

A background image of five construction workers in safety gear (hard hats, safety glasses, and high-visibility vests) standing behind a red metal safety fence at a construction site. They are looking towards the right. The scene is dimly lit with a blue tint. In the background, there are white structures, possibly trailers, with some numbers like "3480" and "9" visible.

# SUPPLY CHAIN PRINCIPLES

NOFAR ENERGY

## Supply chain principles

**As a global renewable energy company, Nofar, is communicating every year with hundreds of suppliers of different sizes and from different countries; in its relationships with suppliers, Nofar seeks to purchase products and services while guaranteeing the most professional, fast and reliable service.**

Nofar sees procurement as a significant step in its activity and for our stakeholders, and therefore it takes responsibility for the supply chain, and constantly work to improve its procurement processes, so that it consists of the highest quality, safest and most advanced products and services. All, in order to ensure the procurement of products that were responsibly produced, while reducing environmental and social vulnerabilities along the supply chain.

As an organization that has marked innovation as one of its key values, Nofar is constantly examining new technologies to ensure the usage of the most innovative and efficient products, while paying close attention to technical, engineering, safety aspects and more.

In the process of supplier selection, Nofar is considering various aspects, such as: price, reliability, service, safety and compliance with local law. These aspects are examined according to the type and scope of product/service.

In addition, Nofar carries out a risk management process which includes the essential suppliers of the company, and examine financial aspects, product quality, corporate governance and ethics, safety, and other issues and cases which may involve violations of human rights, or any other additional examinations as necessary. When a risk is defined as high, a dialogue is carried out with the supplier in order to allow an improvement of its activity and thus a minimization of the risk. If such an improvement which meets our expectations is not carried out, the contract with the supplier shall be terminated.

Nofar is committed to respecting and promoting human rights throughout its operations and supply chain. Nofar recognizes that all people have the right to work with dignity and free from exploitation. Nofar also recognizes that forced Labor is a serious crime and a violation of human rights. Nofar urges all its stakeholders to join Nofar in its commitment to respecting and promoting human rights. Nofar has a zero tolerance for forced Labor and will continue to make every effort to mitigate, root out, eliminate, and prevent forced Labor in its value chain.

In the past years, the supply chain sector has experienced many difficulties, mainly significant delays in delivery time. Therefore, Nofar has mitigated its risks by diversification of its suppliers, increased delay fines, and with emphasizing reliability and delivery time in the supplier selection.

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 the engagement. As much as possible, we work to procure products and services from local suppliers in accordance with the country of operation, as well as procurement from small and medium-sized suppliers.

To ensure Nofar's high standard is kept while working with contractors and sub-contractors, Nofar provide with a precise definition of its requirements in the various aspects. For instance, much emphasis is given to safety, by requiring the contractor to sign a safety appendix, to conduct safety trainings, field controls and investigation of safety instances. In addition, a termination of an engagement is to be carried out if significant safety violation has occurred. Nofar also operates an anonymous for employee complaints.

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**In the coming year, Nofar shall continue its efforts to ensure the responsible supply of products, components, products and services throughout our supply chain. Nofar shall also continue to request its suppliers to work to the same standards with their suppliers. This is true especially for the environmental and social standards, and in particular avoiding the use of materials whose use is subject to conflict. We plan to work together with our suppliers to ensure a violation-free supply chain.**

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In addition, he intends to incorporate additional ESG aspects when choosing suppliers, including: reducing environmental damage, ethics and maintaining employment conditions and human rights.