



PALRAM ESG REPORT 2022

Environmental, Social and Governance

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LETTER FROM THE CHAIRMAN

60 Years
1,500 Employees
Many Countries

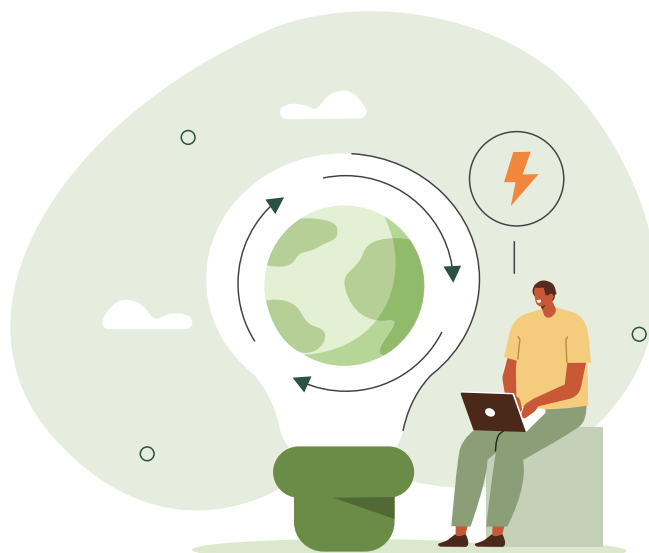
Dear Partners,

The Palram Board of Directors is honored to present to you the first ESG Corporate Responsibility Report of Palram Industries.

In its 60 years of existence, Palram has grown and expanded from a collective Kibbutz-based company to a public company with a global reach, traded on the Tel Aviv Stock Exchange.

As an industrial company that employs approximately 1,500 employees in many countries and maintains working relationships with different and diverse populations and cultures, we are aware of the impact we have and can have on our surroundings, including natural resources, communities and various stakeholders.

Therefore, along with other strategic initiatives, the company recognized the entry into the field of corporate responsibility and sustainability, including reporting and transparency on these issues, as an essential move to promote and develop the ongoing dialogue with all our stakeholders.



This report, prepared in accordance with international standards, allows us to provide you with an overview of the group's activities and achievements in the field of sustainability. It also sheds light on some of our objectives for the coming years.

I want to express my gratitude to all the company's employees, customers, suppliers, and shareholders for their trust and long-standing partnership. I am confident that these endeavors will enhance and strengthen our collaborations.

Enjoy the read,

Ido Rodoy
Chairman of the Board



LETTER FROM THE CEO



Dear Partners,

I am pleased and proud to present to you the company's first Corporate ESG Responsibility Report. This report marks the beginning of our challenging journey into the realms of ESG and serves as an acknowledgment of all the employees who have participated and contributed to its creation.

Palram Industries embarked on its journey in 1963 at Kibbutz Ramat Yohanan. Since the inception of our company, 60 years ago, our commitment to the environment and the people with whom we work has remained steadfast at the heart of our business. Starting as a small cooperative, founded by visionary and creative individuals, Palram has grown into an international company. However, the values and spirit embedded in Palram's management culture, which encourage diversity, equal opportunities, excellence, innovation, integrity, safety, and fairness to all stakeholders, remain unchanged to this day.

The values and spirit embedded in Palram's management culture..

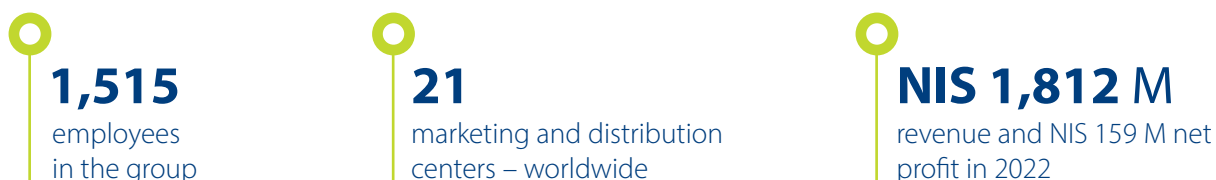
As part of this commitment and our strategic decision to venture into ESG management, we conducted an evaluation process this year (2023) to identify the key sustainability aspects in our operations. This process has also highlighted the company's achievements in these areas.

I invite all Palram employees, business partners, and stakeholders to read this report and understand Palram's business environment, products, and processes from the perspective of ESG – Environment, Society, and Governance. Finally, I would like to take this opportunity to express my heartfelt gratitude to all our employees. They are the guardians and promoters of our organizational culture, shaping Palram into what it is today – an innovative, socially responsible company. To all our business partners, thank you very much for your continuous support and enduring partnership. Enjoy the read,

Shai Michael
CEO



ESG HIGHLIGHTS IN 2022



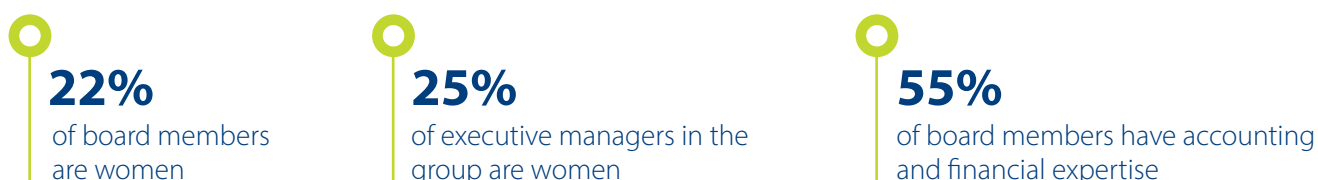
General



Environmental



Social



Governance

PALRAM'S FIRST ESG REPORT



This is Palram Group's first Environmental, Social and Governance (ESG) report. The information provided in this report reflects the Company's ESG performance from January 1, 2022, to December 31, 2022. This report covers Palram Group's substantial global operations.

The group operates in 4 areas of activity: Polycarbonate, PVC, Canopia and Palram 4U.

Polycarbonate

In this field of activity, the company is mainly engaged in the development, production and sale of rigid thermoplastic panels produced by extrusion using the polycarbonate polymer through 3 factories/sites located in Israel, the USA and the UK¹.

PVC

In this field of activity, the company is mainly engaged in the development, production and sale of thermoplastic panels produced by extrusion using the PVC polymer through two factories/sites in Israel and England².

Canopia

In this field of activity, the company is engaged in the development, production and sale of finished products for the home outdoor living (such as - greenhouses, storage sheds, pergolas, gazebos, carports, etc.) through Palram Canopia Ltd. (Palram Canopia) located in Israel.

Palram 4U

In this field of activity, the company is mainly engaged in the development, production and sale of points of sale (POS) and display positions for various fields. In addition, this field includes the development and production of indoor cabinets for hydroponic growing of vegetables and designed houses for pets, all through Palram 4U Ltd. (Palram 4U) located in Israel.



This report was written with the support of the ESG Department of BDO Consulting Israel, which is also supporting Palram Group in planning its ESG Strategy and ESG goals that will guide Palram's journey. Additionally, the ESGgo-BDO digital system was used to capture most of the data that is presented in this report. The ESG Department of BDO Consulting Israel is a community member of the GRI organization. The content of this report has been assured through an internal review process and the report has been approved by Palram Group's ESG Steering Committee.

The report details Palram Group's policies, procedures, programs and performance regarding the Group's main environmental, social and governance issues. As with any journey, there is a significant distance between where and how you begin and where you want to be. Palram Group is committed to continually increasing its transparency and stakeholder engagement through its next ESG reports.

Any feedback and questions regarding the activities and programs outlined in the report, as well as on any issues you would like to see addressed in the future, are welcome.

¹On Nov 2022 the Plant in Germany was closed. // ²On Nov 30, 2022 the PVC plant activity in the US was sold.

ESG Areas of Focus



The process of identifying the ESG Areas of Focus that are most material to Palram Group's ESG journey was conducted with the support of ESG specialists and managed by the Group's ESG steering committee led by Palram Group's CEO. The identifying process was conducted in line with the GRI reporting standard's methodology on materiality, aiming to determine the ESG areas most significant for Palram and its stakeholders, based on a sector-specific benchmark analysis.

Relevant sources include:

- Leading polymer materials manufacturers and suppliers in the global market.

- Leading ESG rating agencies.
- Key reporting standards.

By adhering to the GRI standard and following best practices in ESG reporting, Palram ensures a materiality process that appropriately identifies primary influence on environmental, social and governance (ESG) topics.

The initially selected topics were then discussed with the ESG steering committee representing the perspective of all stakeholders, which then finalized the material topics. Finally...

The substantial ESG topics which will be at the focus of Palram's ESG report, strategy and journey are:

	Topic	Consists of
Environmental (E)	Efficient and responsible use of resources	Exploiting raw materials' potential, reducing waste generation, ensuring proper waste treatment and efficient use of water and energy.
	Reducing the carbon footprint (GHG emissions)	Tracking the Group's carbon footprint (Scope 1+2) and the actions taken to reduce it.
	Environmental and climate management	Tracking, managing and reducing the environmental and climate impacts of the Group's operations and products.
Social (S)	Occupational health and safety	Working to create a healthy, safe and secure working environment for employees.
	Human capital development	Investing in employees through continuous development and engagement. Generating a work environment that promotes diversity, equal opportunity and inclusion.
	A responsible supply chain	Actions and policies aimed at ensuring supply chain accountability.
Governance (G)	Risk management	ESG-related risks and opportunities policies and assessment mechanisms.
	Innovation	Developing sustainable manufacturing practices and efficient use of resources. An innovative approach to R&D aiming to provide quality products that inspire people and enable them to live a more sustainable lifestyle.
	Compliance	Compliance with ESG laws, regulations and guidelines in each territory.

Palram's Stakeholder Engagement



Palram's leadership views each of Palram's stakeholder groups as a genuine component of Palram's sustainable development. Palram consider as stakeholders people and organizations that are affected by its operations and those that could be affected by it. With this view, Palram is investing an

ongoing effort to create, maintain, and improve a vital dialogue and to build strong relationships with all stakeholder groups, which are considered as vital to the development of Palram's business.

Stakeholder groups	Dialogue Channels
Employees	<ul style="list-style-type: none"> • Open door organization culture • Engagement program • Regular periodic meetings at region level • Ad-hoc meeting prior organizational changes
Customers	<ul style="list-style-type: none"> • Dialogue with appointed sales managers • Periodical meetings with customers for discussions, training and feedback.
Suppliers	<ul style="list-style-type: none"> • Dialogue with designated procurement team • Supplier approval process and on-going audits
Shareholders	<ul style="list-style-type: none"> • Annual General meeting • Annual report and quarterly reporting
Regulators	<ul style="list-style-type: none"> • Regular exchange with relevant government agencies • Regulatory compliance procedures dialogue • Participation in various innovation programs
Communities, the public, neighbors, and NGOs	<ul style="list-style-type: none"> • Ongoing communication regards local community engagement project • Ad-hoc communication to promote local collaborations • Continuous dialogue with municipalities and local employment centers

Contributing to The UN's Sustainable Development Goals (SDGs)



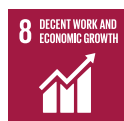
The United Nations Sustainability Development Goals (UN SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to tackle social and environmental issues while also targeting economic growth, reduced inequalities and innovation. At Palram Group, sustainability is considered a crucial business growth-engine enabling the provision of long-term value and added value. Palram views its commitment to sustainability as an integral part of the company's vision and values. As one of the leading companies in its field, Palram contributes to the SDGs by improving its understanding of its impact and investing in R&D efforts to generate a positive impact.



"Ensure healthy lives and promote wellbeing for all at all ages" – We manufacture products that support public health and wellbeing and offer true value to our customers and end users by providing them with new innovative solutions to their changing needs. Using Palram polycarbonate sheets as skylights or sidelights in buildings has a positive effect on the dwellers and workers in those buildings. Exposure to natural light is considered a necessity of a healthy and productive lifestyle.

Translucent panels used for small projects around the house such as pergolas, patio covers and gazebos, allow people to spend more time outside their homes, benefitting from fresh air and natural light, while protecting them from the rain. Hobby greenhouses by Palram Canopia Ltd allow people to grow their own produce, a real health benefit achieved from the gardening work and exercise, as well as from nutritious fresh vegetables.

In addition, the use of Palram's products such as the recycled corrugated panels serves as an environmentally-friendly alternative to asbestos and cladding panel with an antibacterial additive assist in creating more healthy environment in hospitals, food processing sites and more.



"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" – Palram's employees are the driving force behind our operations. Palram strives to provide a safe, fulfilling and rewarding environment, rife with opportunity for all employees to grow and develop their skills.



"Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation" – Taking the first and most significant steps in Palram Group's ESG journey, the company's leadership assumed the responsibility for developing sustainable and resilient infrastructure. By Palram's products and by embedding an ESG strategy in the group's core business strategy to better support inclusive and sustainable economic development.



"Ensure sustainable consumption and production patterns" – As a large manufacturing company, Palram's procurement policies and manufacturing methods promote efficient use of water, energy and raw materials. Environmental considerations are integrated into Palram's production process, as it aims to increase the use of recycled materials in Palram's products.

PALRAM GROUP OVERVIEW



General

1,515

Employees in
the Group

21

Marketing and Distribution
Centers worldwide

NIS 1,812 M

Revenue and NIS 159 M net
profit in 2022

About Palram

Palram is a public company traded on the Tel Aviv Stock Exchange since 1993. Palram is a leading manufacturer of extruded thermoplastic sheets and panel systems. Established in 1963 at Kibbutz Ramat Yohanan in Israel, the company has grown from its humble origins into an industry leader and multinational corporation with branches on six continents. By focusing on advanced technologies and outstanding human capital, Palram offers professionals and users the solutions and support they need for a wide variety of applications.

65% of Palram Industries (1990) Ltd.'s outstanding shares and voting rights are held by Ramat Yohanan Industries & Agriculture Development – Agricultural

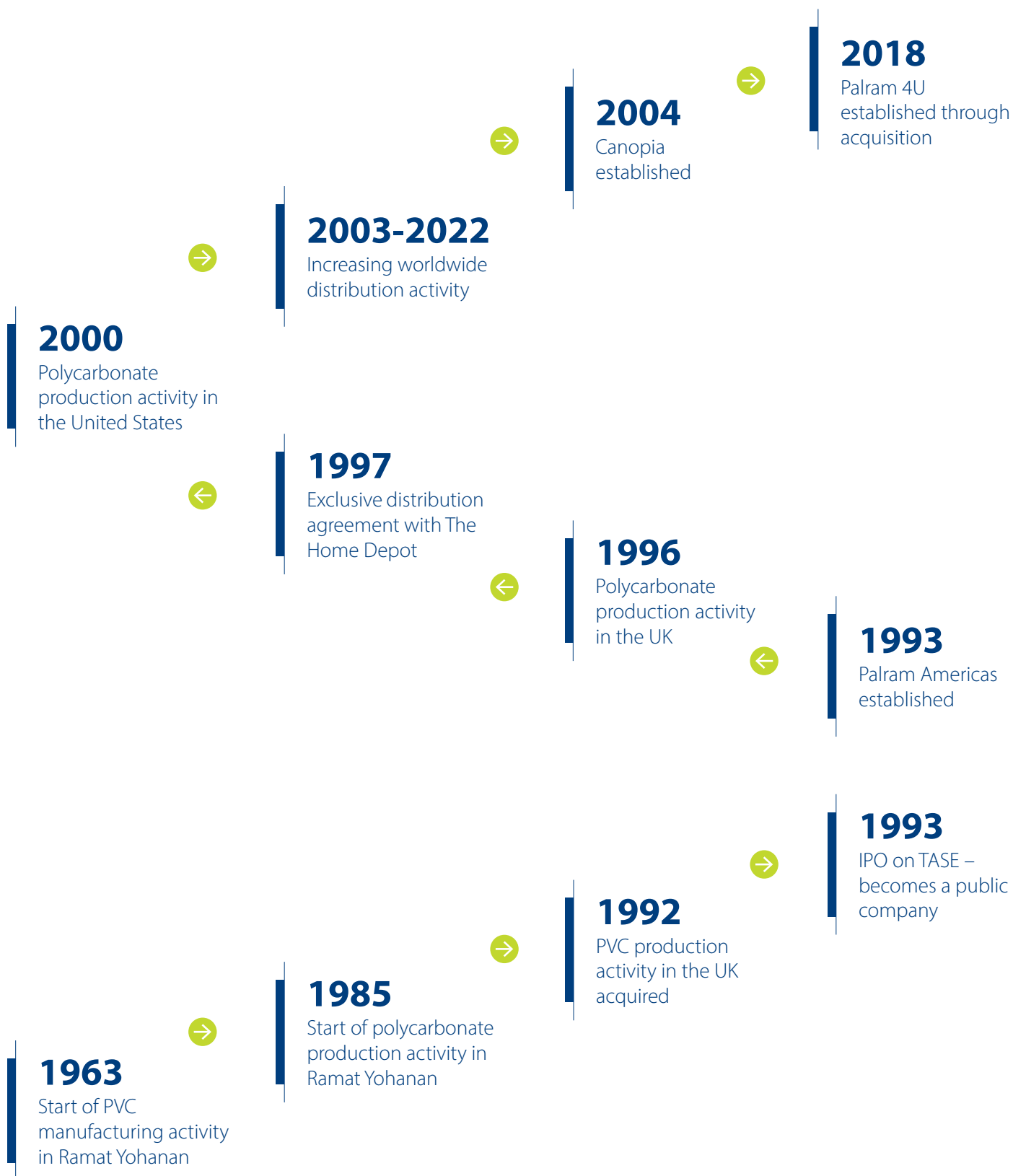
Cooperative Society.

Palram Group holds 100% of Palram Industries (1990) Ltd., with the exception of a 25% holding in Paltough Industries (1998) Ltd. (Israel) which is held by Covestro AG (Germany), a strategic partner of Palram.

The Group's headquarters are located in Israel, at Kibbutz Ramat Yohanan.

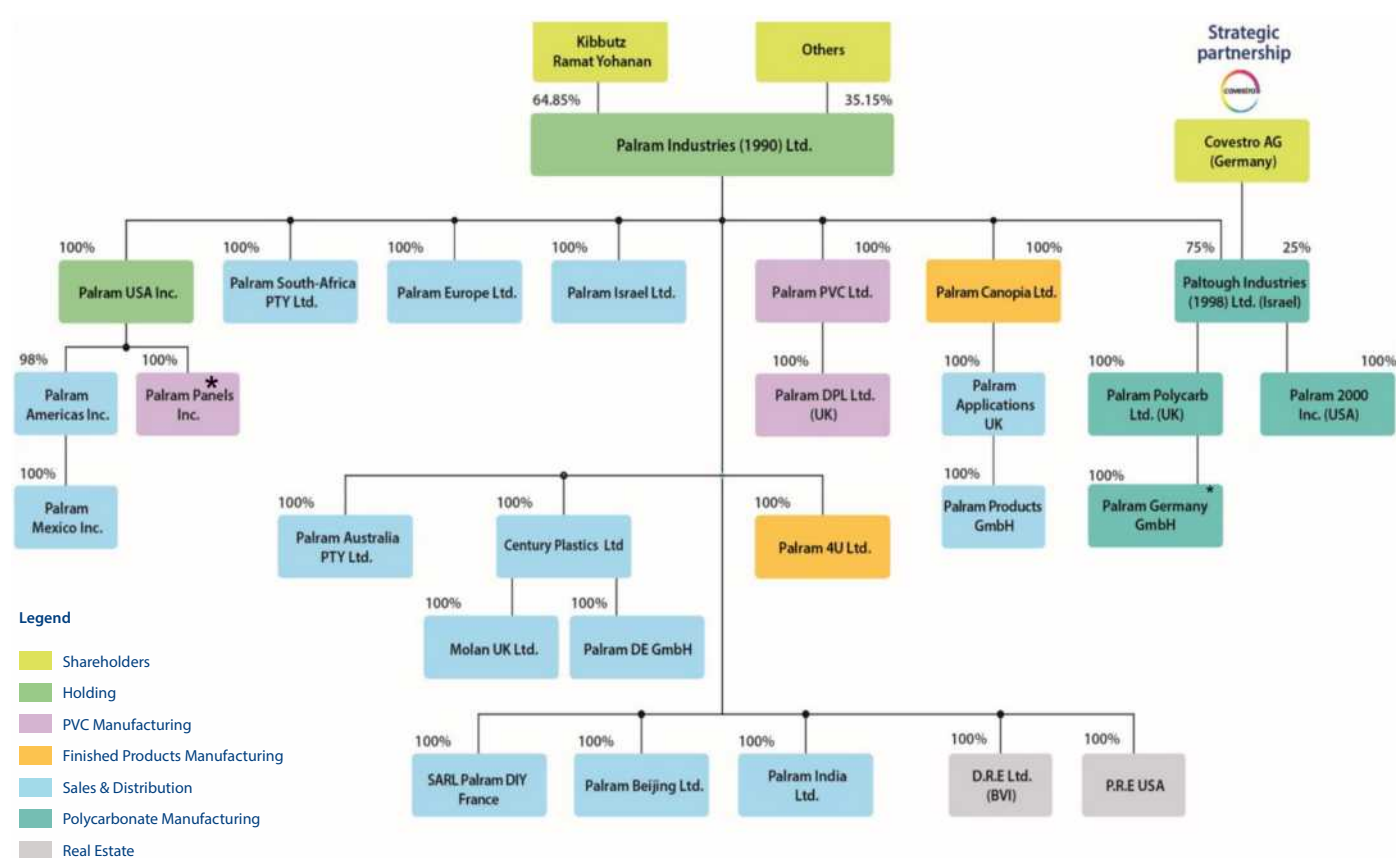
With over 60 years of experience, a large portfolio of products and thousands of customers, Palram is recognized as a leading brand for quality and service.

Palram's global presence ensures the continuous availability of products with standardization for global customers.



Palram Group's business & legal structure

Palram Group consists of numerous subsidiaries and affiliated entities involved in holdings, PVC & Polycarbonate manufacturing, finished product manufacturing, sales and distribution.

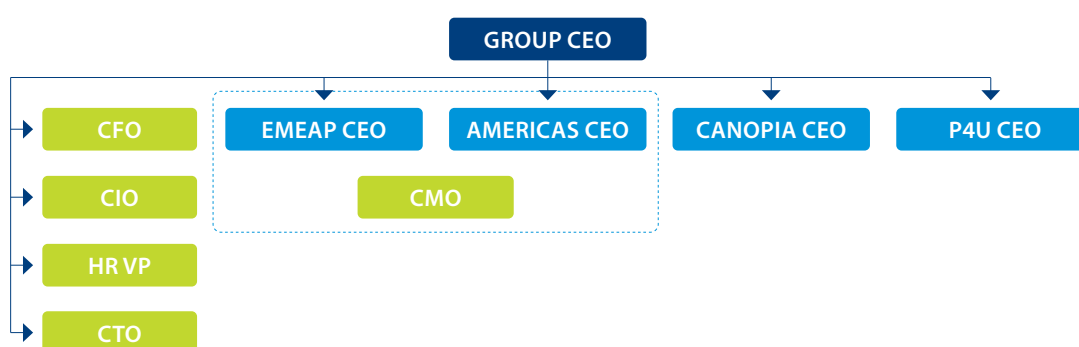


* As of November 2022, the subsidiary ceased to act as a manufacturing company.

Palram Group's Management Structure

Palram Group's management operates in the following segments of activity:

- **PVC** – the Americas management is overlooking the PVC activity in the US and in Mexico and EMEAP management is overlooking the PVC activities of the group in UK, Europe, Israel and ROW.
- **Polycarbonate** - the Americas management is overlooking the Polycarbonate activity in the US and in Mexico and EMEAP management is overlooking the Polycarbonate activities of the group in UK, Europe, Israel and ROW.
- **Palram 4U Ltd.** – operates from Israel.
- **Palram Canopia Ltd.** – operates from Israel, the UK, the US and France.



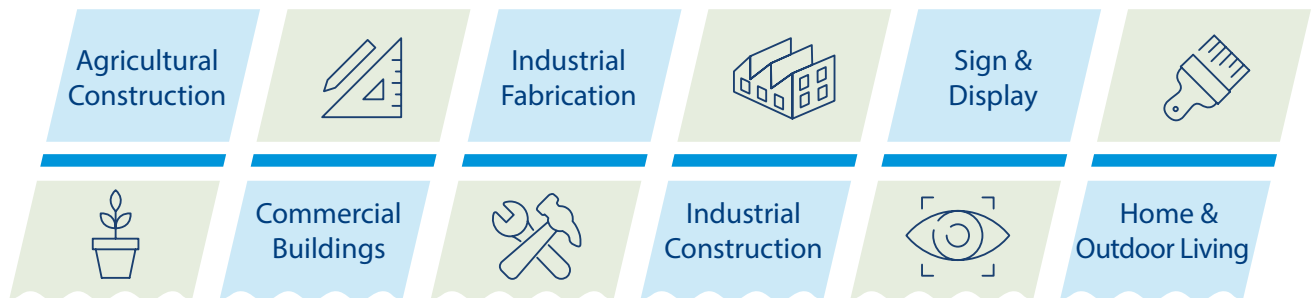
Operations

Palram is a leading global company, with technological leadership in Israel and in the world in the field of corrugated panels, which gives it an advantage in these markets. The group has an extensive geographical spread and owns 21 marketing and distribution centers that are close to its customers and enable Palram to prevent further emission and carbon footprint caused by road and air freight. The company is engaged in the applied development of new products as well as the development of production processes for operational efficiency and service improvement. The company has skilled personnel and productive knowledge that allow it to produce a wide variety of products and give it a competitive advantage. Also, the company enjoys unique know how in the

production of corrugated panels both in the field of polycarbonate activity and in the field of PVC activity and is one of the leading manufacturers of corrugated panels in these areas of activity. The company has special knowledge in the production of multilayer PVC panels which have unique properties with technology that allows the use of recycled materials, aimed to reduce the carbon footprint of the panels. Palram developed special know how for the design and production of outdoor living applications such as hobby greenhouse with glass look alike polycarbonate panels as well as unique knowledge in the development of Point of Sale made mainly from PVC panels, allowing easy transportation and assembly.

A Range of Solutions

Palram offers a range of solutions utilizing its products:



Manufacturing

Palram manufactures its polycarbonate products in three plants located in Israel, the United Kingdom, and the United States. Its PVC products are manufactured in two plants located in Israel and the United Kingdom.

Distribution

Palram's extensive global coverage enables it to react faster to market needs, deliver products at lower transportation costs and with a lower carbon footprint, ensure optimized production capacity, offer more localized customer support and reduce its environmental footprint by moving closer to the market.



PALRAM'S PRODUCTS AND FIELDS OF ACTIVITY

Annual Sales by Field of Activity

NIS 863 M

Polycarbonate

NIS 466 M

PVC

NIS 351 M

Canopia

NIS 132 M

P4U

Palram offers a diverse range of products and solutions, provided by 4 areas of activity: Polycarbonate, PVC, Canopia and Palram 4U, catering to various industries and applications. Palram is one of the few manufacturers in the world that provides

a comprehensive range of polycarbonate, PVC and acrylic products, including solid, foam, multiwall, flat and corrugated sheets, making the Group a one stop shop for all these materials.





Palram's PVC and Polycarbonate panels (semi-finished products) are versatile and can be used in a wide range of applications, including home improvement, construction and architecture, sign and display, safety and security glazing, agriculture and industrial fabrication.

All PVC and Polycarbonate plants are equipped with advanced technologies enabling dry manufacturing processes with no use of water (with the exception of the PVC plant in the UK) and efficient use of energy and materials.

Palram's PVC and PC activities are committed to fair employment and ensuring a safe and conducive work environment in all plants and sites.

PVC

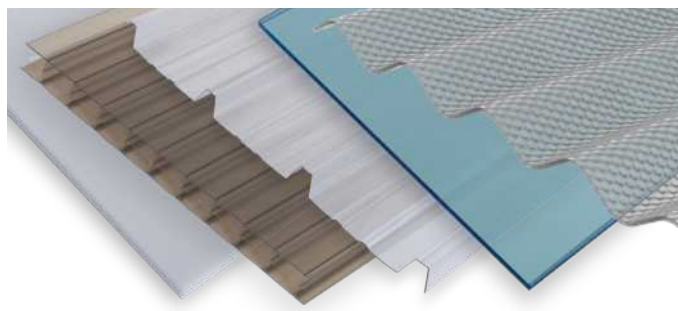
Semi-Finished Sheets

- Recycled corrugated panels
- Hygienic anti-bacterial wall cladding
- Corrosion-resistant roofing sheets
- Home & outdoor construction and roofing
- Digital printing media, signage and advertising
- Sheets for industrial fabrication and design and for manufacturing display stands

Polycarbonate

Semi-Finished Sheets

- Home & outdoor construction and roofing
- Skylights for industrial structures
- Commercial construction
- Signage and advertising
- Industrial fabrication of protective elements
- Agricultural structures



Palram 4U and Canopia

These 2 activities are responsible for the production of versatile follow-on products that are based on the PVC and PC panels that are produced by Palram through Palram 4U Ltd and Palram Canopia Ltd. That include a wide range of DIY kits and preassembled products for home, outdoor and commercial spaces.

Palram is committed to fair employment and ensuring a safe and conducive work environment as well as to promote a diverse, equal and fair employment opportunities across the Canopia and Palram 4U activities.

Palram 4U

- Hydroponic system cabinets
- Retail display, sales, advertising, and branding systems
- Point-of-Sale displays for food and natural products
- Structures for pets



Through Palram 4U Ltd., located in Tziporit Industrial Park in Israel, Palram is primarily engaged in the development, production and sale of follow-on B2B products as well as Proleafy™, hydroponic system cabinets that makes it easier to grow healthy freshly picked vegetables everywhere.

Canopia

- Hobby greenhouses
- Garden awnings and shading solutions
- Carports
- Domestic storage sheds
- Domestic swimming pool coverings
- DIY products



Through Palram Canopia Ltd., located in Teradion Industrial Park in Israel, Palram is engaged in the development, production and sale of finished goods for the home outdoor environment. Canopia's products enable homeowners to grow their own vegetables and enjoy time at their outdoor gardens.

Impact Through Palram's Products

Palram products provide daylight entrance via transparent panels that both prevent exposure to carcinogenic UV radiation (as approved by the American Cancer Society) and facilitate the creation of light-transmitting panels that contribute to energy savings. Daylighting provided by Palram's sheets installed on the building's roof or façade, is research proven to improve inhabitants health, productivity, and overall well-being. Polycarbonate skylights installed in industrial buildings is a common example where natural light replaces artificial lighting for the benefit of the environment and of the workers within the building.

Palram promotes sustainable manufacturing practices and efficient use of resources. Palram's products do not contain lead and meet environmental regulations such as RoHS and REACH. Palram provides quality products that inspire and enable people to live a more sustainable lifestyle. Palram PVC and polycarbonate products are designed for many years of service and are 100% recyclable and so, they offer a much more sustainable solution in compared to glass, which required a much more robust structure, or to any "single use" alternatives.

Palram polycarbonate sheets are an eco-friendly solution for commercial greenhouse covers, replacing other transparent alternatives. In comparison to glass, Palram's sheets are lighter and require a much simpler metal structure to support them.

Palram SUNLITE Multiwall sheets provide excellent thermal insulation and save on energy costs in the cooler climate regions. Moreover, polycarbonate sheets require far less energy to produce, in comparison with glass, hence lower the carbon

footprint. When comparing to polyethylene greenhouse covers, which often need to be replaced at the end of the growing season and are a big source of plastic pollution in agricultural regions, polycarbonate is built to last for many years and is easy to remove and recycle so there is no landfill waste.

The use of Palram's products, such as recycled corrugated PVC panels and PVC panels with an antibacterial additive, offers an alternative to asbestos roofs and also provides means to slow down or halt the spread of bacteria. PVC panels are also rust-free alternative to metal sheets in corrosive environments. Metal sheets used for roofing of fertilizer storage, for example, would rust after few years and will have to be replaced, while PVC roofing panels withstand harsh chemicals and salty environments for many years.

The use of Hobby Greenhouses and Proleafy™ by Palram 4U makes it easier to grow healthy freshly picked vegetables everywhere.

Palram Contribution to Reducing Emissions – Polycarbonate Skylights

Palram's Polycarbonate panels provide an alternative of natural lighting to the common electricity-based lighting, during daytime.

The SUNTUF is a world's leading profiled polycarbonate sheet for architectural, industrial, agricultural, and DIY projects – commonly installed on various buildings and different structure's roof or façade and skylight, providing natural lighting during daytime via transparent panels that both prevent exposure to carcinogenic UV radiation (as approved by the American Cancer Society) and facilitate the creation of light transmitting panels that contribute to energy savings.

SUNTUF polycarbonate skylights and polycarbonate sheets are available in hundreds of profiles and match all standard metal profiles. Palram's MetalMatch™ technology gives Palram an almost unlimited ability to customize new solutions and design a tailor-made corrugated profile for any structure.

Weighing half the weight of glass, SUNTUF profiled sheets also offer multiple advantages over traditional alternatives: up to 20 times greater impact resistance, the highest light transmission rates, the lowest yellowing index, the highest load rating, and the highest resistance to wind uplift.

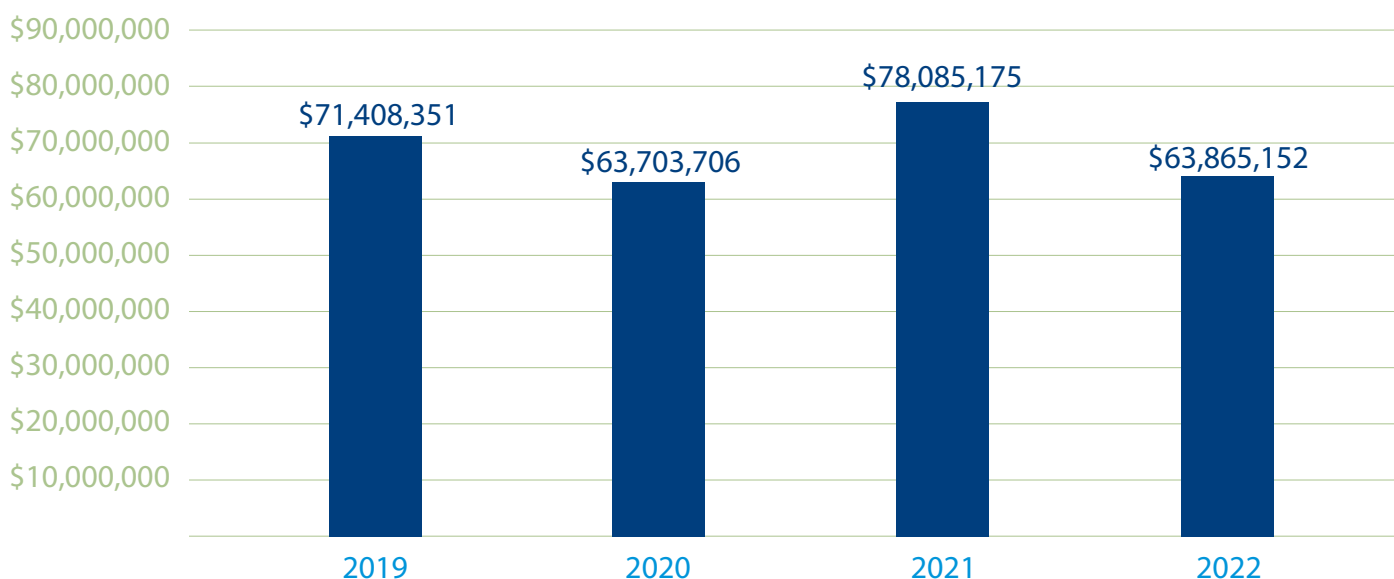
These outstanding properties confirmed in accredited laboratory testing and in installations around the world since 1984, make SUNTUF profiled polycarbonate roofing an optimal solution.

It is estimated, by Palram development staff, that the use of SUNTUF skylight saves on average between 15-27 USD/year (or 21 USD in average) of electricity-based lighting costs, for each square meter of SUNTUF skylight.

Under this assumption, Palram's sales of 3.04 M square meters of SUNTUF skylight material in 2022, produced its customer's savings of approximately USD 63.8 M on electric bills.



Estimated Saving on Electric Lighting



The actual scope of electricity saving is of course dependent on numerous variables such as the percentage of skylights in the roof, the accessibility

of natural light, the shape of the structure and the character of the electric lighting devices it is set to replace.

Development for Sustainability

Between 2019 and 2022 Palram has participated in the Israeli National Innovation Authority's R&D programs in the field of universal technologies aimed at increasing recycling capacity. While participating in these programs, Palram's staff and management became increasingly aware of the importance of sustainability and the opportunities presented by this field for Palram's industry. Consequently, Palram's development staff deepened their professional knowledge and focus on the field of "green" products, that are increasingly based on recycled materials. Palram's current "Make a Difference" product catalog features three new products in different levels of development and manufacturing:

1. PALIGHT REVIVE:

Made of 100% recycled PVC at the production plant in England – is offered in limited product range with the plan to continue and increase the product availability in the coming year.

2. PALSUN REVIVE:

Made of 100% post-consumer recycled materials, fully developed and already in production in 2023.

3. PALBOARD TERRA:

A sheet that contains post-consumer landfill destined waste – is offered in limited product range with the plan to continue and increase the product availability in the coming year.

Palram's Direct Economic Value Generated (EVG) and Distributed (EVD)

	2021	2022
Economic value generated	NIS 1,817 M	NIS 1,812 M
Economic value distributed	NIS 1,608 M	NIS 1,653 M
Economic value retained	NIS 209 M	NIS 159 M

Governmental Financial Assistance

Government grants approved for Palram under Israel's Encouragement of Research, Development and Technological Innovation in Industry Law (the 'Law'):

1. Under the Law, a grant program valued at NIS 1.5 million was approved in February 2019 to Palram 4U and a continuing grant program valued at NIS 1.2 million was approved for the year 2022. These grant programs were approved for Palram's hydroponic growing units' project. Both grant programs were completed and by the end of 2022 Palram group received grants totaling at NIS 2.4 million. In accordance with the plans, Palram agreed to pay the Israel Innovation Authority royalties equal to 3% of its sales of hydroponic growing units.

2. A Grant Program by The National Innovation Authority of the State of Israel:

Between 2019 and 2022, Palram participated in the National Innovation Authority's R&D programs in the field of universal technologies aimed at increasing recycling capacity. Approximately NIS 0.866 million's worth of grants was paid to Palram during that period, as part of its participation in the programs. The total monetary value of the financial assistance received by Palram Group in the period of this report

is approximately NIS 1.8 million.

Tax Disclosures and Compliance

Palram complies with all legal and regulatory frameworks in the jurisdictions where it operates, including tax legislation. In order to minimize corporate exposure, Palram Group retains the services of a tax advisory companies in the various jurisdictions of the Group's operation, which review all tax calculations before filings are made with the relevant authorities. Tax risks are identified, assessed, managed and monitored via discussion with the Group's HQ and external auditors.

All employees dealing with tax issues for the Group are professionally qualified in accounting and taxation and receive regular taxation updates to ensure that their knowledge of tax initiatives and regulatory changes is up to date.

ENVIRONMENTAL PERFORMANCE



0.65

Scope 1 GHG emissions - Intensity in 2022 (tCO₂e/ Revenue [M NIS]) emissions - Intensity in 2022 (tCO₂e/ Revenue [M NIS])

10.3

Scope 2 GHG emissions - Intensity in 2022 (tCO₂e/ Income [MNIS])

11

Scope 1&2 GHG emissions - Intensity in 2022 (tCO₂e/ Income [MNIS])

R&D of 3

New Products with increased use of recycled material

Palram group is committed to the environment and strive to implement, along its ESG journey, policies, goals and methods to better fulfill that commitment.

As for 2022, all company's products are lead-free and meet all mandatory environmental regulations, such as RoHS and REACH. The development efforts of Palram are aimed to support the fulfillment of that commitment, among others, by looking for ways to increase use of Bio-Based and recycled materials in the production of Palram products.

Palram is committed to promote sustainability in its operations by innovation and strive to making a difference for the environment. Palram management is aiming to understand and promote, in the near future, the necessary steps to contribute Palram's part to the global goal of carbon-neutral industry. Palram will work to integrate sustainability into all aspects of business conduct and strategy.

Palram's focus on sustainability is evident in its products and processes. The company uses sustainable materials and production methods to

minimize its environmental footprint and works with customers to promote sustainable practices across its value chain.

In addition to its focus on sustainability, Palram is also focusing on innovation. By developing new products, Palram can stay ahead of the curve and provide customers with cutting-edge solutions that meet their needs and exceed their expectations. Climate change, water scarcity and marine plastic pollution are major environmental challenges that create a demand for sustainable products. At Palram, these challenges are also considered as opportunities to develop innovative solutions that help protect the environment.

Palram is committed to reducing its environmental impact throughout the entire product lifecycle, from raw material sourcing and processing to manufacturing, shipping, use and end of life. Palram's products are durable products, which are sold with a manufacturer's warranty of 3 to 20 years. The company's leadership believes that a holistic approach to sustainability can make a significant difference in the world.

Palram's commitment to sustainability and to reducing its environmental impact is reflected through its products, processes and operations:

- The company uses sustainable and recycled materials in its products whenever possible.
- It implements production methods to minimize its environmental footprint such as energy efficiency measures at its manufacturing facilities.
- It reduces production waste.

Palram is committed to continuous improvement and constantly strives to find new ways to reduce its environmental impact and create a more sustainable future.

Each step in the product's life cycle represents opportunities for Palram to measure and improve the sustainability of its products and manufacturing processes.



Palram has implemented several sustainability initiatives to reduce its environmental impact and promote sustainable practices. Some of these initiatives are:

- **Sustainable materials:** Palram uses recycled materials in its products whenever possible. For example, the Palram Palight™ Revive sheet is made with 100% recycled content. . All Palram products contain regrind materials. Some of the products with 5-30% regrind while others, like Palight Revive is made with 100% recycled content.
- **Energy efficiency:** Palram has implemented energy efficiency measures at various manufacturing facilities, such as LED lighting and solar PV panels. These measures have helped reduce Palram's energy consumption.
- **Sustainable products:** Palram launches new products made of sustainable materials. For example, the Palram BioBase™ polycarbonate sheet is made of renewable resources and is fully recyclable.
- **Water conservation:** Palram is working to reduce the Group's water consumption worldwide by installing water-efficient fixtures and appliances at all manufacturing facilities.
- **Waste reduction:** Palram is working to reduce the Group's waste production by methods for reusing.

Palram's management is committed to reducing its negative impact on the environment and believes that, by working together, the Group can reduce its environmental footprint, produce significant positive impact, and create a more sustainable future.

ENVIRONMENTAL COMPLIANCE

Palram PVC & Polycarbonate Israeli plants have been certified for ISO 14000 and 18000 since April 2008. These standards were recently consolidated into ISO 45001. As a result, the two manufacturing facilities are being audited by ISO and are committed to continuous improvement. This benefits Palram in improved working methods, improved prioritization processes and supporting its work with the municipal environmental control agencies. Palram's products are lead-free and are certified by RoHS and REACH. Palram plants use mostly powder or flake raw materials, which pose minimal environmental risks. However, as a production facility dealing with raw materials, some of which are considered hazardous to the environment, there is a risk of spills on the ground. Therefore, according to an environmental mandatory annual survey and permits, all hazardous materials are stored inside spill container basins. Palram Group's ISO 14001 certification covers all its global manufacturing facilities. A periodic environmental risk analysis is conducted at all of the Group's manufacturing facilities in accordance with local regulations, and permits are constantly updated.

Palram DPL, a substantial manufacturing facility in the UK, has published an **environmental policy** on April 28, 2022, announcing its commitment to protecting the environment and mitigating environmental impacts related to its activities, products and services, as part of the VinylPlus principles and commitments they've adopted.

Palram DPL main environmental policy commitments:

- Comply with all legal requirements and statutory obligations, ensuring constant adherence to internal policies and procedures.
- Manage waste generated from all operations according to the principles of Reduce, Recycle and Re use.
- Provide continuous support and training to develop and encourage environmental awareness of its employees.
- Set measurable objectives to assist with Palram's goal of continuously improving its environmental performance.
- Encourage suppliers and subcontractors to protect the natural environment through environmental practices.

Palram DPL recognizes that these environmental objectives can only be achieved through commitment and cooperation on the part of all Palram employees.



ENVIRONMENTAL RISK MANAGEMENT

As Palram is an industrial manufacturer, Palram's management deem it a priority to minimize its impact on the environment. One important tool used by Palram to fulfill this priority is conducting risk analysis.

The focal areas are spillage of hazardous materials, primarily corrosive materials and process water

recycling that can affect air quality. Palram ascribes utmost importance to these issues and constantly monitors and inspects them. Wastewater review is conducted in accordance with regulatory demands, and improvements are made as necessary. For more information, see the chapter on water and wastewater.



Palram is constantly adapting to the changing market environment. Palram is built on a strong foundation of talented people with a real commitment to innovation, demonstrating the Group's mindset.

Palram's innovation combines insights from customers, consumers and market trends with Palram's leadership's desire to create value while reducing the ecological impact on the climate and the environment. In this manner, Palram embeds sustainability into innovation processes to use sustainable, greener production methods with a lower environmental impact and promote an eco-friendly product portfolio. For example, Palram has developed energy-efficient sky and wall light solutions helping to reduce energy consumption and greenhouse gas emissions.

Palram's green purpose is to encourage a sustainable environment and to reduce its ecological footprint by delivering recyclable and grindable solutions and improving production and supply chain footprints.

One of the key elements of Palram's green purpose is its commitment to avoid the release of toxic substances into the environment.

The company has taken several steps to achieve this goal, including:

- Dibutyltin-free and DEHP-free
- Committed to REACH & ROHS regulations
- Phthalate-free and lead-free

CIRCULARITY

Circularity is key to efficiency and the reduction of waste in the production process. To help pave the way toward a more sustainable future, Palram recognizes the importance of circularity and has implemented a number of initiatives to promote it throughout its operations:

- Sourcing recycled material both from external suppliers and from reprocessed scrap from its own production.
- Almost all PC and PVC post-production scraps are recycled in-house in a closed-loop system, to be reprocessed into a final product. This not only reduces waste but also reduces scrap costs, making the production process more efficient and cost-effective.
- Other significant materials, such as aluminum, are returned to the manufacturer for reuse.

Palram's production setup reduces waste throughout the entire process to less than 1%! All Palram products are grindable and recyclable when reaching their service lifetime.

Production Waste Circularity

Less than 1% of raw materials production waste is disposed to landfill. In Palram production setup, for both PVC and Polycarbonate, about 25% of raw materials come out as "Scraps" from the initial production process. Whether created as "start-up" scraps when first igniting the machinery or as side trims leftover or even leftover from changing the type of product the machines produce – more than 98% of the scraps, are diverted to reuse for the production of Palram various products while additional 1% is directed to produce packing sheets. And so, at the end of production process, less than 1% of the raw materials that are put in production, all of which produces as saw dust and unrecoverable losses, are directed to disposal.

Developing New Recycling Technologies

Palram's PVC manufacturing facility participated in the CIRCLE consortium. This consortium, funded by the Israeli Innovation Authority, brought together leading partners from Israeli industry to develop new recycling technologies for PVC manufacturing. The consortium's activity in the years 2019-2022 aimed to attain new recycling technologies.

As a result of its participation in the consortium, Palram was able to develop new products incorporating a growing percentage of PVC recycled material. During the three years of the program, Palram became increasingly aware of the sustainability field, deepened its professional knowledge in that field and focused more on developing green products based on recycled materials, such as:

- 1. PALIGHT REVIVE:** Made of 100% recycled PVC at the production plant in England – is offered in limited product range with the plan to continue and increase the product availability in the coming year.
- 2. PALSUN REVIVE:** Made of 100% post-consumer recycled materials, in collaboration with an Italian client – fully developed and already in production in 2023.
- 3. PALBOARD TERRA:** A sheet that contains post-consumer land field destined waste – is offered in limited product range with the plan to continue and increase the product availability in the coming year

A Spotlight on PALIGHT REVIVE

The Palight Revive product is made of 100% regrind PVC at Palram's production plant in England. Palram's customers, both in the EU and in the UK, require products consisting of over 50% regrind materials. This requirement is met by Palram's advanced R&D for green products, resulting in the launch of Palram's new "Palight Revive" product, made of 100% regrind and scrap PVC, far exceeding the customer's requirement.

PROMOTING CONSUMER AWARENESS

Palram operates on the belief that responsible consumerism is a key aspect of using Palram's products, as there are many environmental advantages to be gained by Palram's customers. Accordingly, Palram strives to increase public awareness for real and lasting results.

These include:

- Daylighting products that improve energy efficiency at the customer site.
- LEED credits can be earned.
- Durable, long-service products reduce waste.
- 100% recyclable products.

All these result in a reduced carbon footprint for Palram's clients.



SUSTAINABLE PRODUCTION

Palram is committed to working with external technology and equipment providers and improving environmental efficiency. By working in collaboration with these partners, Palram is able to test and integrate new technological capabilities that improve and optimize the production processes. Environmental efficiency is evaluated according to the reduction of energy consumption, the minimizing of waste production and the reduction of GHG emissions. To achieve these goals, Palram regularly assesses its production processes and explores ways to improve efficiency and reduce its environmental footprint.



Water and Wastewater



50,607 m³

of water consumed in 2022

In recent years, water scarcity has become one of the most significant environmental issues alongside greenhouse gas emissions. While water is one of the world's most valuable resources, access to clean water remains under threat due to the effects of climate change, increased population growth and possible contamination. Recognizing the critical importance of this issue, Palram maintains all of the

Group's manufacturing processes as dry processes, meaning that water is not used as a solvent or otherwise directly used in the manufacturing process, but rather is used only in chillers, gardening and for sanitary purposes. With the exception of the PVC plant in the UK. Another result is that Canopia and Palram 4U activities do not generate industrial wastewater.

Climate Change

Scope 1: 1,173

tCO₂e Palram's total Scope 1 GHG emissions in 2022

Scope 2: 18,590

tCO₂e Palram's total Scope 2 GHG emissions in 2022

Scope 3³: 148

tCO₂e Palram's total Scope 3 GHG emissions in 2022, covering business travel

Scientific evidence clearly indicates that climate change is anthropologically related, as the increase average global temperature is directly connected to the increase in greenhouse gas (GHG) emissions to the atmosphere. Effects of the rising temperatures include more extreme weather conditions affecting supply chain risks, manufacturing conditions and living environments. Extensive efforts are necessary to reduce greenhouse gas emissions.

Palram strives to reduce its greenhouse gas emissions by, among other measures, promoting energy efficiency programs, as well as by switching

to low or zero carbon energy sources. Palram's management believes that sustainable energy consumption represents both an economic and environmental opportunity and also advances the company's sustainable growth.

³Scope 3 emissions - Have been calculated for the purpose of this report with respect to business travel and hotel stays only. In addition, the data collected for business travel and stays for the calculation presented here was limited, as this data was not initially managed for such process. Palram's ESG Steering Committee plans to calculate the group's full Scope 3 emissions as part of the emission reduction objectives to be set by the group in the future.

ENERGY MANAGEMENT

All of Palram Group's manufacturing machinery is operated by electricity. The company recognizes the importance of reducing energy consumption and increasing the share of renewable energy in its sources of electricity.



Shifting to Renewable Energy Sources

As a first step, Palram aims to increase the share of renewable energy in its sources of electricity. Currently, Palram's manufacturing facilities in Ramat Yohanan, Israel, receive electricity from Azram Ramat Yohana Industries Ltd., a private electricity distributor in Israel. In 2022, the share of renewable energy out of this Palram's site total energy consumption was 680,000 kwh, which is currently minor in comparison with the potential.

In addition, roofs at Palram IL and Palram Canopia Ltd in Israel, are covered with photovoltaic (PV) panels.

Energy Efficient Initiatives

Palram is reducing its energy consumption by installing LED lighting, purchasing electric forklifts and promotes the replacement of old and low-efficiency machinery with new technology that is less energy-intensive. This helps reduce energy consumption at its facilities and minimize its environmental footprint.

Canopia is a user of the PVC and Polycarbonate boards manufactured by Palram PVC and Palthrough. In Canopia, these board are turned into Hobby Greenhouses and other DIY products.

Palram Canopia is reducing its energy consumption by installing LED lighting, purchasing electric forklifts and installing solar panels on the roofs of its facilities. Canopia's environmental awareness is reflected in its environmental efforts:

- Designing an energy reduction plan, including an LED lighting system installed at Canopia's facility.
- Almost all forklifts at Canopia are to be electrically powered forklifts, with only two of the 25 being diesel-powered.
- Installing solar panels (PV) on the roofs of Canopia's facilities and returning all the produced solar power to the grid.
- Aiming to recycle most of production leftovers.

PALRAM'S CARBON FOOTPRINT

The greenhouse gas (GHG) emissions data provided in this report is collected from Palram Group's manufacturing facilities and offices and consists of the following:

- **Scope 1 Emissions** – Palram's direct emissions, derived both from its manufacturing operations and from its vehicle fleet. Palram's Scope 1 emissions in 2022 amount to 1,173 tons CO₂e.
- **Scope 2 Emissions** – Palram's indirect emissions, or the electricity purchased by Palram for its manufacturing and administrative operations. Palram's Scope 2 emissions in 2022 amount to 18,590 tons CO₂e.
- **Scope 3 Emissions** – Have been calculated with respect to business travel and hotel stays. Palram's ESG Steering Committee plans to calculate the group's full Scope 3 emissions as part of the emission reduction objectives to be set by the group. Palram's Scope 3 emissions in 2022 amount in this category to 148 tons CO₂e.

In the UK, Palram reports Scope 2 carbon emissions to the Environment Agency as part of the Climate Change Agreement⁴. As a target unit under the Climate Change Agreement, Palram's two manufacturing facilities in the UK submit a consolidated report of their emissions. Despite an increase in emissions in the second half of 2022, which required a buyout of GBP 6,665 to be paid by Palram, in overall through the scheme, in a period of two years, Palram was able to save in the UK over GBP 184,000 in taxes.

AIR QUALITY

Palram prioritizes air quality and is dedicated to providing its employees with a safe working environment.

To prevent dispersion of dust in the air during the manufacturing process of pellets and regrounding raw materials, vacuum systems have been installed at the relevant manufacturing sites. Moreover, to ensure the safety of all employees and maintain a safe and pleasant working environment, machinery that emits odors or generate fumes or dust, such as vacuum forming and extruders, welding workstations, CNC machinery and saws - are equipped with fume hoods or forced circulation system where relevant.

We are in the process of refining our VOCs emissions reporting approach for all our production sites and intend to provide a full update in the next report.

Palram conducts semi-annual/annual reviews in compliance with regulations and adjusts the activity at all its manufacturing facilities accordingly.

⁴Climate change agreements (CCAs) are voluntary agreements entered into between a UK industry and the Environment Agency for the purpose of reducing energy use and carbon dioxide emissions. In return, businesses receive a discount on the Climate Change Levy (CCL), a tax added to electricity and fuel bills. The Environment Agency administers the CCA scheme on behalf of the entire UK.

WASTE MANAGEMENT

Industrial companies can impact the environment negatively through manufacturing processes that produce waste or as a result of their business relationships.

Some of the activities that can contribute waste production at Palram include:

- Extraction of raw materials: The extraction of raw materials, such as minerals, metals and fossil fuels used for manufacturing PC and PVC, can generate a significant amount of waste.
- The production process itself.
- End of life: Palram's products are a physical product; accordingly, at the end of use, they are disposed of as waste.

It is a well-known fact, that a linear economy has significant negative impact on the environment and on finances, especially when disposing process waste. When waste is not properly managed, it causes air, water and soil pollution and leading to health issues, both for humans and for the wildlife. Additionally, the costs associated with waste management can be significant and increase the overall manufacturing costs, which can in turn result in a higher cost of the finished product. Palram values its raw materials and recognizes the negative impact of a linear economy. Therefore, Palram strives to promote responsible waste management practices. As part of this commitment, over 98% of all PVC and Polycarbonate initial production waste and defective products are ground and then reused, thereby forming an internal circular economy where almost no waste is produced. By recycling and reusing these materials, Palram not only minimizes the environmental impact associated with the production process but also enhances operational efficiency and reduces costs.

Canopia follows the Three Rs of waste reduction – Refuse, Reduce, Recycle:

Being environmentally aware, Canopia follows the Three Rs of waste reduction.

Refuse: Refusing to produce unnecessary waste. Canopia has adopted and implemented a zero-disposables office policy by providing all employees with reusable dishware.

Reduce: All the cutouts are designed for maximum efficiency and minimum waste.

Recycle: Canopia recycles most of the production leftovers by separating the different materials to be sent back to their manufacturers for reuse whenever possible.

Managing the negative impacts of manufacturing waste at Palram DPL, UK.

Palram DPL, a manufacturing site of Palram Europe Ltd. in the UK, takes a number of steps to manage the negative impacts of its manufacturing waste, including:

- **Preventing** waste through designing more efficient and less wasteful processes.
- **Reducing** post-production waste by recycling and reusing materials.
- **Waste disposal:** DPL disposes of waste in an environmentally responsible manner. DPL tracks the effectiveness of its efforts to manage manufacturing waste by monitoring its environmental performance and setting goals for improvement.

All waste at Palram DPL is managed externally by SUEZ, who draw on their own wide-ranging expertise and services to manage DPL's waste more cost-effectively and comply with all regulations as they turn waste into new resources and contribute to a circular economy.

PACKAGING MATERIALS

Palram's panels are shipped on wooden pallets made of disinfected wood in compliance with regulation. Palram attempts to collect and reuse these pallets as much as possible, whether internally or by Palram's clients.



SOCIAL PERFORMANCE



24%

of women among the top 10% highest-paid employees in the Group.

(compared to 21% in 2021)

44%

of the Group's employees in Israel are of religious minorities.

Over 90%

of Palram Group's employees were paid above local minimum wage as their entry-level wage.

Palram Group's Human Capital⁵

87%

of female and 86% of male employees underwent a performance and career development review in 2022.

Over 90%

of Palram Group's employees were paid above local minimum wage as their entry-level wage.

Palram Group considers human capital as the group's most valuable and critical resource. Palram expends considerable time and resources into nurturing, retaining and developing employees who together make up the Palram Group family. In 2022, Palram Group continued to execute an 'engagement program' to protect and strengthen employees' bond with the organization.

- Palram Group complies with all labor laws and regulations in its countries of operation.
- The Group strives to promote a healthy workplace and a strong bond by employees at all our locations and in all our operations – as a key factor to our success.
- The Group is committed to creating and maintaining a fair and respectful work environment

in which all employees can be free of discrimination and mistreatment of any kind, while being free to grow, learn, develop and collaborate as proud members of the Palram Group family.

- Palram's recruitment procedures focus on professional requirements, as the company believes in equal employment opportunities for all.

Palram's leadership is also aware of the potential negative impacts that positive economic performance and growth may have on employees. Increased workload, for example, might create a more stressful working environment for employees. Therefore, Palram Group's various HR policies are aimed, among other purposes, at mitigating such potential negative impacts on employees.

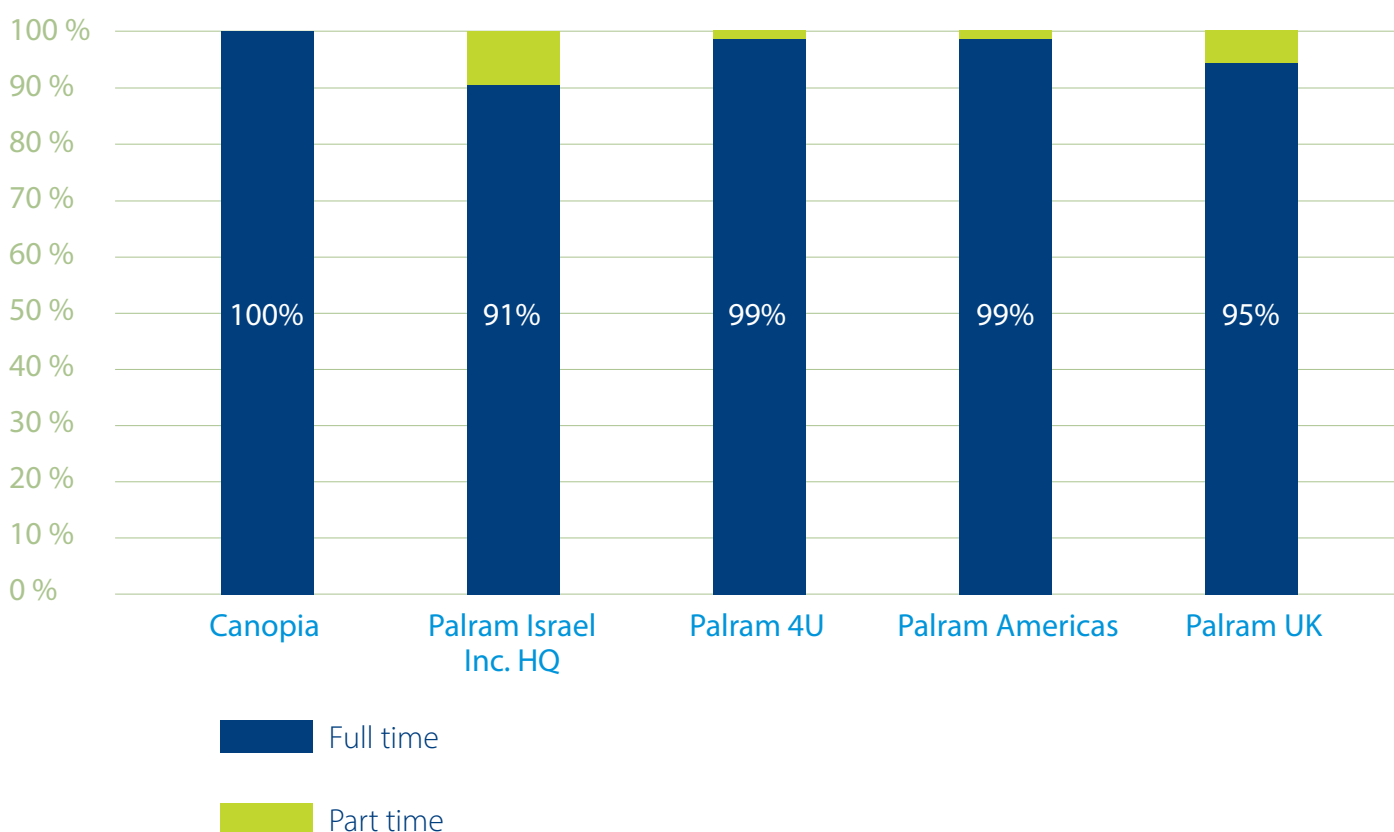
⁵The employment data analysis presented in this report, covers 85% of the group's employees, which are employed by Palram Industries (1990) Ltd, the Finished Product Production Division (Palram 4U and Palram Canopia) and the three main regions (Israel, UK, and US) of the Panel Division. The employees of Palram ROW region, are included in the total amount of 1515 employees, but are excluded from all analysis in this report, that refer to the amount of 1297 employees. 18 employees of Canopia US, are included in Palram US's data.

Policies include a performance appraisal procedure, training and development plans and above all, an "open door" policy allowing every employee direct access to the management.

As part of the unique relationship between Palram Group and the community of Kibbutz Ramat Yohanan, the Kibbutz provides the Group with human resource services and provides the Group qualified personals for non-management positions and officers for management positions in the group.

This is done by virtue of agreements approved by the Audit Committee and the group's board of directors and further presented to the general assembly of the company's shareholders for its approval. The personals assigned to Palram Group by the Kibbutz under these agreements are members of Kibbutz Ramat Yohanan and are defined as "Kibbutz Assignees"⁶. Kibbutz assignees in all employment level are assigned according to the company's needs and at the company's sole discretion⁷.

Employees by job scope - 2022



⁶As of the date of the report, the Kibbutz has provided Palram the services of 73 qualified personals for non-management positions (compared to 86 in 2021) and eight officers who are Kibbutz assignees (compared to seven in 2021).

⁷This report treats all Kibbutz assignees as employees of Palram. Apart from Kibbutz assignees, in 2022 there were 71 workers working for Palram Group worldwide who are not employees of the Group. Such non-employee workers are commonly either subcontractors or personnel agency workers hired to deal with significant workloads and to cover sick leaves and vacancies of Palram employees when needed.

WORKING CONDITIONS, BENEFITS AND WELFARE

Employees of Palram Group, who are not Kibbutz assignees, are employed under personal employment agreements or under a document specifying their working conditions, all pursuant to the provisions of Israel's Employee and Job Candidate Notification (Working Conditions and Screening and Hiring Procedures) Law, 2002 and in accordance with the legislation and regulation existing in each of the countries in which Palram Group employs workers through any of the companies associated with the Group. Their terms of employment are governed by personal contracts, which are determined for each employee based on their qualifications and position.

Compensation⁸

Employees of Palram Group in Israel are insured by means of pension funds or executive insurance, at the employee's option and according to the provisions of the law. Israel's laws of labor and Severance Pay Law require the company to pay compensation to an employee upon dismissal or retirement or to make regular deposits into defined deposit plans pursuant to Section 14 of the Severance Pay Law. The company's liability for these measures is treated as a benefit following the end of the transaction, and they are defined as a "defined deposit plan" under Palram Group's obligations. Palram Group also employs in Israel a limited number of employees whose employment agreement does not include the aforementioned Section 14. The part of the compensation payments not covered by the Group's defined deposit plan is treated by the group as a defined benefit plan.

Senior officers are employed under personal agreements. The salary, conditions and social benefits of such officers are determined according to the attributes of their position, and, in addition to the conditions customary at Palram Group for other

employees, they are further entitled to a company car, a mobile phone, managers' insurance and a study fund.

Palram Group's Pension Plan

At all locations, personnel policy is aligned with the statutory requirements, such as those for severance, pre-retirement, and retirement payments. Palram group go beyond compliance as it offers employees in the USA to join the 401k plan.

Wellbeing Initiatives

The Human Resources department at Palram Group's HQ requires each region and both substantial companies to perform an annual engagement plan. Employee enrichment days, departmental fun days, gifts for employees, toasting parties to celebrate local holidays, organized company vacations and different activities in honor of important occasions such as Women's Day, Family Day and other pertinent dates are some of the programs offered.

⁸The remuneration for Kibbutz assignees is paid by Palram Group directly to the Kibbutz and the agreement provides that no employee-employer relationship exists between Palram Group and the Kibbutz Assignees working in the Group. Accordingly, Palram Group does not accrue obligations for pension, severance pay, and retirement pay to the Kibbutz Assignees. As those components are all paid by the Kibbutz directly.



DPL's Better Health at Work

DPL Palram is one of Palram's sites outstanding in the field of employee wellbeing initiatives, a manufacturing site of Palram Europe Ltd. located in the UK. The DPL site and Palram Europe Ltd. are involved in the "Better Health at Work" scheme implemented at Northeast and Cumbria, UK. This program focuses on a range of health and wellbeing issues and promotes ways to improve the way employees feel about their workplace. As part of the program, the Company is externally assessed on an annual basis to ensure that it is promoting healthy lifestyles and is mindful of its employees' health. DPL's Better Health at Work team promote wellbeing programs that deal with topics such as hydration risks, alcohol and drug awareness, healthy nutrition, the importance of sleep, cancer awareness and suicide awareness. Some of these topics are reinforced by the promotion of the mental health first aid team, whose contact information is listed on a TV screen at the DPL site. The DPL team also promotes a Healthy Breakfast Day taking place once a month by providing baskets of fruit, yoghurts, cereal and low-calorie drinks that are delivered to each department to encourage healthier eating. In 2021 DPL Palram received the Gold Award and in 2022 it was awarded the Continuing Excellence Award.

Parental Leave

All of Palram Group's employees are entitled to parental leave in accordance with local laws. In the reported period, 21 employees took parental leave, of whom 6 are males and 15 females. In addition, 21 employees, 15 female and 6 males, have returned from parental leave during 2022 and 21 employees have completed 12 months of employment at Palram since returning from parental leave

44% of the Group's employees and **21%** of the group managers in Israel are of religious minorities

24% of women among the top 10% highest-paid employees in the Group (compared to 21% in 2021)

33% of the Group's employees are over 50 years old.



Palram Group's leaders encourage a respectful approach and equal opportunity for all. Palram group operates according to the laws that protect equal pay and prohibits any distinctions based on gender, age, ethnicity or other non-professional factors.

Palram's hiring procedures greatly emphasize encouraging gender representation and developing an age-diverse team. Palram urges employees to bring their unique personalities to the table and to collaborate in teams that promote inter-cultural communication and, ultimately, innovation.



Composition of group employees by job category and gender	Percentage of females	Percentage of males
Executive management	25%	75%
Non-executive management	23%	77%
Professionals	21%	79%
Service workers	22%	78%
Total	21%	79%

Composition of group employees by age and position	Under 30	30-50	Over 50
Management position	5%	58%	37%
Non-managerial position	20%	47%	32%
Total	18%	49%	33%

Percentage of women among the top 10% highest-paid ⁹ employees of Palram	2021	2022
Canopia	33%	33%
Palram Israel	28%	30%
Palram 4U	10%	10%
Palram USA	16%	20%
Palram UK	14%	21%
Group average	21%	24%

Palram's employment policy in Israel encourages the employment of diverse minorities and local workers from the social and geographical margins of Israel's North Region. In 2022, 44% of the Group's employees in Israel were of the Arab minority and 21% of management positions in Israel were occupied by managers from the Arab sector. In 2022, Palram also employed in Israel 27 employees from other minorities and 17 employees with disabilities.

Group employees from the Arab population in Israel	Percentage of employees from the Arab sector
Management position	21%
Non-managerial position	47%
Total	44%

Prevention of Discrimination and Harassment in The Work Environment

Palram Group strives to keep the workplace free of unlawful discrimination, harassment and bullying, to maintain a work environment in which employees treat one another with decency, respect and kindness. Palram is also committed to protecting its employees from any workplace harassment incidents caused by non-employees such as customers, clients and suppliers.

Palram Code of Ethics commits to dignity and equal opportunities in the workplace, reflecting its commitment to providing equal opportunities in employment and avoiding unlawful discrimination both in employment and against customers, suppliers and any potential business partners.

The HR managers at Palram Group's substantial subsidiaries and primary regions are appointed as sexual harassment prevention officers at their company or region. All HR managers appointed have received external training to enable them to adequately perform this important role. Internal and formal regulations for the prevention of sexual harassment are published in hard copy and in several languages and are accessible to all employees with accordance to the local laws. The regulation is also provided as part of the corporate application for internal corporate communication. No incidents of discrimination were reported in 2022.

Every new employee hired by Palram Group undergoes mandatory training on preventing sexual harassment as part of an orientation day for new employees and/or an onboarding process. Every two years, every company employee is required to undergo sexual harassment prevention training. The training includes instruction on the duty of reporting incidents to the appointed sexual harassment prevention officer. The company also instructs employees to report when they encounter a sexual harassment incident as a bystander. In most subsidiaries and regions, the management team receives in-house training on the prevention of harassment and discrimination in the workplace.

NIS 520 K

spent on employee training in 2022¹⁰

Palram Group's training programs in 2022 were designed and implemented based on an inquiry into the Group's training needs, developed by Palram Group's headquarters and implemented with appropriate adjustments in each region and subsidiary. Each region and subsidiary conducted the inquiry among its personnel and designed its training program based on the findings. programs were then reviewed and approved by the area managers. The training programs were then carried out under the responsibility of the local HR managers or the general manager of the region.

The trainings included statutory trainings required by law, such as safety and regulatory compliance trainings, and voluntary customized trainings based on the needs identified in the inquiry.

In 2021, Palram initiated a transition to computerized trainings for all employees working with company computers, for few mandatory training subjects. Over 90% of the relevant employees underwent data and information security trainings in 2022 and over 90% of the group's employees went through ethics training in 2021-2022.

As part of Palram Group's ESG strategy, the group aims to improve its data management procedures regarding the resources and work hours expended and evaluations performed with regard to training and education provided to employees. This will ensure that the data on this topic is aligned with various reporting standards and stakeholder requirements.

Palram Group expended over NIS 520 K on its 2022 training program in all subsidiaries and regions.¹¹

Management Training Programs

Recognizing that changes in management are inevitable, Palram Group promotes various programs aimed at identifying, qualifying and developing candidates for management and key professional positions, so they could become the next generation of leadership in Palram Group's various subsidiaries and regions. The nature of the program varies according to the current needs of each region or company, but most programs include personal organization consulting, management skills training, leading change, personal development, and training concerning performance review procedures in Palram Group.

Promoting Education and Professional Development

Employees, like individuals in general, thrive best when they are free to pursue their own goals while still being nudged in the right direction. With this in mind, Palram offers financial assistance to support its employees' pursuit of higher education, associate degree studies and external trainings across its various regions of operation. This initiative aims to foster both professional and personal growth among the workforces. In addition to financial support, Palram also understands the value of time dedicated to studies. Therefore, the company provides employees with days off from work to focus on their educational endeavors. Eligibility for financial assistance is typically contingent upon full-time employment with Palram, and the chosen studies must be relevant to the employee's current position or align with a future role designated by their management.

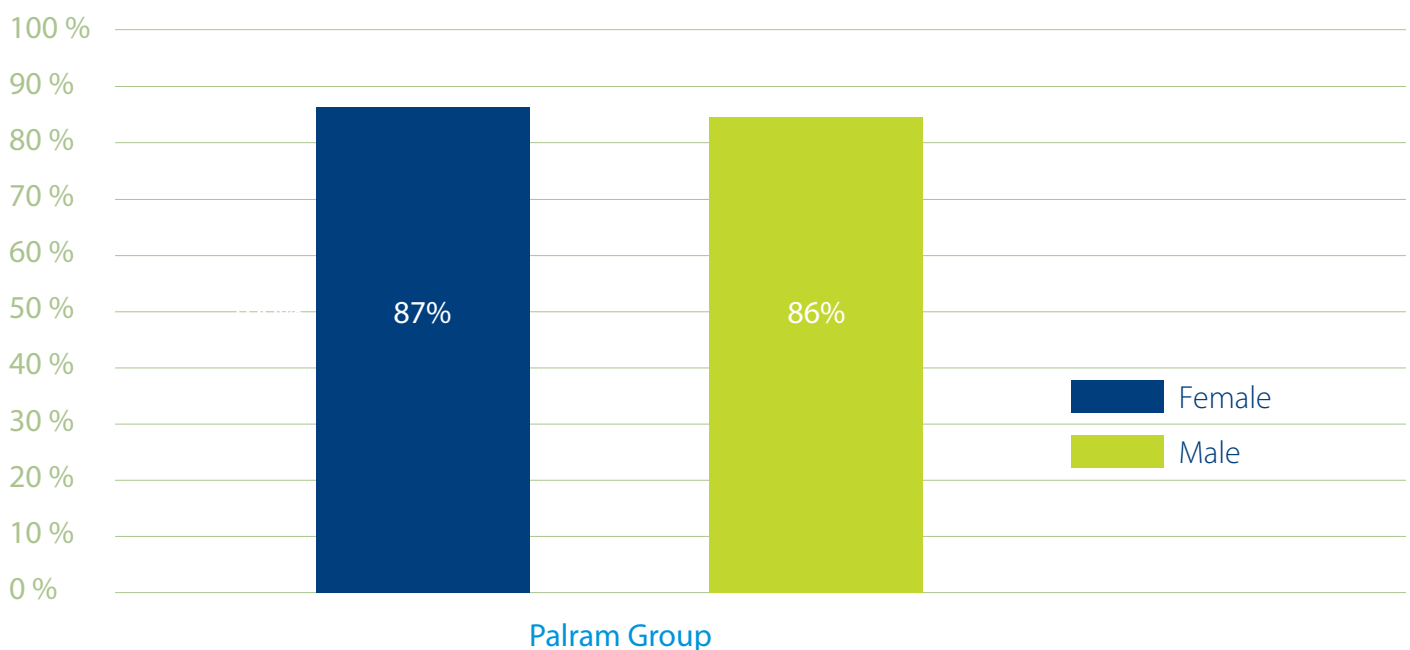
¹⁰ This calculation refers to expanses on external training providers only. ¹¹ This figure excludes Palram 4U area of activity.

Performance and Career Development Reviews

Managers in Palram Group are required to conduct performance reviews with their employees at least once a year. The performance evaluations conducted by the managers serve several organizational purposes, such as providing both supervisors and employees with the opportunity to discuss

work tasks and training needs, identify and correct weaknesses, recognize and encourage strengths and discuss the planning of development – for the organization as well as the employee. Pay raises are also based, among other criteria, on the employee's annual performance review.

Percentage of Employees Reviewed by Gender - 2022



OCCUPATIONAL HEALTH AND SAFETY

Palram Group is committed to ensuring a safe and healthy environment for its employees. The company makes every effort to reduce exposure to risk in its manufacturing facilities around the world and in all related operations and guides its employees to exercise caution when carrying out activities posing a possible risk.

- All of Palram Group's regions and substantial subsidiaries use a localized health and safety management system customized for the health and safety needs and risks involved in their operation. In each region and subsidiary, the local EHS manager, who reports directly to the CEO of the region or the company, oversees the management of the subject of occupational health and safety, prescribing the

annual management plan, implementing the H&S management plan, proposing and implementing initiatives to encourage health and safety among all employees, keeping records of work-related injuries and of claims and inquiries regarding occupational health and safety concerns. Ultimately, the EHS manager is responsible both for reporting the health and safety status upstream to the CEO and the local safety committee and for implementing and training all relevant employees downstream, instilling in them any relevant EHS information and instructions. In certain regions, such as the UK, the EHS manager reports monthly and all regions and companies are required to submit an annual report, at the very least.

- 100% of Palram Group's employees are covered by the H&S management system.

Absence data (in days) - 2022	Illness	Vacation days	Military reserve service	Occupational illnesses work accidents	Injuries	Car accidents	Disasters	Personal events	Total
Female	1,701	4,760	4	190	87	-	29	6	6,777
Male	7,498	15,965	238	1,100	976	46	53	116	25,992
Group Total	9,199	20,725	242	1,290	1,063	46	82	122	32,769

In 2022, 23 work-related injuries were recorded at all of Palram's major operation and manufacturing sites, two of which were deemed high-consequence injuries, which reflects Palram Group's effective

efforts to reduce employees' exposure to risks.¹² Palram group TRIR for 2022 stands on 1.39 and the rate of high-consequence work-related injuries is 0.12.¹³

¹² The data refer to work-related injuries that were recorded and reported in the operations of: Palram Canopia Ltd, Palram 4U Ltd, Americas geographical region, EMEAP geographical region and the sub-regions of: Australia, India and South Africa, of the ROW geographical region.

¹³ This calculation is based on the methodology and formulas presented in the compilation requirements of disclosure 403-9 of the GRI standards 2021. It is also assuming that the working hours of a full-time employee in the group are approximately 182 working hours per month.

Community Engagement at Palram



OVER NIS 301.5 K

monetary value of Palram Group's community initiative and contributions in 2022
(compared to NIS 264.8 K in 2021)

Palram's engagement with the community is constantly growing. From the Group's very outset and its roots in the community of Kibbutz Ramat Yohanan in 1963 in Israel's North region, through the stalwart tree trunk that Palram is today, and on to the Group's many branches currently spreading throughout the world and initiating engagement with various local communities, Palram is dedicated to giving back to the community in the four key-ways preferred by it:

- Local suppliers and employees
- Volunteer activities, philanthropy, education, cultural preservation, social and community development.
- Contribution of materials and products.
- Supporting local construction projects with added social value.

In 2022, the total monetary value of Palram Group's community initiative and contributions was over NIS 301.5 K (compared to NIS 264.8 K in 2021).

Palram Zvulun Water Polo –

Palram sponsors Zvulun Regional Council's water polo club. The club's teams are training at Kibbutz Ramat Yohanan and the club serves as home to players aged 6 to 50 years from all over northern Israel. Palram Zvulun is a competitive water polo club advocating education for values of persistence, hard work and teamwork, excellence, honesty and friendship, which it shares with the spirit of sporting achievement at the highest level.



Helping Renovate the Women's Courtyard in Haifa –

The Women's Courtyard is a multicultural, protective and empowering space for girls and women in situations of distress and risk. In 2022, Palram assisted the Women's Courtyard association in Haifa with electricity installation and various small renovation projects.

"Ecology for a Protected Community" –

Canopia Ltd. operates a community initiative in collaboration with the "Ecology for a Protected Community" rehabilitation plant, which is a social-ecological project employing about 80 employees with special needs. "Ecology for a Protected Community" collects electronic waste from factories, repairs and refurbishes computer and communication equipment, shreds magnetic media and recycles electronic waste. As part of Canopia's annual program of contribution to the community, Palram's employees volunteer in various activities alongside employees of "Ecology for a Protected Community". The annual program includes holiday activities, tours and training sessions at the Palram Canopy factory, gathering secondhand clothes for donation purposes, collecting electronic equipment for the rehabilitation plant, developing ecology workers and providing them with professional personal trainings.

Construction of a Traditional Ethiopian Building (Gojo House) – Palram employees have volunteered to assist the apprentices of the religious youth village in the construction of a traditional Ethiopian building, providing them with professional guidance on constructing such a building, known as a Gojo. Palram assisted both in the detailed design and in implementing and constructing it



Habitat for Humanity –

Palram employees in the US have volunteered at Habitat for Humanity, assisting in building homes for low-income families. In addition, Palram provided a Gold Sponsorship to Saint John Neumann Regional School, helping to ensure that children in the community have access to quality education and the resources they need to succeed.

Volunteering at Beit Eden Hostel –

Beit Eden is a network of non-profit hostels providing a home, a community, employment and other needs for children, teenagers and adults with intellectual developmental disabilities and people on the autistic spectrum. Palram employees have been volunteering at the hostel for the past five years since 2018. Palram employees arrange bi-weekly, two-hour activity sessions with the tenants of the local Beit Eden Hostel.

The “Peaceable Animal Kingdom” Shelter –

Palram employees in the US collected food and supplies for the local animal shelter.

Supporting charity and community projects in the UK –

The company’s social responsibility policy in the UK prescribed the purpose and procedure for considering any requests for charity or community support projects in the local areas. In 2022, Palram provided the North East Centre for Autism (UK) with a range of materials for the residential bath / wet rooms (PVC) and window protectors (polycarbonate). Palram employees also built a Christmas grotto for the Community Spirit Newton Aycliffe Charity which supports local families, helps those in need and brings the community together.



MANAGEMENT AND CORPORATE GOVERNANCE



9

Directors

25%

of executive managers
in the Group are
women

89%

of board members are
over 50 years old

55%

of board members
have accounting and
financial expertise

Strong Corporate Governance at Palram

Palram prides itself on its strong corporate governance infrastructure, which is supported by a board of directors and an executive management team that share Palram's values and vision. With its expertise, knowledge, capabilities and experience, Palram is able to promote a successful, sustainable and meaningful business.

The ongoing management of Palram Group is entrusted to the CEO, who relies on the executive management team to fulfill their roles. The executive management team is divided into the main headquarters and four operational divisions. The board of directors oversees the conduct of the Group's businesses and supervises the management

Palram's board of directors consists of nine directors: Arnon Eshed (Chairman)¹⁴, Yitzhak Goldenberg, Dafna Shalev-Flamm, Ori Flatau, Amir Yavor, Meirav Carmon, Ido Shelem, Shimon Baruch Kalman, Oded Gillat. The Chairman of the Board, Mr. Arnon Eshed, is not a senior executive in Palram Group and he is a Kibbutz assignee.

The nomination of members to the board of directors is conducted in accordance with Israel's 1999 Companies Law and with the guidelines of the Israel Securities Authority. The directors are nominated by the general assembly of shareholders. Palram's board of directors oversees a range of five committees, each responsible for specific areas of the Group's operations.

COMPOSITION OF THE BOARD

9

Directors

22%

of board
members are
women

100%

Attendance
in all board
and board
committee
meetings

BOARD OF DIRECTORS COMMITTEES

Audit Committee

Financial Statements Committee

Remuneration Committee

Internal Compliance Committee

Strategy Committee

¹⁴ Served as chairman of the board of directors until December 31, 2022. As of January 1, 2023, Mr. Ido Rodoy serves as the chairman of the board of directors

Eight of the board's members are over 50 years old, five members possess accounting and financial expertise, two are women, two are external directors and one is an independent director. Five directors are affiliated with Palram's major shareholder, Kibbutz Ramat Yohanan.

The composition of the board meets all the requirements imposed by the Israel Securities Authority and by the Israeli Companies Law. Our corporate governance practices are overseen by the board and the board's committees.

REMUNERATION POLICY

Palram's remuneration policy for executive officers and board members are discussed, designed and finally recommended by the remuneration committee and approved by the board of directors, prior to final approval by the general assembly of shareholders.

Remuneration for board members include an annual fee and a "per meeting" attendance fee for board meetings and for committee meetings. All in accordance with the Companies Regulations (Rules Concerning the Compensation and Expenses of an External Director), in Israel.

The remuneration package for executive officers consists of a fixed monthly salary component. In addition, the package includes a "performance-dependent" variable compensation.

The board of directors may also decide, after receiving the recommendation of the remuneration committee, to award a one-time grant to an officer in

the group who is subordinate to the CEO – whether a signing or retention grant or one awarded for considerable efforts or special performance on the part of the officer.

In addition, Palram's remuneration package contains additional conditions and benefit components, including social benefits, adjustment fees, reimbursement of expenses and full or partial participation in the costs of an officer's higher education studies and/or courses and/or training, as the general manager may decide.

Remuneration ratio for executives		2021	2022
Ratio of remuneration given to the highest salary earner in the subregion \ company to median salary	P. Israel	13%	13%
	P. UK	25%	23%
	P. Americas	19%	19%
	Canopia	16%	17%
	P. 4U	15%	13%
	Palram HQ	32%	37%
Ratio of remuneration given to the highest salary earner in the subregion \ company to average salary	P. Israel	14%	14%
	P. UK	28%	26%
	P. Americas	21%	21%
	Canopia	15%	14%
	P. 4U	17%	16%
	Palram HQ	32%	33%

ESG Management in Palram Group

Palram Group's dedication to social and environmental responsibility, sustainable development and good corporate citizenship is and has always been ingrained in its DNA. Since its founding as a small plant by the Israeli community of Kibbutz Ramat Yohanan in the north of the country, Palram Group has grown into a large worldwide corporation. Being owned by a collective community with unique features as that of Kibbutz Ramat Yohanan, both then and now, cemented Palram's loyalty to its growing community alongside its corporate progress.

In late 2022, Palram established an ESG Steering Committee to manage all relevant themes within Palram Group and its activities, to support the

Group's ongoing commitment to society, the environment and other ESG matters. The committee is made up of the two regional CEOs of Palram's PVC and PC activities and the CEOs of Palram 4U Ltd. and Palram Canopia Ltd. The chairman of Palram's ESG Steering Committee is the CEO of Palram Group.

To manage Palram Group's ongoing ESG journey, the Group appointed in 2022 an ESG manager with the responsibility of coordinating the process of formulating Palram's ESG annual report and ESG strategy, reporting to the ESG Steering Committee and to the board of directors, and generally overseeing the coordination and management of Palram's ESG journey.

Palram ascribes great importance to ethical behavior. The company's success and growth, as well as its excellent business relationships, are dependent on integrity and transparency in all of its commercial interactions. Palram has zero tolerance for bribery and corruption, as well as fraud and other unlawful activities. Palram relies on each of its managers, employees and partners to promote ethical behavior so as to foster this value. Palram's responsible business conduct is set in the company Code of Ethics and managed by the Group's CEO and by a designated HQ management committee whose membership includes the HR VP and the company lawyer. On the regional or company level, this subject is managed by the local CEO and HR manager. During 2022, Palram had no incidents of bribery, corruption, fraud or unlawful activity, and no legal actions taking place.

RESPONSIBLE SUPPLY CHAIN

Palram Group is committed to conducting business responsibly toward people and the environment, a commitment reflected in its supply chain. The most significant component of Palram Group's procurement budget is that of materials and raw materials.

Palram sets three primary criteria for selecting its suppliers:

- (1) Technical certification
- (2) Product quality
- (3) Price

By applying these criteria, Palram ensures fair procurement practices with open competition, creating a diverse range of business partners. Palram Group's environmental policy maintains

that its products will, as much as possible, consist of environmentally friendly materials. Accordingly, the company ensures that all raw materials used in all of Palram's products are lead-free and comply with strict environmental regulations such as RoHS and REACH. The policy promotes the use of such environmentally friendly materials despite their being potentially costlier than other alternatives.

Palram Group's raw material suppliers are required to adhere to such environmental standards and comply with the ISO 9001 quality standard.

Palram's commitment to integrating sustainability throughout all phases of its operations is also reflected in its efforts to improve traceability and control over external regrind suppliers. The development of a new "Regrind Supplier Questionnaire" in 2022 is an important step toward achieving this goal, as it allows Palram to better track and monitor the sustainability practices of its external suppliers.

As part of Palram Group's ESG journey, the company is set to adopt a Supplier Code of Conduct that will reflect Palram's commitment to social and environmental responsibility across its supply chain.



COMPLIANCE WITH LEGAL REQUIREMENTS

Palram Group ascribes great importance to compliance with the various legal rules applying to its activities, both on the group level and on the level of the individuals acting within the group. It assigns equal importance to continuous and complete compliance with all guidelines set forth in the laws and regulations of the various jurisdictions of the Group's operation and the legal positions and binding directives of the regulatory authorities of each such jurisdiction. As a company operating in various continents as a global manufacturer and distributor of products, Palram must assure compliance with all local, regional and international standards and regulations.

The internal enforcement program applies to Palram Industries (1990) Ltd. The program applies to all levels of the corporation, including all of the corporation's employees and senior officers. In light of their involvement in the activities of the parent company (Palram Industries (1990) Ltd.), it is emphasized that this program and the relevant procedures accompanying it will apply to all subsidiary companies and employees of all of the company's subsidiaries that are part of Palram Group.

During 2022, Palram had no instances of non-compliance with laws and regulations, and no fines received nor paid in any of its operation territory, except company's site in Tziporit which the company is currently working with the state authorities for the purpose of renewing the business license of the site.

CODE OF ETHICS

Palram's code of ethics formulates standards aimed at shaping and maintaining an ethical corporate culture, while establishing a relationship of trust and integrity between Palram and its shareholders, customers, suppliers and all other stakeholders. The code describes in detail the guiding principles and values by which the company's managers and employees are expected to operate. The code is founded on the principle of compliance with the law and specifies Palram's commitments underlying that compliance.

- **Respect, integrity, fairness, reliability and equal opportunities** – in all fields of Palram Group's business activities.
- **Commitment to employees** – Palram is committed to ensuring ethical behavior toward all employees and promoting employee rights, including aspects of human rights, working conditions and a protected work environment.
- **Avoiding conflicts of interest** – Directors, officers and employees are required to act in Palram's best interests. Each director, officer and employee of Palram has the responsibility of disclosing any transaction or relationship that could reasonably be expected to give rise to a material conflict of interest. It is Palram's corporate responsibility to issue a determination resolving any conflict situation. Palram's internal enforcement program sets out procedures for immediate reporting in cases of, among other things, consideration of conflicting interests.
- **Preventing bribery, unlawful benefits and any act of corruption** – Palram established a clear

and well-communicated policy regarding gifts & benefits (first published in July 2016). The policy lists circumstances in which gifts and benefits are deemed to be permitted. It clearly defines situations of bribes, kickbacks and prohibited gifts and benefits. Finally, it provides practical tools for addressing doubts in this regard, enabling employees to take the proper course of action.

- **Environmental protection** - As a manufacturer, Palram views the protection of the environment as a value with great importance, for the benefit of its workers, and for generations to come. Hence, Palram makes a considerable effort to minimize its environmental impact through its R&D, waste and energy management, and through constantly increasing employee awareness. Directors, officers and employees of Palram are expected to perform their various duties at the company while taking efforts to protect the environment and minimize any foreseen negative impact.

- **Assistance and contribution to the community** - Palram considers itself a part of the community and develops reciprocal relations with various institutions in the community - from the local community of Kibbutz Ramat Yohanan to the various communities that are effected from Palram's global operations. Palram's officers and employees are encouraged to give back to the community by volunteering programs, engagement in the field of industrial education, donations of products and services and generally supporting underprivileged populations.

- **Protecting Palram's assets** - Directors, officers and employees are required to make use of Palram's assets - technology, systems and other assets and resources, in an appropriate manner, while committed to protect them and to avoid improper,

wasteful or negligent use. Palram's directors, officers and employees are committed to the protection of Palram's business and operational information.

- **Prohibiting the use of inside information** - As a public company, whose shares are traded on the Tel-Aviv Stock Exchange, any use of inside information is prohibited, including communicating or transferring inside information to a third party. Any un-authorized use of inside information about the situation of the company, developments or changes within it, may constitute a breach of the employees commitment to the company.

As part of Palram Group's ESG journey, the group has revised its ethical code to better suit the challenges and needs of today as well as to better reflect Palram's commitment to conducting responsible business in the social, environmental and governance aspects. The new Ethical Code of Palram was approved by Palram's management and board of directors in May, 2023.

Management of Risks and Opportunities



Risk and opportunity management is seen as a critical strategic tool at Palram Group and is integrated into the decision-making processes of all Palram enterprises. Palram Group's risk and opportunity procedure, which is obligatory for all Palram Group subsidiaries and affiliates, was amended in 2014. As part of Palram's risk management policy, a broad risk assessment is undertaken every other year, and the Group's "risk map" is updated as appropriate.

Palram's main risks, as detailed in the 2022 annual report (pages 37-40), include, among other things, risks unique to Palram Group and to the industry in general, such as changes in raw material prices and availability, reliance on large customers, cyber risks and regulatory changes in the various jurisdictions in which the Group operates. Furthermore, Palram's risk map includes macroeconomic risks such as the consequences of deteriorating security in Israel – where the Group's headquarters and some of its factories are located – logistical risks posed by the prices and availability of transporting goods and raw materials, and, of course, inflation, interest rate and other global economy risks.

ENVIRONMENTAL AND CLIMATE RISK MANAGEMENT

Most environmental risks identified by Palram Group in previous risk assessments were considered to be at a low-medium level of risk. The main environmental risks identified are managed by preventive actions in accordance and in full compliance with the environmental laws and regulations at the various jurisdictions of Palram's operation. For more information regarding the specific environmental risks and preventive management, see the 2022

annual report (pages 31-33).

As part of Palram Group's ESG journey, the company is set to include ESG factors in its next risks and opportunities assessment.

It is known that climate change has been identified as a major threat to the manufacturing sector in general, as well as to the thermoplastic industries. The entire sector is exposed to physical risks – such as flooding, drought and extreme weather events. These risks can cause significant damage to property and equipment, disrupt operations and lead to supply chain disruptions. The sector is also vulnerable to regulatory risks. As governments are becoming more and more committed to reducing greenhouse gas emissions, mitigating climate change and adapting to the effects of climate change on society, they are more likely to introduce further and stricter regulations in the coming years. Such regulations could increase the cost of doing business for all manufacturers.

Despite the challenges it poses, climate change also presents opportunities for Palram Group as it promotes sustainable processes, products and innovative solutions for the efficient use of resources and energy.

CYBER SECURITY, DATA PROTECTION AND INFORMATION SECURITY

Palram Group owns information security systems and periodically makes investments to update and upgrade these systems in order to protect the group's systems against cyberattacks and provide a rapid and effective recovery capability in case of need. Palram Group conducts penetration testing, field risk assessments and other tests to gauge the resistance of the organization's information security systems. Annual work plans are compiled from the results of surveys and inspections and contain the methods of action and the timelines for their completion. Recently, Palram Group instituted a number of protocols and organized work processes for dealing with, and reacting to, a cyber crisis, as well as insurance coverage of this field.

Palram Group's VP of Information Systems (CIO) and external information security managers (CISO) are in charge of the company's preparation for cyber risk management.

Palram Group provides training on the subjects of information security and data privacy, which is mandatory on a yearly basis for all employees and contractors using the Group's internal computers and communication systems. In addition, four "phishing campaigns" were conducted in 2022. Palram employees dealing with Palram's business credit cards also undergo yearly training dedicated to credit card information security. In 2022 Palram had no complaints concerning breaches of privacy and/or data losses.

INTERNAL AUDITS

Internal audits are carried out by Palram's internal auditor, appointed and unanimously approved by the Group's board of directors on January 1, 2019. The internal audits are carried out in accordance with an annual internal auditing plan based on Palram's risk assessment and overseen by the board's Audit Committee. The main topics covered by the internal auditing plan are financial issues, operational issues, ethics and compliance to norms, data security and privacy. For all topics, the internal auditor reviews aspects of adherence to regulatory requirements, internal codes, policies and procedures, fraud prevention and KPI setting and measurement. The internal audit is carried out with the guidance of the Audit Committee and in accordance with accepted professional audit standards pursuant to Section 4(b) of Israel's Internal Auditing Law. The internal auditor is given complete freedom of action and unmediated access to the company's information systems, including the company's financial data pursuant to Section 9 of Israel's Internal Auditing Law. Palram Group allocates 300 work hours annually for internal auditing.

EXTERNAL AUDITING

The external auditing of Palram Industries Ltd. and its subsidiaries, which are registered and operate in Israel and in the UK, is conducted by EY Israel (Kost, Forer, Gabbay & Kasierer, CPAs). The external auditing for all of Palram Group's subsidiaries in the US is conducted by Buckno-Lisicky & Co., CPAs, based in the US. Palram's external audits are primarily executed for financial and internal control purposes and are intended to provide the external auditors' certification that the annual consolidated financial statements properly represent Palram Group's

financial position in all material aspects. Palram Group allocates 6,000 work hours annually for external auditing services conducted to EY Israel.

GRI CONTENT INDEX



GRI-1 FOUNDATION 2021

Palram has reported the information cited in this GRI content index for the period 1/1/22 - 31/12/22 with reference to the GRI Standards.

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	2-6 Activities, value chain and other business relationships	p. 14-15
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	2-29 Approach to stakeholder engagement	p. 9

GRI STANDARD	DISCLOSURE	LOCATION
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	3-2 List of material topics	p. 8
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	p. 22
	201-3 Defined benefit plan obligations and other retirement plans	p. 37
	201- 4 Financial assistance received from government	p. 22
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	p. 35
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 51-52
	205-2 Communication and training about anti-corruption policies and procedures	p. 51-52
	205-3 Confirmed incidents of corruption and actions taken	p. 51
GRI 207: Tax 2019	207-1 Approach to tax	p. 22
	207-2 Tax governance, control, and risk management	p. 22
	207-3 Stakeholder engagement and management of concerns related to tax	p. 9

GRI STANDARD	DISCLOSURE	LOCATION
GRI 301: Materials 2016	3-3 Management of material topic: Efficient and responsible use of resources	p. 17, 19-21
	301-2 Recycled input materials used	p. 21, 24
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 30, 31
	302-2 Energy consumption outside of the organization	p. 30, 32
	302-3 Energy intensity	p. 23
	302-5 Reductions in energy requirements of products and services	p. 24
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	p. 24
	303-2 Management of water discharge-related impacts	p. 26
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GRI 305: Emissions 2016	3-3 Management of material topic: Reducing our carbon footprint	p. 30-31
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	305-2 Energy indirect (Scope 2) GHG emissions	p. 6, 30, 32, 61
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	305-4 GHG emissions intensity	p. 6, 23, 30
	305-5 Reduction of GHG emissions	p. 29
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	p. 33
	306-2 Management of significant waste-related impacts	p. 33
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GRI STANDARD	DISCLOSURE	LOCATION
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 63
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 37
	401-3 Parental leave	p. 38
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topic: Occupational Health and Safety	p. 44
	403-1 Occupational health and safety management system	p. 44
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GRI 404: Training and Education 2016	3-3 Management of material topic: Human Capital Development	p. 42
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GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 35, 48
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ESG DATA TABLE



ENVIRONMENT

Electricity consumption - Scope 2		Electricity consumption	Scope 2 emissions
Site \ Unit \ operation	Location	MWh	CO2e [ton]
P. IL	IL	20,600	8,277.08
P. 2000	USA (PA)	11,984	3,657.52
Polycarb	UK	6,899	1,334.20
Palram Panels Inc.	USA (PA)	5,912	1,804.22
DPL	UK	4,963	959.69
P. Germany	Germany	2,899	981.78
Canopia	IL	1,737	697.73
Palram 4U	IL	1,563	627.88
Palram Americas HQ	USA (PA)	331	101.17
P. DE	Germany	115	38.95
P. Australia	AUS	80	46.08
P. App UK	UK	21	4.06
P. India	India	3	2.36
P. ZA	South Africa	61	57.32
Total Scope 2		57,166	18,590

Environment

Fuel Use	Diesel	Hybrid (Motor Gasoline)	Motor Gasoline
	Liters	Liters	CO2e [ton]
Palram IL	63,462		109,372
Palram 4U	16,913		35,283
Polycarb			19,430
Palram Germany	35,103		
P. Australia			16,907
Palram Canopia HQ	13,706	23,392	8,092
P. ZA	47,600		7,950
P. App UK			6,606
P. App US			4,074
DPL	70		2,286
Total [Liters]	176,854	23,392	209,999

Water consumption - 2022	Total water consumed (Liter)
DPL	15,124,000
Palram (IL)	12,662,000
Palram 4U HQ	7,788,600
Polycarb	7,489,000
Palram Canopia	5,183,000
Palram 2000	1,362,747
Palram Panels Inc.	545,009
Palram DE	255,000
Palram Germany	171,000
Palram Americas HQ	26,278
Total	50,606,634

Social

Composition of group employees by job category and gender	Canopia			Palram Israel			Palram 4U			Palram USA			Palram UK			Group Total
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	
Executive management	2	7	9	3	6	9	2	11	13	1	5	6	4	7	11	48
Non-executive management	5	4	9	11	39	50	1	9	10	7	22	29	12	44	56	154
Professionals	44	175	219	62	243	305	44	134	178	5	15	20	42	178	220	942
Service workers ¹⁶							4	1	5	29	119	148			0	153
Total	51	186	237	76	288	364	51	155	206	42	161	203	58	229	287	1297

Composition of group employees by age	Canopia				Palram Israel				Palram 4U				Palram USA				Palram UK			
	Under 30	30-50	Over 50	Total	Under 30	30-50	Over 50	Total	Under 30	30-50	Over 50	Total	Under 30	30-50	Over 50	Total	Under 30	30-50	Over 50	Total
Management position	0	10	8	18	1	40	18	59	5	15	3	23	2	15	18	35	2	38	27	67
Non-managerial position	74	97	48	219	54	156	95	305	28	74	81	183	18	95	55	168	48	98	74	220
Total	74	107	56	237	55	196	113	364	33	89	84	206	20	110	73	203	50	136	101	287

Composition of group employees by age	Under 30	30-50	Over 50	Group Total
Management position	10	118	74	202
Non-managerial position	222	520	353	1095
Total	232	638	427	1297

New hires by age & gender 2022	Female	Male	Total
30-50	22	58	80
50 and above	10	26	36
Under 30	16	57	73
Grand Total	48	141	189
Turnover by age & gender	Female	Male	Total
30-50	36	162	198
50 and above	16	85	101
Under 30	25	104	129
Grand Total	77	351	428

¹⁶Service workers – refer to workers who are not employees