



Sustainability Report 2024

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From our CEO



Jacob Heen
CEO & President,
Albaad

Dear Stakeholders,

In 2024 we marked a pivotal milestone for Albaad. We successfully transformed our long-term sustainability strategy into clear, measurable progress, reinforcing our position as a trusted, innovative leader in hygiene solutions while accelerating our shift toward a lower-impact, future-ready business.

At the heart of our roadmap lies a deliberate directive: shift to a low carbon future. We are committed to reducing reliance on high-impact fuels, scaling renewable energy, and designing products that drive a circular economy without compromising the quality, safety, or performance our customers expect.

This year, we translated our mission into operational reality. I am proud to report that we delivered a 9% reduction in energy intensity and achieved a 9% decrease in GHG intensity. Furthermore, we increased our use of renewable electricity to 19% of total consumption, a significant 8% increase compared to 2023.

Perhaps most notably, we reached a strategic tipping point in 2024, with about half of our sales coming from products featuring plastic-free nonwoven fabrics. This is a major achievement in our journey to reduce plastic dependency and lead the market transition together with our customers toward sustainable products.

Our achievements are a direct reflection of the dedication and expertise of our global team.

Albaad remains deeply committed to developing and retaining talent across all our global sites. In 2024, we expanded our investment in professional leadership development and strengthened our internal engagement channels to ensure every voice is heard.

Innovation continues to be our growth engine. Beyond our product portfolio where we advanced natural-fiber solutions and cleaner formulations, we implemented smarter logistics and efficient energy systems to reduce emissions across our supply chain.

As we look toward 2030, our roadmap provides a clear path forward. We will continue to reduce emissions, expand our renewable energy portfolio, and scale our sustainable product offerings. Our goal is simple: to ensure that customers can rely on Albaad not only for manufacturing excellence but for leadership in responsible, sustainable business.

Sincerely,

Jacob Heen
CEO & President, Albaad



ESG Highlights for 2024

Environment



9%
reduction in energy intensity



8%
increase consumption of renewable energy sources



18%
increase in the amount of waste that was recycled and recovered



59%
decrease in hazardous waste disposal



9%
decrease in GHG intensity



12%
decrease in electricity consumption from Grid



Dramatic increase in waste recycling:
27% in dry fabric
16% in wet logs/ fabric
24% in carton

Health and safety



100%
investigation of all safety incidents



Launch of a new mobile reporting platform



Expanded safety training programs for employees and contractors

Social

Improved employee engagement



60%
feel connected

32%
feel connected and committed



4.5%
increase in training hours

Governance



0
breaches of laws and regulations



0
breaches of our ethical code



About Albaad



About Albaad

Founded in Israel in 1985, and headquartered in Kibbutz Massuot Yizthak in Israel, Albaad has been a pioneer in the global production of wet wipes for leading international brands and private label companies.

The company holds a unique distinction in the industry as a vertically integrated manufacturer, with capabilities spanning from the production of nonwoven raw materials to the delivery of finished products. Today, Albaad stands as the largest wet wipes manufacturer in Europe and the leading private label producer of tampons in the U.S. market.

Over the past four decades, Albaad has expanded its portfolio to include feminine hygiene products,

strengthening its global presence through the establishment and acquisition of manufacturing facilities worldwide. Its state-of-the-art manufacturing facilities in Israel and across Europe serve as key hubs for delivering efficient and reliable service to customers around the globe.

Driven by its core values of integrity, excellence, and innovation, Albaad is committed to providing premium, safe, and sustainable products. Through strategic partnerships, ongoing sustainability initiatives, and a dedication to ethical conduct, the company continues to reinforce its role as a trusted global leader in wipes manufacturing, supporting esteemed brands and private labels while prioritizing the well-being of consumers everywhere.

Membership in Industry Associations



EDANA
The European Disposables
and Nonwovens
Association



BAHP
The Center for Baby and
Adult Hygiene Products



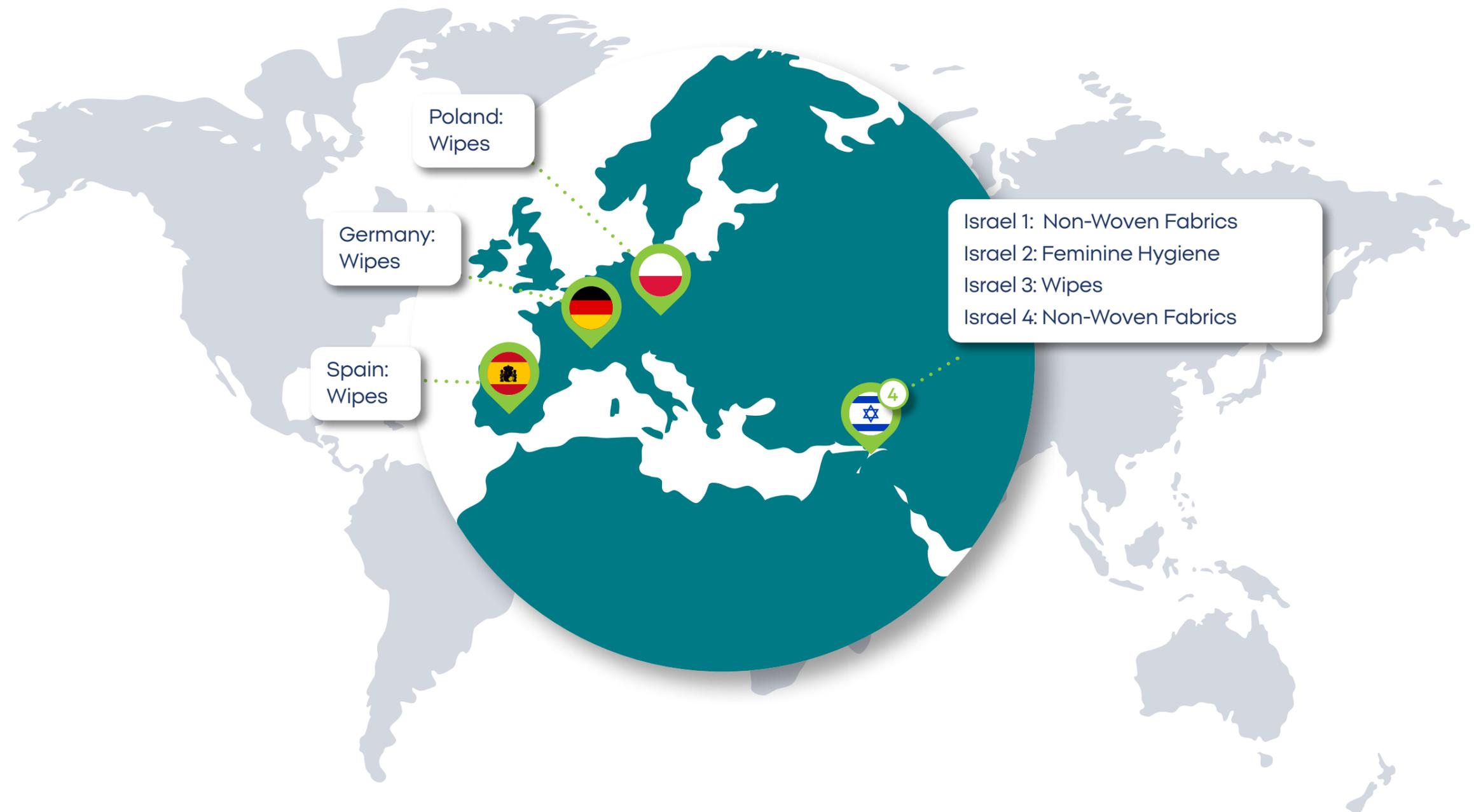
A.I.S.E
The International Association
for Soaps, Detergents and
Maintenance Products



Our Global Operations

Albaad's headquarters are located in kibbutz Massuot Yitzhak in southern Israel. The company operates seven manufacturing facilities across Israel and Europe, where nonwoven fabrics, wet wipes, and feminine hygiene products are manufactured. Our manufacturing sites are strategically positioned to ensure efficient and reliable supply to customers worldwide.

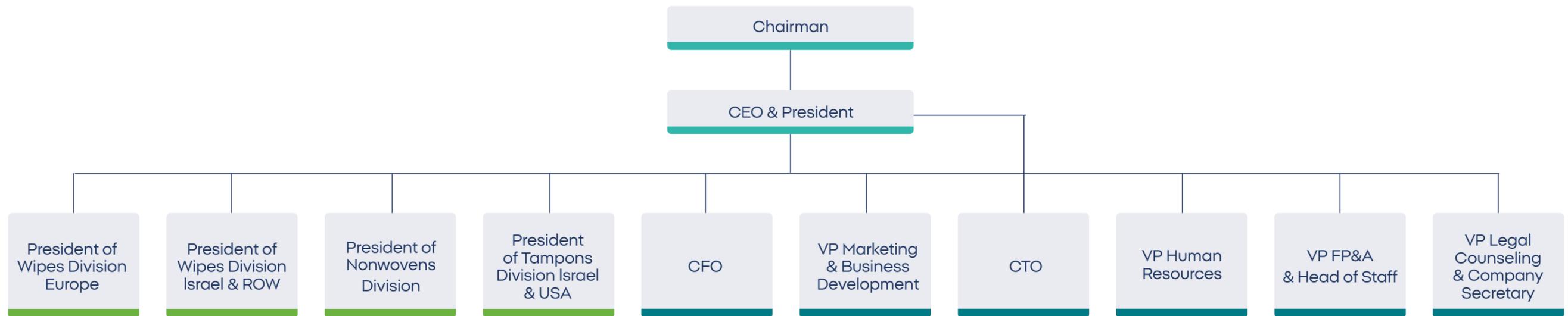
Nonwoven fabric production is carried out in Israel, supplying the raw materials primarily used for wet wipes converting operations. Wet wipes converting facilities are strategically located in Israel, Germany, Poland, and Spain. In addition, the Caesarea site in Israel specializes in the production of feminine hygiene products.



Organizational Structure

The company is structured into four dedicated business units, each focused on a distinct market segment and operational specialty. Supporting these units are six headquarters departments, which deliver integrated, cross-organizational services on a global

scale. These centralized functions ensure consistent quality, regulatory compliance, and strategic alignment across all regions, fostering both efficiency and innovation throughout the organization.



Market

With a global company culture at our core, we effectively adapt to the dynamic demands of diverse markets. Our expertise lies in delivering personalized solutions, high-level consulting, and innovative product development services, all tailored to align with local needs and market-specific requirements. Beyond meeting advanced regulatory and quality standards, we actively track trends and adapt to consumer preferences. This global perspective ensures we remain compliant, agile, and aligned with the ever-evolving landscape of international business.

Our global perspective ensures we remain compliant, agile, and aligned with the ever-evolving landscape of international business.



Customers

We segment our customer base into three primary groups, defined by their core activities:



Retail Chains

A significant portion of our sales derives from supplying leading retail chains across Europe, the United States, and other global markets.



Contract Manufacturing

We collaborate with multinational corporations to produce goods under their own brands and private labels.



Institutional

Our clients also include companies that specialize in supplying hygiene products to hospitals, healthcare providers, and other institutional settings.



Our products

Albaad's innovative product portfolio is designed to meet the diverse needs and preferences of customers worldwide and is distributed globally through trusted partners. The range spans from value-oriented products offered in discount retail channels to premium solutions aligned with luxury brands. Sustainability is integrated across the entire value chain,

a commitment we take pride in. This comprehensive and responsible approach covers research and product development, responsible sourcing of materials, efficient manufacturing processes, packaging, distribution, and extends through to consumer use and end-of-life considerations.

Our primary products:



Care



Baby Care
Aqua
Gel
Rich Lotion



Flush



Hygiene
Moist Toilet Paper



Home



Home Care
Disinfecting
All Purpose Cleaning
Windows, Floor,
Automotive Wipes



Beauty



Cosmetics
Makeup Remover

Fem



Fem Care
Tampons
Fem Hygiene Wipes



Managing ESG at Albaad



Sustainability Governance

The overall management of ESG at Albaad is overseen by the VP of Quality Assurance and Regulatory Affairs Department, who reports to the group CEO. The board reviews ESG related issues annually including the ESG report. Environmental and safety management is handled on an ongoing basis by EHS managers at each site, with coordination provided by the Regulatory Affairs and Corporate Sustainability Manager. Sustainable innovation initiatives are led by the VP of Technology and the Corporate Development Leader. Human resources aspects are managed globally by the group VP of Human Resources and the Training Coordinator. Ethics and compliance issues are managed by the company's legal counsel.

Albaad's Commitment to the SDGs

Adopted by the United Nations in 2015, the Sustainable Development Goals (SDGs) call for global action to address social and environmental issues, promote economic growth, reduce inequalities, and encourage innovation. As a leading company in our field, we are dedicated to supporting the SDGs by acknowledging our impacts and striving to contribute positively across our value chain. The SDGs serve as an important framework guiding our sustainability priorities and action.



"Ensure healthy lives and promote well-being for all at all ages"

Our commitment to public health and well-being is reflected in the products we manufacture, which deliver genuine value to our customers and end users through innovative solutions tailored to their changing needs. In addition, we put our employees' health and safety as a priority, as we strive to provide a safe workplace through different measures, such as safety surveys, committees, and training programs. Moreover, as part of our community involvement, we help communities in need with products that ensure a clean, healthy environment. For example, in 2024 we donated a variety of products, including baby wipes, disinfecting wipes, household cleaning and personal care products, to various organizations upon request.



"Ensure sustainable consumption and production patterns"

Given our significant environmental impact as a large manufacturing company, we prioritize sustainability in our material sourcing. Our procurement policies favor businesses that are environmentally and socially conscious, while also capable of adapting to customer needs. We integrate environmental considerations into our production process by reducing plastic use, adopting recyclable single-component packaging or packaging with recycled materials, and creating biodegradable products for sustainable disposal. In 2024, Albaad continued its efforts to reduce the plastic in its products. In addition, Albaad Germany achieved a significant reduction in non-recyclable laminates in its packaging, reaching 97% recyclable laminates in 2024 compared to 90% in 2023.



We integrate environmental considerations into our production process by reducing plastic use, adopting recyclable single-component packaging or packaging with recycled materials, and creating biodegradable products for sustainable disposal

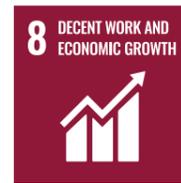


"Take urgent action to combat climate change and its impacts"

Climate change presents a significant global challenge that requires urgent action in mitigating GHG emissions and strengthen resilience. Albaad is committed to addressing this challenge by continually enhancing energy efficiency, thus reducing our greenhouse gas emissions. Albaad has set a target to reduce its carbon footprint by 25% by 2030, using 2020 as the baseline year. Further details on our initiatives and performance in this area are provided in the environmental chapter of this report.



Albaad has committed to reducing its carbon footprint **by 25%** by 2030



"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"

Our employees are the driving force behind our operations, and we are dedicated to providing a safe, fulfilling, and rewarding environment that offers ample opportunities for growth and skill development. To that end, we have established a comprehensive ethical code of conduct to safeguard employee rights. Regular employee feedback surveys are conducted to ensure fair working conditions, foster a sense of purpose, and promote mutual respect among all team members. In 2024, we conducted our biennial organizational survey across all our sites. We take its results seriously and integrate them into each site's management plan.



EcoVadis Silver sustainability rating

During 2024, Albaad Germany was awarded an EcoVadis Silver sustainability rating, positioning the company among the top 15% of participants assessed. EcoVadis is a globally recognized sustainability rating platform that evaluates companies' management systems and performance across key ESG areas—Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. The Silver medal reflects Albaad Germany's strong ESG performance relative to peers and highlights the site's ongoing commitment to responsible business practices and continuous improvement.



Ma'ala Platinum Ranking

The Ma'ala rating meticulously assesses the ESG performance of numerous prominent companies in Israel, evaluating their commitment to corporate responsibility, encompassing business ethics, work environment, community engagement, environmental performance, and corporate governance. In 2024, Albaad was honored with the esteemed Maala ESG 'Platinum' rating **for the fifth consecutive year**, recognizing the company's commitment to innovation, quality, sustainability, and customer satisfaction.

Stakeholder Engagement

Having started over three decades ago with the support and collaboration of our local community, we understand the critical importance of nurturing strong relationships with our stakeholders and giving back to the community around us. We view the community

as an integral part of our identity that we are committed to protecting and supporting. To this end, we encourage open and effective communication with all stakeholder groups to ensure continuous, long-lasting relationships built on trust and mutual understanding.

Stakeholders and Dialogue Channels



Our Material ESG Topics

At the core of our operations are ESG topics that are material to both our business and our stakeholders. We are committed to enhancing our performance and impact in these areas, with a focus on continuous improvement.

In 2022, a comprehensive materiality analysis was conducted to identify the environmental, social, and governance topics that are most relevant to Albaad and its stakeholders. The process began with a benchmark that mapped potential topics by looking at peer companies, assessing ESG rating agency criteria, and aligning with global reporting standards. The findings were then reviewed and refined through discussions with executive management and the Board of Directors, and resulted in the selection of our material topics. The analysis was carried out with reference to the GRI Sustainability Reporting Standards, which also incorporate the perspectives of a broad range of stakeholders.

As part of the preparation for this report, we reconsidered and validated our list of material topics, taking into account the company's business, evolving stakeholder requirements, and recent developments in ESG ratings and reporting standards. This validation process ensured that our material topics remain relevant and aligned with both operational priorities and stakeholder expectations. On top of that, we added two new material topics - water management and sustainable sourcing - to better reflect current industry challenges and our long-term sustainability vision.

Environment

Carbon Emissions Reduction	Examining the impact climate change has on our operations as well as our impact on climate change. Tracking and reducing the company's carbon footprint by advancing energy efficient operations and taking part in offsetting projects and climate change initiatives (CDP, SBTi).
Waste Management	Responsible management of hazardous and non-hazardous waste generation in the production facilities and business offices; sorting, treatment and disposing of waste; policies and procedures that ensure efficient consumption (reusing products and/or consuming recycled products); continuous monitoring of production lines to reduce defects and improve efficiency.
Water management	Our industry is water-intensive, requiring large volumes for nonwoven production, wetting solutions, and cleaning processes - so responsible use and treatment of water directly affect environmental impact, regulatory compliance, operational costs, and community relations.
Production and Packaging Lifecycle	Identifying, quantifying and assessing the environmental impact throughout our products' life cycle; decreasing the environmental impact of the product and its packaging by examining all activities involved with the making, using and disposing of products.
Sustainable Innovation	Focusing on creating products to generate long-term social and environmental benefits while contributing to company profits.

Social

Product Quality and Safety	Compliance and beyond compliance actions that ensure high quality products which are also certifiably safe for consumer use.
Occupational Health and Safety	Working to create a healthy, safe, and secure working environment for employees.
Employee Development	Employee training (technical, leadership, soft skills, etc.); Employee retention; Providing an employment horizon and a career path for talented employees and using incentives such as bonuses and attractive employment conditions.

Governance

Business Ethics	Organizational ethical code, working according to values and applying the code of ethics throughout management and the value chain, implementing mechanisms that prevent corruption and money laundering, regulatory compliance (local and international) and transparency in business conduct.
Sustainable sourcing	Ensuring our products are produced with responsibly managed raw materials, reducing environmental impact, supporting fair labor practices, and strengthening supply chain resilience.
Local Regulatory Compliance	Regulatory compliance while maintaining an ongoing and transparent dialogue with the relevant authorities in the various countries in which the company operates.



Managing Our Environmental Impact



Our Environmental Strategy

Albaad is firmly committed to responsible environmental management, which is integrated into our corporate governance and strategic planning. We recognize that safeguarding natural resources and minimizing our ecological footprint are not only regulatory imperatives, but also essential drivers of long-term business resilience and stakeholder trust.

Our environmental strategy is integrated into Albaad's core operations and product development processes. The company adheres to environmental regulations across all jurisdictions and continuously seeks operational efficiencies through innovation. Key areas of focus include energy optimization, water use reduction, waste minimization, and improvements in product and packaging design aligned with circular economy principles. As part of our commitment to environmental responsibility, we comply with the following international standards: ISO 14001 – Environmental Management System, Forest Stewardship Council™ (FSC-C006017) – Responsible Forest Management, RSPO – Sustainable Palm Oil, and OEKO-TEX – Textile Safety for Humans and the Environment.

Given the nature of the industry, which involves significant resource consumption and complex supply chains, improving environmental performance presents ongoing challenges, as well as strategic opportunities. Issues such as climate change, water scarcity, and plastic waste require practical, scalable solutions, which Albaad addresses through targeted initiatives and process improvements.

Our approach is guided by a long-term vision aligned with global sustainability goals, including our internal roadmap toward 2030.

In 2024, we continued to work on improving our environmental performance with measurable actions and system-wide improvements. By the end of 2024, approximately 50% of our total sales were derived from products featuring plastic-free nonwoven fabrics—a clear demonstration of our commitment to reducing plastic dependency. Our approach is guided by a long-term vision aligned with global sustainability goals, including our internal roadmap toward 2030. We remain focused on enhancing transparency, using ongoing monitoring systems, to gain better insights into operations and enable us to react quickly to any event that may disrupt our efficiency efforts, and foster a culture of continuous improvement.

As an industry leader, Albaad is committed to setting high standards for environmental performance. We believe that innovation and sustainability go hand in hand, and we strive to deliver solutions that benefit both our customers and the environment. Our environmental strategy is not static—it evolves with the needs of our stakeholders, the expectations of our markets, and the challenges of our time.



~50%
of our sales are from
products with
plastic-free
nonwoven



Our Environmental Goals

Albaad has adopted in 2024 a comprehensive set of long-term sustainability goals, focusing on reducing our environmental impacts and enriching our sustainable solutions.

As part of this process, Albaad had committed to decarbonization goals in line with the SBTi (Science Based Targets initiative) standards. These targets focus on reducing greenhouse gas (GHG) emissions across all three scopes (1, 2, and 3), implementing responsible production practices, and driving sustainable innovation. As part of this process, we have reevaluated our areas of impact and are continuously working toward further improvement.

the SBTi framework requires scientific precision, full transparency, and third-party validation of the targets. Albaad is proud to be among the first companies in Israel to fully embrace the SBTi framework

It is important to note that adopting the SBTi framework is a highly complex endeavor. It requires scientific precision, full transparency, and third-party validation of the targets. SBTi is one of the most rigorous global standards for climate action, demanding that companies demonstrate alignment with the Paris Agreement's goal of limiting global warming.

Albaad is proud to be among the first companies in Israel to fully embrace the SBTi framework. This reflects our deep commitment to corporate responsibility and our willingness to lead meaningful changes within both the local and global industry. Our decision to adopt SBTi is not merely a declaration- it is a strategic, measured, and externally verified process that places Albaad at the forefront of the fight against climate change.

Albaad's Environmental Targets for 2030

Decarbonization		2030 Target [tCO ₂ e]	Progress in 2024
Scope 1+2	Direct emissions	25% reduction, compared to 2020 baseline	 <p>23.1% reduction compared to 2020 baseline On track to achieving</p>
Scope 3	Other indirect emissions	25% reduction compared to 2020 baseline	Progress will be disclosed in our 2025 report

Responsible Production		2030 Target	Progress in 2024
Low impact manufacturing	Waste management	15% reduction in waste to landfill	 <p>49% reduction Target surpassed</p>
		23% increase reuse and recycling rate	 <p>31% increase reuse and recycling rate Target surpassed</p>
	Water management	20% in nonwoven production sites	 <p>25% Reduction Target achieved</p>
	Water intake reduction	5% at all other sites	Target not achieved



Sustainable Innovation

Sustainable & innovative products

2030 Target

> 90%
natural fibers (based on cellulose) content

Progress by the end of 2024

~50%
natural fiber content in nonwoven fabrics
Across all manufacturing sites.

5
new sustainable developments annually

1. New minimalistic formula with 99.45% water
2. New preservation system for non-plastic — nonwoven material
3. New laminate development that contains 30% PCR (Post Consume Recycling)
4. Developed flushable nonwoven that contains hemp, a more sustainable raw material
5. Incorporating upcycled materials in the formula made from apple seeds

6
products to undergo LCA and Implementation of LCA recommendations

LCA will be carried out in 2025 on
3 nonwoven products

Sustainable packaging

2030 Target

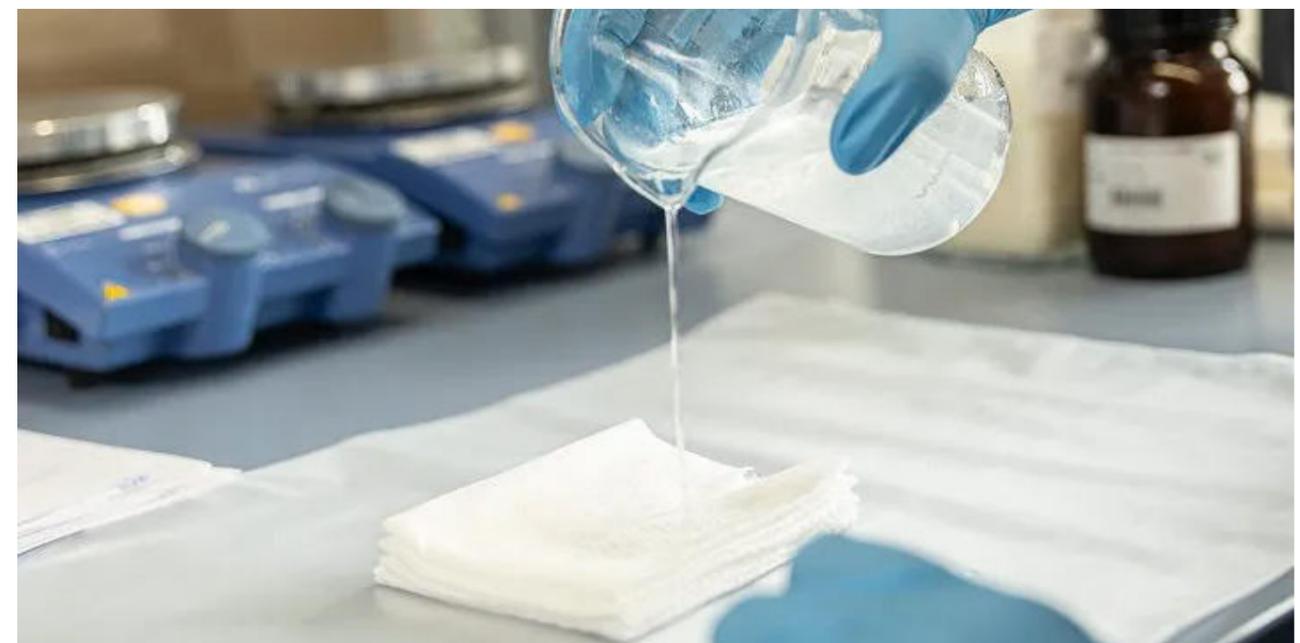
100%
recyclable packaging

Progress by the end of 2024

71%
of the Group's total packaging was recyclable across all manufacturing sites.

Introducing packaging that will contain
at least 30%
post-consumer recycled (PCR) materials

New laminate type approved for use



Sustainable Innovation

Transitioning to plastic-free, natural ingredients

Albaad continues to lead the hygiene industry in Europe and the United States, not only through scale and quality, but through its unwavering commitment to sustainable innovation. As part of its long-term ESG strategy, the company has set ambitious goals for 2030, including transitioning 90% of its nonwoven products to be fully biodegradable and plastic-free.

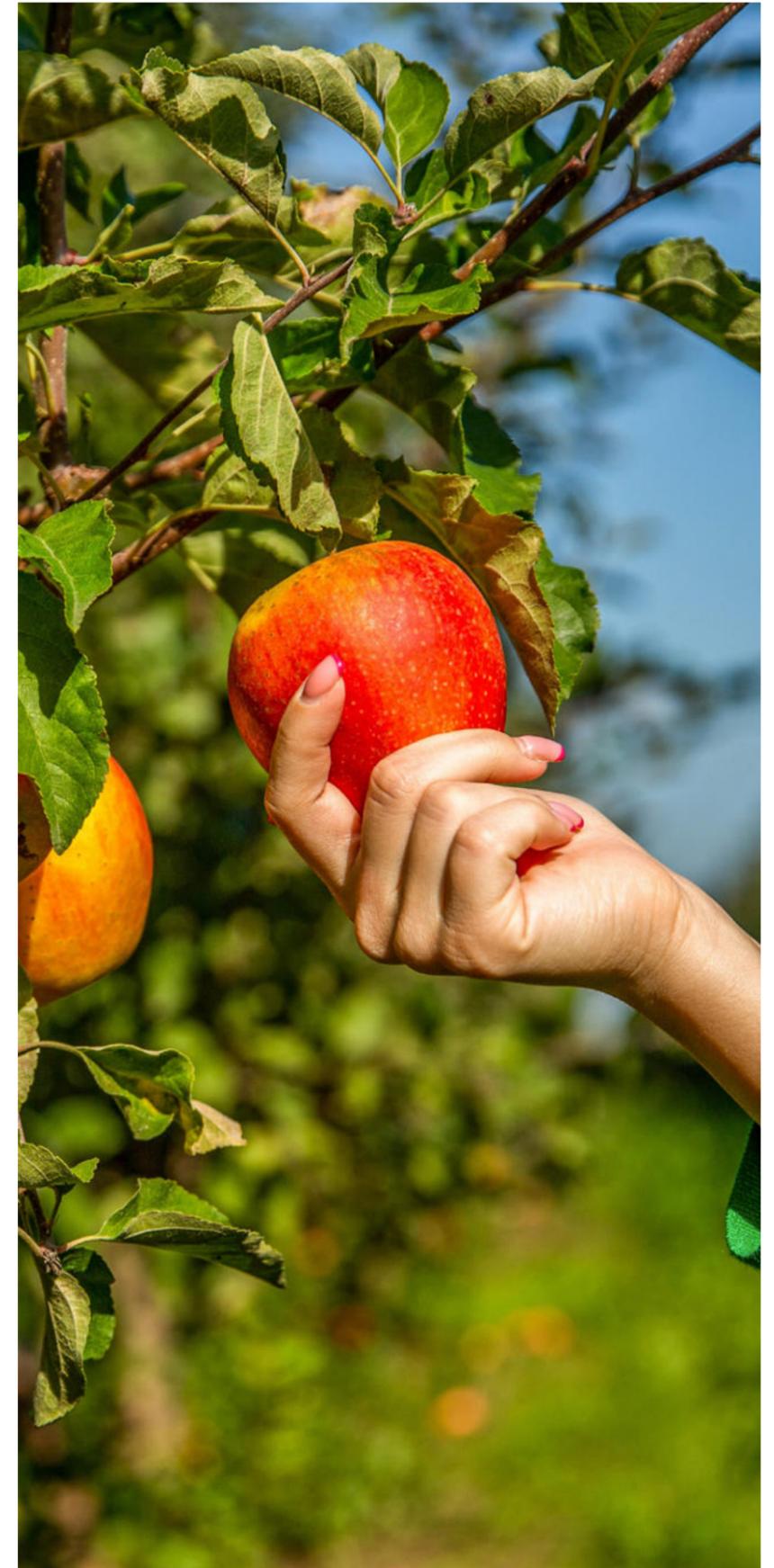
In aligning with our goals we have achieved five major developments in 2024 that exemplify our commitment to eco-friendly solutions and circular economy principles. A new minimalistic formula containing 99.45% water, reducing chemical additives and supporting clean-label trends. A green preservative system for non-plastic nonwoven materials, enabling plastic-free wipes without phenoxyethanol. A laminate incorporating 30% post-consumer recycled (PCR) content, reducing virgin plastic use and advancing packaging sustainability. A flushable nonwoven fabric containing hemp, a renewable and biodegradable fiber that complies with EU single-use regulations. Upcycled apple seed materials integrated into wipes formulations, reducing food waste and promoting resource efficiency. The apple seeds used in our innovative formula are sourced from locally collected apples near our production sites, reinforcing our commitment to a sustainable product roadmap and circular resource utilization. These innovations reflect Albaad's strategic approach to combining product

As part of its long-term ESG strategy, the company has set ambitious goals for 2030, including transitioning 90% of its nonwoven products to be fully biodegradable and plastic-free.

performance with environmental responsibility, while addressing evolving regulatory requirements and consumer expectations.

Albaad operates on a broad scale, integrating innovation and advanced technologies across various stages the product lifecycle. We are fully committed to developing eco-friendly, plastic free alternatives that reduce environmental impacts both within our operations and for end users. With sustainability being part of our strategic plan, our products development is guided by customer expectations as well as emerging regulatory requirements. Combined, these considerations support the creation of products that deliver value in an evolving global market.

Albaad's Research & Development division focuses on enhancing product performance, ensuring alignment with regulatory requirements, and integrating environmental considerations into product design.



Wipes

In 2024, the **Wipes R&D** team advanced several initiatives focused on improving product sustainability and skin compatibility. Efforts included incorporating upcycled ingredients such as apple seed oil and nutshells that were originally destined for disposal and reducing the use of synthetic chemicals. New formulations were designed to support skin health, including the use of post-biotic components that enhance the natural microbiome and provide soothing and protective benefits. The team also included milder surfactants that are gentle on skin, help preserve their natural oils and protective functions, and are more suitable for babies, the elderly, and individual with dermatological sensitivities.

In addition, we developed cleaning wipes that feature dedicated antibacterial agents designed to effectively eliminate bacteria, ensuring thorough cleanliness and high hygiene standards.



Fabric and Feminine Hygiene Products

Innovation within this product group focuses on flushability and biodegradability ensuring that products can be safely flushed and fully break down through biological processes. Development efforts also ensure compliance with European single-use regulations, as well as alignment with market requirements and client expectations. In 2024, we also continued the transition to organic cotton-based textiles and explored biodegradable packaging solutions.

Managing Our Carbon Footprint

Global climate change is a key challenge that companies around the world are grappling with and significant efforts are required to mitigate its impacts. At Albaad, we are committed to doing our share to reduce our greenhouse gas emissions through a variety of strategies that include implementing energy efficiency programs and transitioning to low or zero carbon energy sources. We recognize that sustainable energy consumption is both an economic and environmental imperative, which supports the company's long-term sustainable growth.

As part of this commitment, Albaad has adopted the Science Based Targets initiative (SBTi) - a framework that ensures our emissions reduction targets are aligned with the goals of the Paris Agreement.

Our efforts to reduce emissions support global sustainability goals, enhance our operational efficiency, and reinforce Albaad's position as a forward-thinking, environmentally conscious manufacturer.

Albaad's Carbon Footprint

We measure our greenhouse gases (GHG) emissions according to the GHG Protocol methodology and it is comprised of the following:

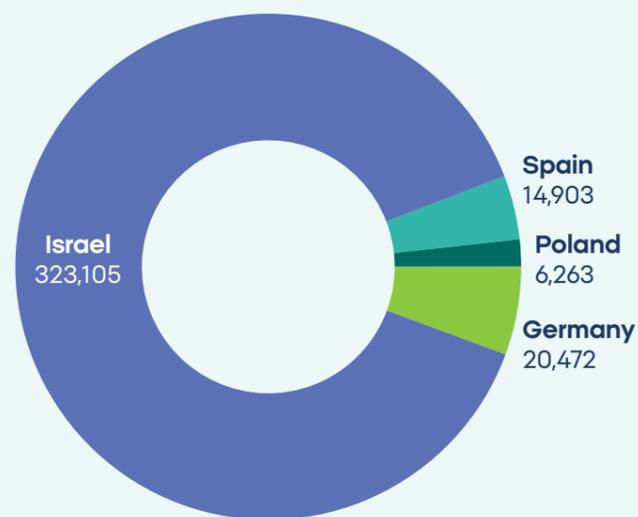
Scope 1 emissions – Our direct emissions, derived from fuel combustion (including natural gas, petrol, diesel and LPG) both by our manufacturing operations and by our vehicle fleet.

Scope 2 emissions – Our indirect emissions from the electricity we purchase. Scope 2 is calculated in a market based approach.

	2020 (baseline)	2022	2023	2024
Scope 1 (Ton CO ₂ eq)	11,041	11,703	11,477	10,125
Scope 2 (Ton CO ₂ eq)	26,891	23,972	21,134	19,036
Scope 1&2 (Ton CO ₂ eq)	37,932	35,675	32,611	29,161
Intensity (Ton CO ₂ eq/Ton manufactured)	0.15	0.135	0.128	0.116



Carbon footprint by country of operation
Total energy consumption (GJ)



Carbon intensity per country
Energy Intensity GJ/ton



Energy Consumption and Intensity

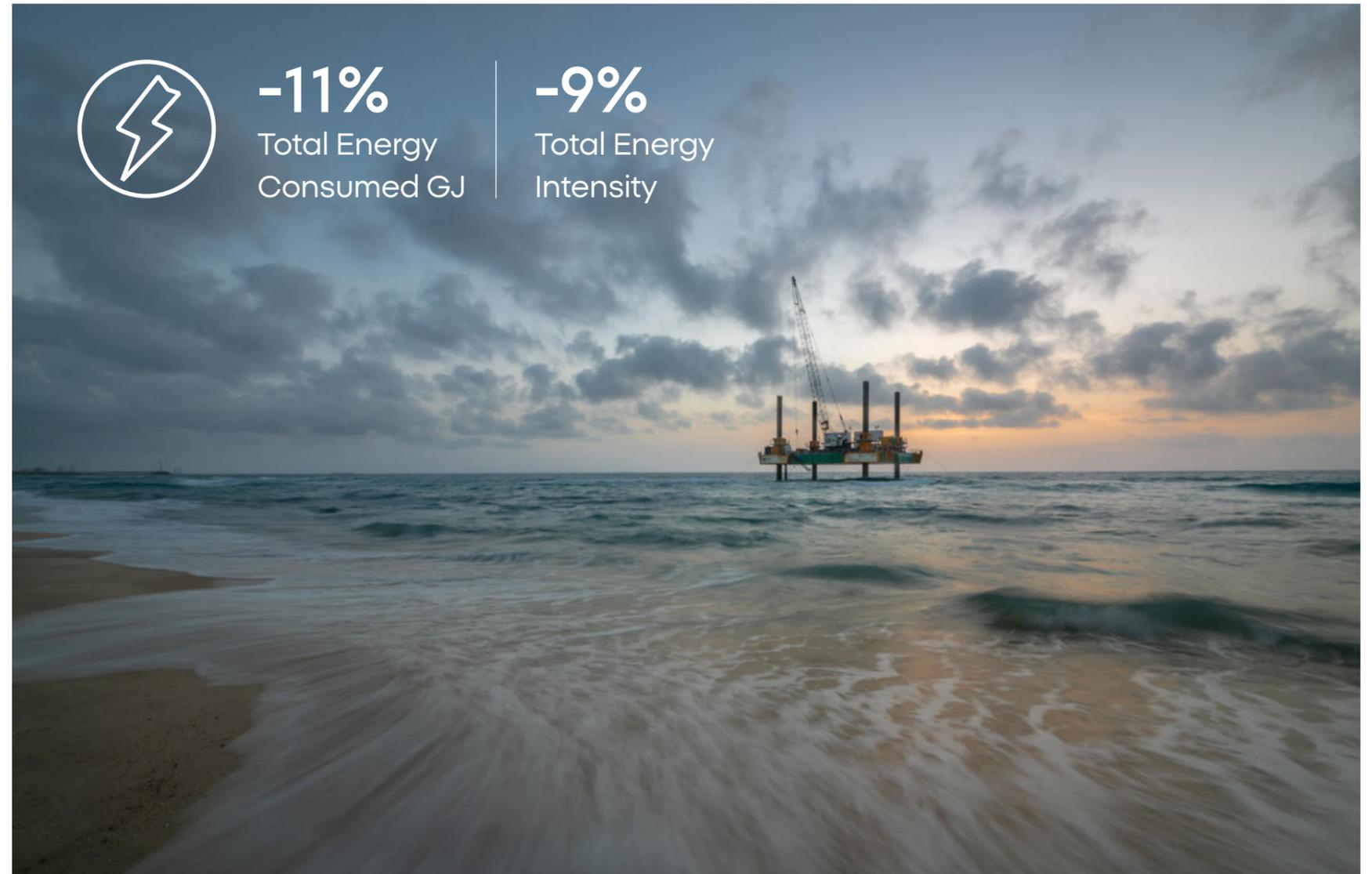
During 2024, our energy consumption stemming from fuels and electricity consumption, totaled **364,745 GJ**, and our energy intensity was **1.4 GJ/ton** of product manufactured.

	2022	2023	2024	Change 23 vs 24
Total Energy Consumed GJ	417,989	408,458	364,745	-11%
Total Energy Intensity GJ/ton	1.6	1.6	1.4	-9%

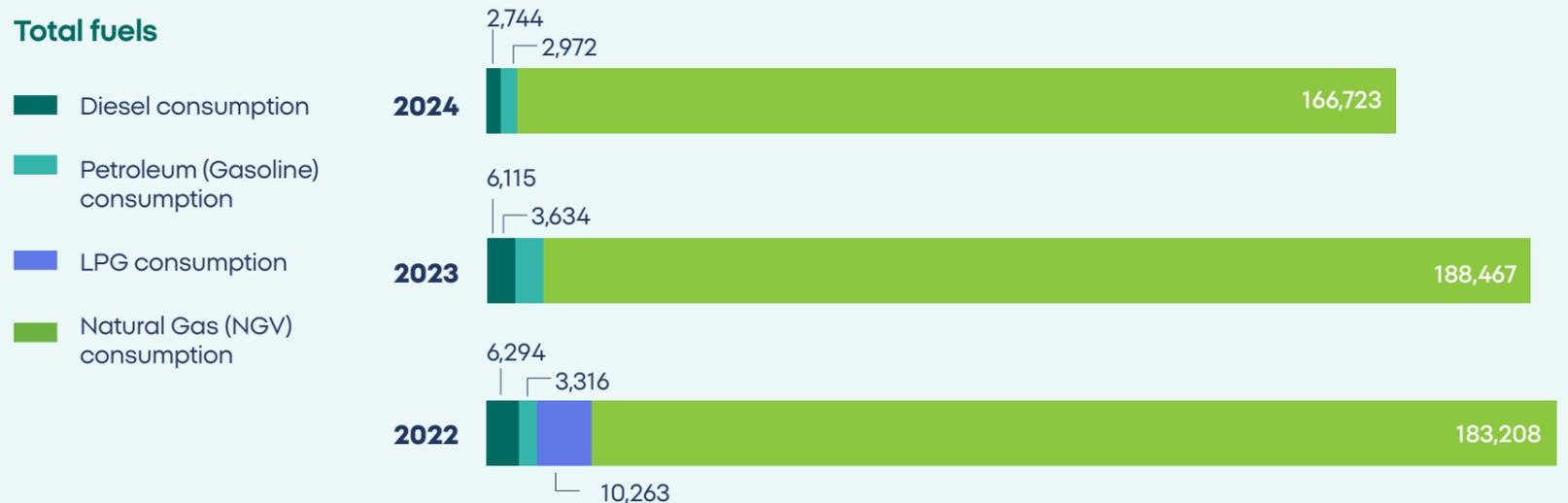
Carbon Reduction Initiatives

Transitioning from carbon intensive fuels

Liquefied petroleum gas (LPG) and residual fuel oil (RFO) are recognized as carbon-intensive fuels. Their combustion results in significant emissions of greenhouse gases. Recognizing this, between 2017 and 2023, Albaad made a strategic decision to significantly alter its fuel mix, and make natural gas the primary fuel source. By 2023 it accounted for 95% of our fuel consumption. This shift involved a substantial reduction in the use of other fuels. In 2022, we successfully phased out residual fuel oil entirely and nearly eliminated LPG use by 2023. Since 2023, all but one of our sites had transitioned to using 100% natural gas for production. Natural gas emits less GHGs and other air pollutants compared to other fossil fuels, and supports our commitment to reducing our environmental impact. Diesel is currently used to heat-process water for a specific product manufactured on demand at a specific site, meaning consumption varies based on customer requirements. An external assessment was conducted to evaluate switching to natural gas; however, given the relatively low consumption levels, the change was deemed not feasible.

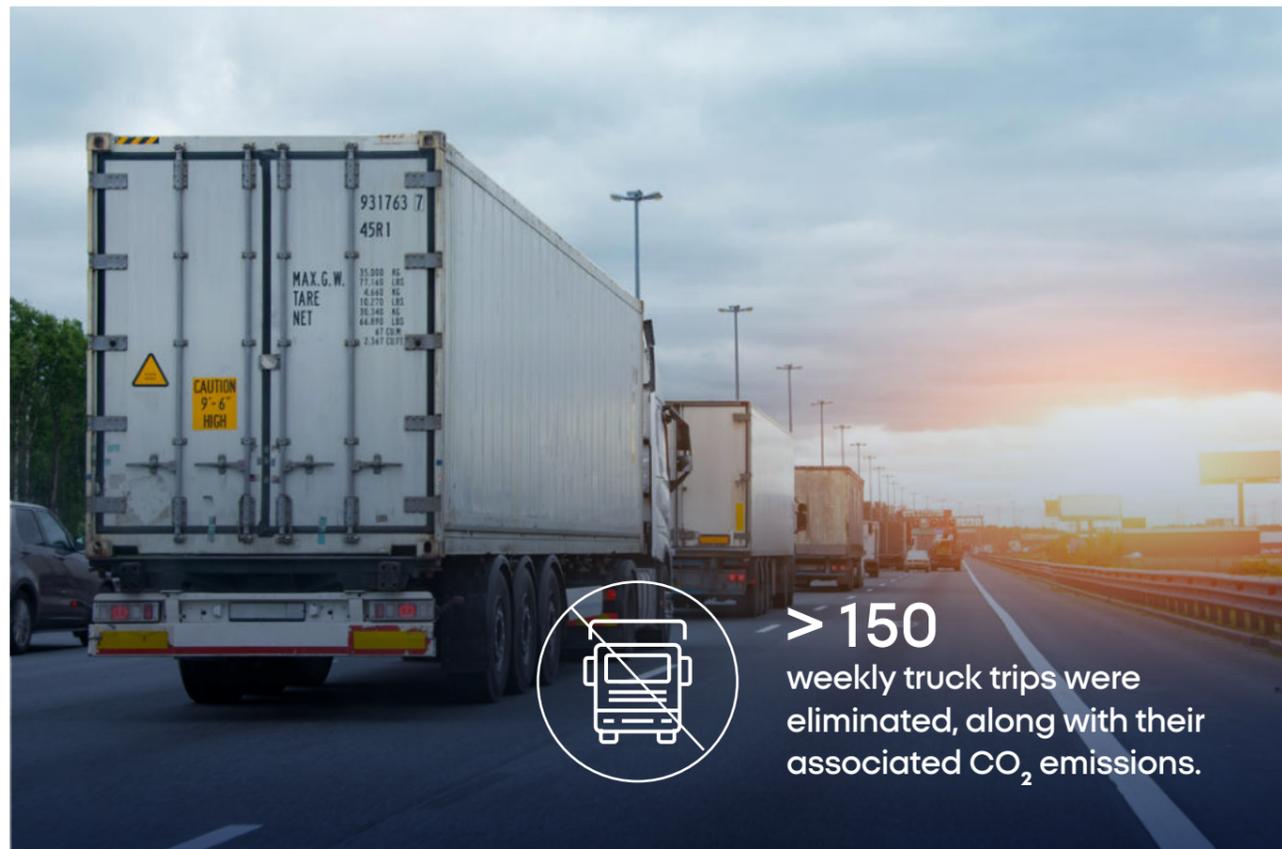


Total fuels



Renewable Energy and Solar Installations

As part of our commitment to reducing GHG emissions we strive to use renewable energy wherever possible in our operations. By the end of 2024, 19% of Albaad's total electricity consumption came from renewable sources- an 8% increase compared to 2023, primarily due to our sites in Spain and Germany, which source 100% of their energy from renewable resources. Additionally, photovoltaic (PV) systems have been installed at our facilities in Poland, Massu'ot, and Dimona. Our new warehouses, built in 2024 in Germany are now heated using geothermal energy combined with heat pumps powered by renewable electricity.



Cleaner Heating

In 2024 we began operating a new 14,000 m² warehouse in Germany which is heated entirely by a heat pump instead of gas. This transition enabled us to replace external warehouses that were operated by contractual partners, significantly reducing freight traffic between our production and storage facilities. As a result, more than 150 weekly truck trips were eliminated, along with their associated CO₂ emissions.

Water and Wastewater

As water remains a crucial resource in many of Albaad's operations, mainly in our nonwovens and wet wipes manufacturing, we prioritize reducing our water consumption. This environmental challenge has become increasingly significant in recent years, as climate change intensifies global water scarcity, including in some of our countries where we operate. Accordingly, Albaad's water management strategy focuses on minimizing freshwater use, especially in water-stressed areas.

During 2024, Albaad consumed a total of 654,638 m³ of water. While committed to reducing our water consumption, Albaad must also meet stringent purification standards required by customers, which in some cases necessitate higher water consumption.

	2022	2023	2024
Water Consumed	647,370	651,051	654,638
Water Intensity ¹	2.48	2.55	2.6



1. The amount of water used per product sold

Water Efficiency Improvements

Several initiatives were implemented to improve water efficiency across Albaad's sites. **The Caesarea** site achieved a significant reduction in water consumption, decreasing its freshwater use in 2024 by 17% compared to 2023 (from 6,239 m³ to 5,171 m³) thanks to enhanced monitoring, and rapid response to anomalies.



The Caesarea site has decreased its freshwater use in 2024 by 17% compared to 2023

In Spain, measures were taken to reduce water consumption for one of our wipes' formulas, by transferring emulsions at a higher temperature, thereby avoiding the need for cooling water. **In Germany**, approximately 180,000 m³ of water per year is separated from oils and transferred to the municipal wastewater treatment plant, where it is reused after purification. These measures contributed to a more sustainable use of water resources.

The potential for reusing treated water in production was evaluated in multiple sites. **In Dimona**, 60% of the water that does not evaporate is filtered and reused internally. Although reuse is limited in other locations due to strict hygiene standards and technical constraints, Albaad continues to explore opportunities to expand water reuse as part of its sustainability goals.



Wastewater

In 2024, Albaad generated a total of 350,050 m³ of industrial wastewater from its production facilities. This wastewater was either treated onsite or transferred to an industrial wastewater treatment plant where it was purified and discharged to the municipal sanitary sewer system.

As part of the production processes at the various sites, chemicals are used in accordance with applicable local environmental regulations. In order to ensure that discharged effluents remain within permitted quality limits, wastewater quality is regularly monitored. Moreover, we prioritize the use of chemicals with lower environmental impact wherever possible. When exceedances are identified, corrective actions are taken immediately. For example, In Dimona, effluent analysis revealed traces of aluminum. In response, the facility initiated an investigation to identify alternatives and successfully reduced the use of a specific polymer that seemed to be the source of the issue, demonstrating Albaad's proactive approach to minimizing environmental impact.

Waste Management



+10%
increase in waste recycling rate



-28%
reduction in landfilled waste at the Massuot Yitzhak site compared to 2023.

-73%
reduction in landfilled waste at the Dimona site compared to 2023.



-59%
decrease in hazardous waste volume

Non-Hazardous Waste produced (tons)



Albaad continues to implement a wide range of practices aimed at minimizing waste generation and promoting sustainable waste treatment across its global sites. In 2024, all sites maintained their commitment to improving material use efficiency during production, thereby reducing waste at the source. Once waste is generated, our focus remains on maximizing reuse and recycling, while minimizing landfill disposal.

Waste reduction initiatives: reuse and recycling

In 2024, several of Albaad's sites achieved notable reductions in waste generation. The **Massuot Yitzhak site** reported a 28% reduction in landfilled waste compared to 2023. This improvement resulted from stricter waste separation on the production floor in both Massuot

facilities- the wet wipes plant and the non-woven plant, as well as the introduction of new recycling bins placed in laboratories for expired or test products.

In Germany, a wide range of materials, including silicone labels, treated wood, and electronic waste, are sorted at collection points for reuse and recycling.

The Dimona site achieved a 73% reduction in landfilled waste thanks to effective waste-source management and the reuse of fabric cores. As part of our resource efficiency strategy, lotion waste **in Germany** is collected on-site and transferred for repurposed alternative use in industrial cleaning processes. This approach helps minimize waste and enhance circular resource utilization, in line with our sustainability goals.

In Israel, fibers and tampons waste is sent to a facility in North Macedonia for use as raw material in rag production, demonstrating **industrial symbiosis**.

Hazardous Waste

In 2024, Albaad sites generated a total of 21.5 tons of hazardous waste, compared to 52 tons in 2023, a significant 59% decrease in hazardous waste volume. This decrease reflects a one-time removal of a large quantity of hazardous waste from the wastewater treatment facility at Massuot Yitzhak in 2023, which significantly increased that year's total.

Responsible Supply Chain and sustainable sourcing

Our responsible supply chain practices reflect our unwavering commitment to sustainability. By promoting ethical, sustainable, and inclusive practices throughout our supply chain, we aim to help minimize the indirect impact our operations have on the environment.

Our supplier selection process and procurement decisions incorporate considerations and criteria of social responsibility, ethical conduct, and environmental performance. Our dedication to sustainable and ethical procurement is reinforced through the cooperative efforts of our supply chain partners.

We actively encourage potential suppliers, through direct engagement, to share information on their sustainability initiatives through a **Supply Chain Sustainable Purchasing Questionnaire**. This feedback is valuable in guiding collaboration with suppliers who share our commitment to sustainability. When selecting suppliers, preference is given to those with stronger environmental performance, ensuring alignment with our policies. Through our procurement processes, we strive to protect human rights, promote adherence to labor, environmental, and anti-corruption standards, and meet broader social responsibility expectations.



We prioritize suppliers with leading quality, safety and sustainability certifications.

Our procurement policy prioritizes raw materials sourced through methods that safeguard labor rights and the environment. We implement structured procedures including supplier selection, approval, purchase orders, and audits. Beyond conventional criteria such as quality,

service, and logistics, **we prioritize suppliers with leading quality, safety and sustainability certifications** such as: ISO 9001, BRC, ISO 22716, HACCP, and ISO 14001.

Suppliers are expected to demonstrate financial stability, environmental awareness, and adherence to social responsibility standards. In Germany we comply with the German Supply Chain Security Act, and have therefore begun identifying high-risk countries based on AMFORI classification, a global business association that promotes open and sustainable trade.

We foster long-term partnerships with suppliers, emphasizing technological and manufacturing proficiency, and expect best practices in governance, labor standards, and environmental stewardship. Local suppliers are preferred when it is feasible to support regional economies and reduce emissions. Supplier engagement includes on-site visits to ensure reliable deliveries and operational insights. Relevant suppliers are required to comply with Albaad's Code of Ethics, and contractors also undergo periodic safety training.

Supplier Qualification & ESG Alignment

Albaad applies a structured qualification and requalification process for all suppliers, using a standardized evaluation form that assesses performance across multiple dimensions. Our scoring methodology assigns quantitative weightings to key ESG indicators, enabling objective comparison and selection of partners who demonstrate measurable progress in sustainability and ethical practices.

New suppliers are required to complete and sign the qualification questionnaire. In cases where a supplier fails to meet the required standards, the matter is brought

By promoting ethical, sustainable, and inclusive practices throughout our supply chain, we aim to help minimize the indirect impact our operations have on the environment

to the procurement manager for review and decision regarding continuing the engagement.

For materials associated with significant environmental risks, Albaad may request the submission of relevant sustainability certifications that correspond to the specific type of material. For example, while RSPO (Roundtable on Sustainable Palm Oil) certification may be required for all suppliers of palm-oil-based raw materials, many of our suppliers hold valid RSPO certifications in accordance with customer expectations and market practices. Likewise, suppliers of pulp and viscose fibers are encouraged to provide documentation demonstrating that the materials are sourced from responsibly managed forests under recognized certification schemes, or PEFC (Program for the Endorsement of Forest Certification) documentation. Depending on the nature of the service or material provided, additional documentation, such as a valid business license or other recognized certifications may be required to ensure alignment with our responsible sourcing. Our supplier questionnaire also integrates ESG-related topics, including environmental practices, ethics, alignment with the Corporate Sustainability Due Diligence Directive (CSDDD) in Germany and PDCA cycles. In 2024, to the best of our knowledge, there were no cases of supplier violations of our sustainability criteria for raw material sourcing.

Using Sustainable Raw Materials

Albaad remains diligent in evaluating the environmental impact of its raw materials sourcing practices. In 2024,

Natural & Synthetic Fibers

We expanded the use of lyocell and other natural fibers in 2024 and continued the transition to organic cotton-based textiles. Our focus remained on flushability and biodegradability in fabrics and feminine hygiene products, ensuring compliance with European single-use regulations and client expectations.



Plastics

We continued our efforts to replace conventional plastics with more environmentally friendly, biodegradable, plastic-free alternatives in our nonwoven fabrics and mono-material plastics in packaging and product design.



While product specifications are often guided by customer requirements, Albaad actively promotes environmentally conscious alternatives and works closely with suppliers to integrate sustainability principles into procurement decisions.

The company's commitment to responsible sourcing is reflected in its engagement with certified suppliers and

the company continued to expand its use of sustainable materials across its product lines:

Carded Pulp

We are exploring carded pulp fibers alternative, an innovative nonwoven material made by combining pulp and viscose fibers through a carding and hydroentanglement process, offering a soft, strong, and fully plastic-free alternative to conventional spunlace fabrics. A new production line based on this technology is planned to open in 2025 in Dimona, and Life Cycle Assessments (LCA) will be conducted to evaluate the environmental impact.



Chemicals (Wipes formulations)

We act to reduce the use of synthetic chemicals in our wipes by incorporating upcycled ingredients such as apple seed oil and nutshells originally destined for disposal. Introduced post-biotic components to support skin health without the stability challenges associated with live probiotics. We also adopted milder surfactants that are gentler on skin and more suitable for babies, the elderly, and individuals with dermatological conditions.



local partners. These efforts not only support Albaad's internal sustainability goals but also generate positive impacts across the supply chain and the communities it engages with. In response to increasing customer demand for sustainable products, Albaad has broadened its use of certified materials and initiated new formulations that incorporate elements of industrial symbiosis, thereby reducing waste and enhancing resource efficiency.

Packaging Materials

We have made substantial progress in reducing the environmental impact of our packaging materials. In 2024, our Germany site has transitioned to 93% recycled cardboard packaging and expanded the share of recyclable laminate films to 97%, including increased use of post-consumer recycled (PCR) content. It also shifted from rigid plastic canisters to soft packs, that contain less material, contributing to plastic waste reduction.

Additionally, biodegradable nonwoven fabrics and recyclable mono-material plastic packaging are increasingly integrated into product designs. Progress has been made in recyclable laminate and PCR content integration, with specific initiatives focused on optimizing the recyclability of sachets and dryer sheets. Albaad is also collaborating with suppliers to validate the recyclability of new packaging formats. These developments align with Albaad's 2030 goals of achieving 100% recyclable packaging and implementing 20% of the recommendations of the Life Cycle Analysis (LCA) we carried out.

Our Germany site has transitioned to

93%
recycled
cardboard
packaging

97%
recyclable
laminate films





Deforestation Risk Management

Deforestation is a significant global environmental challenge, with direct implications for climate change, biodiversity loss, and ecosystem degradation. For companies operating in industries that rely on plant-based raw materials - such as pulp, viscose, other cellulose-derived fibers, and palm-oil-based ingredients - deforestation risk is increasingly material. These risks may arise from unsustainable land-use practices, illegal logging, or lack of traceability in complex supply chains. Managing deforestation risk requires a proactive and integrated approach, including supplier engagement and certification schemes such as Forest Stewardship Council™ (FSC-C006017) or PEFC and RSPO. By effectively addressing these risks we are not only reducing our environmental footprint but also strengthening resilience, ensuring compliance, and enhancing the trust of our stakeholder.

Sourcing of Natural Fibers from Sustainable Forests

All viscose fibers, a key component in Albaad's nonwoven and feminine products, are sourced exclusively from sustainably managed forests under certified forest management systems, including **Forest Stewardship Council™ (FSC-C006017)** certification. They provide an alternative to synthetic materials that are derivatives of oil, and contribute to the conservation of wild forests. Through our **certified forest management system**, we help support forestry practices that adhere to strict environmental and social criteria.

Sourcing Sustainable Palm Oil

Palm-oil-derived components are present in a range of chemicals incorporated into Albaad's formulations. Palm oil is widely utilized across numerous industries, yet its production is often associated with environmental and social risks, including deforestation, biodiversity loss, greenhouse gas emissions, and impacts on

local communities. These challenges underscore the importance of responsible sourcing practices, particularly for companies operating within complex, global supply chains.

Recognizing these risks, Albaad has maintained its membership in the Roundtable on Sustainable Palm Oil (RSPO) since 2015. In line with customer requirements and market expectations, RSPO-certified materials are sourced whenever requested, ensuring alignment with rigorous standards that address deforestation, biodiversity loss, greenhouse gas emissions, and community wellbeing.

Through these practices, Albaad supports responsible palm-oil supply chains, strengthens stakeholder trust, and contributes to broader sustainability objectives across its value chain.



Our People and Communities





At Albaad, we recognize that our employees are central to our long-term success. We are committed to fostering an inclusive, respectful, and empowering workplace culture that supports both personal and professional growth. Our commitment extends beyond achieving business goals—we are focused on cultivating a workplace where every employee feels recognized, supported, and empowered to realize their full potential.

We invest in employee learning, encourage collaboration and innovation, and promote open communication across all levels of the organization. Our workplace culture is built on mutual respect, shared sense of purpose, and a strong commitment to excellence.

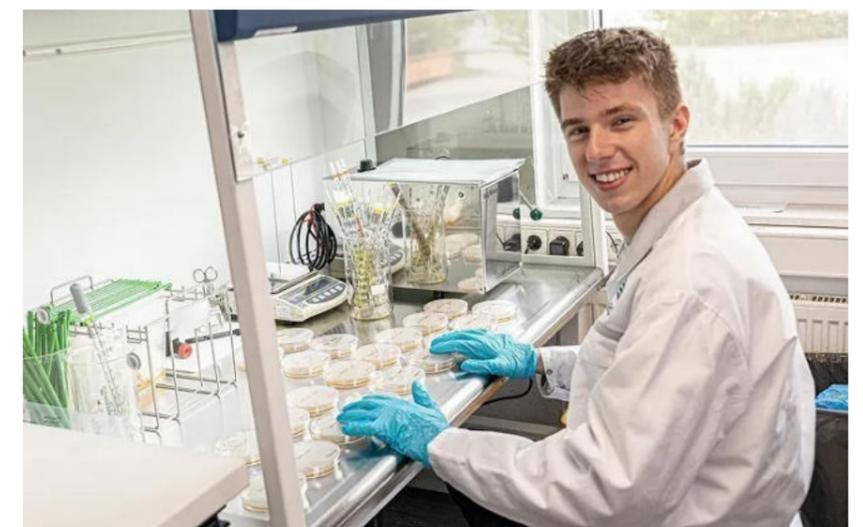
Health and safety remain a top priority, both within and beyond the workplace. We actively promote employee well-being through robust safety protocols, wellness initiatives, and a culture of care. By prioritizing the physical

and mental health of our workforce, we aim to enhance not only organizational performance but also the overall quality of life for our employees.

Through these efforts, Albaad continues to uphold the highest standards of professional conduct and corporate responsibility, ensuring that our people remain at the heart of everything we do.

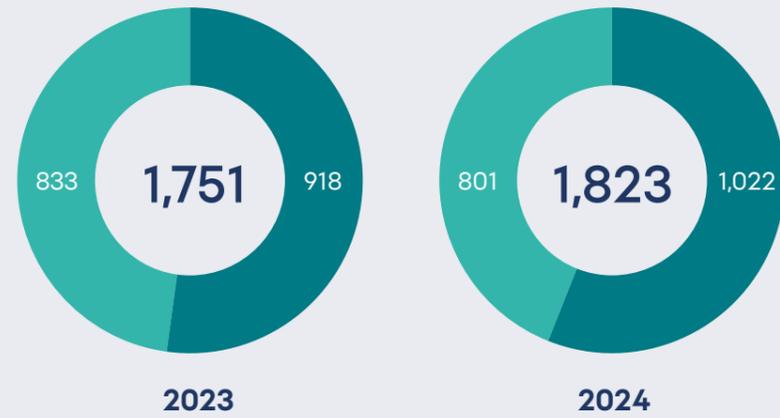
Albaad upholds compliance with all labor laws and is committed to fostering an environment of equal employment opportunity. The company adheres strictly to non-discriminatory practices in employment decisions, irrespective of factors such as race, religion, gender, sexual orientation, age, nationality, disability, seniority, employment status, or any other legally protected status.

Our commitment extends beyond achieving business goals—we are focused on cultivating a workplace where every employee feels recognized, supported, and empowered to realize their full potential.



Who are our people?

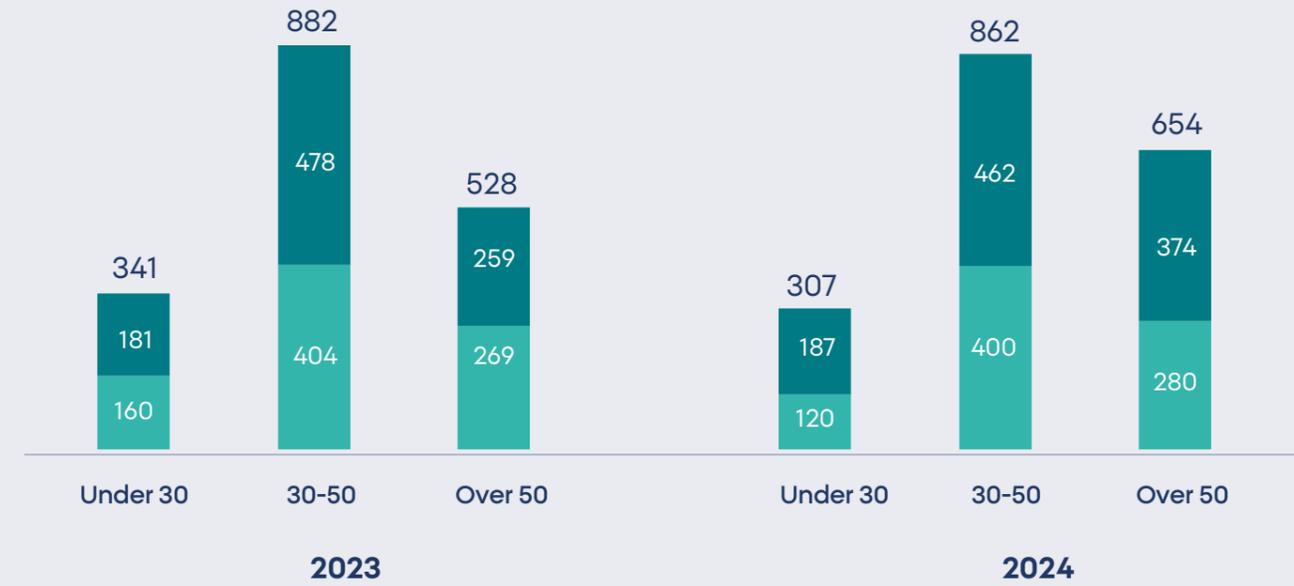
Total employees ■ Women ■ Men



All Workers are employees

Employees by Age

■ Women ■ Men



Job Type

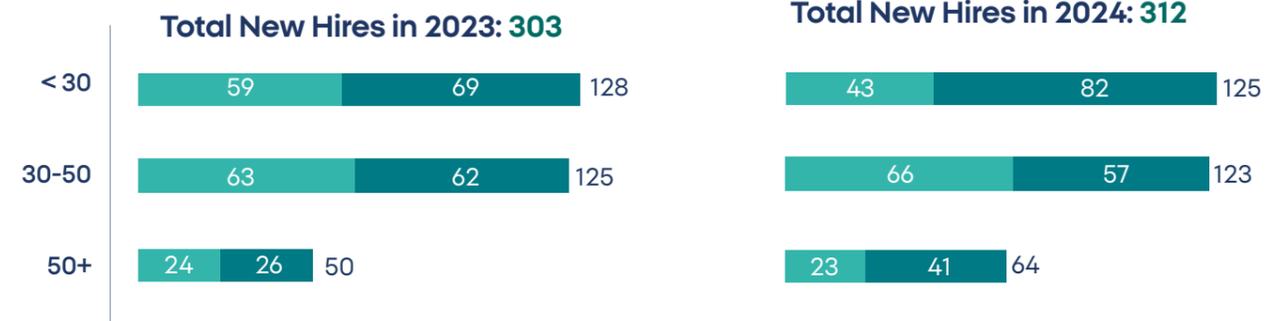
	2023			2024		
	Women	Men	Total	Women	Men	Total
Senior management	15	29	44	17	35	52
Middle management	49	52	101	42	43	85
non managers	769	837	1606	742	944	1686

Job Scope

	2023			2024		
	Women	Men	Total	Women	Men	Total
Full time	805	913	1718	782	1,006	1,788
Part time	18	15	33	20	15	35
Permanent	743	839	1582	720	919	1,639
Temporary	90	79	169	82	102	184

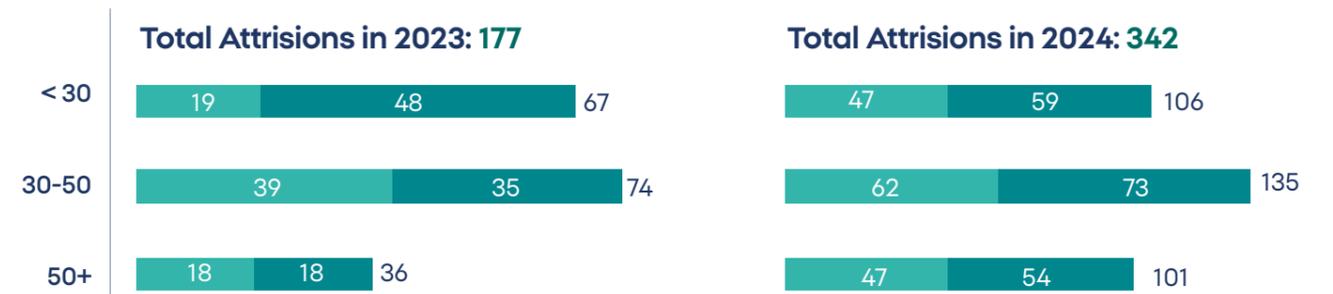
New hires

■ Women ■ Men



Attrition

■ Women ■ Men



Training and Development

Employee training and development contribute to more professional and engaged employees and managers. At Albaad, our training program is divided into three interconnected circles that work together to form a positive learning process for all employees. The first is mandatory training such as safety training that is of utmost importance as it includes lifesaving skills in a manufacturing environment. The second circle is annual professional training to strengthen skills and capabilities of our human capital. Third, is managerial development training that provides skills to management level to become better role models for our employees.



Professional training

Training in professional topics is essential to foster continuous learning, and long-term career development, ensuring that employees can grow alongside the company in a fair and sustainable manner while supporting improved organizational performance. Professional training topics may be proposed by managers, or defined by Albaad for specific positions.



In 2024, a total of **9,401 training hours** were provided to Albaad employees

In average: **5.15 hours per employee**

+4.5% compared to 2023



They are offered either to strengthen certain skills or to expose employees to new knowledge, methods, and tools.

Another channel initiating training stems from specific professional development needs identified through the employee evaluation and feedback process. As part of this process, each manager is required to define at least two learning topics for every employee for the upcoming year. The training department develops or sources the appropriate training solutions to address these needs.

Examples of professional courses and trainings that were offered to our people in 2024 include:

- A course on programmable controllers for line engineers
- Electricians' managers course
- A workshop on relationships in procurement offered by the Israeli Purchasing Center for procurement.
- Packaging Development course; Eco-Friendly Strategies in Packaging by the Israel Packaging Institute
- Senior Environmental Quality Supervisor Course

- Finding business partners abroad – the Israeli Export Institute
- Production Floor Management Course – Israeli Manufacturers Association
- SAP Production Management Module
- International Trade Management
- Environmental Management in Industry
- Innovative Methods in Manager Development - Human Resources Research and Development Association
- Safety Trustee Certification
- Employee Wellbeing Management
- Bridge Crane Operators course; Certification for a Forklift License
- Artificial Intelligence for QA

We also provide employees with mandatory training in various fields such as

- Employee health and safety training
- Protection of whistleblowers
- Prevention of discrimination in employment
- Preventing greenwashing
- Training on new rules for allergen labeling



Management development

Management development is vital to having responsible, informed and strong leadership, fostering ethical decision-making, and ensuring the long-term sustainability of the company. We believe in leadership where managers learn from each other on a continuous basis. To support this goal and to strengthen managerial skills across our sites in Israel we started In 2023, Albaad established the Albaad Managers Club, comprising over 50 senior managers. **In every management meeting, a central topic related to the company is selected for in-depth learning and discussion. In 2024, two Managers Conferences were held: the first focused on presenting projects developed by the teams in the areas of innovation, safety, efficiency, environment, and sales, while the second meeting was dedicated to product quality.**

These meetings also covered quality-focused organizational culture; Creating practical plans for continuous improvement and promoting a quality culture throughout accelerating the connection between quality and business and developing tools for quality-assurance-based marketing.

In addition, in 2024 we held an executive development seminar in Caesarea, executive conferences, and a development course for sector managers in the product factory in Massuot Yitzhak.

Moreover, we launched a new manager development program in Poland in 2024, which included training in communication and feedback, leadership development.

Internal mobility

We believe in our employees' development and growth and offer wide range of specialized career tracks that outline the promotion pathways and potential professional trajectories within the company. These tracks includes options that don't necessarily lead to management roles but still enable meaningful advancement and skill development of the employee. For example, employees from the manufacturing floor have opportunities to transition into various roles, such as headquarters positions, laboratory work, or robot-operation functions. In 2024, Albaad promoted 47 employees from within the company.

Moreover, a structured progression path enables employees to advance into managerial positions. Open positions are listed on our website, and on company's internal app, allowing employees to explore opportunities and apply for roles aligned with their career aspirations.



In 2024, Albaad **promoted 47 employees** from within the company.



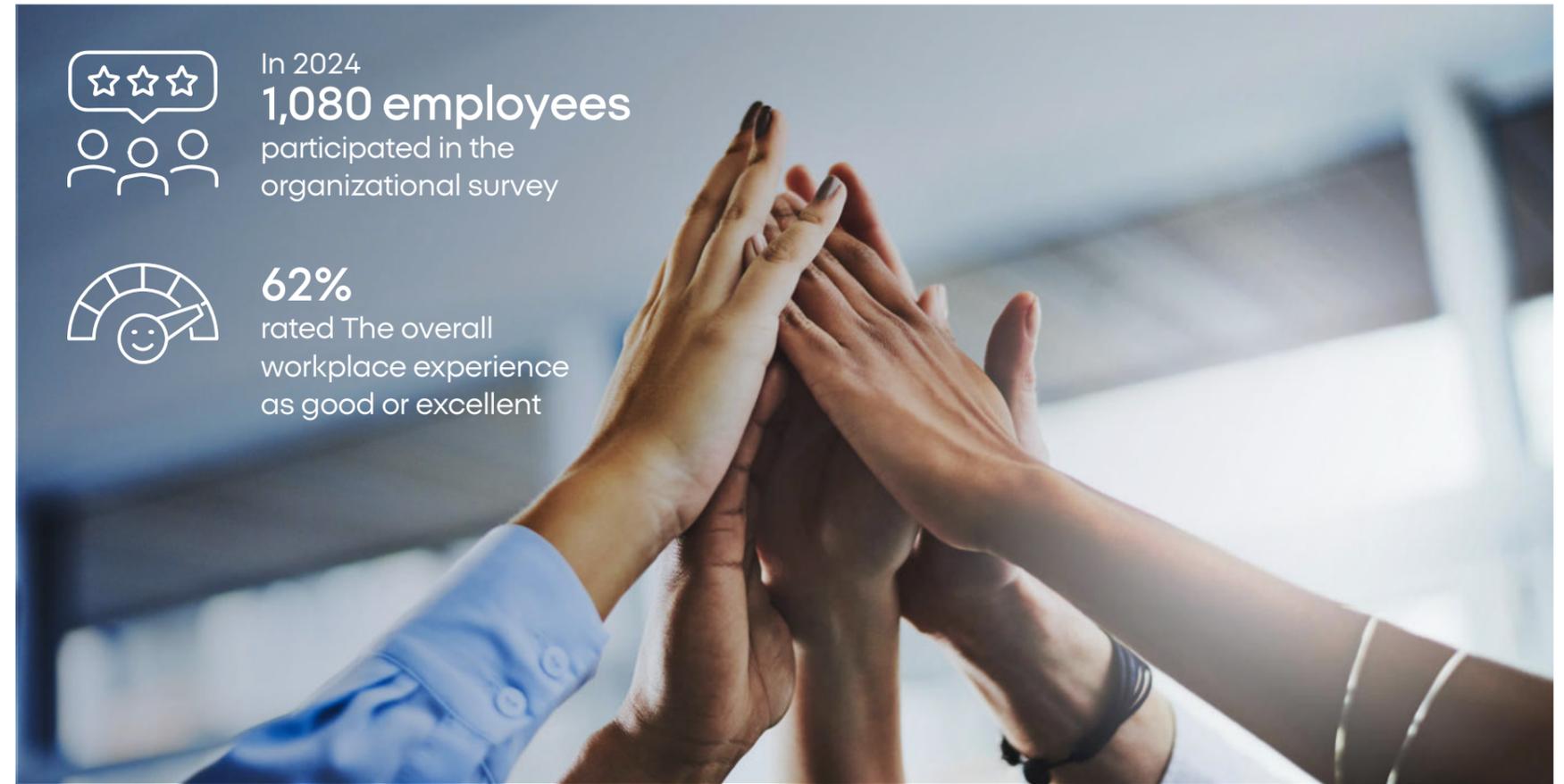
Employee Engagement

Our employees are an inseparable part of the company's success. It is important for us to understand their perspectives and identify areas where improvement is needed. In addition to maintaining an open-door policy, we have established several mechanisms that enable open dialogue, support transparent communication, and help us create a professional and supportive work environment.

Roundtable meetings

Managers and employees meet regularly to discuss professional matters regarding company operations, working conditions and any issues employees wish to raise. Following each round table meeting, a detailed summary is issued, outlining the decisions made and the individuals responsible for their implementation, ensuring that all action items are properly addressed. Examples of decisions that emerged from factory round table meetings include:

- Changing the catering provider, and meal components. Adding a follow-up feature in the organization's internal app for coordinating transportation to and from the factories in Israel.
- Conducting safety meetings with the transportation provider, followed by monitoring by the site safety manager.
- Salary increases for some employees.
- Expanding access to training courses
- Improving work interfaces between departments to enhance cooperation and working relations.
- Expanding the "Stop Important" safety forms for technicians to include smaller tasks
- Small maintenance fixes including improving lighting in offices
- Activities for employees together with their families



Employee development reviews

Managers and their employees meet annually for a performance evaluation, which also provides an opportunity to discuss future development opportunities. In 2024 88% of employees, both managers and non-managers, received such feedback. To enhance the efficiency of the evaluation process, the documentation was fully digitalized, making it significantly easier to complete evaluation forms and to analyze the results.

Organizational Survey

We value our employees' input across all aspect of our operations. To gather meaningful feedback that supports continuous improvement we conduct organizational surveys every two years. This thorough survey assess employee sentiment on a wide range of issues, including

workplace experience and their sense of connection to Albaad. In 2024 1,080 employees participated in the survey, representing a 15% increase compared to 2022.

The results showed a continued upward trend in employee connectedness: 60% of respondents reported feeling connected to Albbad, compared to 55% in 2022, and 32% stated they feel both connected and committed to the company. The overall workplace experience also improved, with 62% rating it as good or excellent, up from 56% in 2022. Employees also expressed satisfaction with improvements in the investment in employee development, wellbeing activities, training and personal growth opportunities, safety, transportation and the dining services in Israel. Approximately 70% indicated trust in the company's leadership – a particularly strong figure in a complex year. In addition, 70% reported that their manager is open to new ideas, and 71% stated that

they receive the necessary training to perform their role effectively.

Suggestions for improvement were thoroughly reviewed by all sites and integrated into the site manager's annual plan. For example, the Caesarea plant implemented a structured program to publicly acknowledge and celebrate employees' achievements.

New app for internal organizational communication

In 2024 we launched Connecteam - a new app designed to centralize all intra-organizational communication. Management messages, company updates, events and news are now easily accessible to employees directly on their mobile. The app provides multiple advantages, including increased transparency across all employee levels, direct access to information regardless of manager availability, reduced paperwork and paper use, shortened response times to employee requests and improved overall service.

Connecteam also supports the creation of a shared organizational language, strengthens employees' sense of partnership and organizational connection, and promotes a digital culture with unified communication processes. The rollout was highly successful, and achieved a 97% adoption rate within the first month.



The Connecteam app achieved **a 97% adoption rate** within the first month

Suggestion boxes – Anonymous suggestions and complaints boxes are available throughout our sites, as well as a designated email address for reporting potential ethical code violation.

Employee Wellbeing

Our commitment to our employees' well-being is reflected in our efforts to support a healthy work-life balance. This includes offering flexible working hours for non-shift workers, promoting the utilization of vacation days, and organizing transportation to and from work. Additionally, each facility within our organization provides tailored

wellbeing activities and services. These include team building days, holiday events with thoughtful gifts, wellness-focused health days, and ceremonies to honor retirees. Such initiatives aim to enhance employee satisfaction and foster a positive workplace culture.

Albaad Germany is recognized on kununu as a Top Company for three consecutive years (2022–2024).

The kununu Top Company seal is awarded annually based on verified employee reviews, and typically only about 5% of companies on the platform meet the eligibility criteria.

This continued recognition—supported by a 4.1 overall score and a 95% employee recommendation rate—highlights Albaad Germany's sustained focus on employee experience and workplace quality.

Parental leave

Supporting employees during key life stages is essential to our culture and long-term success. We view parental leave not only as a legal or regulatory requirement, but as a fundamental component of employee well-being



	2023		2024	
	Male	Female	Male	Female
Entitled to parental leave	31	19	20	27
Took parental leave	11	19	10	25
Returned to work after parental leave	11	10	9	15
Employees still employed 12 months after their return to work	10	9	9	13

and equity. Providing time for parents to bond with their children, adapt to new family responsibilities, and return to work with confidence fosters stronger, healthier families and communities.

Benefits

Albaad provides its employees with all social benefits required by local laws, including maternity leave and pension funds, as well as additional benefits suitable to the specific characteristics and needs in each country:

- Israel: some employees in Israel receive payments to a dedicated future study saving and performance-related remuneration, in accordance with employee contracts and company policy.
- Germany: Albaad Germany offers its employees occupational disability insurance and a company pension plan. In addition, there is additional health insurance for heads of departments, which covers costs not covered by the national health insurance. Also, we pay capital savings allowances, which can be used for life insurance and savings contracts in construction funds.

Company events

To strengthen company connectedness and create shared experiences, all of Albaad's Israel employees went on a company-sponsored 3-day vacation at a Hotel in Eilat. During the retreat, we held an event honoring outstanding employees, enjoyed the performance of a well-known comedy act and hosted a big company party.

We also held a Hanukkah family event for employees and their children, held throughout the holiday in movie theatre complexes across Israel, featuring activities for children and movie screenings. Furthermore, for the first time, in 2024 we gave out a special gift in honor of Israeli Independence Day.





Health and Safety

Albaad is deeply committed to ensuring the health, safety, and well-being of its employees across all sites. The company adopts a proactive and systematic approach to occupational health and safety, integrating regulatory compliance, employee engagement, and continuous improvement into its safety culture.

In 2024, Albaad reinforced its commitment to occupational health and safety through a comprehensive, data-driven strategy. With a 20% reduction in incident rates, and expanded training programs, the company demonstrated leadership in workplace safety. Site-specific governance, employee engagement, and continuous audits ensured robust implementation of our safety procedures and policy in all sites. Looking ahead, Albaad will integrate predictive safety technologies and mental health initiatives to further enhance its safety culture.

Our Safety Policy

Albaad operates under a comprehensive global health and safety policy framework that ensures consistency and alignment with international standards across all its operations. This global policy is complemented by local policies implemented in Israel and throughout the company's European sites, tailored to meet regional regulatory requirements and industry best practices. Together, these policies guide Albaad's commitment to safety, embedding these principles into every aspect of its organizational culture and operational processes. Our health and safety policies are the foundation of our local health and safety management systems, majority of them are certified with the leading ISO 45001 standard.

New production facilities are established in accordance with the best available technology, ensuring alignment



In 2024 Albaad achieved
20% reduction
in incident rates

with industry-leading standards. Existing facilities are progressively upgraded with appropriate systems and technologies to enhance their performance in accordance with applicable requirements. To achieve these objectives, Albaad defines clear and measurable targets annually, assigns responsibilities and authorities for implementation, and allocates the necessary human and financial resources.

This policy is communicated to all Albaad employees, contractors, service providers, and relevant stakeholders. It is publicly available and embedded throughout the organization via formal procedures, training programs, and awareness initiatives.

Albaad's Annual Safety Program

Albaad's Annual Safety Program ensures a safe work environment through hazard identification, risk assessments, and preventive measures. It includes clear safety objectives, regular training, emergency preparedness, and compliance with legal requirements, supported by continuous monitoring and improvement. The program is aligned with the principles of ISO 45001, the international standard for Occupational Health and Safety Management Systems, ensuring a structured approach to risk management, employee participation, and continual improvement across all sites.



Key Focus Areas:

- 01 Program approval and resource allocation
- 02 Hazard and risk identification
- 03 Safety instructions and communication
- 04 Safety and health objectives
- 05 Employee and safety team training
- 06 Occupational health services
- 07 Emergency preparedness and response
- 08 Hazardous substances and environmental controls
- 09 Periodic inspections and risk assessments
- 10 Reporting and documentation
- 11 Engagement with external entities
- 12 Continuous improvement of the safety system

Safety Governance and Management

Each site implements a structured safety management system, led by designated safety officers who are supported by department managers and trained safety trustees. Trustees' roles include identifying safety hazards on the production floor and reporting them, guiding employees and advising them on improving safety and hygiene and working with external safety inspectors.

In our Germany site, safety responsibilities are clearly defined under DGUV (German Social Accident Insurance) regulations, with oversight by an external safety specialist and seven internal safety officers. Our Spain and Poland sites also maintain dedicated safety personnel and committees, ensuring implementation of our safety protocols.

Monthly safety reports that include incidents and preventive actions are submitted to the CEO. While each site maintains localized safety protocols, Albaad ensures global consistency through centralized policy oversight, shared reporting templates, and cross-site audits.

Safety Committees and Engagement

We maintain active safety committees and forums that meet regularly to review incidents, share insights, and promote awareness, fostering a culture of shared responsibility and open dialogue between management and employees. These committees typically convene 8–11 times per year, exceeding minimum legal requirements, and are complemented by additional practices such as daily safety briefings and weekly cross-functional safety tours.

Meeting agendas include incident reviews and investigations, risk assessments and compliance checks, planning of training activities and tracking participation, as well as follow-up on corrective and preventive actions to ensure timely closure. Each meeting produces formal minutes, which are documented and shared internally. In addition, consolidated safety reports are prepared for senior management to maintain transparency and accountability.

Through these processes, employees are encouraged to raise concerns and suggestions, which are addressed collaboratively with management-appointed safety representatives, reinforcing employee engagement and driving continuous improvement in occupational health and safety across the organization. Weekly safety forums allow team leaders to present near-miss events and suggest preventive measures, to help us learn and adapt in real time.



Prevention Strategy

Our commitment to occupational health and safety is reflected in our proactive strategy to prevent workplace accidents. We encourage employees to report “near miss” events- incidents in which an accident almost occurred and we are committed to learning from each case to prevent future occurrence. In case of an accident, an investigation is carried out with documented findings and corrective measures, shared internally to raise awareness.

These goals are pursued through a comprehensive approach that emphasize leadership involvement, employee engagement, risk communication, and structured safety procedures.

Senior management plays a key role in promoting safety by leading internal safety inspection tours, participating in incident investigations, and integrating safety discussions into weekly and monthly meetings. Their active involvement set a strong example and reinforced safety as a core organizational value. Employees are equally engaged through participation in safety committees, inspections, and the development of safety protocols, fostering a culture of shared responsibility.

To support safe operations, Albaad ensures that all employees are informed of workplace risks and trained in protective measures. Clear safety procedures and work instructions have been developed for every task involving potential hazards. Regular safety audits are conducted to identify and correct deficiencies and all employees are equipped with certified personal protective equipment and safe work tools.

Incident reporting and investigation are central to Albaad’s safety management system. All safety incidents are documented, investigated, and analyzed to prevent recurrence. In 2024 we introduced a new

platform for reporting safety issues, hazards or incidents through the “Connecteam” enabling employees to submit reports directly and allowing safety managers to access information quickly and implement corrective actions more efficiently. Corrective actions are carried out within 3 months of reporting and are subsequently communicated to all relevant departments. In Germany, incidents are reported to the statutory accident insurance authorities and followed by updated risk assessments. In Israel, incidents are shared via internal communication channels to raise awareness and reinforce preventive measures across all sites.



Safety Goals and Performance

Albaad develops annual safety plans tailored to each site, that outline training schedules, inspection routines, and strategic goals. Key performance indicators (KPIs) include:

Metric	2023	2024
Employees		
Recordable Incidents	130	166
Lost Time Incidents	72	90
Injured Employees	98	125
# of lost days	1362	1584
Fatalities	0	0
Contract Employees		
Recordable Incidents	17	13
Lost Time Incidents	1	0
Injured Employees	11	11
# of lost days	16	38
Fatalities	0	0

These metrics are monitored continuously and reported to senior management. Furthermore, we have set a comprehensive set of safety targets for the Massuot Itzhak site, which is both our largest manufacturing facility and the location of our global headquarters:

Massuot Itzhak Safety Target	2024 Status
Maintain a 100% investigation rate of incidents	Target met
Continue conducting incident and root cause analysis for every accident with injuries or near-miss	Target met
Implement 100% of recommendations classified as “immediate,” and at least 90% of all other recommendations within three months, whether they result from accident or near-miss investigations or from safety committee decisions	Target met
Provide task-specific general safety training for every newly hired, including contractor employees, prior to commencing work.	Target met
Reduce number of accidents by 20% compared to 2023	Target not met



Safety Training and Awareness Initiatives

Albaad invests considerably in safety education and training. Annual training programs cover mandatory safety training for all employees, role-specific sessions for specific roles, and managerial involvement with safety leadership training and participation in emergency drills.

In 2024, employees received targeted training on workstation hazard awareness, safe work practices, and the proper use of personal protective equipment (PPE), including rubber boots.

As part of the CEO's project in 2024, and to make safety issues more easily accessible, we've added stickers with scannable QR codes throughout the Israeli sites. These QR codes link employees directly to safety regulations and to a dedicated page for reporting safety hazards.

Specialized courses also covered confined space entry protocols, chemical handling and spill response, and pump shutdown procedures to prevent hazardous material exposure.

These workshops are regularly adapted based on real incidents, fostering a culture of learning from experience. Recognition ceremonies and departmental competitions that reward proactive safety behaviors further incentivize

safe conduct and reinforce a shared commitment to workplace safety.

For contractors and subcontractors, site entry is permitted only after completing a sitespecific safety induction aligned to the work area and task, including the issuance of relevant work permits prior to starting work. Typical contractor training topics include working at height, cranes, first aid, and forklift safety; contractors receive a tailored briefing and sign taskspecific forms. Depending on the site, this induction is delivered either by Albaad personnel or by the subcontractor before work begins; one site reported that no contractor safety workshops were conducted during the period, indicating that practices may vary and are being aligned to company standards

Audits and Compliance

In 2024, Albaad demonstrated its strong commitment to occupational health and safety through a robust program of internal and external audits across all sites. External reviews included ISO 45001 and ISO 14001 certification audits, inspections by regional labor authorities, and multiple social compliance audits, all of which were successfully completed. Internally, weekly hazard surveys and safety inspections were carried out by dedicated Safety Officers, complemented by corporate-level safety reviews. European sites reinforced this approach through regular quality audits, annual external inspections, and structured ESH (Environment, Safety and Health) action plans with clear timelines. All audit findings were addressed promptly through documented corrective actions, followed by systematic follow-up to ensure timely closure. Quarterly reviews and continuous monitoring not only ensured compliance but also drove ongoing improvement, reflecting Albaad's proactive approach to learning from audits and enhancing workplace safety standards year after year.

Occupational Health

Employees are exposed to various occupational health risks depending on their roles, including noise, chemical exposure, physical strain, and ergonomic challenges. Albaad mitigates these risks through regular health screenings, personal protective equipment (PPE) distribution, and workplace adaptations designed to reduce exposure and strain. Risk assessments are continuously updated to reflect operational changes, new equipment and emerging hazards.

In 2024, particular attention was given to noise exposure in production areas. Employees in high-noise environments underwent periodic audiometric testing and occupational health examinations, supported by mandatory use of earplugs or earmuffs. These measures are complemented by ongoing training and awareness programs, ensuring that employees understand the importance of protective equipment and safe work practices.

Across all sites, Albaad applies robust regulatory frameworks—such as DGUV standards in Germany and national labor risk prevention laws in Spain and Poland—while maintaining internal policies aligned with ISO requirements. Through these proactive measures, Albaad fosters a strong culture of health and safety, aiming to prevent work-related illnesses and promote long-term employee well-being.

Looking ahead to 2025, Albaad aims to expand training to include mental health and stress management and implement predictive safety technologies. These efforts reflect our deep sense of responsibility and its ongoing commitment to creating a safe, healthy, and resilient work environment for all employees.



Community Involvement



Community Involvement

At Albaad, we consider community involvement to be a cornerstone of our commitment to social impact. We believe that our responsibility extends beyond business operations, and includes a dedication to making positive contributions to the communities in which we operate. We maintain a dialogue with the local communities near our locations, while also contributing to them through volunteering with various organizations, providing monetary support and products donations.

Our monetary donations primarily go to initiatives focused on nurturing STEM education (Science, Technology, Engineering and Mathematics) and encourage diversity in employment opportunities. Furthermore, we continued our longstanding tradition of donating products, such as baby wipes, household cleaning and disinfecting wipes, and personal care products, to various organizations upon request. Beneficiaries include Ukrainian refugees in Poland and displaced communities in Israel, affected by the war.

Our monetary contributions in 2024 totaled approximately NIS 350,000 to support non-profit organizations that assist individuals facing various challenges. We also donated products and equipment worth NIS 134,000, more than double the amount donated in 2023. Altogether, these contributions represent over 0.7% of our earnings before tax.

The company did not give out any political contributions in 2024.



In 2024 we donated
~ NIS 350,000

Employee Volunteering in Israel

Albaad conducts two focused volunteer days each year in Israel, with each site contributing to a different community initiative. During 2024 we held a range of activities as part of Albaad's broader social involvement efforts. Overall, 132 employees, an increase of 24% compared to 2023, participated in 432 hours of volunteering activities, representing a 16% increase from the previous year.



During 2024
132 employees
participated in 432 hours
of volunteering activities

During the first phase of volunteering day in Israel, held in May, 61 employees volunteered across 4 different locations: employees from the non-woven factory carried out agricultural work at the "Edible Forest" near Kidron; the products factory employees performed carpentry work at the ecological garden "With Nature" in Gan Yavne, located at a boarding school for at risk youth; Dimona site employees renovated a garden for people with disabilities; and the Caesarea factory workers cleaned a famous local beach located near a historic Roman aqueduct.

The second phase took place in November and focused on supporting individuals living with mental illness, an area that is often perceived as less "attractive" for volunteers. Through the Enosh association, which operates centers for people with mental illness across Israel, they carried out activities adapted to the cognitive and physical abilities of the participants at centers located near our facilities. Activities included a music workshop and a mosaic workshop.

We believe that our responsibility extends beyond business operations, and includes a dedication to making positive contributions to the communities in which we operate

Supporting Community Organizations

Ta'asiyeda – Industry and Knowledge

We maintain a long-term engagement with Ta'asiyeda, a non-profit educational association that allows students to conceive and implement innovative projects, crafting technology-based solutions for real-life challenges. This fosters hands-on learning, creative thinking, and problem-solving skills. Albaad sponsors educational programs in the fields of industry, innovation, and entrepreneurship for elementary school students. Our professional team support the program throughout the year, and members of senior management serve as judges in the final project competition. As part of this initiative, 10 classes from schools near the Massuot site in Israel visited the factory, where they were introduced to the full production processes- from initial planning through product completion and distribution, helping the students connect the products they use at home to real-world industrial processes.

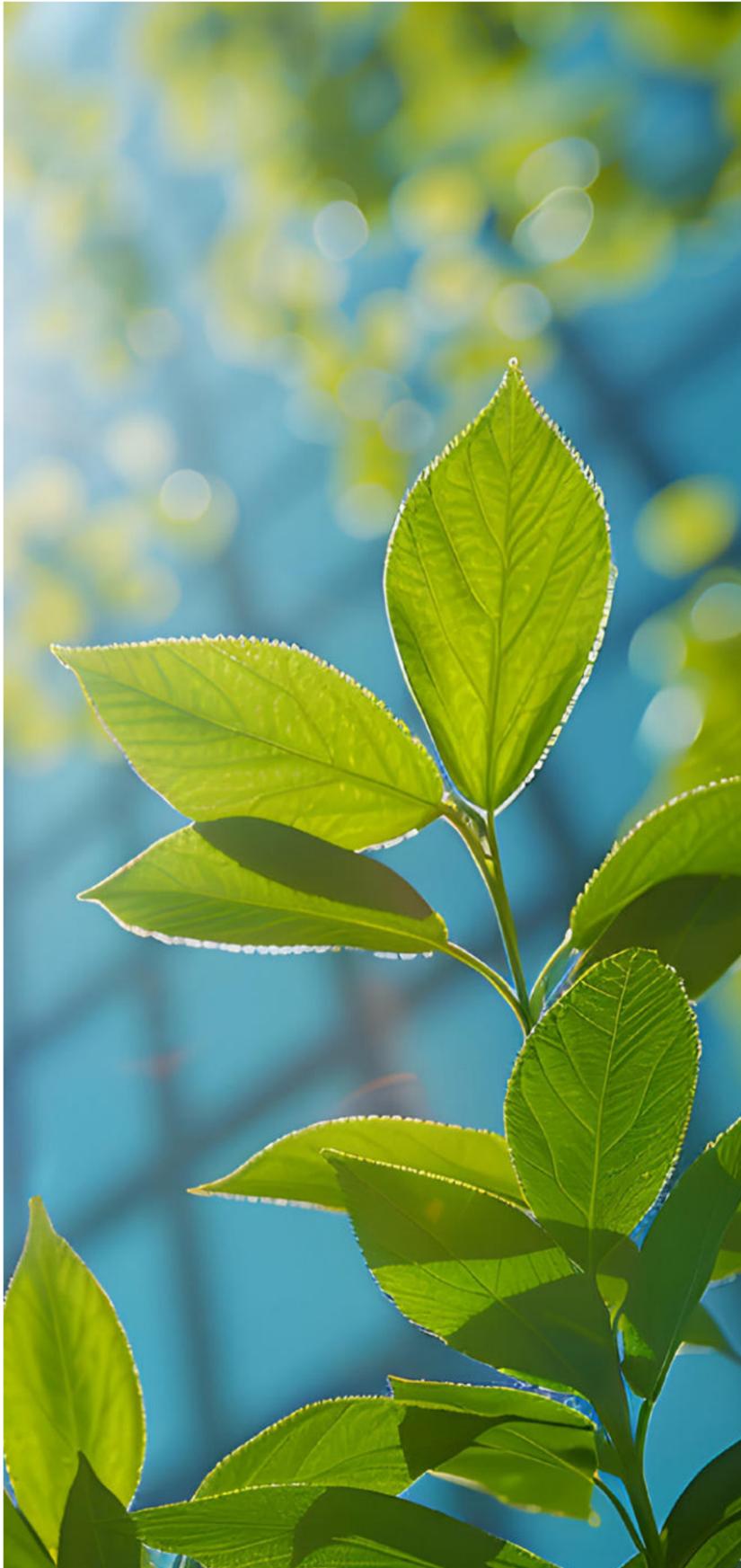
"Big in Uniform"

Albaad adopts a group of individuals with special needs and accompanies them throughout their recruitment and volunteer service in the Israel Defense Forces (IDF). Our involvement includes participation in key milestones such as the beret awarding, uniform presentation, and graduation ceremony. Employees from the Caesarea site and members of the company's management take part in these events, demonstrating Albaad's commitment to inclusion and community engagement.



Corporate Governance

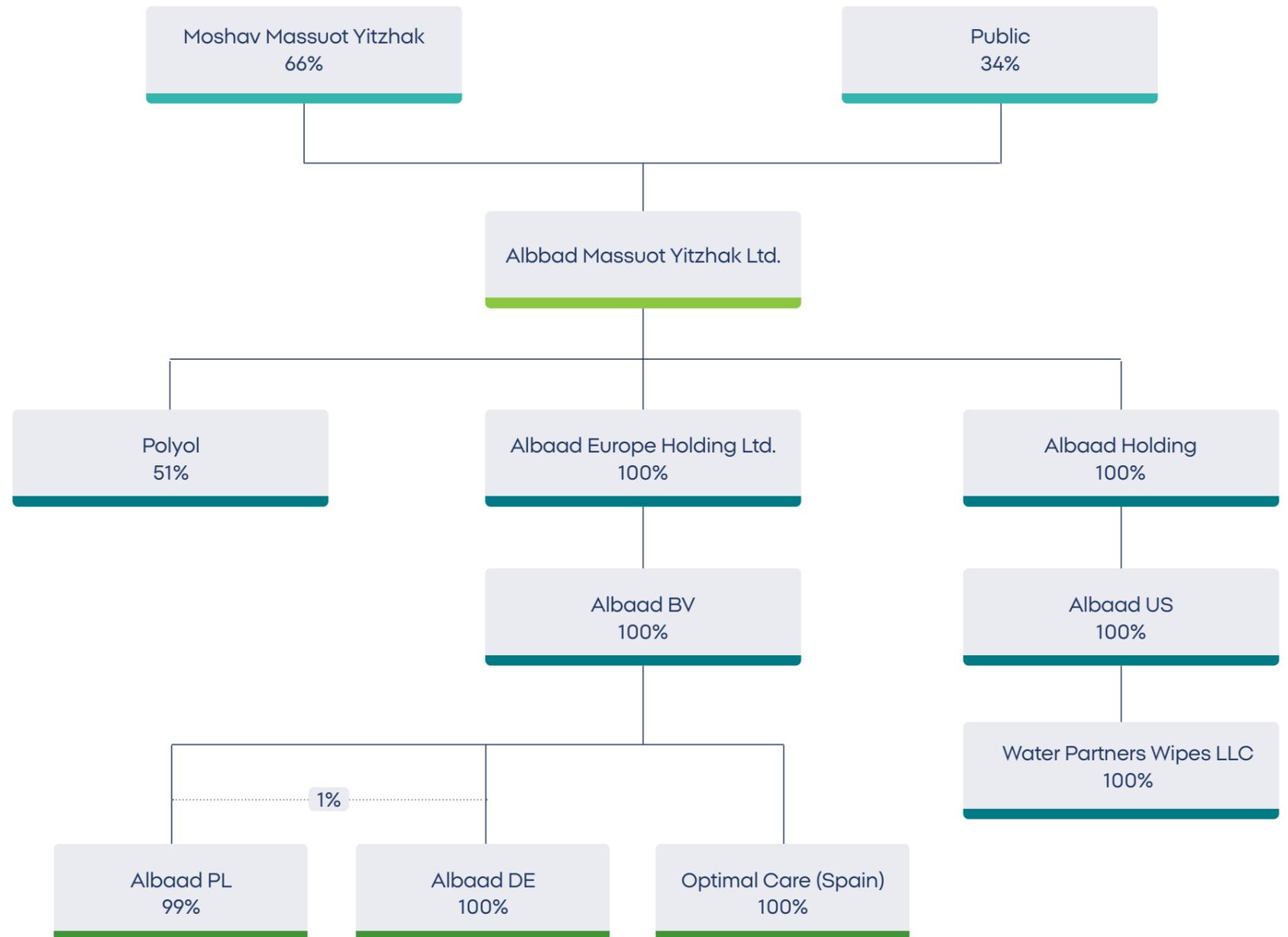




Corporate structure

Albaad has been a publicly traded company on Tel Aviv Stock Exchange (TASE) since 1994. All holdings of Albaad are in 100% of the investee companies, excluding 51% holding in Polyol Biotech, and Albaad Poland that is held 99% by Albaad Netherlands and 1% by Albaad Germany. Corporate headquarters are located at the company offices in Israel.

Albaad Massuot Yitzhak Ltd. — Holding Structure





8
board meetings

96%
attendance

Our Board of Directors

At the time of the publication of this report Albaad's board of directors is comprised of nine directors, two of whom are external directors and additional one is independent director. Of the nine directors, seven are men and two are women. The chairman of the board is not a member of the executive management.

Board members are appointed at Albaad in accordance with Israel's Companies Law.

The board held 8 board meetings with a 96% attendance rate. Within the framework of the Board and according to the Israeli Securities Authority guidelines, the board has 3 Committees: Remuneration Committee, Audit Committee and Financial Reports Committee. The attendance rate for their meetings was 100%.

The remuneration committee meets annually and handles wages and employment conditions, as well as long- and short-term remuneration for senior executives. The remuneration policy is approved once every three years by the company's general assembly, and it was last approved in 2023. The committee met twice in 2024.

The audit committee is responsible for appointing an internal auditor and addressing all legal requirements. It meets to review the internal auditor's reports and findings or to address any issues that require the committee's attention. The committee met 7 times in 2024.

The financial reports committee meets on a quarterly basis to discuss the financial results.

Our directors sign an affidavit in which they declare they do not act in conflict of interest. Whenever there is a potential conflict of interest, the relevant director does not participate in the discussion in that matter. Furthermore, all transactions with related parties are approved within the framework of the audit committee. In addition, our directors are members in Israel's Directors Union (IDU), which provides them with professional training on diverse topics.

ESG in the Board of Directors

Once a year, as part of the annual plan, the board of directors reviews the company's compliance with its strategic goals, as outlined in its recent strategic plan. Promoting ESG topics has been included in the company's general strategy, with an emphasis on environmental responsibility and so in 2024 the board reviewed and approved the company's 2023 ESG report, including the future goals and targets set in it, demonstrates the company's commitment to meeting them.

Remuneration Policy

Albaad's remuneration policy was updated in January 2023. It establishes the terms of employment of the company's senior executives. Albaad does not usually reward its employees by way of a predetermined bonus, except for certain employees in senior management positions. Bonuses are distributed based on the board's compensation committee's decision, based on financial performance, and the company also does not implement a capital compensation plan for employees, except for the company's CEO who received a capital compensation program in 2024.

Social benefits for Albaad's employees and allocations to pension funds are determined by the legal provisions applicable in each country of operation. The policy also includes termination payments and clawback policies.



Product Quality and Safety

Quality and Safety: Our Foundational Commitment

The safety, effectiveness, and superior quality of our products are paramount to our customers' trust and are our top goal. We consider consumer safety to be of utmost importance, which is why we prioritize quality and safety throughout every phase of our product lifecycle: from development and manufacturing to supply chain management and commercialization.

To uphold our outstanding reputation, Albaad has developed product quality policies that focus on the following objectives:

- To develop, manufacture and provide our customers with products that meet all regulatory requirements as well as expectations for quality, safety and performance.

- To enact purchasing controls through supplier selection, qualification, evaluation and procurement of raw materials which meet our quality standards.
- To oversee product quality by implementing a risk-based approach in every stage, from product development, to manufacturing and distribution.
- To establish management systems which promote continuous improvement of our processes and products.

In 2024 we updated our quality goals, to the following list:

- Establish quality improvement in a 5-year plan. As part of the plan, more measurements are being taken on a monthly basis, the results are communicated to management, additional metrics have been determined, and some of them have already been integrated into the SAP system.
- Improve quality KPI reporting and analysis - using SAP system or other software

We consider consumer safety to be of utmost importance, which is why we prioritize quality and safety throughout every phase of our product lifecycle

- Establish and implement product quality process and committee
- Strengthen quality team in corporate and sites
- Actively manage management review boards at all sites
- Continue implementing the corporate supplier qualification process

Quality indicators are reported internally on a monthly basis to the site management and the company HQ.

Quality Assurance and Compliance Audits

Albaad's sites are audited regularly to verify company quality assurance as well as compliance with the appropriate standards and certifications, by the following measure of continuous inspections throughout the value chain.

During the supplier selection process, raw materials are assessed to ensure that they qualify with strict quality requirements. Incoming raw materials are inspected and monitored to ensure consistent quality before being used in the production process.

In-process controls are carried out at every stage of the production and packaging process, including physical properties specification tests, analytical tests, visual inspections and performance checks.

To approve the release of every batch, finished products undergo microbiological, physical and chemical testing to ensure the safety and quality of each batch.

Audits

Internal audits: Our sites follow an annual audit plan, which evaluates our compliance with regulatory and quality standards. Audits are conducted in all departments that may influence product quality and safety.

Supplier audits: We audit our suppliers to verify that they comply with applicable laws and regulations as well as meet Albaad requirements and specifications.

External audits: our sites undergo external audits conducted by third-party regulatory standards and independent qualification bodies, as well as customers upon request.

Audits by our clients: Our manufacturing facilities are regularly audited by our clients, serving a dual purpose: ensuring our social accountability policies align with each client's unique code of conduct, and demonstrating our steadfast commitment to ethical business practices. These audits also highlight the sustainability advantages embedded within our operational model.

To further reinforce our dedication to responsible sourcing, we have joined SEDEX (Supplier Ethical Data Exchange), a global platform that facilitates the transparent exchange of ethical data across supply chains. This membership reflects our unwavering commitment to transparency and accountability in every aspect of our operations.

Quality management reviews:

All our sites conduct an annual Quality Management Review Meeting, during which the effectiveness and

efficiency of the Quality Management System (QMS) are systematically evaluated. This review serves as a continuous due diligence process, bridging the gap between routine operational activities and periodic formal audits. It enables management to assess system performance, identify areas for improvement, and ensure alignment with organizational objectives.

Following each review, a comprehensive action plan is developed and submitted to the Board of Directors. This plan outlines the necessary resources and strategic initiatives required to drive continuous improvement across all quality-related functions.

There were no product recalls in 2024, demonstrating the result of our commitment to product quality. There was one recall event in 2023, and as a result, a plan was developed to better manage the quality risks identified and prevent recurrence of such incidents.

Site	Country	ISO 9001	ISO 22716	ISO 13485	ISO 14001	ISO 45001	BRC	FSC™	RSPO	IFS	21 CFR 820	OCS	OEKO-TEX STANDARD 100
Wipes	Israel	✓	✓	✓	✓	✓		✓	✓				
		✓	✓	✓	✓	✓		✓	✓				
	Germany	✓	✓	✓				✓	✓	✓			
	Spain	✓	✓		✓	✓		✓		✓			
	Poland	✓	✓					✓	✓	✓			
	Massuot	✓	✓		✓	✓		✓					
Nonwovens	Massuot	✓	✓		✓	✓							✓
	Dimona	✓											
Fem	Israel			✓	✓	✓	✓				✓	✓	✓

Meeting Local and International Standards and Regulations

As a multinational company spanning two continents and serving customers globally, Albaad places significant emphasis on regulatory compliance. We are dedicated to maintaining operations that prioritize safety, compliance with regulations, and transparent practices.

Products Regulatory Compliance

Continuous monitoring of regulatory adherence is led by the Corporate Regulatory Affairs manager, in collaboration with the Research and Development (R&D) teams across all company sites. Direct oversight is carried out by the Vice President of Quality and Regulatory Affairs and the Vice President of Research and Development.

We maintain rigorous and continuous oversight of emerging legislative developments across key regions and markets. This proactive approach enables us to respond promptly and effectively to changes in the regulatory environment. The assessment of new and evolving regulations constitutes a core component of our Management Review Board meetings and is conducted at each site.

Our structured review methodology is strategically designed to ensure that all products manufactured are in full compliance with applicable local regulations in the markets where they are distributed. This process reflects our commitment to regulatory excellence and operational integrity.

The products manufactured across all Albaad sites adhere to all relevant laws and regulations in accordance with their application and designation. This dedication extends to rigorous compliance with regulatory requirements in the following key marketing territories:

Europe – All products sold in the European Union comply with strict safety requirements in alignment with the principles of the European General Product Safety Directive. Products falling under the “cosmetic products” category conform to the requirements outlined in the European Cosmetics Regulation (EU 1223/2009). Cleaning products intended for the European Union market adhere to the guidelines set forth by the European Detergents Regulation (EU regulation no. 648/2004), the CLP Regulation (EU regulation no. 1272/2008), and the Biocidal Products Regulation (EU regulation no. 528/2012), if applicable.

Additionally, products containing plastic fibers are appropriately labeled to adhere to the specifications outlined in the Single-Use Plastic Directive (2019/904). In 2025, extended producer responsibility (EPR) regulations are expected to apply to wipes. Albaad is already preparing for the effects of the new regulation on its production, in order to meet customer and regulatory demand.

New regulations in Europe (2023/1545) require product changes in the area of allergens and disinfectants. Preparing for this regulation requires screening all ingredients for allergens (existing and new list of 80+ allergens); identifying if disinfectant actives are approved under the new regulation and authorized for the intended use; working with fragrance suppliers to obtain updated allergen declarations; and evaluating whether reformulation is needed. If changes are made, labelling and documentation updates are carried out followed by testing and validation of our efficacy claims.

For disinfectants, we have registered a new formula in Spain that meets the requirements of the new regulation, and we have also signed an agreement with a company that will provide us with a formula with a reduced

Albaad places significant emphasis on regulatory compliance. We are dedicated to maintaining operations that prioritize safety, compliance with regulations, and transparent practices

environmental impact that is already approved. For allergens, our development team is working to replace all fragrances that may cause allergies according to the new regulation.

Israel – Cosmetic products marketed in Israel are approved and registered according to the Cosmetics Permits procedure and comply with the Control of Commodities and Services Ordinance. In 2024, a new cosmetics registry reform came into effect, requiring every new product to be registered in the Ministry of Health’s designated registry. Under this reform, compliance responsibility lies with the manufacturer, who is required



to maintain a Product Information File (PIF) containing all relevant tests and the documentation needed to substantiate the product's marketing claims.

Cleaning products classified as hazardous materials are packaged and marked according to the requirements specified in the Israeli Standard number 2302. Products classified as medical devices are registered according to the Ministry of Health requirements.

United States – All marketed products fully comply with US law requirements, including FDA requirements where applicable. Our FEM site in Israel which produces tampons for the US market is a licensed FDA Medical Device Establishment and complies with FDA regulation 21 CFR 820.

In recognition of our strict adherence to local, regional, and international laws and regulations, no legal or administrative proceedings were initiated against the company during the year 2024. Furthermore, Albaad was not subject to any significant fines throughout the reporting period, reflecting our continued commitment to regulatory compliance and ethical business conduct.

In addition, Albaad is preparing for full compliance with the Modernization of Cosmetics Regulation Act (MoCRA), which introduced significant updates to U.S. cosmetic regulations. Under MoCRA, cosmetic manufacturers are required to register their facilities with the FDA, submit product listings, maintain substantiation for product safety, and report serious adverse events. Albaad is implementing the necessary processes to ensure that all relevant products meet MoCRA's requirements, including documentation, safety assessments, and recordkeeping obligations. These steps strengthen our regulatory readiness and support long-term compliance in the U.S. market. The MoCRA regulation will be implemented in 2025.



Product Transparency and Labeling Compliance

In alignment with evolving EU regulation, Albaad is preparing a comprehensive product-level disclosure. Each product will be accompanied by detailed documentation specifying its ingredients, their origin and concentration, the materials used, and any relevant certifications such as Forest Stewardship Council™ (FSC-C006017) for sustainably sourced fibers and RSPO for sustainably produced palm-oil-based materials.

Furthermore, Albaad is working to ensure that all product claims are fully and properly substantiated. This includes dermatological and hypoallergenic testing, validation of

claims related to sensitive skin and moisturization, and confirmation of flushability and biodegradability through standardized testing methods. All claims are verified through testing conducted by authorized bodies and/or supported by scientific evidence, including internal or external studies and publications.

“Free from” and “natural origin” claims are supported by supplier documentation, while packaging-related statements are backed by recognized certifications. These measures reflect the Albaad's commitment to regulatory compliance and transparency, ensuring that product information is accessible, accurate, reliable, and aligned with applicable standards for our partners and consumers.

Maintaining Albaad's Ethics

Ethics forms the foundation of our business, guiding every decision and action to ensure integrity, transparency, and responsible practices across all aspects of our manufacturing operations. Our ethical standards are reflected in our Code of Ethics which sets standards that shape and maintain an ethical corporate culture and establishes a relationship of trust and integrity between Albaad and its shareholders, customers, suppliers and all other stakeholders.

The Code, which was updated in 2023, endorsed by the CEO, and made available in multiple languages, outlines in detail the guiding principles and values that govern the conduct of the company's managers and employees:



Ethical behavior at Albaad encompasses our interactions with customers, suppliers, and competitors, our commitment to the community and the environment, and our strict avoidance of illegal incentives, corruption, and other misconduct.

In the environmental section of our Code of Ethics, Albaad commits to comply with all applicable legal requirements and regulations, including the use of materials with reduced environmental impact, proper treatment of waste

and wastewater, prevention or reduction of environmental hazards, and minimizing polluting energy consumption wherever possible.

To ensure that our behavior and communications consistently reflect our values, all employees are required to sign the Code at the start of their employment with Albaad. Employees also receive regular training on the Code as part of the annual training program and as needed. In 2024 71% of employees received such training.

We provide a platform for employees to report anonymously any violations related to ethics, corporate governance, or financial matters. We encourage the use

of a dedicated "hotline" and maintain ongoing dialogue with employees, customers, and suppliers to continuously improve our ethical conduct. In 2024 there were no reports on potential violations of the code.

There are two significant sets of internal controls that are carried out regularly, to ensure ethical compliance in sensitive topics. The first focuses on verifying that every transaction involving a related party in the company receives the required approvals and that there is no conflict of interest. The second is a comprehensive enforcement program, designed to ensure compliance with securities laws and prevent insider trading. In 2024, no violations of these regulations were recorded.





Appendices



About this report

Thank you for reading Albaad's 10th sustainability report. The report is written with reference to the Global Reporting Initiative (GRI) Standards and is aligned with the United Nations Sustainable Development Goals (UN SDGs), which aim to promote a better world for future generations.

The information presented in this report reviews Albaad's ESG performance for the period of January 1st to December 31st, 2024, and details its commitment to accountability, transparency and value-creation for all stakeholders. Our previous report covered 2022-2023 and Albaad intends to continue reporting on its ESG performance annually.

Unless stated otherwise, the report includes activity of seven sites spread across Israel, Germany, Poland and Spain. Data was gathered for the full calendar year, unless stated otherwise.

The report contains assumptions, which, unless otherwise stated, are based on internal company data. In the event of a discrepancy between what is stated in this report and the financial reports, the information in our financial statements supersedes any information herein.

For more information, inquiries, or suggestions regarding the report or our ESG performance, please contact:

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ESG Data Table

Environment

	Topic	Unit	2022	2023	2024
Energy consumption³⁹	Electricity - Grid	MWh	50,763	49,055	43,311
	Electricity - Renewables ⁴⁰	MWh	8,934	9,343	10,108
	Production - LPG	mt	224	0	0
	Production - RFO	mt	0	0	0
	Production - Diesel	m ³	30	30.8	47
	Production - Natural Gas	m ³	5,089,103	5,235,205	4,631,192
	Transportation - Diesel	m ³	145	19.8	29
	Transportation Petroleum (Gasoline)	m ³	101	111	91
	Transportation - LPG	mt	0	0.035	0
	Total energy consumption ⁴¹	GJ	417,989	408,458	364,745
	Total energy intensity	GJ/ton of production	1.6	1.6	1.4

	Topic	Unit	2022	2023	2024
gas emissions	Scope 1	CO ₂ e	11,703	11,477	10,125
	Scope 2 - Market Based	CO ₂ e	23,972	21,134	19,036
	Total scope 1 +2 - Market Based	CO ₂ e	35,675	32,611	29,161
	GHG intensity Market Based	CO ₂ e/ton of product	0.13	0.13	0.116
Waste Disposal¹⁴²	Total non-hazardous waste	mt	13,844	11,418	12,622
	Waste production intensity	ton waste/ton of production	0.05	0.04	0.05
	Landfilled	%	34.50%	24.70%	20.00%
	Reused/recycled	%	59.40%	68.70%	74.00%
	Incineration	%	6.10%	6.60%	6.00%
	Total hazardous waste	mt	25	52	21.5

	Topic	Unit	2022	2023	2024
Municipal water	Water withdrawal (m3)	m	647,370	651,051	654,638
	Water intensity	m ³ /ton of production	2.4	2.6	2.6
	Total wastewater production	m	344,251	382,801	350,050
Industrial wastewater	Treated on-site	%	94%	96%	88%
	Not treated on-site	%	6%	4%	1%

	Disclosure Number	Description	Page Number
Sustainable Innovation			
GRI 3: Material Topics 2021	3-3	Management of material topics	18-20
Product Quality and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	46-49
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	47-49
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	37
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	38
	403-5	Worker training on occupational health and safety	40
	403-7	Worker participation, consultation, and communication on occupational health and safety	38
Employee Development			
GRI 3: Material Topics 2021	3-3	Management of material topics	32
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	31
	401-3	Parental leave	36
GRI 3: Material Topics 2021	3-3	Management of material topics	32
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	32
	404-2	Programs for upgrading employee skills and transition	32
	404-3	Percentage of employees receiving regular performance and career development reviews	34
Business Ethics			
GRI 3: Material Topics 2021	3-3	Management of material topics	50
Local Regulatory Compliance			
GRI 3: Material Topics 2021	3-3	Management of material topics	48

Social

Topic	Unit	2022	2023	2024
Total employees	#	1,790	1,751	1,823
Women	%	45%	48%	44%
Men	%	55%	52%	56%

Employees by country				
Israel	%	46%	42%	41%
Germany	%	31%	34%	33%
Poland	%	11%	12%	12%
Spain	%	12%	12%	14%

Job Type				
Full time	%	99%	98%	98%
Part time	%	1%	2%	2%

Training				
Number of training hours provided to employees	hr	6,329	8,983	9,401
Total number of training hours per employee	hr/ employees	3.5	5.1	5.15
Percentage of employees receiving regular performance and career development reviews	%		83%	88%

Demographic Division - Israel				
Israeli Arabs	%	6.30%	3.30%	4%
Ethiopian	%	5.20%	4.60%	6%
Druze	%	1.20%	1.90%	2%
Other minorities	%	1.20%	0.40%	0%
Jewish-nonorthodox	%	85.80%	89.60%	88%

Topic	Unit	2022	2023	2024
Parental leave				
	Unit	2022	2023	2024
Entitled to parental leave				
Female	#	34	19	27
Male	#	30	31	20
Took parental leave				
Female	#	34	19	25
Male	#	10	11	10
Returned to work after parental leave				
Female	#	15	10	15
Male	#	10	11	9
Employees still employed 12 months after their return to work				
Female	#	11	9	13
Male	#	10	10	9

Community involvement				
Contributions	NIS	354,000	374,000	351,015