



# Max Stock Ltd.

2024 Environmental, Social,  
and Governance (ESG) Report







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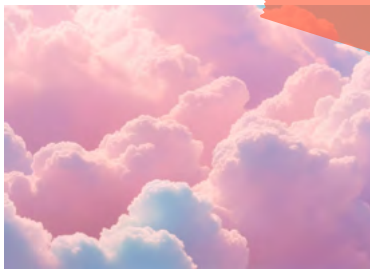
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# CEO's Statement

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Dear friends,

## 2024 was a year of growth and renewal alongside challenges.

This year, we continued to implement the Company's expansion strategy, with a commitment to bringing our wide range of products into every home in Israel at the lowest price, while upholding the principles of corporate responsibility, good governance, and business fairness.

Despite the many challenges faced by Max Stock and Israeli society as a whole, the Company demonstrated its resilience and strength. In the face of uncertainty, volatility, changing consumer habits, and the various impacts of events in Israel and around the world, Max Stock managed to adapt quickly and deliver impressive financial results.

Our growth was accompanied by significant investment in our human capital – our employees are the core of our activity, and we are committed to providing them with a fair, respectful, and pleasant work environment. We also continued to emphasize employment diversity and equal opportunities, out of a belief that our diverse human capital is a source of strength and innovation for the Company.

As part of our commitment to the community, we continued to invest in social initiatives and to act for the benefit of disadvantaged populations. This year, in the shadow of the "Swords of Iron" war, we increased our efforts and provided support to IDF soldiers and to populations in need. Max Stock views contributing to the community as an important element of its activity, and we are proud to take part in various initiatives

aimed at strengthening Israel's resilience.

The completion of our new central logistics center marks a significant step forward in advancing the Company's operational efficiency, incorporating innovative technologies and improving work processes. We strive to continue improving customer service while maintaining environmental responsibility and responsible resource management.

Finally, at this time, our hearts remain with the hostages and their families, and we hope for their speedy return home. We stand in solidarity with the soldiers of the IDF and all the security forces working day and night for our safety. Together, we will continue to build a future of growth, prosperity, and mutual responsibility.

Thank you to the Company's management and its dedicated employees, whose loyalty and diligence enable us to continue growing, meeting challenges, and achieve the Company's vision. Your daily work, innovation, and commitment are the beating heart of Max Stock and its success.

Sincerely,

**Ori Max**

CEO



# Selected Data for 2024

**17** million  
customers served by the Company  
in 2024

**ILS1.3B**  
Revenues, an increase of  
~18.9% relative to 2023

**34%**  
Increase in base earnings  
per share relative to 2023

**9.9%**  
Increase in SSSG<sup>1</sup> relative  
to 2023

**26%**  
Increase in adjusted EBITDA  
in 2024 relative to 2023

**75%**  
Of the Company's products sold in 2024  
are priced at **ILS 10** or less and **~92%** of  
products are priced at **ILS 20** or less.<sup>2</sup>

**2,146** employees

**60%**  
of the workforce are female

**42%**  
of the management are female as of the  
report publication date

**37.5%**  
of board members are female, including the  
chairperson

**4%**  
Of the workforce come from a population  
with disabilities

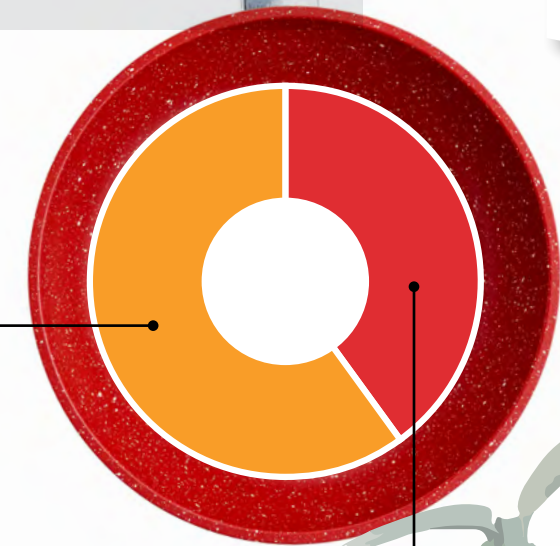
**100%**  
Of the branches are accessible to the disabled

**64** Branches  
across the country: **37** Owned | **27** Franchised

**67,100** Sqm  
retail space

**~60%**  
Of the Company's products  
are imported directly by the  
Company

**~40%**  
Of the Company's products are  
purchased from local suppliers



<sup>1</sup> Same Store Sales – data reflecting the scope of the chain's sales in owned stores which have been operating for at least one year comparing store sales in the period against the corresponding period the previous year.

<sup>2</sup> Including products priced at less than ILS 10.



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Red in love



# About Max Stock

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Max Stock Ltd. (hereinafter: the “**Company**”, the “**organization**” or the “**chain**”) was established in 2004 and is engaged in a retail business by operating a national chain store which offers a large variety of consumer products at attractive prices. The chain has 64 branches throughout Israel from Kiriat Shmona to Eilat. Most branches are operated by subsidiaries while the others are operated by franchisees.

The Company imports and sells various products at its stores, focusing on several main categories including school supplies, disposable, plastic and storage products, toys, and arts and craft products. The Company also imports and retails ornaments and gifts, fashion apparel and textiles, kitchenware and baking products, DIY tools, toiletries and cosmetics, furniture, lighting, garden and camping equipment and more.

Approximately 40% of the Company's products are rotated seasonally according to changing consumer trends. This is done in a bid to always keep the Company's products current and up-to-date and stay in line with consumers' needs and preferences. Over the years the Company has established a loyal customer base which has helped the chain develop. The Company has been listed on the Tel Aviv Stock Exchange since September 2020.

Max Stock is one of the leading extreme value retailers in Israel. The demand for the Company's products is attributable to its management's expertise in identifying new consumer trends, providing a unique customer experience, good value for money, keeping the items offered by the chain stores current according to the changing seasons and holidays, as well as changing customer preferences.

The chain's management and headquarter personnel operate from the Company's offices at 16 Hashitah Street, Caesarea.

## Max Stock's Holding Structure

Float  
**31.25%**

Moose Holdco Ltd.  
**28.21%**

Institutional investors  
**22.63%**

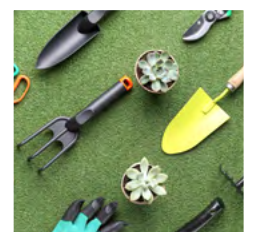
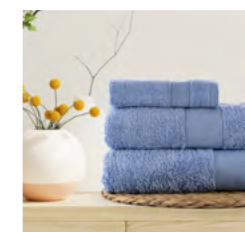
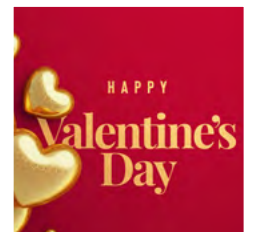
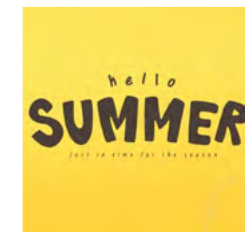
Ori Max Ltd.  
**17.91%**

Range of products at the chain's stores



**60%**  
Daily  
Products

Wide range of quality  
products for the  
customer's daily use



**40%**  
Seasonal  
Products

Constantly changing  
product range reflecting  
seasonal shopping trends



# Organizational Structure – Company's Management

As of the publication date of the report



Company's Management  
As of the publication date of the report

13  
Members

including  
5  
women



comprising  
~42%  
of the Company's management<sup>3</sup>

<sup>3</sup> Ori Max, the Company's CEO, operates under a management agreement as described in the 2024 annual report, and is therefore not included in the Company's manpower described in the human resources chapter included in this report.



# ESG at Max Stock

ESG related issues at Max Stock are intertwined with the Company's ongoing business activity and are typically handled by a number of parties at Max Stock, based on the issue.

The Company works to promote these matters, among other things, by improving employees' working conditions, streamlining the supply chain, encouraging employment in peripheral areas, advancing social projects involving community contribution and volunteer activities, and more.

The issue is included by the Company's legal counsel responsible for regulation and enforcement, while the Company's Deputy CEO and CFO is responsible for ESG at the Company.



# About the Report

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We are proud to present you with Max Stock's third environmental, social and corporate governance (ESG) report. This report presents the Company's primary activities in the above areas over 2024 as well as the full impact of Max Stock's commercial activity on its stakeholders. The publication of this report attests to the Company's continued commitment to promoting ESG issues as an integral part of its commercial activity.

## The Reporting Period and its Cycle

This report presents Max Stock's activities pertaining to ESG issues from January 1, 2024 through December 31, 2024. During this period, there were no material changes to the Company's activity, materiality of the reporting or the data presented in the report. The report was drafted according to Global Reporting Initiative (GRI) and Sustainability Accounting Standard Board (SASB) standards.

The information presented in the report was collected using the Company's data systems, various organizational sources and with the assistance of external consultants.

reports mentioned above, the content of the published reports shall prevail.

## Material Changes in the Reporting

There were no material changes to the reporting.

## Material Changes with the Information

There were no material changes to the information.

## Ensuring the Reliability of the Report

This report was not subject to external verification. Max Stock subjects all of its reports and external publications to internal control procedures in order to ensure the reliability of the reports, to improve the process involved in gathering the required information and data and to maintain and strengthen the transparency of its internal activities.

If you have any questions, comments or issues relating to the content of the report and ESG issues at Max Stock Ltd., please contact:

**Adv. Sharon Eisner Bell**, legal counsel responsible for regulation and enforcement, email: [Sharon@maxstock.co.il](mailto:Sharon@maxstock.co.il)

## The Scope of the Report

Max Stock operates in the State of Israel which constitutes the Company's principal place of business. In the relevant places, content included in this report corresponds with content which is included in Max Stock's 2024 audited periodic report. This report, together with the content of the 2024 annual report, presents the Company's activities in Israel.

This report does not constitute part of Max Stock's published financial statements, immediate reports, or periodic reports (hereinafter jointly: the "published reports"). In the event of discrepancy or conflict between the content of this report and the Company's

Max Stock Ltd. used its best efforts to ensure that the information included in this report is accurate and current, as of the date of the report. However, the report may include errors, omissions or inaccuracies. The Company makes no commitment that the information included in this report is suitable for any particular purpose nor does it undertake to update the report following changes subsequent to it being published.

Max Stock, its subsidiaries, their managers, employees, and all those acting on their behalf shall bear no responsibility for any damage, loss, or harm that may result from reliance on the information contained in this report or from its use.

This report presents topics selected by the Company for emphasis; however, this does not indicate their level of importance nor does it create any representation regarding the Company's activities as a whole.

The report is based on business data relevant to the Company's operations, but it does not constitute a substitute for the information in the published reports. Accordingly, with respect to financial data, operating data, profitability, forecasts, and the like, only the data detailed in the Company's published reports shall be valid.



# Materiality Assessment Process

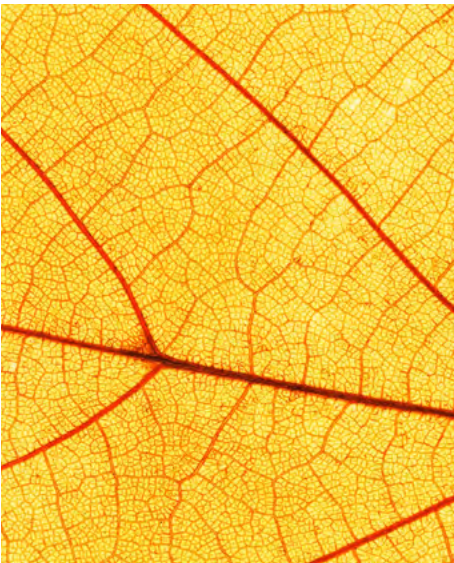
| 3-1 | 3-2 |

A materiality assessment is a major process used to create an organizational strategy on environmental, social and corporate governance topics.

The purpose of the process is to identify the most critical economic, environmental and social impacts on the Company and how these impacts affect the decision making process of the Company's stakeholders, which are defined as the relevant bodies which affect and are affected by the Company's activity.

As part of the reporting process and according to the GRI guidelines, Max Stock performed a full materiality analysis in 2021. The material issues reflect the topics identified as the most relevant ESG issues for the Company. No changes were made this year to the list of critical topics as part of the issue verification and relevance examination process.

#	Critical Topic	Category
1	Hr Management	Social
2	Social Responsibility	Social
3	Ethics and Corporate Governance	Corporate Governance
4	Integrity and Bribes	Corporate Governance
5	Regulatory Compliance	Corporate Governance
6	Risk Management	Corporate Governance
7	IT and Cybersecurity Risks	Corporate Governance
8	Product Safety and Quality	Corporate Governance
9	Responsible Supply Chain	Corporate Governance
10	Digital Innovation	Corporate Governance
11	Financial Performance and Business Development	Corporate Governance
12	Environmental Management	Environmental










## Max Stock's Commitment to the UN Sustainable Development Goals



The UN sustainable development goals (SDGs) are 17 global goals concerning sustainability related issues. They reflect the most critical global goals identified by the international community, to encourage governments, companies, business entities and NGOs to collaborate in addressing these goals. The goals were adopted by world leaders in September 2015 in a bid to promote issues such as: reducing poverty, increasing social equality within and between countries and reducing the environmental impact arising from human activity by 2030.






Max Stock's contribution towards meeting the UN sustainable development goals are described below:

Goal	Target	Company's Contribution to the Development Goals
 <b>Gender equality</b>	<b>5.1</b> End all forms of discrimination against all women and girls  <b>5.5</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making	Max Stock promotes women in the Company's activity, both among the Company's employees, where women comprise ~61% of all employees, and also on the Company's board of directors and management, where women comprise ~37.5% and ~38.5% respectively.
 <b>Industry, innovation and infrastructure</b>	<b>9.1</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure	Max Stock promotes innovation with the Company's activity, both by introducing technological accessories to improve customers' shopping experience and also by introducing technological solutions in the form of an organizational portal integrated with the work processes.
 <b>Sustainable cities and communities</b>	<b>11.a</b> Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning	Max Stock promotes products considerate of their environmental footprint, and strengthens local communities by opening branches across the country and giving employment opportunities to local communities.
 <b>Responsible consumption and production</b>	<b>12.7</b> Promote public procurement practices	Max Stock implements special processes in its activities vis-à-vis its workers and suppliers related to bribery and corruption, and also instructs the Company's workers to refrain from activities which may potentially entail the giving of bribes or a conflict of interest.
 <b>Peace, justice and strong institutions</b>	<b>16.5</b> Substantially reduce corruption and bribery in all their forms	Max Stock implements special processes in its activities vis-à-vis its workers and suppliers related to bribery and corruption, and also instructs the Company's workers to refrain from activities which may potentially entail the giving of bribes or a conflict of interest.

## Dialogue with Stakeholders

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The following is a list of the communication channels through which Max Stock communicates with its stakeholders:

Stakeholders	Stakeholder Communication Channel
 <b>Customers</b>	<ul style="list-style-type: none"><li>• The Company's website includes information about the Company, its departments, branches and more, and enables communication on any other relevant topic.</li><li>• Professional teams at all of the chain's branches.</li><li>• Social and professional networks – Facebook, Instagram, TikTok and YouTube – through which the Company creates communication channels to advertise sales and new products, to advertise the Company's activities, and promote marketing, commercial and financial messages which strengthen the Company's relationship with its customers.</li></ul>
 <b>Employees</b>	<ul style="list-style-type: none"><li>• Innovative employee portal which allows for updates to be received via smart phone.</li><li>• Training sessions for executives and employees.</li><li>• Employee reports to the Company's management through an anonymous email inbox.</li><li>• Personal discussions with the employees.</li></ul>
 <b>Investors</b>	<p>Investor announcements via various platforms, such as investor conferences and events, professional social media networks like LinkedIn and investor calls which include:</p> <ul style="list-style-type: none"><li>• Comprehensive financial information.</li><li>• Company's profile and data regarding the Company.</li><li>• Financial statements and ESG reports.</li><li>• Immediate reports.</li><li>• Professional presentations.</li></ul>
 <b>Suppliers and Franchisees</b>	<ul style="list-style-type: none"><li>• Dialogue with the chain's suppliers and franchisees as part of ongoing work processes.</li></ul>
 <b>Regulatory authorities and governmental bodies</b>	<ul style="list-style-type: none"><li>• Working opposite the Customs Authority at the Tax Authority.</li><li>• Working opposite the Ministry of Economy and Industry (primarily the standards administration) and the Israeli Standards Institute to receive standard mark approvals for products.</li><li>• Working opposite the Ministry of Agriculture and Communication to receive standard mark approvals for the relevant products.</li><li>• Professional, routine and special-purpose meetings with these entities and authorities.</li><li>• Working opposite the Israel Securities Authority and the Tel Aviv Stock Exchange as part of the Company's obligations as a public company.</li><li>• Routine work opposite the Israel Registrar of Companies.</li><li>• Ad-hoc dialogue with additional regulatory authorities (the Consumer Protection Authority, the Competition Authority and more).</li></ul>

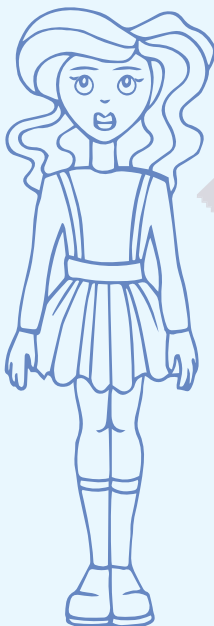


Chapter

SOCIAL

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Social Responsibility ..... 30



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# Human Resource Management

| 2-6 | 2-8 | 2-26 | 2-30 | 3-3 | 404-3 | 405-2 | 406-1 | CG-MR-330a.2 |

Max Stock’s employees are the heart and soul of the Company and the face of its branches. The employees are a key factor in the Company's success and in Max Stock's ability to keep providing its customers with excellent service over time. The employees create substantial value for the Company and contribute to its growth and development through their personal interactions, accessibility and professionalism.

Max Stock regards its employees as a central asset and is committed to fostering their professional development within a respectful and supportive environment that enables both personal and organizational growth. The Company requires that its employees maintain a pleasant and respectful work environment, free of violence and harassment. To this end, the Company has formulated a comprehensive code of ethics establishing clear standards and procedures for cultivating an organizational culture based on trust, credibility, and integrity, both within the Company and with external stakeholders.

Max Stock has adopted a zero-tolerance policy towards conduct inconsistent with the Company’s values. As part of its efforts to promote transparency and openness among employees and managers, and to improve the Company’s work environment, the Company operates the “AnonyMax” system, which enables employees to submit anonymous reports 24/7 on any matter, including grievances relating to inappropriate conduct or conduct contrary to the Company’s code of ethics. All reports are transferred to the HR Department, which acts in coordination with the relevant personnel within the chain to provide a response to the employee. In 2024, only a small number of anonymous reports were received through “AnonyMax” on various issues, which were handled by the HR Department. The Company views positively the decline in the number of anonymous reports, as

this, together with the strengthening of direct dialogue between employees and their managers, reflects increased trust and openness within the Company.

Max Stock adheres to an equal opportunities policy and makes decisions regarding recruitment, promotion, or termination solely on the basis of professional considerations. The Company does not discriminate between employees or job candidates on any grounds, including religion, gender, ethnicity, medical condition, sexual orientation, political opinion, marital status, or socio-economic background.

In the 2024 reporting year, no complaints were received regarding discrimination, and no material legal proceedings relating to employment discrimination were conducted against the Company. Accordingly, no financial losses were recorded in connection with such claims or proceedings.

As of the reporting date, Max Stock’s employees are not covered by collective agreements. The Company is committed to ensuring an equal opportunity, respectful, and safe work environment for all its employees.



## Max Stock HR Data<sup>4</sup>

| 2-7 | 405-1 | CG-MR-330a.1 |

Reference Group	2024			2023			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Senior Management</b>									
Under 30	-	-	-	1	-	1	1	-	1
Between 30-50	18	16	34	22	17	39	17	16	33
Above 50	4	1	5	-	-	-	2	-	2
<b>Total Management</b>	<b>22</b>	<b>17</b>	<b>39</b>	<b>23</b>	<b>17</b>	<b>40</b>	<b>20</b>	<b>16</b>	<b>36</b>
<b>Intermediate Management</b>									
Under 30	-	-	-	3	-	3	-	-	-
Between 30-50	37	2	39	34	2	36	26	-	26
<b>Total Intermediate Management</b>	<b>37</b>	<b>2</b>	<b>39</b>	<b>37</b>	<b>2</b>	<b>39</b>	<b>26</b>	<b>-</b>	<b>26</b>
<b>Employees</b>									
Under 30	388	756	1,144	386	842	1,228	320	652	972
Between 30-50	226	406	632	203	360	563	203	326	529
Above 50	158	134	292	129	118	247	126	104	230
<b>Total Employees</b>	<b>772</b>	<b>1,296</b>	<b>2,068</b>	<b>718</b>	<b>1,320</b>	<b>2,038</b>	<b>649</b>	<b>1,082</b>	<b>1,731</b>
<b>Total Group's Employees</b>	<b>831</b>	<b>1,315</b>	<b>2,146</b>	<b>778</b>	<b>1,339</b>	<b>2,117</b>	<b>695</b>	<b>1,098</b>	<b>1,793</b>
<b>Scope of Work</b>									
Employees Per Hour	772	1,296	2,068	718	1,320	2,038	649	1,082	1,731
Employees Full Time	59	19	78	60	19	79	46	16	62
<b>Employees with disabilities<sup>5</sup></b>									
Employees with Disabilities <sup>5</sup>	57	23	80	60	20	80	52	25	77

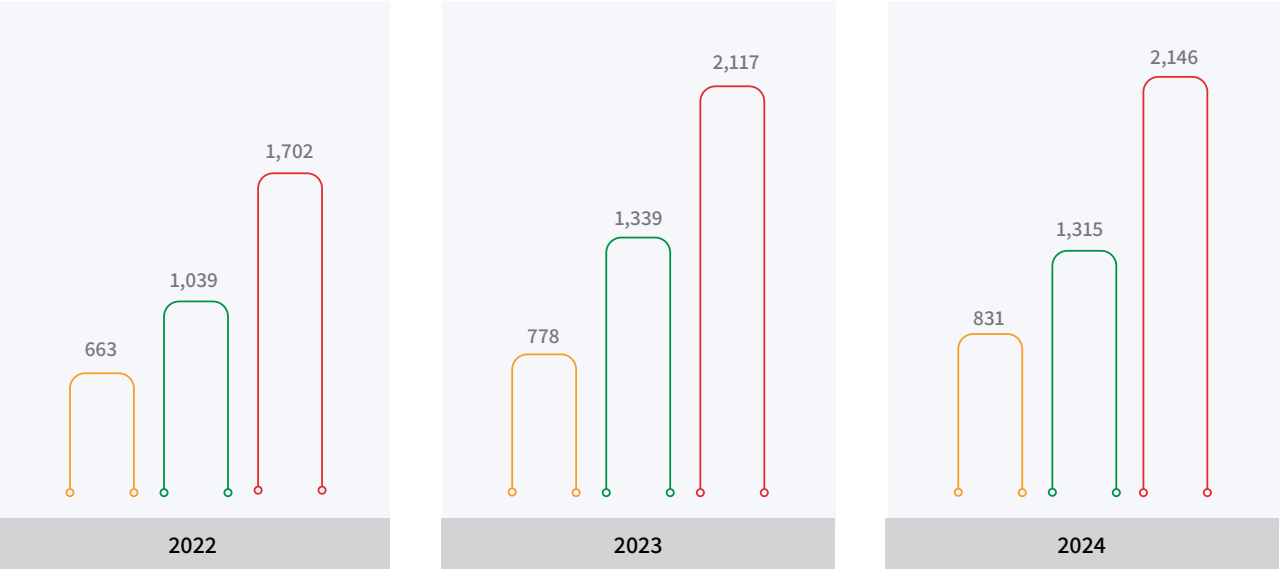
<sup>4</sup> The manpower data presented in this report reflect the total employees directly employed by the Max Stock chain.

<sup>5</sup> The number of employees with disabilities presented in the report refers to the number of employees employed by Max Stock Ltd. through Elwyn Israel, an NGO assisting with the employment of persons with disabilities. Namely, the number of additional employees employed by the chain independently (if any), not through its collaboration with Elwyn Israel, cannot be assessed.



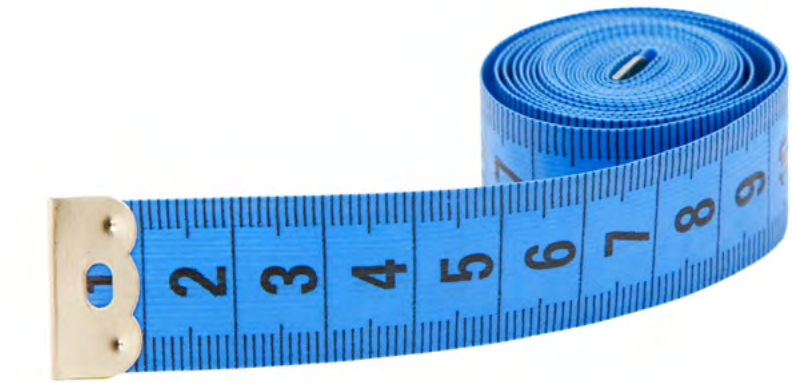
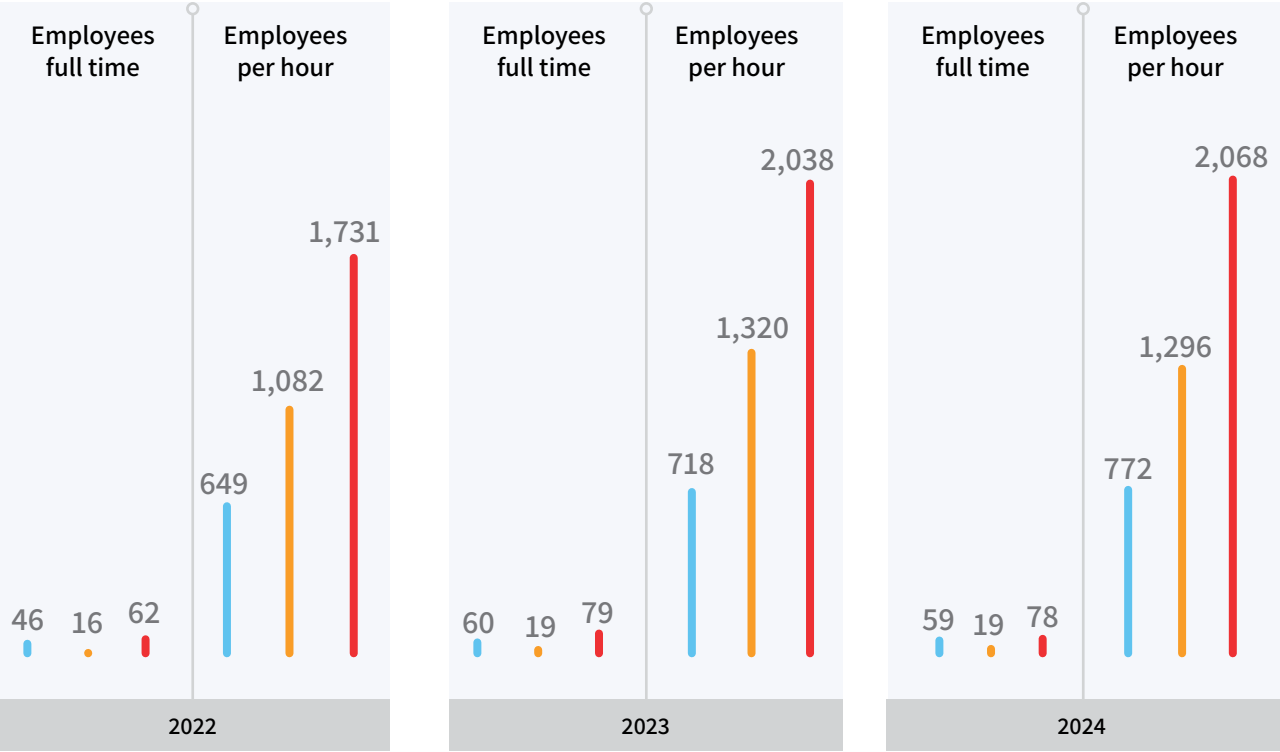
# Group's Total Employees

● Men
 ● Women
 ● Total



# Employee Breakdown by Type of Engagement – Full-Time/Hourly

● Men
 ● Women
 ● Total





# Maximum Equality

## Diversity and Inclusion

Max Stock actively advances, recruits, and integrates employees from across the entire spectrum of Israeli society and strives to create an inclusive workplace, with a culture that upholds human dignity regardless of religion, race, or gender. The Company's management and board of directors are committed to providing equal opportunities for employees and are dedicated to ensuring that advancement is based on professional considerations.

The Company is committed to the integration and advancement of women at all levels, guided by the belief that workforce diversity contributes to the Company's success and to the creation of an equal-opportunity and inclusive workplace. The Company works to ensure meaningful representation of women in management, among regional managers, in headquarters positions, and across the chain. The following figures reflect the percentage of women in various roles at Max Stock and illustrate the Company's commitment to female empowerment and promoting equal opportunities at the workplace:

**The Company is proud of the fact that ~42% of the management team, ~80% of regional managers, and ~60% of the chain's employees are women.**

The Company employs individuals from all sectors and diverse populations of Israeli society, including underemployed groups such as the Ethiopian community, ultra-Orthodox, new immigrants, and Israeli Arabs. In addition, and as discussed in the chapter "Employee and Customer Accessibility," out of a sincere commitment to increasing opportunities for employees with disabilities to integrate into the labor market and society, the chain engages employees with disabilities in all of its branches. This year as well, the chain maintained its level of engagement of employees with disabilities, representing ~4% of its total workforce.

The Company is proud that

**~42%**  
of management\*

**~80%**  
of regional managers

and **~60%**  
of the chain's total  
employees are women.

\* As of the publication date of the report.



Max Stock is committed to fair employment and complies with all legal requirements relating to employment conditions and employee compensation. In addition, the Company conducts external salary audits for direct employees, both as part of the Goshen assessment of the effectiveness of internal control over financial reporting and within the framework of the Company's internal auditor, in order to ensure compliance with the highest standards of equality and fairness in employment practices.

## Equal Pay<sup>6</sup>

Max Stock supports equal pay regardless of ethnic differences, religious belief, gender, sexual orientation or any other aspect unrelated to the professional skills of the Company's employees relevant to their area of engagement. Therefore, the Company publishes a report describing gender pay gaps pursuant to the amendment to the Equal Pay Law, 1996.

According to the Company's 2024 data, the average gross pay gaps according to segmentation groups range from ~4.5%-24.7% in favor of male employees. The Company primarily attributes the pay gaps to differences in seniority between male and female employees.

Max Stock is committed to the continued review of its compensation policy, striving for fairness and the reduction of gender pay gaps, in line with the Company's values and the principles of equality.

The report can be viewed on the Company's website [here](#).



<sup>6</sup> Max Stock's equal pay report refers solely to the data of Max Stock Ltd., excluding its subsidiaries, all according to applicable law. It should also be noted that the salaries at the Company are established based on the personal data of each employee, including their role, experience, education, performance, seniority, working hours and more. According to the Company's data, pay gaps between women and men in the various segmentation groups are primarily attributable to the seniority of the Company's employees.



## Maximum Employee Welfare and Remuneration

Max Stock regards its employees as the heart of the Company and strives to create a supportive and rewarding work environment that enables both personal and professional growth. Recognizing the importance of employee and managerial wellbeing, the Company promotes a range of initiatives designed to express appreciation and strengthen employees' sense of belonging, including:

- **Team-building and welfare events:** Throughout the year the Company organizes team-building evenings at the chain's branches, alongside a dedicated "treats" budget aimed at enhancing employees' daily work experience at the branches.
- **Holiday and special occasion recognition:** Distribution of gift vouchers and packages before holidays, as well as gifts for significant personal occasions such as birthdays, births, Bar/Bat Mitzvahs, weddings, and more.
- **Incentive and remuneration programs:** Including a special education fund for employees based on seniority, "friend referral" bonuses for employees referring new hires, and monthly "Employee of the Month" competitions which award a certificate and gift card.
- **Personal support in times of crisis:** The Company stands with its employees during challenging periods, offering financial grants and loans as needed.



## Employee Remuneration and Development

Max Stock is committed to fair employment and engages its employees in accordance with applicable law and prevailing market wages. The Company continually strives to improve employment conditions and rewards its employees through several mechanisms, including:

- **Salary increases and bonuses** – the Company grants salary increases and bonuses twice a year, based on managerial evaluation and performance review. Such remuneration is provided according to a structured scale based on position and seniority, all in line with the Company's policy as updated from time to time.
- **Employee development and advancement** – the Company values experienced and professional employees and encourages internal growth. All branch managers (save for franchisees) were promoted from within the chain after several years of employment during which they became familiar with the nature of the work and demonstrated professionalism, service orientation, and strong managerial capabilities.
- **Training and professional development** – each branch manager undergoes designated training that includes instruction on labor law, prevention of sexual harassment, welfare, Company systems, and safety issues. During the reporting year, branch managers and managers at the Company's headquarters also completed an advanced management development program.



## Employment Flexibility

In the shadow of the “Swords of Iron” war, the Company was required to rapidly adapt to changes in the economy and new employment conditions. Out of a commitment to ensuring employment continuity for all employees and with sensitivity to the situation, the Company significantly expanded flexibility in its recruitment and employment practices:

1. Easing entry requirements for various positions, with the aim of broadening the employee base and enabling wider integration into the labor market.
2. Personal adaptation of work schedules and shift types, allowing employees to combine work with their personal and family needs during a challenging period.
3. Expanding options for employee mobility between branches so that employees from temporarily closed branches could continue working and earn an income.
4. Maintaining employee salaries during branch closures and awarding bonuses to employees who played a significant role in restoring the Company and its branches to regular operations.

**Max Stock continues to act for the benefit of its employees by constantly improving the work environment, expanding opportunities for advancement, and maintaining a fair and rewarding employment policy – both in times of stability and in times of crisis.**

## Maximum Employee Retention

Employee retention is a central element of the Company's ability to operate effectively over time. Accordingly, the Company places special emphasis on strengthening relationships on both the vertical level (between employees and managers) and the horizontal level (between employees). As part of its efforts to address the challenges of recruiting and retaining junior-level employees, Max Stock invests significant resources in recruitment and onboarding processes. Among its initiatives in this regard, the Company developed the “Big Brother” program, which provides mentoring for new employees, creating a supportive environment and facilitating their optimal integration into the workplace.

## Training and Development

**Max Stock aspires to develop and advance its employees, based on the understanding that investment in human capital is the key to the Company's success. To this end, the Company promotes employee and managerial training and professional enrichment processes across a wide range of fields.**

All Company employees participate annually in mandatory training sessions on topics such as prevention of sexual harassment, data security, workplace safety, accessibility, and legal regulation. Some of these training sessions are delivered via the organizational portal through e-learning modules, allowing flexible and convenient learning, while others are conducted in person by the relevant professional bodies. All training sessions are documented within the Company's systems and employees are required to confirm completion.

The Company also conducts designated training for branch and headquarters managers, including annual sessions on consumer issues, labor law, customer service, system operations, and legal updates. These trainings are delivered by both internal and external professionals, enabling managers to maintain a high level of professionalism and to apply the acquired knowledge in their daily work.

Max Stock is committed to cultivating employees from within the organization and preparing them for managerial roles. In this regard, the Company operates the “Talents” program designed to identify outstanding employees and develop their skills in preparation for management positions.

In the reporting year, the Company launched “Max College – Fun to Learn”, an internal training framework offering courses for all roles across the chain. As part of this initiative, management development programs were delivered to all branch managers, alongside training in customer service and team management. This initiative further strengthens Max Stock's commitment to employee development and the ongoing enhancement of the quality of service and operational excellence at the Company.

# Social Responsibility

| 2-28 | 3-3 |

## Employee and Customer Accessibility

Max Stock regards accessibility as a core value to ensure a non-discriminatory and pleasant shopping experience for all its customers, including customers with disabilities. Accordingly, the Company is committed to making its branches and service channels accessible, in order to provide all of its customers with professional, respectful and accessible service.

### Accessibility at Branches and Digital Channels

Max Stock makes accessibility adjustments in accordance with the provisions of the Equal Rights for People with Disabilities Law, 1998 and its regulations. All of the Company's branches are accessible and include accessible entrance doors, adapted cash registers and facilities for the hearing impaired. In addition, priority is given to customers holding a disability certificate and/or exemption-from-queue certificate, as provided by law. The Company is advised by a certified accessibility consultant responsible for all accessibility approvals, including store entrances and exits and accessible bathrooms.

As part of its commitment to accessibility, the Company also acts to make its digital space accessible. The Company's website is accessible and adjustments were made thereto in accordance with Israeli Standard (IS) 5568 for web content accessibility at AA level. The site provides a semantic structure for assistive technologies and supports the customary keyboard operation pattern. In addition, the site supports NVDA software and is adapted for smartphone use. The accessibility level of the site allows for easy and convenient use by all customers and provides an optimal browsing experience. The Company appointed a dedicated accessibility coordinator, responsible for handling inquiries regarding accessibility at the branches and digital channels.

Max Stock constantly seeks solutions to further improve accessibility at its branches. For instance, the Company collaborates with Right Hear, a company offering a

special-purpose app that enables visually impaired persons and persons with other disabilities to easily orient themselves within the branch spaces through advanced technology.

### Integration of Employees with Disabilities

Max Stock is committed to diverse employment and the inclusion of different communities and population groups, including employees with disabilities. For over a decade, the Company has employed persons with disabilities and worked to integrate them across its various branches. As part of this effort, the Company collaborates with Elwyn Israel, an NGO that helps identify suitable and skilled candidates, while ensuring close guidance and training for managers to enable optimal integration of employees with disabilities at the Company's branches. During the reporting year, Elwyn Israel awarded the "Social Seal" to dozens of the Company's branches, certifying them as proud businesses that employ persons with disabilities on an equal basis.



We encourage the employment of persons with disabilities. Our collaboration with Elwyn Israel is both highly challenging and deeply rewarding. Most of the employees with disabilities working at our store have been with us for four years, which further demonstrates the group's seriousness and dedication to their work.

The group is supported by Alaa Halaila, a placement consultant from Elwyn Israel's Haifa and Northern branch, who performs his role with wholehearted dedication, endless care, encouragement and support - doing everything possible for his group.

We take great pride and satisfaction in employing persons with disabilities.

We hope that many more employers will integrate persons with disabilities, so they may be included in society as much as possible. ”

**Tomer Schwartz and David Agabyev**

Big Max branch, Haifa



As part of its accessibility efforts, the Company also makes adjustments at its logistic centers and provides training to branch managers in order to improve the work environment for employees with disabilities. As of the reporting date, employees with disabilities accounted for 4% of the Company's total workforce<sup>7</sup>.

100% of the chain's branches are accessible to employees and customers, including accessibility for the visually impaired and blind. Max Stock continues to promote accessibility and equality, reflecting its commitment to provide all customers and employees with a friendly, inclusive and accessible environment.

<sup>7</sup> The workforce data presented in this report represents the total number of employees directly employed by the Max Stock chain.

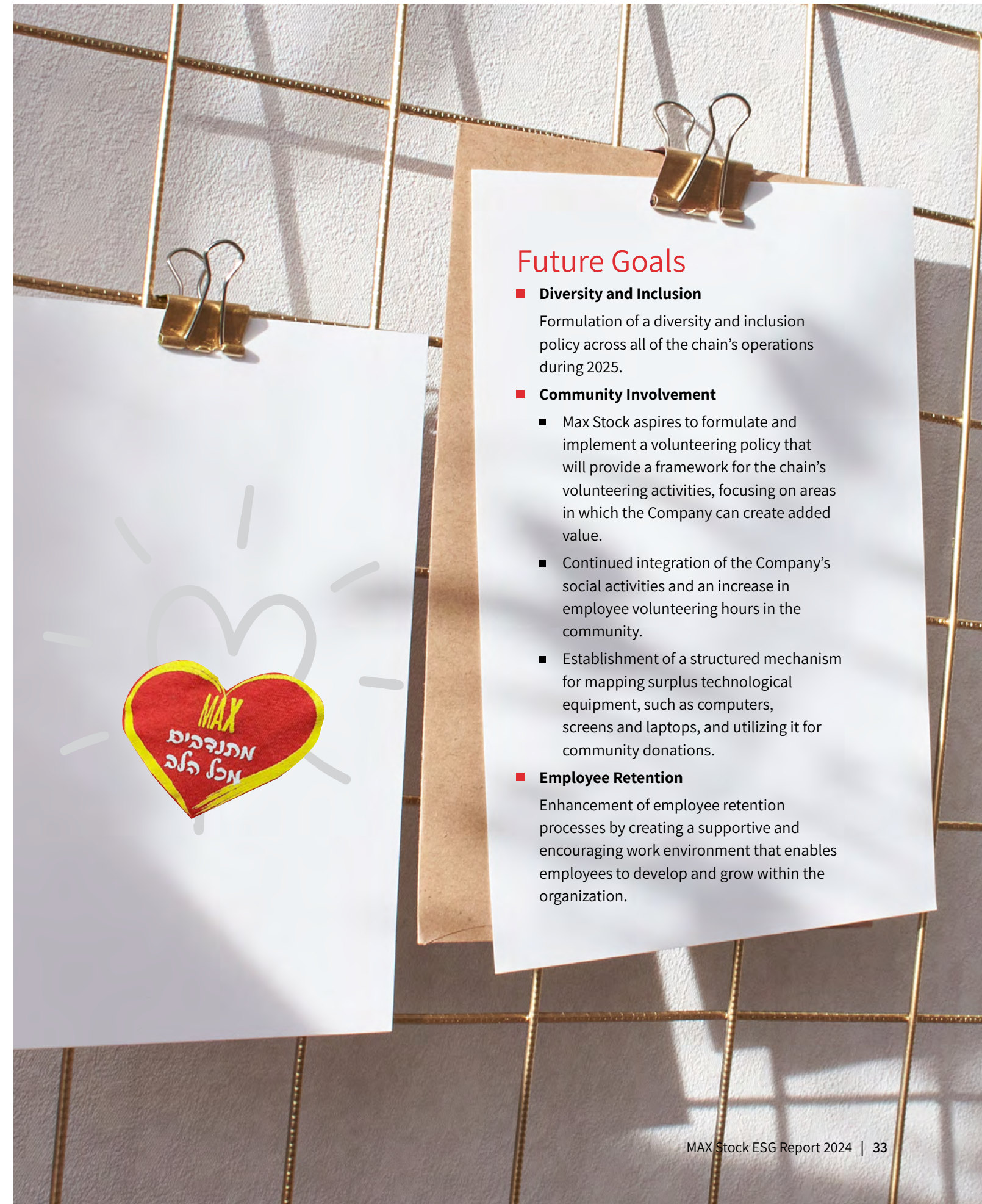


## Community Involvement

Community involvement is one of Max Stock's core values and forms an integral part of the Company's policy. The Company promotes community contribution through a variety of channels, including collaborations with social organizations and donations for various causes.

Among the notable activities carried out by the Company during the reporting period:

- Employee volunteering** – Company employees participated in volunteer activities including Tkumah Days, preparation of food parcels for families in need, distribution of holiday gift-cards and cooking meals for underprivileged families.
- Support for IDF soldiers** – In light of the past year's events, and since the outbreak of the "Swords of Iron" war, the Company continued donating large amounts of equipment and essential products to IDF units and reserve soldiers.
- Ongoing adoption of Armored Corps Battalion 53** – For the sixth consecutive year, the Company adopted Armored Battalion 53, as part of its commitment to strengthening IDF soldiers. Within this framework, the Company helped organize special events for the battalion's soldiers and supported them with various donations throughout the year.
- Support for hospitals and sick children** – Max Stock assisted in the purchase of medical equipment and supported medical centers for the benefit of patients. In addition, as in previous years, the Company collaborated with the Make A Wish Foundation. Together with Mey Eden, bottled water was sold in the Company's branches, with all proceeds donated to Make A Wish to further its activities.
- Support for families in need** – The Company made financial and product donations to distressed families and humanitarian aid organizations.
- Education and welfare** – Support for educational institutions and organizations working for the welfare of children and youth.





Chapter

# CORPORATE GOVERNANCE

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Steady Brown





# Corporate Governance

As a public company whose securities are traded on the Tel Aviv Stock Exchange, Max Stock is committed to upholding the highest standards of proper corporate governance. As part of this commitment, the Company implements procedures, policies, and controls designed to ensure sound management, transparency, integrity, and accountability towards its stakeholders.

Recognizing the significant value of proper corporate governance, the Company operates in full compliance with applicable regulation and legislation, while investing efforts in embedding a culture of ethics, compliance, and internal enforcement. Max Stock also strives to continuously improve its internal control mechanisms, financial reporting, and branch

management, with particular emphasis on business continuity and crisis management.

The following chapters outline the Company's corporate governance principles and the steps it has taken to ensure compliance with its obligations, as well as its commitment to meeting corporate governance, transparency, and proper management criteria.

## The Board of Directors and its Committees

| 2-9 | 2-10 | 2-11 | 2-12 | 2-13 | 2-14 | 2-17 |

Max Stock's board of directors operates in accordance with the corporate governance guidelines established under relevant law, and its role is to outline the Company's strategy, values and vision. The board of directors is responsible for establishing the resulting general policy and financial conduct. The Company's board of directors receives ongoing reports from the Company's management and relevant professional personnel, including regarding ESG related issues, and it may recommend changes to the Company's policy and decide various strategic issues. The board of directors is not subject to a performance evaluation.

## The Company's Board of Directors



**Zehavit Cohen**  
Board Chairperson



**Ori Max**  
CEO and Board Member



**Limor Brik Shai**  
Director



**Guy Gissin**  
Director



**Erez Nahum**  
Director



**Suzan Mazzawi**  
Independent Director



**Eitan Michael Stoller**  
External Director



**Peretz Guza**  
External Director

## The Company's Board of Directors Includes:

**8**

Directors

**37.5%**

Female representation including the chair

**25%**

External director

**12.5%**

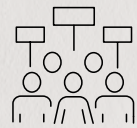
Independent director representation

**50%**

Directors with accounting and financial expertise



## Board Committees and Their Activity



### Financial Statements Committee

This committee reviews the Company's financial statements, including reviewing estimates and assessments concerning, accounting policies and the independence of the Company's auditor and evaluating the effectiveness of the audit work, all pursuant to applicable law.

**Sessions in 2024:** 4



### Audit Committee (which also serves as the Remuneration Committee)

The audit committee (including when acting as the Company's remuneration committee) examines interested party transactions, including negligible transactions, special transactions and material actions, the internal audit framework and reliability. In addition, in its capacity as the remuneration committee it makes recommendations to the Company's board of directors on the Company's remuneration policy for senior officers, periodic revisions and examines the implementation thereof.

**Sessions in 2024:** 7 (including both the remuneration and audit committees)



### IT and Cybersecurity Steering Committee

The IT and Cybersecurity Steering Committee is engaged in establishing a policy and strategy to contend with cyber risks, examines the Company's readiness vis-à-vis data security and privacy related issues and oversees the implementation of measures to mitigate the risks.

**Sessions in 2024:** 3



## Compensation Paid to the Company's Board and Executives

| 2-18 | 2-19 | 2-20 | 2-21 |

The board of directors is compensated in accordance with the Companies Regulations (Rules Regarding the Compensation and Expenses for External Directors), 2000. The compensation is not dependent on performance or general targets. The compensation is not contingent upon meeting commercial targets or performance. The executives' compensation is determined based on the Company's remuneration policy and bonus plan approved by the board of directors.

The Company has engaged an external consultant to develop the Company's bonus plan and to establish the targets to assess employee performance, including a peer comparison of similar companies in the market. The salary of the Company's CEO, who also serves as a director and is a controlling shareholder, as well as with respect to the Company's executives, are subject

to the approval of the remuneration committee and board of directors, based on objective and professional data and the Company's remuneration policy.

### The effectiveness of internal control on financial reporting and disclosure

Pursuant to Regulation 9B(a) of the Securities Regulations (Periodic and Immediate Reports), 1970, applicable to the Company, the Company evaluates the effectiveness of its internal control over financial reporting. In 2024, the internal control was evaluated as being effective by the Company's management.

Additional information on the effectiveness of the internal control on financial reporting and disclosure is included in the 2024 annual report.





# Ethics and Corporate Governance

| 2-23 | 2-26 | 3-3 | CG-MR-310a.3 |

## Code of Ethics

Max Stock is committed to ethical, fair and transparent conduct. The Company's code of ethics serves as a moral compass and sets out the ethical standards expected of all employees and managers, while reinforcing the values of integrity, respect, equality and professional responsibility. The code applies to all Company employees, including managers, members of the board of directors, franchisees and their employees, and forms the basis for the Company's ongoing work processes.

The Company's management is committed to the implementation of the code of ethics and, for this purpose, appointed the Chief Human Resources Officer as the person responsible for its application and dissemination. The code is communicated to Company employees and is available for their review at all times on the organizational portal and on the Company's website.

Within the framework of the code of ethics, Max Stock promotes several core values representing the Company's vision:

- 1. Respect and Equality** – The Company is committed to creating a respectful and equal work environment for all employees, regardless of gender, religion, nationality, origin, age, sexual orientation or any other personal characteristic irrelevant to the workplace. The Company prohibits any action involving discrimination, harassment, bullying or any other offensive conduct, and expects employees to maintain respectful and professional communication, both internally and in interactions with customers, suppliers and external parties.
- 2. Professionalism and Personal Responsibility** – All Company employees are required to perform their duties responsibly and professionally, while maintaining high standards of excellence and service. The Company expects employees to take

full responsibility for their decisions, avoid negligent behavior and remain aware of the impact of their actions on the Company's reputation.

- 3. Integrity and Prevention of Bribery and Corruption** – The Company attaches great importance to fair business conduct and to preventing corruption. Offering or receiving bribes, benefits or any other action intended to improperly influence business decision-making is strictly prohibited. The Company complies with all applicable laws and regulations concerning the prevention of corruption and favoritism, including its policy on the prevention of bribery and corruption and its procedure on giving and receiving gifts, which prohibit employees from accepting benefits from external parties.
- 4. Compliance with Legal Requirements** – The Company is committed to act in accordance with all applicable laws and regulations, including labor laws, trade regulations, financial regulation and securities laws. The Company enforces regulatory requirements and expects employees to ensure that their activities are carried out in compliance with all applicable law. In any case of suspected violation of regulation or Company policy, employees are required to contact the relevant supervisor, while maintaining transparency and adhering to the Company's internal enforcement rules.
- 5. Confidentiality and Information Security** – Protection of business, personal and commercial information is a central value of the Company's activity. Every employee is obligated to protect confidential information relating to the Company, its customers, suppliers and other employees, and to refrain from disclosing it to third parties without prior explicit authorization. Such information may only be used for defined business purposes,

in accordance with the Company's information security policies. Unauthorized use of inside information or commercial information that may influence the market or provide unfair competitive advantage is strictly prohibited.

- 6. Prevention of Conflicts of Interest** – The Company expects employees to make decisions based solely on professional considerations, without the influence of personal interests. Employees must avoid any situation of conflict of interest in which they or their close associates may derive personal benefit from decisions related to the Company's business. Any concern of a conflict of interest must be reported immediately to the relevant supervisor so that such situations can be addressed appropriately.

To support the effective implementation of the values of the code of ethics, the Company encourages and enables anonymous reporting of violations of its provisions. For this purpose, the Company operates

an anonymous reporting system named "AnonyMax," which allows all employees to report, at their discretion anonymously or openly, 24/7, on any matter, including concerns about inappropriate conduct, workplace bullying, violations or suspected violations of the Company's anti-bribery and corruption policy, or any other conduct contrary to the Company's code of ethics.

Implementation of the code of ethics contributes to strengthening a culture of mutual responsibility and promotes the long-term success of the Company. The code of ethics and the need to revise it are reviewed annually. The code was last updated during the reporting period.

During the reporting period, no complaints on ethical issues were received. In addition, no material legal proceedings were conducted in connection with violations of labor law. Accordingly, no financial losses arising from claims or litigation in this regard were recorded against the Company.



# Integrity and Bribery

| 2-15 | 2-25 | 3-3 | 205-2 | 205-3 |

Max Stock is committed to maintaining strict standards of ethics, integrity and fair business conduct. The Company regards issues such as integrity, prevention of corruption and bribery, fraud and conflicts of interest as central foundations of its ongoing operations.

As part of this commitment, the Company has formulated a policy on the prevention of bribery and corruption, intended to establish the norms expected of the Company's employees and of external parties with whom the Company works; a procedure on giving and receiving gratuities and gifts from external parties, which regulates the acceptance and giving of gifts, while maintaining transparency and minimizing the risk of conflicts of interest; an ethics and ESG appendix, designed to ensure that all suppliers and business partners dealing with the Company act in accordance with the values of transparency, integrity and compliance with the law. The Company requires its suppliers to sign this appendix in order to promote a responsible and fair business culture throughout its supply chain.

The Company's employees are obligated to act with transparency, fairness and without conflicts of interest. Any use of their position within the Company to advance personal goals or to obtain personal gain is strictly prohibited. The Company's management strictly prohibits the giving of bribes and involvement in corruption, including facilitating payments, and works to enforce this policy among its employees and business partners.

In line with the Company's commitment to proper corporate governance, the Company implements a procedure regarding interested party transactions as part of its internal securities enforcement program. Accordingly, every director, executive and functionary with access to sensitive sources at the Company is required to complete an annual related party questionnaire, in order to allow the Company to identify potential business relationships with close associates or interested parties.

As part of its efforts to maintain a business environment free of fraud and embezzlement, during

the reporting period the Company conducted a fraud and embezzlement survey, aimed at identifying risks and examining the effectiveness of the Company's existing control mechanisms. The survey findings enable the Company to continuously improve its supervisory and enforcement processes and to strengthen its corporate governance.

The Company's internal enforcement officer conducts an annual review of the Company's enforcement framework report, which presents the Company's internal enforcement activities, implementation of the program, related party transactions and the execution of resolutions by the Company's board of directors and its committees.

The Company's internal auditor conducts audits regarding compliance with proper corporate governance rules and interested party transactions once every two years. The most recent audit was performed during the reporting period. In 2024, no violations of the Company's rules concerning bribery, corruption, conflicts of interest and integrity were identified. However, during the reporting period, several cases of theft by Company employees at various stores were identified. These cases were handled by the Company's security department and, where necessary, hearings were held, some of which resulted in the termination of the employees involved.

Max Stock continues to strengthen its ethical organizational culture, while implementing strict monitoring and control processes to ensure fair, transparent and conflict-free conduct across all areas of its operations.

# 1

The Company's internal enforcement officer conducts an annual review of the enforcement framework report, which presents the Company's internal enforcement activities, the implementation and application of the program, related party transactions, and the execution of resolutions by the Company's board of directors and its committees.

# Regulatory Compliance

| 2-23 | 2-24 | 2-27 | 3-3 |

Max Stock is committed to strict compliance with the legal and regulatory requirements applicable to it, as part of its status as a public company and a retail chain that operates as an importer and marketer of products. The Company implements a comprehensive compliance policy and ensures adherence to the law in a variety of areas, including:

- Import Regulation** – The Company ensures proper import procedures for all products it imports. The import process is carried out in accordance with the law and the requirements of the relevant regulators, including the Ministry of Economy and Industry, the Ministry of Communications, the Ministry of Agriculture, and the Customs Authority, while holding all necessary licenses for the import of different products and complying with laws such as the Standards Law, 1953, and the guidelines of the Israel Standards Institute.
- Marketing Regulation and Consumer Protection Laws** – Max Stock is committed to upholding consumer rights and complying with all provisions of consumer law, including transparent and clear price labeling in accordance with legal requirements; compliance with the Consumer Protection Law, 1981; and ensuring product quality and safety in accordance with the law.
- Business Licensing and Accessibility** – The Company acts to obtain business licenses for all its sites in accordance with legal requirements, ensuring compliance with procedures vis-à-vis local authorities. In addition, Max Stock promotes full accessibility across all its branches, logistics centers and its digital platform.<sup>8</sup>
- Securities Regulation** – As a public company whose shares are traded on the Tel Aviv Stock Exchange, Max Stock complies with the guidelines of the various regulators, in particular the Israel Securities Authority. Within this framework, the Company adopted an internal securities

# 100%

of the Company's employees and functionaries subject to the enforcement program completed the training modules on this matter during the reporting year. During the reporting period, the internal enforcement officer did not receive any reports regarding violations of securities law.

enforcement program approved by its board of directors. In addition, the Company applies blackout periods, during which trading in the Company's securities is prohibited, and conducts annual professional training sessions in connection with the enforcement program.

Max Stock has a legal department responsible for ensuring that all of the Company's activities comply with the various regulatory requirements applicable to it, including continuous monitoring of regulatory updates. In addition, the Company engages law firms to obtain opinions and comprehensive legal support on a variety of regulatory issues.

The Company attaches importance to increasing employee awareness of regulatory matters. For this purpose, it formalized its procedures in a binder that has been communicated to all Company employees and is updated periodically as required. The implementation of the procedures is accompanied by a training program for employees, as detailed in the section "Maximum Training and Development."

During the reporting year, no significant penalties or significant events were recorded in connection with non-compliance with regulation. Max Stock continues to improve its compliance and enforcement processes in order to ensure full adherence to regulation and to maintain high standards of corporate governance.

<sup>8</sup> As elaborated upon in the "Employee and Customer Accessibility" section in this report.



# Risk Management

| 2-16 | 2-23 | 3-3 |

The Company's versatile operating activities and diverse product offering expose it to various risks. In 2021, the Company conducted a risk survey which defined the substantial issues requiring attention, and this serves as the basis for the work of the Company's internal auditor for the five years following the survey.

The Company's risk management program focuses on actions aimed at reducing potential negative effects on the Company's performance, both financially and operationally. As part of its activities to strengthen control and risk management processes, during the reporting period the Company began conducting a fraud and embezzlement survey – intended to map possible risks in this area, strengthen internal control mechanisms and prevent irregular events – as well as a compliance survey, which mapped the regulatory provisions applicable to the Company and the existence of an organizational infrastructure supporting compliance with them.

## The Work of the Internal Auditor

The internal auditor operates in accordance with accepted professional standards and with the professional standards and guidelines established by the International Institute of Internal Auditors, as adopted by the Israeli Institute of Internal Auditors. Audit reports are submitted in writing to the chair of the audit committee and are discussed by the Company's audit committees. The Company's annual internal audit work plan was determined in collaboration with the Company's management, the board of directors and the internal auditor, and in December 2024, the internal audit plan for 2025 was approved.

The internal auditor is not a Company employee, but rather provides internal audit services to the Company through an external firm.

## Business Continuity and Crisis Management

In line with international and Israeli trends concerning business continuity and crisis management, the Company formulated a business continuity plan relating to its proper work routine, aimed at ensuring rapid recovery from disasters both operationally and in the areas of information security and cyber.

As part of the process, a comprehensive plan was developed to identify scenarios that could impact the Company's operations – including natural disasters, infrastructure failures and supply chain disruptions – and to define priorities for crisis management, as well as the actions required to ensure the operational continuity of critical processes during emergencies.

During the formulation of the plan, a business impact analysis was conducted, in which the Company's core processes were identified, critical resources and dependencies were mapped, and the gaps between existing preparedness and the required level were examined. Through this plan, the Company strengthens its operational resilience and its ability to cope with emergencies, while maintaining stability, service and a responsible response to all stakeholders.

With respect to information security crisis management, the Company's board of directors appointed a steering committee comprising a board representative, four members of management, the Chief Information Security Officer (CISO) and the legal counsel responsible for enforcement and regulation, who advises the Company on information security, privacy and cyber processes and reviews the implementation of the annual work plan. During the reporting period, and in recognition of the importance of responsible management in this area, the board of directors appointed a director to serve on the committee (replacing the previous board representative, who served in the role until that date but was not a board member).

In view of cyber-attacks against the State of Israel, and as part of the Company's risk management and business continuity measures, each branch has two communication lines to prevent communication disruptions at the branches.

In addition, as part of the Company's activities in this area, all branches are equipped with power generators and central UPS (uninterruptible power supply) systems, which support the continuity of business operations at the chain's branches and provide a solution for unplanned power outages.

# Cybersecurity Threats and Data Security

| 3-3 | 418-1 | CG-MR-230a.1 | CG-MR-230a.2 |

Max Stock strives to provide its customers with a safe and positive customer experience, inter alia, by maintaining confidentiality of customer data. Sensitive information is stored in the Company's data systems and it is the Company's top priority to protect this data.

The Company acts to strengthen the security of its information systems and cybersecurity by taking several actions:

- Data and cybersecurity insurance
- Annual risk surveys and penetration tests
- Annual ITGC system testing in accordance with the guidelines of the Israel Securities Authority
- Phishing training provided externally to the Company's employees and managers on an ongoing basis throughout the year
- A monitoring and control system which operates 24/7 to monitor suspicious activity
- Receiving consultation and services on data security and cybersecurity issues as well as on cyber crisis management
- The Company has emergency guidelines
- Concentrated training on data and cybersecurity awareness for the chain's employees and managers
- Establishment of a cyber steering committee

The Company's data security and cyber steering committee examines the work plan, the pace of progress and regulatory compliance with an emphasis on business continuity. No data, privacy and cybersecurity incidents were experienced by the Company and no related complaints were received in the reporting year.

As part of the Company's code of ethics, the Company undertakes to protect the business, commercial and personal data owned by it and to use it prudently and properly for the purposes for which it was provided and according to applicable law. In addition, all of the Company's interested parties are prohibited from publishing or posting privileged and confidential content, including on the social networks.

Max Stock has access to sensitive information about its customers and employees and it maintains databases to manage and protect the information according to applicable law. The Company acknowledges the great importance of securing the data and protecting the privacy of its employees and customers in accordance with applicable law. The Company refrains from disclosing information about its employees and

customers to other parties without authorization as required under privacy laws. The information which is made available to the Company is intended solely for the purposes for which it was provided.

As part of the Company's engagements with its suppliers, the Company acts to establish and properly regulate the duties of the suppliers it engages with, in accordance with applicable law. The Company conducts supplier surveys on data security issues which, among other things, include examining the suppliers' compliance with legal provisions relating to data security and privacy protection, assessing the sensitivity of the data handled by the supplier, reviewing the supplier's level of data security, the existence of a business continuity plan, and the signing of all agreements relevant to ensuring the supplier's compliance with its legal obligations and the safeguarding of information relating to the Company and its employees provided to the supplier as part of its engagement with the Company.





# Product Safety and Quality

| 3-3 | 403-5 |

Maintaining the safety and quality of the products is the Company's top priority and is managed by Max Stock's trade & customs and standards departments. The chain is committed to and responsible for the products which are marketed by it and is therefore required to meet strict standards under Israeli rules and regulations. All of the Company's products are meticulously examined to comply with applicable regulatory requirements and applicable law. Imported products which require the approval of the Standards Institute, the Ministry of Agriculture and the Ministry of Communications undergo a pre-import examination for the purpose of receiving all of the necessary approvals.

## Store Safety

Occupational safety and hygiene at the chain stores is viewed by the Company as a material issue. Thus, store safety and safety at the logistic centers is under the respective responsibility of the Deputy CEO and Chief Logistics Officer and is enforced by them. The Company has a safety procedure which uniformly defines the safety procedures for all the chain's stores. The Company's safety system consists of a safety supervisor in charge of the chain's stores and another safety supervisor in charge of the logistic centers who were appointed by the Company in accordance with applicable law and who are responsible for the safety at the chain's stores and logistic centers. This array ensures that a safe work environment is maintained, that safety incidents are prevented and that work routine is maintained according to the Company's safety procedures.

Max Stock strictly maintains, administers and integrates the Company's safety procedures. The branch managers are responsible for enforcing the safety procedures, and for training all branch employees. All new chain employees are required to receive safety training according to the procedures. In addition, the chain strictly ensures that ongoing safety training is conducted annually to refresh the safety guidelines and the Company conducts annual trainings on the issues of work at height and fire safety.

Risk and hazard surveys are conducted annually at each one of the chain's branches. The purpose of the survey is to assist the branch managers to manage the safety risks and hazards and prevent scenarios which may lead to accidents (personal injury or damage to property). As part of the survey, the chain's safety supervisor examines and monitors the safety measures at the branches, the safety procedures entailed in the work processes, the building and the equipment, the holding of training sessions, special-purpose signage and the like. After the survey, each manager is obligated to immediately rectify the deficiencies. The Company

has defibrillators and first aid kits at all of its branches as a voluntary measure intended to protect chain employees, and to prevent potential disasters.

In order to learn from safety incidents, every incident is investigated, studied and is reported to the regional manager and the legal department. In doing so, the Company acts to reduce the number of accidents, mitigate the severity of the harm and property damage and prevent the recurrence of similar incidents in the future. Each safety incident at the branches is managed and handled by the branch manager. There were no substantial safety incidents in the reporting year.





# Responsible Supply Chain

| 3-3 | 204-1 |

Max Stock's supply chain includes working with suppliers in Israel and abroad, some of which have been working with the Company since its inception. Max Stock therefore regards its suppliers as full partners. Thanks to the long-term collaboration and relationships that Max Stock has built with its suppliers, the Company has a broad range of suppliers capable of offering a wide and diverse assortment of products at competitive prices. Max Stock's good relationships with its suppliers are based on long-term engagements which have fostered relationships grounded in respect, equality and professionalism.

3-The agreements with these suppliers include references to ethical issues and prohibitions on the giving and receiving of gifts, bribery and corruption. The Company operates on the basis of norms that strictly prohibit any preferential treatment or boycott of suppliers, alongside meticulous and appropriate adherence to fair trade considerations, both when entering into engagements with new suppliers and as part of its work with existing suppliers. As part of the management of its supply chain, Max Stock rigorously applies quality controls and ensures compliance with the stringent standards of the Israeli Standards Institute and with the various provisions of applicable law. In addition, as part of integrating environmental, social and governance considerations into its activities, Max Stock formulated an ESG procurement appendix, which is incorporated into new supplier engagements. This appendix reflects the importance of the issue for the Company vis-à-vis its suppliers, with the aim of creating a responsible supply chain that also takes ESG issues into account.

## Purchasing at Max Stock

Max Stock is an extreme value retailer. ~40% of its products are purchased from local suppliers and the rest are imported by it from abroad. Max Stock believes in working with the local suppliers as part of supporting local "blue and white" manufacturing and the Israeli market. Many of the local suppliers have been working with the Company for many years, from its early days

and Max Stock regards them as full partners in its success. As such, alongside their business engagements and collaborations, the suppliers participate in private Company events and in the opening of new stores.

## Relationship with Franchisees

As of the publication date of this report, 27 of the chain's stores are operated by franchisees. Max Stock sees the franchisees as an integral part of the chain, together with its other branches, and despite them constituting separate legal entities, consistent with the Company's underlying corporate culture, these stores also enjoy the chain's support in many ways. The franchisees undergo a very careful and long selection process as part of which their abilities and suitability to the values and needs of the chain are meticulously examined. Some of Max Stock's franchisees grew from within the chain after working at Max Stock. Each franchisee enters into a special-purpose agreement with the Company establishing how the store is to be operated according to the chain's policies and procedures. To enable Max Stock's customers to enjoy the high-quality and wide range of products at competitive prices according to Max Stock's vision and policy, all of the products and prices are determined uniformly by the Company's management. Similarly, out of loyalty and the desire to maintain the chain's important suppliers, the various suppliers and their terms of payment are also determined uniformly by the chain's management.





# Digital Innovation

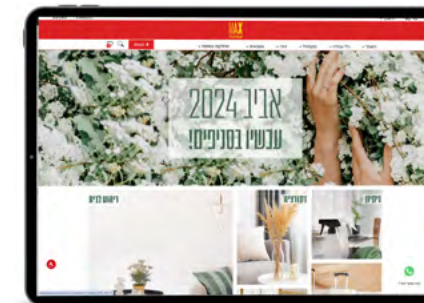
| 3-3 |

Max Stock continues to advance in the digital era, integrating innovative technologies to enhance the customer experience and streamline internal processes. The Company installed self-service checkout stations in many of its branches, allowing customers to make purchases quickly and conveniently, while reducing waiting times. In addition, the Company introduced the option of receiving digital invoices, which supports environmental sustainability and provides customers with easy access to their invoices.

The Company's digital presence is extensive, and includes an updated website and active engagement on social networks such as an official Facebook page and an official Instagram page (including a dedicated Instagram account for the Arab sector), where updates are published regarding new products and promotions, as well as TikTok videos. In addition, several unofficial Facebook groups are operated by the chain's customers without Company involvement, in which customers share information on recommended products,

promotions and new arrivals. During the reporting year, the Company also began establishing WhatsApp groups managed by branch managers for their customers, in which managers provide updates on new and/or recommended products, similar to the updates published on the Company's social networks.

The Company's loyalty club, "Max's Friends", continues to grow and, as of the end of 2024, had approximately 160,000 registered members who enjoy exclusive benefits and access to new products.



## 3.5 million

Visits to the Company's official website in 2024



## 300,000

Followers of the Company's official Instagram page as of December 31, 2024



## 350,000

Friends of the Company's official Facebook group as of December 31, 2024

On the operational side, the Company implemented a digital organizational portal installed on employees' mobile devices. The portal centralizes information and guidelines, and enables task management and training. The portal also includes the "AnonyMax" system, which facilitates anonymous reporting, and the addition of a system for opening IT support tickets via WhatsApp, which improves internal service.

The work with local and international suppliers is fully digitized, with an innovative import portal managing all import processes. Max Stock continues to seek ways to improve and streamline its activities, with the goal of providing its customers with a high-quality and innovative shopping experience.





# Financial Performance and Business Development

| 3-3 | 201-1 |

## Financial Performance

ILS 000's	2022	2023	2024
Sales revenues	1,048,801	1,119,156	1,331,219
Cost of goods sold	630,491	650,917	775,122
Net financing costs	18,807	26,110	23,438
Payment/distribution of dividends	53,342	75,559	73,030
Income tax	26,922	30,242	39,399
Total financial value distributed	729,562	782,282	910,989
Comprehensive profit	77,964	91,905	122,037

For more details about Max Stock’s financial data, see the [2024 annual report](#).

## Expanding the Activity

As part of its expansion strategy and the desire to access the Company’s target market throughout Israel, the Company is acting to keep expanding its activities and to improve its operating results. The Company expands its activities through the opening of new stores in new areas, upgrading existing stores, and by opening flagship stores in strategic locations. As of the date of this report, the Company's flagship stores are located in Rishon LeZion and Kfar Saba.

In the reporting year, the Company continued to implement its growth strategy which included the opening of two new owned branches in Yavne and Kiryat Yam. The old store in Nesher closed and was replaced with a new store in the city, in the Tel Hanan complex, and the store in Tiberius was upgraded. Additionally, the franchised stores in Romema in Jerusalem and in Or Akiva closed.

As of the publication date of the report, in 2025, the chain opened a new owned store in Gedera and a new franchised store in Rehovot.

As part of the Company’s expansion plans, the Company expects to open additional branches in Or Akiva, another branch in Beer Sheva, a branch by Ad Halom junction and a new branch in Gan Yavne.





**The chain has two main categories of stores:**

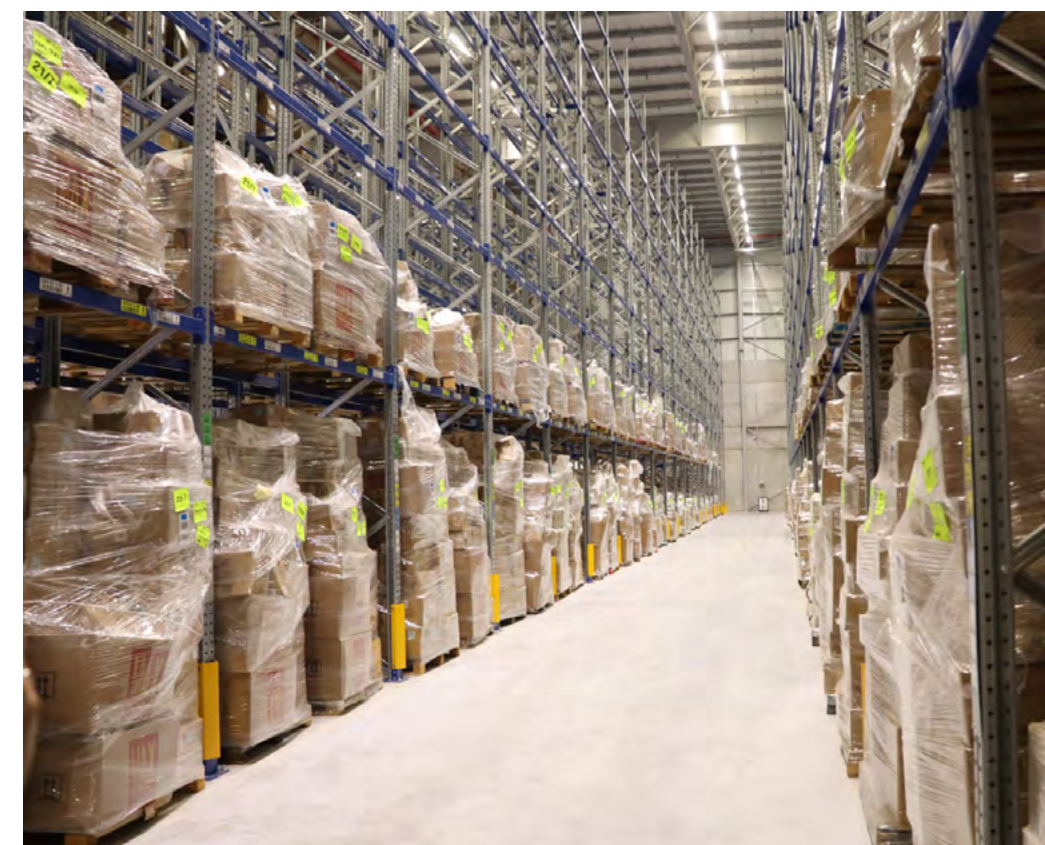
- 1) **Stores under the “Max – Fun Shopping” brand name** – which offer a broad range of products in all categories, which typically operate in retail areas, in locations which are highly accessible to vehicles and have convenient parking arrangements.
- 2) **Stores under the “Mini Max” brand name** – which are typically operated in city centers and which offer products in most of the chain’s categories (but generally smaller products excluding furniture), with a product mix suited to the clientele surrounding the relevant store.

In the reporting year the Company completed the construction of a central logistics center for its activity, with an area spanning ~31,000 sqm. The central logistics center is intended to replace several logistics centers used prior to it being established based on milestones. The purpose of the central logistics center is to support the Company’s growth in Israel in the coming years and to streamline the logistics activity and supply chain procedures. The logistics center is expected to operate a robotic picking system that will contribute to increased productivity, reduced costs and human error, and improved accuracy and safety.

In 2023 Max Stock launched its activity in Portugal under the “Max 10” brand name, however, it was decided to shut the activity in light of the operating results and the fact that competitors had entered the market. For more details, please refer to the 2024 annual report.

# 31,000 sqm

The area of the central logistics center for the Company’s activity, which the Company completed in the reporting year.





## Product Diversity

The Company is one of the leaders in its field and its stores are well known in Israel. In the Company's assessment, the stable demand for purchases at its chain stores derives mainly from the management's expertise in identifying new consumer trends, adapting to changes in fashion and customer preferences; the unique shopping experience at the chain's stores, high value for money, including the fact that ~75% of the Company's products sold in 2024 were priced at ILS 10 or less, and ~92% were priced at ILS 20 or less (including products priced below ILS 10); and the ongoing and consistent adjustment of store inventory to seasonal changes and holidays.

Furthermore, in the Company's assessment, Max Stock is among the leading retail chains in the Israeli market because it not only offers products across many varied categories, but also ensures that within each category customers can find a very broad assortment of products at attractive prices, with good quality and high turnover, all in line with consumer trends and changing customer preferences (providing added value).

The Company markets products across several categories, the main ones being office and school supplies, toys, disposable and partyware, homeware, arts and crafts supplies, and "basic" apparel.

In addition, the stores offer products relating to changing trends across ~26 other categories, including: sports accessories, various types of gifts, pet products and utensils, tools, automotive products, cellular accessories, beach and inflatable products (umbrellas, inflatable pools and more), winter products, hair and fashion accessories, pharmacy and toiletry items, camping and outdoor products, sewing products and cosmetics, as well as other changing products.

As of the date of this report, ~60% of all products marketed by the Company are imported directly by it or through local suppliers performing dedicated imports on its behalf. By expanding direct imports, the Company can maintain its defining characteristic – its ability to offer customers products at lower prices compared to its competitors.

**~75%**

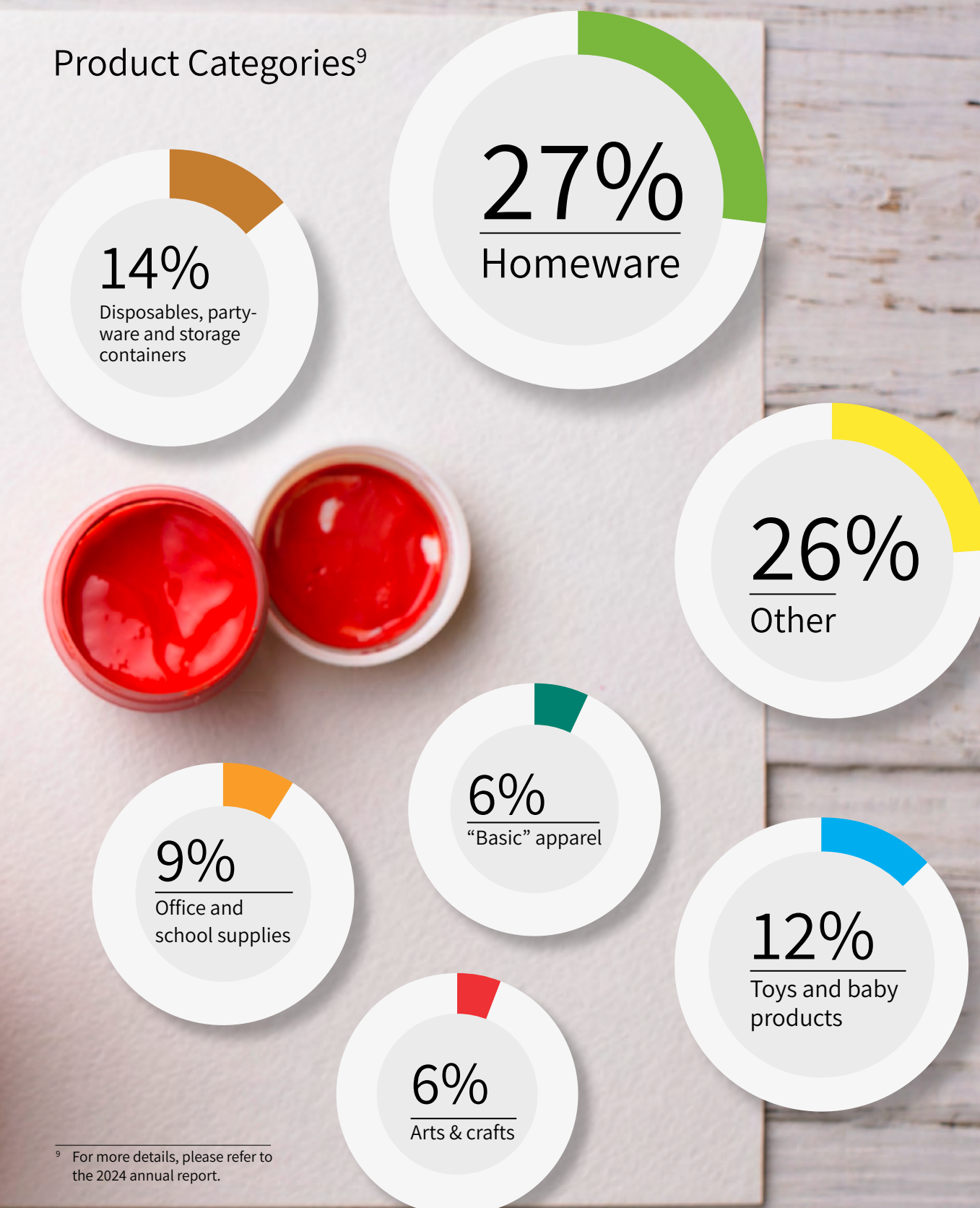
Of Company products sold in 2024 were priced at **ILS 10 or less**

**~92%**

Were priced at **ILS 20 or less**



### Product Categories<sup>9</sup>



<sup>9</sup> For more details, please refer to the 2024 annual report.

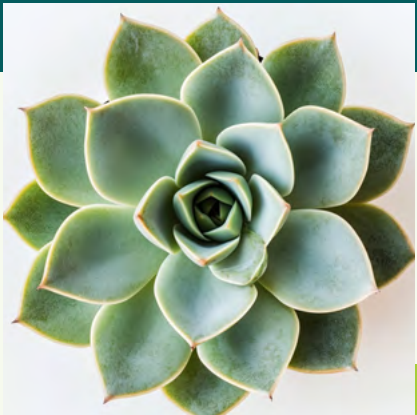
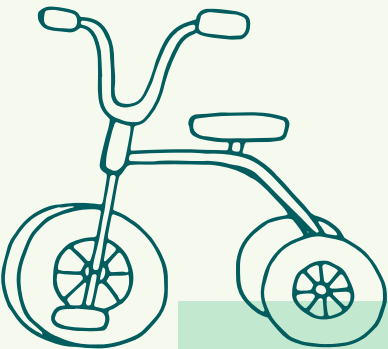


Chapter

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5

THE  
ENVIRONMENT

Environmental Management ..... 60



Go Green



# Environmental Management

| 3-3 | 302-1 | 302-2 | 302-3 | 305-1 | 305-2 | 305-4 | IF-RE-130a.1 |

Max Stock operates in the retail sector, which is based on the use of raw materials, products and packaging, and by its nature entails significant environmental impacts. Given the global nature of this sector, responsible and ongoing management of the environmental aspects associated with the Company's business activity is of great importance.

The Company views reducing its environmental impact as an integral part of its sustainability strategy and works to achieve a balance between economic growth and development and environmental protection. Accordingly, and as part of its commitment to compliance with environmental regulation, the Company operates in accordance with the provisions of the Law Regulating the Handling of Packaging, 2011, and for nearly a decade has been reporting on the implementation of the law's requirements regarding packaging waste to Tamir Corp. In addition, Max Stock collaborates with a body recognized by the Ministry of Environmental Protection for the treatment of electronic waste, including mapping, measuring and ongoing reporting processes, in accordance with the Law for the Environmental Treatment of Electrical and Electronic Equipment and Batteries, 2012.

During the reporting period, the Company was not subject to any penalties or sanctions for non-compliance with environmental requirements or other relevant regulation.



## Reducing Energy Consumption

As part of its efforts to reduce energy usage, Max Stock has implemented comprehensive energy-saving systems across all of its operating sites, including branches, logistic centers and the Company's headquarters. Among other measures, automatic switches have been installed at all sites to ensure efficient shutdown of lighting and air-conditioning systems after business hours. In addition, time-switches have been installed in all branches of the chain, significantly reducing electricity consumption and contributing to more efficient and responsible energy management.

## Green Products

In line with the global trend of environmentally conscious consumption, Max Stock places emphasis on expanding its range of products with a reduced environmental footprint. In recent years, the Company has broadened the availability of recycled products, particularly in the category of disposable homeware. Max Stock is committed to continuing to offer its customers environmentally friendly alternatives, while continuously exploring additional options to support the transition to responsible and sustainable consumption. The Company constantly seeks to maintain a balance between its commitment to making affordable products accessible to customers and its desire to offer costlier environmentally friendly alternatives. Max Stock continues to examine solutions that will enable the integration of environmentally friendly products at lower prices, with the aim of bridging the gap between sustainability values and the Company's pricing strategy.





# Greenhouse Gas Emissions

Max Stock systematically manages and reports on greenhouse gas emissions from its operations, which originate from fuel consumption by the Company’s vehicles and from electricity consumption used to support its ongoing activities. As part of the reporting process, the Company’s emissions are measured in two main categories:



**Scope 1**  
Direct emissions from fuel consumption for transportation as part of its activity.



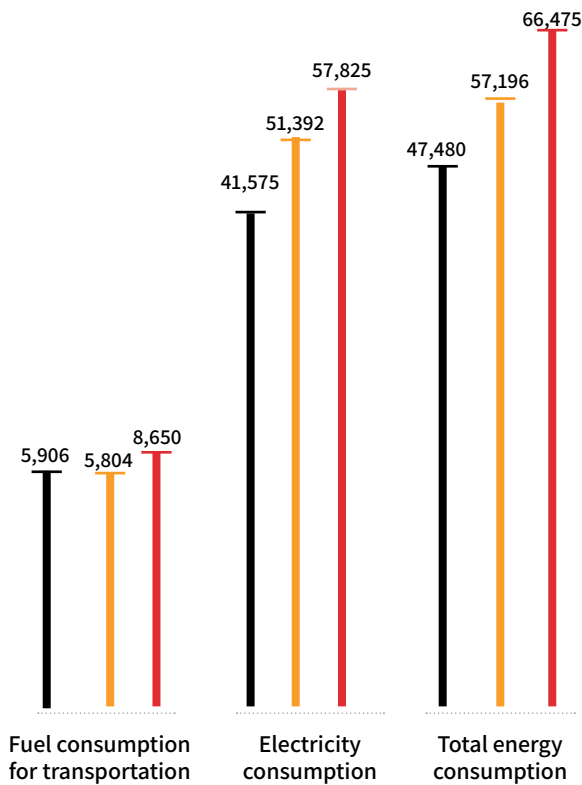
**Scope 2**  
Indirect emissions from operational energy consumption.<sup>10</sup>

## Max Stock Environmental Data<sup>11</sup>

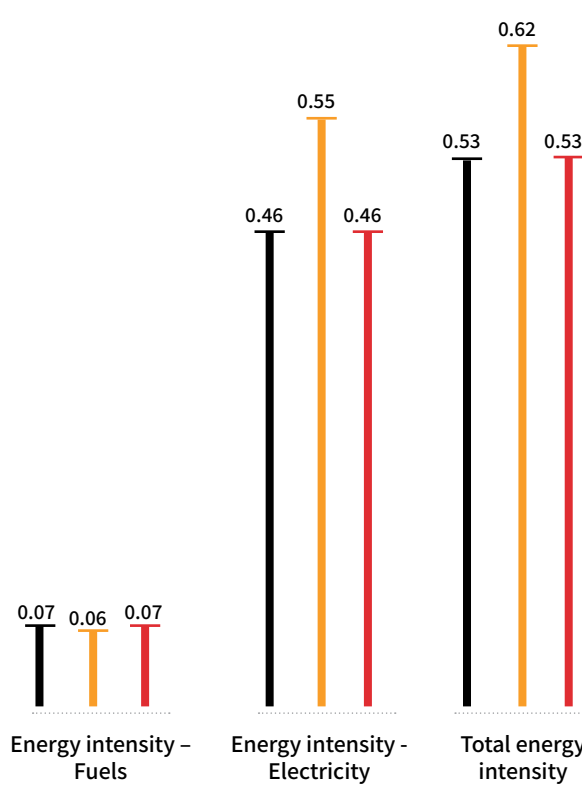
### Energy Management

■ 2024 ■ 2023 ■ 2022

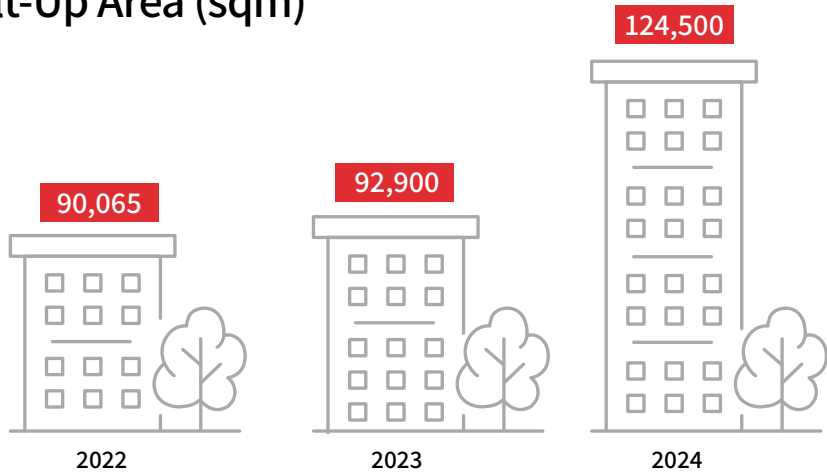
Fuel Consumption for Transportation and Electricity (GJ)



Energy Intensity Fuels and Electricity (GJ/m²)



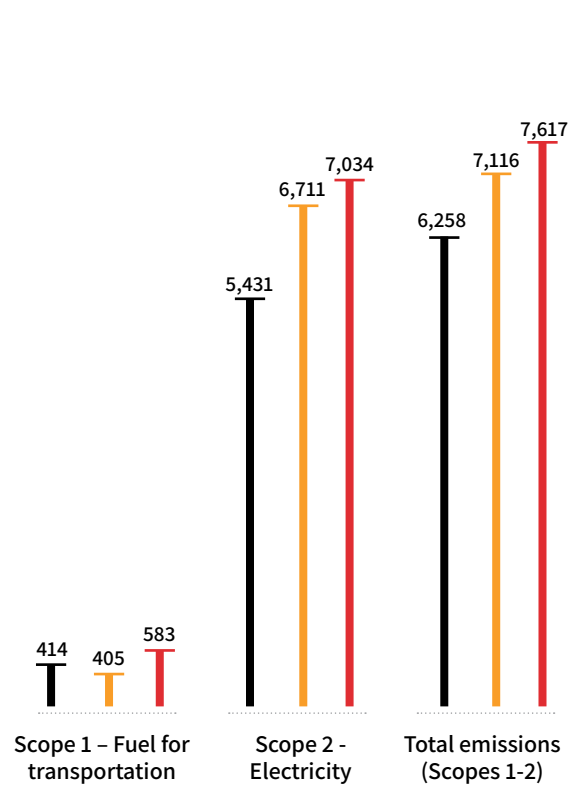
# Total Built-Up Area (sqm)



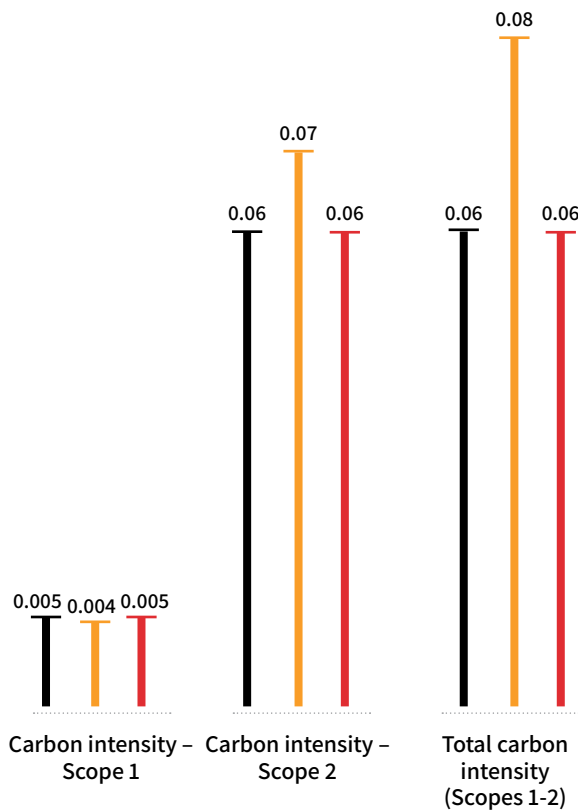
### Greenhous Gas Emissions

■ 2024 ■ 2023 ■ 2022

Scope 1 Scope 2 Emissions (tCO<sub>2</sub>e)



Scope 1 Scope 2 Carbon Intensity (t CO<sub>2</sub>/m²)



<sup>10</sup> Max Stock consumes electricity from the national power grid, with no consumption or self-generation of renewable energy.

<sup>11</sup> Environmental data for 2022 and 2023 was refined and updated.

In the reporting year, Max Stock’s total built area increased by approximately 34% compared to 2023, while at the same time energy intensity per sqm decreased by approximately 13% and carbon intensity per sqm decreased by approximately 20%. These figures reflect operational improvement and an ongoing commitment to environmental efficiency. The Company strives to continue this trend in the coming years, while maintaining and even further reducing intensity levels.



Chapter

# 45

## INDEXES

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# GRI Index

Universal Standards (With reference)

## GRI 1: Foundation 2021

Index	Response
Statement of use	Max Stock reports in accordance with GRI standards, for the period from January 1, 2024 – December 31, 2024.
Use of GRI 1 index	GRI 1: Foundation 2021

## GRI 2: General Disclosures 2021

GRI code	Index	Page
The organization and its reporting practices		
2-1	Organizational details	10
2-2	Entities included in the organization’s sustainability reporting	10
2-3	Reporting period, frequency and contact point	15
2-4	Reporting period, frequency and contact point	15
2-5	External assurance	15
Activities and workers		
2-6	Activities, value chain and other business relationships	10, 22
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Governance		
2-9	Governance structure and composition	36
2-10	Nomination and selection of the highest governance body	36
2-11	Chair of the highest governance body	36
2-12	Role of the highest governance body in overseeing the management of impacts	36
2-13	Delegation of responsibility for managing impacts	36

# GRI Index

GRI code	Index	Page
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2-15	Conflicts of interest	42
2-16	Communication of critical concerns	44
2-17	Collective knowledge of the highest governance body	36
2-18	Evaluation of the performance of the highest governance body	39
2-19	Remuneration policies	39
2-20	Process to determine remuneration	39
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2-22	Statement on sustainable development strategy	4
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2-24	Embedding policy commitments	43
2-25	Processes to remediate negative impacts	42
2-26	Mechanisms for seeking advice and raising concerns	22, 40
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2-28	Membership associations	30
Stakeholder engagement		
2-29	Approach to stakeholder engagement	16
2-30	Collective bargaining agreements	16

## GRI 3: Material Topics 2021

GRI code	Index	Page
3-1	Process to determine material topics	16
3-2	List of material topics	16





# GRI Index

## Topic Standards

Report number		Page
Material Topic: Human resource management		
GRI 3: Material Topics 2021		
3-3	Management of material topics	22
GRI 404: Training and Education 2016		
404-3	Percentage of employees receiving regular performance and career development reviews	22
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	23
405-2	Ratio of basic salary and remuneration of women to men	22
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	22
Material Topic: Social responsibility		
GRI 3: Material Topics 2021		
3-3	Management of material topics	30
Material Topic: Ethics and corporate governance		
GRI 3: Material Topics 2021		
3-3	Management of material topics	40
Material Topic: Integrity and bribes		
3 GRI: 2021 נושאים מהותיים		
3-3	Management of material topics	42
GRI 205: Anti-corruption 2016		
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205-3	Confirmed incidents of corruption and actions taken	42
Material Topic: Integrity and bribes		
GRI 3: Material Topics 2021		
3-3	Management of material topics	43
Material Topic: Risk management		
GRI 3: Material Topics 2021		
3-3	Management of material topics	44
Material Topic: Cybersecurity threats and data security		
GRI 3: Material Topics 2021		
3-3	Management of material topics	45

# GRI Index

Report number		Page
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	45
Material Topic: Cybersecurity threats and data security		
GRI 3: Material Topics 2021		
3-3	Management of material topics	46
GRI 403: Occupational Health and Safety 2018		
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305-2	Energy indirect (Scope 2) GHG emissions	60
305-4	GHG emissions intensity	60





# SASB Index

Topic	Metric	Unit of measure	SASB code	Location / notes
Energy management	1. Total energy consumed.	1. Quantitative (GJ)	IF-RE-130a.1	See the chapter "Environmental Management", p. <a href="#">60</a> .
	2. Percentage of energy from grid electricity.	2. Quantitative (%)		
	3. Percentage of energy from renewable sources.	Discussion and analysis		
	Description of the approach to identifying and addressing data security risks.	Quantitative (%)	CG-MR-230a.1	
Data security	1. Number of data breaches	Quantitative (%)	CG-MR-230a.2.	See the chapter "Cyber Risks and Information Security", p. <a href="#">45</a> .
	2. Percentage of breaches involving personal information	Quantitative (%)		
	3. Number of customers affected	Discussion and analysis		
Working conditions	1. Average hourly wage	Quantitative (%)	CG-MR-310a.1.	1. —
	2. Percentage of employees earning the minimum wage	Discussion and analysis		2. —
	Employee turnover rate	Quantitative (%)	CG-MR-310a.2.	—
	Total monetary losses arising from legal proceedings related to violations of labor laws	Discussion and analysis	CG-MR-310a.3.	See the chapter "Code of Ethics", p. <a href="#">40</a> .

# SASB Index

Topic	Metric	Unit of measure	SASB code	Location / notes
Diversity & inclusion in the workforce	Representation by (1) gender and (2) diverse population groups in: (a) executive management, (b) non-executive management, and (c) all other employees	Quantitative (%)	CG-MR-330a.1.	See the chapter "Human Capital Management", p. <a href="#">22</a> .
	Total monetary losses arising from legal proceedings related to employment discrimination	Discussion and analysis	CG-MR-330a.2.	
Product sourcing, packaging and marketing	Revenue from sales of products that are third-party certified to environmental or social sustainability standards	Quantitative (NIS)	CG-MR-410a.1.	—
	Description of processes for assessing and managing risks or hazards arising from the use of chemicals in products	Discussion and analysis	CG-MR-410a.2.	
	Description of strategies to reduce the environmental impact of packaging	Discussion and analysis	CG-MR-410a.3.	



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