

**BRAM INDUSTRIES Ltd.**  
**Corporate social Responsibility for 2020**

## CEO's Speech

Dear Readers,

We at Bram Industries understand the high responsibility we undertake by being a leading manufacturer of packaging materials and plastic consumer products. We are aware of the increasing importance of the world-wide environmental and social issues which are also related to our business operations and act to ascertain fulfillment of the various expectations of all our interest holders. Accordingly, our goal is to produce innovative and qualitative products while protecting the environment through efficient and innovative production systems.

Circular economy is one of our leading values in the environmental context and our main advantage as a plastic products manufacturer, capable of combining recycled raw materials in the production process. Consequently, our defined goal is to continue the development and production of an increasing range of products that enable us to promote circular economy in various ways and increase our use of recycled raw materials in our production processes.

This report describes our operations and attitude to material issues in the fields of environmental sustainability, social responsibility, and corporate governance. The report was prepared with the help and participation of Company employees and managers and it emphasizes our commitment to produce long term and sustainable value for our employees, suppliers, customers, and the environment in which we operate.

Sincerely,

Eli Bramli, CEO

## BRAM INDUSTRIES GROUP

BRAM INDUSTRIES GROUP deals in the development, production, and marketing of unique plastic products in the food and storage sectors. The Company's plastic products are produced through the injection method. The Group's products are divided into two fields - plastic packaging of food products and household dedicated plastic products. BRAM accompanies its business customers through all the production process stages, starting from the product's characterization, through the engineering and chemical design, the actual production and in some cases, up to the transportation stage.

The company's activity began with the founding of "Hai Plastic" company in 1981, by Mr. Haim Bramli (the current President of the Group). Since then, the Company became an expert in the development and production of unique packaging materials, mainly for the food industry, adapted to customer's requirements. Thanks to its years long experience and subsequent goodwill, the company grew, and its operation was expanded to the unique household products as well. At present, this field is a significant additional growth factor for the company.

Under this activity, the group manufactures household storage and organization products, including, inter alia, partitioned food boxes, kitchen utensils, food storage solutions, rooms and warehouses furnishing solutions, large storage boxes and designed baskets sold to leading consumer networks in the U.S.A., France, and Germany. The Company's Headquarters is located at Sderot, in southern Israel, next to the subsidiaries that operate in Israel.

### **BRAM INDUSTRIES Group's Development**

- 1981 - Establishment of "Hai Plastic" company
- 2005 - The Company's shares were listed for trade on the Tel Aviv Stock Exchange.
- 2006 - Acquisition of Life Plastic Sarl and expanding its operation to France
- 2011 - Acquisition of 50% of "PREFORM" company, from Tempo Beer Industries Ltd., group
- 2013 - Began products marketing to leading retail networks in the U.S.A.
- 2015 - Construction of the first factory abroad - in Savanna, Georgia, U.S.A.

## BRAM IN NUMBERS

- 205 employees
- 3 production plants in 2 countries
- 4,000 tons of products were produced this year<sup>1</sup> in Hai Plastic Plant
- 3,200 tons of products were produced this year in PREFORM
- 4,000 tons of products were produced this year in Bramli USA

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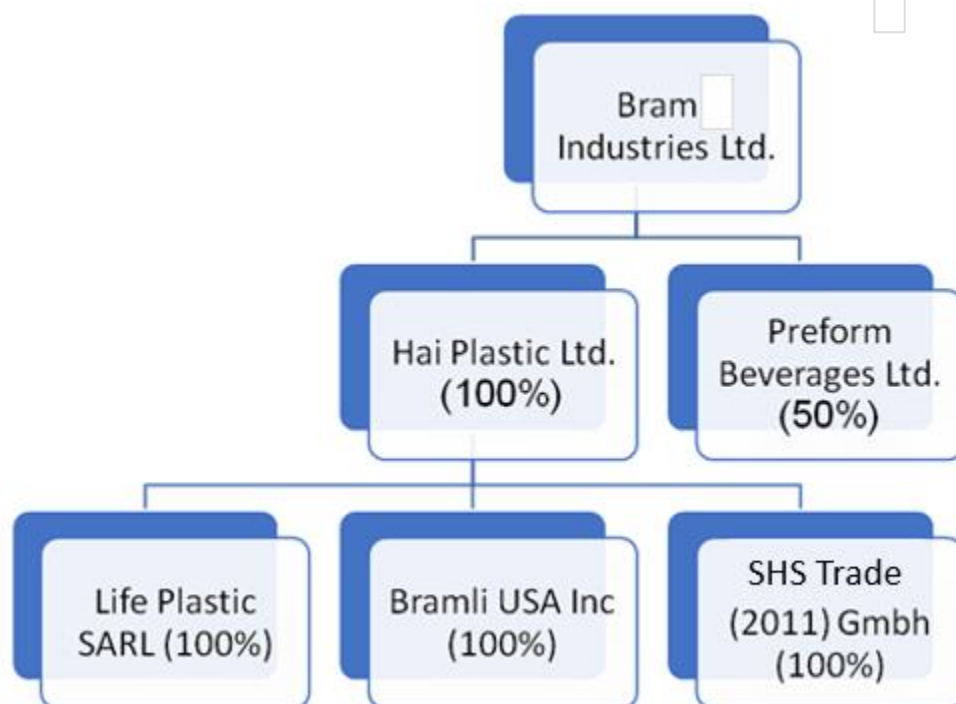
<sup>1</sup> In this document, any reference to "the year" means the reporting year - 2020, unless indicated otherwise.

## The Group's Structure

The company's fields of operation are divided into two main areas: The packaging for food and drinks industry field and the unique household products field. The group operates through several subsidiaries, where each specializes in a different field, and its plants and employees are suited to the unique activity it leads within the group. The production operation is concentrated under the three manufacturing companies in the group:

- Hai Plastic (Sderot, Israel) - the company specializes in manufacturing the group's products in the field of packaging for the food industry, including industrialized packaging, such as packaging for cheeses, salads, ready to eat food etc. In addition, the plant produces boxes in various sized, designated to the food industry and the restaurants and catering sector.
- Preform (Sderot, Israel) - specializes in production of tubes of light drinks bottles and caps for the milk sector.
- Bramli USA Inc., (Savanna, Georgia, U.S.A.) - specializes in producing unique household products such as plastic kitchen utensils, food carrying containers, storage containers and other products.

In addition to the manufacturing companies, the group includes companies which serve as marketing and distribution channels of the group's products in Europe.



BRAM Industries Group is a public company, traded on the Tel Aviv Stock Exchange. The company is controlled by the Bramli family, where Haim and Eliahu Bramli serve as position holders in the company (president and CEO respectively); who hold about 57% of the company's shares. In addition, about 22% of the company's shares are held by Israeli institutional investors.

## Stakeholders Groups of BRAM GROUP

Our stakeholders are all those who affect our business activities or are affected by it. As a company that owns global business operations, affecting a wide range of business sectors, BRAM has a wide range of stakeholders. The main stakeholders' groups include the group's employees, customers, suppliers, investors, restaurants, users and end consumers, agents and distributors, retailers, partners, regulators, environment, and local communities.

As a leading group in the plastic products market, we, at BRAM Group sincerely want to promote an open dialog with the different stakeholders. This, for the purpose of gaining a better understanding of the needs, challenges, and interest of all the stakeholders and enable compatibility between our activities and their various needs. The group realized the importance of maintaining an effective, long term relationship with its various stakeholders and allocates resources for managing these relationships. This based on the understanding that they are the basis for the long-term business success of the company and are essential for sustained growth.

## Corporate Responsibility Management at BRAM INDUSTRIES Group

BRAM Group realizes the high importance of managing the social and environmental effects of its business activity. These factors affect the group's stakeholders, and accordingly, the group acts to restrain this effects as far as possible, according to its business and operational needs. Thus, the group chooses to act according to high standards from ESG (Environment, Society and Corporate Governance) aspects, according to the regulations of the countries in which it operates, the leading practices in the context of corporate responsibility and relevant technological innovations that enable decreasing these effects.

The corporate responsibility of the group is managed in a decentralized manner, where each professional and operational function in each of the subsidiaries leads processed for improving the environmental and social performance of the group in its specialized professional field. Thus, for example, the health and safety of products usage is managed by the quality segment in the plants and the employees' safety subject is managed by the safety officers in the plants. In addition, the group's main management, led by the CEO, has a central role in designing innovative products and assimilating technologies that enable considerable reduction of the company's products environmental effect.

The Group's Board of Directors, as part of its role to outline the policy and supervise its implementation, addresses aspects of corporate responsibility in its discussions and in discussions of the sub-committees (Control and Balance Sheet Committee and Reward Committee). Several discussions were conducted during 2020 in meetings of the Board of Directors and the committees on subjects related to the Group's corporate responsibility, such as energy saving in operation, employees training and conditions, raw materials from a recycled source and more.

## About This Report

This report is the first Corporate responsibility report of BRAM GROUP. It aims to reflect to the company's stakeholders its activity and performance in the corporate responsibility aspects related to its activity and describe the efforts directed at increasing the sustainability level of its business and operational activity. Unless indicated otherwise, the data presented in the report relate to the year 2020. Accordingly, where the report relates to a year in the text without indicating the actual year, it means the year 2020, unless indicated otherwise. In some places, if relevant, data of previous years were added for comparison.

The report was written according to the reporting standard of the GRI (General Reporting Initiative) organization, at a Core reporting level, without an external due diligence. The GRI standard is the leading global standard for non-financial reports of companies, which was therefore chosen and the company's reporting standard. The quantitative data in the report are based on accepted standards and are presented as required by the reporting standard of GRI organization. The information and the data were gathered from the company through interviews and other ways for the purpose of writing the report. In the event of a difference between the data reported in this document and the company's financial statements, relate to the financial statement.

We also strive for on-going improvement in the corporate responsibility aspects. Accordingly, we welcome comments and feedback to the report and the information published in it about our operations and achievements. We invite all our stakeholders to contact us on any subject, proposal or question related to the current report. You may forward your request to Shai Samai, Deputy CFO, at his e-mail address: shais@hai-plastic.co.il.

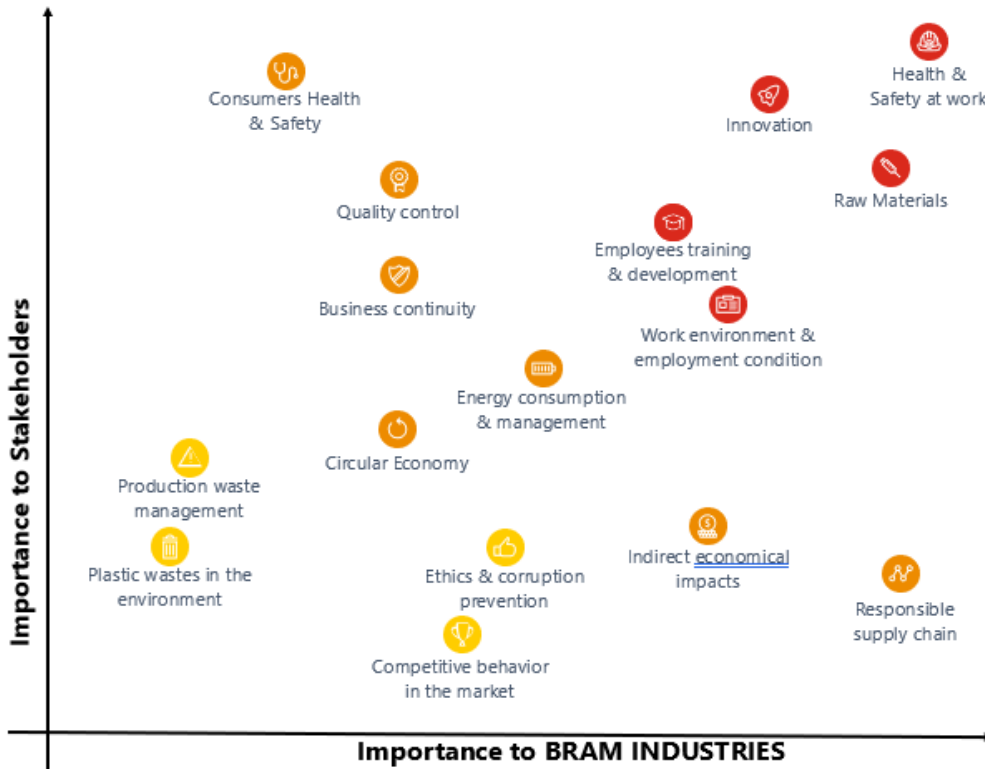
## Material Issues

The material issues of the group are the subjects of the corporate responsibility spheres (environmental sustainability, social responsibility, and corporate governance) found to be most relevant to the company's activity, on which it chooses to focus its activity. Accordingly, this report also focused on reflecting the performance and activity in these fields, according to the guidelines of the GRI reporting standard.

The material issues are determined and rated by the company and its stakeholders. The material issues focus the company's corporate responsibility activity and help to generate the environmental and social value which are integrated in its business activity, according to the needs of the various stakeholders.

The writing process of this report-initiated performance of an overall mapping and prioritization process of the company's material issues. As part of the process, a senior managers forum headed by the CEO, acted on behalf of the company and chose and prioritized the material issues of the company. This was followed by a consultation process with a range of stakeholders in the company, including employees, suppliers, and customers. During this process, a direct dialog was conducted with parties from each of these stakeholders' groups, in which the stakeholders specified the importance they allocate to the different issues and prioritized the materiality of these issues from their point of view. This was followed by a weighting process of all the answers of the different stakeholders to yield a holistic issues prioritization of the stakeholders.

The company's materiality matrix was consolidated on the basis of this process. The materiality matrix describes the materiality level of the material issues for the company and for the stakeholders and their relative weighted rating. As the issue is closer to the upper right side of the matrix, it was rated as higher by each of the groups and found to be most material for the company and its operation.



1. **Safety and Health at the workplace** - build a safe work environment for the group's employees, which decreases work accidents and safety events frequency and reduces severity thereof.
2. **Raw materials for production** - use of raw materials in production processes in a manner that reduces the product's effect on the environment.
3. **Innovation** - promote use of creative and modern tools, technologies and methodologies to improve the products and the production capacity and reduce the group's environmental impact.
4. **Employees training and development** - invest in professional training of the group's employees according to the operational needs and for employees personal and professional development.
5. **Work environment and employment conditions** - maintain proper, rewarding, fair and pleasant employment conditions for employees in the group.
6. **Responsible supply chain** - integrate corporate responsibility principles in selecting the group's suppliers and managing relations with the group's suppliers.
7. **Indirect Economical Effects** - Contribution of the group and its business activities to the local economy of each country in which it operates.
8. **Energy consumption and management** - reduce the organization's energy consumption in the various operational processes for decreasing its effect on the environment.

9. **Consumers' health and safety** - protect consumers and end users of the products manufactured by the company from any possible risks in using the products.
10. **Quality control** - manage conformance with the advanced quality standards according to the company's authorization and ascertain the qualitative usage of the products.
11. **Business continuity** - the ability to provide on-going services and maintain operational continuity even in emergencies.
12. **Circular Economy** - find new ways for recycling waste as a resource in the production process for the purpose of minimizing virgin raw materials usage.
13. **Ethics and corruption prevention** - reduce risks arising from human behavior by maintaining high morality standards of its personnel.
14. **Competitive behavior in the market** - observe the competition principles and rules of behavior in the free market.
15. **Production waste management** - minimize quantity of waste generated by the production process and treat it in a manner that minimizes its long-term environmental effect.
16. **Plastic waste in the environment** - decrease plastic waste quantity discarded by the public following usage of plastic products.



## Minimize the Impact on the Environment

As a company that operates in the plastic sector, we at "BRAM INDUSTRIES" are aware of the fact that our products and factories have material effects on the environment and we act to reduce them, as part of the on-going business operation. In addition to the inherent importance, we attribute to the environmental issues and the wish to leave a better and cleaner world to future generations, we are also aware of the importance attributed to this subject by our stakeholders. The escalated climate crisis and the global activities to contend with it also increased the interest and importance attributed to these issues by investors, regulators, and customers. We are preparing ourselves to contend with the expected changes in the global order of priorities and integrate the environmental considerations in the operational processes in advance.

We are aware of the fact that our products contribute to the quality of life of numerous people throughout the world, and that the production and distribution of our products have varied effects on the environment. Our energy consumption has a material effect on the environment. Generation of the energy we consume has significant environmental effects, such as air pollution and carbon emission. Therefore, we realize the importance of decreasing energy consumption and transition to renewing energy. Another material effect is caused by the waste created by the different production processes and its treatment mode. Industrial waste in general and specifically plastic waste is a significant risk factor to the environment and the society. Therefore, we act to reduce waste quantities created in the plants and treat the waste that is created as required. A third material issue is consumption of the primary raw materials in our plants - various plastic polymers, since production and transportation thereof have additional environmental implications. Accordingly, choosing raw materials with a production process that includes environmental considerations and effective management of raw materials consumption volume are primary environmental considerations at BRAM. There are also numerous environmental issues, on which the efficient management of the company enables advance prevention of material environmental effects, such as water consumption and sewage.

We regard these issues as highly important in decreasing the environmental effects of our business and operational activity and invest considerable resources in managing them according to the expectations of our stakeholders. Consequently, we act on several planes related to each of our material environmental impacts. One of the main tools that assists us to realize our strive to decrease our environmental impacts is the extended use of innovative technologies. These technologies are assimilated in different stages of the production process and enable us to supply qualitative products produced through processes with reduced environmental effects. Decreasing these effects conforms with the common value approach we promote, where in many cases we found that the environmentally efficient solutions are also solutions with higher financial and operational efficiency.

### Energy Consumption Management

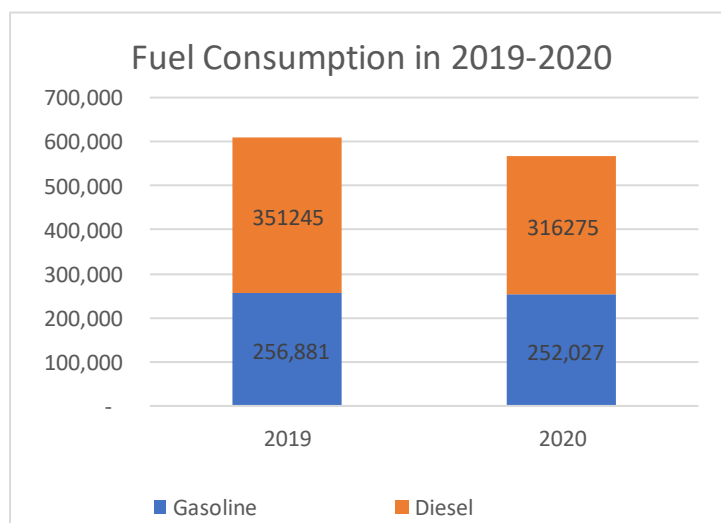
As a production company, measuring and management of our energy consumption is a significant operational issue for the company - from both profits and external effects aspects. We act intensively to promote energetic efficiency in our operational processes. Energetic efficiency enables a decrease in energy consumption expenses while decreasing the environmental effect of our business operations. The environmental advantage of decreased energy production is the decreased emission of hothouse gases, caused by generation of the energy we consume. These emissions are exceptionally material in view of one of the central environmental challenges of our era - the global warming. We at BRAM are aware of the

importance of the global effort and are proud to contribute our share in it - by increasing our energetic efficiency.

Most of the energy we consume in our plant is electrical energy used by the production machines at the plant. The major share of the electricity is consumed by Hai Plastic and all the electricity consumed by Preform is generated by DORAD, that uses natural gas to generate electricity, a relatively clean generation process that enables significant reduction of hothouse gases and air contaminants emissions. In 2020, our plants consumed 18,253,841 Kv/h from local electricity networks in Israel and in Georgia. This datum reflects a 3% increase, in relation to the electricity consumption in 2019. The Group's energetic intensity<sup>2</sup> in 2020 was 1,630, reflecting an increase of about 3% compared to the energetic intensity in 2019.

Production Country	2020			2019		
	Israel	U.S.A.	Total	Israel	U.S.A.	Total
Annual electricity consumption in Kv/h	13,363,317	4,890,524	18,253,841	13,874,248	3,824,463	17,698,711
Energetic intensity	1,856	1,223	1,630	1,802	956	1,513

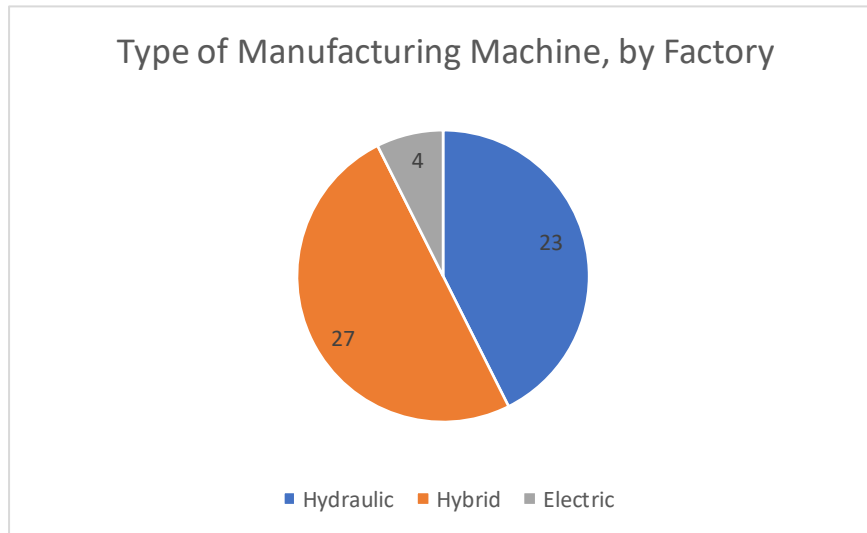
In addition, we use different fuels, mainly as part of the products transportation and shipping operations and as part of our employees' arrival methods to the different plants. In 2020 we used a total of 252,207 liters of petrol and 316,275 liters fuel oil. Our petrol consumption decreased by about 2% and fuel oil consumption decreased by about 10% in 2020, compared to the consumption in 2019.



Our efforts to reduce our energy consumption address the different stages of our operational processes – starting with choosing the energy source we consume, through energy

<sup>2</sup> The ratio between the consumed Kv/h per one ton of product produced during the year. This datum enables comparison of company's performance from environmental aspects to other companies, while neutralizing the difference deriving from the company's size.

management in Production and up to minimizing the shipments. In the procurement processes of our plants, we emphasize energy efficient machines and installation of new and efficient components in our plants. As part of this policy - the majority of our production machines are electrical or hybrid – consuming less electricity than the older hydraulic machines. Thus, whenever we buy a new production machine, our energetic efficiency increases, for example, at present, most of the production in Preform is performed by modern, energetically efficient machines that were purchased in the last four years. At present, only a total of 24% of the production machines in the group are considered as exceptional electricity consumers. In addition, during 2020 we invested in new energy efficient compressors and chillers in the different plants, which yielded a significant decrease in energy consumption. The energy consumption consideration was one of the main properties included in the considerations for choosing the machines, although these were more expensive compared to the higher energy consuming alternatives.



Another management process that enables energy saving is the investment in machines preservation and maintenance. The machines maintenance enables the machines to operate continuously and efficiently. This prevents unscheduled stopping of the machines, which spend high energy resources.

In addition to increasing production efficiency, we attribute high importance to decreasing our impacts through transition to greener energy sources. As part of this policy, the group started to examine installation of solar panels of plants' roofs in Israel. In 2021, Preform even started installing them. Installation of these panels will save in consumption of fossils-based energy and generate part of the energy we consume in an environmentally green and friendly manner.

As part of our holistic approach, we also act to reduce the fuels consumption required to transport our products, although we do not perform this activity in many parts of the group. To this purpose, we changed the packaging mode of part of our products, aimed at reducing their volume in the transportation containers, thereby, shipping more products in a smaller number of containers. Moreover, Preform plant follows the advanced practices in the bottles sector and produces only tubes for bottles, aimed at increasing the transportation process efficiency. Instead of producing a bottle that occupies a lot of space in the truck, we produce tubes with a small volume and the inflation into a bottle is performed only at the beverage production plant.

## Waste Management

Waste treatment is a significant activity in our efforts to reduce our influences on the environment and the waste treatment mode is a significant issue. Although, the amount of waste as a manufacturing company is relatively low, we strive to reduce even the small quantity of waste as far as possible and treat it according to environmental considerations. Waste in general and especially plastic waste is a significant environmental challenge, especially when it is not treated correctly. As untreated waste, it can cause damage to the fauna, flora, the natural environment and even to human beings due to soil, water, and air pollution. However, even when the waste is treated properly and transferred to licensed landfills, this solution causes significant damage to the earth and the environment and also uses considerable land resources for this purpose. Therefore, we believe that it is highly important to reduce the plastic waste and our waste in general by either directing the waste from the landfill to reuse or recycling or minimize it in advance.

The reason for a relatively small waste volume is our production technology - the injection. This technology prevents waste of raw material and the production waste is only rejected products (depreciation) without any accompanying residue of the production process. The main type of waste we produce is plastic waste, created, as foresaid, in the event of faulty products due to failure of the machine or at the machine's warming stages, following its activation, in addition, less significant waste created by the company is various types of packaging waste - both products packaging and raw materials packaging and marginal waste, such as machines oil and other materials.

As aforesaid, due to the production method of injection technology, the majority of the raw materials in our plants are directed to the products and out of all the plastic we used during 2020, only 240 tons of plastic were turned into waste. We invest in decreasing the quantity of the created waste, according to the joint value approach, since waste reduction has a significant operational-financial value. We save considerable resources of waste removal through this reduction.

In addition to reducing waste, we act in different ways to reduce the waste transfer to the landfill by transferring a large part of our waste to reuse and recycling. Consequently, we removed to recycling during 2020 all the cartons - a total of 5,300 kg; all the pallets – a total of about 38 ton. Moreover, plastic waste undergoes grinding and then returned to our value chain (in some cases it is sold for use by a third party) and all the oils are recycled. As part of our waste management, we direct efforts to reduce the volume of our waste. Thus, we compress the bags of our raw materials and additional waste. We ascertain that management of the cardboard boxes and paper collection in the plant for removing this waste to recycling or re-use is performed efficiently. These activities increase the efficiency of our waste removal in the plants while striving to attain a lower frequency of waste removal for recycling and landfill.

## Raw Materials for Production

As a company that produces various plastic products, production of our primary raw material - plastic, has a significant effect on the environment. Moreover, after usage of these products is completed, these plastic products are thrown to recycling or buried in a landfill. Therefore, to reduce our impact, we direct our efforts to reduce the usage of raw materials in general and specifically of plastic and view it as a material issue that reduces our expenses along with minimizing our impact. In addition, our calculations include environmental considerations in purchasing raw materials and our main suppliers comply with the strict environmental standards and quality standards.

The majority of the raw materials we use are various thermoplastic polymers - Polypropylene (PP), Polyethylene (PE) and Polyethylene triplet (PET). These polymers can be recycled relatively easily for reuse. These polymers are the base units of our main three types of raw materials - plastic grains, plastic paint and plastic labels. In the last year, we used 5,656 tons of plastic grains, 55.9 tons of plastic paint and 12,717,902 labels units in our plants in Israel. In the U.S.A., we used 8,000 tons of PP and 4,000 tons of PET. By using just these materials, without any adhesive or any other auxiliary material, the majority of our products are easily recyclable, without any materials separation or any other preliminary activities before the actual recycling. This reduces the overall effect of our products on the environment.

As part of the steps BRAM takes to reduce raw materials at the products design stage, we attribute high importance to the design and production of the thinnest possible products while maintaining their quality. This product thinning process enables us to manufacture the same products and achieve significant decrease in the raw materials consumption. As part of these steps, we design many new products in advance to the thinnest possible thickness. In addition, we conduct a thinning process of our existing products, enabled thanks to the emergence of new innovative technologies and know-how. From 2015 to 2020 we thinned 9 products. Thanks to the products thinning process we saved 760 tons of plastic in 2020.

Thus, in designing the new and existing products to a certain thickness level and production thereof through modern technologies, we attribute importance to several important aspects. First, the product's quality to ensure that it fulfills its goal as a product; Second, to the product's resistance, that will enable its repeated usage; and third, to meet our environmental strive to minimize the use of raw materials in general and especially contaminating raw materials.

<p>In 2018 we succeeded in reducing raw materials quantities used to manufacture 1.5-liter light drinks bottles manufactured at Preform. Thus, we reduced the bottles weight by 14% and saved 240 tons of plastic in 2020.</p>	<p>In 2020 we saved 180 tons in the water bottles production at Preform, by successful thinning of the product that reduced the raw materials quantity used for bottles production by 15%.</p>	<p>This year, we successfully thinned the shoes box produced at Bramli, U.S.A. We reduced a total of 8% of the box's weight and saved 30 tons of plastic in boxes production,</p>
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Uniform materials in numerous products are enabled thanks to using the IML technology. This technology is used to print plastic labels made of the identical products of the plastic mould. Then the label is assimilated in the mould to become one product made of the same material. Thus, the IML technology enables us to avoid production of additional contaminants, such as adhered labels. Moreover, this method enables immediate recycling of both the product and the label - made of the same material, thereby achieving an easier recycling process of the product's raw materials and minimizing the raw materials quantity required for production.

## Circular Economy

We at BRAM GROUP assimilate characteristics of circular economy as part of our business and operation approach. The importance of the circular economy increased in recent years both due to the increased importance of products' environmental effects to stakeholders and due to the operational -financial value of this approach. According to the circular economy approach, the value derived from the raw material must be maximized. Maximizing the use of raw material is achieved by materials and products reuse and recycling. This approach views the old concept of one-time usage of raw material and product and discarding it as waste after using it as wasteful and non-durable. Therefore, assimilation of circular economy in the group's activity causes the products and the production processes to be more durable and enables us and the consumers to maximize the value derived from the products and the raw materials prior to discarding them.

As part of implementing circular economy, we promote various steps aimed at maximizing and extracting the value created from the raw materials we use. We at BRAM use one main raw material - plastic. This raw material is relatively resistant and therefore enables multiple reuse - both as a finished product and as raw material. Moreover, plastic can be recycled relatively easily thanks to its ability to grind finished products into raw material after usage thereof ended. Therefore, our actions to implement the circular economy stress this relative advantage of the raw material by using recycled plastic and manufacturing products that are recycled easily. Assimilation of this approach is expressed in the a range of stages in the products life - starting from directing plastic waste to recycling and re-use up to manufacturing products with prolonged life.

The circular economy approach also conforms with the common value approach we uphold. Thus, value extraction from the raw material yields an important operational - economical significance. For example, by reusing plastic waste, raw materials consumption is reduced, thereby decreasing the raw materials purchase cost. Moreover, the recycled plastic is a cheaper raw material than virgin plastic. We also create high value to our products for the different consumers and customers by creating high value products with prolonged usage life.

## Circularity in Production

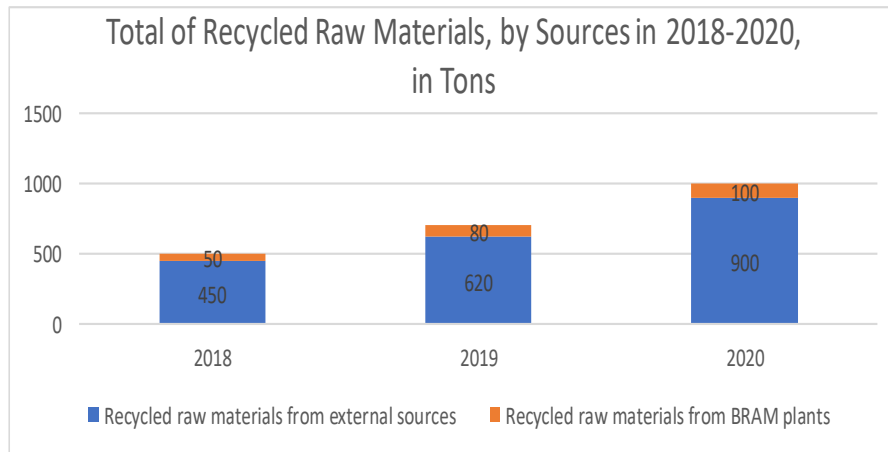
Plastic waste recycling is a significant step in implementing the circular economy approach in the production processes at the company. Through this step we re-use our main raw material, in the events where the material is not fully utilized during its initial usage. Thus, we ensure maximum usage of the raw materials we procure. Within these steps we perform several activities that assimilate and increase plastic recycling in the operation processes, headed by using the recycled plastic for producing a range of household products by the Bramli USA subsidiary.

We recycle the production waste, mainly comprised of faulty products coming out of the machines. We grind these products to create raw material, using the dedicated plastic grinder installed at the plants. The recycled raw material is transferred for re-use at the group's plant in the USA. This turns the waste created in Israel into raw material in the USA. The plant is also increasing usage of recycled raw materials from additional sources. These steps increase the implementation of the circular approach in the production processes at our various plants.

As a result of our efforts to increase usage of recycled raw materials, we used a total of 1,000 tons of recycled plastic in 2020 (about 8.3% of the plastic used at Bramli USA).



This quantity is an about 120% increase in the amount of recycled raw material compared to the amount used two years earlier and about 43% compared to 2019. Re-use of plastic waste as raw material enables us to significantly reduce the waste with transfer to refill and ascertain that all the procured virgin raw material fulfills its designated value in the production chain. Throughout 2020 we transferred from our various plants about 100 tons of plastic waste for reuse in Bramli USA. This quantity is twice as high as the quantity transferred to the USA plant in 2018. This significant increase indicates a wide and on-going assimilation of the circular economy within the group; and we act to continue and increase usage of recycled raw materials in the unique household products manufactured in the U.S.A.



This increase in the recycled products quantity we use stems from our efforts to invent and design new, resistant and qualitative products, also produced from recycled raw materials. In some of our products, such as the storage and ornamental boxes of "PET Ivory Collection" model, we use about 50% recycled raw material - in this case, drinks bottles. We act to increase the percentage of the recycled materials in the company's existing and new products. To increase the awareness to the importance and value of plastic waste recycling, we indicate the number of plastic bottles recycled to produce the product, to alert consumers attention.

Examples of Products Manufactured by Integration of Recycled Raw Materials in 2020		
Product Name	% of the recycled raw material out of the total raw material for production	Total recycled raw material used to manufacture all product units, in Tons
Box 20 Gallon	30%	51
Drawers M	25%	330
Drawers W	25%	195
5.5 liter box QT	35%	73.5

### Usage Circularity Throughout the Product's Life

Our steps to implement circular economy direct special emphasis on the products design which enables maximum usage of the raw material's value. Therefore, the design and manufacture our products emphasizes two main characteristics - easy recycling and the multiple long term usage of these products. By designing easily recycled products we enable creation of circular

economy outside the group as well. By emphasizing resistant products for multiple usage and prolonged life span, we enable possible increased value of the product.

According to the circular economy approach, we attribute crucial importance to creating easily recyclable products. Simplifying the recycling process enables the recycling to be more effective from the environmental aspect and provides incentives to companies to increase recycling, thereby increasing its reward. Our products enable easy recycling because they are composed of recyclable materials (plastic) and are usually produced from one type of plastic. Namely, to recycle a major share of our products, there is no need to separate between the materials from the product of which it is composed. Manufacturing products from a uniform material is possible thanks to the extended usage of the IML technology. This technology enables us to assimilate a plastic label in the product. This, as an alternative for using stickers, which makes packaging recycling harder and requires separation between the plastic box and its wrapping, The purpose of these steps is to enable easy and highly efficient recycling of our products at the end of their usage.

Extending our products life is a significant step in assimilating the circular economy approach in the company. Extending the product's life means design and production of a relatively resistant product. This resistance enables multiple, long term use of the product. As part of emphasizing circular economy assimilation, we invest in the design of our products in a manner that will enable multiple, long term usage thereof. Thanks to our products quality and usage convenience, many products are used numerous times. Thus, for instance, multiple usage of the plastic boxes we produce for food retailers is seen in numerous households in Israel, although they are officially intended for the retailer's single usage.



## Local Economy

Our business operation affects the regions in which we operate – the town Sderot in Israel and Savanna in Georgia, U.S.A. A large part of the effect of our business operations is expressed by creating an economical-social value for various parties in the local economy - employees and local businesses. Therefore, as part of our values concept, we attribute high importance to maintaining extended parts of the economical-social value we create within the local communities in which we operate. Therefore, we at BRAM INDUSTRIES believe that the right thing to do is to base our activity on employing local employees. Thus, BRAM's actual activity in the periphery, such as the Western Negev, and a region with a security risk, such as the GAZA envelope, contributes to increase employment in the region and causes the economical value of our operation to directly benefit the local communities. In addition, we try to base our activities on local suppliers in the relatively widest manner possible. In doing so, we create a positive economical value for local businesses as well, mostly small businesses employing additional local employees and expanding our indirect economical influence on the local communities.

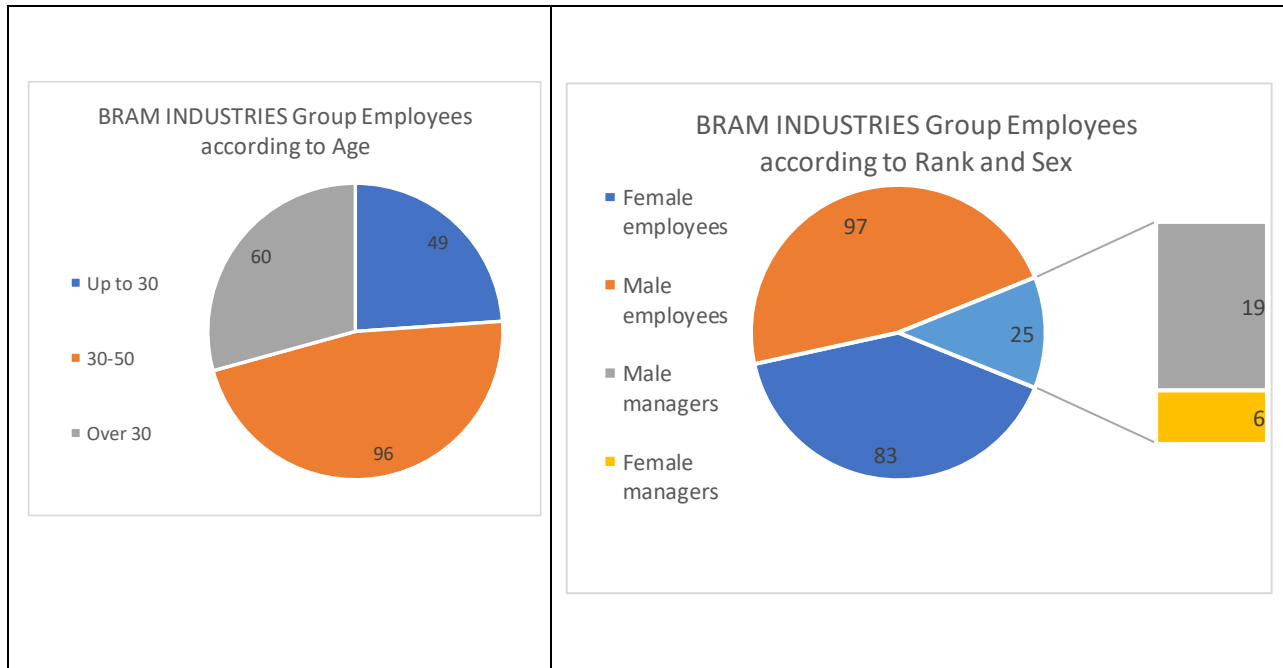
Our business operation relies on experienced and professional employees. Therefore, we provide decent and convenient employment conditions and also promote their professional development. We strive to train, develop and reward our employees properly. Our activity for employees development includes various activities, such as professional feedback, basic training and professional training. Employees of the group have professional promotion prospects according to their performance and in many cases we prefer promotion of employees in the company to managerial or senior professional positions. Moreover, we strive to provide a convenient and safe work environment to our employees and act to realize this aspiration. Thus, we create added values for the local communities and for the employees through the development of occupational proficiencies.

## Our Employees

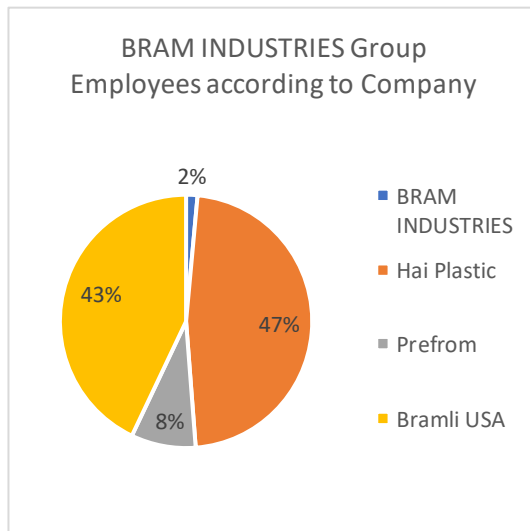
BRAM INDUSTRIES employees are part of the most important cornerstones of our business operations. As part of this view, we emphasize creation of a safe, pleasant and respectful work environment for our employees. Despite the challenging year sustained by the group due to the COVID-19 pandemic, we continued to invest in our employees professionalism and development.

BRAM INDUSTRIES Employees Profile:

- 205 employees in Israel and in the USA
- 93% employed in full position
- 94% tenured employees
- 60% of the employees are employed under a collective agreement
- Average tenure of the group's employees is 3.9 years and the average age is 34



As part of the importance we attribute to local employment, 84 out of the 97 employees employed in Hai-Plastic and 10 of the 17 employees we employ in Preform are residents of Sderot and its surrounding. Namely, about 82% of the employees in our plants in Israel are part of the local community. Our total salary expenses for employees residing in Sderot area in 2020 amounted to NIS 10,932,909. This sum consists about 65% of the company's total wages expenses in 2020. Through these expenses we have a positive effect on the economy of the communities in Sderot and its surrounding.



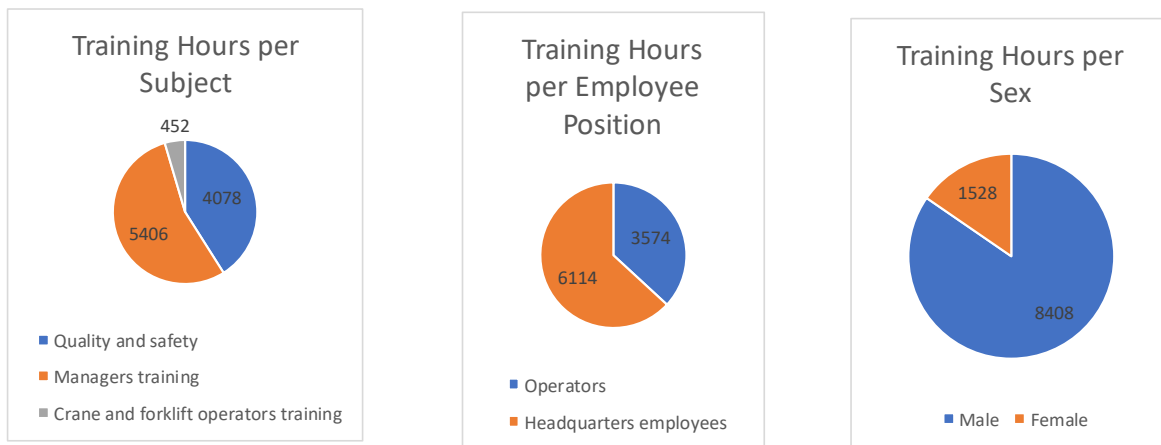
Changes in Manpower in 2020	Men	Women	Total
Number of resigned employees	22	30	52
Percent of resigned employees	19%	33.7%	25.4%
Number of assimilated employees	35	38	73
Percent of assimilated employees	30.2%	42.7%	35.6%

## Investment in Employees Development

Our view of the employees and their welfare as a material subject leads to attributing high importance to their professional development. Therefore, we invest in training employees in different fields. As part of the common value we implement, employees development also yields a double result: First, the employees themselves intensify and expand their professional capabilities in a manner that leads to increasing their future employment capability. Second, we, as a company, benefit from professional employees with higher skills. In addition, developing employees who come from the local community creates and additional social value - establishing the local work force as a qualitative and professional work force with a higher employment capability. Thus, through employees training we also contribute indirectly to the local communities.

The professional training attended by our employees include crane operators and forklift operators training. These professional training enable the participating employees to add a new and significant tool to their professional skills and improves their future employment and earning. In 2020, 40 employees in the USA and 4 employees in Israel completed such training. Additional professional training attended by our employees in varied scopes were work in height training, fire extinguishing training, first aid training, refresher course to crane and forklift operators, supervisors training and various safety training. In addition, we provide several mandatory annual trainings to our employees. These training sessions include safety and products quality training and safety and behavior articles training. These training sessions are also part of new employees assimilation process. We also provide special training to managers in the group to ensure effective and qualitative management that benefits the employees.

All these training sessions are intended to create a safer and more professional work environment in addition to the investment in the development of the human capital in the different plants. We view employees empowerment through these training sessions as a significant activity that creates high value for the employees and for us. We invested a total of 9,936 hours of guidance and training to employees during the year, which are an average of about 48.5 training hours per employee.



As part of our wish to develop our employees, we try to enable employees migration and promotion within the company. In doing so, we enable development of these employees together with keeping them and company employees and as connected employees. In 2020, three of our employees in Israel changed positions within the company. One female employee was promoted to a managerial position within the company and all three senior management positions opened during the year were manned by managers within the company.

Another employees development step is the professional feedback process we conduct. As part of this process, 30 employees, who are 15% of the total employees in the group participated in a professional feedback. We view these feedbacks a significant tool for improving the employees professional function. This improvement increases the employees self value, which creates an additional positive value for them and for the local communities of which they are members.

## Respectful Work Environment

We maintain that it is highly important to invest in the employees work environment, for the purpose of adapting it to their activities and needs. Consequently, we stress a work environment that maintains the employees honor and dignity. Such a work environment is an important basis for creating a workplace to which the employees are connected. For creating a respectful workplace and a safe and convenient work environment, we act in several different aspects - starting from employees employment conditions and their welfare, through investment in their physical work environment up to maintaining respectful and accepting work relations for all our employees.

We view respectful employment conditions an essential condition for maintaining a respectful work environment. Therefore, we employ our employees according to the directives of the law and provide all the social terms and conditions to which they are entitled, and even exceed them. Moreover, 100% of the group's employees have a life insurance, health insurance and disability and work accidents insurance, and several company employees receive a study fund. We hold two social events each year to all company employees in Israel - A company party on Rosh Hashana (Jewish new year) and an event before Passover. In addition, we give presents to all the employees on their birthday and for Rosh Hashana, Hannukah, Purim, Passover, Woman's day and Family day. We regard these activities as having an important symbolic and emotional meaning for employees attachment and personal welfare.

Moreover, we believe that it is important to maintain an accepting work environment that regards all the employees without any religious, racial, gender or age difference - as significant to the plant's operation and as contributors and vital members. Accordingly, we regard any type of discrimination and harassment events, including sexual harassment as sever disciplinary cases. As part of this conviction, we address the various complaints from employees on these subjects with strict severity. No complaints about discrimination or racism were filed this year. However, one sexual harassment complaint was received. This complaint was handled according to the handling practice in the company - conversations were conducted with both sides to investigate the event. The accused employee was suspended up to the end of the investigation processes and at their end, the employee was summoned to a hearing before dismissal. In this specific case it was decided to dismiss the employee because of his inappropriate behavior towards the harassed female employee. We view this event with severity and act to prevent recurrence of any similar events. As part of our activities to assure security of female company employees, we conduct training on the subject of procedures for preventing sexual harassment once a year and for every new employee. We also publish the sexual harassment prevention procedures on the billboards on the plants in Israel in the prevalent languages of our employees - Hebrew and Russian.

We perform additional actions to ensure that our employees work environment will be convenient and suited to their needs. As part of these steps, we allow flexibility to employees in our plants by providing the ability to work in the shifts they wish. For example, this enables parents who work in our plants to work in the hours when their children sleep, or attend care and educational services and be with them at home at their chosen time. In addition, childbirth

entitles the parents to a maternity leave according to the Israeli law, when a total of 3 female employees, all from Hai-Plastic were on maternity leave in 2020. None of these female employees returned to work from the maternity leave this year. We also act to make the various announcements and notices accessible to all employees in the plants by translating them to Russian and posting them in this language next to the Hebrew notice. We regard all these activities as significant tools for connecting the employees and the managers in the group to the company, as part of our wish to create a significant positive value to our employees and the local economy.

## Our Suppliers

We regard the business connection we maintain with local businesses as a central part of our positive influence on the region's economy. Under these connections we maintain a range of business contracts with local suppliers, the majority of which are small businesses, in both Georgia and Sderot area. This is another mean we use to invest in the local community and promote the economical activity in our activity regions.

In Hai Plastic we work with a total of 36 local suppliers, in Preform plant with 11 local suppliers and in Bramli USA, with 32 local suppliers. The suppliers in the western Negev supply us with work cloths, plant maintenance services, car mechanics services, machines maintenance, computerization services, bussing and transportation services, cardboards and vehicles cleaning services. In certain cases, we even choose to work with local suppliers, even in cases when their services are offered at higher prices than those of the non-local suppliers. BRAM total expenses on local suppliers in 2020 amounted to NIS 1,473,478 in the western Negev and NIS 1,006,801 in Savanna. These results consist 5.4% and 8.1% of the total procurement expenses in Israel and in the U.S.A., respectively. These sums indicate an additional significant value we create for the local communities.

## Safeguarding the Employees During the Covid-19 Crisis

The year 2020 was characterized by the outbreak of the Covid-19 crisis with its economical and social implications. We at BRAM Group acted to safeguard the group's employees, their conditions and health, even under the shadow of the Covid-19 challenges. We insisted on safeguarding the health of the employees at the plants. To this purpose, we took steps aimed at decreasing the risk of exposing the employees to the virus, in accordance with the guidelines of the Israeli and American governments.

To this purpose, the company acted in advance to enable functional continuity by separating and distancing employees - division into rigid shifts ("capsules"), reducing frontal meetings and division into homogenous work groups; strict observance of hygiene rules - plant disinfection, use of masks, distribution of disinfection means to employees, measuring temperature and use of a health declaration from people entering the plant. These measures, along with defining the company's plants in Israel as a "vital plant", enabled continued operation at a relatively regular pace, while protecting the employees and the operational continuity.

Yet, due to a significant decrease in customers' orders, who are wholesalers and restaurants, we had to maintain the continued activity of the group in Israel by cutting wages, reducing position times and sending 7 employees to unpaid leave, who returned from this leave during the year. These steps yielded a saving of a total scope of about 30% of the variable salary expenses, which enabled the company to survive the crisis and keep the employees workplaces in the long range.

## Safety at work.

Similar to every manufacturing plant, our operation processes also pose several considerable safety risks to our employees. We at BRAM attribute the highest importance to protecting the safety and health of our employees throughout the workday and up to their safe return to their homes. This uncompromising view of employees safety is connected directly to our common value concept regarding the local communities. These motivate us to direct efforts and resources to achieving a safer work environment and help the employees to care for the safety and health during their daily work activities. Our aforesaid activities include, inter alia, numerous safety training sessions, enforcement of strict safety procedures which the employee are required to observe; various means for preventing work accidents and safety events, and turning the work environment to a more convenient and safer place to the employees.

Work in our plants has several main safety and health risks. The risks in our plants are related to the operation of heavy machines and a production line, work at height, work with heavy loads, work with electricity and transportation of materials and products by using trucks. The main risks in each of these activities derive from the possible occurrence of safety events arising due to varied reasons, starting from professional ignorance to a mechanical failure. The main safety risks to our employees include trapped limbs or body parts in the machine, road accidents, fires and contact with hot surfaces, broken materials and machines pieces and exposure to on-going noise. These risks can affect our employees' health and safety, where the main possible injuries are cuts, abrasions and damage to limbs and organs. We manage the safety risks at work with our fullest attention and direct our efforts to reducing any chance of occurrence and subsequent damage thereof.

### Management of a Safe and Healthy Work Environment at the Plants

Our ability, as a company, to maintain our employees' welfare is also derived from work environment and processes management, to ensure their safety and health. Therefore, we at BRAM recognize the high importance of a safe and responsible work environment and initiate a range of activities to maintain a safe work environment at BRAM.

Safety risks management is based on a comprehensive risks survey for every task performed at our different plants. This survey examines the work environment and work modes and is intended to identify in advance health and safety risk factors. Pursuant to identifying new risk factors during the risks survey, we write and assimilate new safety procedures relating to the risk factors, while processing the findings to recommend any required improvement or procurement of additional protective equipment.

Management of the safety issues is led by the group's safety committee, responsible for the strategic management of safety in the group. The committee is authorized to address all safety aspects, from identifying new risk factors, through plants safety improvement up to updated the various safety procedures and directives. This committee is comprised of employees and managers at different ranks from all BRAM departments - management, warehouse, production and quality control. The task of each committee member is to detect safety hazards, warn employees in the department about them and instruct them on the correct behavior rules for the specific situation. Due to the Covid-19 pandemic, the committee held one meeting in 2020, before the pandemic's outbreak.

We implement extended and comprehensive safety procedures and assimilate different safety considerations in work procedures, to maintain a safe work environment. These safety procedures include rules of safe behavior, walking and activity in the given space, cleanliness



and order procedures, personal protective equipment usage procedures, machines and equipment service and operation procedures, fire safety procedures and various professional procedures such as electricity usage and handling procedures. We oblige all our employees to act according to the health and safety guidelines which are enforced strictly. Moreover, we attribute high importance to ascertain that the procedures are accessible to employees. Therefore, we publish the safety procedures in a clear and legible manner (in Israel - in Hebrew and Russian) according to the languages spoken at the plants) in central places, such as billboards at the plants and through SMS messages to the employees. As part of promoting the work and safety procedures, we post warning signs throughout the plants and on every machine.

The employees' involvement in maintaining a safe workplace is major part of maintaining a high safety level at the plan. To enable employees' involvement, we maintain an "open door" policy to our employees on health and safety issues. Under this policy, the employees can report faults or problems in health and safety subjects to the Safety Manager or to the Shift Foreman. We respond to our employees report and direct our efforts to address and repair the failures indicated by these reports.

In light of our emphasized attention to protect our employees' safety and health, we equip our employees with the suitable safety protection means, to enable them to perform their task in a correct and safe manner. To this purpose, each employee receives safety work boots and a suitable hat. In addition, every employee has access to ear plugs, as part of the care to our employees' health and due to the noise levels in certain areas of our plants. This although the plant does not exceed the noise level at which the law requires usage of unique equipment. As part of the safety procedures, the employees inspect the proper function of their personal safety equipment periodically.

To ensure the high safety level at our plants, we act according to health and safety labels guiding standards. Conformance with these standards and labels is in addition to our conformance with the employees' health and safety legal regulatory requirements. In 2020, we conducted a test to monitor the noise throughout the plants. Pursuant to receiving the test results, we decided to conduct hearing tests to all the employees during 2021, performed by a dedicated mobile testing unit. Moreover, we conduct annual deployment for emergency exercises. These exercises include first aid exercises, emergency evacuation exercises and fire extinguishing exercises. These training sessions include demo exercises and training on the response to situations and various scenarios. Due to the social distancing limitations of the Covid-19, we did not conduct these annual demo exercises in 2020.

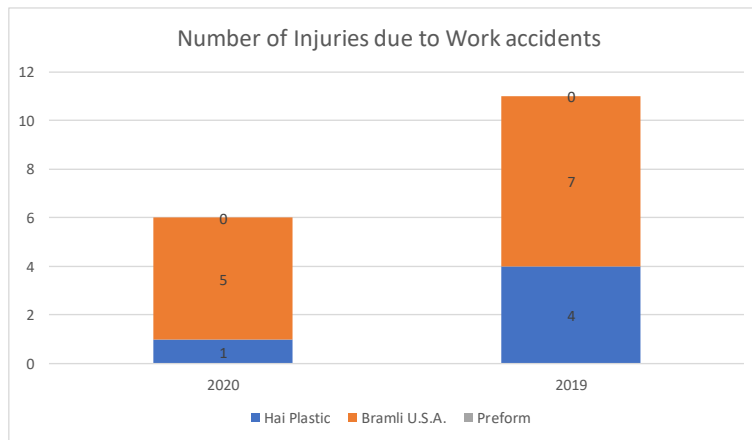
We obtain assistance of professional safety consultants to ensure professional management of our safety measures. The consultants help us to identify safety related risk factors, recommend procurement of suitable protective equipment and other risk limiting means, conduct training sessions, write safety procedures for employees and external contractors, and inspect safety certificates of heavy machinery. In addition, the consultants conduct a weekly safety inspection in the plants, to ascertain conformance with all the procedures and requirements.

## Minimizing Work Accidents

Thanks to our activities on the health and safety issues, we reduce the safety events at our plants significantly. Thus, a total of 6 light to medium injury cases of employees occurred in 2020. We did not have any work accidents that caused severe injury. This number is a 45% decrease compared to 2019, in which there were a total of 11 light to medium injuries to employees in all our world-wide plants. Accordingly, accidents occurrence frequency was also decreased (in relation to work hours) by about 40%.

The prevalent injuries types in accidents during the last two years were cuts, dry injuries, abrasions, sprains and insect bites sores. We conduct a comprehensive investigation of accidents and injuring and draw operative conclusions. Thus, in one of the cases this year, we decided on refreshing the safety procedure for a female employee who was involved in a safety accident, due to the findings that indicated that the activity performed by that employee contradicted the procedures and was the cause of the event. To safeguard our employees privacy, we store all the personal medical information of our employees, including data related to accidents, in a secured place accessible only to authorized persons.

	2019	2020
LTIFR <sup>3</sup>	6.9	4.17



## Safety Training and Employees Responsibility

We at BRAM view the employees as the first and significant defense line against safety and health risks. Eventually, the employee's safety depends first and foremost on his and his peers behavior, where the main cause of work accidents is human errors. The enable employees to apply their personal responsibility on safety issues, we invest resources in providing numerous training and guidance sessions to our employees and in creating a safety at work culture. Since a major part of the ability to safeguard employees depends on their knowledge of and awareness to safety issues and on their ability to identify possible risk and contend with them in real time.

<sup>3</sup> LTIFR- an index for studying the work accidents frequency in relation to the actual work hours scope. At BRAM the index was calculated at a 200,000 work hours ratio (namely, in 2020 4.7 accidents occurred per every 200,000 work hours).



The safety and health training include mandatory annual two hours training on the subject of general safety to all the employees. This training is intended to contend with general risks and train employees to behave in a safe and healthy manner in our various plants. This training is also provided as part of the assimilation process of every new employee. A total of 71 employees participated in this training at Hai Plastic and 20 at Preform, consisting 78% of the employees in Israel. In addition, 147 employees in the U.S.A. participated in general safety training as part of the standard assimilation process of new employees at Savanna.

In addition to this general training, certain employees participate in specific training related to the risks types they encounter in their work:

Training Name	Country	Training Duration	Number of employees trained in 2020
Work in Heights	Israel	6 hours	4
Fire Extinguishing.	Israel	6 hours	9
First aid	Israel	4 hours	9
LockOut-TagOut	U.S.A.	One Day	11

We invested in employees safety training a total of 412 hours.

## Products Quality and Safety

As a company whose business core is its products, especially when these products are designated for daily household use and contact with food, we at BRAM INDUSTRIES place our products quality and their users health and safety protection at the top of our priorities. Our products quality is the backbone of our goodwill as a leading qualitative plastic products manufacturer and we invest many resources in maintaining and improving our products quality for conforming with the quality requirements of our customers and end consumers.

To ensure our products quality and our customers health and safety, we perform a range of various actions related to different parts of the supply chain, starting with the raw materials and the suppliers, through production at the plant, up to the products packaging. Thanks to these activities, our plants in Israel are authorized by leading international quality standards related to our products safety and quality management of and their safety as food packaging:

- The strict BRC food packaging products safety standard, which includes the HACCP standard for identifying health risks - the standard is granted annually, and we were authorized again in March 2021.
- ISO 9001 management standard - to which we were first authorized in 2006. The current authorization, granted in 2021, is valid up to January 2024.
- The Israeli SI5113 standard.

These standards examine extended aspects in our plants and products. These standards examine, inter alia, the product's production management mode and safety at the plants, the hygiene of production facilities and employees, the infrastructures of the production sites, the health risks management system and other aspects.

### Quality Control

Products quality in the food packaging sector includes three main parameters, related to the safety and health of the products' users and protection of the food stored in the packaging. These parameters are:

1. Absence of toxins release when heated
2. Absence of foreign particles.
3. Resistance to various temperatures.

Conformance with the required level of these parameters assures both the products quality and the users health and safety. Users safety is especially important in all matters related to our products, due to the direct contact of our products with various food types. Therefore, we attribute high importance to assure that our products, which are used to store and package food shall be products that do not contain risks to users, such as various bacteria, moulds and toxins.

To assure that our products conform with the quality requirements and are safe for usage from health aspects, we subject our products to a comprehensive quality control process, as an integral part of the production processes. As part of this process, we also examine our supplier, employees and facilities conformance with a high standard of cleanliness, procedures observance and quality of raw materials and products.

We employ a dedicated quality control team for the purpose of testing the raw materials that enter the plants in Israel and suppliers conformance with the strict BRC standard of food packaging. The raw materials we use are required to be at the highest level and we insist on

documented traceability of the different raw materials and usage thereof. The quality team performs lateral inspections of the suppliers once a year. This inspection examines, inter alia, the supplier's supply chain, its service and quality levels and additional aspects. Each supplier receives a score pursuant to the test, where a low score places that supplier in a test period of one year, during which he must either improve or be replaced. The suppliers which undergo these examinations and tests are all the suppliers related to production and transportation processes of the plants in Israel.

We perform several activities for the purpose of maintaining products quality, which are related to the employees' function, according to their task and responsibility for the product's quality and its users health. The employees in our plants are in a certain contact with the products. Therefore, although the actual production process is performed in a closed machine, we act as if there is a risk that the employees will transfer foreign bodies to our various products. Moreover, as the persons who are directly responsible for the proper function of the production chain, our employees have high responsibility to ascertain that the products we produce conform with our expected quality standard.

To ascertain our products quality, we verify that each employee is aware of his scope of responsibility and performs these duties as required. The responsibility scope of the employee is defined during the training sessions of the employee – training of new employees include training on general hygiene and safety. Annual training of all the employees includes products quality subjects and specific professional training related to the machine which the employee operates. During these training sessions, we instruct the employees about the various procedures and require the employees to enter their signature on discipline articles for each unique position, which clarifies all the cleanliness, hygiene and quality level related to his position and clarify the significance of these procedures to customers health and safety. In 2020 80 employees, consisting 80% of the company's employees in Israel attended the training on the product's quality and safety. Duration of this training is two hours.

The procedures communicated to the employees include procedures related to the correct cloths in the production area, correct operation of the machines to ascertain that the products will be safe and qualitative for usage, as well as procedures related to the employees proper conduct in the vicinity of the production machines, to avoid faults and failures in the products. All quality procedures and work instruction for the plant are written by the Quality Manager of the group as part of her field of expertise. We regard observance of these instructions and procedures as essential to our ability to supply qualitative and healthy products to our customers. Therefore, violation of the articles may incur sever penalties.

Our employees are a required to pass inspections for testing presence of various contaminants. For example, we verify absence of different moulds and bacteria such as listeriosis and coliforms on employees hands, through sample testing. This test if performed to examine the employees conformance rate with the hygiene rules of the plant. In 2020 no cases of employees who failed to conform with the quality control standard were found.

To ascertain correct function of the production process, we perform several tests and inspections. A test is conducted once a month to ascertain that the plant is safe, sealed, without broken machines. When any fault is found in the production area or in a production machine which affects the products quality, we stop the production process in the surrounding of the said machine. Pursuant to stopping, we locate and repair the problem by employing an authorized technician. After the treatment and resuming operation of the machine or the production surrounding, we verify correct quality of the affected products as required by the quality standard and that the product is safe for use.

Observing the hygiene in the work environment depends to a great extent on conformance with the employees behavior procedures. As part of these procedures, employees are not allowed to enter the production areas with food and drinks and must also wear protective cloths, preventing bacteria transfer to work surfaces. We conduct internal inspections to ascertain observance of these procedures and standards. In addition, we control the level of the different bacteria, viruses, yeasts, and moulds found on the work surfaces and air of the production areas to verify safety of the production area.

## Users Health and Safety

To verify that the products delivered to the consumers are fully functional, we perform additional activities, aimed at inspecting the product itself. First, during the production process, our employees inspect the products and remove any product that is not fully functional to recycling. We also control and monitor the foreign materials quantity found on our products. Thus, we examine the quantities of coliforms, moulds, yeasts and listeriosis viruses found on our products.

Household products manufactured in the U.S.A. are subjected to laboratory tests by the different retailers to examine their quality and usage safety. These tests examine the products resistance and strength according to the products purposes. Thus, for example, a carrying bag with handles is tested by lifting the bag with weights inside 100 times. This tests the bag's ability to carry a given weight many times for a prolonged duration. Our products pass these tests with great success, thanks to the high attention we direct to the product's quality from its design process.

Thanks to our efforts, there was no significant Recall event (collection of faulty products from customers) in the company. Yet, we must to be prepared and ready as a group to an event where one of our products will not be safe for use and we will have to conduct a Recall. To this purpose the company has existing recall procedures, exercised during the annual recall exercise in the company. This exercise was not performed in 2020 due to the Covid-19 limitations.

In tests performed in 2020 on production processes in the plants, we found one fault of mixing products in packaging. The event was tested and corrected according to the company's procedures. No other events of non-conformance to regulations and standards related to the consumers health and safety occurred in 2020 and no complaints or claims were received on these issues. We insist on documenting according to existing guidelines all the failures, faults, problems, and detected issues related to products quality and safe usage thereof.

## Responsible Management

Our ability to operate as an international business company is based on a proper and effective corporate governance infrastructure. Our responsible management enables us to operate in a durable manner and continue to have a positive impact on the communities in which we operate.

We act in several ways to base the company's steadfastness and values of professionalism, fairness, quality, and adherence to the law. These ways include various steps to reinforce the corporate governance infrastructure, including aspects of business ethics, business continuity and to establish a responsible supply chain. We view these activities as the basis for building our business operations, without which we will not be able to create the positive value we currently generate. As part of the basing process of proper and responsible management infrastructures in the company, some of the subsidiaries are authorized to the ISO 9001:2015 Quality Standard, that addresses, inter alia, managerial quality and correct and effective management processes.

### Business Continuity

As a manufacturing company, our ability to supply the various products to our customers at predetermined times and required quality depends on our operational ability to produce our various products. Therefore, we view the basing of our production ability and our operational and business continuity as a material component of our managerial responsibility. Our production ability is based on several central factors - employees, production machines and raw materials. In creating business continuity, we must address the range of risks and challenges presented by these factors. Therefore, we conduct different activities to contend with these risks and for minimizing the damage, on the occurrence of a risk that affects our production ability.

The employees in our plants are the backbone of the production process, without which we will not be able to maintain the production of our products and our impact. At present, we are facing a considerable challenge, similar to other industrial companies, in employees preservation and recruitment. In contending with this challenge, we advertise positions through a range of means, starting with the social media, "friend brings a friend" campaigns among our employees, up to contacts with placement experts and the government employment agency. Yet, we sometimes contend with manpower shortage. We direct many efforts to maintain continued normal production even under this challenge, through required adaptations in the operation model at the production sites,

Products production in our plants is performed through advanced injection machines. Just as any production machine, machine failures which may occur in our machines lead to machines shutdown. These failures are likely to occur due a range of factors - incorrect operation of the machines, faulty maintenance, or a technical fault in the machine. As part of our efforts to maintain business continuity, we act in numerous ways to reduce the risk of failures which cause machines shut-down. Some of these steps are related to employees activities, detailed in "Safety at Work" chapter. In addition, we operate a qualified technical maintenance team for preventing failures in the production process. This team performs initiated maintenance activities to prevent breakage and damages which may stop the machines. As part of the maintenance activities, the technical team initiates predetermined breaks in the machine's operation for a pre-defined time to clean and lubricate them and perform the required service activities. Despite these activities, several failures occurred in June 2020 in the production lines of the U.S.A. plant which caused partial shut-down of the production lines. Due to the Covid-19 crisis, several professional employees were prevented from arriving to the U.S.A. plant to repair

the faults. We eventually succeeded to resolve the failures in July 2020 and the plant resumed routine production operations.

BRAM Group activity center, including Hai Plastic and Preform companies and our central headquarters is located at Sderot, while our various plants are located at a distance of just 5 km from the Gaza Strip. Similar to the entire Gaza Strip surrounding region, our plants are also subjected to threats of the terror organizations operating within the Gaza Strip, especially the threat of rockets fired on the civilian population in emergencies. Therefore, we are required to assume the responsibility to contend with the general threats, including these security threats. Being a group that is defined by the law as a "Vital Plant", we initiate a range of steps to reduce the risks to our employees and secure on-going regular operation activity. An internal alarm system installed in the plants alerts the employees during external alarms and we are responsible to ascertain its proper function from time to time. Our employees have direct access to protective spaces throughout all work areas in the plants, which employees can reach within a few seconds from any part of the site. In addition, we conduct periodic emergency drills to improve readiness of all position holders to emergencies and their ability to contend with various situations. We did not conduct demo drills for readiness to emergencies in 2020, due to the Covid-19 pandemic. During an escalated security situation, we allow employees to remain at home instead of coming to work if they do not feel secure but grant extra reward to employees who arrive. All activities we perform as a routine in this context are aimed at ensuring that the employees view the plants as a safe place to be in even in crucial moments.

We are also exposed, as any other company, to cyber threats which may affect our operations. In preparations for this risk, we are assisted by data security experts who provide us with relevant cyber protection services.

Through our activities to maintain our operational continuity, we enable continued safe employment of our employees and the on-going regular commercial operations of our customers and suppliers. Our continued operation and that of our partners contributes to the consecutive function of the Israeli economy during emergencies, enabling us to help increase the national strength in these times. In addition to our contribution on the national level, we are the infrastructure of the on-going functionality of Sderot in particular, by providing employment opportunities to the town's residents and to residents of the Gaza Strip surrounding area, reinforcing thereby the local economy and the local strength.

During 2020 we faced an additional significant challenge - the Covid-19 pandemic and the subsequent operational limitations in the economy. Thanks to being a "vital factory", we succeeded to maintain our operational continuity in Israel on a relatively wide scope. Only 7 employees were sent to unpaid leave in Israel because of the pandemic without any significant operational effects on the supply chain. However, we were forced to close the plant in the U.S.A. for one week during April, due to government directives. Despite the closure, we continued to supply goods to our customers in the U.S.A. through a limited number of employees. Therefore, our business operations in the U.S.A. were affected to a negligible rate.

## Ethics

As a responsible company, we are interested that the company's employees and managers shall act in a manner that conforms with our values. Therefore, each company in the group has behavior articles that define the exact desirable and expected behavior of company employees. The articles were consolidated by the Management members and is implemented within company employees in training to new employees and during annual training of all the employees. The employees are required to enter their signature for confirming that the understood the articles requirements. The articles are the behavior level we expect from our employees. This level helps us to maintain our high products quality and the quality of the



service we provide to our employees. As part of the steps to ensure conformance of our employees to the desired behavior level, violation of the behavior rules specified in the articles will entail a severe disciplinary response. During 2020, 241 employees participated in training on the behavior articles subject.

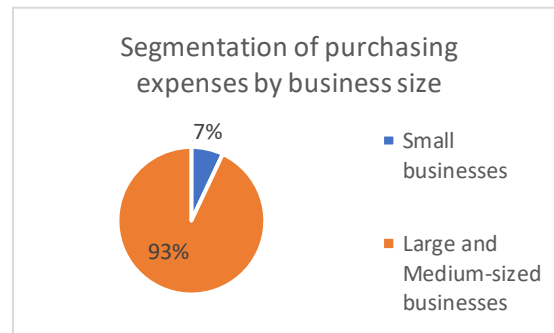
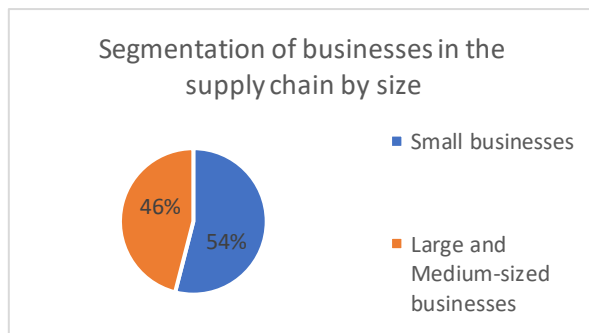
Several contact and reporting channels on ethics issues and violation of behavior rules were established to ensure adherence to the company's behavior and ethics rules. These channels include a complaints box through which employees can submit anonymous complaints, and a CEO open door policy, which enables direct access to BRAM's CEO on ethics issues and behavior problems. No addresses or complaints on ethics subjects or violation of behavior rules we received during 2020.

The organizational culture in the company leads to basing our relationships with our customers is based on our products quality and our business reputation as a company and we act to promote our products according to the free and fair competition principles. We attribute high importance to preserving these relationships and our business reputation. Accordingly, we conform with all the relevant laws in Israel and in the U.S.A., whereas in 2020, no claims related to any corruption events were filed and as far as the company knows, no bribing or corruption events occurred in the company. Accordingly, no employees were dismissed due to corruption or other ethical offences.

### Responsible Supply Chain

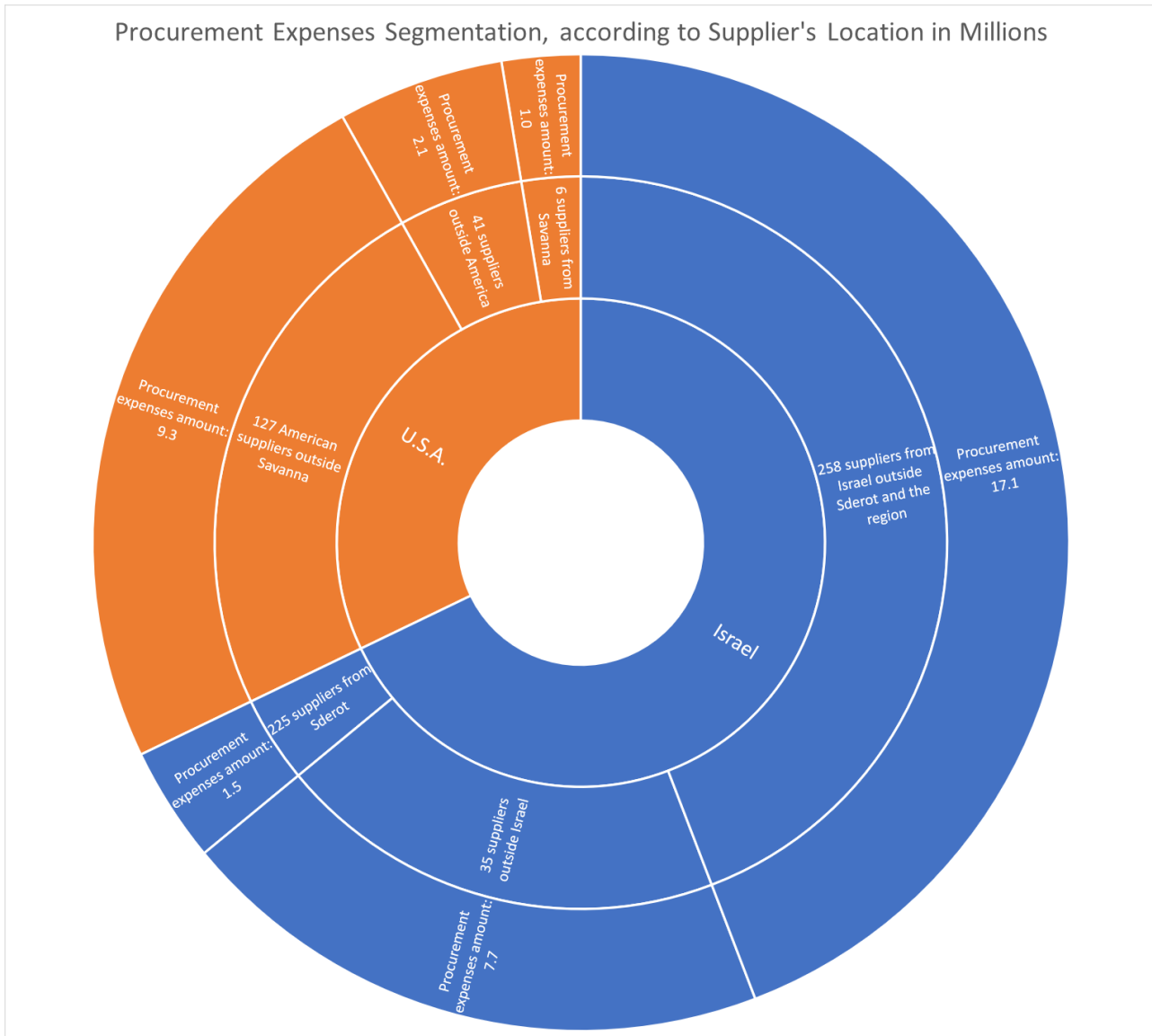
Our world-wide business activities are supported by the operations of 506 suppliers of different products and services. Through our supply chain we indirectly create additional positions and increase thereby our social and economical impact. We at BRAM attribute high important to base our business relations with our suppliers on professionalism, fair cooperation, and trust. As a production company, our consecutive business operation depends on the strength of the entire supply chain. Therefore, we emphasize selection of suppliers on those whose performance we can trust. Our success depends on our suppliers success and we attribute high importance to our obligations to them. No material changes were made in the group's supply chain in 2020.

In 2020 we expended about NIS 39.5 million as procurement expenses. As part of the importance, we attribute to developing the local economy, we specifically emphasize engagement of local suppliers. Consequently, about NIS 2.5 million of the procurement expenses were invested in local businesses in Savanna and in Sderot. Moreover, in view of the importance we attribute to supporting small businesses, about NIS 2.8 million of our procurement expenses are directed to small businesses.



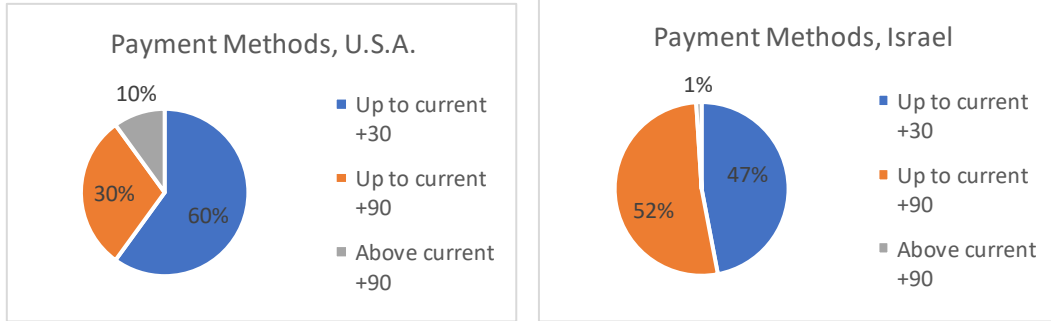
We act to maintain fair payment terms to our suppliers and attempt to forward payments for their products or services. Only one percent of our payments in Israel was paid after 90 days elapsed from the supply date and almost 50% of our payments were forwarded within one month to

suppliers in Israel. Maintaining these payment terms provides certainty to our suppliers and helps them to maintain a proper cash flow.



As part of the responsibility we need to maintain a solid supply chain, we work with suppliers who conform with the high standards we expect from our partners. These standards are determined, inter alia, by requirements of the quality standard to which we are authorized. We require all our suppliers, especially suppliers whose products are directly related to the production process to sign a declaration and a quality certificate confirming that the products and materials they supplied conform with our required quality level. This, as part of a detailed suppliers evaluation process we conduct each year, as required by our quality standards.





## Observing Rights of Contractor Employees

A material aspect in managing our responsible supply chain is the Contractor employees field. Therefore, based on our concept of ethical responsibility regarding the entire supply chain, we take certain steps to protect contractor employees rights who act in our different plants in Israel. A total of 34 contractor employees were employed in our plants during 2020, for an average time period of 3 months each. The contractor employees worked as production and packaging workers in the plants in Israel. Out of these contractor employees, we received 6 employees for direct employment in our plants.

As part of the steps taken to secure manpower employees rights, we conduct control of random wage slips of manpower employees once a month. This control is performed in comparison to the employee's attendance report at the plant for the purpose of ensuring full payment for their work and rights. We reviewed 15 wages slips of 2 different manpower companies. Moreover, for the purpose of securing their rights, we enable calls of manpower employees to our manpower department for the purpose of reviewing their correct wages compared to their attendance and for filing complaints on affecting their rights by those manpower companies. No complaints of manpower employees were received this year on their employing companies. We view these steps as important for securing the rights of these employees and out of the importance we attribute to maintaining a respectful and responsible supply chain.

## Annex - GRI Index

Booklet	Section No.	Section Name	Page
GRI 102: General Disclosures	102-1	Name of the organization	3
	102-2	Activities, brands, products, and services	4
	102-3	Location of headquarters	3
	102-4	Location of operations	3-4, 17
	102-5	Ownership and legal form	4
	102-6	Markets served	3
	102-7	Scale of the organization	3
	102-8	Information on employees and other workers	3, 17-18
	102-9	Supply chain	33-31 ,21
	102-10	Significant changes to the organization and its supply chain	31
	102-11	Precautionary Principle or approach	5 ,2
	102-12	External initiatives	The company is not a member in external initiatives
	102-13	Membership of associations	Manufacturers association, Plastic and Rubber Manufacturers Union in Israel (Hai Plastic)
	102-14	Statement from senior decision-maker	2
	102-16	Values, principles, standards, and norms of behavior	31-30
	102-18	Corporate Governance Structure	5
	102-40	List of stakeholder groups	5
	102-41	Collective bargaining agreements	17
	102-42	Identifying and selecting stakeholders	5
	102-43	Approach to stakeholder engagement	5
102-44	Key topics and concerns raised	7-6	
102-45	Entities included in the consolidated financial statements	4	
102-46	Defining report content and topic Boundaries	6-5	
102-47	List of material topics	8-6	
102-48	Restatements of information	This in the Company's first report	
102-49	Changes in reporting	This in the Company's first report	
102-50	Reporting period	5	

Booklet	Section No.	Section Name	Page
	102-51	Date of most recent report	This in the Company's first report
	102-52	Reporting cycle	5
	102-53	Contact point for questions regarding the report	6
	102-54	Claims of reporting in accordance with the GRI Standards	6
	102-55	GRI content index	37-34
	102-56	External assurance	No external evaluation was performed for this report
GRI 203: Indirect Economic Impacts	103-1	Explanation of the material topic and its Boundary	17
	103-2	The management approach and its components	17
	103-3	Evaluation of the management approach	17
	203-1	Infrastructure investments and services supported	The disclosure is not relevant to the company's activity
	203-2	Significant indirect economic impacts	32-31 ,21 ,19-18
GRI 204: Procurement Practices	103-1	Explanation of the material topic and its Boundary	33-31 ,21
	103-2	The management approach and its components	33-31 ,21
	103-3	Evaluation of the management approach	33-31 ,21
	204-1	Proportion of spending on local suppliers	32-31 ,21
GRI 301: Raw Materials	103-1	Explanation of the material topic and its Boundary	14-12
	103-2	The management approach and its components	14-12
	103-3	Evaluation of the management approach	14-12
	301-1	Consumed material according to weight or volume	13
	301-2	Percent of consumed recycled raw materials	15-14
	301-3	Products & packaging for re-use and recycling	No products were returned during the reported period
GRI 302: Energy	103-1	Explanation of the material topic and its Boundary	9
	103-2	The management approach and its components	10-9
	103-3	Evaluation of the management approach	10-9
	302-1	Energy consumption within the organization	10

Booklet	Section No.	Section Name	Page
	302-2	Energy consumption outside the organization	The disclosure is not relevant to the company's activity
	302-3	Energetic intensity	10
	302-4	Reducing energy consumption	11-9
	302-5	Reducing energy consumption of products or services	The disclosure is not relevant to the company's activity
GRI 306: Waste & Sewage	103-1	Explanation of the material topic and its Boundary	12 ,9
	103-2	The management approach and its components	12 ,9
	103-3	Evaluation of the management approach	12 ,9
	306-1	Water flow according to quality and purpose	The disclosure is not relevant to the company's activity
	306-2	Waste according to type and treatment mode	15-14 ,12
	306-3	Significant leaks	The disclosure is not relevant to the company's activity
	306-4	Hazardous waste transportation	The disclosure is not relevant to the company's activity
	306-5	Water sources affected by the sewage	The disclosure is not relevant to the company's activity
GRI 401: Employment	103-1	Explanation of the material topic and its Boundary	17
	103-2	The management approach and its components	17
	103-3	Evaluation of the management approach	17
	401-1	Employees recruitment and replacement	18
	401-2	Benefits granted to full position employees that are not granted to part-time employees	20
	401-3	Maternity leave	21-20
GRI 403: Occupational Health and Safety	103-1	Explanation of the material topic and its Boundary	22
	103-2	The management approach and its components	22
	103-3	Evaluation of the management approach	22
	403-1	Occupational health and safety management system	23-22
	403-2	Hazard identification, risk assessment, and incident investigation	23-22
	403-3	Occupational health services	24-22

Booklet	Section No.	Section Name	Page
	403-4	Worker participation, consultation, and communication on occupational health and safety	23-22
	403-5	Worker training on occupational health and safety	25-24
	403-6	Promotion of worker health	The disclosure is not relevant to the company's activity
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	23-22
	403-8	Workers covered by an occupational health and safety management system	23-22
	403-9	Work-related injuries	24
	403-10	Work-related ill health	There were no work related health damages
GRI 404: Learning and Training	103-1	Explanation of the material topic and its Boundary	19-20
	103-2	The management approach and its components	19-20
	103-3	Evaluation of the management approach	19-20
	404-1	Average annual training hours per employee	19
	404-2	Plans to improve employees skills and plans to assist transfers	19
	404-3	Employees percent who receive performance evaluations and professional development on a permanent basis	20
GRI 416: Consumers Health & Safety	103-1	Explanation of the material topic and its Boundary	26
	103-2	The management approach and its components	26
	103-3	Evaluation of the management approach	26
	416-1	Evaluation of health & safety effects of the services and products	28-26
	416-2	Disobedience events related to products and services safety & health	28