutions, both individual and collaborative, to minimize energy usage:



**Solar Energy Systems:** We utilize shared solar energy systems in residential buildings to harness the sun's power, providing clean and renewable energy for domestic water heating to residents.



**Heat Pumps:** In addition to our shared solar systems, we implement residential heat pumps to efficiently heat and cool water during periods when solar energy is unavailable, effectively reducing our carbon footprint.



**Smart Lighting:** Our buildings are equipped with lighting control systems and energy-efficient LED fixtures, effectively reducing electricity consumption.



**Eco-Friendly Air Conditioning:** We install residential air conditioning systems that operate using environmentally friendly refrigerants, thereby reducing air pollution.



**Thermal Insulation:** We enhance the energy efficiency of our buildings by applying thermal insulation to the facades. We focus on optimizing the glazing of apartment openings, considering both thermal and acoustic insulation efficiency to reduce energy consumption for heating and cooling. Additionally, we implement permanent or mechanical shading solutions to further enhance energy efficiency and improve the overall quality of life for residents.



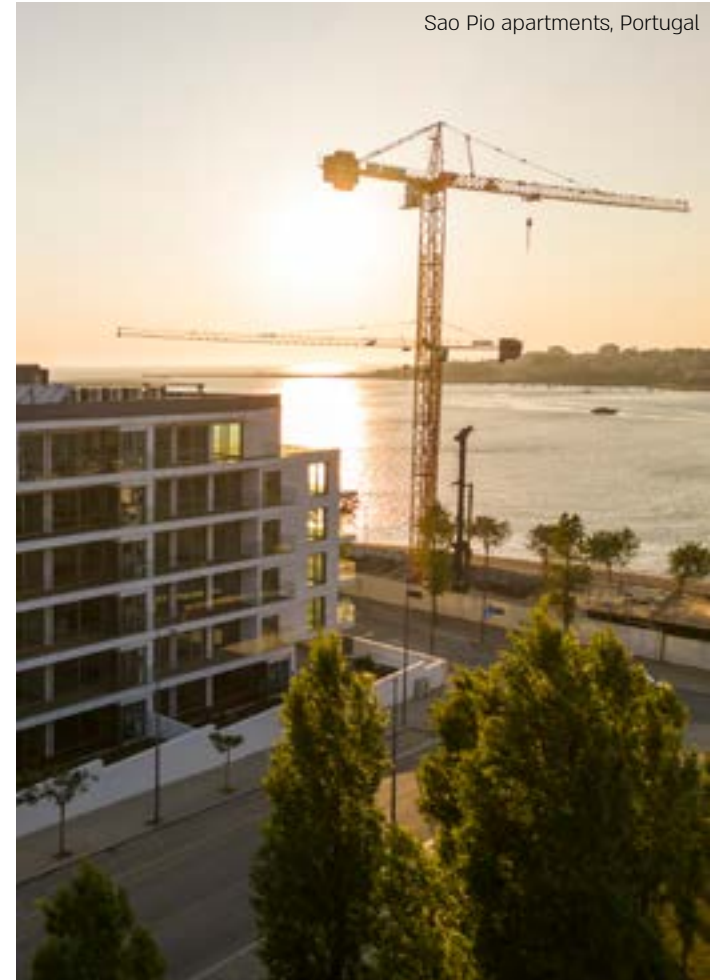
**Electric Vehicle Charging Stations:** We follow electricity company guidelines and facilitate the installation of private electric vehicle charging stations in tenants' parking lots.



**Innovative Planning:** We employ three-dimensional modeling in Building Information Modeling (BIM) systems for efficient planning. This technology enables us to optimize construction processes, reduce raw material usage, shorten project timelines, and minimize resource wastage.

**Ashtrom International** designs and constructs housing units in Portugal with a focus on achieving optimal energy ratings. Each apartment is issued a designated energy rating certificate upon delivery, which becomes an essential part of the apartment documentation and remains valid for 10 years. Additionally, as part of their projects, the company places a group of 4 or 5 recycling bins with separate containers for household waste, plastic, paper and cardboard, and tin. These recycling stations are provided for every 60 housing units and are positioned within a distance of 100 meters from the building's entrance.

Sao Pio apartments, Portugal



# Encouraging Energy Efficiency (Continued)

## A New and Energy-Efficient Plant for BG BOND

In 2023, BG BOND embarked on the construction of a new powder factory for local production. The planning of this new facility placed significant emphasis on environmental preservation and the implementation of production processes aimed at minimizing environmental impact.



### Production Independence:

1. The new factory was constructed based on the concept of self-production, providing complete and exclusive control over production processes, raw materials, and packaging.
2. By eliminating dependence on external suppliers, the factory reduces the transportation of goods and consequent carbon emissions.



### Environmental Conservation Initiative:

BG BOND, in collaboration with Kibbutz Beit Govrin, where the factory is located, is committed to replanting trees that were removed during construction, following the landscape plan for the new neighborhoods within the kibbutz. This initiative aims to preserve the local landscape and promote environmental sustainability.



**Wastewater and Waste Treatment:** The new plant will not generate wastewater, and waste treatment will be managed in conjunction with the existing plant's facilities. This approach ensures efficient waste management and minimizes environmental impact associated with wastewater and waste disposal.



### Dust Reduction Measures:

The factory will implement suction systems designed to capture particulate emissions from the surrounding area. These systems will neutralize the captured emissions within the factory, ensuring compliance with stringent environmental standards. This approach aims to minimize airborne dust and promote cleaner air quality in and around the factory premises.



### Energy efficiency:

The new plant will incorporate natural light and ventilation solutions that will reduce electricity consumption. The building design includes transparent walls to maximize natural light penetration. Additionally, specific architectural features are planned: openings will be positioned on the northwest side of the factory at lower levels to allow cool air intake, while openings on the southeast side will be placed higher to facilitate the exit of hot air through natural ventilation.



### Production of Green Products:

All products manufactured in the factory will be labeled with a green standard mark, indicating their environmentally friendly attributes.

The plans for the new plant, including emissions control and environmental measures, were submitted to the Ministry of Environmental Protection as part of the permit renewal process. The factory will meet all environmental requirements and standards.

## Managing a Green Environmental Approach at BG BOND

In April 2023, the Ministry of Environmental Protection published new data on environmental efficiency among factories in Israel. The report highlighted key actions implemented by 200 plants, focusing on energy conservation, effective waste treatment, and reduction of greenhouse gas emissions. These actions, as outlined in the report, are projected to save the economy nearly half a billion NIS over five years, while also positively impacting public health.

BG BOND is dedicated to an environmental

approach and allocates substantial resources toward minimizing the use of pollutants throughout our production processes. Through these efforts, we strive to significantly reduce our environmental impact and promote sustainability.

The production processes at BG BOND are centered around water, enhancing the environmental friendliness of our product range. To minimize environmental impact, we have integrated unique technologies within our factory operations. For instance, we have invested in an advanced emissions handling system and a wastewater treatment system that conserves water and energy.

Our product line includes items bearing a green standard mark, providing objective confirmation of their environmental friendliness. Additionally, in our packaging and labeling practices, BG BOND utilizes recycled raw materials and implements value-added methods to further preserve the environment.





BG Bond Factory (virtualization)


# Water and Effluent Management

The construction industry is recognized as a significant consumer of water, accounting for approximately 10% of global water usage according to estimates. Lowering water consumption in this sector is vital for safeguarding our finite water resources.


Water usage in construction originates from various sources, including:

 **Production of Construction Materials:** The manufacturing process of construction materials, such as concrete, involves significant water usage.

 **Construction Process: Water** is essential during the construction phase for activities like mixing and pouring concrete, as well as other construction processes.

 **Asset Operations:** After completion, assets like buildings and facilities require water for irrigation, maintenance, and cleaning purposes.

Ashtrom Group is dedicated to reducing water consumption in the construction industry through various initiatives, including:

 **Development of Water-Saving Materials:** Ashtrom Group invests in research and development to create water-efficient materials, such as lightweight concrete, that require less water during production.

 **Implementation of Water-Saving Technologies:**

1. The company has initiated an innovative pilot project to optimize the concrete production process, with the aim of reducing water usage significantly.
2. Ashtrom Group continues to integrate the WINT system (Water Intelligence) into existing assets and incorporates it into the planning of new properties. The WINT system is designed to monitor and optimize water usage, helping to minimize waste and promote water efficiency throughout the construction and operational phases.

**Ashtrom Industries** generates small volumes of wastewater, which undergo treatment using one of two main methods: either through pre-treatment in tanks followed by discharge to a central wastewater treatment facility, or through natural filtration in septic ponds.

The majority of water consumption at **Ashtrom Industries** is attributed to Israbeton. At Israbeton, the manufacturing systems dictate the amount of recycled water incorporated into the production process, complementing the use of source or system water. Sanitary wastewater, including from toilets and showers, is periodically transported using sewage pumping systems (such as vacuum trucks) to a designated treatment facility, typically in 2.5 cubic meter quantities. Notably, The company is exempt from sewage tax.

**At the Israbeton plant, about 99.2% of the water used is recycled, meaning it does not enter the sewage system. This achievement aligns with a periodic report conducted by the Standards Institute of Israel, which monitors all water entering removal trucks and storage tanks stationed on each truck. This water is then transported to draining ponds that collect wastewater from various sources including water used in concrete production processes and rainwater. The collected wastewater undergoes recycling and is reintroduced into the manufacturing process to prepare concrete mixes. This recycling process helps minimize water waste and supports sustainable production practices at Israbeton.**

In 2023, Israbeton conducted a pilot test of a new technology involving a magnetic pipe that alters the properties of water as it flows through, enabling treatment during the process. This innovative approach aims to demonstrate the feasibility of reducing water usage,

as well as the amounts of cement and additives required in concrete production. The pilot study spanned six months, during which the effectiveness and benefits of this technology were assessed and evaluated.

Another division of Ashtrom Industries utilizes a pre-treatment facility to treat wastewater before transferring it to a self-operated wastewater treatment plant. This facility was installed by Elad Technologies company. The sludge residues from the pre-treatment process are then transported to a licensed site in Ramat Hovav through the Environmental Services Company Ltd. (ESC).

In **Ashtrom Residence for Rent**, wastewater and sewage are typically directed to the municipal sewage system for treatment, with the exception of establishments like restaurants and courthouses equipped with grease separators. Grease byproducts from these separators are periodically pumped out of grease pits using vacuum trucks every few months. It's important to note that the treatment of wastewater and effluents represents a relatively minor aspect of the overall business activities within the Ashtrom Group.

In all of **Ashdar's** residential buildings, advanced systems are programmed and installed to manage scale filtration and computerized irrigation control within protected areas. Additionally, integrated systems are in place to delay surface runoff and facilitate its percolation into natural soil.

Soil and groundwater testing plays a crucial role for **Ashdar** in diagnosing and planning optimal methods for recycling and waste removal, dealing with soil contamination, monitoring groundwater levels and planning water recovery initiatives, including replenishing water into beach aquifers at construction sites as needed.

# Water and Effluent Management (Continued)

At Ashtrom Properties, several measures were implemented to reduce water consumption, including:

- Conducting a pilot study in the LYFE Towers project to evaluate materials placed on windows that prevent dust accumulation, reducing the need for water-intensive cleaning.
- Deploying smart robots for cleaning in the parking lots and main lobby of LYFE Towers, optimizing water usage.
- Implementing water softening techniques at Bat Yam Mall to enable water reuse in cooling towers, utilizing three cycles of water instead of a single cycle to conserve water resources.



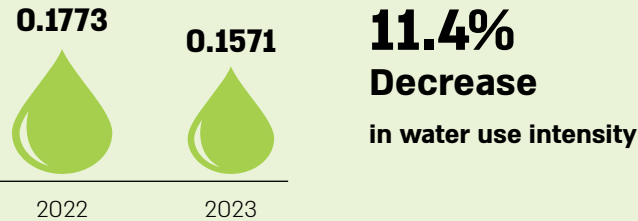
LYFE Robot

## Total Water Consumption by Ashtrom Group in 2020-2023:

Year	2020	2021	2022	2023
Water consumption* (cubic meters, m3)	481,721	607,882	707,543	689,002

Water consumption increased by 43% between 2020 and 2022 due to the expansion of the Group's activities. However, there is an improvement trend in the water intensity of the group following the company's initiatives in this area.

## Water Use Intensity of Ashtrom Group (by m3/ton)



In 2023, data was updated to reflect improvements in data quality collected from the group's systems, which included discontinuing consumption estimates based on paid bills.

KMA Sewage Treatment, Jamaica



**Ashtrom International**, in partnership with **ABS Jamaica**, designed, constructed, and has been operating a wastewater treatment facility in Kingston, Jamaica for nearly 15 years. The facility covers an area of 240 sqm and was constructed at a cost of \$45 million. It has a wastewater treatment capacity of 75,000 cubic meters per day, utilizing biological processes.

# Water and Effluent Management (Continued)

## WINT: Reducing Water Consumption



Ashtrom Group invested in WINT, a developer of smart systems that use artificial intelligence to detect and identify leaks and anomalies in water and sewage systems in real time. WINT's products are integrated into Ashtrom Group properties, including LYFE's new headquarters buildings, Rosh Pina Mall, and others. This integration provides valuable data for analyzing and improving water resource management. Moreover, implementing this system in the properties contributes to achieving a score for M&O LEED and Green Building Standards.

WINT utilizes artificial intelligence and pattern matching to detect leaks in water and wastewater systems in real time. When a leak is detected, WINT's AI suggests the source of the leak, facilitating rapid troubleshooting by the maintenance team.

This product addresses several challenges in the construction and real estate industry:

- Detecting and addressing water leaks promptly.
- Reducing water consumption and its environmental impact.
- Minimizing water damage caused by leaks.
- Earning green certification points, such as LEED credits.

Currently, the product is installed at Ashtrom Properties in LYFE Towers and Rosh Pina Mall.

The pilot results were impressive, with the product detecting leaks in real time and automatically shutting off faucets, saving the company hundreds of thousands of shekels in damages at LYFE. Given the nature of the company's activities, most water needs are for office use. In 2023 alone, we managed to save approximately 4,000 cubic meters of water and about 60 tons of greenhouse gasses, with a monetary value of 56,000 NIS .

The WINT water management system has proven to be a game-changing technology. The success of the pilot installation underscores the importance of broader adoption of this transformative solution in the industry.

Ashtrom Group plans to expand the installation of this product across existing assets of Ashtrom Properties and Ashtrom Residence for Rent, as well as integrating it into the planning and initiation process of new properties.

### Estimated Annual Savings



60

Tons of greenhouse gasses



4

Cubic meters of water



56

NIS

101 Installed Systems	
2021	3   Rosh Pina 20   V Tower
2022	10   LYFE Tower (A)
2023	28   LYFE Tower A 38   LYFE Tower B 2   LYFE Tower - Public Area

**We successfully prevented water damage to buildings by identifying and addressing both visible and hidden leaks throughout the year.**



# 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. The majority of waste generated by the Ashtrom Group comes from its construction operations.

## 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 Construction** for recycling. The recycling of these materials ensures the circularity of waste management practices. Here is the data regarding the recycling of iron scraps by **Ashtrom Construction** over recent years:

Year	2021	2021	2022	2023
Iron scraps transferred to recycling (ton)	1,508	1,237	1,077	1,150
revenues from sale of iron scraps for recycling (NIS)	633,353	840,170	797,523	860,000

**Drachim** is actively working to reduce the use of virgin raw materials and promote the recycling of materials for industrial use, thereby conserving environmental resources and advancing the circular economy concept. Currently, **Drachim** incorporates recycled materials into approximately 15% of the raw materials needed for its operations at the asphalt plant.

To further this commitment, the company has launched a dedicated upgrade project aimed at increasing the utilization of recycled materials to around 40% of the total raw material required.





# Waste Management (continued)

**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. Our gray buckets are made with recycled material and contain more than 30% recycled content.**

The data regarding concrete recycling reflects 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.

Between 2022 and 2023, the volume of waste sent for recycling to one of the authorized recycling sites decreased because the external recycling plant was unable to accept waste for treatment. As a result, we had to redirect the waste to authorized landfill sites for disposal.

## Ashtrom Industries

**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** is sending increasing amounts of concrete waste to authorized recycling facilities that specialize in concrete recycling.

Tons	2020	2021	2022	2023
Landfill	51,039	37,849	49,047	55,826
Recycling	11,428	20,067	5,440	14,038
Total	62,467	57,917	54,487	69,864
% Recycled of Total Waste	18%	35%	10%	20%

## 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:

Tons	2020	2021	2022	2023
Number of wooden pallets collected from construction waste	71,903	98,503	129,550	132,878
Total refunds to customers due to transferred to reuse of pallets (NIS)	322,720	311,688	380,859	138,631
Number of wooden pallets recycled from sites and sold for recycling (units)	26,369	14,255	4,057	9,586
Total profits from sale of wooden pallets for recycling (NIS)	53,679	28,450	8,114	8,618

## Waste Management (continued)

At **Ashtrom Properties**, several measures were implemented to enhance waste management practices, including:

-  Installation of a system to filter pollutants in diesel fuel and to detect anomalies such as water infiltration in underground tanks. This system helps identify potential soil pollution risks at the LYFE towers and Hod Hasharon hi-tech park.
-  Commencing a contract with M.A.I Electronics Recycling Corporation for the collection and recycling of electronic equipment across all properties.
-  Initiating a pilot project with a dedicated waste management company at Beit Hagavish. This project focuses on improving waste separation at the source and treatment of cardboard and commercial packaging waste. It involves deploying uniform bins in public spaces, as well as cages and repositories for efficient waste management. Additionally, the project aims to regulate the treatment of waste oils, implement recycling solutions, and explore opportunities for energy efficiency.
-  Implementing waste separation at the source across all company properties in Germany. This involves using dedicated bins for various waste types including cardboard, general waste, plastic, and organic waste.
-  The waste management practices at all of the company's properties in England include specific approaches for handling waste. For instance, at First Street No. 8 in Manchester, all building waste is directly collected and sent to a designated landfill that converts the waste into fuel.
-  Waste management strategies implemented at Flags Exchange have led to the avoidance of approximately 26,155 kg of CO<sup>2</sup> equivalent emissions per year.

Recently, **Ashtrom Properties** has initiated the process of obtaining the LEED O&M standard for its key properties. A pilot project has commenced at Beit Hagavish in Netanya.

**Ashtrom Residence for Rent** takes care 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.

Tons	2020	2021	2022	2023
Waste recycled – cardboard, nylon and waste transferred to Argaman Waste Treatment Company (tons)	99	145	173	443
Waste sorted – cardboard, nylon and waste - to Argaman Waste Treatment Company (tons)	19	298	572	854
% Waste recycled out of total waste	34%	33%	23%	34%
Use of renewable   recycled   recyclable input materials (tons)	63	63	1,003	3,045
Percentage of renewed and recycled from total building materials (%)	33%	33%	66%	67%

Certain data points have been updated due to improvements in our data collection methods.

## Biodiversity Conservation

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.

As part of the projects undertaken by the Ashtrom Group 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.

**Consultations with ecologists and professionals are conducted according to mandatory guidelines aimed at preserving the environment, biodiversity, and ensuring landscape restoration for projects managed by Ashtrom Group.**

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 Construction** acted and took various steps in its projects 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 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.

**These initiatives reflect our commitment not only to constructing buildings but also to cultivating communities and ecosystems. We are dedicated to leaving a positive impact on the environment and enhancing the quality of life for those residing in the areas where we build and operate.**



Hadera Bridge

## Biodiversity Conservation (Continued)

In 2023, as part of the renewal of the Coastal Highway (Route 2) in the 2.5-kilometer Olga-Caesarea section, Drachim company undertook the following activities:

- Constructed a bridge over Nahal Hadera covering an area of approximately 7,000 sqm.
- Developed the landscape and established a pedestrian path along the banks of Nahal Hadera.
- Conducted landscape restoration along the Highway 2 section.



Hadera Bridge

**Ashtrom International** is undertaking the Sao Paio project in Portugal, which involves the construction of 290 housing units and 20 shops adjacent to a green park spanning approximately 17,000 sqm. Additionally, the Kenidlo project entails the development of about 250 housing units situated alongside a park covering approximately 23,000 sqm.



הדמיות מהפרויקטים בהובלת אשטרום אינטרנשיונל בפורטוגל

As part of the planning for the Sorek quarry managed by **Ashtrom Industries**, an area has been designated for tree planting and the creation of a green buffer zone between the quarry site and the nearby settlement of Nahem.

At **Ashtrom Properties'** First Street No. 8 property in Manchester, there is a green roof that is actively maintained and operated. This green roof features beehives, which serve to create new habitats and promote biodiversity within the city. This initiative not only contributes to environmental conservation but also supports urban biodiversity.

The Tierra Bonita solar project by **Ashtrom Renewable Energy** will be located on a site that was previously used for grazing. As part of this project, the company is actively working to restore the local vegetation on the site, in an effort to create a habitat that supports a variety of wildlife species.

### Environmental Compliance

Ashtrom Group has no material environmental non-compliance events to report. **Ashtrom Construction** has incurred fines predominantly from local authorities, but in negligible amounts.

# Digital Transformation

In recent years, we have promoted widespread digitization efforts, across multiple aspects of our operations:

## 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. **Ashtrom Construction** has introduced a supplier portal in collaboration with Segment to enhance work processes with procurement suppliers. This portal facilitates digital management of orders, delivery notes, and digital invoices.
- 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 15 on-boarding documents for each new employee.
- Digitization of processes at the work sites and at headquarters, including the implementation of the BIM system to streamline design and construction processes.
- Digitization of accounting and financial management processes, incorporating certified digital customer invoices instead of traditional paperwork. Additionally, digital checks from customers are processed, filed, and linked to the ERP system for streamlined digital payments, including BIT/credit card transactions.
- The Ashtrom Group has established an extensive database to enable real-time and dynamic analysis, enhancing the process and presentation of administrative data. This integration includes a system for data analysis and information management, facilitating the generation of insights and responses at both the company's headquarters and across **Ashtrom Industries** and **Ashtrom Properties**. The system enables a shift from basic manual reporting to dynamic dashboards and scheduled reports across various dimensions. This comprehensive data encompasses employee data, expenses, production, inventory, sales etc. As an example, at **Ashtrom Properties**, a project was undertaken to develop 7 dynamic dashboards concurrently with initiating a comprehensive data collection

and integration process for the marketing dashboard database. This involved conducting extensive market surveys to gather relevant data. The project encompassed dashboard development and report generation, which now forms the foundation of the company's operational workflow. Currently, 7 specific reports are sent weekly to all managers, both at headquarters and in the field.

- Ashtrom Group has implemented a Business Intelligence (BI) system within its marketing communication system to perform budget control for marketing and advertising expenses. This system enables analysis, comparisons, and the extraction of business insights to optimize marketing budgets in relation to suppliers and media buyers.

## Transition to the use of tablets by Ashtran'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.



## Digital Transformation (Continued)

### 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 Residence for Rent** access to a digital application is provided that enables the tracking of payments and transfers, ordering of services and on-going management of necessary services to improve the tenant's overall experience. Furthermore, apartment handover protocols are conducted digitally using dedicated software and tablets. This allows the final protocol to be sent digitally to both the tenant and the company, eliminating the need for paper-based documentation.

In **Ashdar**, a tenant portal was established in order to enhance the relationship with the 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.

Additionally, the company has implemented a service call system and a restroom cleanliness quality assurance system across its properties.

These systems are currently operational in Beit Hagavish, Rosh Pina, and Shoham, and are being considered for implementation in LYFE Towers. By encouraging customers to report issues, these systems enhance management quality and contribute to the well-being of visitors.

### BIM: Streamlining Design and Construction Processes through Advanced Modeling Technology

BIM (Building Information Modeling) is a digital technology that empowers construction companies to create and oversee 3D models of their projects. BIM models facilitate the description, analysis, and scheduling of projects across their entire lifecycle, spanning from initial planning through construction to ongoing operation and maintenance.

At **Ashtrom Properties**, the BIM system manages projects under construction. The technology offers several advantages to construction companies:

- **Enhancing Efficiency and Productivity:** BIM streamlines project planning, construction, and operation, leading to improved efficiency and productivity.
- **Cost Reduction:** BIM identifies potential problems early in the design phase, reducing waste and fostering innovation in construction, ultimately leading to cost savings.
- **Enhancing Project Quality:** BIM provides a more accurate and comprehensive project planning picture, leading to improved project quality and outcomes.

- **Facilitating Communication and Collaboration:** BIM improves communication and collaboration among project stakeholders, including architects, engineers, and contractors, leading to smoother project execution and delivery.
- **Paper Reduction:** BIM technology enables the creation of digital versions of all construction project documents, including drawings, specifications, and work plans. This digital transformation eliminates the need for paper copies, resulting in substantial savings in paper usage and associated costs.

In addition to its general benefits, BIM technology can help construction companies enhance their Environmental, Social, and Governance (ESG) performance.

For example, BIM can:

- **Reduce Environmental Impact:** BIM optimizes building design for energy efficiency, water conservation, and waste reduction, facilitating appropriate planning and construction to meet green certification standards like LEED (Leadership in Energy and Environmental Design).

- **Enhance Social Impact:** BIM supports accessible and inclusive design integration to ensure buildings are usable by all users, promoting social equity and inclusivity.
- **Promote Transparency and Responsibility:** BIM fosters principles of transparency and accountability in construction project management, aiding in responsible and sustainable project execution.



## Digital Transformation (Continued)

### Implementation of a Document System for Digital Signatures

The implementation of a digital signature document system enables us to reduce the reliance on printed documents and record signed documents directly within our systems, optimizing workflow processes. This system serves tenants across various projects within different subsidiaries of the group:

- Ashtrom Jerusalem: Signing tenant choices co-site and in "Mehir Lamishtaken" (Price per tenant).
- Ashtrom Engineering and Construction: Signing tenant choices on-site, ordering workers.
- Ashtrom Residence for Rent: Sending documents to existing tenants such as electricity meter numbers, parking change requests, gym activity confirmation, photo approvals, and more.
- Ashtrom North: Architectural coordination, confirmation of plans, casting approval form, approval of standard apartment execution, and more.
- Ashdar: Signing registration forms (under development).
- Signing lease/sale/contractor agreements (under development).

Additionally, the digital signature system supports internal organizational processes as follows:

- Ashtrom Renewable Energy: Facilitating signatures on payment expenses, both internally and globally.
- Human Resources: Enabling signatures on employment contracts, employee hiring documentation, training/authorization forms, and more.
- Ashtrom Port Hod Hasharon: Allowing signatures on health declarations for gym access.
- Marketing: Providing a request form for scheduling a shooting day on-site.

### Digitization of internal organizational processes by implementing the #AshTag system

The AshTag# system is tailored to digitize manual organizational processes, spanning both internal and external workflows. This system effectively reduces paper usage, streamlines work processes, and enhances service delivery. It supports a variety of processes, including:

- Processing and reimbursement of petty cash expenses
- New user onboarding process
- Work backlog update process for the manager of the Israbton plant
- Application submission for new contracts/ services at Ashstrom Renewable Energy

- Credit application submission to customers at Israbeton (Under development)
- Documentation of pre-sales meetings at BG BOND (Under development)
- IT procurement requirements (Under development)
- Contractor contract establishment process for contracting companies (Under development)

### FileNet Digital Archive

In recent years, Ashtrom Group has implemented a document management system aimed at reducing paper usage, streamlining work processes, and enhancing documentation capabilities. Currently, we archive activities in the following fields and companies:

- Administrative Archives: Daily paperwork managed through the system.
- Ashdar: Tenant-related documents digitized and stored in the system, including scanning of existing documents.
- Marketing Archive: Centralized storage of marketing materials for the entire Ashtrom Group.
- Project Archive (Ashtrom Properties): Management of project lifecycle documentation through a document management system (currently in implementation phase).
- Human Resources: Managing employee files within the system (Under Development)

### Digital Library

The marketing library is a permission-based system that provides access to the group's marketing content. It is managed by a dedicated content manager within the marketing division of the group's communications system. This system enables users to access various marketing materials including promotional videos, photos, presentations, project images, logos, templates, and more. The goal is to ensure consistency in marketing content usage while enhancing visibility and accessibility, thereby speeding up work processes.



## Greening Our Offices

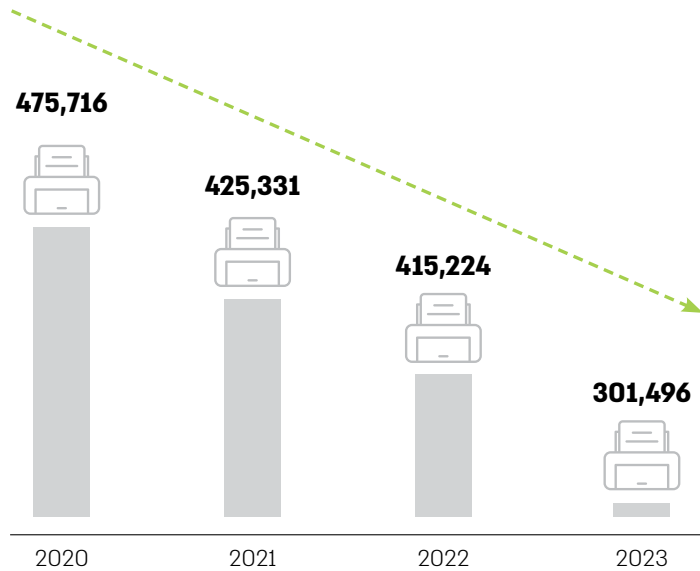
Over the past few years, the Group has successfully reduced its paper printing by **37%** since 2020.

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.

### Total Printing Events at Ashtrom Group



Bnei Brak | LYFE Towers





# 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.

## Our goals for promoting healthy and safe environment:



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



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



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



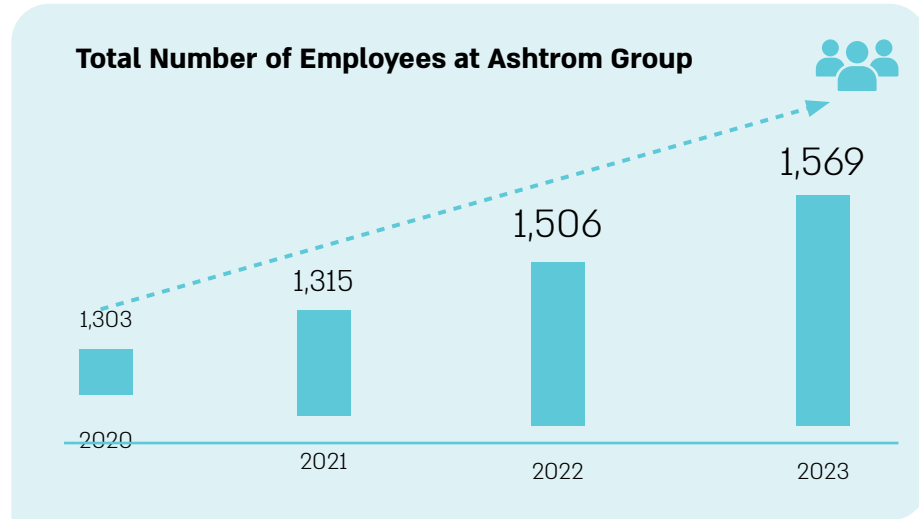
**Donation to the  
community of  
0.5%**  
of net profits\*  
By 2030



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

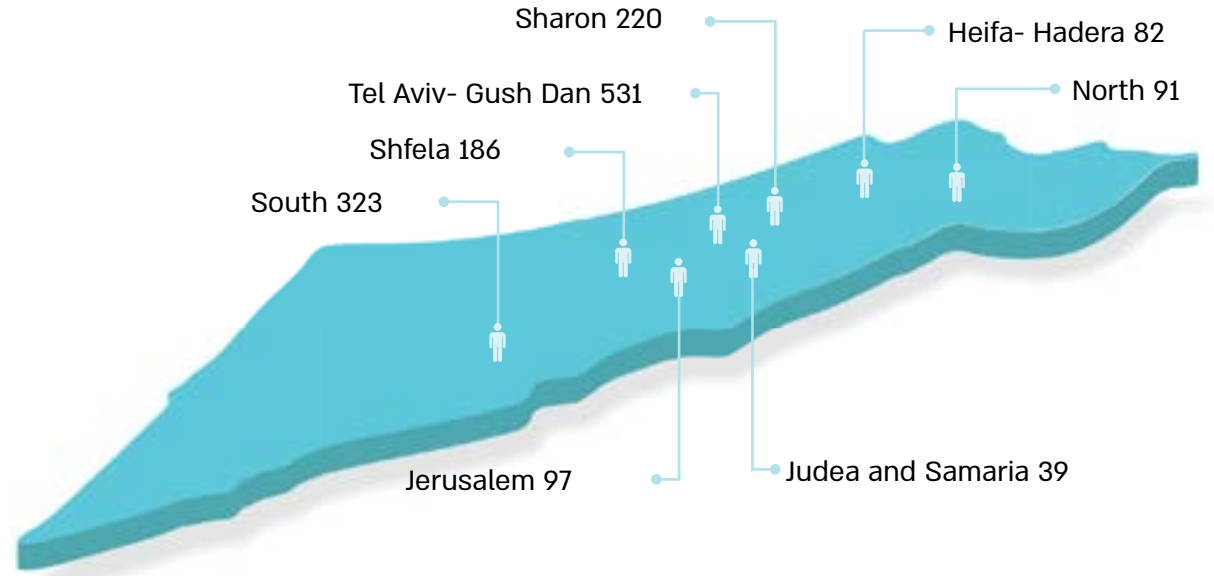
# Fair and respectful Employment

Ashtrom Group employs 1,569 employees as of the end of 2023 – an increase of 4%, mainly due to the addition of Nitzavim company to the Group. Ashtrom Group does not employ children nor does it condone forced labor practices. Entrance control at sites is managed using cameras to verify entry for authorized employees who have undergone training and are not minors.



In 2023, the Ashtrom Group saw ongoing growth in total employees due to expansion, including the integration of a temporary company, following years of stable recruitment patterns.

## Geographical distribution of employees' residences in Israel



## Ensuring Fair and Decent Work Across the Supply Chain

**We view our employees as essential to our success. We prioritize their well-being, development, and nurturing through open dialogue, fostering a supportive work environment, and maintaining respectful communication and collaboration at all levels.**

The Human Resources department oversees the management of the Group's human capital. 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.

### Work- Life Balance

We value and prioritize the balance between work and family life. To respect the leisure time and privacy of our employees, we strive not to contact them after working hours or on their days off.

The Vice President of Human Resources oversees labor relations within the Ashtrom Group. The group encourages on-going conversations between managers and employees to monitor employee satisfaction, professional development, and personal growth.

### Provisions for Pensions Savings and Provident Funds

The Group offers all employees access to a pension arrangement or a provident fund, according to their choice.

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.

Ashtrom Group and its subsidiaries are committed to upholding the social rights of their employees and ensuring proper termination of employer-employee relations. This commitment is supported by deposits in compensation funds, insurance policies, and provisions outlined in the group's books. Additionally, the group provides employees nearing retirement age with the opportunity to meet with a pension consultant for retirement advice and guidance.

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.



# Ensuring Fair and Decent Work Across the Supply Chain (Continued)

## 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. Just as we treat our employees with respect throughout their employment, we also uphold this respect when they leave the company, whether due to dismissal, resignation, or retirement.

The Human Resources department is available to address any questions and provide clear, comprehensive information as needed. Our company operates in full compliance with all laws and regulations, staying updated on legislative changes and rulings.

If the Group wishes to terminate an employee's employment for any reason, the process will include conducting a fair hearing and making decisions in accordance with legal requirements or the terms of the employment agreement. Employment terminations are carried out with openness, transparency, and adherence to due process.

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 and provident funds for the release of funds, and a Form 161, or the employer's signed termination of employment notice.

## Retirement

Employees nearing retirement age are offered complimentary pension advice from an external consultant to ensure they have comprehensive information before retiring.

Upon retirement, a dignified farewell meeting is organized by Ashtrom Group, including refreshments. Retirees are welcome to invite guests as they prefer. Additionally, the Ashtrom Group presents a retirement gift to long-serving employees upon retirement.

Retirees with many years of service also receive Passover and Rosh Hashanah gifts from the Ashtrom Group even after retiring.



# Caring for Our 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 training 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:



**Personal and Familial Circle** - 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 Circle** – 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 approach to 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.



## Employee Welfare (Continued)

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 2023, Ashtrom Group celebrated its 60th anniversary with a company event held at Live Park Rishon Lezion, attended by employees and their spouses.

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, and departmental and social team building days.

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, holidays like Passover and Rosh Hashana, and important life events.

Additionally, group outdoor activities are organized, such as summer events for children and grandchildren of employees aged 4-12, and an "Ice Cream Truck" that surprises workers at 63 construction sites, factories, and supermarkets with refreshing ice creams on hot summer days, among other activities.

**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.

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.

**In 2023, loans amounting to around**

# 1.2 Million NIS

**were extended to employees of the Group.**



## Employee Welfare (Continued)

Here are several welfare initiatives in 2023:

### Sports and experiential activities for employees' children and grandchildren during the summer vacation.

In August 2023, a special event was held where the children participated in a range of activities aimed at strengthening the bond between the Ashtrom Group's operations and the employees' families:

- Sporting activities at a rope park.
- Attending the successful show "Apartment for Rent"
- Engaging in creative and hands-on activities, such as graffiti wall painting and constructing with bricks and other materials.
- Providing food stalls with a variety of treats.
- The children were also given helmets and personalized glowing vests, allowing them to proudly share with others where their parents come to work with a smile each morning.

Additionally, over 100 children of employees starting first grade received **school bags and stationery.**



### Celebrating 10 years of service for 43 Ashtrom Group employees

During the special event, luxury watches were distributed to the employees in the presence of CEOs and senior management.





## 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 those 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. Our employees can order from the food court using an app developed specifically for this purpose and are also entitled to parking in the parking lot of the building.





## A Safe Work Environment

We at Ashtrom Group do all that we can to foster a lively, enriching, and safe work environment.

We do all that we can to provide the best working environment possible for our employees. We ensure that our people have adequate working conditions that promote a pleasant and safe atmosphere during work hours.

Furthermore, Ashtrom Group takes a strong stance against any form of violence and maintains a strict zero-tolerance policy towards violence of any kind. We conduct training 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 treats any instance of such behavior with the utmost severity.

### Preventing Sexual Harassment and Abuse in the Workplace

All employees at Ashtrom Group undergo training on preventing sexual harassment through interactive learning sessions.

The Human Resources department's legal advisor oversees the prevention of sexual harassment and abuse in the workplace.

As part of the transition to the LYFE towers, a prominent regulation to prevent sexual harassment has been displayed in the company's kitchens. This regulation includes information on how to report complaints for both male and female workers. Additionally, this regulation is prominently presented at all of the company's construction sites.

In 2023, one complaint regarding inappropriate behavior was reported, but upon investigation, it was determined to be unjustified.

In 2023, four complaints were filed regarding sexual harassment in the workplace. All complaints were addressed promptly and without delay.



## 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, at the beginning of summer vacation or at the beginning of the academic year, reminders and alerts are sent out to employees to remain vigilant.



## 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.

We follow safety instructions and prepare for frequent changes by implementing double control mechanisms and other measures.



## 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 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 policyholders 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.





## 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 training, 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 beyond 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, training, 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.**

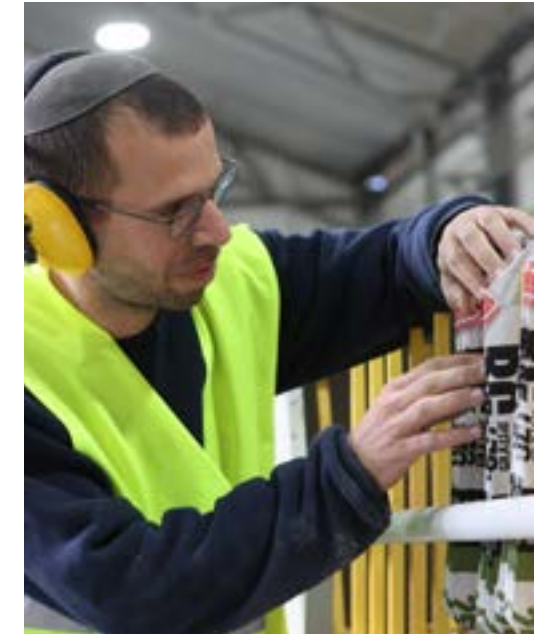
**Ashtrom Construction** invested **50 million NIS** in the last two years in the health and safety of employees. Using a dedicated system for health and safety management we monitor our activity and conduct investigations into ‘near miss’ events, despite the difficulty in managing the initiative among 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 1.25 million NIS in the last three years. This is in addition an investment in consulting services 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 training 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 led 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.





## Implementing an Organizational Culture that Emphasizes Accident Prevention Habits

At Ashtrom Group, we believe that knowledge is crucial for effectively managing emergency situations and specifically, safety incidents. A prompt and tailored response is essential for minimizing risks and ensuring employee safety.

Throughout the year, the Group conducts a variety of safety training for employees, based on their roles and the specific sites where they operate. We believe that ongoing training and vigilance are key to ensuring the well-being of our employees and the success of our projects.

The training for employees at Ashtrom Group covers:

- Risk identification and mitigation
- Correct use of personal protective equipment (PPE)
- Emergency response procedures
- Best practices for safety at construction sites
- Emphasizing "safety first" as a core value

In 2023, Ashtrom Group produced two dedicated textbooks outlining instructions for behavior in various emergency scenarios, including fire, earthquake, missile attack, and cardiac events. We are proud of our team's commitment to safety and will continue to invest in their training and development to build a better and safer future together.





## Preventing Work Accidents at Our Sites and Factories



Another aspect we consider is climate change, which can impact the safety of workers on our sites. On particularly hot working days, we schedule work during cooler hours, slow down the pace of work, take more breaks in shaded or air-conditioned areas, and ensure adherence to guidelines for appropriate clothing and equipment suitable for working conditions.

In 2023, we surprised workers at 63 sites nationwide, including construction sites, factories, logistics centers, and more, with an 'ice cream vehicle' that distributed indulgent popsicles.



In 2023, Ashtrom Group and Ashtrom Engineering and Construction successfully completed the ISO 45001 certification process for Occupational Health and Safety Management Systems. This standard, published in March 2018, aims to reduce injuries and occupational diseases by building upon the previous OHSAS 18001 standard and incorporating conventions and guidelines from the International Labour Organization (ILO), including the 2001 OSH ILO and relevant national standards.

### Ashtrom Construction's Crane Division

Ashtrom Group emphasizes safety training that mirrors real-world scenarios and conditions, providing practical experience similar to on-site activities but without the associated risks.

During 2023, the crane division engaged in specialized training using a simulator that replicated the challenges of a typical working day for crane operators, including various scenarios and weather conditions. This simulator allowed operators to refine their skills and make critical decisions in real-time.

### Safety at BG BOND

In 2023, weekly safety training was conducted every Sunday at the factory, led by the plant's safety officer. As part of these training, a standout employee who consistently meets all safety requirements was recognized each month. Additionally, a departmental safety competition was initiated following a dedicated safety day held by the plant in November 2023, which focused exclusively on workplace safety.

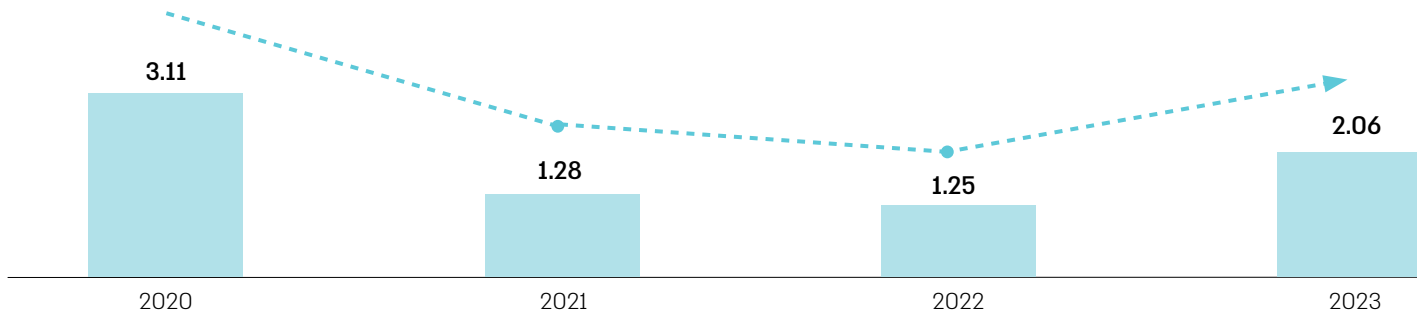
The safety competition is held quarterly and tailored to various production departments within the company. Scoring is based on two audits conducted in each department during the quarter. Criteria for scoring include the handling of deficiencies, attendance at weekly safety briefings, use of personal protective equipment, departmental order and organization, and other relevant factors.

## Scope of Accidents that Occurred at the Group in Recent Years:

	2020	2021	2022	2023
Work accidents employees	37	18	21	37
Occupational Accidents - Construction workers	85**	90**	86	74
Car accidents**	8	18	14	15
<b>Total</b>	<b>130</b>	<b>126</b>	<b>121</b>	<b>126</b>

\*Ashtrom Group employees only – on the way to/from the workplace. These are not accidents caused in or at the workplace itself.  
 \*\*1 case of death in 2020 at an Ashtrom Construction site (North of Israel) and in 2021 at an Ashtrom Construction site (Engineering and Construction).  
 The term "work accident" refers to an accident that is officially recognized and approved by the National Insurance authority.

### TRIR for Workplace Accidents among the Group's Employees (Excluding Car Accidents)



The total number of accidents at the Group is currently stable, similar to the TRIR (Total Recordable Incident Rate) that currently stands at 2.06. 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 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 other areas of safety 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.



## Subcontractors (Continued)

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 in the realm of cleaning and maintenance services, mainly through the activities of **Ashtrom Properties** and **Ashtrom Residence for Rent**. Ashtrom Industries prefers direct employment and seeks to minimize work with subcontractors for exceptional cases only.

Contracts with contractors include detailed references to their obligations as direct employers of their employees, including their obligation to adhere to the laws 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 and nurture the personal and professional development of our employees. This commitment is demonstrated through continuous learning and skill development initiatives that align with the group's needs and business objectives.

The learning activities within Ashtrom Group are overseen by the Learning Department within the Human Resources Division, in collaboration with company managers and subject matter experts. To adapt to changes in human resources, additional roles were recruited for the Learning and Training Department, including a team leader and a learning project manager.

As part of a reorganization effort, standardized and transparent procedures were established, and the department's operations were digitized and automated. This digital platform facilitates various activities such as course updates, registration for internal courses and conferences, and processing requests for employee education subsidies.

The learning activities within Ashtrom Group are carried out in three main ways:

**01 Trainings on Regulation:** Training and refresher modules that are required by regulation. Special emphasis is placed on the topic of safety and workplace compliance.

**02 Internal Learning Opportunities:** Developing training and learning processes that align with the group's goals and business challenges, translating them into dedicated learning programs for employees.

**03 External Studies:** Employees and managers pursuing degree programs, professional courses, and attending seminars at external colleges to further their education and skills outside of the organization.

In 2023, the Ashtrom Group experienced significant growth in its learning initiatives. With the transition to LYFE towers, a dedicated training complex was established featuring advanced and well-equipped training rooms, serving as the primary venue for internal organizational learning. This substantial investment underscores our strong commitment to learning processes as integral to the development and growth of our male and female employees.

Furthermore, the Learning Director led an organizational change within the team, impacting the operational model. An additional team member was recruited, and designated learning area managers were assigned to each sector of activity. This change aims to expand learning activities across other companies within the group, deepen familiarity with business activities, and strengthen relationships with managers and employees. This strategic approach will enable the development of more tailored and effective learning plans aligned with specific business needs.



## Summary of learning in 2023

### 01. Trainings on Regulation

Many positions within Ashtrom Group require professional competence in regulatory matters. To ensure employees meet these requirements, necessary training programs must be completed according to their role and before the expiration of previous certifications. The annual training program and the number of employees participating in it are determined by the professional competency needs of our workforce. In addition to traditional face-to-face training, regulatory content is delivered through interactive learning modules covering topics such as sexual harassment prevention and privacy protection.

In 2023, we organized the execution of these interactive studies as part of a broader onboarding process within our company.

	2021	2022	2023
Number of employees receiving training	1,657	1,268	1,449
Total number of training hours	10,985	9,333	6,168
Average training hours per employee	6.6	7.4	7.7

### 02. Internal Learning Opportunities

The internal learning program at Ashtrom Group is designed and executed at the sector and company levels. Data shows an increasing number of employees and managers receiving training, while training durations have been shortened according to the population.

For more details on our specific training programs, please refer to the following pages.

	2021	2022	2023
Number of employees receiving training	1,047	985	2,043
Total number of training hours	3,441	5,586	8,188
Average training hours per employee	3.3	5.7	4

### 03. External Studies

As part of the professional development for current and future positions within Ashtrom Group, every year employees and managers participate in professional studies conducted by external institutions, which include courses, certificate programs, seminars, and conferences. Additionally, the group provides financial assistance for academic studies.

In 2023, we revamped the policy governing participation in professional and academic studies, making these opportunities available to managers as a proactive management tool.

\*\*Many seminar days have been postponed or canceled from October 7 until the end of 2023.

	2021	2022	2023
Number of employees participating in external studies	45	59	Total of 74: 60 men and 14 women. 58 non-executive, 13 Junior executive, 3 Senior executives
Number of employees participating in seminars	210 in 33 different seminars	376 in 50 different seminars	98*

### Academic Studies

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 10,000 NIS per academic year. Additionally, employees pursuing an academic degree are entitled to three vacation days every year to complete their exams.

	2021	2022	2023
Number of employees receiving financial support for their academic studie	4	11	11 (9 men, 3 women) 10 in non-executive positions, 1 senior manager
Number of employees receiving financial support for their engineering studies		3	3

## 02 Internal Learning Opportunities (Continued) Cross- Group Activities

### Online Office Courses: Beginners | Intermediate, Advanced | BI

As part of our annual offerings, we provide online office courses at different proficiency levels. These courses are accessible for independent registration by employees and require approval from their direct manager.

### Accessibility

Ashtrom Group adheres to digital accessibility standards and government regulations regarding accessibility. All employees who interact with clients or the public undergo dedicated training programs led by professionals on accessibility and providing inclusive services.

The goal of these programs is to ensure that we can deliver thoughtful, tailored, and equitable services to individuals with disabilities. During these sessions, we aim to cultivate empathy by simulating and experiencing daily challenges faced by people with disabilities. This approach helps us to develop effective and empathetic solutions for them.

### Qualification Program for Marketing Managers

Ashtrom Group introduced a professional qualification program for marketing managers this year, led by the Marketing Communications Department. Employees and managers in marketing roles across various sectors and companies within the group participated in this program.

The program was designed to establish a common and uniform language, provide updates on global trends in marketing and enable participants to develop a holistic view of their role.

Throughout the year, we hosted 6 enriching and practical meetings addressing timely challenges, led by top professionals in digital media, content creation, work tools, regulations, and other relevant topics. Some sessions also included representatives from Information Systems, emphasizing the importance of collaborative efforts between IT and marketing teams.

Due to the positive feedback and significant business and professional contributions from these meetings, we have developed an adapted plan for 2024.

## OreProperty Development Sectors Companies and Corporate Headquarters

In the Group's of property development companies, we launched a "Management Gym," which is a manager development program tailored to address specific management challenges identified within the companies.

The program aims to impart management skills customized for each company and unit within the sector, aligning with the strategic and business goals of both the individual companies and the broader group.

The management development plan was developed collaboratively with the CEOs to address identified needs within the sector. The "Executive Gym" sessions were conducted throughout the year and attended by middle-level managers and above, including board members of these companies (separate sessions were held for senior-level executives and intermediate-level managers).

Participants in the "Executive Gym"

program benefited from a combination of face-to-face tutorials, expert workshops, and tailored training sessions focused on management and leadership skills. These sessions were designed to align with trends in the contemporary employment landscape, emphasizing topics such as recruitment strategies, teamwork dynamics, employee motivation techniques, effective communication between managers and employees, negotiation skills, and other relevant issues.

The "Executive Gym" program curriculum was structured to address real-world scenarios pertinent to managers, with a focus on practical application of learning outcomes. Support materials tailored for managers were developed and distributed, and dedicated WhatsApp groups were established to provide ongoing content and support throughout the year.

Ashtrom Properties was the first company to join the program in 2022, and in 2023, Ashdar

also became a participant.

Due to the success and high satisfaction scores of the "Executive Gym" program, it was planned to expand to include tailored meetings for managers at Ashtrom Renewable Energy, Ashtrom Residence for Rent, and the Group headquarters.

With the onset of the war, the program shifted focus to crisis management skills, providing managers with essential tools for handling emergencies. Topics covered included first aid management in times of crisis, the manager's role during emergencies, techniques for identifying distress, managing difficult conversations, and more.

Recognizing the immediate needs of the situation, support sessions were also developed and delivered for employees in the sector, focusing on emotional support, stress management, resilience-building, and maintaining conduct during ongoing emergency situations.





## 02 Internal Learning Opportunities (Continued)

### Industrial Sector

In 2023, the learning initiatives within the industrial sector were centered around enhancing and fortifying the capabilities of our sales teams to meet the demands and goals across various companies within the sector. The training activities targeted sales employees, managers, and representatives, laying the groundwork for implementing a Customer Relationship Management (CRM) system in 2024. This CRM system aims to enhance sales effectiveness by fostering collaborative efforts and leveraging collective strengths across the companies within the sector.

The training equipped sales teams with essential skills and knowledge, including sales techniques, customer-centric approaches, effective communication styles, and more.

The learning initiatives were accompanied by interactive discussions that encouraged experimentation with different working methods and recommended strategies. Practical simulations provided opportunities for participants to apply new knowledge directly to their roles.

As a result of the training, the sales teams' skills were strengthened, leading to improvements in productivity, efficiency, and customer relationship management.

### Management Development at BG BOND

In addition to the sales team programs and in alignment with BG BOND's strategic plan to introduce automatic machines and open new production lines for substantial growth, a new manager development program was launched this year.

The program was initiated to enhance managerial capabilities, foster excellence in leadership, and expose participants to the Group's strategic plan, decision-making processes as well as future development and growth initiatives.

The goal of the program is to equip managers with tools for management and excellence that can be applied across various units and organizational levels.

This includes defining the manager's role as a change agent who inspires employee motivation and fosters organizational connectedness. Additionally, the program focuses on enhancing skills in managing team meetings, promoting effective communication, and other key aspects of leadership.

Another key objective of the program is to foster a cohesive and collaborative group of colleagues who can collectively address common challenges and dilemmas. This involves analyzing real-world cases, sharing valuable insights, and seeking consultation based on their combined experience and knowledge.

In addition to the aforementioned initiatives, we have continued to

implement a comprehensive training program for new hires in the factories of Israbeton. This program integrates learning through mentorship within the company's factories, hands-on experience at various workstations, and self-paced digital learning modules.

At the conclusion of the onboarding process, a feedback call is conducted with the implementation team and the employee to assess the effectiveness of the training program. This feedback session helps to evaluate the training methods, identify any gaps in the process, and assess the employee's readiness to perform their job duties by the end of the training course.

### Construction Sector

#### A Professional Seminar in the Architectural Coordination Team

The seminar was conducted within the construction companies, focusing on standardizing regulatory issues such as electricity, plumbing, and other relevant topics. This seminar serves as the foundation for an ongoing program planned for 2024, which will further develop and deepen each professional topic individually.

### Training Program for Logistics Managers

We have developed a specialized training program designed for individuals in the role of Head of Logistics. This program was created with the goal of establishing professional standardization and equipping participants with the skills necessary for effective independent functioning in logistics management. The training plan incorporates diverse learning methods, including: Learning sessions facilitated by content experts and management professionals, self-directed learning using specially developed learning aids, hands-on learning experiences with mentors across different types of sites.

The objective is to expose logistics managers to various work processes in different contexts, allowing them to adapt to the specific stage and type of project they are assigned to. In addition, a recruitment process was developed to align with the required job skills and competencies for the logistics manager role.

#### Innovation forum in construction

As is customary every year, engineers and managers in the construction sector come together for a day of inspiration and enrichment, featuring lectures from various fields.

### Training on Transportation and Crane Trucks

The training was delivered for the first time at the initiative of the Equipment and Logistics Division in the construction sector. The purpose of the training is to impart professional knowledge and standardization to ensure accurate orders for transport and crane operations according to the specific needs and constraints on the site, without violating safety protocols or introducing unnecessary risks.

### Sealing Module as Part of the Professional Development Program "Quality of Execution"

As an extension of the ongoing professional development program "Quality Execution," which commenced last year, a new module focusing on sealing wet spaces has been formulated. This module was delivered by leading experts and contractors in the field.

The objective of the program is to provide accessible professional knowledge and establish a consistent high standard across all execution stages and among relevant professionals.

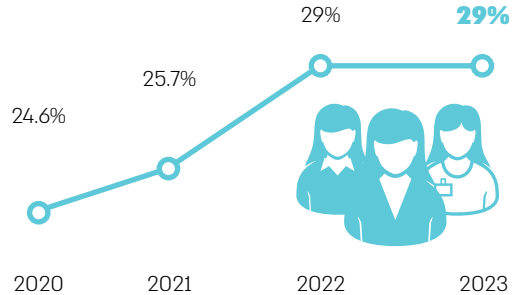
## Supporting Occupational Diversity and Equal Opportunities

**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 the entire spectrum of Israeli society.**

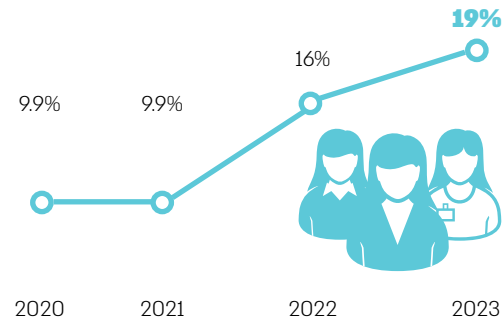
### Encouraging Gender Diversity

Even though the construction sector is often categorized as male-dominated, the proportion of women employed by Ashtrom Group is approximately **29%**. We are committed to increasing the representation of women in the workforce, with a specific focus on expanding the number of women in management positions, both in senior and middle management roles. Currently, women make up approximately **19% of all managers within the Group, surpassing our target of achieving 18% representation in senior and middle management positions by 2030.**

Women in the Workforce at Ashtrom Group



Women in Management Positions at Ashtrom Group



## Employees Aged 50 and Older

At Ashtrom, we believe that adult workers possess valuable knowledge and bring extensive experience to their roles.

In 2023, **37%** of the employees in Ashtrom Group were over 50 years old. Among managers (both senior and intermediate positions), about 17% belong to this age group. Additionally, approximately **11%** of our employees are over 60 years old.

## Employing from the Arab and Ultra-orthodox Society

Another underrepresented group in the employment market in Israel is Arab society. Currently, members of the Arab society account for **10%** of Ashtrom Group's employees, representing a decrease of **13%** compared to 2022. Since the company's relocation to its new offices in Beni Barak, we have actively increased our recruitment of employees from the ultra-orthodox sector, both male and female. These individuals seamlessly integrate into our organization while respecting and honoring the values of the ultra-orthodox community.



## 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.

Currently, **at its headquarters**, Ashtrom Group employs **3.6%** of workers with known disabilities, compared to 3.5% in 2022.

Currently, the Ashtrom Group is actively pursuing a permit to conduct a comprehensive assessment of the number of employees with disabilities within the company, while promoting the recruitment of new employees with disabilities.

## Equal Pay

At Ashtrom Group, the value of equality is foundational to our operations. According to an investigation into equal pay at [Ashdar](#) and [Ashtrom Properties](#) in 2022, published on June 1st, 2023, salary gaps generally favor women in most of the categories, with exceptions in two out of nine categories.

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 additional vehicle leasing benefits.

**It is important to emphasize that 97% of employees in the Ashtrom Group earn at least 10% above the minimum wage.**

## Advancing Physical and Digital Accessibility

Ashtrom Group actively manages physical and digital accessibility in its facilities through a centralized approach led by a senior manager, in close coordination with maintenance managers and property managers. This initiative is based on service accessibility regulations for people with disabilities and is guided by a strategic methodology with defined goals and directions of action. We maintain open dialogue and full coordination among all stakeholders involved. This effort is complemented by "Access to Business" company.

Digital accessibility is managed through collaborations with 11 software houses responsible for constructing and maintaining approximately 29 different websites within the Ashtrom Group. Additionally, all files, including financial statements and current reports, are accessible and uploaded to the 'Maya' website.

**In 2023, a new platform for building websites was established for the Ashtrom Group and its various divisions. The primary goal of this platform is to provide a unified management system that streamlines the management of multiple websites. This initiative aims to enhance efficiency and accessibility by enabling collaboration with a leading software house specialized in digital accessibility.**

Ashtrom Group conducts training sessions for service providers to equip employees at reception desks, sales teams, tenant services, and managers with the necessary tools to provide accessible service to people with disabilities. In 2023, four training sessions were conducted, involving approximately 90 employees. These sessions covered legal provisions related to accessibility, accessibility procedures, and included personal experiential exercises to help participants understand various disabilities better.

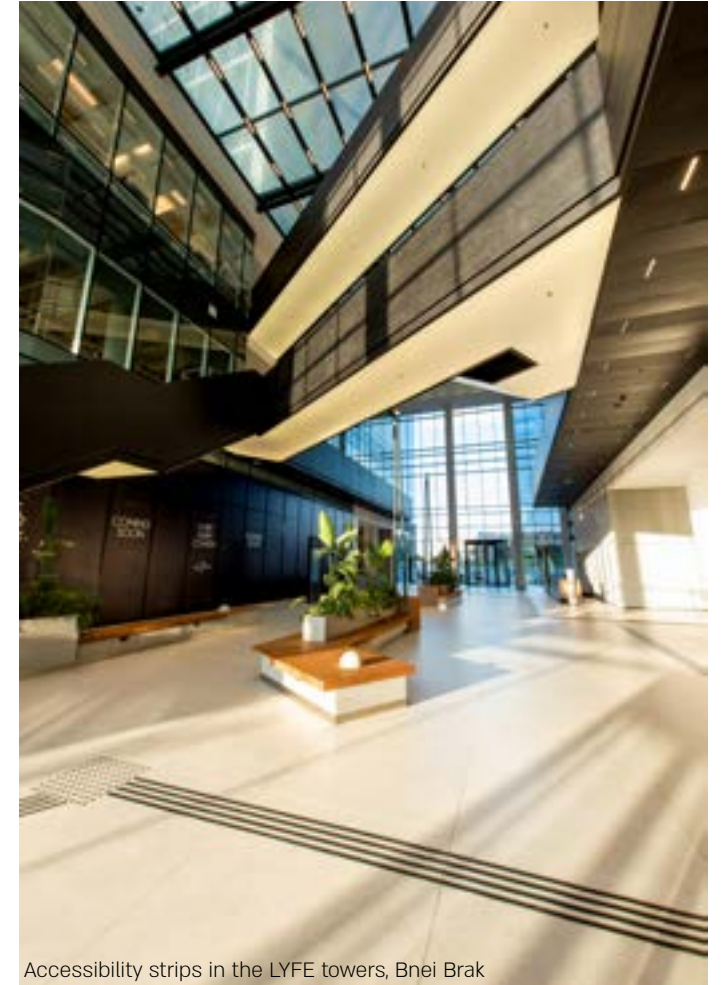
Ashtrom Group continuously ensures physical accessibility of its buildings, infrastructure, and environments through collaboration with asset managers or maintenance managers. This includes addressing accessibility issues, conducting accessibility surveys, responding to regulatory authorities, refining accessibility procedures, and more.

**95%** of the properties belonging to **Ashdar, Ashtrom Residence for Rent** and **Ashtrom Properties** are accessible in accordance with the requirements of the law in Israel at the time of their construction.

**100%** of properties owned by **Ashtrom Properties** in Germany are certified as "Handicap friendly".

**100%** of properties owned by **Ashtrom Properties** in England comply with DDA certification (the British Disability Discrimination Act).

All of the Group's digital assets in Israel are fully accessible.



Accessibility strips in the LYFE towers, Bnei Brak

## Dialogue and Communication with Our Employees

**Ashtrom Group places great importance on strengthening organizational culture and fostering employees' connection to the organization and its values. We believe that effective organizational communication and dialogue with employees are essential for advancing business goals, improving performance, increasing efficiency, fostering innovation, and creating a cohesive, satisfied, and motivated workforce that contributes to our success.**

As a result, in the third quarter of this year, we recruited a Manager of Internal Organizational Communication within the Human Resources Division who is responsible for developing and implementing effective communication strategies to engage with our employees.

### A variety of communication channels

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.

As a result of our focus on dialogue with employees, we communicate organizational messages through various channels, including email and SMS messaging via a publication system. This system allows us to send targeted communications to all of our employees or to specific groups or segments within the organization, such as by department, location, or role. We utilize this mailing system to facilitate dialogue with employees by incorporating

questions and surveys directly into the communications. This approach enables employee engagement and empowers them to have a voice in organizational matters.

All messages sent through our communication system are carefully rewritten and designed to align with our brand spirit, regardless of the topic or audience within the organization. This includes messages related to safety, cybersecurity, salary updates, management communications, and human resources.

In addition to our formal communication channels, we encourage open dialogue through the "open door" policies of our managers and leadership within the Ashtrom Group. This includes holding regular meetings, professional gatherings, and informal conferences to provide opportunities for conversation, feedback, and active listening.

HR managers regularly conduct periodic talks with employees at various stages of their tenure within the organization, including personal conversations based on current needs and circumstances.

Additionally, our corporate portal serves as the default homepage on employees' computers and provides essential information on human resources topics, including benefits, entitlements, welfare programs, learning opportunities, as well as updates on salary and attendance.

In some of our companies, newsletters are sent periodically to foster internal connection and engagement among employees. These newsletters often include requests for employees to share ideas, answer questions, and participate in various activities.

We actively encourage employee involvement in events and activities, exemplified by our "60th Anniversary of Ashtrom Group" event. As part of our strategy to foster familiarity and synergy among Ashtrom Group companies, we decided to prioritize our employees by having them lead the event instead of hiring external facilitators. Throughout the event, pre-recorded and interactive

videos featuring employees from all group members were used to enhance engagement and connection.

During the Iron Swords War in Israel, human resources managers ensured regular dialogue with recruited workers and their families, acting as representatives of the organization to provide support.





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

**Ashtrom Properties** focuses on creating a high-quality, healthy, accessible, innovative, and communal living environment that prioritizes the customer's experience and well-being. This is achieved through the promotion of mixed-use projects centered around the Port, creating shared spaces for tenant well-being, and implementing smart technology and innovation systems to enhance service, tenant communication, property management, and ongoing maintenance.

As part of the planning process, Ashtrom Properties emphasizes working with development consultants to create green spaces for tenant and resident well-being, conceal operational areas like loading and unloading zones and garbage rooms, and hide prominent objects underground. They prioritize efficient planning with an optimal gross-net ratio, utilize the "fifth front" for tenant development areas, and focus on transportation accessibility (Shower rooms, bicycle storage, electric charging stations etc.)

Here are a few examples:

**OLIO:** Utilization of a fifth facade involves designing a green roof above a commercial floor that connects the residential tower with offices. This design also involves concealing building systems to minimize noise for the benefit of the building's residents.

**LYFE C:** The design of the upper floor of an overhead parking lot was transformed into green development areas for the complex's residents, at the expense of existing parking spaces. This tower is planned for future construction.

**Hod Hasharon Hi-Tech Park:** As part of an extensive transformation to turn the complex into a "campus," significant green spaces were created for project residents alongside commercial and dining facilities. During the year, renovations were completed, including the cancellation of surface parking lots in favor of green spaces and shaded areas for park residents.

**No. 8 First Street Manchester:** This project features a green roof that is actively maintained and includes beehives to promote biodiversity and create new habitats on the roof within the city.

**Colmore Gate:** Terraces were created as part of the property's renovation planning process.

**Ashtrom Residence for Rent** aims to develop and create comfortable, ecological, and high-quality living spaces that seamlessly integrate communal structures such as gyms, shared learning spaces, tenant clubs, bicycle storage facilities, shower rooms, and more.

A tenant club, gym, and studio with classes have been operational in the "Hagadna" project for several months now. In the upcoming weeks, gyms and tenant clubs will be operating in the "Mashtela" and "Neot Peres" projects.



No. 8 First Street, Manchester

## Ensuring a Healthy, High-Quality and Pleasant Environment for Renters (Continued)

**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, etc.

**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 in the different projects:**

- At the Persimmon Project in the Gilo neighborhood of Jerusalem, kindergartens and daycare centers are set to be built on an area of 960 sqm, a synagogue and ritual bathing house on 1,700 sqm, a promenade extending over 2,800 sqm, and the development of open public spaces over a large area of 5,371 sqm, and more.
- At the Bilu Project in Herzliya, kindergartens will be built on an area of 1,000 sqm, an alternate synagogue on an area of 1,500 sqm, a coffee shop on 20 sqm, as well as the development of town squares on 2,115 sqm, in addition to public spaces in an open area of 1,494 sqm.
- At the Aminadav Project in Tel Aviv-Yafo, a public structure is set to be constructed on an area of 430 sqm, including the development of public space for the benefit of tenants over an area of 932 sqm.
- At the Shaked Project, an open public space is planned over 1,060 sqm, including two kindergartens to be built on 270 sqm with a 630 sqm yard, and the development of a town square and roads over 1,470 sqm.
- In the Zabar Project, a kindergarten is slated to be built over an area of 150 sqm with a 200 sqm yard, the development of public open spaces over an extensive area of 9,900 sqm, as well as paving works and public development in an area of approximately 1,400 sqm.
- At the Mavdil Project in Ramat Gan, two kindergartens will be renovated on an area of 270 sqm alongside development of an additional area of 440 sqm. Prior to the beginning of construction work, two temporary kindergarten spaces will be built on an area of 280 sqm nearby, and the project will also construct a public structure on an area of 650 sqm.
- The Sokolov Kfar Saba project is expected to include 78 surface parking spaces within the project's basement.



RECANATI Residence, Tel Aviv

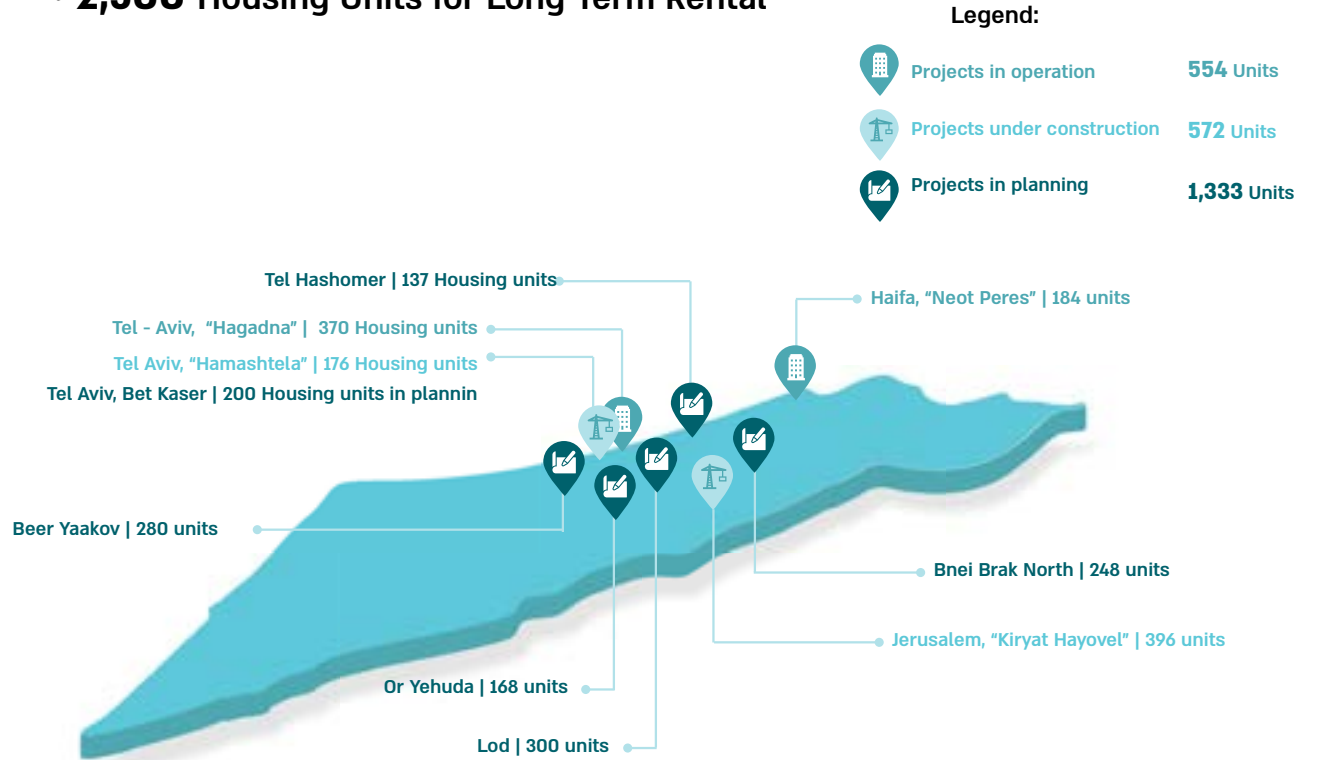
# Enabling Long-Term Rental Housing

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

**Ashtrom Residence for Rent** 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 Residence for Rent currently stands at approximately **36%** (311 apartments out of 859, including the student dorms in Be'er Sheva).

## ~ 2,500 Housing Units for Long Term Rental





## Promoting Community Resilience

Ashtrom Group recognizes the importance of empowering the community it operates in either through financial support or volunteering activities. We believe in giving back to the community and making a positive impact on the world. Therefore, we encourage our employees to donate their time and skills to organizations that make a difference.

Ashtrom Group takes action in the community according to a [defined policy](#) on the topic.

**Ashtrom 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 profits\*. We are committed to furthering gradual implementation of this goal by 2030.**

**Ashtrom Group recognizes the great importance of contributing to and assisting the community in Israel, which aligns with its core values. This commitment is reflected in annual financial donations totaling approximately 3.2 million NIS to various organizations and associations.**

Ashtrom Group has established an 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.

During 2023, a Community Relations Manager was recruited to oversee the implementation of Ashtrom Group's community investment policy.

## Total Amount of Donations by Ashtrom Group

Years	2020	2021	2022	2023
Total amount of donations (NIS)	1,987	1,893	2,490	<b>3,192**</b>
Percentage of Donations Out of Net Profit for Ashtrom Group compared to previous year	0.2%	0.4%	0.3%	0.3%

Ashtrom Group supported and is still supporting families during the "Swords of Iron" war in the amount of 540 Thousands of NIS.

**Ashtrom Group** has established an innovative partnership with Technion to foster environmental entrepreneurship, specifically targeting solutions for the construction and real estate sectors. This collaborative effort, supported and guided by Ashtrom Group, will kick off in 2024 with dedicated studies led by Technion researchers. The goal is to stimulate innovative thinking around environmental challenges and promote entrepreneurship within the industry.

In the initial phase, a study will focus on sludge cycles and the development of eco-friendly antifouling products to prevent mold growth. Additionally, research and investment will be directed towards a startup incubator focused on construction and climate, co-led by the Tel Aviv Municipality and the German government. This incubator, scheduled for early 2024, will span about two days and culminate in the selection of startups to implement proposed solutions within Tel Aviv Municipality. Ashtrom Group aims to support this program to nurture climate entrepreneurship within the sector and engage with numerous startups from Israel and around the world in this field.

In addition to forming collaborations and making targeted donations in accordance with the group's community investment policy, Ashtrom Group donated computers, screens and keyboards. In 2023, the group donated 6 complete sets through the Shaar Shivyon ('Equality goal') association to the Neve Amram school in Dimona.

\* Calculated from net profit before tax of the previous year, excluding non-recurring profits

\*\* Approximately 1,051 thousand NIS of this amount is due to Ashtrom Group's share in included companies

## Promoting Community Resilience (Continued)

As part of the preparations for Rosh Hashanah, Ashtrom Group employees volunteered to donate and pack food packages for low-income families. Some of the gifts purchased for employees during the year were packed by associations that employ workers with special needs.

In addition to promoting employee volunteering at the group level, there are also local projects run by its subsidiaries.

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.

**Ashtrom Properties** employees participate in volunteering activities throughout the year as part of the company's commitment to community involvement. For example, during the war in the southern settlements, the company's employees engaged in agricultural volunteering to assist farmers affected by the situation, due to workers who fled or were murdered.

As part of Good Deeds Day earlier this year, employees of **Ashtrom Properties** volunteered at the Ha'Hatzer factory in the Design Terminal in Bat-Yam. This complex, established by the "Out of the Box" association, serves as a shared incubator for designers, a rehabilitation plant, and a social hub, all working in synergy.

The terminal's yard functions as a rehabilitation facility that employs individuals with mental health challenges, providing them with opportunities for work, creativity, and social interaction. In this

yard, workers engage in gardening activities, connecting with the land and nature, and producing flower pots.

On the last "Tu Bishvat," the factory received a substantial order, and employees of **Ashtrom Properties** came to their aid for a focused day of volunteering. Together, they helped pack approximately 2,500 pots in collaboration with individuals working at the rehabilitation plant. At the end of the volunteering day, each employee received a pot, which had been purchased as a donation.

Most employee volunteering activities are initiated by the employees themselves. 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.

Ashtrom Properties contributes both directly and through its subsidiaries (such as Hod Hasharon Towers and Hutzot Hamifratz) to social activities and organizations, donating hundreds of thousands of NIS to causes such as ALOT, Great in Uniform, Beit HaShanti, Yad Sara, Derech Lotan, hospitals, children at risk, and more.

In Germany, Ashtrom Properties has been supporting the Seret organization for about six years, which promotes Israeli films presented in Germany annually.

Similarly, Ashtrom Properties in England donates to various associations and organizations, including a recent donation to the Royal Marines of England (Marines Royal) as part of a fundraising event.

The company has recently appointed a public relations consultant who is developing a structured work plan focused on social and charity initiatives.

**Ashtrom Construction** provides support to various non-profit organizations, including "Lev Ehad", a non-profit organization that assists soldiers wounded in battle; "Dolphins Ashdod", a non-profit organization managing a football team for individuals with hearing impairments and two reserve units - Harmesh and Duvdevan.

**Ashtrom Industries** actively promotes volunteering through painting initiatives using company materials in community centers and other projects. In 2023, an exciting collaboration took place between graffiti artist Shimon Wanda and BG BOND. Together, they donated paintings

to renew the basketball court at "Levinson" School in Kiryat Yam, where the artist had studied in his youth. As part of this initiative, company experts also provided support and guidance.

Using the colors donated by BG BOND, Shimon transformed the basketball court into a vibrant community art piece that adds color, life, and inspiration. We are excited to share that photographs of this project, captured by photographer Lior Fatal, are currently featured in the "Local Evidence 2024" exhibition at the Israel Museum in Ramat Aviv. This project exemplifies the transformative power of art in urban renewal and demonstrates how collaborations between organizations and artists can create environmental and social impact.



Levinson High School Basketball court, Kiryat Yam.

## Ashtrom Group Embraces Families on the Home Front During the 'Swords of Iron' War

On October 7, 2023, the 'Iron Swords' war broke out. Ashtrom Group ensured business continuity and promptly responded to meet the needs of employees, their families, the community, and the military. Just as with every project, our starting point is always the foundations, and in times of war, the foundations are the people. Ashtrom Group takes pride in actively participating in the spirit of giving and volunteering during these challenging times for Israeli society.

### Supporting the Workers

Throughout this period, the company ensured regular and transparent communication with employees, utilizing email mailings, SMS messages, and direct conversations with HR managers. Human resources departments provided close support to employees and managers through workshops and training sessions focused on resilience and crisis management skills.

During the outbreak of the war and in response to the prevailing uncertainty and fear in the country, the company allowed employees to work from home for two weeks with full pay. Subsequently, parents with young children were granted additional flexibility until schools fully resumed. HR managers demonstrated sensitivity by encouraging employees to share their personal challenges, allowing the company to address individual needs effectively. Customized solutions were offered to employees facing difficulties commuting to work due to the war.

Employees living in southern settlements who were evacuated from their homes under Home Front Command guidance received full wages until the end of November 2023, regardless of their work attendance. Recognizing the national mood and the challenges of conducting business as usual, it was clear that employees wanted to contribute as much as possible to assist their communities and themselves. By redirecting emotions from fear and worry to feelings of personal satisfaction and increased self-worth through acts of giving and participation, employees found purpose during challenging times.

As part of the communication with workers during the war, a WhatsApp group for volunteers was created. Over time, the group grew to include approximately 250 volunteers at its peak. After each volunteer activity, participants returned excited and expressed gratitude for the platform and the opportunity to give back. Despite the challenging circumstances, witnessing the spirit of volunteerism, commitment to help, and desire to contribute was heartwarming.



## Ashtrom Group Embraces Families on the Home Front During the 'Swords of Iron' War (Continued)

### Supporting Recruited Employees

During the mass mobilization of reserves under emergency orders, a request was made to all Ashtrom Group employees to update the organization on any equipment shortages affecting their loved ones serving in the military and other soldiers in their unit. Additionally, contact was made with employees who were called up to reserves and their families to compile a list of needed equipment and items.

To address the identified needs, Ashtrom Group made a comprehensive purchase of equipment to fulfill the requests received, including surprises and treats. The company procured equipment valued at approximately 500,000 NIS, comprising dry food, toiletries, underwear, warm clothing, lockers, softshells, and more.

The equipment was packed by employees of the Group, based on the demand lists and transported to bases in the south and north by volunteers who delivered valuable equipment to over 100 different units. Additionally, all Ashtrom Group employees were asked to send greetings and drawings from their children to boost the morale of the soldiers, and these were attached to the boxes sent to various units.

In addition to the ongoing relationship of human resources managers with the families of recruited workers, since the outbreak of the war, the company has been sending monthly pampering packages to 150 families of recruited workers for support and reinforcement. These packages are packed and delivered to the homes of these families by volunteers who are employees of the Ashtrom Group.

We are incredibly proud of our enlisted employees for their service and contribution to protecting the country, and we deeply admire the resilience and support shown by their families. We are committed to supporting them in every way possible. To show our appreciation, the Ashtrom Group awarded employees who completed extended reserve service a voucher for an experiential activity of their choice.

### Supporting the Families

HR managers maintained continuous contact with employees living up to 20 km from Gaza and beyond, and later with those who were evacuated from the North.

For employees who were evacuated from their homes, the company provided alternative housing in residential apartments, including purchasing electrical products, furniture, and various accessories for the duration of their displacement. Additionally, the company arranged some time off for evacuated families in hotels.

The company organized remote activities for employees and their families during this challenging time. These activities included a magic show on Zoom for families, as well as several meetings with a psychologist on Zoom in the morning and evening, covering topics such as resilience, coping with stress, and financial management during wartime.

Recognizing the need for educational support due to the closure of regular schools, the company established a portal that offers activities and content for children and adults in one centralized platform.



## Ashtrom Group Embraces Families on the Home Front During the 'Swords of Iron' War (Continued)

### Supporting the Community

The company proudly donated 540,000 NIS to support the civilian population in the southern settlements through the Heads of the Economy Forum. Additionally, Ashtrom Group supported the Israeli economy in the north and south by organizing several sales fairs featuring dozens of manufacturers and suppliers from conflict zones. These fairs were held in the lobby of the group's headquarters building in Bnei Brak, where employees and other tenants in the LYFE Towers purchased local products to show solidarity and contribute their share.

The manufacturers and suppliers were thrilled about the opportunity to sell their products at the fairs. Both the production company owner and employees benefited from the initiative as it provided them with a much-needed source of income during a challenging period marked by the cancellation of planned events and activities. Guests at the fairs, including company employees and other buyers, were excited to support the vendors by purchasing Israeli goods with pleasure and generosity.

### Supporting the Families of the Hostages

On the 100th anniversary of the hostages being held captive in Gaza, support ceremonies were held across various companies of the Ashtrom Group. The main ceremony took place at the Ashtrom Group headquarters in the LYFE tower, attended by senior management and hundreds of employees. During the ceremony, the names of the hostages were called out, counting from 0 to 100 to symbolize the passage of time. Yellow balloons were released into the air, and the ceremony concluded with the singing of HaTikva.

During the war, the company used scatter screens in its compound to raise awareness and show support for the hostages and their families. On the one-month anniversary of the war's outbreak, the Ashtrom Group purchased bracelets as a donation for the hostages' families. These bracelets, along with Israeli flags for vehicles, were distributed to Ashtrom Group employees.



### volunteering

At Ashtrom Group, we believe that volunteers play a vital role in providing support and relief to war victims. We engage in various initiatives to assist where possible: We partnered with MDA (Magen David Adom) to organize blood donation drives at the LYFE building to help increase blood bank supplies.

Volunteering with the "Lashova" Association, which provides hot lunches to children in need, was a priority during the war. Ashtrom Group employees volunteered to assist the association by packing and delivering meals to those in need. The workers diligently packed the meals, ensuring each one was nutritious and delicious, guaranteeing that everyone received a hot meal that day.

We are proud of our employees for volunteering their time to support the "Lashuva" association. Their dedication to helping others is inspiring. Additionally, due to a severe shortage of workers in the agricultural sector throughout Israel, Ashtrom Group employees volunteered to assist farmers with picking and packaging produce. For example, they provided a helping hand to farmers in Moshav Port and Moshav Azaria by picking cherry tomatoes and packing vegetables.

The work was demanding and physical, but undoubtedly rewarding. Our employees rose to the challenge, working hard to ensure that farmers received the help they needed to bring their crops to market. Ashtrom Group is proud of our employees for their dedication to helping others. Their commitment to giving back to the community is truly inspiring.



## Ashtrom Group Embraces Families on the Home Front During the 'Swords of Iron' War (Continued)

### Ashtrom Properties supported evacuees from the southern settlements, soldiers, and the community during the war.

During this time, Ashtrom PORT allocated areas for the benefit of the community in several ways:

- Providing offices and conference complexes free of charge for evacuated residents and companies from conflict zones seeking office space.
- Allocating designated rooms for packing, storing, and transporting donations for IDF soldiers.
- Organizing and hosting blood donation days in cooperation with MDA and the blood bank at LYFE Port and Port Hod Hasharon.

### Additional activities held at Ashtrom properties during the war included:

- Arad Mall: A logistics center was established to collect food and equipment for soldiers, along with a rest area providing light refreshments and water at no cost. The room was opened before the outbreak of the war and operated more intensively during wartime.
- Rosh Pina Mall: A stand was set up in honor of the hostages, displaying their photos alongside a coffee station for soldiers offering hot and cold drinks.
- Bat Yam Mall: A blood donation station was opened in cooperation with Bat Yam Municipality and MDA (Magen David Adom).
- LYFE Towers: Hosting a farmer's and producers' sales fair in the main lobby, featuring products from the north and south of the country.

In addition, Ashtrom Properties donated two food trucks, normally located in the Hod Hasharon Towers high-tech park. With the support of partners, these trucks were converted and operated by Haim Cohen and a catering company to provide support in various community locations, including: The entrance to Soroka Hospital in Be'er Sheva, IDF bases, Assembly and preparation areas of the army, Hotels and sites accommodating evacuees, and rehabilitation and recovery centers for the wounded.





# 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 integrity 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.**

**Ashtrom 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:**



**Zero ethical events\***

by 2035



**100%**

ESG assessment of 100% of material suppliers and Zero carbon emissions from material suppliers by 2050



**100%**

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

## Seal of Trust

Ashtrom Group recently earned a seal of reliability from Dunn & Bradstreet, a global company known for setting standards in reliability, ethical conduct, and financial stability. Dunn & Bradstreet evaluated our company based on factors such as financial risk, longevity, payment history, and legal standings. We are honored to have received a premium reliability seal, placing us among the top 5% of companies in the Israeli economy recognized for this distinction.



Receiving the seal of trust from Dunn & Bradstreet further underscores Ashtrom Group's commitment to promoting corporate governance and ethical business practices as part of our efforts to advance ESG initiatives.

## 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 training sessions. 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 2021-2023, 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 exposes 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 training sessions, screensavers with relevant information security instructions, and digital courseware on information security and data privacy protection.

**2/3** of our employees have completed the information security and privacy protection courseware during 2023.

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.

Throughout 2023, we encountered numerous attempts to breach our corporate email accounts through a Spray Password attack, where attackers use common passwords across multiple accounts and services to access valuable company information. Fortunately, our information security systems and robust implementation of security policies thwarted these attempts.

Real-time alerts from our monitoring center allowed us to respond promptly and appropriately to these threats. In addition to reactive measures, we proactively enhance our defenses against various types of attacks, employing both technological solutions and procedural enhancements to safeguard our assets and data.



## Privacy Protection and Information Security (Continued)

In 2023, Ashtrom Group implemented several significant actions to enhance its security systems:



Ashtrom Group developed a new training program focused on information security, providing direct training to employees. This included displaying security instructions and privacy protection information on screensavers.



Ashtrom Group conducted cyber incident drills involving management and technical teams, alongside phishing awareness exercises for all employees.



Ashtrom Group invested in acquiring new information security technologies, including systems for monitoring cyber incidents staffed by a dedicated team operating 24/7.

Furthermore, the Ashtrom Group upheld regular practices in information security, including:



Continual oversight and management of security policies and procedures across various domains, encompassing information system protection measures, user management and access rights, password policies, data backup and recovery strategies, physical security protocols, guidelines for mobile device usage, data encryption methods, system updates, documentation and control practices, outsourcing considerations, periodic audits, and guidelines for handling cyber incidents.



Conducting information security surveys and periodic penetration tests on information systems to assess vulnerabilities and ensure robust security measures.

Thanks to these initiatives, the Ashtrom Group has fortified and progressed its security infrastructure, affirming its ongoing commitment to maintaining the utmost security for employees, customers, and business partners. Here are several notable achievements from the Ashtrom Group's information security efforts in 2023:



Ashtrom Group successfully implemented a cyber event monitoring system with a 24/7 hotline.



Ashtrom Group conducted effective cyber incident drills involving management and technical teams, simulating complex attack scenarios.



Ashtrom Group introduced an interactive comprehensive training and guidance program in information security that reached all employees within the group.

**Ashtrom Group believes that ongoing investment in information security is essential to safeguard its most critical assets.**



## 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 lessons 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**. Relevant employees participated in a dedicated seminar on the subject during 2023 as well.

## Ashtrom Group's Board of Directors

**Ashtrom Group's Board of Directors has seven members. As of 31/12/2023, there are two women (37.5%) and 3 external directors (50%). Two members of the Board of Directors have accounting and financial expertise.**

**On the boards of directors of the public companies in 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.**

### **Avraham (Rami) Nussbaum Chairman of the Board**

Joined the group in 1979 and is a major shareholder. He is also Chairman of the Board at Ashtrom Properties and serves as a director in several other subsidiaries of the group. He holds a bachelor's degree in economics.

### **Amalia Paz Board Member**

Nominated as an external director on the group's board of directors in 2022 and occupied pivotal financial roles in international companies spanning real estate, industry, and high-tech sectors. Additionally, she serves as a public representative director in prominent companies within the economy. Paz is an A.P.C certified accountant with a bachelor's degree in economics and accounting.

### **Gil Gueron CEO**

Joined the group in 1985 and is a major shareholder. He is also Chairman of the Board at Ashdar and serves as a director in several other subsidiaries of the group.

He holds a degree in civil engineering.

### **Eliezer Shkedi Board Member**

Nominated as an external director on the group's board of directors in 2022.

He is a retired Major General who boasted a distinguished career as a fighter pilot and served as the 15th commander of the Israeli Air Force. Presently, he serves as the president of the "Masa Israeli" organization and has previously held the position of CEO at El Al. Shkedi holds a bachelor's degree in mathematics and computer science, as well as a master's degree in systems management.

### **Ofer Zahavi Board Member**

Joined the group's board of directors in 2014. Currently, he serves as a manager in private family-owned companies. Zahavi holds a degree in economics and is certified in business administration.

### **Limor Danesh Board Member**

Nominated as an external director on the group's board of directors in 2022 and brings extensive accounting and financial expertise to the table, serving as a director in numerous public and private companies. Additionally, she is a member of the Board of Directors of the Government Companies Authority. Danesh holds a bachelor's degree in economics and management, along with a master's degree in law.

### **Yonatan Levy Board Member**

Joined the group's board of directors in 2014. Currently, he serves as a manager of private companies. He holds a bachelor's degree in design.



# Ashtrom Group's Management

The management of Ashtrom Group consists of 13 members who are actively involved in guiding and directing the promotion of ESG initiatives in accordance with the defined corporate governance structure.

## **Avraham (Rami) Nussbaum** **Chairman of the Board**

Joined the group in 1979 and is a major shareholder. He is also Chairman of the Board at Ashtrom Properties and serves as a director in several other subsidiaries of the group. He holds a bachelor's degree in economics.

## **Gil Gueron** **CEO**

Joined the group in 1985 and is a major shareholder. He is also Chairman of the Board at Ashdar and serves as a director in several other subsidiaries of the group. He holds a degree in civil engineering.

## **Yaron Meshorer** **Deputy CEO - Concessions & Marketing**

Joined the Group in 1989 and currently holds the position of Deputy CEO at Ashtrom concessions as well as overseeing marketing, branding, and advertising initiatives within the Group. He holds a bachelor's degree in general studies.

## **Oren Nussbaum** **Deputy CEO of Finance, Business Development, and Renewable Energy**

Started his career at the Group in 2006 and currently serves as the Deputy CEO of Finance, Business Development, and Renewable Energy. Prior to this role, he held several key positions in other companies within the group. Nussbaum holds a Bachelor's degree in Business Administration with a specialization in finance.

## **Shay Etrogy** **CEO of Ashtrom Construction**

Joined the Ashtrom Group as the CEO of Ashtrom Construction in 2012, bringing with him extensive experience from various key positions in construction and real estate companies. He holds a bachelor's degree in civil engineering and has completed the Directors' Course of the Israeli Engineers' Union.

## **Yaron Rockman** **CEO of Ashtrom Properties**

Joined the Ashtrom Group as the CEO of Ashtrom Properties in 2017, leveraging extensive experience gained from various senior roles in the real estate and finance sectors. Rockman holds a bachelor's degree in accounting and economics and a master's degree in business administration.

## **Arnon Friedman** **CEO of Ashdar**

Joined the Ashtrom Group as the CEO of Ashdar in 2008, bringing a wealth of experience acquired from various leadership roles in construction and in business and real estate development. He holds a bachelor's degree in civil engineering and a master's degree in business administration.

## **Sharon Levanter** **CEO of Ashtrom Industries**

Joined the Ashtrom Group in 2014 and currently serves as the CEO of Ashtrom Industries. Previously, he was the CEO of BG BOND and held several key positions in the field of biology and technology. He holds a bachelor's degree in life sciences and a master's degree in law.

## **Shamai Kama** **CEO of Ashtrom Residence for Rent**

Joined the Ashtrom Group as the CEO at Ashtrom Residence for Rent in 2022, boasting over 20 years of management experience in real estate both domestically and internationally. He holds a bachelor's degree in computer science and a master's degree in business administration, specializing in finance.

## **Itzik Mermelstein** **CEO of Ashtrom Renewable Energy and Concessions**

Joined the Ashtrom Group as the CEO of Ashtrom Renewable Energy in 2021, boasting extensive experience in government regulation. He holds a bachelor's degree in philosophy, economics, and political science, and a master's in business administration, specializing in finance.

## **Tzahi Bone** **CEO of Ashtrom International**

Joined the Ashtrom Group in 2014 and currently serves as the CEO of Ashtrom International. Previously, he managed the company's operations in Serbia and held several key positions in the field of engineering and contracting. He holds a bachelor's degree in civil engineering, specializing in construction and transportation.

## **GAL OMER** **CFO**

Joined the Ashtrom Group in 2022 as the Chief Financial Officer (CFO) after holding several key positions in leading companies in the construction and infrastructure field. He holds a bachelor's degree in business administration and accounting, with a specialization in finance.

## **Zohar Barak Hadad** **VP of Human Resources**

Joined the Ashtrom Group as VP of Human Resources in 2023 after holding various positions in the human resources field across different companies and organizations. She holds a bachelor's degree in law and economics and a master's in labor studies.

**In the management of the public companies in Ashtrom Group, Ashdar has two women in management, representing 33% of the management team. As for Ashtrom Properties, there is one woman in management, representing 14% of the management team.**

## The Work of the Group's Board 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.

During the Ashtrom Group's board of directors' meetings, there are periodic discussions on the group's long-term strategy and the associated market risks. These discussions involve reviewing the group's activities across different sectors,

including expected activity levels in the upcoming years, parameters related to profitability, debt structure, and sourcing and utilization of funds. Following these reviews, the board of directors places emphasis on various aspects, particularly focusing on long-term group goals. This emphasis is aimed at preserving and enhancing business activities while maintaining the group's vision and adaptability in a dynamic business environment.

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

During 2023, the Group located a new board member 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 participated 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, as well as the ESG report that was recently 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.

It's important to highlight that the audit committee of the Ashtrom Group convenes annually with the internal auditor and accountant to discuss any deficiencies in corporate management, without the presence of relevant functions.

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

Image Bank Photo

## 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 management 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 plays 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 Group's internal auditor 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 global 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, resulting, from among other things, the Group's activities in a number of sectors.

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.

**During 2023, the group initiated the implementation of TCFD (Task Force on Climate-related Financial Disclosures) guidelines within selected divisions - Ashtrom Properties and Ashtrom Renewable Energy. This process followed extensive discussions with management members within these divisions, and the discussed topics were further examined by senior managers leading these areas. No significant risks were identified for the companies, and opportunities emerged to expand existing activities in preparation for physical and transition risks related to climate change, along with identifying climate-related opportunities.**

For more details about this initiative, please refer to the GRI appendix included in this report.

Kikar Hamechina, Tel Aviv

## 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, 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 training sessions 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 plan for the prevention of bribery and corruption, an administrative enforcement plan for securities, and an antitrust enforcement plan.**

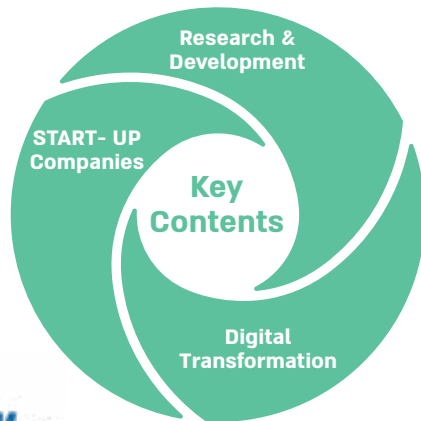
We track and report on notable events of non-compliance with laws and regulations, including those cases that come to monetary fines or non-monetary sanctions. We are proud to share that during 2021-2023, no material non-compliance events occurred.

# Promoting Innovation for a Sustainable Future

## In Products, Processes, Construction and Property Management

With over 60 years of experience, Ashtrom Group understands that innovation is foundational to our success and is essential for addressing the dynamic challenges in business, sustainability, and climate. Alongside our fundamental values that shape our activities, we prioritize integrating innovation into our core operations to achieve ESG (Environmental, Social, and Governance) goals and foster a sustainable future. We are dedicated to leveraging new technologies, enhancing efficiency, delivering value to our customers, and minimizing our environmental footprint.

**Ashtrom's innovation strategy operates across several key axes:**



## Research and Development - Developing Sustainable Products

Research and development serves as the cornerstone of Ashtrom industries, playing a pivotal role in driving sectoral growth and contributing to the overall expansion of the group's value chain. Ashtrom Group is actively involved in the development of new production processes, innovative applications, and novel products tailored to diverse target markets.



## Open Innovation - Working with Start - Up Companies and Entrepreneurs

Open innovation plays a vital role in Ashtrom Group's innovation strategy. The group recognizes that open innovation is crucial for maintaining market leadership and addressing new and complex challenges effectively.

Ashtrom Group promotes open innovation through various initiatives, including:

- **Collaborations with start-up companies:** Ashtrom Group actively invests in start-up companies that focus on developing innovative solutions relevant to its fields of interest.
- **Collaborations with academic bodies and research institutions:** Ashtrom Group partners with academic institutions and research organizations to foster the development of new technologies and innovative solutions.

**We are proud to have received a certificate of appreciation from the Association of Israel's Contractors Foundation for our contribution to advancing and revitalizing the construction industry in Israel. Ashtrom Group was honored with a certificate of excellence for its pioneering leadership and commitment to professionalism and employee safety.**

# Promoting Innovation for a Sustainable Future (Continued)

## Digital Transformation - Internal development of products and processes to optimize and empower business activities

Ashtrom Group views digital transformation as essential to its success. The company invests in new digital technologies, develops innovative processes, and trains employees to work in a digital environment.

This approach enables Ashtrom Group to maintain leadership in the market and address new challenges effectively. Through digital transformation, the company improves efficiency, reduces costs, and enhances the customer experience.

Ashtrom Group's digital transformation impacts various areas across its entire business chain, including production, sales and marketing, building and construction site management, customer service, internal organizational efficiency, and more.

## In 2023, we made significant progress in ESG-focused innovation. Here are some examples of our achievements:

### Sustainable Products

Construction has a significant impact on the environment, making the development of sustainable materials crucial. These materials, produced from renewable or recycled sources, play a key role in reducing the environmental footprint of construction activities by lowering greenhouse gas emissions, improving air and water quality, and cutting costs:

- We developed and launched a new line of sustainable products, including a new block of Ashbond (for details, refer to the "Sustainable Environment" chapter).
- We invested in Super Polymer, embarking on a journey to develop new sustainable products and expand our offerings (see the "Sustainable Environment" chapter).
- We promoted experiments with innovative recycling solutions. This pilot involved recycling concrete waste by milling it and combining it with virgin material.



# 31 Ashtrom Group's Innovation Projects in 2023

In 2023, Ashtrom Group made substantial investments in innovation across multiple areas, encompassing research and development, engagement with startups, and digital transformation. Below are details highlighting key innovation projects undertaken by Ashtrom Group this year:

**3**

Under Development / Specification

**4**

Pilots

**2**

Investments

**7**

Innovative Technologies and Products Under Examination

**6**

Continued Development and Implementation of Innovative Products

**2**

Internal Research and Product Development

**6**

Rejected

**1**

Full Implementation

	Construction Systems and Materials	Property Planning and Operation	Management of Construction Sites and Factories	Interfaces with customers and internal processes
R & D	7	1		
Start - Ups	1	5	5	1
Transformation		4	2	5
<b>Total</b>	<b>8</b>	<b>10</b>	<b>7</b>	<b>6</b>



# 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 three 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.

**Ashdar** is dedicated to delivering professional, direct, and efficient customer service throughout the entire customer journey. The company continuously enhances service processes and monitors service quality, prioritizing the creation of a positive customer experience. Ashdar collaborates closely with clients across various project stages, from initiation to key delivery to landowners or buyers. Each segment of the project's value chain has dedicated customer service within departments, ensuring responsive and tailored support based on project stages and specific inquiries. Customer service is a fundamental element at Ashdar, with the CEO actively involved in overseeing service aspects.

**We place great importance on learning from customer inquiries and providing immediate, responsive solutions to their needs.**

**As part of efforts to enhance customer service, Ashdar implemented the following changes:**

- Ashdar divided the customer service department into smaller units, each integrated within the relevant professional teams. This reorganization aims to deliver immediate and specialized service to customers based on their specific needs.
1. Business Development Department: This department focuses on the contracting phase of transactions, especially in multi-owner projects. It provides services to landowners, addressing inquiries about project progress and engagements with other landowners. Additionally, it manages applications from apartment owners in urban renewal projects.
  2. Marketing and Sales Department: The sales team manages the project's sales websites and assists buyers throughout the purchasing process.
  3. Finance Department: Handles all matters related to financial transactions during the construction phase, including fund transfers, guarantees, mortgages, salary, alternative apartments in urban renewal projects, and compensation for delays in delivery.

4. Real Estate Department: Facilitates rights confirmations and transfers after occupancy, ensuring proper registration of shared property.
5. Engineering Department: Offers direct support for planning and engineering issues during construction and testing phases.
  - **Ashdar** is committed to enhancing service processes and quality monitoring while optimizing effective processes and tools. In 2023, the company undertook organizational mapping and diagnostic processes to enhance the customer service experience. Specific actions included recruiting a customer relations manager within the engineering department, expanding service activities in the customer relations department, refining work processes in the real estate department to promote digitization, and exploring the implementation of a system to manage and handle customer inquiries efficiently as part of internal control processes.
  - **Ashdar** has developed a tenant portal, currently in the pilot stages for the first project.

**Ashdar** considers customer service to be a fundamental value and is dedicated to continuously enhancing the quality of service provided to its customers.



## Customer Service (Continued)

**Ashtrom Residence for Rent** 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.

Every two months, Ashtrom Residence for Rent organizes experiential and interactive events designed to bring neighbors together, foster acquaintanceship, and cultivate deep friendships among tenants. We recognize that our community is diverse, like a puzzle comprising various interest groups, and we believe in nurturing shared interests among tenants. To this end, we identify tenants interested in specific topics such as sports training, women on maternity leave, or graduates seeking lectures, and we organize meetings and events tailored to these interests. Our goal is to facilitate meaningful interactions among tenants, fostering neighborliness and strong friendships.

Additionally, we actively encourage tenants to engage and take part in community initiatives within our properties. We collaborate closely with community managers to identify tenants who are caring, active, and motivated, encouraging them to initiate and lead community-driven projects. Throughout the year, numerous meetings and events were organized based on tenant initiatives, supported by our community managers. Examples include Shabbat reception gatherings, children's meetings for respite during the war, voluntary workshops hosted by tenants, and more.

Ashtrom Residence for Rent provides tenants with access to dedicated structures 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.

### Ashtrom Residence for Rent utilizes four main channels of communication to engage with communities and tenants:

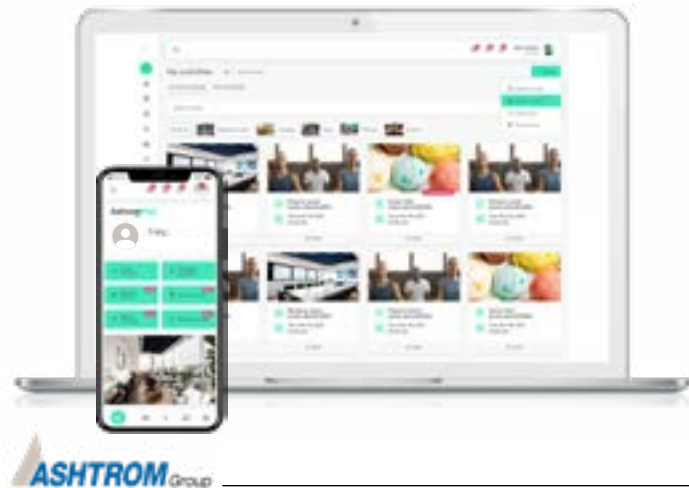
- **The Tenants' Portal website:** serves as a central hub for tenants to enhance their living experience and engage in community activities within the properties, including registration for community events and activities for children (plays during the summer vacation and creative workshops), facilitating connections between tenants, promoting mutual support through activities like borrowing or exchanging products, encouraging conscious consumerism, organizing shared trips, coordinating rides, booking shared spaces within the property complexes for private use, and submitting maintenance requests.
- **Closed WhatsApp Groups:** Each community has a closed WhatsApp group used for updates, event announcements, and connection to the tenants' website. During the 'Iron Swords' war, these groups were opened for open dialogue to encourage mutual assistance and support among tenants.
- **Periodic Emails (Newsletters):** Tenants receive periodic newsletters via email, providing updates about project news, upcoming events, and invitations to register for activities on the website.
- **Publications at Projects:** Publications within the projects themselves, such as notices and signage, inform tenants about events and important updates happening within the community.

**During the war, our priority was to provide a supportive presence and a listening ear for our tenants.** We engaged with community leaders to understand their needs and concerns. Recognizing the challenges of the time, we adjusted our social activities to focus on smaller gatherings that provided a respite for tenants and families. We organized creative workshops and sports classes for children and offered free sports training for adults to help alleviate mental stress. We continue to use community strength to foster mutual support and assistance among individuals facing difficult circumstances.



# 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** 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 as an efficient, accessible, accurate and readily updated work tool for presenting relevant data to management.

In addition, the company developed seven dedicated dashboards 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 **Ashtrom 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 Residence for Rent 's activities. These efforts are in addition to the development of infrastructure, social and physical accessibility mechanisms, and transport solutions to benefit the residents of these properties.

**Ashtrom Properties** has initiated a comprehensive process to evaluate rental prices and management fees across the broader economy and within competing properties associated with the company's projects. This effort involves conducting extensive nationwide market surveys throughout 2023, which will serve as the foundation for a dedicated marketing dashboard developed during the year.

## 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 Industries** and **Ashtrom Construction's** activities and expect all of our subcontractors to implement this standard as well.

A portion of our activities at **Ashtrom Construction** are managed by subcontractors who are also required to meet the Group's quality standard of ISO 9001. 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.

**Ashtrom Industries**, responsible for supplying the majority of raw materials used by the Group across its activities, including Ashtrom Construction, fully implemented the ISO 9001 standard within its operations.

This adoption of the ISO 9001 standard underscores the company's dedication to maintaining quality standards. By implementing this standard, the company aims to enhance production and marketing processes, elevate customer satisfaction, and mitigate business risks.

# 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 influence 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 parallel, we prioritize local procurement and are currently expanding our efforts to promote environmental procurement practices. In the activities of Ashtrom Construction, Ashdar and Ashtrom Residence for Rent, 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.**

**Ashtrom group** established a procurement policy that regulates 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 Construction.**

In 2023, we expanded our operations into other leading companies, including **Ashtrom Properties, Ashtrom Residence for Rent, and Ashtrom Renewable Energy.**

It's important to note that the development divisions within the Ashtrom Group, such as **Ashdar**, collaborate closely with the industries and construction divisions in their regular operations. Therefore, they are not required to implement supplier evaluation questionnaires.

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.

In addition, 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 and certificates of delivery).

In 2023, the supplier evaluation and questionnaire distribution process was expanded, achieving a response rate close to 100%. The results were notably positive compared to the previous year, with approximately 60% of responding suppliers indicating they have an ESG strategy, objectives, ethical infrastructure, environmental initiatives, and manage environmental risks. Additionally, about 40% reported adhering to EPD standards for their main products. Some suppliers also measure greenhouse gas emissions and promote diversified employment.



## Developing a Responsible Supply Chain (Continued)

**In 2023, dedicated questionnaires were sent for the first time to material suppliers of Ashtrom Properties. Responses from suppliers in England revealed that all suppliers have a commitment to promoting sustainability and possess policy documents that support essential issues in the sector. Additionally, all suppliers reported having environmental initiatives, though only about 50% measure greenhouse gas emissions. Approximately half of the suppliers have relevant ISO standards for environmental and quality management in their activities. None of the respondents reported facing lawsuits related to environmental issues in recent years.**

In a supplier evaluation conducted by **Ashtrom Properties** in 2023 among material suppliers in Israel, it was found that 50% of them actively manage environmental projects. More than 80% have policy documents addressing substantive issues, although only some of them have a formal code of ethics. It was encouraging to discover that approximately 50% of the vendors

surveyed were small businesses, located in geographical peripheries, and/or owned by women.

**Ashtrom Residence for Rent** also reached out to key suppliers in the cleaning industry to assess their efforts in promoting ESG. During this phase, the companies primarily highlighted their management of ethical infrastructure without any specific environmental claims. About 50% of the companies that responded to the questionnaires mentioned employing disabled workers, engaging in waste recycling activities, and using green certified materials.

**Ashtrom Renewable Energy** conducted a comprehensive survey of its construction supplier at its main project in Texas, revealing a robust infrastructure for advancing ESG initiatives.

**In 2023, we developed additional ESG clauses to incorporate into Ashtrom Group's contracts with suppliers, supplementing existing provisions addressing fair**

Image bank photo

# About This Report

This is Ashtrom Group's second 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.

This report and the data presented in the GRI Content Index are valid for the period of January 1, 2023, to December 31, 2023, 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.

Ashtrom 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. As part of our commitment to open and transparent dialogue with our stakeholders, we welcome any feedback, insights or suggestions from our various stakeholders.

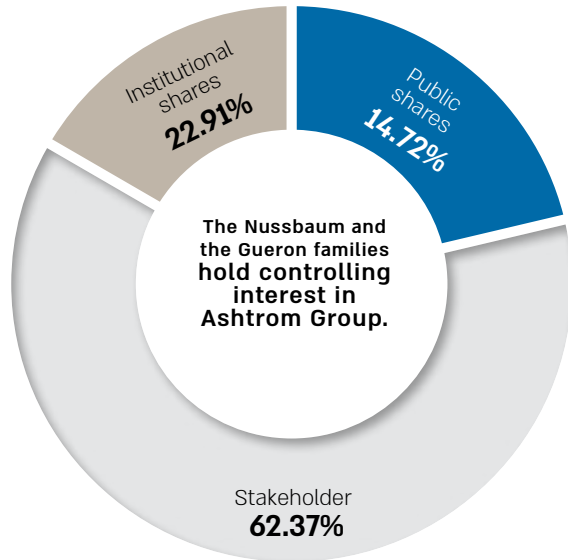
A GRI Content Index and SASB Index for 2023 are attached to this report.



As part of our commitment to open dialogue, 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 2023 to Gal Omer, Chief Financial Officer at Ashtrom Group and/or to Maya Feuer, Head of Sustainability and Innovation at Ashtrom Group, via email: **Gal Omer: galo@Ashtrom.co.il | Maya Feuer: mayaf@Ashtrom.co.il**

# Appendices

# Ashtrom Group's Ownership Structure



\* 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 Ltd. <b>100%</b> (9)
Ashtrom Ben Gurion Dorms L.P. <b>100%</b>
Ashtrom Beit Mishpat Bat Yam, L.P. <b>100%</b>



Ashtrom Renewable Energy Ltd. <b>100%</b>
Ashtrom Renewable Single Member S.A <b>100%</b> (Greece)
Ashtrom RE inc. <b>100%</b> (USA)
Ashtrom-Rapac Renewable Energy, L.P. <b>50%</b>
Ashtrom-Rapac-Mivtach Renewable Energy, Ramat Hagolan, L.P. <b>50%</b>
Zaphyrus Wing Energy, L.P. <b>10.8%</b>



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



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



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



Ashtrom Industries Ltd. <b>100%</b>
B.G (Israel) Technologies Ltd. <b>55%</b> (1)
Y. Zahavi Flooring Industry Ltd. <b>100%</b>
Netivey Edomit (2011) Ltd. <b>50%</b> (2)
Ashbond Ltd. <b>50%</b> (3)
Studs P.O.W.E.R Ltd. <b>60%</b> (4)
Zalfon Quarries Ltd. <b>50%</b> (5)
Sorek Quarrying Ltd. <b>75%</b> (6)



Ashtrom International Ltd. <b>100%</b>
ABS Development Corporation <b>100%</b> USA
Ashtrom B.V. <b>100%</b> Netherlands
Ashtrom Serbia Holding CV <b>100%</b> Netherlands
Ashtrom Zambia Constructiom Ltd. <b>100%</b> Zambia
A.B. Investii Si Constructii SRL <b>80%</b> Romania
Douro Habitat <b>100%</b> Portugal
Ashtrom Jamaica Ltd. <b>95%</b> Jamaica
Jdp construction Nigeria Ltd. Nigeria <b>100%</b>
Ashtrom Swiss sarl <b>100%</b> Switzerland



Ashtrom Properties Ltd. <b>100%</b> (12)
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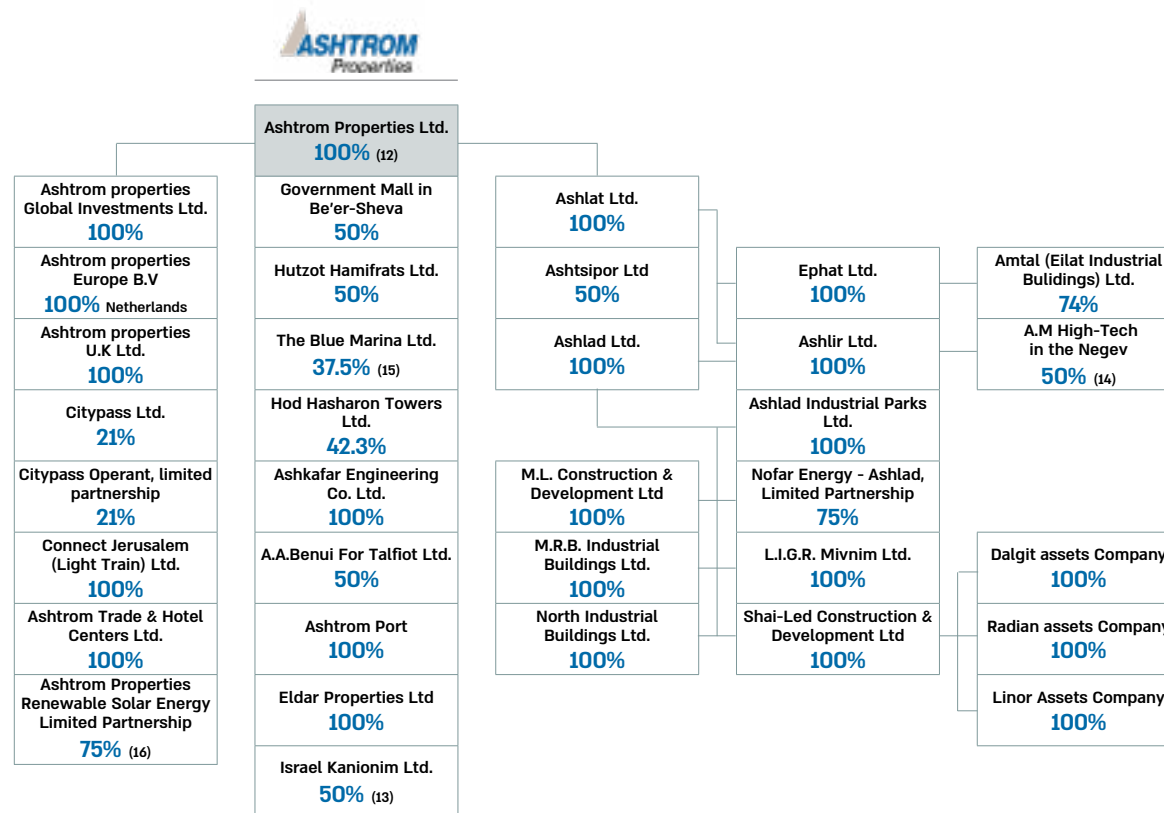
Details may be found in the next page

(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 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.





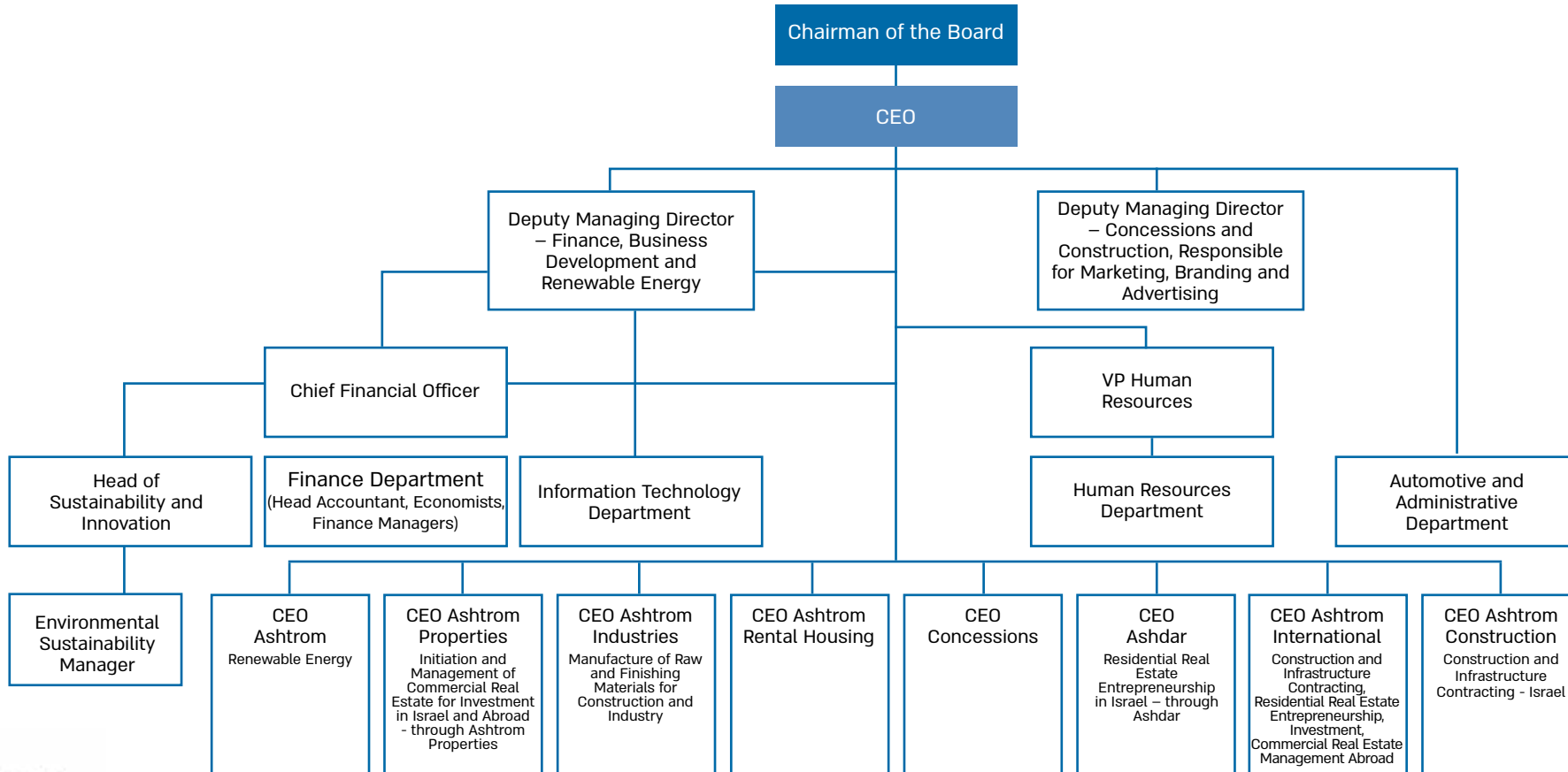
# Ashtrom Properties LTD.



(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.



# Ashtrom Group's Organizational Structure





**ASHTROM** Group  
EXCELLENCE IN CONSTRUCTION

