

 Nofar

# ESG 2021

REPORT

# 1. Nofar is Looking Towards the Future

Dear Shareholders, Partners, and Stakeholders,

I am happy to present you Nofar Energy's first ever ESG report. Nofar, is a true believer in its contribution to solving sustainable issues, climate change mitigation, and joining the effort in achieving the UN's SDGs for 2030. In addition to our positive environmental impact through our core activity, we wish to expend our positive impacts in the environmental, social, and corporate governance arenas.

Our stakeholders include customers, suppliers, employees, shareholders, local communities, business partners, environmental and social organizations, in addition to regulation authorities, in Israel and abroad. Within one year, the company has gone through an IPO, and is already publishing its first ever ESG report.

We have had a remarkable year, both in terms of the many achievements we have recorded, as reflected, among other things, in an accelerated growth momentum, an exceptional pace of establishment, and a substantial expansion of the project portfolio, and in terms of the setting up of a global enterprise infrastructure for further development alongside management and control that will spur a further increase in activity over the next several years.

The past year has been characterized by an impressive momentum of establishment and connections, during which we completed

hundreds of projects in Israel, Europe and the United States with a total installed output exceeding 300 megawatts. We have strengthened our leadership in the fields of roofs and water reservoirs in the local market, established global growth platforms in Spain, Italy, the USA, Romania, Poland and the United Kingdom. The company has developed significant projects, led Israeli stockpiling with the first connected projects, and leveraged experience and knowledge to enter the UK stockpiling project, the largest in the UK to the knowledge of the Company.

A new component of our products portfolio is energy storage, and we predict it will present a major pillar in our business. In the storage arena we collaborate with the global leading company- Tesla. The total predicted capacity of the storage systems is more than 800 MWh. In addition, we have established a global infrastructure including approximately 150 employees (as of the day of this publication), in 7 different countries, engaged in the initiation, development, financing, establishment, management and trade of electricity.

Furthermore, we expanded our supervision and monitoring mechanisms, which help us to better oversee the hundreds of projects under our development. This progress, combined with the global array, has allowed us to update the multi-year target plan and set a new target for 2025; 5 gigawatts of connected renewable energy projects and 2 gigawatts of connected stockpile systems.

In addition, we set a goal to strengthen our managerial infrastructure, in order to ensure our long-term stable growth. I would like to take this opportunity to thank you for your trust and partnership and to commend Nofar Energy employees both in the headquarters in Israel and across the world, for their dedicated, professional, and ongoing work, which allows us to continue record great successes and impressive achievements. We wish us all a productive and successful year of activity!

## 1. Words from our Senior Management

We are happy to present you with Nofar Energy's first-ever corporate responsibility report, for 2021.

Nofar is a leader in renewable energy solution provider and storage solution around the world.

Our main goal is to help the world reach zero emissions by 2050 through green and clean renewable energy - replacing old, expensive and polluting energies.

In the past 10 years we have been growing rapidly and consistently, with an extensive portfolio with projects across 7 territories with 170 employees worldwide.

Nofar utilizes advanced technologies in groundbreaking solar projects, on rooftop, reservoirs and land all in which will enable countries to reach a more effective, environmental, and stable energy market.

Nofar sees the energy storage business as a key growth engine to its global Renewable energy activity. As such, Nofar was the first entrant to the Battery Energy Storage System (BESS) segment in the Israel electricity market, by installing and operating the first commercial BESS in Israel. Today, Nofar keeps leading the Israeli BESS segment, with the largest number of systems under operation and installation, and is expected to maintain this position in the future.

Nofar also has significant BESS activity in the most advanced BESS markets globally. In the UK Nofar develops 3 utility scale projects, including the largest in the UK, and is expected to become a leading player in the BESS segment in the UK. Nofar is also developing C&I BESS systems as part of its US development platform. Nofar intends to use the vast knowledge of operation and monetization of its BESS activity in the leading global markets and in Israel, to develop and drive the creation of the BESS market in its other platforms globally.

We are deeply committed to changing the environmental landscape and to effectively work on solving sustainability issues, supporting climate-change mitigation, and achieve the UN's SDGs for 2030. In addition to our positive environmental impact through our core activity, we will continue to expand our positive impact in the environmental, social, and corporate-governance arenas. Together with our stakeholders which include customers, suppliers, employees, shareholders, local communities, business partners, environmental and social organizations, as well as regulatory authorities, in Israel and abroad we understand the main topics and issues that impact our internal and external strategic priorities. Within the last two years, Nofar has gone through an IPO, expanded its activities into seven territories and is now publishing its first-ever ESG report. We have had a remarkable year, reflected in significant achievements, including accelerated growth across new geographies and a substantial expansion of our expertise. We have also expanded our portfolio in H1 2022 which will enable a global enterprise infrastructure for further development, alongside an experienced management team, and controlled environment that will spur a further increase in activity over the next several years. The past year was characterized by impressive growth momentum. Together with our partners, we completed multiple projects in Israel, Europe, and the United States with a total installed output exceeding 438 megawatts as of 2021, and

with 650 megawatts as of H1 2022. We strengthened our leadership position in the installation of photovoltaic projects on commercial and industrial sized rooftops and water reservoirs in the local market, and established global growth platforms in Spain, Italy, the USA, Romania, Poland, and the United Kingdom. Nofar Energy (hereinafter: the "Company" or "Nofar") has developed significant energy storage projects, leading the Israeli energy storage market with the first connected projects, and leveraging its experience and knowledge to enter the UK storage market with the largest such project in the UK, to the best of its knowledge. We are pioneers in energy storage, which is a major part of our business, and have collaborated with Tesla and other global storage leaders. The total predicted capacity of currently planned storage systems is more than 800 MWh. In addition, we have established a global presence, with approximately 170 employees, at the time of this report, in seven countries, engaged in the initiation, development, financing, construction, operation, and trade in the electricity industry.

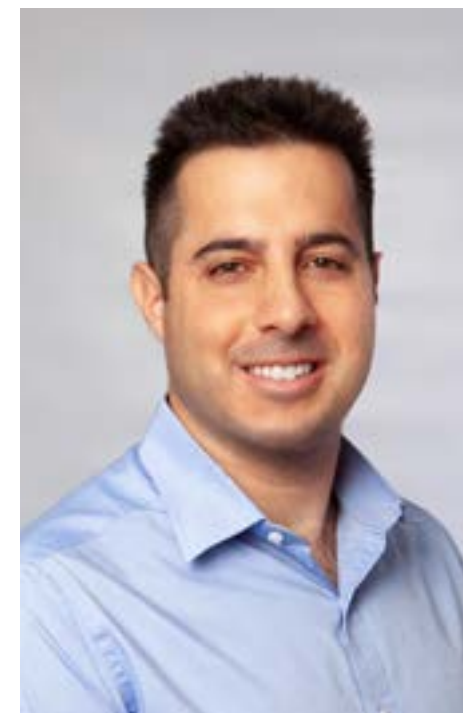
Furthermore, we expanded our supervision and monitoring mechanisms, helping us to better oversee the hundreds of projects within our portfolio. This progress, combined with our global presence, allowed us to update our multi-year plan and set a target for 2025: 5 gigawatts of connected renewable energy projects and 2 gigawatts of connected storage systems. In

addition, we set a goal of strengthening our managerial infrastructure, in order to ensure our long-term stable growth. We would like to take this opportunity to thank you for your trust and partnership and to commend Nofar Energy's employees

across the world for their dedicated, professional, and ongoing work, which allows us to continue attaining great successes and impressive achievements. We wish you all a productive and successful year of activity!



**Ofer Yanai**  
Chairman of the  
Board of Directors



**Nadav Tenne**  
CEO

## 2. About our report

Nofar Energy is excited to present its first-ever published ESG report to all of our stakeholders. In this report, Nofar is proud to shed light on all of our environmental, social, and governance impacts on our day-to-day activities. We are highly committed to continuing fighting climate change through the supply of renewable energy and providing supporting services is the core of our business. We believe that in addition to applying environmentally friendly technological solutions, we must conduct ourselves in accordance with ESG principles and practices throughout our activities and implement these principles and practices in our relationships with our stakeholders. Following the Company's IPO on the Tel Aviv Stock Exchange, TASE, we are now even more devoted than ever to the creation of positive value for our stakeholders in Israel and worldwide. We are therefore investing resources in managing and measuring our ESG impacts, while adopting targets for improvement in all aspects. As part of our commitment, we are promoting several initiatives designed to meet the UN's Sustainable Development Goals (SDGs), as further discussed throughout this report.

The report covers all of the Company's activity in Israel and abroad. To the best of our knowledge, this report is in accordance with the GRI:SRS Standards, Core Option. The report was written with the assistance of the ESG Unit at BDO Israel Consulting Group, which is the GRI's exclusive training partner and a member of the GRI community.

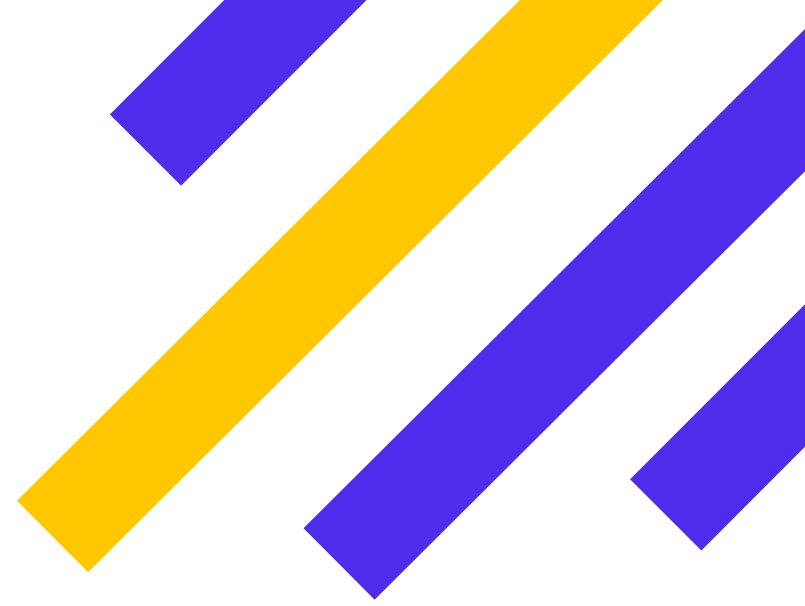
We will continue to strive to improve our work, and we are committed to sharing our progress with our stakeholders on an annual basis.

For further questions regarding this report or other ESG matters that may involve the Company, please contact: Shir Stopper, Senior Director of Investor Relations, **Nofar Energy [shir@nofar-energy.co.il](mailto:shir@nofar-energy.co.il)**





**ABOUT NOFAR**





### 3. About Nofar Energy

O.Y. Nofar Energy LTD is a public, global, entrepreneurial company in the field of renewable energy. Founded in 2011, the Company has evolved at incredible speed thanks to multidisciplinary capabilities that enable it to be agile and nimble, while executing projects independently. Nofar Energy is proud of its technological innovation and its extraordinary human capital; the Company employed 110 employees globally in 2021, of which 72 in Israel. As part of Nofar's rapid growth, the number of employees reached 150 in the first quarter of 2022, and the number of connected solar projects grew by 317% (vs. Dec. 31, 2020).

In December 2020, Nofar Energy launched its IPO on the Tel Aviv Stock Exchange, at a value that positioned it as the third-largest renewable energy company in Israel in terms of market value.

The Company was founded on strong organizational infrastructure which includes a highly experienced management team and dedicated employees worldwide.

It operates in three main areas – project development, EPC (engineering, procurement, and construction) and O&M (operation and maintenance) – based on its strong capabilities for development, permitting, planning, financing, construction, operation, and maintenance. The integration of these capabilities enables the Company to promote projects throughout the value chain while complying with strict standards. The Company then aims to maintain its holdings of the projects.

In 2021, 72 of the Company's employees

were located in its offices in the Ad Halom Industrial Zone and in Kfar Saba, both in Israel, while 38 were located at subsidiary offices – Blue Sky in San Francisco, California; Sunprime in Milano, Italy; and Nofar Romania in Bucharest, Romania. The Company's activities include ground-mounted solar projects, floating solar projects on water reservoirs, rooftop solar projects, and electricity storage projects. Nofar Energy has developed an impressive portfolio of projects in these realms in Israel Europe and the US with a combined production capacity of thousands of megawatts. The Company's activities are based on joint ventures with local developers abroad and with kibbutzim, real-estate companies and RIET funds in Israel and the US. Abroad, the collaborations are mainly with local developers who have proven knowledge, experience, and ability to set up and execute projects.

Nofar Energy establishes long-term partnerships to maximize value for all parties. Over the years, the Company has developed hundreds of partnerships with leading companies and other real-estate-rich entities.

Israel's electricity sector is in the process of evolving from a centralized and monopolistic sector controlled by one vertically integrated government-owned utility to an industry comprised of a variety of manufacturers and sales mechanisms. Over the past few years, the Israeli authorities have been working intensively to

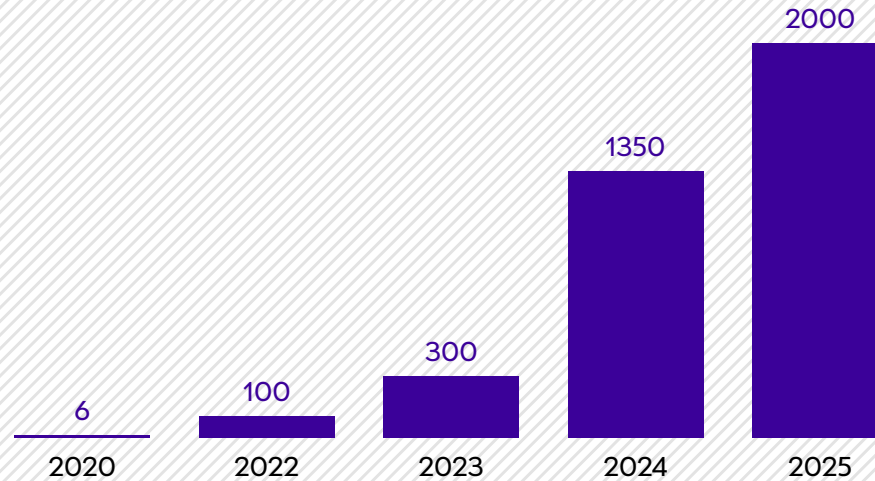
increase the amount of electricity produced from renewable energy sources, especially photovoltaics. Some of the measures taken were removing bureaucratic and

regulatory barriers, increasing quotas for the construction of renewable-energy-based facilities, and opening the market for the sale and supply of electricity to competition.



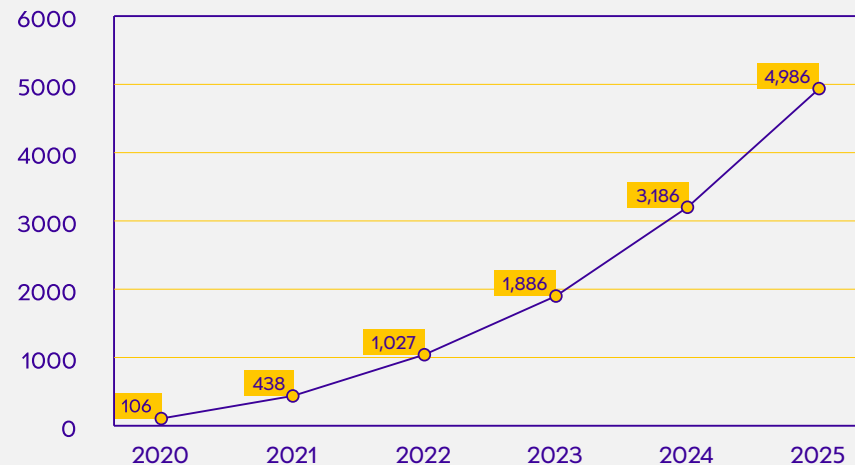
## Nofar's Energy Storage Five-year Target Road map in Israel and the UK

Projects connected and ready to be connected (MWh)



## Nofar's Six-year Target Road map in the Solar Energy Field

Projects connected and ready to be connected (MWp)

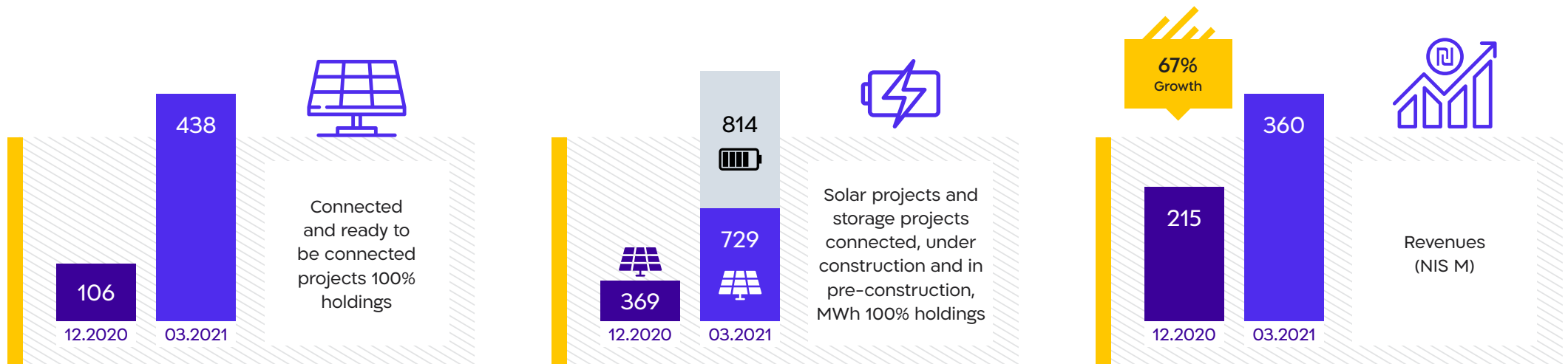


### 3. Nofar in numbers

## Creating Green growth globally

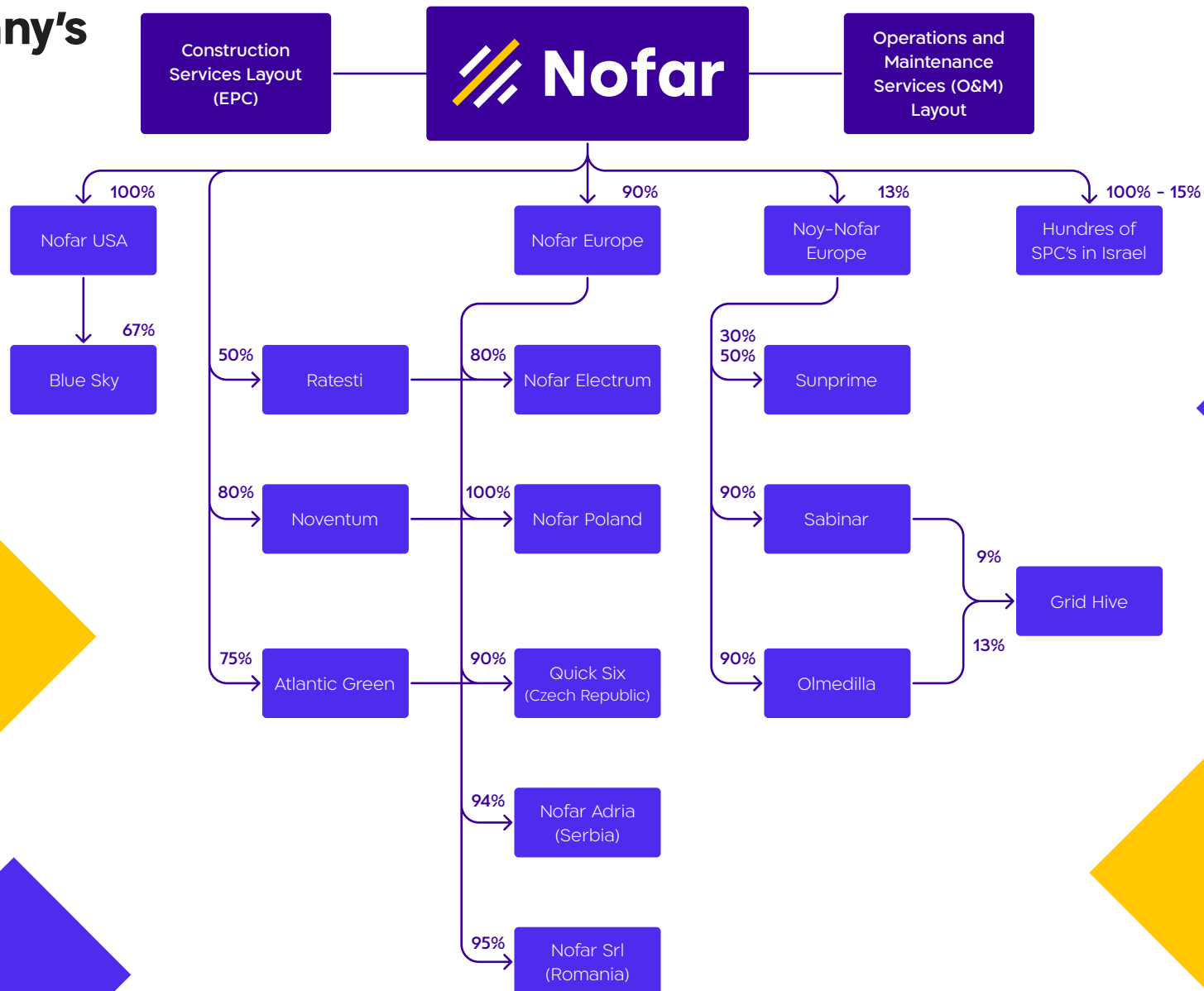
After ten years of successful value creation, the Company went public in December, 2020. As of the end of 2021 Nofar had 150 employees globally as of 2021, active in 7 territories with 650 MW connected projects as of the date of this report.

A Leading force  
in the renewable  
energies industry





## The company's holdings



## Acting strategically to achieve sustainable growth

The Company initiates long-term investments in clean electricity generation systems based on solar energy and battery storage in Israel, the United States, and Europe. The Company is also active in engineering, procurement, and construction (EPC) and operation and maintenance (O&M) of PV systems in Israel, mainly for corporations in which it has an ownership stake. In Europe, the systems include utility-scale projects connected to the ultra-high-voltage transmission network, with a capacity of hundreds of megawatts.

In Israel and the US, the systems are mainly C&I (commercial and industrial) and flouting systems connect to the distribution grid. The Company's objective is to become a global green electricity producer, taking an active and leading role in the green energy revolution, focusing on producing and storing electricity from photovoltaic and wind energy, in Israel and abroad. In accordance with this strategy, during the reporting period, the Company continued to promote:

1

Maintaining its position as a key player in the renewable energy sector in Israel in general, and in particular, in solar energy production and storage.

2

Expanding the Company's asset portfolio abroad.

3

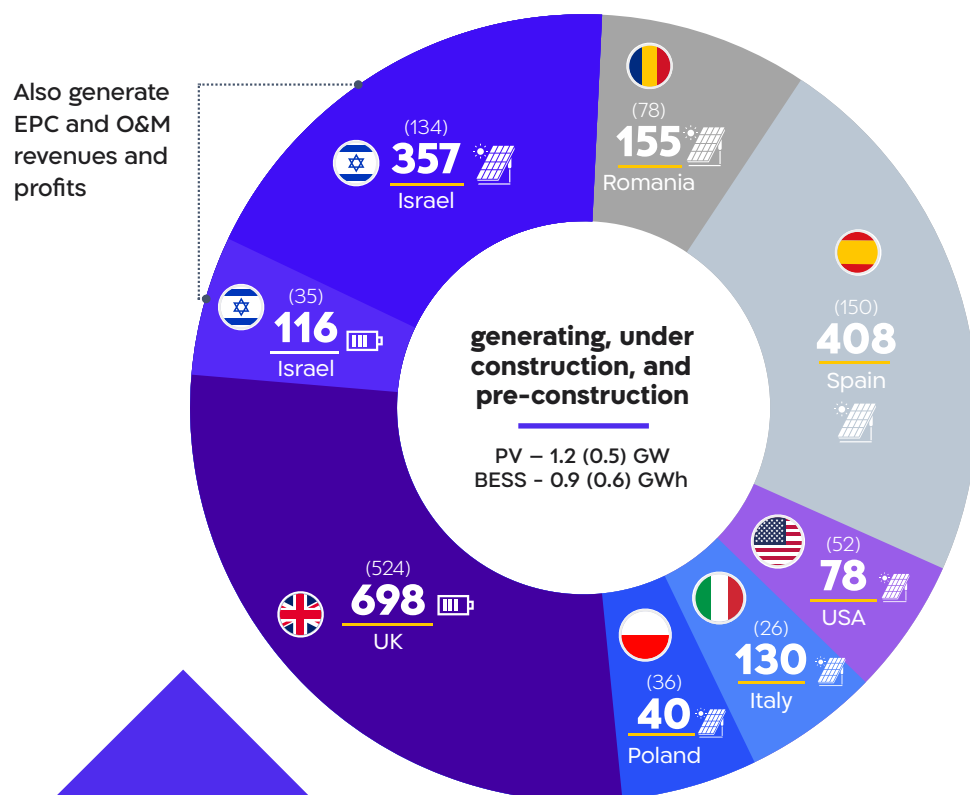
Increasing its backlog of projects.

4

Developing the Company's portfolio of storage projects in Israel and abroad, as well as the usage of storage technology, both in combination with solar energy production systems and as stand-alone systems.



A Significant pipeline of generating, under construction and pre-construction projects



100% holdings, the Company's share presented in parentheses



## Energy Storage Leader

The growing scope of renewable energy usage increases the demand for supplementary systems to secure the electricity supply, alongside grid stabilization capabilities. One flexible energy supply solution is battery electricity storage. Battery projects provide backup to the power supply during the hours minutes and seconds when renewable energy systems are not generating electricity (or are partially generating), thus ensuring a stable supply of electricity in accordance with market requirements, as well as allowing for stabilization of the power supply in the event of a temporary decrease.

During the last year, the Company has worked to initiate battery power storage projects in the territories of its partners and by this it offers to its partners a combined system of photo voltaic power generation and storage. Nofar sees the energy storage business as a key growth engine to its global Renewable energy activity. As such, Nofar was the first entrant to the BESS segment in the Israeli electricity market, by installing and operating the first commercial BESS in Israel. Today, Nofar keeps leading the Israeli BESS segment, with the largest number of systems under operation and installation, and is expected to maintain this position in the future.

Nofar also has significant BESS activity in the most advanced BESS markets globally. In the UK Nofar develops 3 utility scale projects, including the largest in the UK, and is expected to become a leading player in the BESS segment in the UK. Nofar is also developing C&I BESS systems as part of its US development platform. Nofar intends to use the vast knowledge of operation and monetization of its BESS activity in the leading global markets and in Israel, to develop and drive the creation of the BESS market in its other platforms globally.

### Nofar operates in the field of electricity storage through three types of activity:

1. Renewable energy facilities that include storage facilities.
2. Storage on the consumer's premises.
3. Standalone storage facilities connected to ultrahigh voltage transmission networks or to high voltage transmission networks.

Israel is currently one of the leading countries in the world in the integration of storage facilities, and Nofar is the leading company in this field in Israel. In December 2021, the Company signed an agreement with the Interland Group in the UK for the establishment of a joint venture, Atlantic Green, which initiates battery storage projects (stand-alone battery energy storage systems (BESS)). Afterward, Atlantic Green entered into a Sale Purchase Agreement for the acquisition of the Cellarhead Project, a battery storage project with an estimated capacity of 698 MWh. In 2022 the Company entered into an agreement for the purchase the rights to build the Buxton project, an energy storage project with a grid connection agreement at the capacity of 30 MW, and estimated storage capacity of approx. 60 MWh, assuming that batteries with a two-hour storage capacity are used. Nofar will continue to develop the Atlantic Green platform to initiate, develop, install, and maintain energy storage systems in the UK.



## Operations in Israel

In Israel, the Company, on its own behalf and via entities that it holds, engages in the development, construction (EPC), operation and maintenance (O&M), and ownership of solar power generation systems on roofs, reservoirs, and land, as well as energy storage systems. The Company's customers in this field are commercial and private consumers, electricity distributors, and the Israel Electric Corporation (IEC). The Company's growth in Israel is due to a significant array of partnerships with

real estate-rich entities – kibbutzim and companies. The Company's growth strategy in Israel is based on expanding activity within its existing partnerships, creating new partnerships, and expanding into new fields of activity. The Company has a license for the supply of electricity that it estimates will enable it to enter the electricity supply sector. In addition, the Company has entered into synergetic fields of activity such as charging stations for electric vehicles.





## Initiating and investing in renewable energies and energy storage outside Israel

The Company's global development plans are focused on four main aspects:

- A.** Expansion in the C&I sector through the existing growth platforms, and potentially through new platforms;
- B.** Enter into early-stage projects in the utility segment through the Company's local platforms;
- C.** Expansion in the storage sector while evaluating the integration of the activity in the company's platforms as a whole;
- D.** Evaluating entry into new fields of activity such as wind power generation, charging stations for electric vehicles, hydrogen generation, and more.

The company will continue to promote and expand its portfolio of projects, as follows:



**Spain** – In the Olmedilla and Sabinar I projects, are connected to grid as of H1 2022as and Sabinar 2 project is now under construction. [Olmedilla and Sabinar I have been connected the grid]



**Poland** – In October 2021, Nofar Europe B.V., a corporation in which the Company has a 90% stake ("Nofar Europe") regarding the establishment of Electrum Nofar, in which Nofar Europe has an indirect 80% stake with the goal of initiation, development and holding of solar and wind systems with a capacity of up to 1,250 MW in Poland. In March 2022, Electrum transferred to Electrum Nofar projects with an estimated capacity of up to 412 MW in Poland. Furthermore, as of the report date, Electrum Nofar is engaged in the development of further projects in Poland for a hundred of MWh capacity.



**Romania** – The Company is developing its platform in Romania (Nofar Energy SRL), including recruiting local managers and building development teams. Nofar Europe reached an agreement to purchase the full share capital of corporations engaged in the initiation of a solar project in Romania, at an estimated capacity of about 169 megawatts, which included an option to purchase additional projects with a capacity of up to 231 megawatts (a total of 400 megawatts). As of the date of this report Nofar owns 50% of Ratesti project (155 MW) and has entered into SPAs for the purchase of the Iepuresti (195 MW) and Gimpuchi (255 MW) projects.



**Italy** – The Company operates in Italy through Sunprime (Sunprime HoldCo S.R.L.), which specializes in rooftop projects with high feed-in-tariff (FIT) rates. The Company holds 20% of Sunprime, via subsidiaries. In May 2022, Sunprime was awarded for the fifth time in a row the Italian system manager's (GSE) roofing tender by the Italian energy agency the Gestore dei Servizi Energetici (GSE). As of the date of this report, Sunprime has completed the establishment of approximately capacity of 25 MWp and holds a quota for 160 MWp at a FIT rate of 93.5 EUR per MWh. Additionally, Sunprime has accumulated projects with a capacity of 187MWp in development stages, so that it can continue to develop its dual land use roofing portfolio, in addition to other fields of activity.





## Nofar Energy in Spain

3 Projects

Installed capacity of 407 MW

348 million Euro costs of construction

63 EBITDA

Nofar has been active in the Spanish solar market since Spring [fall] 2020, [upon the completion of Noy-Nofar investment transaction] Nofar Europe concluded the purchase of the Olmedilla Solar project in Cuenca, Spain. Cuenca is located in East-central Spain and is one of the least populated provinces in Spain.

The Olmedilla project covers 420 hectares of installed capacity of 169 MW. The project has connected to the network -----

The Sabinar projects holds 239 MW of installed capacity, covers 530 Hectares of land in Cuenca Spain, neighboring the Olmedilla project. The projects comprises two phases: the Sabinar I, with an estimated

capacity of 152.5 MW, and the Sabinar II, with 83 MW.

The three projects will bring the total capacity to ~404MW, and we predict that it will position Nofar as a strategic player in Spain's renewable market.

The completion of the Sabinar I and Sabinar II projects is expected to be connected in the second half of 2022.

[see the comment above]

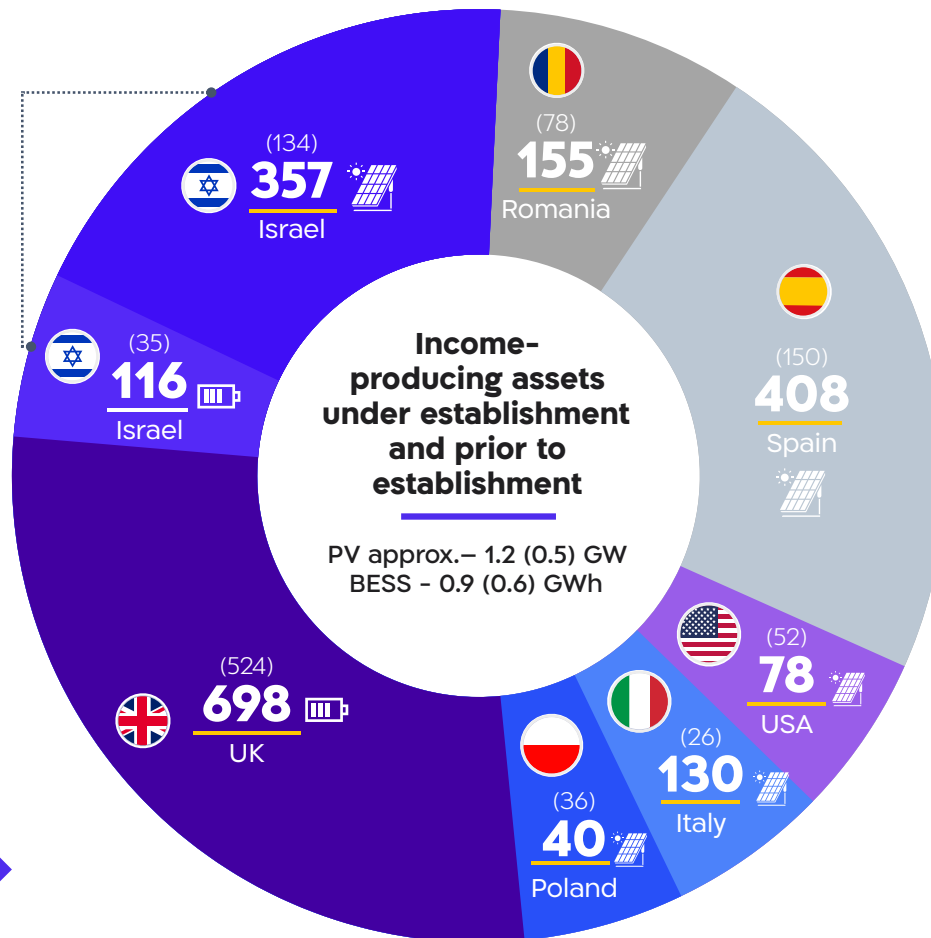
"The Sabinar projects represents a major leap forward in our global presence.

We remain focused on identifying and developing additional operations and projects in additional markets" Nadav Tene, CEO of Nofar Energy



## A global portfolio- projects under construction and pre-construction (100% holdings, the Company's share presented in parentheses)

Will also generate  
revenues and  
profits from EPC  
and O&M



## 4. Setting Strategic ESG Goals and Targets

As part of Nofar's commitment to ESG values, the Company set strategic goals in the area of ESG, aligned with its business strategy and core objectives. The goals were established in collaboration with the relevant people at the Company, in order to integrate environmental, social, and governance aspects into the Company's core activities. The goals were approved by the CEO. The Company is committed to the achievement of these goals.



### Environment

As its core business is clean energy, the "E" part of the Company's ESG goals focuses on the production of clean energy and the elimination of emissions. Nofar operates worldwide; its environmental impact is significant. Aside from the main goal of renewable energy production and the prevention of carbon emissions worldwide Nofar works continually to reduce its environmental footprint.



### Social

The business model determines the "S" part of the Company's ESG goals: supplying clean energy and promoting shared values with the partners and the communities where the Company operates, while assuring the safety of its employees and contractors' workers. Nofar is committed to the communities where it works. For example, Nofar sees the disposal of hazardous materials, such as asbestos found on C&I rooftop sites, as an opportunity to promote the well-being of these communities and strength its engagement with them.



### Governance

Promoting gender equality within our executive management and board is a significant topic for the Company, as is mitigating governance risks. In 2021-2022, the Company conducted a risk assessment to establish a multi-year work plan for risk management.

2021 is the base year for the goals that were set for the end of 2025. The Company will update the status of the goals in its annual ESG report. To achieve the goals, the Company intends to amend its policies and procedures and develop work plans for dedicated projects. This work will be described in the annual ESG reports.

| Goal                                                                                    | 2021<br>(Actual) | 2022<br>(Estimates) | 2025<br>(Targets) |
|-----------------------------------------------------------------------------------------|------------------|---------------------|-------------------|
| Capacity of renewable power connected and ready to be connected (GW)                    | 0.4              | 1                   | 5                 |
| Capacity of storage connected and ready to be connected (GWh)                           | 0                | 0.1                 | 2                 |
| C&I (dual usage) (MW)                                                                   | 268              | 478                 | 1,500             |
| Prevention of GHG emissions (TCO <sub>2</sub> e)                                        | 325,600          | 834,100             | 5,734,600         |
| Safety – fatal accidents (number of accidents including contractors)                    | 0                | 1                   | 0                 |
| Responsible disposal of hazardous materials within the community (hectares of asbestos) | 4.5              |                     | 9.6               |
| Local economic development (number of jobs)                                             | 110              | 200                 | 600               |
| Gender diversity in board and executive management (% women)                            | 20%              | 20%                 | 40%               |
| Mitigating risks according to 2022 risk assessment (Number of "RED" topics)             |                  | 2                   | 0                 |

\* All numbers refer to 100% holdings of the projects.





|                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>GOAL 7: ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL</b></p>                                                    | <p>7.1. Universal access to modern energy – by 2030, ensure universal access to affordable, reliable, and modern energy services.</p> <p>7.2. By 2030, increase substantially the share of renewable energy in the global and local energy mix.</p>                                    | <p>Nofar is producing clean and available energy.</p> <ul style="list-style-type: none"> <li>• Installed capacity in 2021: 437 MWp.</li> <li>• By 2025, the installed capacity globally is expected to increase to 5,000 MWp, thereby helping to meet the goal of transitioning to renewable energies.</li> </ul>                                                                                                                                      |
|  <p><b>GOAL 13: MITIGATING CLIMATE CHANGE AND ITS EFFECTS – TAKING MAJOR MEASURES AND WORKING TO COMBAT CLIMATE CHANGE AND ITS CONSEQUENCES</b></p>    | <p>13.1. Strengthening resilience and adaptive capacity to climate-related disasters and natural disasters in all countries.</p>                                                                                                                                                       | <p>Reducing greenhouse-gas emissions through the production of clean electricity in the countries where Nofar operates. In 2022 Nofar has entered the fields of electric vehicle AND charging stations. In addition, Nofar is considering/ examining.... and production of hydrogen.</p>                                                                                                                                                               |
|  <p><b>GOAL 8: DECENT WORK AND ECONOMIC GROWTH - PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH.</b></p>                                | <p>8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.8. Protect labor rights and promote safe and secure working environments.</p> | <p>Nofar sees its human capital as the most significant resource for its success. At the end of 2021, the Company recruited its head of human resources, who supports the Company's growing need for qualified manpower and is responsible for hiring employees according to the values of diversity and equal opportunities in the workplace. In addition, the director[?] is responsible for the employees' well-being and personal development.</p> |
|  <p><b>GOAL 15: PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE LAND, AND HALT BIODIVERSITY LOSS.</b></p> | <p>15.5. Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species.</p>                                                                                             | <p>In accordance with Nofar's policy, 100% of the areas and facilities where Nofar generates electricity in Israel are dual-use (61% outside Israel), thus contributing to efficient and sustainable management of the land resource.</p>                                                                                                                                                                                                              |

## 6. Nofar's Material Topics

As part of a preliminary process for the preparation of this 2021 ESG report, the Company identified and reviewed its material topics – the topics that have the most significant impact on its various stakeholders, according to the process required by the GRI Standards.

The methodology used to identify the material topics included the following stages:

### 1. Identifying topics that are material to the renewable energy sector

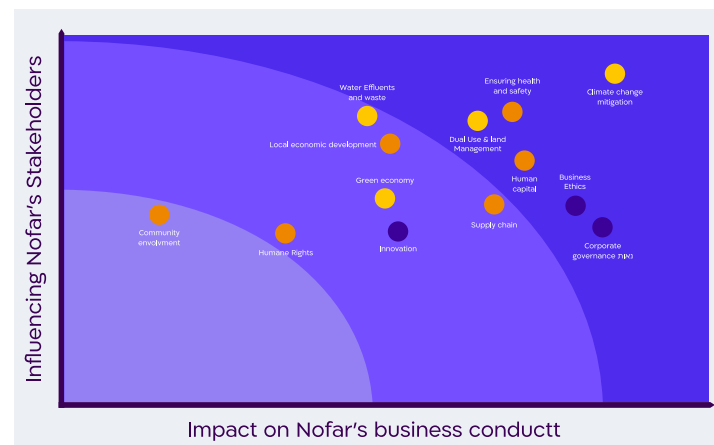
- A sector overview (benchmark research) of the most material topics as reflected in reports issued by four leading Israeli and global companies.
- A review of the common topics and concerns raised by stakeholders as reflected in investors' ESG ratings that surveyed companies' ESG performance. In addition, analysis of the main topics covered by global reporting standards (GRI, SASB).

### 2. Rating and prioritization of the topics by Nofar

The list of material topics assembled in stage one was discussed by the company's management. Following a discussion, the top six topics that are material both to the Company and to its stakeholders were chosen.

#### Materiality Matrix

The materiality matrix presents the topics that the Company considered to be material, highlighting the eight final topics material to Nofar's operations, based on each topic's importance. The topics are positioned based on relevance to Nofar's business conduct according to management (horizontal axis), combined with their impact on its stakeholders (vertical axis).



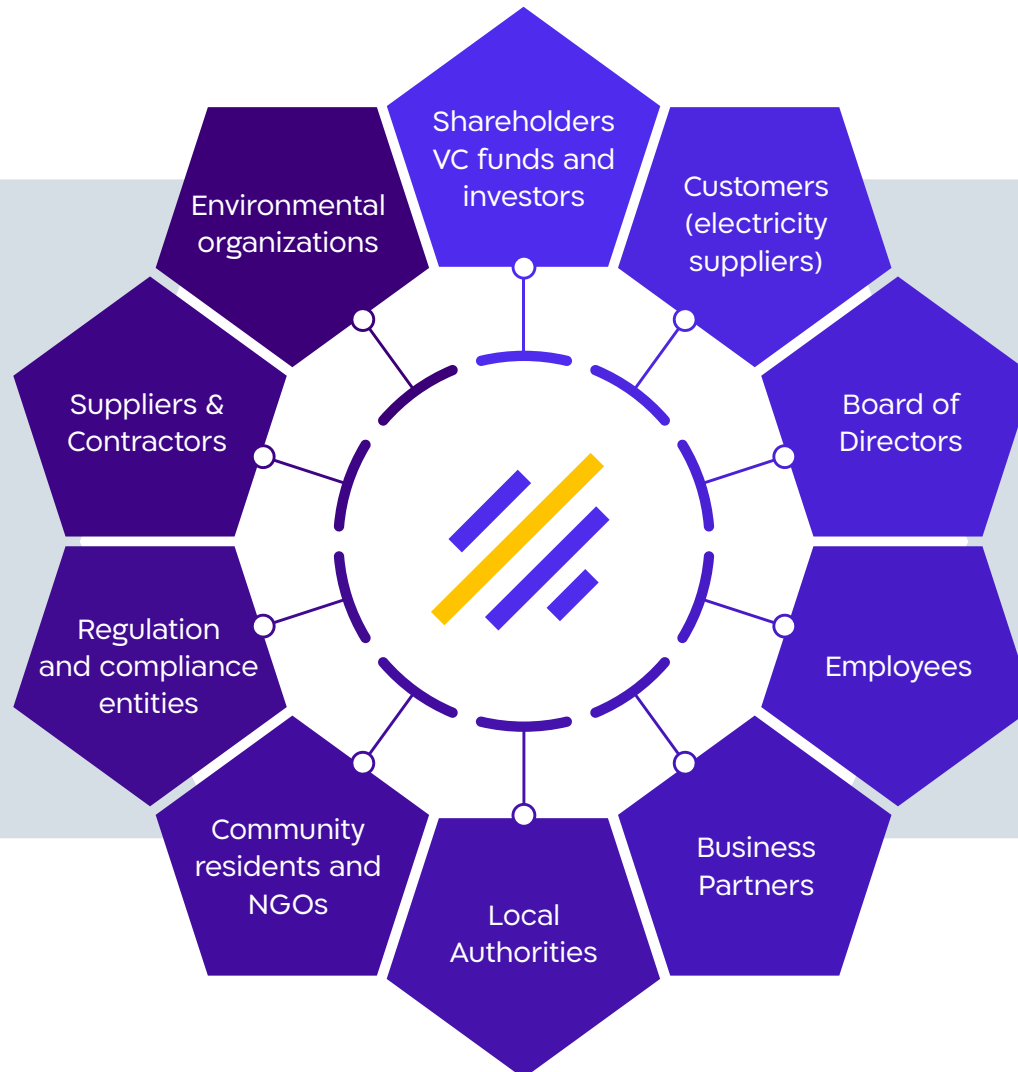
### Breakdown of selected topics and impact boundaries (by rating)

| Topic                                                                     | GRI Indicator                                                                                                | Main Impacts                        |
|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------|
| 1. Climate change mitigation and green energy solutions                   | GRI 302: Energy 2016, GRI 305: Emissions 2016                                                                | Outside the organization            |
| 2. Human capital, equality, diversity, and inclusion                      | GRI 404: Training and Education 2016<br>GRI 401: Employment<br>GRI 405: Diversity and Equal Opportunity 2016 | Within the organization             |
| 3. Ensuring health and safety at our Company and through our supply chain | GRI 403: Occupational Health and Safety<br>GRI 204: Procurement Practices                                    | Within and outside the organization |
| 4. Ethics and business transparency; prevention of corruption and bribery | GRI 205: Anti - corruption                                                                                   | Within and outside the organization |
| 5. Adequate corporate governance                                          | GRI 102: Governance                                                                                          | Within the organization             |
| 6. Dual Use, land management & Biodiversity                               | GRI 304: Biodiversity                                                                                        | Outside the organization            |

## 7. Dialogue with our Stakeholders

The Company perceives its stakeholders as vital allies and partners to its success and future development. Nofar's various stakeholders have different expectations from the Company, according to their unique needs. Nofar strives to build and strengthen long-term relationships with its stakeholders, based on understanding and trust. Therefore, the Company accords high importance to listening to stakeholders' expectations and conducts an ongoing dialogue via the various channels presented below.

Nofar's stakeholders include the entire supply chain – companies, contractors, consultants, raw-material suppliers, landowners, and customers.



Nofar regularly engage with main stakeholders –Nofar's partners in the energy production industry, Company employees, suppliers, customers, regulators, and government authorities, which contribute to the Company's success.

## Partners in clean energy production

The working model is based on partnerships with local landowners (owners of rooftops, fields, agricultural areas, reservoirs, and fences), who benefit from the shared value of the ventures Nofar establishes on their land. These partnerships are built on transparency, fairness, and cooperation, from the conception stage to the operation stage. In Israel, Nofar usually operates through partnerships with kibbutzim, where it develops and builds its facilities. Among the global partners are landowners, leaseholders, and local entrepreneurs. For further reading, please see the chapter Empowering our partners and creating indirect economic Impact on page 45.

## Employees

The Company's employees represent its biggest asset, and it strives to provide them with an optimal work environment for growth and development. Nofar maintains a regular, open dialogue with its employees through formal and informal channels. For further reading, see the chapter Our employees on page 42.

## Suppliers

The Company's suppliers consist of three main categories: essential equipment suppliers, project operation contractors, and service providers. The Company's project managers maintain regular contact with project operation contractors, including visits to the facilities during the construction work.

## Customers

Nofar's main customer in Israel is the Israel Electric Corporation (IEC), in addition to local electricity suppliers, mainly kibbutzim..

## Regulators and government authorities

In Israel, the main government entities that affect the Company's operations are the Ministry of Energy, the Israel Electricity Authority, the Israel Securities Authority, the Israel Nature and Parks Authority, the Ministry of Environmental Protection, the Planning Administration, the Ministry of Agriculture, the Ministry of Health, the Israel Government Water and Sewage Authority, the Israel Antiquities Authority, and the draining authorities. The Company complies with the demands of regulators and government authorities, and believes in transparency and openness in all its dealings.





| Stakeholders                | Responsible party at Nofar                                                                             | Nofar's main goal                                                                                          | Dialogue channels                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Main issues raised in the dialogue                                                                                                                                                                                                                                                             |
|-----------------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employees                   | Management, human resources, office managers                                                           | Employees' professional skills, personal development, satisfaction, and retention                          | Ongoing meetings and conversations with managers in different levels<br>Safety Committee meetings<br>Daily Company-wide communication (via e-mail and designated Company WhatsApp groups)<br>Company policies such as sexual harassment prevention policy<br>Company retreats and leisure activities<br>Anonymous inquiries and complaints box<br>Meetings with the CEO<br>Visits and Regular meetings with subsidiaries' staff abroad<br>Participation in conferences and exhibitions | <ul style="list-style-type: none"> <li>• Involvement and participation</li> <li>• Inclusion and diversity</li> <li>• Work relations</li> <li>• Learning and development</li> <li>• Safety and health</li> <li>• Personal development and enrichment</li> <li>• Business Development</li> </ul> |
| Business partners in Israel | Company management, business development managers, project managers, partnership and property managers | Maximizing shared value<br>Trust relations<br>Creating business advantages                                 | Regular contact with the business partners/ kibbutzim managements<br>Annual meetings<br>Ongoing dialogue with relevant startups in the renewable energy sector                                                                                                                                                                                                                                                                                                                         | Shared value<br>Utilization of land resources<br>Energy efficiency<br>Implementation of innovative technologies and increasing efficiency in the work process                                                                                                                                  |
| Business partners abroad    | Company management, business development managers, project managers, partnership and property managers | Maximizing shared value<br>Maintaining agreed schedules<br>Trust relations<br>Creating business advantages | Regular meetings with EPC contractors and landowners<br>Landowners – public participation and initiation of development processes<br>regulatory processes<br>Recruitment of local management<br>Local regulatory conduct                                                                                                                                                                                                                                                               | Creating shared value<br>Utilization of land resources<br>Energy efficiency<br>Implementation of innovative technologies and increasing efficiency in the work process                                                                                                                         |



| Stakeholders                            | Responsible party at Nofar                                                                                                  | Nofar's main goal                                                  | Dialogue channels                                                                                                                                                                                                                                                                                                        | Main issues raised in the dialogue                                                                                         |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Procurement suppliers and Contractors   | Chief Operating Officer                                                                                                     | Purchasing Manager<br>Chief Operating Officer,<br>Project Managers | Contractual engagements, bidding, and negotiating<br>Ongoing visits and audits in various projects<br>Round-table discussions<br>Safety training and workshops                                                                                                                                                           | Implementation schedules<br>Price<br>Workers' Safety<br>Workers' rights<br>Business ethics and anti-corruption             |
| Regulatory and governance bodies        | Company management, business development, licensing, municipal field manager, subsidiary company managers, Legal department | Establishing and developing the green-energy economy               | Ongoing dialogue and work meetings<br>Environmental impact reports and reviews submission<br>Submission of clarifications to the hearings and calls for proposals published by the regulators<br>Intensive work with planning and construction committees<br>Participation in conferences, seminars, and joint workshops | Compliance with regulatory requirements<br>Reducing environmental damage<br>Technological innovation and energy efficiency |
| Shareholders, investors, and financiers | Company management, Investor relations, legal department                                                                    | Maximizing shared value<br>Maintaining discretion                  | Reports in the Magna system <sup>2</sup><br>Ongoing work meetings and investor conferences<br>Tours and visits to the Company's sites<br>Investor relations mini site on the Company's website                                                                                                                           | Economic performance<br>Corporate governance<br>Business ethics and anti-corruption<br>Work plans and strategy             |

2. Based on production capacity according to the installed capacity of connected projects and the production coefficients appropriate for each country [??]

| Stakeholders                            | Responsible party at Nofar                                 | Nofar's main goal                                                                                                                          | Dialogue channels                                                                                                                                                                                                  | Main issues raised in the dialogue                                                                                                                                                                               |
|-----------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Community and local authorities         | Company management, marketing department, project managers | Creating shared value for the community<br>Reducing any kind of negative impacts on the local community caused by the Company's operations | Hearings and public participation processes<br>Holding workshops and conferences with regional councils near production sites<br>Sponsorships and Voluntary activities with NGOs and relevant social organizations | <ul style="list-style-type: none"> <li>Local economic development</li> <li>Promoting the welfare of local communities</li> <li>Reducing damage to the environment</li> <li>Donations and sponsorships</li> </ul> |
| Environmental organizations             | Company management, marketing                              | Promoting a green economy in Israel                                                                                                        | Holding an open channel for public inquiries and complaints<br>Holding lectures at seminars initiated by environmental bodies                                                                                      | Reducing negative environmental impacts<br>Dual use of land units (roofs, reservoirs)<br>Promoting renewable energy                                                                                              |
| Energy suppliers, electricity companies | Company management<br>Legal department                     | Energy supply                                                                                                                              | Contracting processes                                                                                                                                                                                              | High quality and clean energy<br>Continuous and reliable supply                                                                                                                                                  |

## 8. ESG Highlights

### Environmental



- ◆ Prevention of emissions equivalent to 228,000 tons of carbon dioxide (metric ton CO<sub>2</sub>e) in 2021
- ◆ Approximated prevention of emissions equivalent to 6,214,000 tons of carbon dioxide (metric ton CO<sub>2</sub>e) from 2020 to 2025
- ◆ 7,100 GWh clean electricity generation forecast in 7 countries by 2025
- ◆ 469 MWh clean electricity production capacity in 2021, 2,000 MWh in storage by 2025
- ◆ 31,722 square km of land in dual use worldwide
- ◆ 100% of the projects in Israel are in Dual Use
- ◆ Carbon footprint: 376 tons of carbon dioxide equivalent in Scope 1 and Scope 2 in 2021; 333 tons of carbon dioxide equivalent in Scope 3 in 2021
- ◆ 44,754 tons of asbestos were dismantled and treated from roof installation
- ◆ 96 square kilometers of asbestos expected to be removed and properly disposed from old rooftops

### Social



- ◆ 14% women in senior management
- ◆ 37.5% of new hires are women; 6.25% are over 50
- ◆ 1 workplace accident in 2021
- ◆ 250 Safety inspections
- ◆ NIS 320 million of procurement
- ◆ 600 suppliers
- ◆ 5% of the suppliers are responsible for 70% of procurement
- ◆ 20% of the suppliers are from Israel; 10% of suppliers are small and medium-sized enterprises (SMEs)
- ◆ 52% of employees are from peripheral regions in Israel
- ◆ Partnering with **105** Kibbutzim

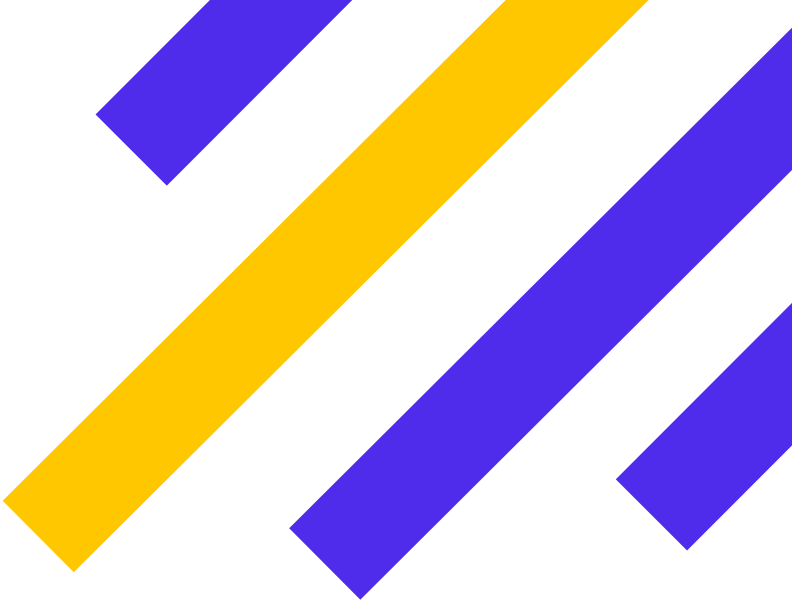
### Government



- ◆ 8 board members
- ◆ Adopting a Code of Business Conduct and Ethics in 2021
- ◆ 25% women on the board
- ◆ 97% attendance in board of directors' committees
- ◆ 25% external directors; 37.5% expert external directors



**ENVIRONMENT**



## 9. Environmental Impact

### **A trailblazer in the field of solar energy**

**in Israel,** Nofar promotes an alternative to carbon-intensive energy sources, thereby stepping up to fight climate change. Nofar is committed to protection of the environment and the natural landscape, and integrates environmental, social, and economic considerations in its decision-making processes, in all areas of activity, to preserve the environment for both current and future generations. While the Company's core activity supports the environment by its very nature and added value, Nofar believes

that it is its responsibility to maintain environmental sustainability throughout the value chain. Environmental factors are taken into consideration when constructing and operating solar and storage systems. Considerations include wise use of land, preservation of landscapes and biodiversity, and reduction of water, soil, and noise pollution risk. Environmental aspects relating to the Group's activities include appropriate planning of photovoltaic and storage systems, proper maintenance of the panels, and efficient and clean disposal of waste at

the end of the systems' lifecycle. The Company complies with environmental regulation in all territories in which it operates and works alongside regulatory advisors and representatives in order to maximize its protection of the environment. As a fundamental component of its responsibility, the Company's employees undertake to act responsibly and in a manner that minimizes environmental harm or risk. All processes of setting up solar facilities at the various sites are carried out while safeguarding the environment

as much as possible and providing solutions for the removal of hazardous materials found on the sites, as part of the construction process. The Company's environmental policy applies to all of its activities and aims to prevent environmental damage while fully complying with the requirements of relevant environmental laws and regulations and reducing the use of natural resources





## Supporting the transition to a low carbon economy

**469 MWh**

generation of renewable electricity in 2021

**7369 MWh**

projected generation capacity of renewable electricity in 2025

**228,000**

CO<sub>2</sub>e avoided emissions compared to generation of conventional technologies<sup>3</sup> in 2021

**USD 84m**

investment in the most advanced storage systems in the market

**376.6 tons**

CO<sub>2</sub>e emitted in 2021 in Scopes 1 and 2

**333 tons**

CO<sub>2</sub>e emitted in Scope 3 activity

**31,722**

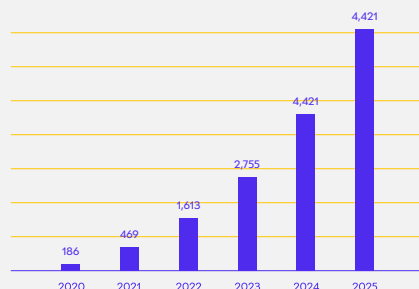
square km of land in dual use worldwide

**44,754 tons**

asbestos were dismantled and treated from Solar roof installations in Israel and Italy

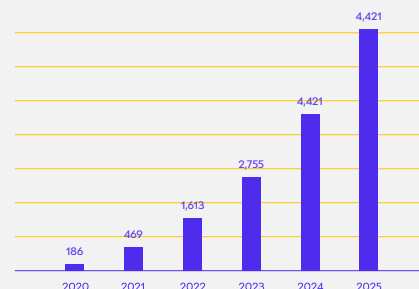
As its business activities mainly focus on the development and construction of renewable energy systems as an alternative to fossil fuels, Nofar is effectively implementing the transition from polluting energy sources to green energy sources, through a wide range of applications and technologies. As part of its business activities, the Company is taking part in the Israeli government's endeavor to increase the renewable energy component in Israel's energy mix, as well as in the global effort aimed at transitioning to renewable energies and reducing greenhouse gas emissions. The global transition to renewable energy supports the Company's activity and the regulation that guides it. In 2021, Nofar held 437 MWp that are commercially operated and 372.1 MWp ready to connect in Israel, and by 2025 it is expected to hold 5,000 MWp across the world.

Total power generation capacity, MWh



The produced electricity enables a prevention of GHG emissions from the alternative conventional production. In 2021 Nofar enabled a prevention of emissions equivalent to 388 thousand tons of carbon dioxide.

Target Cumulative CO<sub>2</sub> e prevention (Tousand metric tons)



Its prospect prevention impact is expected to reach 4,085,962 tons of carbon dioxide equivalent by 2025.



3. Emissions prevention from Israel is based on emission intensity data of the Israeli economy at BDO. Emission savings for Italy, Romania, Poland, Spain and CaliforniaUSA is calculated on the basis of emission intensity data for 2020 at <https://www.eea.europa.eu/ims/greenhouse-gas-emission-intensity> and <https://www.eia.gov/electricity/state/california/>

Nofar believes that the initiation, development, and construction of renewable energy systems should meet the needs of people and of the environment in which they live, while safeguarding resources and reducing pollutants, for the benefit of future generations.

## Nofar is safeguarding the environment by

- |          |                                                                                                    |          |                                                                                                         |
|----------|----------------------------------------------------------------------------------------------------|----------|---------------------------------------------------------------------------------------------------------|
| <b>1</b> | Initiating and developing renewable energy projects.                                               | <b>2</b> | Enabling efficient use of land by promoting dual-use solar projects on water reservoirs, rooftops, etc. |
| <b>3</b> | Integrating storage facilities to better capture renewable electricity for peak power usage hours. | <b>3</b> | Developing additional services as part of the green energy transition.                                  |

## Leading the field of behind-the-meter storage in Israel and growing globally

Combined Facilities of solar energy production and storage technology with a total capacity of 6 MWh in 2021 and expected capacity of 100 MWh.

Energy storage facilities integrated into solar fields in various stages of development with a capacity of 814 MWp.

Power generation from renewable energy reduces the emission of pollutants, and is also the cheapest way to generate electricity in Israel. However, alongside those advantages, and in view of the current dependency on natural resources as part of the process of generating electricity, in order to meet Israel's renewable energy targets for 2030, the country is required to accelerate the integration of electricity storage facilities into electricity generation facilities. The storage technologies are integrated into electricity generation systems that use renewable energies, allowing the power plants to supply electricity 24/7, like conventional electricity generation facilities. In the future, long-term storage technologies will be required to allow energy storage between seasons.

## Dual use and land use

31,722 square km. of connected dual-use photovoltaic facilities in Israel and globally

315.6 MWp dual-use facilities under various planning stages in Israel

100% of the projects in Israel are dual use

61% of the total global portfolio is dual use

**One of the main environmental costs relating to solar energy production is the vast areas of land it requires, and the price of developing extensive solar infrastructures in open spaces.**

To address this, Nofar specializes in dual-use solutions in the field of photovoltaic energy: energy generation facilities using photovoltaics on rooftops and reservoirs. Nofar is the pioneering local renewable energy producer in building photovoltaic facilities on reservoirs.

Nofar's investment in the development of dual-use solutions has made it the leading company in this field in Israel. 315.6 MWp of additional dual-use facilities are currently in initiation, planning, and construction stages. In 2021, Nofar held approximately 149.6 MWp of operating dual-use photovoltaic facilities in Israel.

Nofar thereby supports reduced use, to the extent possible, of large open areas for the generation of renewable energy and works tirelessly towards finding solutions that reduce the use of soil and damage to ecological corridors and animals. As part of that approach, all Nofar projects in Israel are dual-use, built on roofs of factories, buildings, and water reservoirs.

## Reducing negative environmental impact

In order to best mitigate and minimize the impact of its activity on the environment, and to promote and integrate advanced environmentally friendly technologies, the Company works to reduce its carbon footprint.

Environmental impact aspects are built into the planning processes, prepared by industry experts. Such processes include environmental landscaping, water run-off management, restoration of the site such that it can once again be used as farmland (where necessary), and a landscaping scheme where required. The environmental impact aspects that are taken into consideration by the Company include landscape, ecology (including biodiversity), land pollution, radiation, drainage, dust, and light nuisances.

The storage systems used by the Company are based on batteries using LFP (lithium iron phosphate) technology and are considered the safest of all existing lithium batteries. However, there is a potential fire hazard associated with the batteries, which may be caused by uncontrolled discharge/charging and overheating. To the best of the Company's knowledge, all battery packs are cooled and monitored to prevent combustion of any kind; if necessary, the system halts its operations to prevent overheating that could cause a fire. If such a fire occurs, the enclosures are constructed so that they internally control the fire and can allow the cells to burn safely and without causing environmental damage. In addition, Tesla's cooling systems are based on cooling by liquid in a closed system which is remotely monitored for any leakage. The system also contains a spill pallet for receiving the liquids.

## Compliance with environmental regulation

The Company works according to environmental laws and regulations in Israel and in the countries in which its sites are located. The Company is fully committed to obeying the laws in force in the countries where it operates and complying with the instructions and regulations of authorized government bodies, such as the ministries of agriculture and energy, municipalities, local councils. In all stages of a project – planning, construction, and operation of the facilities – environmental considerations are taken into account, including efficient use of land; landscape preservation; reducing negative effects on the environment – noise, sea, water, and land; damage to the owners; transition obstacles; and more.

**There were no environmental violations by Nofar in 2020 and 2021.**

## Energy consumption and GHG emissions

### Electricity consumption

**Table 3: Electricity consumption in 2020-2021**

| Electricity consumption KWh | 2020                                                       | 2021                                                       |
|-----------------------------|------------------------------------------------------------|------------------------------------------------------------|
| From renewable sources      | Negligible undocumented self-consumption of the facilities | Negligible undocumented self-consumption of the facilities |
| From IEC                    | <sup>4</sup> 4,300                                         | 4,300                                                      |

### Fuel consumption

**Table 4: Fuel consumption in 2020-2021**

| Fuel consumption (liters)                  | 2020          | 2021           |
|--------------------------------------------|---------------|----------------|
| Gasoline consumption for transportation    | 5,474         | 37,728         |
| Diesel fuel consumption for transportation | 33,554        | 104,329        |
| <b>Total</b>                               | <b>39,028</b> | <b>142,057</b> |

Project managers and other Company employees are given a company car, as part of their job, for use in their day-to-day activities. Due to the sharp increase in the volume of activity at Nofar, its fuel consumption has grown as well.

By 2028, Nofar intends to transition to electric vehicles to reduce its fuel consumption.

4. Estimate based on 2021 data.

## Carbon footprint

**Table 5: Nofar Energy's carbon footprint, in metric tons CO<sub>2</sub>e**

| Total Carbon Footprint<br>Metric Tons CO <sub>2</sub> e | 2020  | 2021   |
|---------------------------------------------------------|-------|--------|
| Scope 1 - direct energy consumption <sup>5</sup>        | 104.9 | 374.57 |
| Scope 2 - indirect energy consumption <sup>6</sup>      | 2     | 2      |
| Total emissions Scopes 1+2                              | 106.9 | 376.57 |
| Scope 3                                                 | -     | 333.03 |

Scope 3 emissions are a consequence of the activities of the Company but derive from sources not owned or controlled by the Company. The Company's Scope 3 includes emissions due to air travel, water consumption, and waste and effluent treatment.

**Table 6: Breakdown of Scope 3 emissions for 2021<sup>7</sup>**

| Scope 3 components<br>Metric Tons CO <sub>2</sub> e | 2021    |
|-----------------------------------------------------|---------|
| Air travel                                          | 59      |
| Water*                                              | 0.749   |
| Waste treatment                                     | 272.805 |
| Effluents                                           | 0.272   |
| Total Scope 3 emissions in tons                     | 333.03  |

5. Total greenhouse gas (GHG) emissions.

6. Emissions as a result of energy consumption due to fuel used for travel. Consumption of energy supplied by the Israel Electric Corporation to the Company's facilities for the operation of solar facilities and Company offices.

7. DEFRA conversion coefficients <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>.

8. Emissions as a result of the Company's activity, including emissions due to flights, water consumption, wastewater treatment, and waste landfilling. For further information about these variables, see the environmental data appendix.

## Emissions intensity<sup>8</sup>

**Table 7: Emissions intensity in 2020-2021**

| Emissions intensity<br>(Scope 1+2)           | 2020 | 2021 |
|----------------------------------------------|------|------|
| Revenue (MT CO <sub>2</sub> e / USD million) | 1.6  | 3.5  |
| Employee (MT CO <sub>2</sub> e / FTE)        | 0.37 | 0.19 |



## Goals and targets

### Nofar aims to reduce its GHG emissions by 2030:

- ◆ To decrease Scope 1 emissions to zero by 2030 by means of the electrifying of all company vehicles.
- ◆ To decrease Scope 2 emissions by 30% by 2030 (vs. 2021) through changes in the purchased electricity mix.

Furthermore, Nofar is taking steps to expand its reporting on Scope 3 supply-chain emissions by 2025.



## Solid waste

All solid waste reported by Nofar derives from the activities of the Company's offices. The increase in the amount of waste is a consequence of the increase in the Company's activity. Nofar's solid waste is treated according to law and is transported to landfills and recycling facilities.

## Solid Waste

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Table 1: solid waste treatment (tons)

| 2020 | 2021 |
|------|------|
| 9.9  | 17.8 |



## Hazardous Waste

As part of the Company's policy of dual use, many facilities are installed on old roofs, many of which are made of asbestos. Therefore, the Company first dismantles this hazardous material. Dismantling of asbestos roofs in Israel is carried out in accordance with the provisions of the Israeli Law for the Prevention of Hazards from Asbestos and Harmful Dust, 2011, by an asbestos contractor with an appropriate license and after obtaining demolition and evacuation permits from the Ministry of Health and Welfare. This is also done in Italy, but is minor in scope compared to Israel.

Regarding system component wear and tear in Israel, the Environmental Treatment of Electrical and Electronic Equipment and Batteries Law, 2012, provides that non-private owners of electronic equipment and batteries must contact a recognized competent contractor to dispose of equipment waste.

Table 2: Hazardous waste treatment (tons)

| 2020   | 2021   |
|--------|--------|
| 61,116 | 44,754 |

## Life Cycle Analysis (LCA)

The Company intends to study and develop the issue of product life cycle analysis (LCA) in order to handle the electronic waste generated as a result of wear, end of use, etc. of its various products in a way that reduces the damage to the environment. The Company has celebrated a decade of activity; as its products have an expected life of thirty years, it does not have any products that are out of use. Today, the only cases of electronic waste are faulty components, and the Company operates according to the relevant laws and guidelines for their disposal.



## Water and effluents

The Company's water consumption mainly results from the use of water to wash off dust at its facilities. In recent years, many companies have developed automatic washing systems, and embedding these systems at Nofar's facilities may significantly reduce water consumption. However, installation of these systems may have a negative effect on the course of runoff water. Nofar is taking steps to reduce this potential risk and prevent the percolation of potential pollutants into the groundwater.

Table 8: Nofar's water consumption in 2020 and 2021

| Water consumption                                            | 2020        | 2021        |
|--------------------------------------------------------------|-------------|-------------|
| Nofar's facilities total water consumption (m <sup>3</sup> ) | 1212        | 5,000       |
| Nofar's offices total water consumption (m <sup>3</sup> )    | 21          | 24          |
| <b>Total</b>                                                 | <b>1233</b> | <b>5024</b> |

The increase in Nofar's water consumption reflects the increase in electricity generation activity.



## Preserving Biodiversity

In the construction and operation of its facilities, the Company considers the impact it has on the local fauna and flora and puts mechanisms in place to mitigate potential negative consequences. Nofar considers preserving biodiversity and responsible use of nature an ethical and legal obligation. In all its activities, the Company uses an approach of "avoid, minimize and restore" when operating in areas in close proximity to critical biodiversity.

In addition, as required by the regulation, projects located near areas that are sensitive in terms of the effect on biodiversity by the Planning Authorities and the Ministry of Environment Protection undergo environmental landscape impacts review in accordance with the guidelines of the Ministry of Environmental Protection. The company takes all the necessary steps to reduce the expected impact reviews that map the anticipated environmental effects of the facility's construction. The Company works with the authorities and according to the regulations of the Ministry of Agriculture, the Nature and Parks Authority and other relevant regulators and the required actions are taken to minimize the adverse effects. Nofar is not and will not be active in areas that involve deforestation in any way. In 2021, the Company operated (at different stages of project development) in 150 sites in Israel, Great Britain, Spain, Italy, Romania, and the USA. Of the total activity areas (46,556 km<sup>2</sup>), 61% are dual-use areas (while 100% of all the company's facilities in Israel are dual-use).

Yet, when dual-use or land projects occur

in areas near environmental or biodiversity sensitive areas, the company performs all the necessary steps according to the environmental impact report. The company is careful to fully comply with all the requirements of environmental laws and regulations and to reduce the use of natural resources in all its range of activities. All the processes of setting up solar facilities at the various sites are carried out while maintaining the natural environment as much as possible and providing solutions for removing hazardous materials present on the sites as part of the construction process.

Between 2020-2021 the company prepared one environmental impact document for the Nahshon Reservoir.



The Nachshon Reservoir is on the list of reservoirs that are of great importance to biodiversity in Israel, with an emphasis on endangered species. White-headed duck and Ferruginous duck both endangered species are wintering in the reservoir. In the reservoir, the company is building a photovoltaic facility with an area of approximately 86 dunams, of which 57 dunams will be used for the solar collectors covering 37%-49.9% of the surface of the water (the minimum level – a situation where the reservoir is full) and about another half dunam for converters, transformers, etc. To reduce the damage to biodiversity and scenic damage, the company and its subcontractors took all the necessary steps during the stages of organization and construction.

Coverage of 37% to 49% of the surface uncovered leaves enough room for the birds that winter in the reservoirs to look for food. The shading of part of the water surface will likely affect the composition of the plankton – algae as well as zooplankton and poor crustaceans. Still, an in-depth study of the changes in the ecological conditions in the reservoirs that have PV facilities has not yet been conducted, and there is currently no precise information on which species benefit from an improvement in the food supply in the reservoirs. For which species of waterfowl there has been a deterioration, so the effect of the installation of the solar panels on biodiversity is not completely clear.



## Our Climate policy for a better future

Nofar is a leader in Israel's sustainable renewable energy sector, and aspires to be a global leader. To that end, Nofar initiates, constructs, and maintains renewable energy systems on rooftops, water reservoirs, and land, as well as energy storage facilities. The Company's business model is based on the delivery of sustainable solutions focused on mitigation and adaptation to climate change. Nofar promotes the adoption of ambitious global targets for a low-carbon economy, and includes sound management of climate-change risks and resulting opportunities in its operating model.

### Nofar's approach to climate-change opportunities and risks focuses on four pillars:

- Transition risks – Nofar is an active player in the renewable energy global ecosystem, and aspires to increase its renewable energy project portfolio.
- Biodiversity – by implementing dual use of land, Nofar is mitigating harmful unintended consequences to local wildlife and biodiversity []. Additionally, water reservoir installations lower evaporation rates and rises in temperature.
- Regulation – Nofar closely monitors regulation recommendations and changes in the countries in which it operates. This relates to all on-grid and off-grid electricity supply; prices; water usage; raw and recycled material use; waste disposal, including electronic and construction waste; and any other requirements.

## Nofar already set two main climate goals for 2030

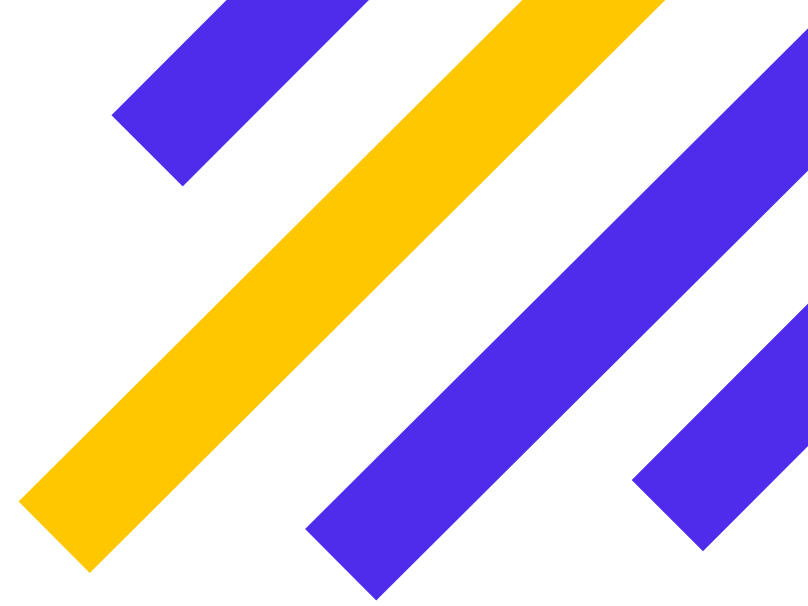
Reduce GHG emissions compared to the base year 2021 by 100% of Scope 1 emissions and 30% of Scope 2 emissions<sup>9</sup>.

90% of all systems constructed by the company based on dual land use model.

in addition, Nofar is planning to expend the scope 3 GHG emissions reporting and include the extensive supply chain, mainly construction constructors and core equipment production. This will allow the Company to set base values and targets for its central supply chain as well. Nofar intends to measure, monitor, and report on its progress in achieving these goals.



9. Where possible to offset Scope 2 GHG emissions



**SOCIAL**

## 3. Our Social Impact

### Our people

**72**

employees in Israel; 38 additional employees worldwide in 2021 through subsidiaries.

**32**

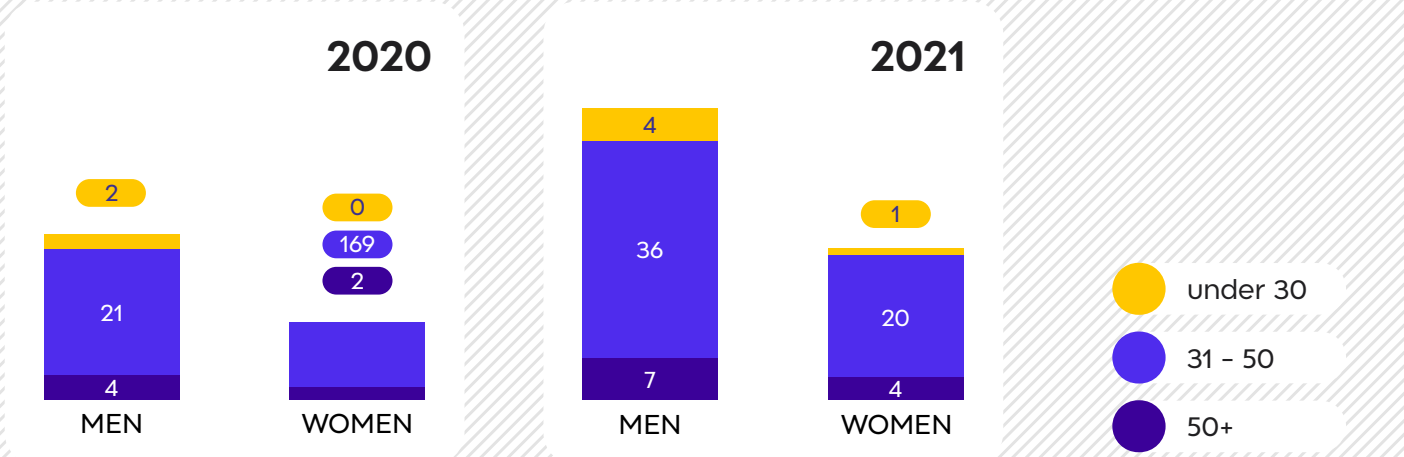
new employees were hired in 2021.



**Nofar is a growing company with an entrepreneurial spirit. Our human capital is the engine that enables us to achieve our goals. Our employees have the professional skills and reliability to develop our business, and we invest resources to provide a respectful work environment, so that all workers have the opportunity to fulfill their potential.**

The Company places high importance on the retention and development of its employees. Nofar believes in the value of highly skilled, dedicated, and motivated employees who feel connected to Nofar's green vision for a sustainable future. Therefore, as a direct outgrowth of the trust-based labor relations at Nofar, the Company provides its employees with a flexible, pleasant, supportive, and nurturing work environment. Currently the heads of departments, in collaboration with the CEO, are in charge of employee recruitment and development. Well-being aspects were previously under the responsibility of the Office Administrator. Head of Human Resources was appointed in the beginning of 2022. She will oversee human capital and well-being aspects of the Company's activity going forward and work to ensure that Nofar remains a safe and nurturing workplace, aspiring to be a second home for its employees.

### Breakdown of the Company's employees by age and gender



## Terms of Employment

Employment is established through personal contracts that vary from employee to employee and reflect each employee's qualifications, education, and position. The employees' personal contracts regulate salary terms (most of the employees are employed in fiduciary positions on a global salary, with an additional payment for overtime).

Employees are entitled to benefits, including contributions to provident funds, pension and severance pay funds, vacation, sick days, recuperation pay, and other benefits (such as a company car and laptop computer).

All the Company's employees are signatories to Section 14 of the Severance Pay

Law. The Company contributes to the employees' funds from the first month of their employment. Employees at Nofar's subsidiaries abroad are employed in accordance with all relevant labor laws and regulations in each territory.

**The Company has a clear policy of equal remuneration and it abstains from any form of discrimination between employees.**

As a rule, bonuses to employees are paid at the Company's discretion. Nevertheless, some project development managers are entitled to a variable payment derived from the project execution quality and end results, and/or from the classification of the Company's rights in these projects.

**Human capital is the engine that enables Nofar to achieve its goals; the Company therefore invests in the development and growth of its human capital.** When recruiting employees, the Company takes their identification and engagement with the Company's activity and vision into consideration. The Company and its management place great importance on offering employees various career development options within the Company. Employees in the different departments can choose from a range of training and

enrichment programs and conferences, etc.

New employees participate in an orientation day where they are introduced to the Company's activities and vision, in addition to its values and expected employee conduct. The Company's management encourages employees to enroll in courses at the Company's expense, take part in private external training specific to their specialization, participate in conferences, and complete internal tutorials regarding regulations and other subjects.

## Diversity, equality, and respect as the cornerstones of employment



Average age 38.8

35% women

7% of the employees are over 50

6.25% of the employees hired in 2021 are over 50; 37.5% of the employees recruited in 2021 are women

Nofar believes that a talented and diverse workforce increases the value it provides for stakeholders, by delivering innovation and creativity. These factors will strengthen the

Company and its position as a leading entity in the renewable energy sector. Therefore, it strives to increase diversity in the company.



## Gender Equality

The Company also strives to increase women's representation in all levels and positions, including the Board of Directors. In line with women's representation rate in management, the ratio of men wages to women's wages in 2021 ranges between different departments between ~50% gap against men in one department and 12%-20% in other departments. More information on the gender earning gap in the company can be found in our public earning gap report for 2021. The Company predicts that further steps aimed at increasing women's representation in senior management will affect the gender pay gap in the coming few years.

**Despite our operation in the field of renewable energy infrastructure, we have a relatively high proportion of women in business development roles (approx. 18%). We have set ourselves the goal of increasing their representation to 25% by 2025.**

Nofar posts open positions in relevant women's forums. In 2021, the Company increased the number of women candidates and women recruited; out of 32 new employees, 12 were women.

## Inclusion and Diversity

Nofar aspires to increase the number of employees who belong to underrepresented groups in the employment market such as Israelis of Ethiopian descent, Arabs, and ultra-Orthodox Jews. Thanks to the deployment of the Company's business in Israel and abroad, it attracts workers who come from various regions, including social and geographical peripheries.

Nofar is a fast-growing and relatively young

company, and the proportion of employees who are over the age of 50 is relatively low (7%). Nevertheless, Nofar appreciates and rewards knowledge and experience. Thus, in 2021 two employees over 50 were hired, and the percentage of employees in this age group increased by 2% compared to 2020. Nofar plans to place more emphasis on aspects of diversity in its recruitment processes, especially regarding the inclusion of people with disabilities.



## Work-Life Balance

The Company has adopted a hybrid work model, so that employees can work from home on some days of the week. This model leads to more flexible working hours and contributes to employees' ability to balance their work, leisure activity, and family needs.

**A healthy lifestyle is one of the key targets at Nofar; we strongly believe that maintaining a good work-life balance contributes to the physical and mental health of our employees.**

## Preventative measures

Nofar, being aware of the severity of the issue of harassment and sexual harassment, requires each of its employees to avoid acts of harassment in relating to their coworkers and to do everything in their power to prevent these acts, in order to

take part in the Company's creation of a work environment free of harassment. The Company requires anyone appointed on its behalf to take an active part in prevention of harassment and sexual harassment.

## A safe and pleasant work environment

### Open door policy

Nofar has zero tolerance for any kind of harassment, particularly sexual harassment, by managers, employees, suppliers, and partners. To fight this unwanted behavior, the Company has appointed a sexual harassment officer, HR manager and adopted rules for preventing sexual harassment, and distributed the rules to all employees.

Furthermore, all Company employees

### 0 sexual harassment complaints of employees

completed tutorials on sexual harassment. The Company's efforts to prevent sexual harassment, bullying, and discrimination in the workplace are enforced by its open-door policy. At Nofar, this policy is practiced throughout all managerial ranks, from department heads to the chairman of the board. Any employee who feels uncomfortable or bullied is welcome to contact any member of the Company's management or its CEO.



## Complaint management process

A complaint may be filed by an employee, any person who feels harassed by a Company representative, or another person filing a complaint on their behalf. The complaint can be filed orally or in writing, and the manager who receives the complaint must inform the complainant how

it will be addressed, according to law. Nofar provides the complainant full protection throughout the process.

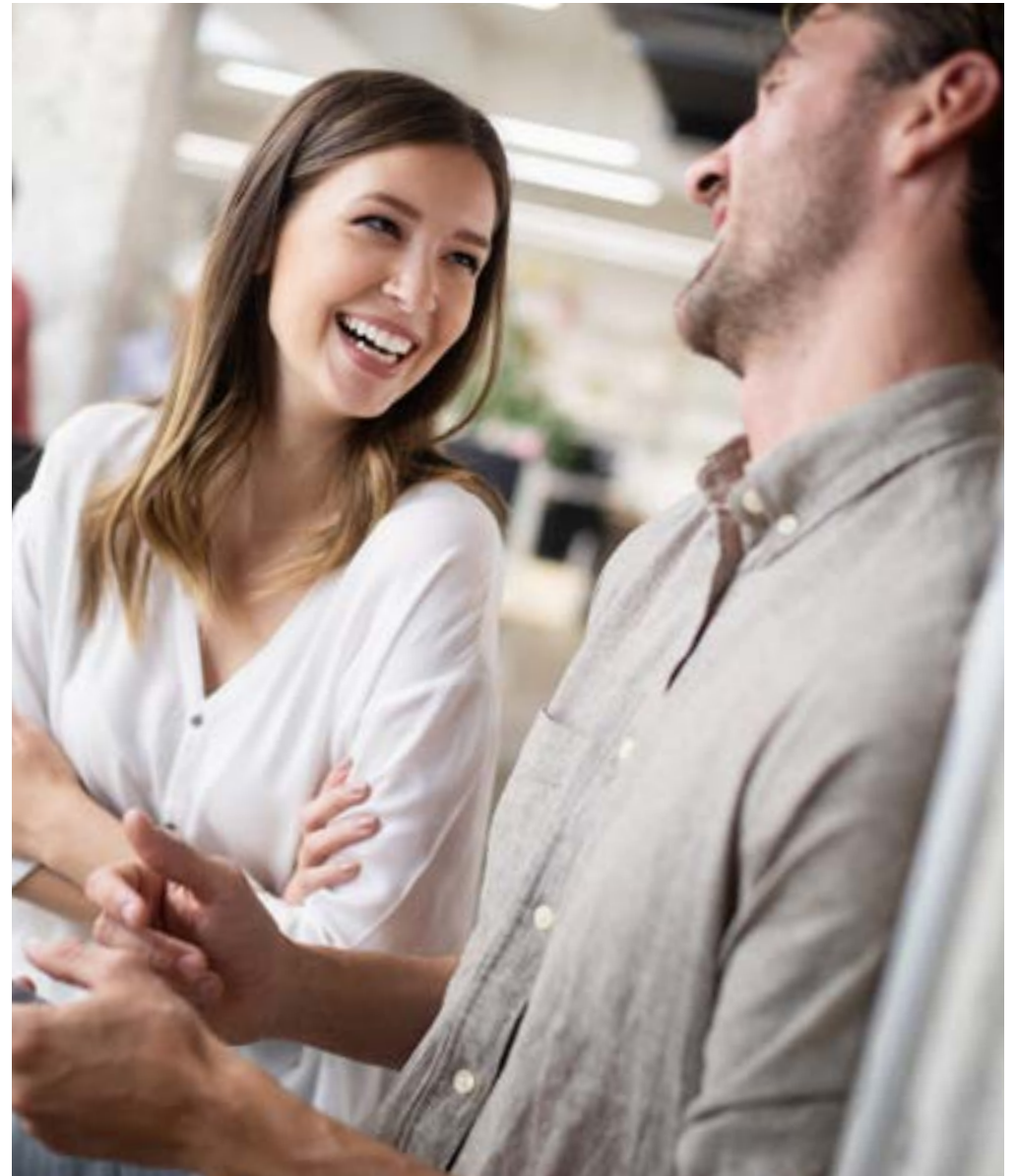
The manager must decide within seven days how the person named in the complaint should be dealt with.

## Goals and targets

We aim to increase women's representation in the Company, the Board of Directors, and management to 40 % by 2025.

In 2022, we will further develop our HR function, and an external or internal Head of Human Resources will be charged with employee recruitment, development, and well-being; these functions will be supervised by the Company's management.

In 2022, the Company will hold periodic employee assessment conversations to all its' employees.





# Managing workplace safety and transportation safety

Two road accidents

One work-related accident of contractor

240 safety inspections at work sites

4 training hours for 100% of the employees

180 safety trainings for contractors

3 incidents where work was suspended as a result of internal inspections of contractors

Maintaining safety and health at Nofar's sites, as well as preventing physical harm to the Company's employees, its customers, contractors and suppliers, and passersby and damage to property is at the top of Nofar's priorities.

As part of this approach, the Company is obligated to comply with all requirements of the law and to manage safety risks of its activities. For this purpose, the Company takes great care to cultivate and preserve a culture of safety in its activities. Company management places great emphasis on

maintaining the qualifications of employees and contractor employees through training, lessons-learned from incidents, and improving processes, and is meticulous in promoting internal enforcement programs in the field.

At the same time, the obligation to ensure a safe working environment falls on all employees and managers of the Company. For this purpose, it is ensured that the Company's employees familiarize themselves with the general factors and rules regarding safety relevant to their role and function, and observe them fully; understand the risks and safety hazards involved in every action they perform and the causes of accidents and injuries; take action in any case where another person puts themselves or others at risk; and report without delay to the safety manager in the group or another relevant manager any safety hazard or event that may cause bodily injury or property harm.

All Company employees are committed to their personal safety and the existence of a safe environment for all stakeholders. Therefore, the Company maintains a high level of safety awareness and maintains full compliance with the safety policy and procedures, without compromises, exceptions, or any casualties.

The construction and operation services that Nofar provides are subject to the safety and labor laws applicable to the execution of the relevant work, as well as the orders and regulations established pursuant to

them, in Israel and in the various countries where it operates.

Nofar Energy has entered into an agreement with a third-party safety officer in order to meet the requirements of the law (the Occupational Safety Ordinance [New Version], 2017-1970) and the regulations and orders of the Israel Labor Inspection

Organization relating to aspects of safety at work, including work at height, construction work and electrical work, appointment of a safety committee and safety commissioner, and appointment of a professional project manager, all in accordance with the provisions of the Safety Ordinance.



## The Company's occupational health and safety policy

The Company's safety plan was recently updated, in January 2021. The Company's plan emphasizes the following elements:

- A. Management involvement:** Senior managers are required to demonstrate their involvement in the occupational safety and health policy by participating in safety patrols, holding safety talks, taking part in accident investigations, and meeting the safety targets specified below. Each manager sets a personal example in being careful about safety and health issues.
- B. Employee participation:** Management actively participates with employees in all issues of maintaining occupational safety and health, within the Safety Committee and through the participation of the employees or their representatives in safety patrols, investigating accidents, writing or changing safety procedures, and in management meetings where the issues of occupational safety and health are discussed.
- C. Providing information to employees about risks:** The Company's management informs all employees of risks to which they are exposed in their work, and instructs them on how to defend themselves against these risks.
- D. Safety procedures and safety instructions:** For each activity that has risk factors, the Company has formulated procedures or work instructions that teach the employee work methods to will prevent injury:
  - 4. Training procedures and safety and health training programs relevant to the employee;
  - 5. Safety hazard detection procedure;
  - 6. Procedure for approval and control of the introduction of new risk factors;
  - 7. Work procedure and employment of subcontractors;
  - 8. Procedure for locating, identifying, and eliminating hazards;
  - 9. Excavation work procedure;
  - 10. Procedure for working at height
  - 11. Electrical work procedure
  - 12. Procedure for work in an enclosed space
  - 13. Procedure for operating mechanical engineering equipment
  - 14. Work procedure for the use of electric tools
  - 15. Procedure for safe use of lifting tools
  - 16. Reporting and evacuation procedure in case of emergency
  - 17. Behavioral procedure in case of emergency
  - 18. Work procedure for extreme weather conditions
  - 19. Fire safety and fire prevention procedure;
  - 20. First aid procedure
  - 21. Procedure for work during darkness (night)
  - 22. Child and youth employment procedure
  - 23. Prohibition of eating and drinking in the workplace.
- E. Safety risk management and activities to lower the level of risks at the Company:** Nofar conducted a comprehensive safety survey as part of the safety plan at the beginning of 2020, which will be updated on an annual basis. The

main safety risks as revealed in the latest safety risk survey and detailed in the Company's safety plan are: risks of working at height and falling, risks of lifting and conveying works, risks of electric shock, and risks of injury from heavy mechanical equipment. The Company uses all of the means at its disposal to reduce significant risks that have been identified to an acceptable level of risk.

- F. Safe work equipment and personal protective equipment:** The Company provides employees with proper and safe equipment and tools to use, which meet the requirements of the standards, and all personal protective equipment required by law, standards, procedures, and the manufacturer's or supplier's instructions.
- G. Conducting regular safety inspections:** The Company's management conducts regular safety inspections at its activity sites to examine various deficiencies and the degree of compliance with the safety requirements. The results of the tests are recorded and discussed in the safety committee.
- H. Projects abroad:** Local management are in charge of all safety procedures and are committed to the safety regulation in each geography, and are reported to us on a regularly basis.
- I. Determining an acceptable level of risk:** Work that requires certification holders is performed only by employees with

valid certification. Jobs with a high and medium risk level are only approved by the Company's CEO or VP of Operations. Jobs with a low risk level are approved by a department manager.

### The safety management system at the Company

As part of Nofar's commitment to safety, it operates a safety system headed by the Chief Operating Officer. The Company has established a safety committee comprised of management representatives, employee representatives, and the safety trustee. To ensure the realization of the Company's safety goals, within its safety plan, the Company conducts a series of tests and audits to supervise the observance of safety instructions at the various Company sites. In the event of a safety-related incident, the Company conducts a series of investigations. Findings are reported directly to the CEO of the Company. Management of safety at the Company's sites is carried out by the Company's safety advisor and project managers, who monitor the activity of subcontractors, ensure high-altitude work refresher courses are conducted for contract employees of the subcontractors, ensure that project execution and work on the ground are not carried out without holding a proper safety briefing for the relevant employees, and conduct unannounced inspections. In 2021, twelve safety courses for contractors were conducted by the Company's safety officer.



**At the beginning of 2021, the Company's safety committee was comprised of six representatives: three members of management and two employee representatives. The safety committee meets twelve times a year.**

Any safety-related incidents are reported to the Chief Operating Office and CEO immediately. Any safety-related complaints of employees are referred to the Company's safety officer, who, in turn, refers them to be addressed by management. Safety-related complaints of contractor employees are referred to the project managers.

In 2021, during these inspections, 3 cases were documented in which contractors' work was suspended due to inadequate conduct on site, and contractor employees were allowed to return only after all flaws were remedied. In case of repeated safety violations, the contractor employees are prohibited from working on Nofar's sites. During 2021, a contracted worker was removed from Nofar sites for a period of one month. In two other cases, work stoppages were imposed on a contractor whose employees had violated safety instructions. The renewal of work was permitted only after safety briefings and correction of the defects found.

Table 9: Workplace accidents 2019–2021

| Index                                                                               | 2019  | 2020  | 2021 |
|-------------------------------------------------------------------------------------|-------|-------|------|
| Number of workplace accidents of employees and contractors' employees <sup>10</sup> | 2     | 3     | 1    |
| Number of road accidents                                                            | –     | –     | 2    |
| Absence days of Nofar employees due to workplace / road accidents                   | –     | 0     | 0    |
| Lost-time injuries frequency rate (LTIFR) <sup>11</sup>                             | 439.6 | 412.1 | 76.3 |

10. In the years 2019–2021, all workplace accidents solely involved contractors' employees.

11. Lost-time injuries frequency rate (LTIFR) – Any work-related injury that results in the company employee or third-party contractor employee not being able to return to work the next scheduled work day/shift. The LTIFR is the number of lost-time injuries per million hours worked, calculated using the formula:  $LTIFR = (\text{number of lost-time injuries}) / (\text{total hours worked in accounting period}) \times 1,000,000$ .



## Goals and Targets

Zero accidents  
in all sites.



## Empowering our partners and creating indirect economic Impact

105 partnering Kibbutzim

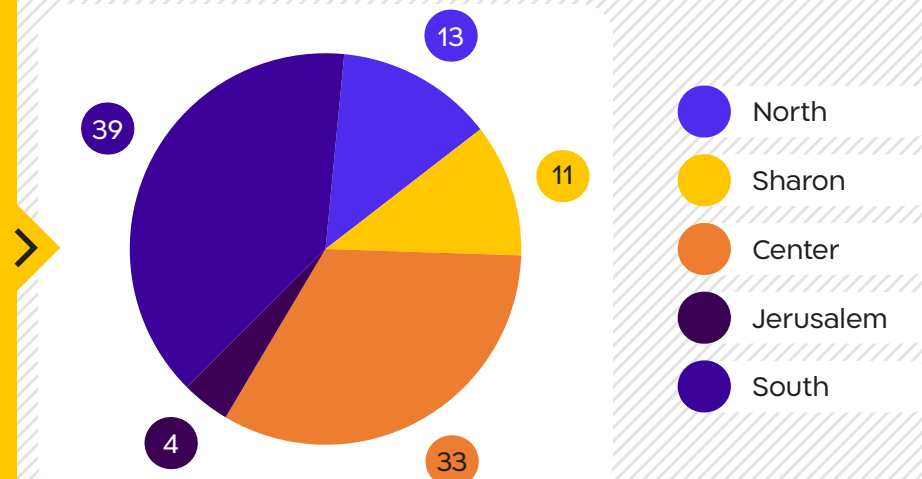
52% of the workforce in Israel comes from the periphery.

The Company's operations model and its policy focus on peripheral regions, in view of the business opportunities these areas offer and the availability of land. Most of the Company's business activities take place in rural areas, and its operations generate shared value for the Company and

its partners and customers in those regions, mainly 105 partnering kibbutzim in Israel. Furthermore, Nofar's activities generate extensive employment opportunities directly and throughout the supply chain, due to the need to employ a wide range of suppliers and employees in every project.



## Geographical distribution of Israeli employees by place of residence (%)



**The Company's business development department in Israel works to expand activity and generate transactions in kibbutzim in Israel, in addition to those in which the Company already operates.**

Electricity infrastructures have been upgraded at almost all kibbutzim in which Nofar builds and operates projects. Moreover, in a considerable proportion of installations on rooftops, the work also includes the replacement of old asbestos roofs that can potentially cause lung diseases and other health issues. In addition, in some cases, some of the profits of the joint corporations are donated to local communities. The Company's business development department in Israel and the US [?] maintains an ongoing dialogue with our partners in rural regions and continues to look for development opportunities and to expand the Company's project backlog.





## Responsible supply chain

|                                                                                    |                                                                  |
|------------------------------------------------------------------------------------|------------------------------------------------------------------|
| 120 suppliers in Israel <sup>12</sup>                                              | 600 suppliers worldwide                                          |
| 10% of the Company's procurement is from small and medium-sized enterprises (SMEs) | 30 critical Suppliers are responsible for 70% of all procurement |

Nofar's procurement activities focus mainly on engagements with construction contractors for building projects, purchases of equipment such as solar panels and converters, and engagements with various professional advisors.

Nofar's suppliers are the pillars of its business success. We see our suppliers as partners and therefore work to create a mutual, continuous and respectful relationship that is reflected in timely payment and an open and regulated channel for raising various problems and claims to improve communication. As much as possible, we work to procure products and services from local suppliers according to the country of operation, as well as procurement from small and medium-sized suppliers.

In Israel, the suppliers are located throughout the country, from the Galilee in the north to the far south. Nofar places emphasis on purchasing from local suppliers, and specifically strengthening suppliers from peripheral. The Company engages with first-class

suppliers in long-term agreements. With its essential suppliers and contractors, the Company carry out a risk management process and examine financial aspects, product quality, corporate governance, corruption cases and safety.

Upon the adoption of the code of ethics, the Company intends to apply ESG assessment processes before entering engagements with suppliers and during the term of such engagements; such assessments will include checking the terms of employment practiced by suppliers, and the suppliers' commitment to worker safety and sustainability.

Nofar has many contractors and views work safety as a top priority. The Company's CEO therefore heads its safety committee. Contractors who do not meet Nofar's high standards cannot work with the Company. Since the Company's IPO in December 2020, the scope of procurement increased significantly, due to the significant expansion of its operations; this increase is set to continue during 2022.

## Goals and targets

The Company is currently working to adopt a procurement procedure that applies ESG criteria in the process of selecting suppliers for its material projects, mainly local and

green procurement; the criteria will also include certain aspects of employee rights and safety.



12. suppliers from whom the Company purchased goods/services totaling more than NIS 50,000 per year.

## Projects in the local community

### Disposal of hazardous material

Nofar is committed to the local communities in which its sites are located. This mutual engagement is a significant part of the EPC and O&M activities. When hazardous material is discovered onsite, Nofar is committed to removing and disposing of it responsibly, which has a direct, beneficial impact on the wellbeing of the people of the community. Removal of hazardous materials is undertaken by Nofar as part of

its contractual duties. Disposal took place in 2021 in Israel and in Italy. In total, the Company disposed of 45 square kilometers of asbestos. Nofar is committed to dealing with the disposal of hazardous materials in its future projects. The estimated amount of hazardous materials to be removed by 2025, is 96 square kilometers of asbestos.

### Supporting sports initiatives and community activity in Israel

Nofar is a big fan of sports and promotes community ties and support. As part of this initiative, it is improving infrastructure and sponsoring sports teams and outstanding athletes.

Nofar is an official sponsor of the Nofar Galil Elion (upper Galilee) basketball team.

Nofar is also an official sponsor of Maccabiah Games of 2022.

In 2022, Nofar intends to run a volunteering program as part of its engagement with the community

The program is a collaboration with the non-profit organization Hand in Hand (Yad Beyad), which supports children from

socioeconomically disadvantaged families. Nofar employees will help in packaging food baskets for families in need.







**GOVERNANCE**

## 4. Robust Corporate Governance at Nofar

"We input our vision and the highest professional standards and generate value" (Ofar Yanai)

The Board of Directors comprises six men and two women

25% of the directors are external

37.5% of the directors are independent

50% of directors possess accounting and financial expertise, 25% have experience in the field of renewable energy, one member has ESG experience

14 board meetings and 8 committee meetings took place in 2021

97% attendance rate at Board of Directors meetings

92% attendance rate at Board of Directors committees' meetings

6 men and 2 women are part of the Company's

Nofar aims to fully comply with corporate governance terms and conditions. The relevant legislation for Nofar is the Electricity Sector Law, 1954, the Securities law, 1968, and the regulations and rules issued thereunder, as well as the decisions made by the relevant authorities and the Israeli government. Nofar's activity across the world – in the USA, Italy, Poland, Romania, Serbia, the Czech Republic, Spain, and the UK – is subject to the relevant laws and requirements, both at federal and state levels and at the local levels, as enforced in these countries. In addition, Nofar's activity in Israel and worldwide is subject to the approvals of regulatory bodies and various institutions, such as local authorities,

the Israel Electricity Authority, the Israel Electric Corporation Ltd., planning and building entities, and various government ministries (such as the Israeli Ministry of Agriculture, Ministry of the Interior, Ministry of Defense, and Ministry of Environmental Protection), and to resolutions, procedures, and standards enacted by entities on their behalf, which are mainly required before the construction of a facility and the start of its commercial operation. The extensive legislation, standards, and regulations with which Nofar is required to comply have led the Company to adopt intra-organizational procedures to ensure their proper management.



## Structure of the Board of Directors

|                                                   |                                                                 |
|---------------------------------------------------|-----------------------------------------------------------------|
| <b>2 Female directors</b>                         | <b>6 Male directors</b>                                         |
| <b>3 Directors aged 30-50</b>                     | <b>5 Directors over the age of 50</b>                           |
| <b>2 Independent directors</b>                    | <b>1 External director</b>                                      |
| <b>2 Directors who are active kibbutz members</b> | <b>50% Risk management, accounting, and financial expertise</b> |

Nofar's Board of Directors is composed of eight directors, of which six are men, and two are women. Other than the chair, most directors started serving on the Board of Directors after the Company's IPO. Other than the external directors, directors are appointed based on their experience and potential contribution to the Company's growth and impact. The shareholder emphasized in the process the issue of business experience, including, among other things, in the fields of renewable energy, working with the agricultural settlement sector (mainly kibbutzim), finance and procurement, ESG, and Board of Directors independence. To select the external directors, the board of directors examined

the affidavits of the potential candidates, in which they detailed their education and business experience in accordance with the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and a Director with Professional Qualifications). Currently, Nofar's Board of Directors is diverse in terms of directors' skills and capabilities- two board members possess experience in the field of renewable energy (Ofer Yanai and Tzvi Levine), four board members possess accounting and financial expertise. , In addition, all board members have many years of business experience. Per the requirements of the law and the Company's procedures, Nofar's Board of

Directors has two external directors and one independent director. The Chairman of the Company's Board serves as an Executive Chairperson of the Board. For the Company's Board of Directors to

fulfill its role optimally, it is open to receiving inquiries directly at the general meeting and through the VP of Legal Affairs. No inquiries were received in 2021.

|                                                          |                     |
|----------------------------------------------------------|---------------------|
| <b>Ofer Yanai</b><br>Executive Chairperson <sup>13</sup> | <b>Gili Cohen</b>   |
| <b>Moshe Bar Tov</b>                                     | <b>Yoni Tal</b>     |
| <b>Dafna Cohen</b>                                       | <b>Yonit Partuk</b> |
| <b>Uri Orbach</b>                                        | <b>Tzvi Levine</b>  |

13. Controlling Shareholder of the Company

## Board of Directors committees

Nofar's Board of Directors exercises judgment to deal with the management of material issues in the Company in accordance with the recommendations and resolutions of its committees and the requirements of the law:

### Financial Statement Review committee

The committee consists of three directors, of which two are external directors, and one is an independent director. The Company's management presents to the committee a review of the Company's operating results, financial position, cash flows, critical events in the reporting periods, valuations, statement of sources and uses, and more. Four committee meetings were held in 2021; meetings were attended by 100% of the members.

### Audit committee

The committee consists of three directors, of whom two are external directors, and one is an independent director. The committee is engaged, among other things, in the approval of transactions, maintaining an ongoing dialogue with the internal auditor, monitoring and supervising the internal auditor's work plans, Compliance Officer , assessing deficiencies in the management of the Company's businesses, assessing the management of the Company's risks, including the effectiveness of risk management and more. Three committee meetings were held in 2021; meetings were attended by 100% of the members.

### Compensation committee

The committee consists of three directors, of whom two are external directors, and one is an independent director. The committee formulates the compensation policy and sets the employment terms of the Company's controlling shareholders and officers. Four committee meetings were held in 2021; the meeting was attended by 100% of the members.



### Balance committee

The committee consists of three directors, of whom two are external directors, and one is an independent director. The committee discusses and recommends to the board regarding evaluations and estimates in the reports, the internal controls, the adequacy and completeness of the financial reporting, the policy, and the accounting treatment of material issues. Three committee meetings were held in 2021; meetings were attended by 66% of the members.



# Management of ESG performance by the Board of Directors

Nofar's management is responsible for the Company's development, approval, and revision of its vision, values, strategy, policies, and sustainability and corporate governance goals. The Company already set several strategic ESG long-terms goals regarding climate, safety, and workforce diversity.

A key measure taken by management is the appointment of the Senior Director of Investor Relations as Head of ESG. The Head of ESG, who reports to the CFO on an ongoing basis, is expected to report to the board on an annual basis. In addition to the ESG strategic goals approved by the Company, the board acts continually to promote achievement of ESG goals as part of the Company's growth, and sets guidelines for the Company's management and employees to improve ESG aspects, in light of the risks and opportunities facing the Company, including:

## Environment

Nofar addresses environmental issues, including climate change and its economic ramifications, as a green energy company. The escalation of climate-related events globally, alongside geopolitical tensions, emphasizes the critical importance of renewable energy installations in Israel and worldwide. At least once every quarter, the Company's CEO presents the Company's operations to the Board of Directors, including environmental and climate issues, global developments, market trends, and opportunities. Currently, Nofar promotes large-scale projects that include mostly photovoltaic power generation and energy storage. In the future, Nofar will examine the possibility of entering the electric vehicle charging station sector.

Nofar's policy regarding environmental risk management, as outlined by the Board of Directors, focuses on adapting its systems to legal requirements to minimize possible adverse effects on the environment. Risk management is mainly conducted by the CFO and the head of Risk through ongoing monitoring of regulatory developments relating to the Company's operations. As well as a risk assessment held by a third party reporting the board of directors. This methodology is also relevant to locating business opportunities by identifying market trends, new relevant regulation and legislatives procedures, etc. Nofar's Board of Directors reviewed the ESG Report to ensure that it covers all the issues that are significant for the Company and for its stakeholder.

## Social

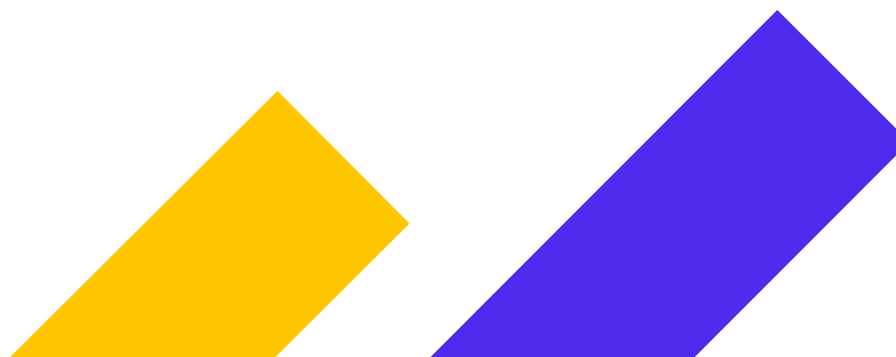
Nofar's activities to promote social impact include:

- Partnerships with the agricultural sector, which promote remote communities in peripheral regions in Israel, create jobs and stable incomes for the coming years, and contribute to the development of the local workforce.
- From time to time, Nofar arranges fundraising events dedicated to marginalized communities and individuals.

Nofar's controlling shareholder and the active chairman of the board, Mr. Ofer Yanai, sponsored the Hapoel Upper Galil basketball team, athletics, and the Maccabiah.

## Governance

Nofar's code of ethics, which was adopted by the Company and approved by the Board of Directors, presents the Company's vision, values, and code of conduct. The Board of Directors, through the Audit Committee, frequently discusses the Company's risk management, including sustainability risks, and in any case at least once a year. The Company is in late stages of adopting an internal enforcement plan that constitutes a voluntary mechanism that is supported by a set of organizational procedures. The plan will apply to all officers and employees of the Company, who will be required to sign it every year, as well as to relevant external consultants. In addition, as part of the plan, the Company's enforcement officer will review the effectiveness of the board of directors.





## Managing the Company's risks

The Company's operations expose it to various financial and operational risks, including safety and environmental risks. Our risk management is supervised by our board of directors and Audit committee.

Different members in the Company management perform the risk management itself. Financial and cyber risks are managed by the CFO and operational risks and safety risks by the Chief Operating Officer.

The VP of Legal Affairs also supervises different risks. As part of its risk management, the Company performed in 2021 a sensitivity analysis by the internal Auditor.

The analysis focused on operational risks, market risks, strategic business risks, and compliance risks, from which two topics emerged as requiring improvement.

To address those risks and others, the Company appointed a risk manager who will report to the CFO in 2022 and focus on strengthening the formal risk culture at Nofar.

In addition, the Company is insured by various liability insurance plans, which reduce the Company's risk in multiple scenarios (those are elaborated in our annual report for the year 2021).

## Sound business ethics at Nofar

**89%**

of the directors received training on insider information, 100% of the directors received training on compliance with regulations, and 100% of the directors received corruption prevention training

**ZERO**

bribery and corruption incidents since the establishment of the Company

Nofar is committed to the highest standards of business ethics. In 2021 Nofar completed the adoption of an organizational Code of Business Conduct and Ethics that will be implemented amongst the employees at the beginning of the second half of 2022. The code of ethics dictates policy that has already been partially implemented at the Company, and will become an integral and clear procedure for all stakeholders in the Company, to ensure ethical business and personal conduct. The Code of Business Conduct and Ethics will be under the responsibility of the Legal counsel of the Company. The Company believes that ethical conduct in its business is a supreme value and is required not only of the Company's management, but also of all of the Company's employees and suppliers. All Nofar employees will receive training about the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics guides the Company's personnel in all that they do. The code, which is based on the company's values, provides basic guidelines of business practice, as well as professional and personal conduct, that all employees are expected to adopt and uphold.



## Political engagement at Nofar

Guided by Nofar's Code of Business Conduct and Ethics and its commitment to compliance with all applicable laws, Nofar abstains from any type of political activities, including lobbying to shape public policy, legislation and other governmental actions, and corporate contributions to electoral candidates, political organizations, or political campaigns. Nofar does respond to various requests for comments and similar requests issued by relevant regulators in so far as these are relevant to the Company's business, such as hearings held by the Israel Electric Authority.

Like many corporations, Nofar is a member of various industry trade organizations. Some of these organizations engage in lobbying activities, and some operate their own political action committees. Nofar may not necessarily agree with every position taken by each organization of which it is a member or of the other members of such organizations; however, Nofar believes that, on a whole, membership in and contributions to such organizations are consistent with promoting the public good, which is aligned with the company's overall business objectives. When Nofar makes payments to these organizations, including membership fees and dues, it instructs the organization not to use the funds for any election-related activity, in every country in which we operate.

List of industry trade organizations:

1. The Federation of Israeli Chambers of Commerce
2. The Israeli Association of Publicly Traded Companies
3. The Green Energy Association of Isra

The Company's Code of Business Conduct and Ethics covers how our employees may engage in the political process and how we interact with representatives of government on behalf of Nofar.

Decisions about joining trade unions and membership fee payments are made by Nadav Tenne, CEO, and Noam Fisher, CFO.



Payments to trade associations which may be used for political purposes are monitored by Noam Fisher, CFO. We are committed to complying with internal policies, all relevant state, federal, and international laws and regulations, and applicable state and local restrictions on corporate political activity.



## Compliance with legal requirements

Nofar complies with the requirements of all laws, standards, and regulations applicable to its activities in the countries in which it operates. As of 2021, Nofar is in full compliance with environmental laws and regulations, and no sanctions or fines were imposed on the Company.

Nofar strives to ensure proper conduct pursuant to the requirements of the law, and has further adopted an internal voluntary compliance mechanism. Furthermore, Nofar promotes training and compliance on issues relating to the requirements of the laws and regulations.

As noted, in 2021, 100% of the Company's employees received two hours of training on regulatory compliance, corruption prevention, and insider information. Another aspect of Nofar's compliance is its IT system protocols and the access permissions given to its employees.

Where needed, Nofar separates positions and responsibilities and avoids giving a single worker too many permissions, especially if they are not directly relevant to the employee's duties.





## Remuneration policy

In September 2020, the Company's board of directors and the general meeting of the Company's shareholders approved Its remuneration policy for the officers of the Company. In July 2021, the Company's board of directors decided on the adoption of an option plan for employees and officers. The Company's Board of Directors reviews the policy from time to time in order to adapt it to the changing needs of the Company, the input received from stakeholders, and the

provisions of the law. The policy sets guidelines as to the manner of compensating the Company's executives and employees while supporting the execution of Nofar's goals, its business plan, and its policies in the long run. The remuneration policy aims to create a reasonable and appropriate set of incentives to align the Company's executives with Nofar's operations, its risk-management policy, and its working

relations with stakeholders while recruiting and retaining excellent managers, which are the foundation of Nofar's performance and the driver of its future development and success. Nofar's remuneration policy is mainly based on measurable criteria, quantitative tests, and the personal targets of all officers. The policy comprises a fixed component with respect to base salary, social benefits, and other related benefits, and variable

components - sign-on/retention bonus, adaptation grants, and retirement terms, bonuses, special discretionary bonuses, the award of which is subject to the approval of the Compensation Committee. The ratio set between fixed compensation components and variable compensation components as of:

| <div>Criterion</div> <div>Role</div> | Maximum value fixed component of remuneration (monthly) | Ratio between cost of employment and average wage | Ratio between cost of employment and median wage | Ratio between fixed and variable components |
|--------------------------------------|---------------------------------------------------------|---------------------------------------------------|--------------------------------------------------|---------------------------------------------|
| Chairman of the Board                | NIS 120,000                                             | 3.08                                              | 3.28                                             | <160%                                       |
| CEO                                  | NIS 80,000                                              | 2.44                                              | 2.6                                              | <140%                                       |
| CEO subordinate executives           | NIS 80,000                                              | 1.8                                               | 1.92                                             | <100%                                       |

## The Variable Component

Apart from the fixed component in the executives' terms of employment, they are eligible for post-retirement savings, severance pay, disability insurance, vacation days, sick days, convalescence pay, and travel expenses as required by law. Executives are also eligible to receive a car at the Company's expense, a telecommunications package, holiday gifts, extra vacation days, professional training, professional bureau membership fees, and reimbursement of other expenses relevant to their position.

The variable component of remuneration is based on various parameters for the Company's or the executive's performance. For the Chairman of the Board and the CEO, this component shall not exceed 75% of the amount of their total fixed component. For the CEO-subordinate executives, this component shall not exceed 50% of the amount of their total fixed component.

The variable component can be allocated based on one of the following:

- Measurable goals grants – Including financial goals, strategic goals, personal goals, and corporate governance goals. These goals are determined annually, before the end of the first quarter, and the executive must attain at least two of the goals. The grant paid for each goal shall not exceed 25% of the executive's total fixed component.
- Discretionary grants – The Company may determine that the variable remuneration, in whole or in part, shall be granted according to qualitative criteria that are not measurable, at its discretion, given the contribution of the executive to the Company.
- A one-time grant – The Company is permitted to give its executives a one-time grant based on outstanding contribution and/or noticeable efforts, and/or in cases of extraordinary business accomplishment. Grants to the CEO and the CEO-subordinate executives shall not exceed 25% of the executive's total fixed component.

In the incident of biased financial information within 3 years of occurrence, the executive shall return the grant to the Company (claw back).

## Capital Remuneration

The Company's authorized organs are permitted, from time to time, to allocate options, phantom options, restricted stock units, and blocked stock to executives as part of their remuneration package. The amount allocated is subject to the authorized organ's discretion. This part of the remuneration shall not exceed the sum of 12 monthly salaries.

In accordance with the approved compensation policy, as of the end of 2021, the ratio between the CEO's (approximate) average salary and that of all other employees was 4.7, and the ratio between the median salary and that of the CEO was 5.3. For more information about the Group's compensation policy, see chapter 8 at the Company's shelf prospectus on the TASE website from the 8th of December 2020, as well as in the Company's immediate reporting as of 03.08.2022





## Preventing conflicts of interest

Nofar is subject to all of the provisions of laws and regulations that ensure the prevention of conflicts of interest in the Group in general and in the Company in particular. Under the Company's Code of Business Conduct and Ethics, several internal organizational measures are being implemented to prevent conflicts of interest and ensure fair business practices, including when appointing directors; the directors will be required to fill out a questionnaire and statement relating to affiliation and conflict of interest. In addition, the Company will adopt, as part of its internal enforcement plan, procedures for reporting to stakeholders and officers, under which, before issuing annual financial statements, the Company sends the directors questionnaires regarding affiliation and conflicts of interest. The Company will adopt, as part of its internal enforcement plan, a procedure for transactions with interested parties, under which a list of the Company's stakeholders will be maintained.

# Prevention of bribery and corruption; internal audit and supervision

## Preventing bribery and corruption

As part of the internal enforcement program being adopted by Nofar, a procedure for preventing bribery is included. Under this procedure, the Company is committed to managing its business with fairness, integrity, reliability, and responsibility. This procedure is intended to ensure that the Company, the members of the Board of Directors, its managers, employees, suppliers, and other service providers do not violate these provisions or other provisions of the law. The procedure will be distributed to all

relevant employees for their signature, and the Company also ensures that anti-bribery and corruption provisions are agreed to and signed by external parties, including service providers, contractors, and consultants, who act on its behalf and who serve as its representatives. The Company also undertakes to comply with all applicable laws in the countries in which it conducts its business and activities to prevent bribery and corruption.

## Mechanism for supervising and reporting of bribery and corruption incidents

The procedure for bribery and corruption prevention will establish a reporting mechanism for employees who are aware of or suspect a payment that may be considered bribery. Under the procedure, the employee will be required to report the matter to their supervisor as soon as possible, with a copy to the Company's corporate secretary; if the supervisor is involved, the report can be submitted to the corporate secretary only. Thereafter,

the query will be investigated appropriately by the competent organ in the Company. The Company will undertake to protect the employee by all necessary means, including by maintaining anonymity, while promising no harm to the employee following submission of a complaint. In 2021, no bribery and corruption incidents were reported or discovered at Nofar.

## Internal auditing

As a public company, Nofar operates in accordance with the requirements of the law. In addition, based on the recommendations of the Audit Committee, the Board of Directors approved the appointment of an internal auditor who provides internal auditing services as an external service provider. The internal auditor prepared a multi-year plan, in cooperation with the Company's management, which was presented to the

Audit Committee and Board of Directors and approved by the board. The multi-year plan is based on audits of key company processes according to the level of risk exposure, assessment of the probability of occurrence of an event, and potential scope of damage. The Internal Auditor does not have the discretion to deviate from the work plan; any change in this plan is subject to the approval of the Audit Committee.





## Information security

Nofar has adopted a set of internal information-security rules that establish an organizational, managerial, and professional outline for decision making relating to information security, while creating an organizational framework for dealing with ongoing and unusual issues relating to the implementation and assimilation of information-security aspects at the Company. The information security officer is responsible for providing all of the Company's employees with annual training on information-security procedures and issues. External parties that engage with the Company are required to undertake to maintain confidentiality, insider information procedures, and information security.

### Goals and targets

- Increase diversity among the Company's Board of Directors and management;
- Hold training sessions for all employees within the code of ethics implementation plan;
- Review the manner of executing material transactions;
- Full adoption of the internal enforcement plan and 100% signature of the enforcement plan among all board members, directors and other employees to whom the plan applies.
- Maintain zero incidents of bribery and corruption and zero incidents of improper business conduct.





## Legal Disclaimer

An ESG report is not included in Nofar's financial, periodical, or immediate statements. This report includes forward-looking statements (according to the Securities law, 1968), including: expectations, forecasts, objectives, goals, assessments,

and plans regarding the Company's activity. Statements made in this report might be subject to changes and revisions. All information and data presented in this report reflect the information regarding the Company's activity at the date of issue and

the Company's knowledge. This document may include estimates, omissions, generalizations, errors, and/or inaccuracies. In any case of discrepancy or divergence between the information presented in this report and the information appearing in

the Company's public financial statements published on the website of the Tel Aviv Securities Authority and the Tel Aviv Stock Exchange (TASE), the information appearing in publications by the Securities Authority will prevail.



## GRI Content Index

| Standard                                  | Index                  | Description                                                  | Pages / response |
|-------------------------------------------|------------------------|--------------------------------------------------------------|------------------|
| GRI 101: Foundation 2016                  |                        |                                                              |                  |
| GRI 102:<br>General<br>disclosure<br>2016 | Organizational profile |                                                              |                  |
|                                           | 102-1                  | Name of the organization                                     | 1,5              |
|                                           | 102-2                  | Activities, brands, products, and services                   | 5-10             |
|                                           | 102-3                  | Location of headquarters                                     | 5                |
|                                           | 102-4                  | Location of operations                                       | 5                |
|                                           | 102-5                  | Nature of ownership and legal form                           | 5                |
|                                           | 102-6                  | Markets served                                               | 5                |
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|                                           | 102-8                  | Information on employees and other workers                   | 5, 39-40         |
|                                           | 102-9                  | Supply chain                                                 | 49               |
|                                           | 102-10                 | Significant changes to the organization and its supply chain | N/R              |
|                                           | 102-11                 | Precautionary principle or approach                          | 27               |
|                                           | 102-12                 | External initiatives                                         | -                |
|                                           | 102-13                 | Membership of associations                                   | 57               |

## GRI 102: General disclosure 2016

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## GRI 102: General disclosure 2016

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| 102-35                 | Compensation policies                                                            | 58                               |
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| 102-38                 | Annual compensation ratio                                                        | 60                               |
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| Stakeholder Engagement |                                                                                  |                                  |
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| 102-43                 | Approach to stakeholder engagement                                               | 21-24                            |
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## GRI 102: General disclosure 2016

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| 102-49 | Changes in reporting                                         | N/R   |
| 102-50 | Reporting period                                             | 3     |
| 102-51 | Date of most recent report                                   | N/R   |
| 102-52 | Reporting cycle                                              | 3     |
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## GRI 205: Anti-corruption 2016

### GRI 103: Management Approach 2016

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| 103-3 | Development of the management approach             | 57    |



## GRI 205: Anti-corruption 2016

### GRI 205: Anti-corruption 2016

205-1

Operations assessed for risks related to corruption and  
ignificant risks related to corruption identified through  
the risk assessment

N/A  
risk assessment  
was in Q3

205-2

Communication and training about anti-corruption policies and procedures

58

205-3

Corruption incidents during the reporting period and actions taken

0 Corruption  
incidents

## GRI 302: Energy 2016

### GRI 203: Indirect Economic Impacts 2016

103-1

Explanation of the material topic and its boundary

29

103-2

The management approach and its components

26,31

103-3

Development of the management approach

31

### GRI 302: Energy 2016

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Energy consumption within the organization

30-31

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## GRI 304: Biodiversity 2016

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Explanation of the material topic and its boundary

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The management approach and its components

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## GRI 304: Biodiversity 2016

### GRI 304: Biodiversity 2016

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| 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 35 |
| 304-2 | Significant impacts of activities, products, and services on biodiversity                                                                 | 35 |
| 304-3 | Habitats protected or restored                                                                                                            | 36 |
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## GRI 305: Emissions 2016

### GRI 103: Management Approach 2016

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| 103-2 | The management approach and its components         | 29 |
| 103-3 | Development of the management approach             | 31 |

## GRI 305: Emissions 2016

### GRI 305: Emissions 2016

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## GRI 405: Diversity and Equal Opportunity 2016

### GRI 103: Management Approach 2016

|       |                                                    |       |
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| 103-1 | Explanation of the material topic and its boundary | 39-40 |
| 103-2 | The management approach and its components         | 40    |
| 103-3 | Development of the management approach             | 42    |

### GRI 405: Diversity and Equal Opportunity 2016

|       |                                                                                                                                                                                       |          |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 405-1 | The board of directors' composition and breakdown of employees (by gender, age, minority, education)                                                                                  | 52,38,40 |
| 405-2 | Processes to ensure gender equality and prevention of gender-only discrimination (including men's versus women's salaries); ratio of salary of women to men in each employee category | 40       |

## GRI 413: Local Communities 2016

### GRI 103: Management Approach 2016

|       |                                                    |   |
|-------|----------------------------------------------------|---|
| 103-1 | Explanation of the material topic and its boundary | - |
| 103-2 | The management approach and its components         | - |
| 103-3 | Development of the management approach             | - |

## Appendix of Numerical Data

| <b>Emissions Intensity (Scope 1+2)</b><br>Metric Tons CO <sub>2</sub> e | <b>2020</b> | <b>2021</b> |
|-------------------------------------------------------------------------|-------------|-------------|
| Revenue (MT CO <sub>2</sub> e / USD Million)                            | 2.6725      | 5.23        |
| Employee (MT CO <sub>2</sub> e / FTE)                                   |             |             |

| <b>Scope 3 emissions by sections, Mton CO<sub>2</sub> eq</b> | <b>2020</b> | <b>2021</b>   |
|--------------------------------------------------------------|-------------|---------------|
| Flights                                                      | 0           | 59            |
| Water*                                                       | 0.000       | -             |
| Landfill waste                                               | -           | 272.805       |
| Effluents                                                    | 0.000       | -             |
| <b>Total scope 3 emissions</b>                               | <b>0.00</b> | <b>332.01</b> |

| <b>Breakdown of Scope 3 Emissions for 2021<sup>12</sup></b> | <b>2021</b> |
|-------------------------------------------------------------|-------------|
| Flights                                                     | -           |
| Water*                                                      | -           |
| Landfill waste                                              | -           |
| <b>Total Scope 3 emissions in tons</b>                      | <b>-</b>    |

| <b>Water Consumption</b>                                                  | <b>2020</b> | <b>2021</b> |
|---------------------------------------------------------------------------|-------------|-------------|
| Total water consumption by Nofar's facilities in Israel (m <sup>3</sup> ) | -           | -           |
| Total water consumption by Nofar's offices (m <sup>3</sup> )              | -           | -           |
| <b>Total</b>                                                              | <b>-</b>    | <b>-</b>    |



<sup>12</sup> DEFRA conversion coefficients

## Society

### Workforce in 2021 - Breakdown by Age and Gender [102-8]

| Breakdown of the Company's Employee by Age and Gender | 2019     |           |           | 2020      |           |           | 2021      |           |           |
|-------------------------------------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                                       | Women    | Men       | Total     | Women     | Men       | Total     | Women     | Men       | Total     |
| Under 30                                              | 0        | 3         | 3         | 2         | 4         | 6         | 4         | 7         | 11        |
| 31-50                                                 | 4        | 16        | 20        | 11        | 21        | 32        | 20        | 36        | 56        |
| 50+                                                   | 0        | 2         | 2         | 0         | 2         | 2         | 1         | 4         | 5         |
| <b>Total</b>                                          | <b>4</b> | <b>21</b> | <b>25</b> | <b>13</b> | <b>27</b> | <b>40</b> | <b>25</b> | <b>47</b> | <b>72</b> |

### Employee Absenteeism

| Reason for employees' absence - excluding paternal leave and unpaid leave | 2020     |          | 2021     |          |
|---------------------------------------------------------------------------|----------|----------|----------|----------|
|                                                                           | Women    | Men      | Women    | Men      |
| Illness (including a relative's illness and declaration of own illness)   |          |          |          |          |
| Vacation leave                                                            | -        | -        | -        | -        |
| Reserve duty                                                              | -        | -        | -        | -        |
| <b>Total</b>                                                              | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> |





Geographic Distribution of Employees by Place of Residence (%)

| Geographical Distribution in Israel of the Company's Employees (%) | 2020 | 2021 |
|--------------------------------------------------------------------|------|------|
| North                                                              | 5    | 13   |
| Sharon                                                             | 8    | 11   |
| Center                                                             | 38   | 33   |
| Jerusalem                                                          | 8    | 4    |
| South                                                              | 42   | 39   |



Breakdown of the company's Employee by Type of Employment

| Breakdown by type of employment | 2020             |                                   | 2021             |                                   |
|---------------------------------|------------------|-----------------------------------|------------------|-----------------------------------|
|                                 | No. of employees | % of the organization's employees | No. of employees | % of the organization's employees |
| Vacation leave                  | 40               | 100                               | 72               | 100                               |
| Reserve duty                    | 0                | 0                                 | 0                | 0                                 |
| <b>Total</b>                    | <b>40</b>        | <b>100</b>                        | <b>72</b>        | <b>100</b>                        |

#### Employee Turnover by Gender

| No. of employees on parental leave by gender | 2020     |          |          | 2021     |          |          |
|----------------------------------------------|----------|----------|----------|----------|----------|----------|
|                                              | Women    | Men      | Total    | Women    | Men      | Total    |
| Took parental leave                          | -        | -        | -        | -        | -        | -        |
| Returned from parental leave                 | -        | -        | -        | -        | -        | -        |
| <b>Total</b>                                 | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> |



#### Hiring

| Employee hiring | 2020     |          |           | 2021      |           |           |
|-----------------|----------|----------|-----------|-----------|-----------|-----------|
|                 | Women    | Men      | Total     | Women     | Men       | Total     |
| Until 30        | 2        | 1        | 3         | 2         | 6         | 8         |
| 31-50           | 7        | 5        | 12        | 9         | 13        | 22        |
| 50+             | 0        | 0        | 0         | 1         | 1         | 2         |
| <b>Total</b>    | <b>9</b> | <b>6</b> | <b>15</b> | <b>12</b> | <b>20</b> | <b>32</b> |



#### Percentage of Employee Turnover by Year

| Employee exiting - leaving / dismissal / retirement | 2020  |     |       | 2021  |     |       |
|-----------------------------------------------------|-------|-----|-------|-------|-----|-------|
|                                                     | Women | Men | Total | Women | Men | Total |
| Until 30                                            | -     | -   | -     | -     | -   | -     |
| 31-50                                               | -     | -   | -     | -     | -   | -     |
| 50+                                                 | -     | -   | -     | -     | -   | -     |
| <b>Total</b>                                        | -     | -   | -     | -     | -   | -     |



#### Economic performance

| NIS (thousands)                      | 2020 | 2021 |
|--------------------------------------|------|------|
| Revenue                              | -    | -    |
| Net profit                           | -    | -    |
| Expenses (excluding financing costs) | -    | -    |

#### Board of directors

| NIS (thousands)    | 2020 | 2021 |
|--------------------|------|------|
| Board members      | -    | 8    |
| External Directors | -    | 2    |
| Female Directors   | -    | 2    |

#### Breakdown of Employees by Age

| Average Age | 2020 | 2020 |
|-------------|------|------|
| Women       | -    | -    |
| Men         | -    | -    |





[nofar-energy.com](https://nofar-energy.com)

