

Environmental Sustainability Policy – Ashtrom Group



Ashtrom Group is a construction and real estate company that operates in various fields including contracting, industry, franchising, entrepreneurship, development and marketing of residential projects, property acquisition, and property management.

The Group views its commitment to protection of the environment in which it operates as integral to its ongoing operations. In their nature, the Group's various activities have manifold environmental impacts, and therefore it regards environmental protection with significance and is committed to sincerely addressing the issue out of responsibility to future generations while assuring its continued success in an evolving environment.

The purpose of this document is to express our commitment to promoting environmental sustainability and to describe our intentions and plans to improve the Group's environmental performance.

The Group works to reduce the environmental impacts of its activities as a leader in its field, both locally and nationally, while carefully adopting a preventive approach to environmental challenges and reducing the carbon footprint across of all the Group's areas of activity. In our activities, we account for the environmental impacts that arise from every action the Group takes, and we promote examining and implementing environmental innovation alongside the integration of environmentally sustainable solutions.

The Group believes that by applying this management approach, numerous opportunities are presented to not only reduce our environmental impacts, but also to generate lasting positive impact. This outlook extends to choices on construction methods, generating of long-term environmental solutions, manufacturing our building materials, and creating of pleasant living spaces that permit the conditions for a high quality of life, and ways that also benefit our business.

Accordingly, Ashtrom Group has set ambitious goals to promote environmental sustainability:

- Carbon neutrality (Net Zero) in the entire value chain by 2050 – both direct and indirect emissions
- Intermediate goal – 50% reduction in carbon emissions by 2040 (compared to 2020 base year data)

Application of the Policy

This policy is valid for all of Ashtrom Group's activities, its subsidiaries and their employees, contractors, and throughout the entire supply chain, including service providers in the Group's projects and in all of the countries where it operates.

Compliance, Adherence to Regulations and Risk Management

The Group works to ensure full compliance with all environmental regulations, including maintaining close and positive relationships with regulators and other environmental stakeholders.

We work to prevent pollution to reduce negative impacts, control business risks, and implement contingency plans when necessary.

For example, in the context of our manufacturing activities at **Ashtrom Industries**, we work to obtain the requisite emissions permits and maintain the appropriate business licensing that references environmental and social aspects.

Environmental and Green Building Standards

To the greatest extent possible, Ashtrom Group extends its efforts to go beyond legal compliance.

Ashtrom Industries mainly manufactures building materials certified by an environment standard, and, as much as possible, we ensure that they are used in our construction projects. At **Ashtrom Properties** and at **Ashdar**, we build our projects according to the Israeli Green Building Standard 5281, as required by law. In addition, select projects are planned and constructed according to the LEED GOLD standard, at a minimum.

The company is committed to continuing to ensure the application of environmental and green building standards in planning, materials, and in the construction process itself.

[The Group has set a goal of 100% green certification, in Israel and abroad, by 2050.](#)

Reducing Energy Use

In the understanding that we must act diligently to reduce our impact on climate change, the Group is committed to minimizing energy usage in the company's sectors of activity to the greatest extent possible by reducing the use of natural resources and transitioning to renewable energy sources. We integrate renewable energy solutions in many of the structures that we own.

This, for example, we work on a variety of energy efficiency projects such as the installation of shared charging stations for electric vehicles, the installation of cooling towers (VRF) for improving the energy efficiency of building air conditioning systems, and more.

The **Renewable Energy** arm of Ashtrom Group works to improve our conduct in this area and is dedicated to installing solar systems on all the roofs and sites that present potential.

Promoting Environmental Sustainability

The Group will work to discover and implement innovative solutions – materials, technologies, and work methods – that provide a solution to environmental challenges that arise in our activities. In addition, the Group will broaden its activities to reduce environmental impacts and implement a circular economy approach in its manufacturing processes, construction, and property management (reduction, reuse, and recycling).

The products manufactured by **Ashtrom Industries** are used by additional companies in the Group and therefore, we consistently work to extend our efforts by examining opportunities for implementing innovation in our activities in terms of raw materials, innovative products, and new construction methods.

Waste Management, Reduction and Recycling

Ashtrom Group is committed to handling building waste in accordance with the guidelines from the Ministry of Health and, therefore ensures that all materials are transferred from the construction sites directly to authorized treatment and landfill sites. Beyond the fact that this is a regulatory directive, we take seriously our responsibility for the proper handling of the waste generated through our activities and are committed to continuing to do so.

The construction waste in our projects is directed to authorized sites, while we work to identify additional ways to recycle construction materials in order to avoid landfilling. For example, recyclable construction waste is treated and sometimes even sold for further treatment, such as wooden pallets and iron scraps. In addition, waste from the quarry is used as raw material for paving roads.

The Group is committed to reducing the use of paper at our headquarters and offices. In support of this effort, the Group advanced a number of digitization processes in an organization-wide effort for digital transformation.

Management and Reduction of Water Usage and Wastewater Generation

In the context of our activities, we strive to minimize the use of water and recycle water to the greatest extent possible. The wastewater in our manufacturing facilities is filtered and drained in a controlled manner and in accordance with the local laws, and when possible, even beyond the regulatory requirements (such as regarding our water reuse initiatives in the Israbaton factories, where approximately 99.2% of the water used does not enter the sewage system).

Engaging Our Employees and Raising Stakeholder Awareness on Environmental Protection

In the understanding that we can extend our influence when we promote the values and material issues arising from our activities together with our stakeholders promote, we work to raise awareness for environmental protection, among our employees, suppliers, customers, and other stakeholder groups.

The Group will work to encourage employees whose roles affect our environmental conduct to participate in enrichment trainings, conferences, and seminars that expand their knowledge on the topic, while providing them tools to reduce the use of resources and develop new and improved environmental procedures.

Encouraging a Sustainable Supply Chain

Our suppliers play a significant role in influencing our ability to reduce the environmental impact of our operations. We view the suppliers and contractors we work with as our partners for success in achieving and improving upon our environmental conduct.

We will work to promote procurement from local suppliers to the greatest extent possible, to reduce the environmental impacts arising from transporting products, and to contribute to the local economy. Furthermore, we expect our suppliers to assume environmental responsibility and to adopt the principles outlined in this policy whenever possible. To this end, we will work to raise their awareness of the importance of the issue, and we will evaluate their activities according to ESG parameters in general and regarding environmental sustainability in particular, imparting to them relevant tools and knowledge that the Group has accumulated on the topic. In addition, we are prepared to collect the required data to measure the environmental impact of our key suppliers have on our activities.

Mechanisms for Managing and Implementing the Policy – Responsibilities and Roles

- **Compliance Role:** Ashtrom Group has appointed an ESG manager who is responsible for implementing the Environmental Sustainability Policy, and, among other things, integrating the field of environmental sustainability, as well as coordinating the various activities that are necessary for proper implementation and ongoing supervision of the policy.
- **Steering Committee on Behalf of Senior Management:** Ashtrom Group's management is committed to this policy and its effective implementation over time. The Steering Committee will discuss material issues that pose potential risks to the Group and other material issues as determined, from time to time, and as part of the Group's environmental assessment process. The composition and meeting dates of the Steering Committee will be determined by the Group's management.

- **Senior Managers in the Group and its Subsidiaries:** Ashtrom Group's senior managers are responsible for the ongoing implementation of the guidelines and working principles detailed in this policy, as well as for supervising the fulfillment of additional duties required of their employees as detailed in this policy.
- **Employees of the Group and its Subsidiaries:** Ashtrom Group's employees are responsible for fully following the guidelines and associated work procedures detailed in this policy.

Publication and Communication of the Policy

Ashtrom Group's Environmental Sustainability Policy is accessible to all stakeholders on the Group's website.

The Group publishes information on its relevant activities in our ESG report.

We invite our stakeholders to submit feedback, suggestions, and thoughts on environmental sustainability to: esg@ashtrom.co.il