



2022 Corporate Responsibility Report





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Erez Halfon
Chairman of the Board of Directors



Itzik Levy
Chief Executive Officer

The "Swords of Iron" War, which broke out following the terrorist attack of October 7, 2023, once again highlighted EAPC's importance in maintaining energy security for the State of Israel, as it mobilized immediately to supply the nation's energy needs through the ports of Ashkelon and Eilat

Letter from the Chairman of the Board and the CEO

We are proud to present EAPC's corporate responsibility and sustainable development report for 2022. This is our second report, again providing a continuous look at our activity for all of the company's stakeholders, based on the Global Reporting Initiative (GRI) reporting guidelines.

EAPC remains Israel's energy gateway and continues to protect its national energy security. As a leading energy infrastructure company, we are aware of our potential impact on a range of environmental and social issues. Over the last year, we continued to develop and embed corporate responsibility at EAPC, centered on our commitment to safety and to the protection of the environment within which we operate.

The company's core activity is the delivery of essential services to the State of Israel – loading/unloading, storage, and transmission of oil and energy products classified as hazardous substances. Risk-management procedures are therefore firmly embedded in EAPC's routine operations; concurrently, we are constantly and actively reducing our impact on the environment, by implementing and integrating systems at the forefront of technological innovation.

Founded in 2021, our Innovation Division was already starting to yield results in 2022. The division integrates and examines innovative technological solutions to the challenges faced by EAPC, to realize our ambition to develop into new areas and markets in the infrastructure industry. Examples include energy storage and optic fibers connecting Europe with the Far East, and enabling us to connect residents of the Negev and Arava regions of Israel to advanced infrastructures.

Another key to our success is human capital – the organization's beating heart. We accord the utmost importance to keeping our employees safe, developing their skills, and promoting their well-being, to create an optimal work environment where they can continue to grow and thrive, achieving the company's goals and overcoming its challenges on the path towards further progress and success.

This year, we also welcomed a diverse group of new employees, including people with disabilities. Beyond the alignment with our values and the contribution to progress in Israeli society, we are seeing the positive impact of this decision on the employees themselves, their team members, and the organization as a whole.

We would like to thank our invaluable employees for their dedication and partnership, and for the many accomplishments reflected in this report. We are grateful to all of our stakeholders for their confidence in us, and especially to our customers.

We invite you to read this report and respond, so that we can continue our dialogue and further develop and promote our corporate responsibility.

As we put the finishing touches on this report, we in Israel are in the midst of the "Swords of Iron" War, thrust upon us by a murderous terrorist attack from the Gaza Strip, when thousands of terrorists invaded communities in southern Israel and massacred some 1,200 people,

including members of the defense forces, injured thousands more, and took hundreds of hostages – babies, children, women, and men.

EAPC, which is at the forefront of the effort to deliver energy security for the State of Israel, mobilized immediately in this emergency, as it does during routine periods, to supply the nation's energy needs, through the ports of Ashkelon and Eilat. The devoted employees of EAPC continued to do their jobs under massive missile attacks, risking their lives to continue to preserve the State of Israel's energy security.

Our hearts are with the families of the hostages as we long for them to return soon, and with the families of those murdered and fallen – may their memory be a blessing.

Erez Halfon | **Chairman of the Board of Directors**

Itzik Levy | **Chief Executive Officer**



About EAPC

The Energy Gateway of the State of Israel

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The Europe Asia Pipeline Company (hereinafter: "EAPC" or the "Company") is a government company that serves as an important link in the supply chain of crude oil and energy products for the Israeli economy. Headquartered in Ashkelon, the Company operates energy ports and a storage farms in Eilat and Ashkelon, as well as a system of transmission lines arrayed nationwide, from Eilat to Haifa.

The Company supplies the citizens of the State of Israel and its international customers with vital services, routinely and in emergencies, such as port services, storage, and transport of oil and oil products.

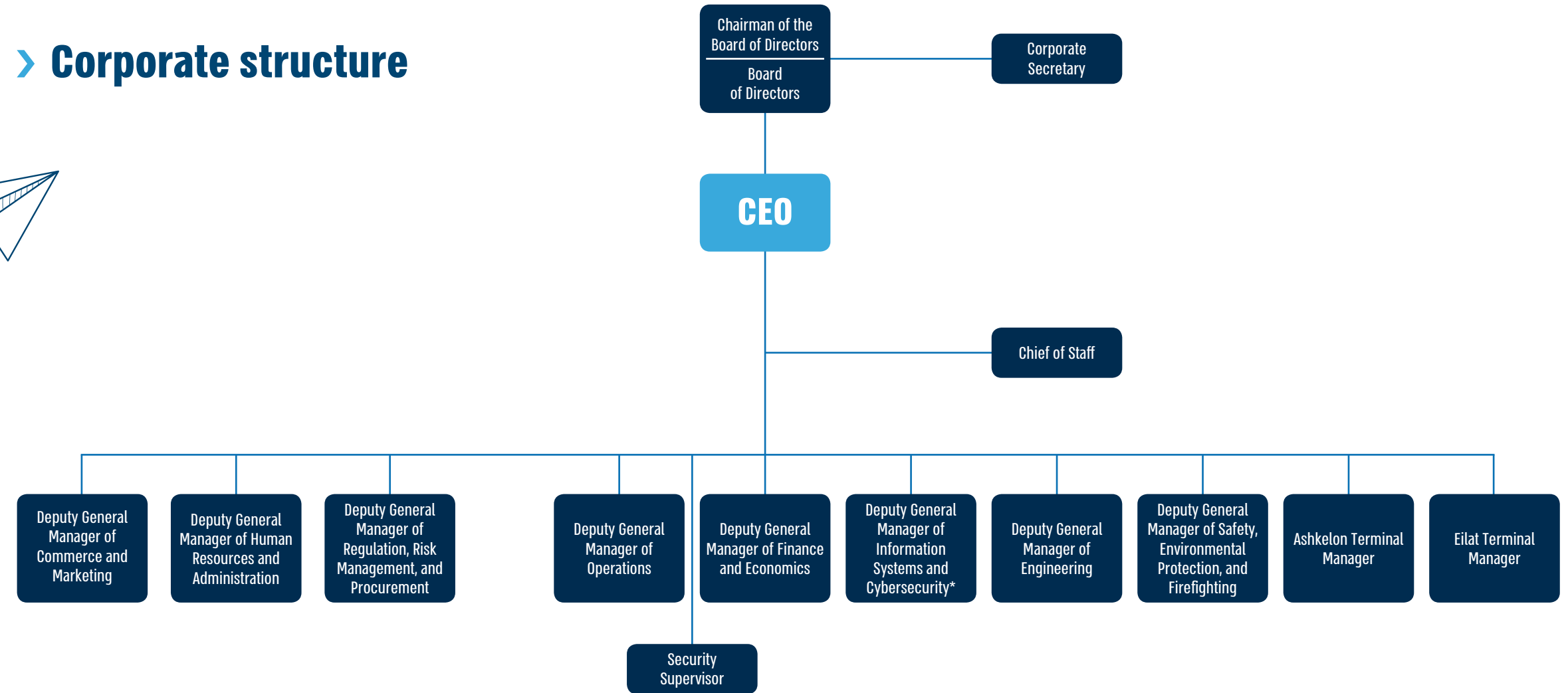
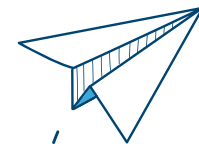
As one of the leading companies in the energy sector, we work to ensure a reliable, available, and efficient supply while uncompromisingly maintaining safety and protecting the environment, by implementing a range of means and systems, some of which are described in this report.

> The EAPC vision

EAPC is an energy infrastructure company providing storage, transport, and port services for oil and energy products to local and foreign customers, through a varied and flexible infrastructure system, based on many years experience and an international reputation.

EAPC serves as Israel's energy gateway, and will continue to deliver quality services to domestic and international customers at the timing and scope required to protect the energy security of the State of Israel. EAPC will continue to work to expand and diversify its business, while maximizing the potential of its existing infrastructures and capabilities.

> Corporate structure



* Appointed in 2023

The EAPC vision – Leadership in energy infrastructures in Israel through a wide range of business activities, and continued strengthening of its standing as a unique midstream player in the oil and gas industry for domestic and international customers, while expanding its activities into additional critical infrastructure fields through optimal maximum utilization of its infrastructures

› Infrastructures and activities of the Company

In order to ensure that the energy needs of the State of Israel are met, the Company holds critical infrastructures, including an energy port in Ashkelon and an energy pier in Eilat, with adjacent tank farms at an overall storage capacity of 3.7 million cubic meters, for crude oil and fuel products, and a system of transmission lines of approximately 750 kilometers arrayed from Eilat to Haifa.

The transmission line system consists of four lines:

- A 42" line for crude oil at a length of 254 km, connecting the fuel pier on the Red Sea shore to the energy port in Ashkelon, on the Mediterranean Sea. Crude oil can flow through this line in both directions – south to north and north to south – connecting the tank farms of Eilat and Ashkelon and the adjoining energy ports, thereby also providing a land bridge from east to west.
- A 16" line for fuel products, at a length of 260 km, connecting Givati Junction and Eilat. This line has been under renovation in recent years.
- A 16"/18" line at a length of 36 km, running from the tank farms in Ashkelon to supply the refinery in Ashdod.
- A 16"/18" line at a length of 197 km, running from the tank farms in Ashkelon to supply the refinery in Haifa.

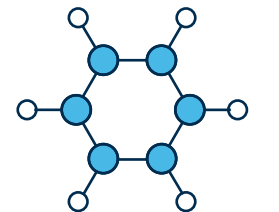
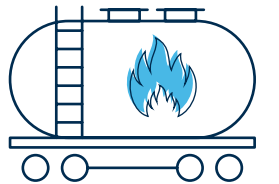
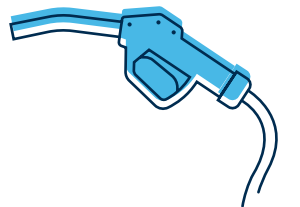
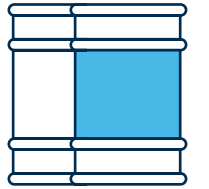


¹ Distillates – fuel products generated in the process of refining and processing crude oil; products such as benzene, jet fuel, diesel fuel, and more

› We provide essential services to the economy in the following areas:

- **Crude oil** – Approximately 75% of the crude oil imported to Israel and refined at the Haifa and Ashdod refineries is unloaded at the Company's ports; the Company is also responsible for storage and pumping to the refineries. Thus, the Company effectively serves as the energy gateway of the State of Israel. The Company also provides infrastructure services to international clients, who use it as a forward base and/or a land bridge for their operations. The activities of the international clients have numerous advantages for the Israeli economy, including reinforcement of the energy security of the State of Israel, the presence of available crude oil at a competitive price, strengthening of the geopolitical status of the State of Israel, and more.
- **Distillates¹** – Approximately 15% of the quantity of distillates consumed in Israel is imported using the Company's infrastructures; the rest is produced by local refineries. These imports serve as a sort of "third refinery", allowing competition and "shadow pricing" for domestic distillate prices. The Company's facilities also serve its international clients as a logistical center for distribution in the Mediterranean Basin, thereby allowing further availability of distillates for the Israeli economy in emergencies.
- **Liquefied petroleum gas (LPG)** – Approximately 40% of domestic consumption of LPG is imported through the EAPC port in Ashkelon. These imports supplement the quantity produced by local refineries to fully respond to the demand in Israel.
- **Coal** – A coal pier of the Israel Electric Corporation (IEC) operates within EAPC's area of the port. EAPC provides routing and mooring services via the pier for approximately 50% of the coal consumed in the Israeli economy. The use of the pier was discontinued in the winter of 2023 following a tragic incident at the IEC, when an unloading crane collapsed during a storm. The IEC is working to make the pier functional again. Concurrently, the IEC is converting the Rutenberg power plant to natural gas, which should almost entirely eliminate the need to use the pier to import coal. The IEC and EAPC are examining possibilities for other uses of the pier after the conversion to natural gas is completed, while it remains usable for unloading coal in an emergency.
- **Natural gas** – The Company's Ashkelon site contains a reception and delivery terminal for natural gas. The Company has an agreement with EMG allowing it to operate the natural-gas terminal, which is used to pump natural gas from the Israeli transmission system to the Egyptian system in the El-Arish region. The agreement has strengthened the strategic relationship and cooperation with Egypt in the field of energy.

In addition, an agreement between the Company and the partners in the Leviathan natural-gas field allows pumping of condensate through an EAPC pipeline to the refinery in Haifa. The condensate is a light crude oil, a by-product of the natural-gas production process. Pumping condensate through EAPC's transmission lines allows marketing of natural gas from the Leviathan field.



➤ Analysis of the energy market in 2022

Background

Global oil markets appear to have been riding a roller coaster since 2020, as the Covid-19 pandemic caused prices to crash, followed by gradual recovery amid severe fluctuations driven by the spread of virus variants and by the trade war between Russia and Saudi Arabia.

The oil market

On February 24, 2022, Russia invaded Ukraine; this led to a humanitarian crisis and sparked a period of uncertainty in Europe, with shock waves affecting the entire global economy.

The instability of the markets, along with the international sanctions on Russia and several international energy companies' withdrawal from operations in Russia, sent oil prices to upward of 100 USD per barrel by the end of February 2022.

International oil companies announced that they would be walking back investments worth billions of dollars in Russian oil fields and natural-gas field development projects. Providers of services to major oil fields also stated they would no longer operate in Russia. All of these factors impede Russia's development of its fossil-fuel resources, which may diminish global supply capabilities and cause price increases. Further, the Russian invasion reinforced many European countries' wish to reduce their dependence on energy supplied by Russia, a strategy that also aligns with their long-term climate goals.

² The European continent is in its second consecutive year of a severe energy crisis. The current crisis stems from the significant shortage of natural gas caused by the Russia-Ukraine war (the previous crisis of 2021 resulted from the resource mix of the energy supply – see details in the Corporate Responsibility Report for 2021)

³ IEA – International Energy Agency

⁴ OPEC – Organization of the Petroleum Exporting Countries

Renewable energies

Europe, primarily Germany, has led the adoption of the idea that renewable energies, mainly wind and solar, can serve as a sufficient alternative to the use of polluting resources such as coal, oil, and gas. Throughout the continent, large-scale facilities were built, with major investments, to produce electricity from these sources, while facilities generating electricity from fossil sources (mainly coal) and nuclear sources were shut down. In practice, the lack of availability and continuity of supply arising from the nature of renewable energies (wind and solar) created an immediate energy shortage in Europe, highlighting the fact that without storage solutions these resources cannot deliver an effective and comprehensive solution. The insight reached by energy security officials in Europe, all the more pointedly since Russia's invasion of Ukraine, is that it is necessary to develop independence from Russian gas and limit dependence on renewable energies, by using fossil fuels that can be transported from remote sources, such as coal, oil, and liquefied natural gas, as well as nuclear energy, which is back on decision-makers' agendas.²

2023 and the short-to-medium term

The new IEA³ forecast for 2023 indicates that oil consumption will rise above pre-pandemic levels for the first time, to 101.6 million barrels per day. A substantial part of the increase is the result of significant recovery in China, and of expected recovery of demand for air transportation in Europe and North America; analysts expect planned capacity to reach 85%-90% of the levels of 2019 by the middle of the year.

However, economic worries persist, with various international institutions issuing somber forecasts for the coming year. Similarly, a tighter policy of the central bank and the effect of the soaring US dollar and the rising interest rate on the purchasing power of the emerging economies mean that the forecast is focused on the negative side.

In the current geopolitical context, beyond the urgent need to raise the



threshold of ambition in addressing climate change, countries are placing ever-increasing focus on issues of energy security. More attention is being paid to the dilemma posed by energy security, which means ensuring that the required quantity of energy is supplied, on time, at a reasonable price, versus the mission to reduce emissions and achieve carbon neutrality (net zero emissions) – as demonstrated by many countries' public recognition of the need for comprehensive, flexible approaches, including through further investments in future oil and gas projects.

Our understanding, too, is that the solution to this dilemma lies in the ability to diversify energy sources and avoid reliance on a single resource, while promoting technological innovation to enhance the ability to use renewable energies and capture carbon.

The OPEC forecast⁴ assumes that ongoing technological development will continue to play an important part in shaping the energy mix of the future. For example, despite rapid progress in the adoption of electric vehicles (EV), internal-combustion engines (ICE) are likely to remain the dominant technology for both the passenger and commercial transportation segments, with continual improvements in performance efficiency. Similarly, conventional aircraft engines are expected to continue to be the leading technology in aviation, and marine shipping will continue to consume fossil fuels. The share of natural gas in electricity production has risen sharply over the last few decades; the share of renewable energies, particularly wind and solar, in electricity production will rise throughout the period of the forecast, increasingly supplanting coal. Concurrently, hydrogen has gained widespread recognition as a meaningful energy source for the future.

About EAPC – The Energy Gateway of the State of Israel

The IEA report for 2022⁵ presents a forecast for energy consumption by primary energy sources, in three scenarios:

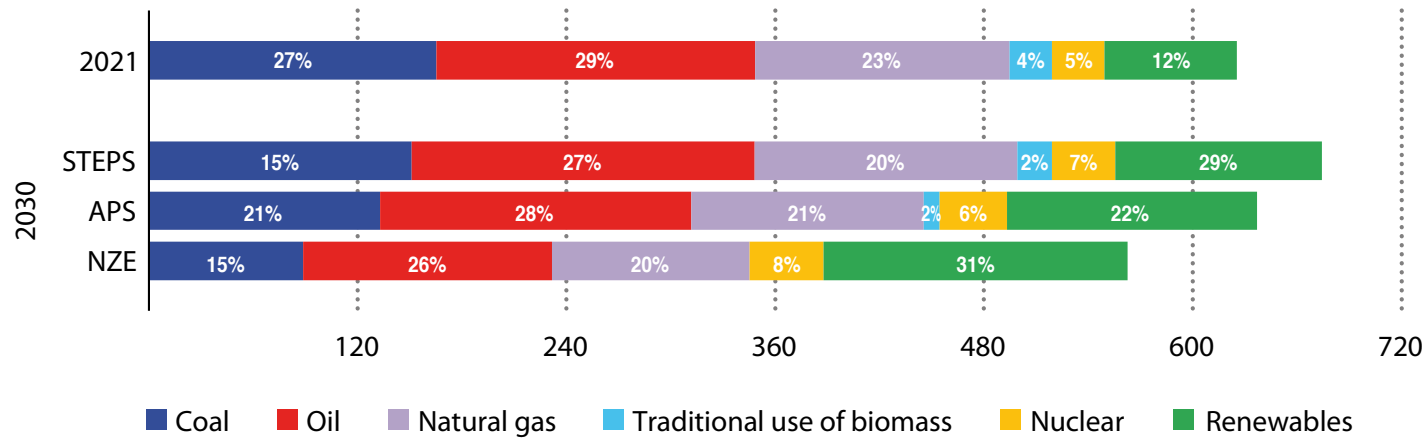
STEPS – The Stated Policies Scenario assumes that countries' declared policies are realized in full and on time, including net-zero emissions.

APS – The Announced Pledges Scenario assumes that countries' declared targets and ambitions are realized in full and on time, including net-zero emissions.

NZE – The Net Zero Emissions by 2050 Scenario charts a course towards stability at a 1.5-degree increase in global average temperatures.

Looking ahead to 2030, crude oil remains a substantial component of the overall energy supply in all scenarios. The principal change is an increase in the use of renewable energies, mainly supplanting the use of coal

Total energy supply (EJ)



As shown in the diagram, the largest primary energy source in 2021 was crude oil, at 29%, followed by coal, as a significant energy source at 27%, with natural gas third at 23%. By contrast, renewable energies contributed just 12% of the overall energy supply, as the fourth major component.

Looking ahead to 2030, the various scenarios point to no substantial change in the significant share of crude oil in the overall energy supply (STEPS – 27%, APS – 28%, NZE – 26%). The significant change is in the growing proportion of renewable energies (STEPS – 29%, APS – 22%, NZE – 31%), primarily at the expense of the use of coal.

⁵ World Energy Outlook 2022



The corporate responsibility approach

16-37 >



We view corporate responsibility as a key value, proactively and systematically managed and developed as part of our ongoing operations. The Deputy General Manager of Regulation, Risk Management, and Procurement is responsible for corporate responsibility at the organization.

Corporate responsibility is managed from an enterprise-wide perspective, according to the prevailing international GRI standards, the circular on the subject of sustainable development issued by the Israel Government Companies Authority in 2009, and the "Guide for Sustainable Development at Government Companies" published by Israel's Ministry of Environmental Protection and the Government Companies Authority in 2013.

We view corporate responsibility as a key value, which is proactively and systematically managed and developed as part of our ongoing operations

➤ Key principles in promoting corporate responsibility



1. Environmental protection and safety

Implementing advanced systems to manage and monitor key environmental risks, and specifically to prevent pollution and odor hazards. Maintaining a high level of safety at work and using the best available and feasible technologies.



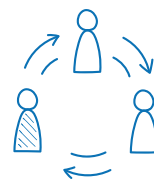
2. Excellence, quality service, and personal example

Providing high-quality fair service to the satisfaction of the Company's customers, while striving for excellence, displaying initiative, leading by example, and acting with integrity.



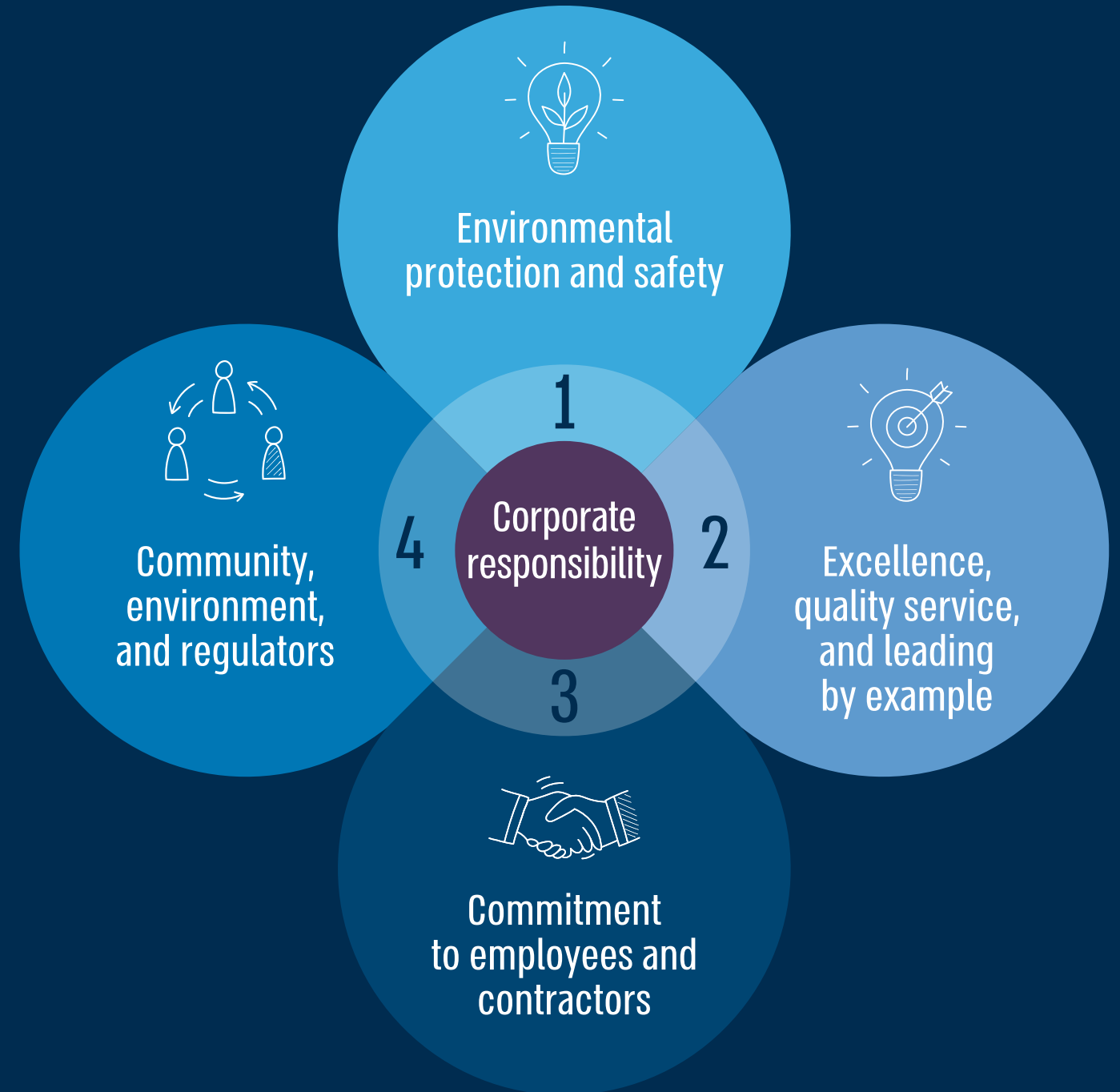
3. Commitment to employees and contractors

Ensuring fair, equitable treatment, protecting workers' rights, and upholding human dignity at all times.



4. Community, environment, and regulators

The Company works to support the community, and will continue to do so, raising awareness and strengthening its engagement and connection with the communities within which it operates, while complying with the law and conducting continuous dialogue with relevant regulators, to build trust and to preserve and improve its environmentally and socially responsible image.



➤ Promoting the United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) were formulated in 2015 as part of a plan adopted by every UN member state, including Israel. Seventeen SDGs were set within the plan, subdivided into 169 targets, aimed at promoting worldwide sustainable development. In formulating the corporate responsibility report of the Company, five SDGs were identified that are affected by our business operations and that we are helping to achieve.



Sustainable Development Goal

7. Ensure access to affordable, reliable, sustainable and modern energy for all

Targets

7.1. Ensure access to affordable, reliable, and modern energy services

Activity of the Company supporting promotion of the goal

EAPC is an important link in the State of Israel's energy supply chain and in preserving its energy security; this includes ensuring the supply of energy at the required time, in the quantity demanded, at a reasonable price.

Within the activities of its Innovation Division, the Company also regularly examines renewable energy projects, and is working to install solar-energy systems and advanced storage systems.



8. Decent work and economic growth

- 8.3.** Promote decent job creation; encourage entrepreneurship and innovation
- 8.5.** Achieve full employment and fair work
- 8.8.** Protect labor rights and promote safe work environments

The Company employs workers and creates jobs, primarily in southern Israel, in areas characterized by a lack of jobs. EAPC also works to nurture and develop its employees on the professional and personal levels, cares for their health and well-being, and provides them with an appropriate, safe, responsible work environment.



9. Industry, innovation, and infrastructure

9.1. Develop quality, reliable, sustainable, and resilient infrastructure

The primary occupation of the Company is providing essential services in the area of energy; it essentially serves as the energy gateway of the State of Israel. The reliable, efficient delivery of oil and oil products by EAPC allows business continuity for industry, manufacturing, and overall economic activity. The Company also devotes extensive human and technological resources to maintaining its storage and transmission infrastructures, in order to improve the efficiency and safety of its facilities, and continually examines the implementation of new, advanced means of monitoring and maintenance, based on the best available technology (BAT) for the environment.



Sustainable Development Goal

10. Reduce inequality within and among countries

14. Life below water

Targets

10.4. Adopt economic policies of fair wages and social protection, and progressively achieve greater equality

14.1. Prevent coastal and marine pollution of all kinds
14.2. Protect marine biodiversity and restore damaged marine and coastal ecosystems

Activity of the Company supporting promotion of the goal

EAPC employees are unionized under long-term labor agreements that reflect the Company's policy on fair wages. In addition, the Company employs workers and creates jobs, primarily in southern Israel, in areas characterized by a lack of jobs.

The Company operates from a standpoint of environmental responsibility and applies the principle of maintaining the status quo. The Company's use of open spaces creates an advantage for species living in these areas, allowing fauna and flora to flourish without interference. For example, at the EAPC beach in Eilat, which was closed to the public for five decades, coral reefs were preserved and thrived impressively. The beaches in Ashkelon allow sea turtle and Israeli mountain gazelle females and their offspring to flourish during mating season.

The Company has monitoring and oversight mechanisms to prevent ocean pollution incidents.

In 2021, EAPC added another protective marine barrier in Eilat, creating a 360° ring around all of the oil tankers that dock at its pier – an advanced, effective safety measure.

The Company has advanced equipment, and it is prepared and practiced at responding to emergencies.



In 2021, EAPC added another protective marine barrier in Eilat, creating a 360° ring around all of the oil tankers that dock at its pier – an advanced, effective safety measure

› Dialogue with stakeholders of the Company - key dialogue channels



we place great importance on dialogue with EAPC's stakeholders, in order to increase transparency in our operations, receive feedback, and build trust in our stakeholder relationships

Customers

The commerce and operations divisions are responsible for customer relations, and communicate with clients directly during the routine course of business by proactively initiating conversations and meetings, holding local and international conferences, and more. A marketing website is also available to customers.

Regulators

Contact with the various regulators is conducted by the chairman and by the CEO of the Company, as well as through professionals at the Company who work with the relevant counterparts at government ministries.

Suppliers

Relationships with suppliers are managed through the Purchasing and Contractual Engagement Department of the Company during the purchasing and engagement process, and by the operational units during the execution phase. The Company has a tender committee, which operates in accordance with the requirements of the law.

Employees

The Company maintains an open-door policy for employees; they can discuss any subject with any member of management, including the CEO. An inbox for queries is at their disposal, and they can contact the head of employee queries directly.

Community and environmental organizations

Communications addressed to the Company receive a response directly from Company management. As part of community relations, direct discourse is conducted with community and environmental organizations.

General public

As part of its community relations, EAPC conducts continuous direct dialogue with the communities close to its facilities in Eilat and Ashkelon. The Company also maintains a call line available 24/7 for communications from the public. All communications received are reported to the relevant parties at the Company and addressed immediately.

Academia

The Company has collaborated for many years with researchers and marine biologists in academia who monitor the marine ecosystem in the northern Eilat Bay, including the EAPC sites there, which were closed to visitors until 2017 (when the northern part was opened). Contact with academia is also part of community relations activities aimed at increasing exposure to EAPC's essential operations and contributions to the economy, while protecting the environment.



➤ Identification of material topics

Materiality analysis is a process that allows the Company to identify and assess the topics most important to its diverse stakeholders. The Company examined its material topics based on the process required under the GRI 2021 Universal Standards. This process enabled us to identify the most important ESG topics on which to focus in the report. Beyond these material topics, we also discuss other matters relevant to EAPC's activity in the report.

Working methodology for the identification of material topics

1. Sector mapping and review

Within the process of mapping the areas of corporate responsibility most significant for the Company and its stakeholders, an industry survey was conducted of the material topics reported by six leading companies in its sector, in the domestic and global arenas, that constitute peer companies for EAPC. In addition, media items and internal documents of the Company, including intra-organizational communications, policy documents, risk surveys, work plans, and more, were reviewed.

24 topics relevant to EAPC were identified within the review of ESG topics.

2. Topic ranking and prioritization based on stakeholder and management expectations

The topics identified were prioritized based on an analysis including:

- Compliance with prevailing reporting standards (SASB, GRI);
- alignment with the GRI: Oil and Gas Sector 2021 new reporting guidelines for the oil and gas industry;
- Internal ranking of the topics by EAPC management.

At the conclusion of this process, the list was reduced to the ten most material topics for the report.

List of material topics

The topics are ranked by importance and categorized as environmental, social, or corporate-governance topics.

	Material topic in the report	GRI topic	Scope of impact
1	Prevention of water and ground pollution and preservation of biodiversity	GRI 303: Water GRI 304: Biodiversity	Within and beyond the organization
2	Prevention of odor hazards	GRI 103-1,2,3: Management Approach	Within and beyond the organization
3	Safety in the transport process; availability and reliability of energy supply	GRI 103-1,2,3: Management Approach	Within and beyond the organization
4	Environmental management and compliance with regulation	GRI 301-308: Environmental Management	Within and beyond the organization
5	Reducing emissions into the air	GRI 305: Emissions	Within and beyond the organization
6	Fairness, customer satisfaction, and information security	GRI 418: Customer Privacy	Beyond the organization
7	Human capital – work environment, employment terms, and safety of employees and supply-chain workers	GRI 401: Employment GRI 403: Occupational Health and Safety	Within and beyond the organization
8	Crisis management and business continuity in routine and emergency conditions	GRI 103-1,2,3: Management Approach	Within and beyond the organization
9	Treatment of hazardous materials and waste	GRI 306: Effluents and Waste	Within and beyond the organization
10	Sound corporate governance and business ethics	GRI 102: General Disclosures	Within and beyond the organization

Environmental | Social | Governance

⁶ The companies examined were PEI, Vopak, Equinor, CLH, Plains, and Magellan

› Main activities in the area of corporate responsibility in 2022

E

Environment

- The first company in the world to set up a system for capturing steam from a ship at sea and transferring it to an onshore processing facility.
- Monitoring stations – zero daily and/or annual of pollutants from the company's infrastructure.
- Green office principles implemented to save resources – EAPC Thinks Green.
- **Environmental and technological innovation:**
Use of a mobile camera designed to monitor volatile organic compounds (VOCs).
Analysis of odor complaints using an advanced meteorological system.
- **Promotion of a critical infrastructure project:**
The initiative for optic fibers along transmission lines.

Advanced training

- Scent detection training for professional identification of odor hazards.
- Firefighting training overseas.

Drills

- 175 drills on coping with emergencies held for employees.

Human resources

- 4% of employees received tuition assistance.
- Three employees with disabilities scouted and hired.
- Six employees promoted via internal mobility.

Community relations

- Fourteen meetings held with the public to improve transparency in the Company's operations.
- EAPC employees volunteered on Good Deeds Day.

S

G

Information security

- Zero cases of loss of customer information or breach of customers' privacy.

Ethics

- 100% of the Company's employees have signed its code of ethics.
- No complaints of ethics violations were received at the Company.

4%

of employees received tuition aid

14

meetings with the public to improve transparency

100%

of employees have signed the code of ethics

0

daily and/or annual deviations at monitoring stations

0

cases of loss of customers' information or breach of customers' privacy

175

drills on coping with emergencies for employees

> Regulation

We operate in an extensive regulatory arena consisting of laws, regulations, orders, licenses, permits, directives, guidelines, and more, issued from time to time by numerous and varied regulators.

The Regulation, Risk Management, and Procurement Division at EAPC routinely monitors all publications issued for comments from the public. If a publication is found to be relevant to the Company's operations, the division sends the draft to all of the professional functions in order to formulate comments. When necessary, the Company appears at Knesset committees and/or meetings with the relevant regulators to present its position. After the inception of a new legislative directive, the directive is distributed at the Company, for immediate implementation, and added to the work plan of the Regulation Division, which examines the Company's compliance when sufficient time has elapsed to absorb and implement the new directive.

The responsibilities of the Regulation, Risk Management, and Procurement Division include assisting the Company and its employees in forming and maintaining an organizational culture of compliance; the division serves as one of the Company's lines of defense. As part of its activity in this area, the division has mapped all legislative directives of the various regulators that apply to the Company. The mapping covers hundreds of directives and thousands of provisions and guidelines on a range of topics, such as the environment, safety, labor law, security, firefighting, and more. The division created a comprehensive multi-annual work plan to review the directives that apply to the Company. A five-year plan for the review of the applicable directives was completed in 2020. A renewed review of the applicable directives began in 2021, while new directives that take effect are continually reviewed, as noted.

21 legislative directives were analyzed and examined in 2022. Management holds meetings dedicated to this topic from time to time, and establishes plans to close any gaps discovered.

■ Stages of maintaining the organizational culture of compliance at EAPC

Monitoring and distribution of new legislative directives to professional functions



Professional analysis by headquarters functions; writing procedures and guidelines for execution



Implementation by execution functions



Control by professional functions



Internal control by the Regulation, Risk Management, and Procurement Division



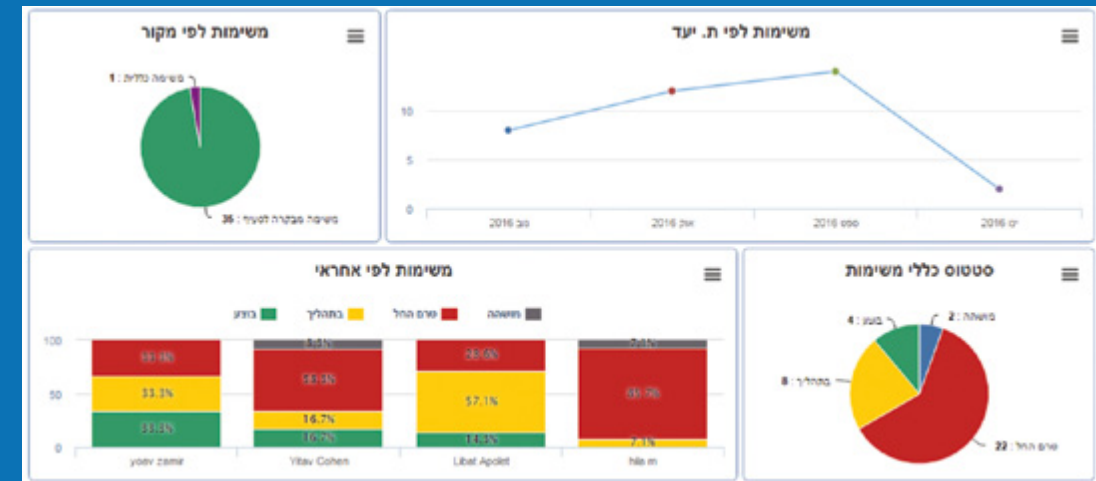
Entry of findings and tasks into the IT system

The advanced regulation management system

An IT system for regulation management was built and adapted specifically to the Company's needs and activities, for management, control, and attainment of regulatory objectives.

Following each internal examination conducted by the Regulation, Risk Management, and Procurement Division to ensure that the Company is in compliance with the requirements of the law, the findings are entered into the system for follow-up, so that managers can observe the compliance situation in their area of responsibility in real time and receive direct alerts via email of every task created on the system.

The Company set up a "guiding function" and an "executing function" within the system for every provision of the various directives. The guiding function, which is a headquarters function, is required to write procedures and determine how the directives are to be implemented, and to monitor implementation in practice; the executing function is required to carry out the specified actions.



Illustration

➤ Risk management

The Company applies corporate risk management as an ongoing procedure aimed at identifying potential events that may affect its ability to achieve its goals, and to provide a reasonable degree of security in preventing risks from materializing and mitigating their consequences.

The Company's board of directors guides and approves the risk-management policy formulated by management. The board of directors has also appointed a subcommittee dedicated to this matter, the risk management committee, which convenes at least twice annually and routinely oversees the Company's risk-management processes.

In January 2020, the Government Companies Authority issued a circular on risk management, aimed at standardizing the risk-management process at the various government companies and creating control mechanisms.

The Company's most recent corporate risk survey was performed in 2019, and serves as the foundation for its current activities. The survey was approved by the board's risk-management committee and by the board of directors. A new comprehensive corporate survey will be performed in 2023.

In addition to the comprehensive corporate risk survey, performed every four years from a top-down perspective, management has decided to conduct bottom-up risk surveys at the division level, to obtain a more complete picture. Thus, division-level risk surveys were performed in the Operations Division in 2020, in the Engineering Division in 2021, and in the Ashkelon Terminal in 2022, as described below.

Main activities of the risk-management units in 2022

Formulating risk-management policies and procedures – In 2022, the Company's management formulated its risk-management policy, in accordance with the Government Companies Authority circular. The purpose of the policy is to establish fundamental principles for risk management at the Company, to minimize its exposure to the materialization of risks. The policy is also designed to ensure that the following processes occur:

- Specification of the key, core processes of risk management, a corporate governance framework, responsibilities and areas of authority, and the main interfaces between the different lines of defense, to create an appropriate process for risk management and implementation of an effective internal control system.
- Specification of overarching principles for risk management and assessment.
- Establishment of processes for measuring and assessing risks and the adequacy of the control environment.

The policy and the derived procedure were approved by the board of directors in the first quarter of 2023.

Mapping stress scenarios – Forward-looking mapping of stress scenarios is a complementary tool to ongoing risk management and the corporate risk survey at the Company. Measuring exposure to risks using stress scenarios provides management with an indication of the Company's preparedness for a significant event, and the preparations or actions that may be necessary in the event of significant shocks at the Company and/or in its work environment. The seventeen stress scenarios mapped by management were discussed and approved by the board of directors' risk-management committee.

Ashkelon Terminal risk survey – The survey was applied to the activity of the departments and sections of the terminal; topics were selected

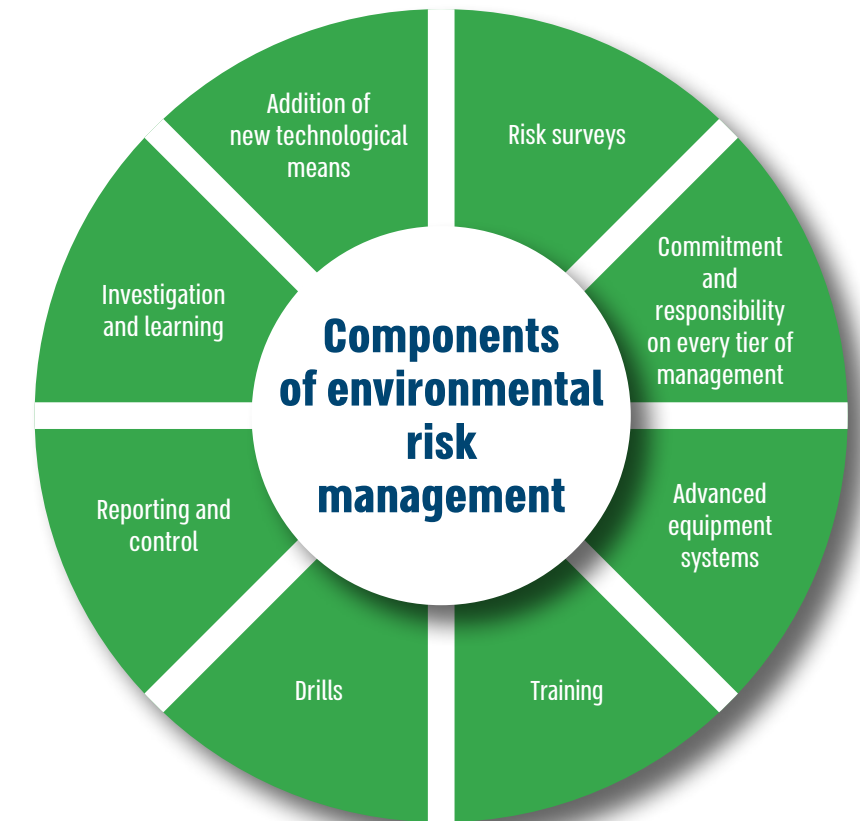
that have an impact on the work environment and on the risks involved in working with hazardous substances. Work processes of all of the departments and sections were mapped; risks and main controls were mapped; managers at the terminal rated the risks based on objective criteria; key risks were determined; and risk mitigation plans were established.

Specific risk survey for the optic-fiber project – When embarking on a substantial project or new activity, the Company's management runs a specific risk survey to map the major risks of the project. A specific risk survey was performed for the optic-fiber project in 2022. The survey encompassed every phase of the project, from initiation to construction and operation; a detailed risk mitigation plan was formulated for each phase.

Formulating key risk indicators (KRIs) – KRIs are qualitative or quantitative metrics designed to signal changes in the risk environment. KRIs provide information about the development of exposure to risks at the Company; as such, their purpose is to identify changes and trends in the risk environment that may require renewed thought, and in some cases necessitate escalation of the way the risk is addressed. In 2022, the Company formulated indicators for five key risks, completing the KRIs for all of the key risks.

➤ Environmental risk management

Environmental risks are categorized as part of the material key risks at EAPC; we accord great importance to managing environmental risks, preventing these risks from materializing, and responding optimally and mitigating impacts if they do materialize. This includes prevention and treatment of marine, soil, and water pollution; hazardous-substance events; fires; earthquakes and tsunamis; and security-related events.



> Innovation

We see innovation as a vital facet of EAPC's activity. Introducing new technologies into our ongoing operations helps us find the most advanced solutions to the Company's challenges. Our Innovation Division invests extensive efforts in creating more efficient, advanced, improved work methods for the Company, first and foremost in the area of protecting the environment and preventing environmental risk factors. The Innovation Division also works to find and grow new areas of activity in infrastructures, particularly energy infrastructures, emphasizing renewable energies. Proactive innovation enables us to adapt the Company to anticipated changes and challenges in the future world of energy and during the transition to green energy, which is highly significant to EAPC's business development and ability to thrive in the long term. Accordingly, EAPC is considering involvement in areas including renewable energies, such as hydrogen and solar energy; energy storage; and environmental technologies.

The Company founded its Innovation Division in 2021. The division was established to realize the immense potential of EAPC as an intersection of the fields of infrastructures and energy – a key strategic focus with the potency for growth through innovation and entrepreneurship.

The Innovation Division has three main goals:

- Streamline, advance, and improve methods of activity at the Company (optimize routines and regular budgets).
- Identify and grow new areas of activity in the field of energy infrastructures, with an emphasis on renewable energies.
- Develop a business product, from opportunities that mature at the Innovation Division; identify and promote business opportunities that expand the Company's capabilities in energy infrastructures (beyond its core activities).

The decision to create the Innovation Division is grounded in the belief that these goals can be achieved through the promotion and development of advanced technologies, by integrating the capabilities, assets, and knowledge of the Company with those of other technology companies, entrepreneurs, development groups, researchers, investment funds, and market players.

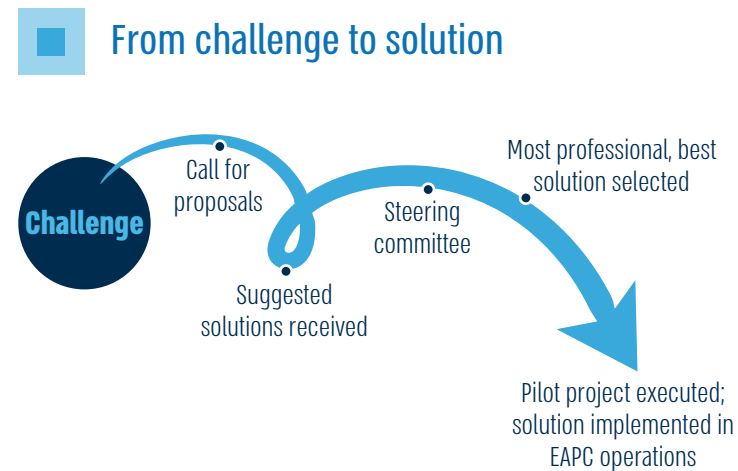
The Company has a unique and highly valuable position in relation to the needs of research and development companies throughout their foundation and

growth periods, creating opportunities for effective collaborations. We work to promote collaborations with startup companies, peer companies facing similar challenges, funds, international investors, and technology transfer companies at universities to develop innovative technologies and products that meet the Company's needs and goals.

We offer broad platforms for collaboration within the Company's innovation activities, such as:

- Use of the Company's infrastructures for field experiments and demonstrations (pilot projects);
- Investment in start-ups and business collaborations;
- Guidance by professionals in a range of fields, and use of the Company's laboratories;
- Collaborations with academic and research institutions;
- Guidance for companies and ventures in receiving grants.

During the year, the Company issued a call for proposals on solutions and ideas for innovative technologies and products in its areas of activity, inviting startup founders, entrepreneurs, companies, higher-education institutions, and research institutes to suggest solutions and ideas in EAPC's field, and is currently considering its relationships with them.



In 2022, the Company examined several projects for joint ventures in underground electricity storage, odor identification and removal systems, and marine pollution monitoring and detection systems. EAPC also proposed participating in research with an academic institution, to receive a grant, in the area of the detection and development of corrosion. Representatives of the Innovation Division presented its activity at an oil industry conference in Barcelona, to generate collaborations in testing technologies that can promote shared goals. In late 2022, the Company agreed to conduct two pilot projects, in odor detection and scanning oil pipelines using drones; the projects are planned for 2023.



Laying optic fibers in transmission lines from the Mediterranean Sea to the Red Sea

One of the significant risks identified by the Company is damage to transmission lines by a third party. As part of the plan to reduce this risk, the Innovation Division was charged with finding systems to mitigate the risk. One of the solutions proposed was to upgrade systems for real-time identification and alerts of penetration of the pipeline band using digital systems based on optic fibers. While studying materials on this subject, EAPC gained awareness of the optic-fiber industry, including the fact that approximately 90% of data traffic between Europe and Asia is currently carried by underwater cables that pass through the Suez Canal. EAPC's route between Ashkelon and Eilat can serve as a land-based alternative to this trajectory, offering a safe, efficient, reliable, competitive solution.

Following an in-depth study, we began to plan to lay international communications cables (optic fibers) along EAPC's transmission lines, from the Mediterranean Sea to the Red Sea. This unique project will make Israel a global communications hub, connecting Europe with the Arabian Peninsula and Asia.

The state's outline for EAPC's activity in this field was released in June 2023, stating that the Company would be responsible for laying the optic fibers along the transmission lines, and the fibers would be rented to local communications companies, which would be responsible for the contracts with international communications companies.

"We are not only expanding the horizons of our business, but also looking in depth at additional strategic and geopolitical opportunities. Laying the optic fibers will make the State of Israel a communications hub, thus providing a growth driver for the Israeli communications and high-tech industries."

Erez Halfon, Chairman of the Board of Directors

> EAPC Thinks Green

We believe it is highly important to embed environmental thinking in all areas of our activity; we therefore launched the EAPC Thinks Green program, in 2022, to make our headquarters and offices more environment-friendly.

The program focuses on the following measures:

- Reducing the use of disposable dishes.
- Reducing printing and paper use.
- Saving energy.

To raise awareness of these issues among employees, we posted signs throughout the Company's offices and installed screensavers on employees' computers to encourage cutting back consumption and saving resources and electricity.



Environmental responsibility

38-59 >



Protecting the environment and practicing environmental responsibility are values of the highest order at EAPC. Accordingly, we invest extensive resources in prevention, monitoring, improvement, and treatment processes.

We operate according to an integrated quality policy, in which the Company's management makes a commitment to build new infrastructures and facilities using the best available technology (BAT), in environmental terms, that is financially feasible. This includes procuring and training on advanced systems for the prevention, detection, and treatment of fire hazards and environmental damage. The Company is also working to gradually upgrade its existing infrastructures and facilities, while performing preventive maintenance on all facilities.

The work environment in the various areas of activity at the Company has inherent risks arising from work with hazardous, flammable, polluting, combustible, and toxic substances. The main environmental risks to which the Company is exposed in the course of its operations are hazardous-substance events, including air pollution, odor hazards, soil and groundwater contamination, and marine pollution.

We collaborate closely with regulators and guidance bodies, and rigorously adhere to the requirements of the law, regulations, and guidelines. We have also adopted prevalent international standards, some of which are stricter than local regulation; in many cases, some of which are described in this report, we go beyond compliance with regulatory requirements.

EAPC's board of directors has appointed a subcommittee on environmental protection to guide the Company's policy in this area, and to receive reports on and oversee the various activities.

EAPC management works to raise awareness, increase transparency, encourage initiatives, promote environmental protection projects, boost responsibility, and raise professional



“We, as EAPC's management, have placed the protection of the environment and prevention of pollution at the top of our priorities, as part of the Company's core activities. Managers have clear targets that are routinely measured, and are rewarded for achieving the goals, in order to optimally manage these risks.”

Itzik Levy, CEO

quality among managers and employees, to ensure constant improvement through reliable reporting, data gathering and documentation, preservation of knowledge, detection of flaws, lessons-learned processes, and implementation of conclusions.

The Security, Environmental Protection, and Firefighting Division is responsible for providing professional guidance to administrative functions and the terminals in the areas of environmental protection, compliance with regulatory requirements, and implementing derived processes. The division is responsible for planning, management, monitoring, and supervision, including procedures, budgets, training, and certifications.

➤ Principles of the environmental policy

- Rigorous compliance with rules, regulations, and directives of the organizations responsible for protecting the environment.
- Application of a preventive maintenance policy, within which maintenance work is performed routinely and cyclically, and/or according to reviews of the Company's infrastructures conducted from time to time, to maintain the condition of its systems and prevent malfunctions. Maintenance work is managed using a computer-based maintenance system.
- Adherence to the principle of preventive caution, and implementation of advanced means of preventing environmental hazards before they occur.
- We aspire to improve efficiency and reduce the consumption of resources used in our regular activity, and take measures to improve energy efficiency.
- Raising employees' environmental awareness; partnering with employees and engaging them in actions we take to protect the environment.
- Collaboration with external parties to improve and promote environmental issues.
- Commitment to managing environmental impacts to ensure continual improvement, by setting goals and measuring impacts on the environment in all material aspects of activity.

Contact with regulators

Our operations involve dealing with environmental aspects of work with various kinds of fuels, on a daily basis. The Company is fully supervised by various regulators, including the Ministry of Environmental Protection, the Cities Association for Environmental Protection, the Water Authority, municipalities, the IDF Homefront Command, and firefighting services, and operates according to their guidelines and the requirements of the law. Relevant functions at the Company are in regular contact with regulators, to ensure full compliance with the provisions of the law, toxin permits, and business licenses to which the Company is subject; the regulators receive reports on events (immediate or periodic), and visit the facilities to conduct audits or provide guidance during work processes.

Renewing toxin permits and the “zero added risk” policy

When EAPC submitted an application to renew its toxin permits, in 2022, the Ministry of Environmental Protection had decided to apply a “zero added risk” policy. Under this policy, the annual quantity of crude oil to be unloaded in Eilat was limited to 2 million tons; the quantity permitted in Ashkelon was limited; and many new conditions were imposed that were absent from previous permits, with extensive operational and financial implications. We filed a court motion against the Ministry of Environmental Protection's interpretation of the toxin permit, while conducting professional dialogue with the relevant parties at the ministry. In January 2023, the motion was struck out with the consent of the parties, and it was determined that the parties retained their contentions and that a decision on the question of the annual limit would be discussed within a new motion to be filed if the parties failed to reach agreement. At this stage, the Company has consented to a request from state functions to refrain from filing a new motion until the discussion of the quantity limits set in the toxin permits is concluded, and thus it is awaiting the outcome of the government's discussion of this matter. The new permits were received in February 2023, and the Company is acting to implement them.

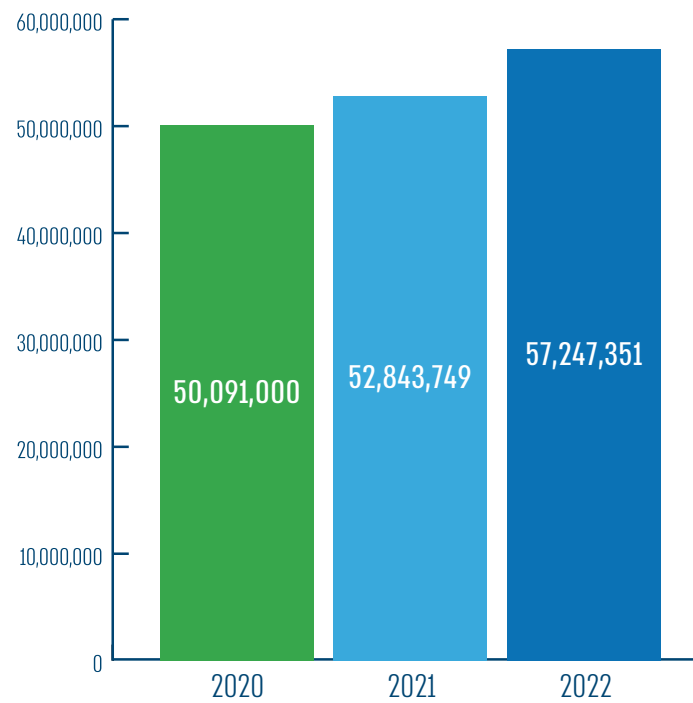
> Utilization of resources

Most of the Company's energy consumption stems from the operation of pumps to pump oil through its pipelines, and from the operational and office activities of our centers in Eilat and Ashkelon.

The Company's energy consumption increased in 2022 due to growth of its operational activity.

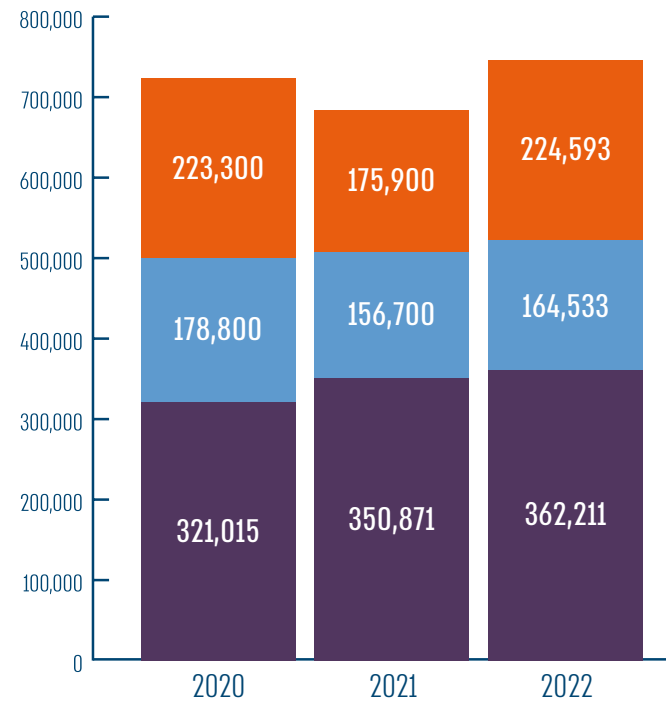


Electricity consumption (kWh)*



* The increase in electricity consumption resulted from an increase in operational activity.

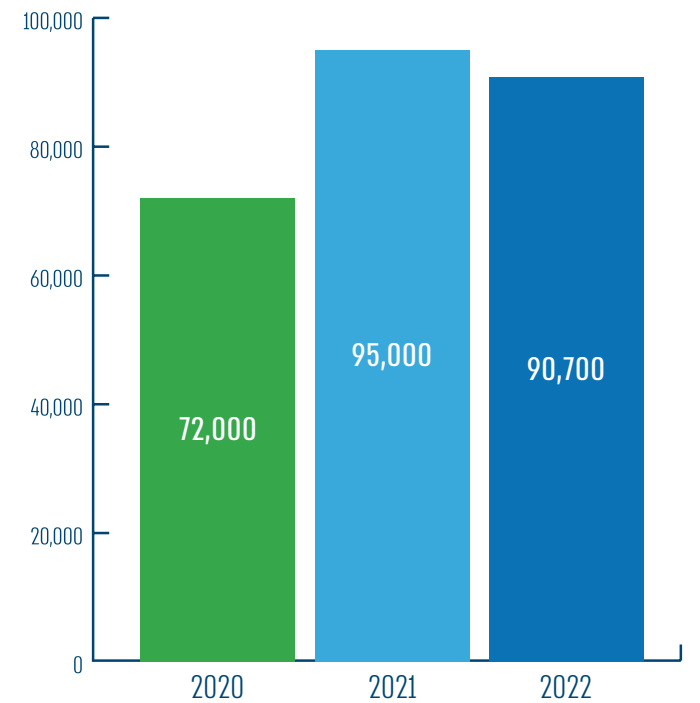
Consumption of fuels (L)*



Gasoline consumption for transportation
Diesel fuel consumption for operational vehicles
Diesel fuel consumption for marine vessels

* The increase resulted from growth in operational activity and in the number of employees.

Annual water consumption (cubic meters)*



* The increase in water consumption in 2021 resulted from the transfer of large quantities of water to assist PEI, due to a fuel tank fire during Operation "Guardian of the Walls". The increase relative to 2020 resulted from growth in operating activity.

➤ Reducing emissions into the air

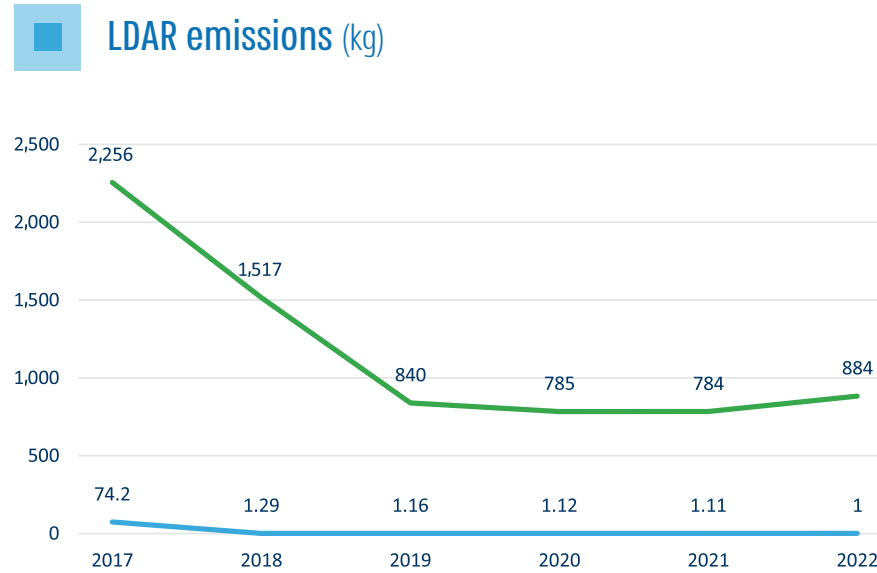
As noted, the Company's main activity is loading, unloading, storing, and transporting fuels. Potential pollutants in its areas of activity include benzene, toluene, ethylbenzene, and xylene; environmental thresholds have been set for these substances by the Ministry of Environmental Protection. We invest extensive resources in managing, monitoring, control, and constant improvement of the operational system, as in the example described below.

Leak detection and repair (LDAR)

Diffuse emissions result from equipment such as taps, pumps, flanges, etc. at the Company's facilities. To monitor emissions from these devices and reduce emissions from equipment units, cyclical monitoring of components is applied year-round. The monitoring is performed by an external company licensed under the LDAR protocol of the EPA⁷ and the procedures of the Ministry of Environmental Protection. Any component measured at more than 1,000 ppm (parts per million) of VOCs⁸ is considered a leaking component that needs to be treated and remonitored to ensure that the leak does not recur. Total emissions measured during the year are summarized in an annual report.

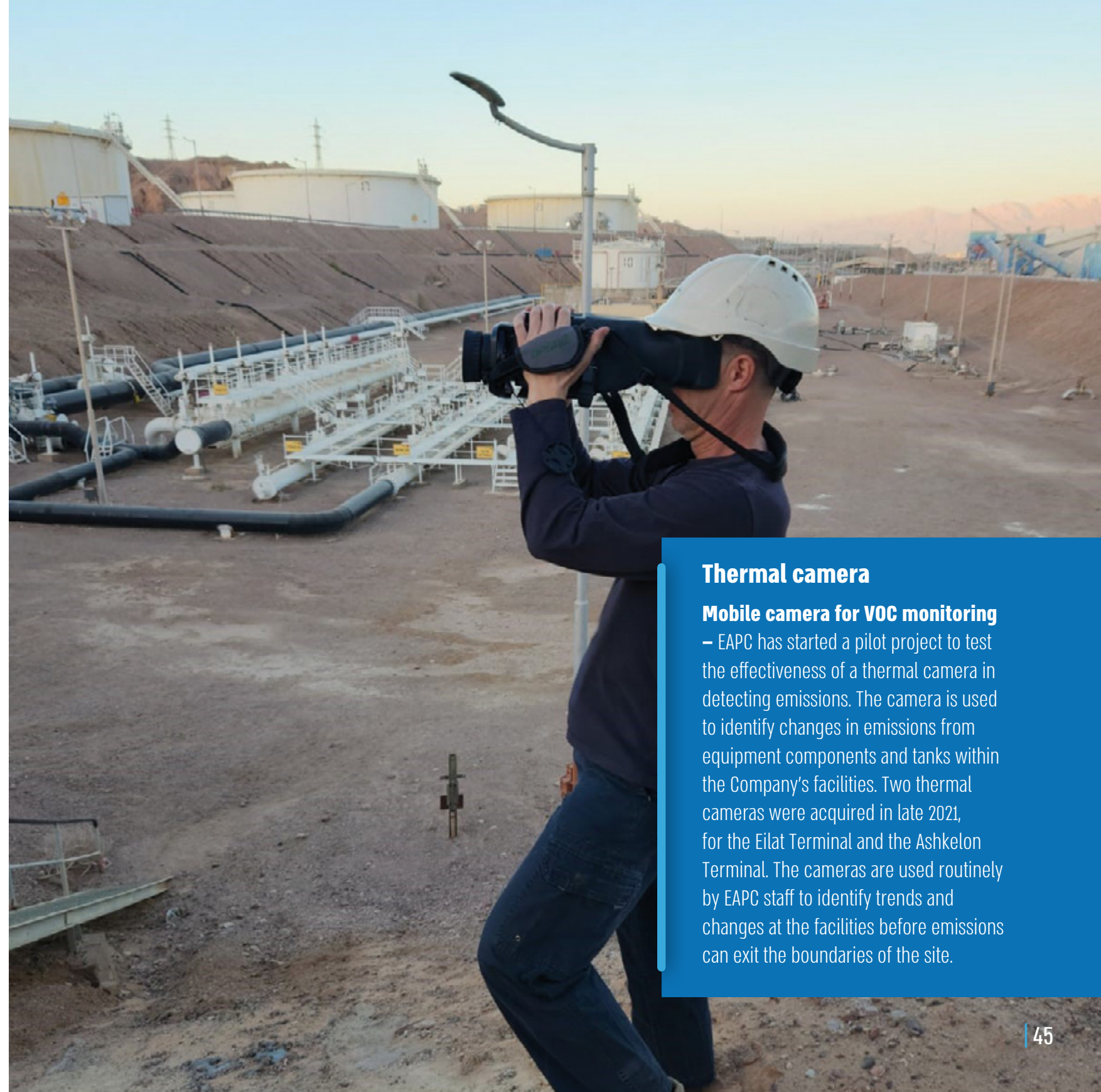
⁷ EPA – Environmental Protection Agency

⁸ VOC – volatile organic compounds



Benzene (kg) | VOC (kg)

As illustrated by the data, since monitoring began, the values have fallen to a minimal quantity of emissions with negligible impact. A slight increase occurred in 2022, due to a leaking component discovered during monitoring and replaced.



Thermal camera

Mobile camera for VOC monitoring

– EAPC has started a pilot project to test the effectiveness of a thermal camera in detecting emissions. The camera is used to identify changes in emissions from equipment components and tanks within the Company's facilities. Two thermal cameras were acquired in late 2021, for the Eilat Terminal and the Ashkelon Terminal. The cameras are used routinely by EAPC staff to identify trends and changes at the facilities before emissions can exit the boundaries of the site.



Vapor combustion unit (VCU) – For several years, we have operated a unique system for treating vapor emitted by ships during loading of crude oil in Eilat and Ashkelon. Each time crude oil is loaded at the mooring point in Ashkelon, the ship is connected to the VCU system installed onshore, which captures and treats the vapor emitted from the ship. The system is unique in that there are no comparable systems for open sea ports, where ships are moored several kilometers from the shore.

Two VCU systems have been set up in Eilat, to capture vapor from ships anchored at the pier. The systems were planned according to the requirements of the Ministry of Environmental Protection, based on environmental values for TOC and benzene emissions.

The systems in both Eilat and Ashkelon are not operated continuously; they are used only while ships are being loaded. The Company monitors the systems annually to ensure that they are compliant with the environmental values required by the Ministry of Environmental Protection. Tests of the systems in 2022 indicated emission values significantly lower than the required threshold.

Vapor recovery unit (VRU) – A system for recovering benzene vapor from tanker trucks at the distribution facility in Ashkelon. The system collects fuel vapor during loading, through coal substrates that absorb the vapors. This system is also monitored annually to test its compliance with the requirements of the Ministry of Environmental Protection. The coal substrates were replaced in late 2021, to improve coal absorption efficiency at the facility. The new toxin permits for 2023 set stricter threshold values; the Company is working in coordination with the Ministry of Environmental Protection to adjust its emissions to the new values.

BLABO tank cleaning system – Under the regulations applicable to EAPC, each fuel tank must periodically be treated comprehensively, in a procedure consisting of cleaning followed by renovation. In the cleaning method used in the past, the tanks were opened and aired until they were gas-free, and then cleaned manually by staff or using hydraulic devices inside the tanks. This method was potentially hazardous to the environment, due to fuel vapor emissions, and also entailed safety hazards for employees entering the tanks. EAPC examined technological alternatives from overseas, to improve safety and prevent emissions, and imported a closed-system cleaning method known as BLABO. The method is based on the principle of keeping the tank sealed and closed off from the environment during cleaning, thus reducing workers' exposure to pollutants and the risk of odor hazards. The process is performed by drilling into the roof of the tank and using the drill sites to circulate fuel at high pressure, which removes layers of dirt from the surfaces of the tank and sludge from the tank floor. After the fuel flows through, it is passed through a filtering system; clean fuel is returned to the crude tanks, and waste is removed to a licensed site. The process concludes with a final washing of the tank using water, via a spinning system. In 2022, we added a module to the cleaning system, so that one of the tank's openings is connected to a filtering system or a mobile VCU device. The cleaning work is performed by companies with the necessary experience. Two tanks, one in Eilat and one in Ashkelon, were cleaned using this method in 2022.

To the best of our knowledge, EAPC is the first company in the world to set up a system to capture vapor from a ship in an open sea port some 3 km from the coast and transport the vapor to an onshore treatment facility

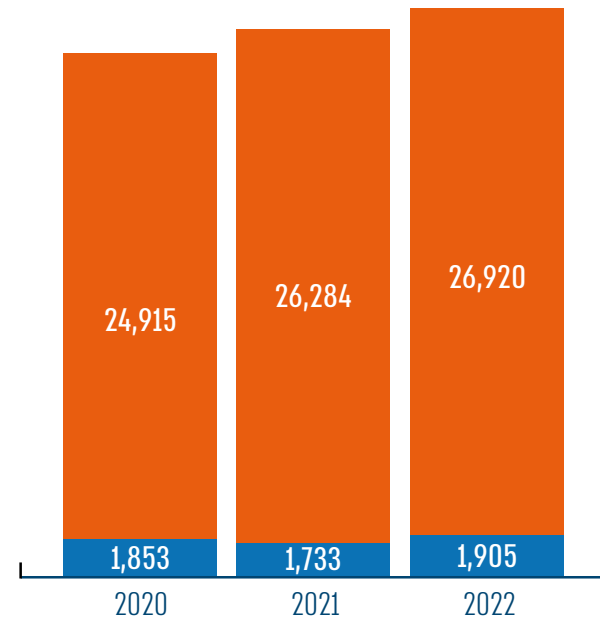
> Carbon footprint

EAPC's total greenhouse-gas emissions and the carbon footprint of its business activities are measured based on the Greenhouse Gas Protocol. The calculation is performed in tonnes of carbon-dioxide equivalent (tCO2eq), and refers to direct and indirect emissions (Scopes 1 and 2).

Direct emissions – Scope 1: Emissions under the direct responsibility of the Company, resulting from fuel consumption for transportation.

Indirect emissions – Scope 2: Emissions under the indirect responsibility of the Company, resulting from electricity consumption.

Scope 1-2 GHG emissions, in tonnes (tCO2eq)*



Scope 1 | Scope 2

* The increase in emissions in Scopes 1 and 2 in 2022 resulted from growth in operational activity and in the number of workers in that year.

Greenhouse-gas emissions, 2022

1,905

Greenhouse-gas emissions in tonnes (tCO2eq), Scope 1

26,920

Greenhouse-gas emissions in tonnes (tCO2eq), Scope 2

To examine the global savings of greenhouse-gas emissions from the use of EAPC facilities, we ran calculations for the existing alternatives for transporting crude oil from Asia to Europe (and vice versa):

1.

Around the Cape of Good Hope (around Africa)

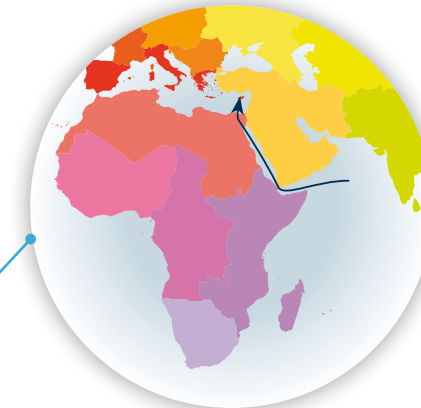
300K ton tanker sailing approximately 11,640 miles
Total emissions: 16,519 tCO2e



2.

Through the Suez Canal

2 tankers of 150K tons (due to depth restrictions in the canal) sailing 4,350 miles
Total emissions: 9,366 tCO2e



3.

Using EAPC infrastructures (Eilat-Ashkelon pipeline)

300K ton tanker to Eilat; 2 tankers of 150K tons from Ashkelon to Europe, sailing 4,370 miles
Total emissions: 7,208 tCO2e



Global savings of greenhouse-gas emissions in transporting fuels through the Company's facilities

Based on a calculation of the three possible alternatives, we found that transportation through EAPC facilities saves 55% (vs. shipping around Africa) to 23% (vs. the Suez Canal) of global greenhouse-gas emissions. These are highly significant cutbacks of emissions that result from the use of our services, in itself, in contrast to other options.

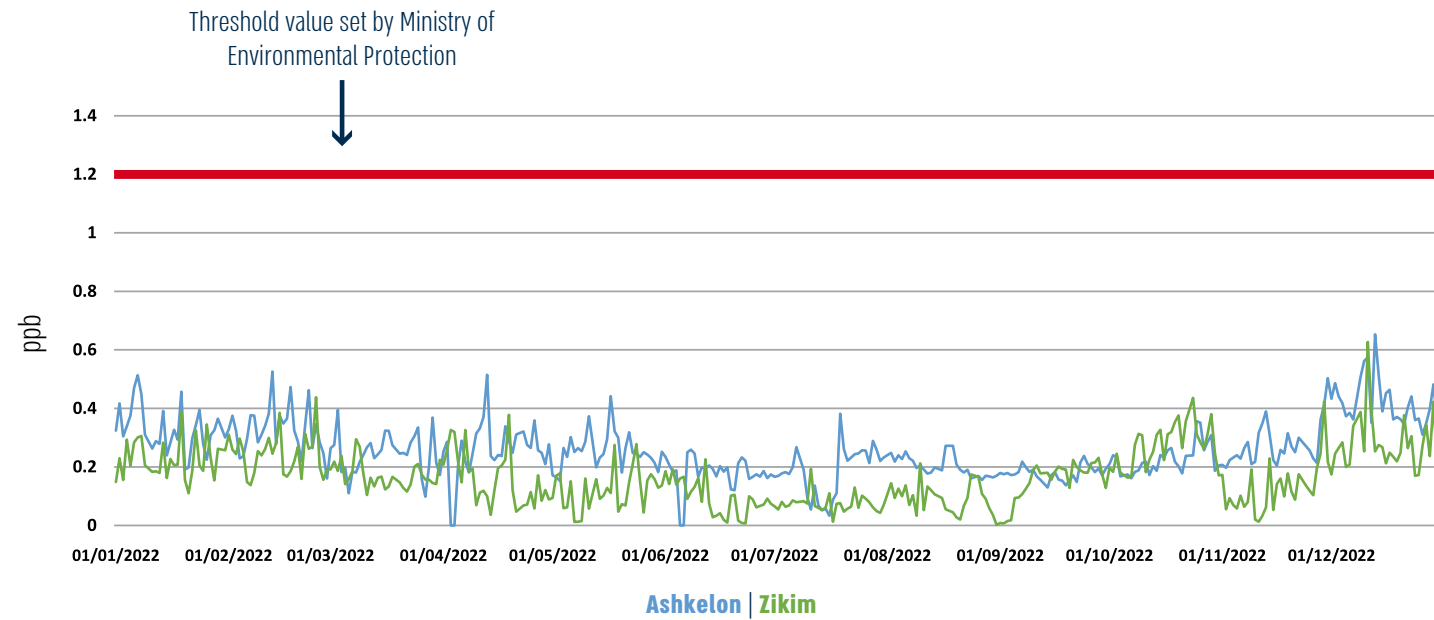
Monitoring system

Although EAPC is not a manufacturing plant, and no processing or other processes are applied to materials at its facilities that actively generate emissions, we operate a continuous air-monitoring system in public spaces close to the Company's sites. The monitoring is performed to ensure that there are no deviations from the threshold values established by the Ministry of Environmental Protection and to provide real-time alerts of malfunctions. The system consists of several monitoring stations located in population centers near the Company's sites, as well as meteorological monitoring, as described below.

1. Monitoring stations

We operate two stations to monitor BTEX pollutants in population centers in Ashkelon and Zikim. The locations for the stations were selected in cooperation with the Ministry of Environmental Protection and the Ashkelon District Cities Association. The stations monitor air quality 24 hours a day, seven days a week, 365 days a year, and are connected directly to the air-monitoring system of the Ministry of Environmental Protection and the Ashkelon District Cities Association, which presents data publicly online in real time. The monitoring stations were built according to the guidelines of the Ministry of Environmental Protection, and are maintained and operated by an external operator certified under the ISO 17025 standard. EAPC representatives also monitor the data and examine the results and trends over the course of the year. Data from the stations are compared to the strict threshold values⁹ set by the Ministry of Environmental Protection, on a daily and annual level.

Data on benzene from the monitoring stations in Ashkelon and Zikim, 2022



⁹ Environmental values established by the Ministry of Environmental Protection are very strict compared with the prevalent practice in the Western world. For example, the annual threshold value for benzene (relevant for oil and oil distillate operations) is four times stricter than the value commonly used in the European Union, and seven times stricter than in the United States. Furthermore, Israel is the only country in the Western world to set a daily value for benzene in addition to the annual environmental value.

In 2022, as in every year since the stations were set up, no daily or annual deviations of pollutants were measured. Daily benzene values measured at the monitoring stations were five times lower, on average, than the Ministry of Environmental Protection's threshold values

Monitoring pollutants at the Company's sites

In 2022, we installed three additional fence-top monitoring stations at EAPC, facing the city of Ashkelon; locations for the stations were determined in cooperation with the Ministry of Environmental Protection and the Ashkelon District Cities Association. The stations enable the Company to monitor air quality within the facility, in addition to the stations located outside the facility near population concentrations. In early 2023, a decision was made to connect the northeastern station on the Ashkelon site fence to the air-monitoring system and transmit data from the stations in real time on the Israel Air Monitoring website.

In 2022, we held a tender for setup of a monitoring station in the Shachmon neighborhood of Eilat, close to the Company's site at Ramat Yotam. The tender procedure was completed in 2022, and a company was chosen to set up the station. This station is planned to be set up in 2023, following the necessary coordination with the Ministry of Environmental Protection and approval by the Eilat municipality.

2. Air-monitoring system

In 2022, we decided to expand our capabilities in understanding and analyzing air monitoring around our facilities; towards that end, we contracted Meteotec, to perform meteorological analyses of wind directions. Meteotec's innovative app allows us to run meteorological analyses in real time.

Whenever a complaint concerning an odor hazard is received, we use the app to examine wind directions at the point of origin of the complaint and in the surroundings of the Company's facilities; for further information, see the next section on responding to odor complaints.



Monitoring station

➤ Responding to odor complaints

We operate a public hotline, open 24/7, 365 days a year; the number is posted on the EAPC website. Every complaint received, either through the public hotline or from a regulator (the Ministry of Environmental Protection, the Cities Association, or firefighting units), is addressed immediately. The Company's CEO, the Deputy General Manager of Safety, Environmental Protection, and Firefighting, the Deputy General Manager of Operations, and the site manager are notified of the complaint, and we work to address the matter on two concurrent levels:

1. A tour of the various zones of the facility to ascertain that there is no malfunction. When necessary, facility staff continue touring outside the boundaries of the site and may visit the point of origin of the complaint.
2. Meanwhile, we use the meteorological app to examine the direction of the wind at the time of the complaint and in the preceding hours, in relation to the location.

The system enables us to enter the exact location where the odor hazard was experienced, and examine wind directions to that point in the relevant timeframe before the complaint. The findings are reported to the relevant managers and the complainant. All complainant

are documented and retained, with the relevant meteorological analysis and the findings of the tour. The data are submitted to the Ministry of Environmental Protection and the Cities Association, in aggregate, every quarter.



In 2022, an external company analyzed all odor hazard complaints received at the Company, and performed a strict retrospective analysis of all cases in which benzene values greater than 0.5 ppb were measured at the Ashkelon monitoring station (the threshold value according to the standard is 1.2 ppb). Findings of the analysis indicated that in **all cases** in which odor hazard complaints were received, as well as in cases of an observed rise in benzene values (still below the threshold), wind directions precluded EAPC as the source. The data were presented to the Ministry of Environmental Protection.

Example of analysis of an odor hazard complaint using the Meteotec system:



חישוב מסלול "אחורה בזמן" ממקום התלונה

סמן את מקום התלונה בעזרת קליק על המפה או הכנס כתובת מיקום התלונה

הצג

קואורדינטות מיקום התלונה

קו הרוחב (latitude): 31.85740772710637

קו האורך (longitude): 34.55181050374388

זמן התלונה/תחילת החישוב

שנה: 2023 חודש: 5 יום: 9

שעת התחלה: 16 דקה: 0

באמצעות כניסה עברית: 3 שעות אחורה

בנה מסלול

זמן התחלת הניתוח: 16:00 09-05-2023

זמן סוף הניתוח: 13:10 09-05-2023

A complaint was received at 16:00 in southern Ashkelon. The exact location was entered into the system; the system displayed the wind direction and airflow to that point. In this instance, it was evident that the direction of the wind was northwest, while the EAPC facility is south of the point of origin of the complaint. Thus, it was not possible for the odor to originate with the EAPC facility – the source was apparently north of the city of Ashkelon.

Stages of response to an odor complaint



Odor complaints in 2022

23

Complaints received

0

Complaints requiring further treatment

0

Complaints where the wind was found to come from the direction of EAPC facilities

Emissions and odor survey

The emissions and odor survey is a periodic survey of the maximum hourly and annual emissions from each examined source and their impacts on the environment, using an air dispersion model.

EAPC has an emissions and odor survey approved by the Ministry of Environmental Protection for its Ashkelon site. The findings of the most recent survey indicated no deviations in pollutants and/or odor impacts. In late 2022, the Company commenced a new survey with strict, innovative parameters, in coordination and with the guidance of the Ministry of Environmental Protection. An outline was also submitted in 2022 for a new survey on processes and emissions for the Company's facilities in Eilat, for approval by the Ministry of Environmental Protection; the survey will be completed following approval.



In late 2022, the Company commenced a new survey with strict, innovative parameters, in coordination and with the guidance of the Ministry of Environmental Protection

Responding to odor complaints – human skills

In 2022, Dr. Rivka Colton, an expert in finding and treating air and odor pollution, provided training to operators at the Ashkelon and Eilat terminals to act as scent detectors, certified to evaluate odor hazards. Employees who have completed this certification can serve as part of a scent detection team in the event of odor complaints. The certification is the same as the training provided to government officials, including instruction and a test of their ability to diagnose and identify odors and determine the odor's characteristics. The certification is performed annually; we plan to continue to provide this training to our employees.

Waste treatment

The core activity of the Company is unloading/loading, storing, and transporting fuel and fuel products, which are classified as hazardous substances. In the course of its routine operations, wastewater is occasionally generated, such as water accompanying oil loads, and treated using the Company's biological treatment system.

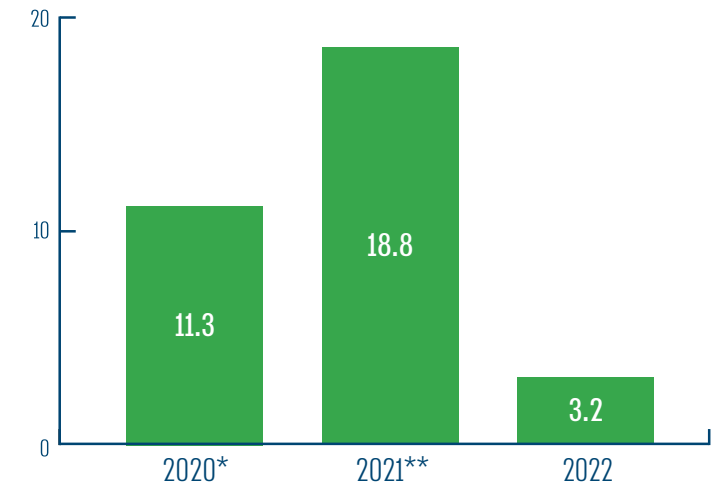
Waste may also be generated during maintenance and treatment activities at the facilities of the Company (paint packaging, burnt oil, rags, etc.); the waste is removed to licensed sites, according to regulations.

Treating soil pollution

Soil pollution may occur locally, as a result of a hazardous-substance incident, or may originate due to historical events discovered during excavation work at a site. We treat any pollution discovered according to the regulations of the Ministry of Environmental Protection, in full coordination with the ministry. Treatment of soil pollution includes sampling of the soil by certified samplers, to determine the boundaries of the contaminated area. The soil is treated, based on the results of the sampling, by excavating the polluted soil, transporting it to a treatment site, repeated sampling of the soil after the removal, and refilling with clean soil.

Four hazardous-substance incidents involving leaks of fuel into the ground were reported in 2022. All of the incidents were small-scale events, and were immediately contained and treated, and reported to the Ministry of Environmental Protection. Two additional incidents were addressed in which polluted soil from the past was discovered.

Soil transferred for biological treatment (thousand tons)



* 2020 – Most of the polluted soil treated in 2020 originated with the ecological shoreline restoration project; for details, see the Corporate Responsibility Report for 2021.

** 2021 – Most of the polluted soil treated in 2021 originated with the Mash'en incident; for details, see the Corporate Responsibility Report for 2021.

83%

decrease in quantity of contaminated soil requiring treatment

Non-soil hazardous waste treatment

The Company separates hazardous-substance waste (jugs, paint packaging, burnt oil, rags, etc.) from household waste. At its sites in Ashkelon and Eilat, fenced zones have been set up with signage to separate waste. Removal is performed in accordance with the procedures of the Ministry of Environmental Protection, by a licensed contractor, to licensed sites only.



Biological waste treatment pools

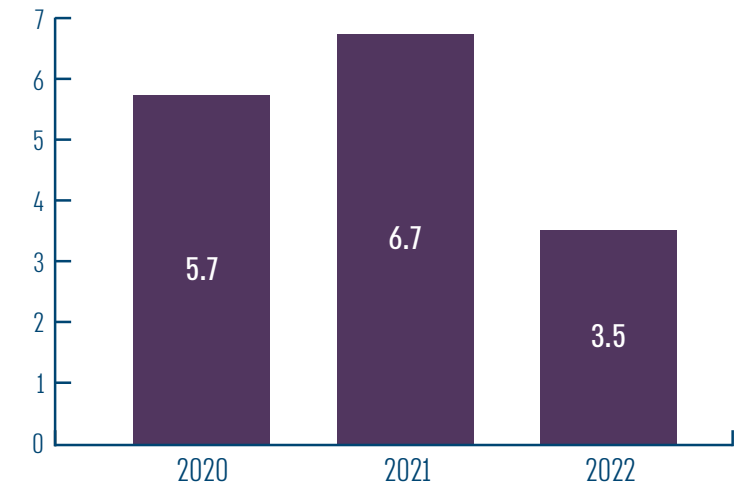
Biological treatment of drainage water

Drainage water generated during the Company's activities is composed of water and dissolved fuel residues; the fuels contain a small quantity of water that needs to be drained before the fuel enters the refinery. Water used by the Company for maintenance purposes is another source. All of the drainage water formed during operations is treated in accordance with the requirements of the Ministry of Environmental Protection. The Company's Ashkelon and Eilat sites have dedicated systems to treat wastewater.

Paper waste treatment

EAPC applies an orderly, structured method to the treatment of paper waste from its offices and cardboard waste.

Paper waste sent for recycling



The Paper Savings campaign launched at the Company in 2022 led to a 48% decrease in the quantity of cardboard and paper requiring disposal

38 tons

Total hazardous-substance waste removed in 2022

13 tons

of waste recycled

8 tons

of waste sent for treatment at an end site (for use as fuel or another means of generating energy, or for pretreatment in advance of further processing)

17 tons

of waste exported

~65,000-70,000 cubic meters

of water treated in Ashkelon In 2022

~3,500-4,000 cubic meters

of water treated in Eilat In 2022

➤ Business continuity in routine conditions and emergencies

EAPC is designated an essential enterprise for protection of the energy security of the State of Israel, in routine and emergency periods. The Company has a recovery and business continuity plan (BCP). In times of crisis, the facilities and reserves of the Company enable the state to overcome

difficulties in energy availability in order to supply the needs of the economy and the population. EAPC's strategic location and access to two trade zones, in the Mediterranean Sea and the Red Sea, allow the continuous, uninterrupted supply of energy to the Israeli economy, including during security-related situations that may prevent the intake of oil tankers at one of the areas.



As part of our system of managing environmental and safety risks, we accord high importance to the safety and quality of the contractors' work

➤ Environmental events

The Zin River incident

In 2011, two leak incidents occurred during renovation work on EAPC's 16" pipeline near the Zin River. In the first incident, the contractor team on site received direct instruction from an inspector of the Nature and Parks Authority (NPA) who visited the work area to relocate a tamarisk tree further along the excavation trajectory. The NPA inspector was acting in contradiction of the accords between the NPA and EAPC, under which NPA employees should have communicated only with the EAPC field supervisor, and should not have had any direct contact with the executing contractor. In practice, the NPA inspector interacted directly with the contractor's equipment operators, who were worried that he might impose enforcement measures within his authority, and therefore obeyed his orders. In the process of relocating the tree, the shovel of the contractor's digger hit a pipe, causing a leak of fuel from the pipeline. Several weeks later, during the contractor's work on preparing a hiking trail, the contractor hit a pipeline section buried in this area, which had been covered by soil during the renovation of the pipeline.

As a result of these events, an Environmental Police investigation was opened, and an indictment was eventually filed against the Company, its CEO at the time of the incident, and two of its managers, as well as the contractors who were working at the site. A verdict was handed down in 2022, and an appeal was filed. In the final verdict, EAPC's employees were absolved of the charge of responsibility for causing the event.

The Evrona incident

See details in the Corporate Responsibility Report for 2021.

Mash'en

A fuel leak occurred in the Mash'en area in late August 2021. The event was reported and addressed with the Ministry of Environmental Protection, and is currently under investigation by the Environmental Police. Most of the contaminated soil was excavated in 2021 and removed to a dedicated end site. The soil was replaced with soil consistent with the agricultural soil of the region and the excavation was closed. As it was not possible to continue to work on the site during the rainy season, the work of removing the soil in the pipeline zone is still to be completed. During 2022, the Company planned the removal of the remaining soil in the zone, issued a tender for the excavation, and selected a contractor. The work is planned to resume after the rainy season ends and the ground dries, during 2023.

Soot leak in Eilat Port

In November 2022, due to rainy weather, soot mixed with an oily substance that was on the deck of a fuel ship tied to the pier leaked into the sea. The leak was not caused by routine operational activity related to loading the fuel from EAPC. The marine barrier placed in advance surrounding the ship stopped the leak from reaching the open sea. The event was detected immediately, and EAPC employees, following the drills and emergency plans, began absorption procedures, which were completed quickly. State authorities initiated enforcement processes against the ship's captain, who was fined.

➤ Responsibility for the work of contractors' employees

We engage reputable, experienced external contractors to execute work along our pipelines. As part of our system of managing environmental and safety risks, we accord high importance to the safety and quality of the contractors' work. We maintain a system of incremental training for the contractors; in practice, a small number of dedicated contractors have been authorized as having the knowledge and experience to perform highly sensitive work on the lines. When work is performed along the transmission lines by contractors, we operate external and internal supervision systems to protect the soundness and integrity of the lines and ensure compliance with safety procedures.

Previously, EAPC relied primarily on external supervisors that it engaged. In 2022, the Company resolved a policy of relying mainly on an internal network of supervisors formed for this purpose. We hired and trained five supervisors, as part of this network, to oversee work on site. This training included:

- Theoretical and practical studies, including meetings and introductions to relevant position holders at the Company.
- Six months of work supervising onsite execution with the guidance and instruction of the execution engineer.
- Tests of professional understanding and knowledge.
- A hands-on functional test on site.

Contractors providing services to the Company are required to comply with the strictest safety and environmental protection standards, in line with the Company's requirements for its own employees. Before the execution of potentially risky work involving contractor employees, the Company assesses the risk of the project, to determine the risk level and ensure that the risk does not exceed a reasonable level. Advance planning, thinking, and preparation are conducted according to the risk level, along with relevant training for contractor employees, with the aim of mitigating risk to the extent possible.

The Company routinely carries out onsite oversight of its work sites. Additional monthly reviews are conducted by the Safety Department Manager at headquarters and the Deputy General Manager of Safety, Environmental Protection, and Firefighting.

In accordance with the supervision procedure provided by the Ministry of Environmental Protection, the Company requires that contractors maintain an emergency preparedness portfolio containing a comprehensive plan for coping with spill events, adapted to the topographical characteristics of the site and the work being performed.

In the event of an accident, deficiency, breach of safety rules, or near-accident, an in-depth inquiry is conducted and a formalized procedure is applied to extract lessons learned and communicate the conclusions to the organization as a whole, in order to prevent future recurrence of such incidents. If necessary, the Company penalizes the contractors and may discontinue its engagement with them, with all the ensuing implications.

Firefighting

60-69 >



> Firefighting units

We invest extensively in maintaining a high level of preparedness to prevent, detect, and address fires, through an independent firefighting system consisting of trained teams supplied with the best technical equipment and a range of advanced monitoring systems.

Fire detection system

EAPC has a fire detection system based on infrared sensors installed on all tanks at its facilities. The system is designed to detect any flame as soon as it forms. This unique system was built to the Company's specifications and manufactured in Israel according to the strictest local standards.

The system sends an alert at the moment a fire starts, while operating localized cameras to broadcast a live image of the location to the command room. The command rooms are staffed 24/7 by EEAPC employees who are trained as firefighters and have practiced in Israel and overseas to handle such events. When a fire starts, bullhorn systems installed on tank rooftops are activated automatically. The system sprays a foam designed to quench fires across the entire perimeter of the tank to prevent oxygen from reaching the tank's gasket, thus barring the fire from spreading and putting out the existing fire. Fire trucks with firefighting crews are called up immediately. The firefighting crews connect tanks of a fuel-quenching concentrate to adapted water jets near the tank. "Cannons" located near the tank spray the substance at high power and pressure to put out the fire. In the event that fuel leaks into the ground, foaming is performed to prevent contact with the air and avert a fire.

Firefighting team

Our firefighting teams are skilled cohesive in-house crews composed of EAPC employees who have specialized expertise in various aspects of firefighting specific to the hazardous materials stored at the Company. Firefighting teams are always present at the Company's sites.

The firefighters' specialization process includes professional courses held in Europe and the United States. The courses provide intensive training covering theoretical studies, based on API standards, on unique methods of fighting fires in tank farms, as well as practical experience in putting out a live tank fire. The teams also hold multi-system focused drills four times a year, some jointly with relevant external parties, such as firefighting services, MADA emergency medical services, the IDF Homefront Command, the Israel Police, and more.



Firefighting drill, LPG distribution station

Firefighting in numbers

0.1 seconds
from flame to alert

10 firefighters
on shift at each of the
Company's sites

7 fire trucks
equipped and fully prepared
for immediate operation

52,000 liters per minute
water capacity in
quenching a tank roof

30,000 liters
of fuel quenching
concentrate stored at
the Company

2 major annual drills
in cooperation with
extrication, security, and
rescue services

Shared learning and collaborations

We believe in learning from others' experience and encourage dialogue with professionals at other companies, in Israel and worldwide. We study cases from around the world, and investigations of events found to be relevant to our activity are distributed to all employees. Drills are also conducted based on such potential events. EAPC maintains regular contact with other companies in Israel whose areas of activity are pertinent to the Company, through the Israel Institute of Energy and Environment as well as individually. EAPC collaborates, aids, and receives aid from similar and relevant local companies in cases of hazardous-substance incidents.



➤ Preparedness for hazardous-substance events

We accord the utmost importance to preparedness for hazardous-substance incidents, and work intensively to maintain our capability to respond rapidly and professionally and cope with the specified risk scenarios.

The Company has three facility portfolios, in accordance with regulatory requirements, for the Ashkelon Terminal, the Eilat Terminal, and the national pipelines. The facility portfolio includes reference scenarios, contact persons and the staff headcount at the facility, equipment, and methods of addressing various hazardous-substance incidents. The Company updates the facility portfolios annually and submits them to the Ministry of Environmental Protection as part of its application to renew its toxin permit.

Employees participate in drills year-round that simulate various hazardous-substance situations and scenarios. The drills are documented and investigated to find areas to improve and maintain. Drill investigations are retained and distributed through the regulation system (see details in the chapter on regulation), with the tasks derived from lessons learned on areas for improvement, assigned to the responsible function with a timeline for completion.

› Firefighting means

The Company is equipped with the best technical devices for fire detection and firefighting, and is in full compliance with Chief Firefighting Inspector Directive 511, which establishes the required firefighting means at a tank farm as well as firefighting methods. The directive is based on the international NFPA standard, which establishes firefighting requirements for tank farms, based on extensive global experience. The Company has dedicated fire trucks (three in Ashkelon and four in Eilat) compliant with all required standards and fully outfitted with advanced firefighting equipment.

We are capable of independently handling firefighting incidents within our sites, and our fire trucks have often assisted local and national firefighting crews.

In 2022, a bidder was selected in a tender to build a new fire truck for the Ashkelon Terminal. The procedure included the formulation of specifications and content lists with the assistance of expert consultants, in accordance with the Company's needs. The new fire truck is expected to be completed during 2023. After it is operational, the Company will decide whether to exercise the option available in the tender to purchase additional fire trucks.

The Eilat Terminal and the Ashkelon Terminal maintain freshwater reservoirs – two reservoirs of about 5,000 cubic meters each, topographically situated above each storage farm to allow gravitational operation. As backup measures, adjacent facilities can supply water in an emergency, and seawater can be used. In 2022, the Company promoted an initiative to connect the Ashkelon Terminal to a 68" line of Mekorot, the national water company, located near the terminal, which would allow the terminal an unlimited supply of water in an emergency.

The tanks have a lightning-rod system installed as an integral component. The system is designed to prevent lightning strikes that might cause a fire during a storm.

EAPC receives guidance from the Israel Firefighting and Rescue Authority, which conducts periodic oversight at its sites and provides firefighting certification to the sites.

Although the Company has independent firefighting capabilities, local firefighting services are notified of any emergency, and firefighting teams partner with the crews on site. We collaborate with our neighbor companies and with other companies nationwide, both in sharing professional knowledge, investigations, and learning from mistakes, and in sharing equipment and aid during emergencies.



› Training and practice

Dealing with emergencies is highly important to us, and the Company has advanced, extensive systems and equipment to address such events. Setting up and purchasing systems and equipment is insufficient in itself to achieve an optimal response; professional, well-practiced teams that can act quickly, according to the procedures and directives, to prevent disaster are essential. We invest a great deal in staff coaching and drilling, according to the reference scenarios established for emergencies at sea and on land: firefighting, earthquakes, tsunamis, rescuing and evacuating injured people, and more, at the Company's sites and through special training overseas. Some of the exercises are held as surprise drills.

Firefighting training

The courses overseas are unique in that they include hands-on practice with a live fire in an oil tank. Two sessions of these professional firefighting courses were held in Rotterdam, the Netherlands, in 2022. The course includes theoretical studies and practice, over five days. 22 employees participated.



EAPC firefighters, firefighting course, Rotterdam 2022

“These overseas courses are of the highest importance. Our firefighting system at the Company provides a highly capable response; still, we learn new things in every course. The exposure to live fire provides firefighters with better understanding and builds up their professional capabilities and their understanding of how to handle a real-life event.”

Uri Tevet, Head of Firefighting Section, Ashkelon



Firefighting drill, Eilat

Drills on fuel lines in 2022

An emergency drill is generally conducted on site before work begins on every project, by the head of the Line Maintenance Unit and/or the Project Department. The drill tests all of the emergency equipment at the site, the operation of the equipment by workers, management by the onsite supervisor and work manager, and cooperation with external functions, as necessary.

A surprise drill is held annually, managed by headquarters functions, the Deputy General Manager of Safety, Environment, and Firefighting, and the Deputy General Manager of Operations, to test the Company's readiness to cope with a pipeline leak. A surprise drill was held in late 2022 for the Line Maintenance Unit and the workers at the control room - "Shigur" (the center for supervision of pumping in the lines). The drill simulated a breach of the 42" fuel line near the Mash'abei Sadeh station. The Shigur response to a message regarding a fuel leak, the operation of the line leak procedure, the activation of the line unit to address the event, the unit's work on site, and the conclusion of the event were examined. Special emphasis was placed on maintaining safety during the drill.

¹⁰ LEP - Local emergency plan, approved by the Ministry of Environmental Protection, in accordance with a reference scenario, including the operator's method of coping with a marine pollution event

Onshore drills at the Eilat and Ashkelon terminals

In addition to our routine internal drills, large-scale annual drills are held at the Ashkelon and Eilat terminals, where regulators (firefighting, police, emergency medical services, IDF Homefront Command, and the Ministry of Environmental Protection) are invited to take an active part in deciding on the scenarios tested and practiced. One of the goals of these exercises is to examine the cooperation between the different functions and the way they connect during an event. The scenarios tested are not disclosed in advance to the drill participants. In addition to onsite drills, desk exercises of incidents and responses are conducted for headquarters staff and site staff together.

Large-scale drills were held at the Ashkelon and Eilat terminals in December 2022 and early January 2023, respectively. Employees practiced a scenario of an earthquake, including a power outage and tsunami warning (in Ashkelon), causing a fire on the roof of a tank and the need to evacuate an injured person.

Marine drills in Eilat and Ashkelon

A full-scale national drill on handling an incident of marine and coastal pollution by oil was performed in the Eilat Bay in February 2022. The exercise was part of the annual drill program of the National Unit for Protection of the Marine Environment at the Ministry of Environmental Protection, which is responsible for national preparation and readiness for coping with marine oil pollution events. EAPC participated in the drill with local private companies and institutions that have the responsibility or capability to activate emergency plans in the event of marine and coastal pollution. The leak scenario practiced represented a stress scenario significantly more severe than in the LEP¹⁰ approved by the unit. Nevertheless, the Company earned praise for its preparedness and conduct.

A surprise drill on marine pollution was held in Eilat in May 2022. The drill tested teams' preparedness and attainment

From the concluding report prepared by the Marine Unit at the Ministry of Environmental Protection:

"EAPC achieved all of the tasks in the drill, and presented solutions and alternative solutions for significant challenges in fighting marine pollution, leading to significant risk mitigation; its performance was beyond the level required in the local emergency plan and beyond the requirements of the drill."

Notable strengths - "Professional work by EAPC in the areas under its responsibility, including a solution for the problem of transporting oil from the shore to the storage tanks."

of the schedule in the local emergency plan, with cooperation among different units, and the management of the event, including the use of boats and drones, placement of a marine barrier (an emergency measure deployed in the sea to contain and minimize a leak), and the operation of a skimmer (a suction device for oil patches).

That month, we also conducted a joint drill with the Marine Pollution Prevention Unit in Eilat on dealing with marine pollution. The purpose of the drill was to work on areas for improvement indicated in the previous national drill, and to reinforce areas for retention. The exercise included practice in suctioning oil patches in an area bounded by a 360° barrier directly to a pipe on the pier and transporting the oil to a designated container.

In August, a surprise drill was held at the Ashkelon Terminal, including a simulation of overloading of a ship tied to the mooring, dealing with the resulting oil patch, and preparations on the landing beach by the pipeline maintenance team and the terminal maintenance team. The drill also covered setting up barriers at sea and on shore, suctioning oil from the water surface, the use of drones, sampling the patch using a speedboat, and a diver pulling the barrier from the shore.

175 drills

were held at the Ashkelon and Eilat terminals and on the pipelines in 2022

Preventing and treating sea and soil pollution

70-81 >



Drill - deploying a marine barrier in Ashkelon to capture an oil spill

➤ Local emergency plans (LEP) to address incidents of marine oil pollution

The Ministry of Environmental Protection is leading a national effort to establish a national plan for preparedness and response to marine oil pollution. The National Unit for Protection of the Marine Environment at the Ministry of Environmental Protection created the plan through an interministerial steering committee, which included representatives of EAPC.

The plan specifies the working procedure for addressing marine pollution on a national scale, with division of responsibilities, means, and resources among the partners to the plan. The plan is based on a three-tier response: minor, operational, local marine pollution events handled on a “local” or “facility” level (tier 1); larger events necessitating collaboration among local plan holders (tier 2); and large-scale marine pollution events that require a national response, including international assistance (tier 3). The local emergency plans are derived from and integrated with the national plan.

EAPC has two local plans at our Ashkelon and Eilat sites. Each plan contains clear goals and targets, references to sensitive areas and potential sources of oil pollution, and a comprehensive procedure to prevent and treat marine pollution events. The plan details the division of roles and responsibilities during an event, as well as a reporting system, safety plan, coordination with other plans, and the required training and drilling.

The Company has a formalized plan for treating marine pollution, including detection of the leak and assessment of the quantity leaked, using advanced monitoring systems, drones, and samples of the suspected substance. In addition, sea level and currents are analyzed by a port captain, and dedicated software

Identification of the movement path makes it possible to send a vessel to deploy a marine barrier and capture the pollution; suction the fuel, using advanced skimmers, into mobile collection containers onboard the vessel; and transfer the substance collected to designated containers on shore

is used to predict the path of movement of the pollution. Identification of the movement path makes it possible to send a vessel to deploy a marine barrier and capture the pollution; suction the fuel, using advanced skimmers, into mobile collection containers onboard the vessel; and transfer the substance collected to designated containers on shore.

At the EAPC pier in Eilat, the Company sets up a marine barrier around every ship tied to the pier, so that in the unfortunate event of a leak it can be contained within the area of the pier. Skimmers are ready at the pier and can be lowered into the contained area to suction the substance into mobile containers on shore.

¹¹ Oil (according to the Prevention of Marine Pollution by Oil Regulations (Treaty Execution), 1987) – Petroleum in any form, including crude oil, fuel oil, oil sediments, oil waste, distillates, heavy diesel oil, lubricant oil, and the types of oils listed in the Third Addendum, excluding petrochemicals included in the Second Appendix of the Treaty



Deploying a marine barrier in Ashkelon

➤ The Company takes various forms of action to prevent and treat marine pollution, including the following:

● Eilat pier 360° marine barrier

In 2021, the Company began to install a marine barrier whenever tankers dock at the pier, surrounding the oil tanker at 360 degrees, to serve as an additional safety mechanism. In the event of a spill into the sea, the spill can be contained within the Company's compound and treated immediately, without damage to the environment beyond that area.

● Pilots

The Company has trained and authorized pilots who are responsible for the entry, docking, and exit of tankers at the port. The pilots oversee loading and unloading throughout the process, to ensure, among other matters, that no damage is caused to underwater transmission lines or moorings during tying, untying, unloading, and loading operations. The Company has a team of sailors who work on board the tankers, reporting to the pilot, during loading/unloading. This team is responsible for the immediate response to any scenario.

● Double protection for flexible pipelines

The Company uses flexible marine pipelines with a double layer of protection to prevent leaks.

● Use of breakaway couplers on marine lines

The Company uses an automated safety device on its marine connectors, which closes both sides of a flexible pipeline in the event of a tear in the pipe or a rise in pressure.

● Marine desk

The command room is also staffed by observers who supervise the movement of vessels within the port.

● Running a Smart PIG through marine lines

Smart PIGs are run through the Company's marine lines to examine the condition of the pipes installed at each point. For further information regarding the PIG, see page 79.

● Divers

The Company has a crew of trained, experienced divers who carry out various types of necessary underwater work.

● Scanning marine transmission lines

Divers of the Company scan flexible transmission lines at each loading/unloading to examine the integrity and soundness of the lines and to locate any hazards.

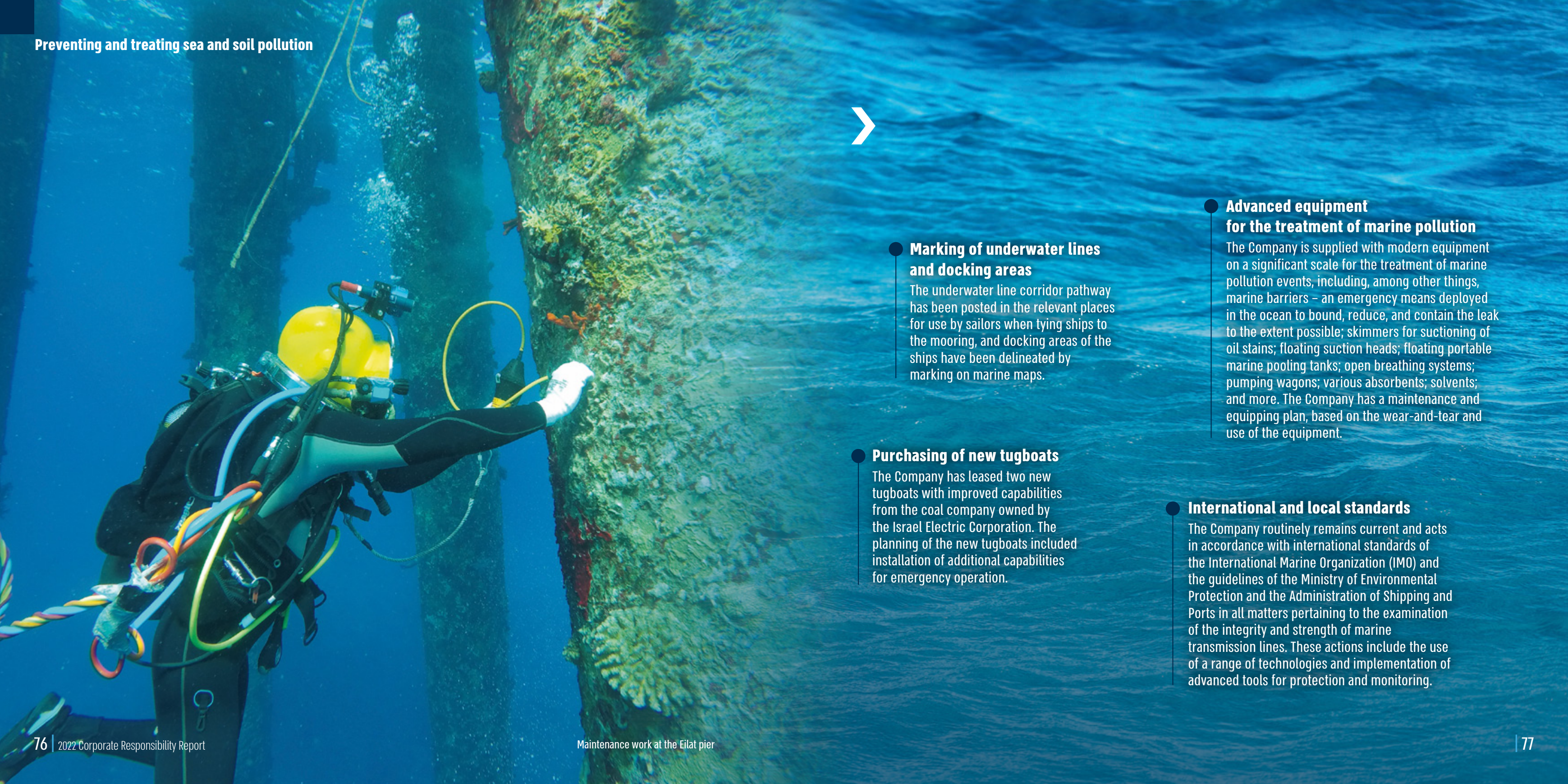
● Approval of tankers before arrival at the port

Prior to the arrival of a tanker, and again before docking, all of its regulatory permits are rigorously inspected. If any of the documents are missing or expired, the tanker is sent outside the port until the required confirmations are supplied.

● Double hull ships

EAPC is one of the first companies to prohibit ships more than twenty years old from entering ports under its responsibility. In effect, this means that only ships with a double hull (which have a space between the outer hull of the ship and the storage tanks, to prevent leaks) are admitted to the Company's ports.





Marking of underwater lines and docking areas

The underwater line corridor pathway has been posted in the relevant places for use by sailors when tying ships to the mooring, and docking areas of the ships have been delineated by marking on marine maps.

Purchasing of new tugboats

The Company has leased two new tugboats with improved capabilities from the coal company owned by the Israel Electric Corporation. The planning of the new tugboats included installation of additional capabilities for emergency operation.

Advanced equipment for the treatment of marine pollution

The Company is supplied with modern equipment on a significant scale for the treatment of marine pollution events, including, among other things, marine barriers – an emergency means deployed in the ocean to bound, reduce, and contain the leak to the extent possible; skimmers for suctioning of oil stains; floating suction heads; floating portable marine pooling tanks; open breathing systems; pumping wagons; various absorbents; solvents; and more. The Company has a maintenance and equipping plan, based on the wear-and-tear and use of the equipment.

International and local standards

The Company routinely remains current and acts in accordance with international standards of the International Marine Organization (IMO) and the guidelines of the Ministry of Environmental Protection and the Administration of Shipping and Ports in all matters pertaining to the examination of the integrity and strength of marine transmission lines. These actions include the use of a range of technologies and implementation of advanced tools for protection and monitoring.

› Measures to prevent soil and groundwater pollution

- **Soil surveys** – In 2022, we completed a comprehensive soil survey seeking past contaminations in the area of the Ashkelon Terminal. The purpose of the soil surveys is to determine the locations of past contaminations, in order to prepare a plan for monitoring, or restoration if necessary. The survey plan was approved in advance by the Ministry of Environmental Protection, and regulators toured the sites during sampling. As part of the survey, locations with suspected contamination were drilled, throughout the area of the facility, and eight new wells were prepared for groundwater monitoring (see additional information in the following section).

Other than two points where low levels of historical contamination were discovered, there were no exceptional findings at the facility. The survey was submitted to the Ministry of Environmental Protection; following approval, the two locations will be treated.

A soil survey at the Eilat Terminal began in 2022, covering the Hof facility, the Ramat Yotam facility, and the pier. The survey plan was approved by the Ministry of Environmental Protection; the survey continued in 2023.

- **Annual sampling of monitoring wells** – The Ashkelon Terminal has fourteen groundwater monitoring wells. Six are perimeter wells close to the boundaries of the site; eight additional wells were placed within the terminal, between the facilities, as part of the soil survey in Ashkelon, as described above. The sampling wells are monitored by an external sampler, and sample results are submitted to the Israel Water Authority. The purpose of the monitoring wells is to ascertain that no pollutants originating with fuels reach pumpable groundwater. There are no findings at the monitoring wells indicating the presence of fuel pollutants in the water. As the facilities in Eilat are not close to groundwater, the Water Authority does not require groundwater monitoring to be performed at the site.

- **Replacement of drainage tanks with double-walled tanks and sealing tests** – In accordance with the Fuel Pipeline Regulations (Prevention of Water Pollution; Fuel Stations), sealing tests must be performed on underground fuel tanks with double or single walls, every five years. The Company has underground drainage tanks containing fuel residues. We decided to replace all of the drainage tanks with double-walled tanks, according to a multi-year plan. Today, most of the drainage tanks are double-walled. We run sealing tests on the double-walled tanks more frequently than required, every three years rather than every five years.

- **Working according to international standards, directives, and formalized procedures** – We comply with international standards (API and ASME) on building and maintaining fuel tanks and lines. The Company remains current on updates, participates in international conferences, and is aided by consultants and international companies in examining the soundness of its facilities. Standards, manufacturers' instructions, and guidelines of the various regulators are translated into formalized work, maintenance, and operation procedures on a designated system, and updated as necessary.

- **Inspection and renovation of tanks** – The storage tanks are inspected periodically, in accordance with the relevant API standards. Inspections are conducted while the tanks are in service, as well as when the tanks are intentionally taken out of service for renovation. Tanks are renovated according to a formalized plan. The plan is derived from a risk-based inspection (RBI), according to the standards API 653 and API 580, prepared by the certified international consultancy DNV. The plan is submitted to the Ministry of Environmental Protection, as well as reports on the inspections and renovations.

- **National pipeline inspection** – National pipelines are inspected in accordance with international standards. The inspections are performed by the international firm Rosen, which has the requisite certification and



Smart PIG

experience. Pipelines are examined using a Smart PIG every 2.5 years, twice the frequency required under the API standards. In these examinations, a robotic device moves through the fuel line, providing precise information regarding its condition at each point. Reports on the examinations are used to establish work plans for repairs based on the findings, if necessary.

Every five years, an external examination of the pipelines is conducted through an international contractor, Corpro, to complement the internal test performed using the Smart PIG. The examination consists of close interval potential surveys (CIPS) to examine the continuity of insulation in the pipelines, and a direct current voltage gradient (DCVG) test to examine the integrity of pipeline coatings. The surveys include, among other matters, testing of the effectiveness of the cathodic protection system in preventing corrosion damage.

- **Control system for the oil inventory and fuel movements in tanks and lines** – Each terminal has a command room where fuel inventories and movements are monitored. All occurrences at the tank farms are also documented and supervised from the command room. The command rooms are staffed 24/7, 365 days a year. In addition, the national

control center Shigur is responsible for monitoring all fuel movements through the Company's national pipelines and supervising the activities of the command rooms at the terminals.

A leak detection system is installed on the national pipelines, also in compliance with API standards. The system is based on monitoring of pressure, capacities, and densities, and is designed to provide an automated alert to the Shigur control room in the event of a suspected leak, with the location.

- **Routine patrols** – The Company conducts regular patrols of the terminals and the national pipelines to visually examine the facilities and check their soundness and integrity, as another line of defense for the detection of leaks and hazards, including third-party damage to transmission lines. A dedicated unit at the Company is staffed by patrollers who tour the pathways of the national pipelines and interface with the relevant functions working within the zone of the fuel lines (farmers, business owners, factories, and private individuals). Some line pathways in southern Israel are also scanned aerially from time to time, to locate hazards in areas with low navigability.

› Preserving biodiversity

Our impact on biodiversity arises from the location of our facilities and transmission lines in or near open natural spaces and close to nature reserves on land and at sea. We have high awareness of the preservation of nature and the environment, and we make every effort to protect natural resources and preserve biodiversity, throughout our operations.

Many of the Company's activity sites are closed to the public; combined with our awareness and environmental protection efforts, this allows flora, fauna, and nature to thrive, grow, and develop without interference

Biodiversity at EAPC site locations

The Eilat Terminal and Eilat Port are located on the Eilat Bay of the Red Sea. The bay contains three nature reserves: the Coral Beach Reserve, Coral Sea Reserve, and Southern Sea Reserve. The coral reefs in the bay are the only ones in Israel. According to the Nature and Parks Authority, the reefs contain more than 100 species of coral. The reefs are populated by many animals, some of which exist only at these coral reefs, including fish, crustaceans, sponges, and invertebrates. The closed area of the EAPC pier in Eilat has allowed the reef and marine life to develop unimpeded over a period of decades.



Ashkelon Terminal and Ashkelon Port – Located on the Ashkelon shore, close to the Ashkelon National Park. According to the Nature and Parks Authority, a botanical survey of the national park found 24 plant species endemic to the Israeli coastal plain, including *Retama raetam* and *Artemisia monosperma*; Mediterranean plants such as *Calicotome villosa*; and plants uniquely adapted to conditions of salty spray from the sea, such as sea daffodils (*Pancretium maritimum*). Tamarisk trees and common reeds can be found in the depressions and low-altitude areas of the park.

An initial survey by the Nature and Parks Authority found sixteen species of reptiles in the national park, such as Schreiber's fringe-fingered lizard, a species categorized as critically endangered. Other reptile species discovered include the common chameleon, Greek tortoise, *Nidua* lizard, and bent-toed gecko. Active species in the park also include the mountain gazelle, which is endemic to Israel and endangered, the common red fox, and a variety of birds, such as the Eurasian stone-curlew.

Open seaport – The Ashkelon Port is a unique energy port in Israel in that it has no shoreline platforms damaging the natural beach, instead using moorings located 1.5-3 km from the shore, where fuel tankers can be tied. There are many advantages to an open seaport: it takes up a limited amount of space on the beach, allowing animals to thrive with minimal interference; causes minimal alteration of the shoreline, due to the absence of wave breakers that would

“Sampling at the EAPC site, some of which was opened to the public in 2017, indicated that the percentage of broken coral in the areas open to the public is higher than in the areas closed to the public.”

Ecological Camp Report, Nature and Parks Authority, April 2023



Creating an optimal environment for egg laying by sea turtles

Near the Ashkelon Terminal is an area of the beach used by sea turtles to lay eggs. The turtle hatchlings usually emerge from the eggs at night and navigate to the brightest light in sight. In uninhabited areas, as the sea is the brightest part of the beach, the young turtles can reach the water without trouble. EAPC works with the Nature and Parks Authority to provide a safe environment for this to be accomplished.

impede the movement of sand coming from the south; allows tankers to be treated far from the beach; and leaves the sea surface almost entirely undisturbed. The best evidence of these advantages is the plentiful, rich biodiversity within the port.

Engineering and environmental risk survey of national fuel lines (RBI) – In 2019-2020, the Company carried out a risk-based inspection of its national pipelines, addressing environmental aspects as well as engineering aspects. During the environmental survey, each pipeline segment was mapped and categorized by level of environmental sensitivity, reflecting factors such as proximity to water sources and ecological, landscape, and urban sensitivity. The survey was performed based on a method established

by the Ministry of Environmental Protection and in accordance with the API 1160 standard. Next, an engineering survey was performed to examine the soundness of each pipeline segment, taking into consideration all of the tests performed on the line under the API standards. The goal of the survey was to integrate its two stages to obtain a work plan for treatment of the pipeline, referring to both environmental risks and engineering risks of working on the line.

Conclusion of the report – The risk of a failure due to corrosion in the pipelines examined in the period from this examination to the next planned examination is within the accepted threshold according to the standard. The survey will be renewed and ratified every five years.

Human resources

82-99 >



Our employees are our most important asset and the key to our success, and to our ability to cope with the challenges we face. We therefore invest extensive resources in developing employees' professional and personal capabilities, caring for their health and well-being, and providing them with an appropriate, safe, responsible work environment. The Company has a smaller-scale, efficient, high-quality team with unique professional knowledge and areas of expertise. Our human capital is characterized by long years of service, significantly contributing to their professionalism and experience, a warm and family-like work environment, and a commitment to mutual support among employees.

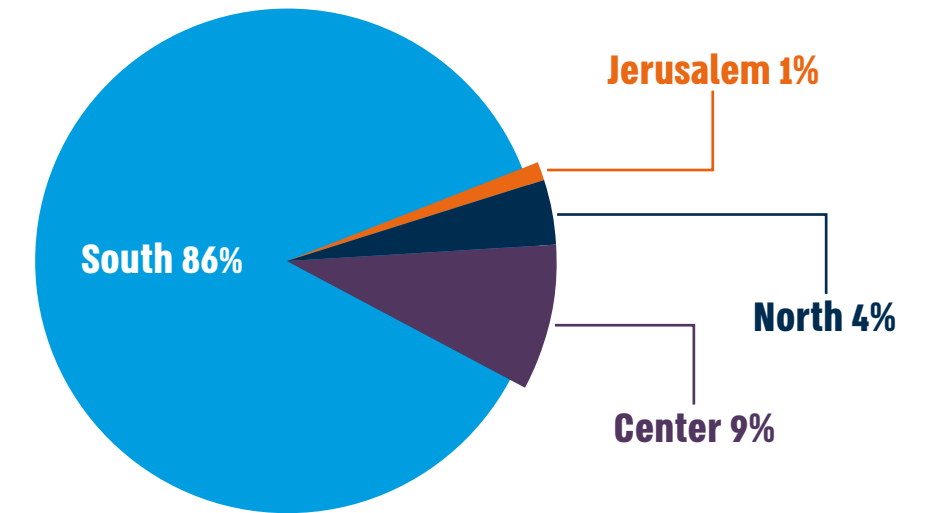
EAPC employees' work, around the clock and year-round, in routine times and emergencies, is driven by commitment to the national mission and to our vital role in protecting the State of Israel's energy security. Labor relations between management and employees at the Company are founded on mutual respect, partnership, and long-term commitment. We rigorously maintain compliance with the provisions of the law in all matters pertaining to the employment of our own employees and the engagement of contractor workers (in cafeteria and cleaning services) at EAPC sites.

In view of the importance we accord to human resources, in 2022 our manpower and salaries policy was approved by the Company's board of directors. Among other matters, the policy establishes guidelines in the following areas, which are top priorities for the Human Resources and Administration Division:

- | Hiring and employment of the Company's personnel | Wages |
- | Employee evaluations | Appropriate representation in management roles |
- | Representation for people of Ethiopian and Druze origin |
- | Equal rights for people with disabilities |
- | Protection of the rights of workers employed by service contractors |



Geographical distribution of employees of the Company, by place of residence (in percent)



2022 in numbers

99%
of the employees of the Company are employed full time

90%
of the employees of the Company live in geographically peripheral regions

47
average age of EAPC employees

13.5 years
average length of service of employees; above the average in the public sector and at government ministries

5.45%
employee turnover rate

4%
of employees received tuition assistance

› Diverse hiring

We believe that talent comes in many forms, and we are committed to creating a world where difference is not just accepted but wholeheartedly embraced. We therefore emphasize broadening our awareness as an organization and work to promote the values of diversity. We are all different, diverse, with varying preferences, of different shades – yet each one of us brings their own special light and personal hue to weave into a rich tapestry of abilities and styles.

Thus, we greatly value having employees from underrepresented population segments, including people with disabilities and people of Druze, Circassian, or Ethiopian origin. As a government company, we are obligated to provide fair representation of these groups, but diversity and inclusion have benefits far beyond that – developing creativity and innovation, improving and expanding hiring options, boosting satisfaction on work teams, and more. The head of human resources has been appointed to oversee this area and promote the employment of people with disabilities, and has attended training focused on this issue given by the Government Companies Authority.



Activity at Na Laga'at

› Employing workers with disabilities

In 2022, after hearing from a mother of a child with a disability at one of our community meetings, we stepped up our efforts to recruit and hire people with disabilities. Working with Elwyn, a non-profit in this field, we mapped the suitable positions at the Company and recruited three workers with severe disabilities: two at the Ashkelon Terminal, in the warehouse and on the firefighting team, and one at the Eilat Terminal warehouse.

To find and hire additional employees, we are in regular contact with the Equal Employment program of the Ministry of Economics and with non-profits specializing in this field. When hiring, to the extent possible, we grant priority to people with disabilities who meet the professional demands of the role.

We also work to raise awareness of this issue and provide our employees and managers with relevant skills, including through other aspects of the Company's activities during the year. For example, an annual teambuilding day was held at Na Laga'at Center in Jaffa, a non-profit center for theater, culture, and art staffed by deaf and blind people. The evening at Na Laga'at offered the participants a glimpse of the experiences of deaf and blind people, and made a profound impression on the employees who attended, based on their subsequent positive feedback about the event.

“We are happy to announce that three service recipients from our supported employment program will be joining the energy company EAPC, in Ashkelon and Eilat, taking positions in the firefighting and warehouse departments. We thank EAPC for promoting these placements and for the meaningful collaboration we have established. We are confident this is the beginning of a beautiful friendship.”

Elwyn manager

“The workers are employed in meaningful roles, like any other employee. The work gives them great satisfaction, they are pleased, and we are happy with their work. It creates ripples of positive impact through the Company and is a major success story for us.”

*Alon Shop,
Ashkelon Terminal and Port Manager*

› Employing people of Druze and Circassian origin

EAPC has a special, long-lasting connection with the Circassian community in Israel, forged many years ago. Circassians are an ethnic group within Israeli society who belong to the Sunni branch of Islam. Most of the members of the community live in two villages in the Galilee, Kfar Kama and Reyaniya. Israel's Defense Service Law applies to all Circassian men. Circassian women are exempt from service in the defense forces. Members of this community have been working at EAPC since the 1960s, some following various roles in the defense services. The first employees from this group were brought to EAPC by Haim Levkov, chief security officer at the time. Today, most EAPC employees of Circassian origin work at Faran Station, while others work at the pipeline maintenance unit and the Eilat Terminal. A total of nine employees of Circassian origin work at the Company.

EAPC has a special, long-lasting connection with the Circassian community in Israel. 9 members of the Circassian community are employed at the Company



➤ Gender diversity

Most EAPC employees are men, for historical reasons, and due to lower percentages of women in the professions in demand at the Company. However, we believe it is important to promote women in every area of our activity, particularly in those mostly staffed by men. In recruiting new employees and in intra-organizational mobility, the Company therefore grants preference to the employment and promotion of women. For example, in 2022, a security guard at the Eilat Terminal was promoted and became the first woman in EAPC's history to hold the position of operator – one of the core roles in the Company's operations.

“I came to work at EAPC as a security guard about three years ago and recently transferred to an operator position. This role has never been filled by a woman before. I am happy to have been given the opportunity to make a change and prove that women can do this too.

I love my job. This position is at the heart of the organization's activity, and has great importance and great responsibility. I am pleased that EAPC sees me and my colleagues for our capabilities, regardless of gender or ethnicity, and lets us develop and make progress within the organization. I believe this has a positive effect and brings good results for both the employees and the organization.”

Mor Eliya, operator, Eilat Terminal

■ Employees of the Company by rank and gender (in percent), December 31, 2022

	Women	Men
Board of directors	17%	83%
Members of management	7%	93%
Middle management (department heads)	21%	79%
First-tier management (section heads)	8%	92%
Employees	17%	83%
Total	16%	84%

➤ Prevention of harassment and bullying in the workplace

We work to create a respectful work environment, free of all kinds of harassment and abuse, in several ways:

- The Company has trained three employees – two women and one man – as supervisors for the prevention of sexual harassment in the workplace, through instruction targeted to this role.
- Procedures and rules on the prevention of sexual harassment are posted in salient locations throughout the offices, as required by law.
- Each year, all employees of the Company take part in computer-based training on this subject.
- Employees are also required to read and sign the code of ethics of the Company, which addresses the prevention of sexual harassment, among other matters.
- Employees of the Company and of its subcontractors can contact the supervisors directly, either openly or anonymously, to report incidents of harassment to which they have been exposed.

One complaint concerning sexual harassment was received in 2022. The complaint was addressed immediately by the supervisor of the prevention of sexual harassment, an inquiry was conducted, and guidelines on filing complaints were clarified.



➤ Dialogue with employees

EAPC has a pleasant, participatory work culture, seeing the individual and being attentive to each person's needs; the organization maintains an open-door policy, allowing employees to converse with their direct managers and with the managers in the Human Resources and Administration Division on any matter. Management accords high importance to transparency and dialogue with employees. Thus, the CEO holds periodic talks to inform employees of developments in the Company's activities and runs a group on the WhatsApp messaging app for all EAPC employees, where essential information and updates are sent. The Deputy General Manager of Human Resources and Administration also maintains regular contact with members of the employee unions at the Company, to preserve its excellent labor relations, provide updates on current topics, and resolve issues, to benefit all employees of the Company. In 2022, the CEO met with the Company's employees and their spouses. At the event, the CEO reviewed the Company's activity and held an open conversation with the participants.

An intra-organizational portal is at the disposal of employees, where they can find information about available jobs within the organization, company procedures, and current updates.

As part of its ways of encouraging innovation and efficiency, EAPC has incentives for employees to submit process improvement suggestions. Authors of selected suggestions that go on to be implemented are rewarded. Three efficiency proposals submitted by employees were accepted and implemented in 2022.

Evaluation sessions are held annually for all employees of the Company. During the feedback process, managers reflect employees' strengths and weaknesses and their expectations for the future, and goals are set collaboratively.

A senior executive conference is held each year, with all managers of the Company participating, to present the activity of the Company over the last year and prepare for the coming year.

100%

of employees went through a feedback process in 2022

➤ Training and career development

We invest extensive resources in developing employees' skills and capabilities, and encourage professionalism and excellence. Outstanding employees with exceptional performance are commended and spotlighted at an excellence event, and rewarded with bonuses. Training, qualification, and instruction processes at the Company are measured, managed, and supervised routinely by the head of training and organizational development. Performance data are available to all managers and employees, through various reports and interfaces on the organizational training system, EAPC Academy.

The training program at the Company consists of three main categories:

- Professional training relevant to various occupations, such as the refresher course held this year for rescue teams.
- Management and enrichment training supporting employees' general capabilities. This category includes, for example, the managerial reserve program for department heads and programs for mid-level managers.
- Regulatory training programs which the Company is required to hold by law, such as training on first aid and working at height.



Beyond that, we encourage our employees to develop their education and career, and to apply for academic programs; we also offer tuition aid. In 2022, the Company provided tuition aid to approximately 4% of its employees.

We value internal promotion to vacated positions within the Company, and encourage our employees to apply for these positions, to support their prospects for promotion and occupational development.



Rescue team training and drill



Training and drill on rescuing an injured person from a tank

In-person instruction in 2022

115

professional training sessions

80

regulatory training sessions

7

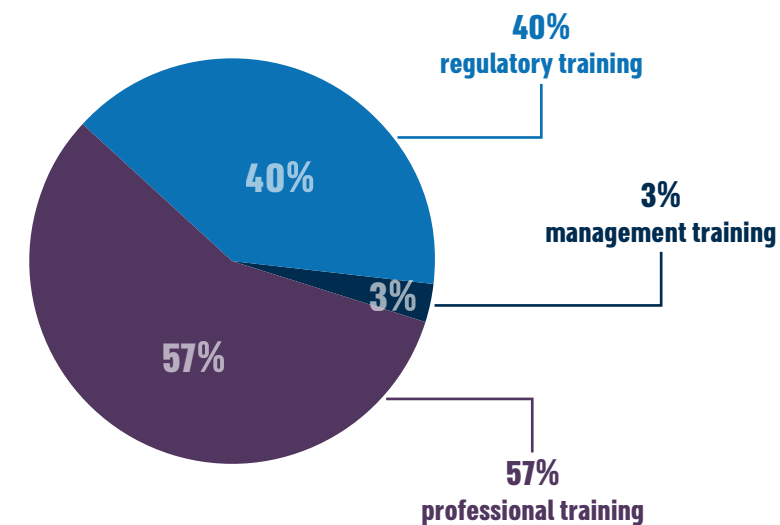
management training sessions

1,696

total days of training at the Company in 2022

15%

increase in training days year-on-year



In 2022, six employees were promoted to a more senior rank in internal mobility processes

Well-being

Employee well-being and work-life balance are important to quality professional performance and to maintaining employees' job satisfaction. We therefore work to balance work requirements with leisure time and family needs, and offer a broad and extensive package of benefits to employees. The benefits provide a response to family needs, leisure needs, and the promotion of balanced and healthy lifestyles.

The majority of the Company's employees are employed under collective contracts, in full-time positions. Only 0.5% of the employees of the Company are employed part-time; these workers are eligible for the same terms and benefits as all other employees, under the collective agreement.

Benefits include:

- Events and teambuilding activities for employees and their families: annual getaways for employees and families, an annual Company Night for employees, family trips, teambuilding days, and appreciation events for long-serving employees.
- Comprehensive health insurance, and culture and leisure activities at subsidized prices.
- Beneficial agreements with organizations such as banks, private vehicle leasing firms, insurance companies, pension funds, investment houses, and more.
- Incentives for outstanding employees who meet targets.
- Preparatory course for employees nearing retirement and their spouses. Workshops are also held on this subject, and pension advising is provided at employees' request. The Company offers every retiring employee a pension advising package from a leading consultancy in Israel as a retirement gift.



Company night 2022

Worker health and safety throughout the supply chain

Protecting human life is a value of the highest order for us. The Company has a safety policy that is an integral part of its strategy and is based on strict safety standards. We diligently protect the health and safety of our employees, including contractor workers, in every location where the Company operates; we ensure the supply of appropriate protective equipment, the performance of survey examinations, and the existence of a suitable and ergonomic work environment.

Within the promotion of workplace health and safety, a safety supervisor has been appointed for each terminal, tasked with overseeing the implementation of safety procedures, ensuring that safety training is conducted, addressing deficiencies and gaps, and publishing an annual safety plan for the terminal.

Before infrastructure projects begin, an examination of the processes and the full range of risks inherent in the project is performed. The safety supervisor prepares a dedicated document specifying the safety conditions, required preparations, and expected stages, and employees of the Company and the executing contractor are required to adhere fully to these specifications in their work. To ensure that work is performed in line with the established procedures, the Company holds surprise audits as well as preplanned audits and issues audit reports and findings.

The following are the main actions taken to ensure protection of the safety of employees and contractor workers:

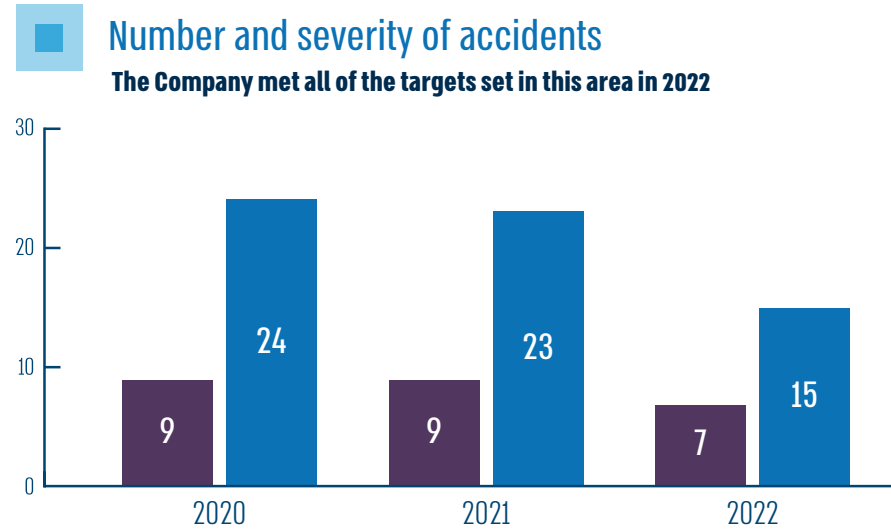
- Formulating safety procedures and monitoring their application.
- Supplying the most advanced equipment for the protection of employee safety, including during work with hazardous materials and work at height, and regularly examining the soundness of the equipment.
- Investigations of incidents leading to accidents or near-accidents and organization-wide communication of the conclusions to all employees.
- Regular monitoring of indicators such as accident severity and frequency, aimed at reducing the quantity of accidents, locating sites requiring additional attention, and monitoring trends to provide an optimal response to various developments.
- Encouraging and raising employee awareness using various means, such as screensavers, television screens throughout the offices, and intra-organizational communication.
- The employees of the Company are represented by seven managers and seven workers on a joint committee on safety and health for management and employees, in line with the provisions of the law. The safety committee meets eight times during the course of the year, or more frequently if necessary.
- Safety supervisors meet each quarter to discuss safety issues and events, if any.
 - The Company holds a safety day at each terminal for all employees.
 - In the event of updates and changes to work and safety procedures, the relevant training and instruction programs are immediately renewed accordingly.



The number of accidents decreased in 2022 compared with the preceding two years, and a corresponding decrease occurred in the accident severity metric

Annual safety targets

- A 10% decrease in work days lost due to work accidents compared with the preceding year.
- A 7:1 ratio of near-miss safety incidents to accidents, or a 10% increase in safety incident reports, whichever is lower.
- 100% investigations of all safety incidents and 100% implementation of recommendations from the investigations.



Number of accidents | Severity of accidents

* Accident severity is a metric based on the number of days of work missed as a result of an accident. The greater the number of work days missed, the higher the metric.

We work continually to promote a culture of safety at the Company; in 2022, 147 near-miss safety incidents were reported, compared with 70 and 88 incidents in the preceding years. This figure demonstrates rising awareness of the importance of reporting and implementation by employees in accordance with the safety policy targets

“... A mature organization does not hide its failures, instead analyzing them to draw conclusions, in order to derive lessons learned and prevent recurrence...”

Itzik Levy, CEO of EAPC, in a letter attached to the safety policy

> Road safety

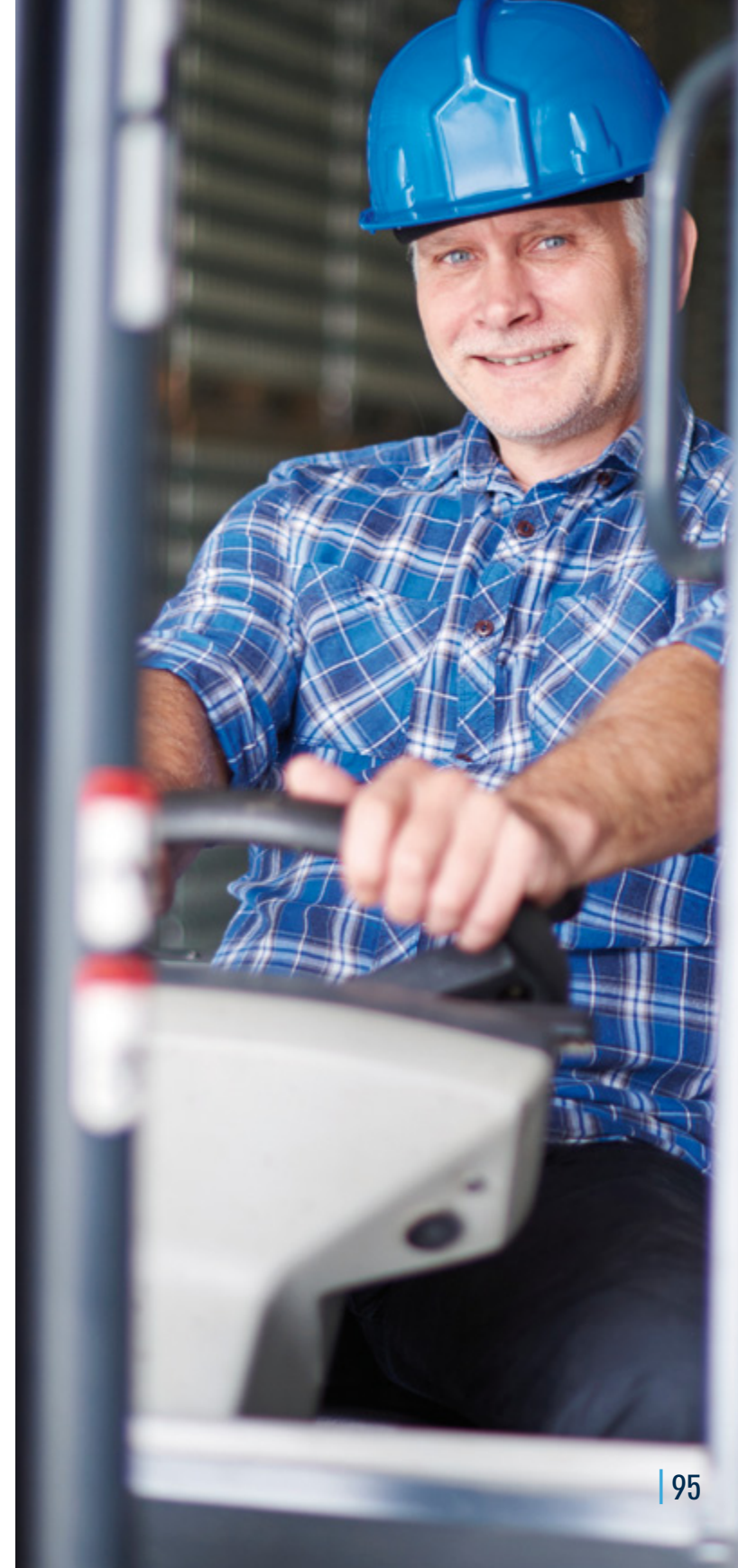
In view of the importance of this issue for us, the Company has appointed two transportation safety officers. One officer is responsible for all aspects of transportation at the Company, regularly communicating the importance of road safety to employees, and holding training on this subject at least twice a year. The second officer supervises the operational field, enforces safety rules, and ensures the safety of pedestrians and drivers. All Security Department vehicles have been fitted with devices to track driving characteristics, which provide alerts of deviations from permitted limits.

> Employee health

Our employees work in a wide range of roles, some of which are performed in work environments that have unique characteristics – at sea, on land, at height, driving, working with hazardous substances, and more. Accordingly, we are rigorous in protecting our employees’ health, in alignment with the type of duties and work environment of each position.

Key activities in this area

- Annual noise and air quality monitoring and control processes are conducted at the activity sites, in accordance with the law, to ensure and preserve a safe work environment.
- The Company provides its employees with medical testing for early discovery and prevention of disease every two years, or annually for employees aged forty or older.
- The Company finances expanded periodic testing for employees who work at sea, and refers workers to a marine occupational physician.



Community engagement

We value employee volunteering, at the communities close to the Company's sites. We volunteered on Good Deeds Day in 2022.



עובדי קצא"א בפעילות התנדבותית ברחבי העיר אשקלון

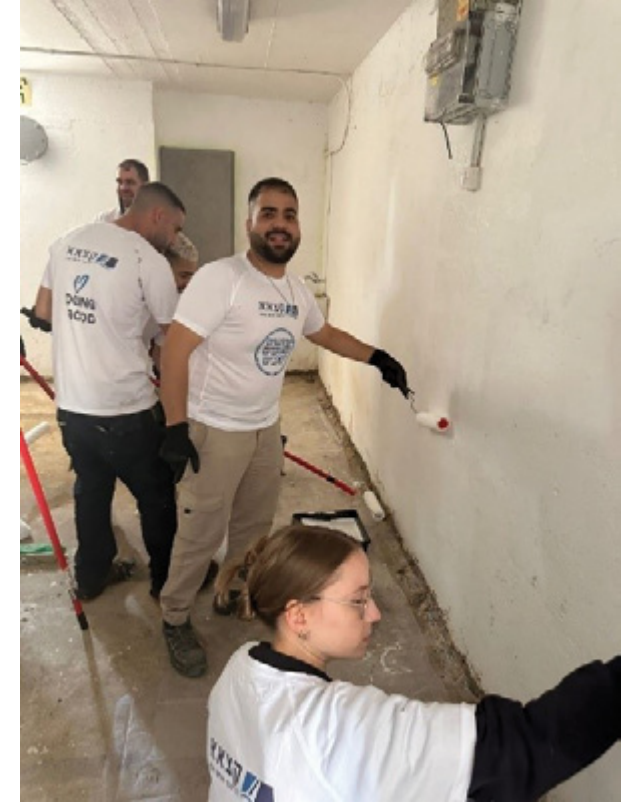
בית הספר 'אורש אדיב' באשקלון. הנינו לבצע עבודות שיפוץ וצביעה במסגרת מוקדים ברחבי העיר. העבודות כללו: הקמה, טיפוח וניטון של גינה הממוקמת בגן לילדים עם צרכים מיוחדים, שיפוץ בתי קשישים סיניוריים, שיפוץ סקלט וטיפול ניהול בנות הספר 'אורש אדיב'.

במסגרת הפעילות התנדבותית, עובדי קצא"א כשיתוף תלמידי וצוות המורים של מייב המסורת, במסגרת "יום קצא"א נרחבו היום (26.3.23) לסייע להתגורר למען תושבי העיר אשקלון.

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"We contacted the volunteer coordinator at the social-services department of the City of Eilat. Sela School is a preschool for children in special education. The school was in need of a pleasant open space and a seating area for the children. We took on this project, with love, and renovated an open-area seating area for the school. We installed artificial grass, worked on gardening, wall repairs, painting, and lighting repairs, and built a beautiful rockery."

Guy Adar, firefighting manager, Eilat, on volunteering with the Eilat Terminal on Good Deeds Day

> Community relations

The community relations system is responsible for creating continuous direct dialogue, increasing transparency, and building trust in the Company's relationships with its stakeholders, with an emphasis on fence-adjacent communities in proximity to the Company's sites: the residents of Eilat and Ashkelon. We accomplish this by making the Company's essential activities

and contribution to the economy more accessible, and providing exposure to the extensive action taken to protect the environment and the facilities. As part of these endeavors, the Company invites stakeholders to conduct productive discussions, seeking unmediated feedback from the public, responding to questions, and providing information, to improve transparency and dispel disinformation about the Company's activities.

The following are some of the activities carried out in 2022:



- A tour of the Ashkelon Terminal with the non-profit organization Elwyn to map potential jobs for the employment of workers with disabilities at the Company.

- Hosting the Research Center for Maritime Policy and Strategy of Haifa University, headed by Prof. Shaul Chorev, at the Ashkelon Terminal.
- A lecture at Haifa University for students at the business school.
- Production of an instructional video on emergency preparedness, presented to the public during meetings.



- Open meetings with residents of Eilat and Ashkelon, where EAPC management presented the Company's activity to the public and answered questions.



- A lecture at the Natural Gas and Renewable Energy Technician Department of Ruppim College.



- Hosting law students from the Hebrew University of Jerusalem at the Eilat Terminal.



EAPC management also recognized the need for employees and their families to receive reliable, accurate information about its activities, and therefore introduced meetings for employees and their spouses. At these meetings, the CEO presented an overview of the Company's efforts to protect the environment and improve safety, and an open discussion was held with the employees and spouses.

“On behalf of myself, the researchers at the Marine Strategy Center, and the students in the program, I would like to thank you and your people for this enlightening visit – for the comprehensive review you presented, your openness in responding to questions, the fascinating tour of the EAPC port facilities we took by sailing on the Uri Lubrani tugboat, and the impressive explanations we received; and also, for the tour driving through EAPC's onshore facilities and the explanations of its preparedness in the areas of safety and security. The responses to your lecture were enthusiastic, and those who attended wish to thank you for inviting us on this visit. In view of the biased reports that sometimes appear in the media, the tour enabled us to understand and discern the essentials – and we commend you for that.”

Prof. Shaul Chorev, Research Center for Maritime Policy and Strategy, Haifa University

14

meetings were held with the public to improve transparency in the Company's operations in 2022



EAPC's clients

100-107 >



The Company's clients are its top priority, subject to uncompromising compliance with safety and environmental standards. EAPC is committed to treating its customers with fairness and integrity, and believes in delivering efficient, quality customer service, listening to clients' needs, and initiating innovative, groundbreaking processes to contribute to their success.

EAPC's broad range of customers is derived from its strategic location, professional excellence, and the reputation it has built over the years. The Company's capabilities, which include substantial storage capacity, connection to domestic refineries, and bidirectional shipping between two trade zones, expand the pool of its potential customers, which the Company adds to its client base from time to time.

EAPC is one of the world's largest, leading companies in fuel storage. EAPC's customer portfolio contains some of the largest trade and energy companies in the world, including companies that for many years had no economic or commercial interaction with Israel. The Company's ability to market its services to international customers has strategic value for the state, particularly in view of the (existing though unexplicit) Arab boycott of Israel, which still has a significant impact in the energy market.

> Customer communication channels

- **Direct communication:** The Marketing and Trade Division and the Operations Division at the Company maintain regular communication on a daily basis with customers' corresponding functions.
- **Proactive marketing:** Marketing activities are primarily conducted by initiating meetings with potential and existing customers and participating in international conferences.
- **Digital channel:** The Company's website presents marketing information in various languages, with options to contact the Company.
- **Seeking and contacting potential customers:** The Company invests extensive efforts in finding international clients interested in using its services, including storage services in Ashkelon and Eilat and the use of the 42" line connecting these locations. Many customers also initiate contact with the Company to receive service, in view of its competitive terms and the outstanding reputation EAPC has built over the years.



> The energy industry in Israel

The importance of EAPC to the Israeli economy as Israel's energy gateway, safeguarding Israel's energy security and functional continuity, places a momentous responsibility on the Company. The Company supplies the need for storage and flow to local refineries, as well as capabilities to unload distillates, provide emergency storage for the electricity industry, and store and deliver LPG to the Israeli market, equitably and impartially.

Approximately 75% of crude oil consumed by domestic refineries, 15% of distillates consumed in the Israeli economy, and 40% of LPG consumed locally are unloaded at EAPC ports.

The Company's capabilities and its creation of operational redundancies, developed based on a realistic vision of ensuring the supply of energy products to the State of Israel, have proven themselves time after time during security crises and breakdowns in the supply chain of corresponding products.

The Company also provides a transition and landing site for natural gas from the gas reservoirs of the state, en route to power plants in Israel and delivery to Egypt. This activity is of vital importance to the diplomatic and strategic relations of the State of Israel with its southern neighbor.

> Activity with international clients

EAPC is one of the largest and leading independent companies in the world in fuel storage, and provides its foreign customers with port, storage, and transport services. In addition to its strategic location, the Company has the capacity in Eilat to harbor giant tankers that cannot pass through the Suez Canal, offering a significant advantage to its foreign clients.

The Company is not barred from working with any international customers, provided that they are not classed as having contact with an enemy state. Beyond the contribution to EAPC's profitability, working with international clients provides significant strategic advantages to the State of Israel, including the following:

- Prices of distillates stored at the Company's facilities provide a benchmark for the output of local refineries (essentially serving as a sort of third refinery).
- The existence of an available, accessible crude oil supply enables local refineries to purchase this oil without incurring additional shipping costs, which lowers their costs and ultimately lowers product prices for end customers.
- The Company's reputation, the relationships it has cultivated, and its global recognition as a substantial energy player facilitate the supply of energy products to the Israeli economy even during emergencies.
- The reach of the international clients' operations in the Mediterranean Sea and the Red Sea creates access to two trade zones.

The Russia-Ukraine war, which broke out in 2022, caused turmoil in the energy market, as severe sanctions were imposed on Russian energy exports. EAPC strictly adheres to the instructions of the Ministry of Foreign Affairs in all matters related to the implementation of the sanctions, according to the policy of the State of Israel

› Med-Red Agreement

An agreement between EAPC and Med Red Land Bridge Ltd. was signed in late 2020. The agreement primarily concerns the operation of a land bridge to transport oil between the Mediterranean Sea and the Red Sea, using existing EAPC infrastructure. The agreement was signed for a period of ten years, with activity to ramp up gradually and stabilize as of the fifth year.

Advantages of the agreement

- The agreement would provide a significantly shorter and more efficient route for transporting oil from the Persian Gulf region to areas in the West, or alternatively, from production sources in the Mediterranean Basin to destinations in the East. Beyond the monetary savings, this route has environmental benefits, in that less days of marine transport and shorter times of ships at sea would significantly reduce air pollutant emissions. See page 49.
- The agreement has strategic and economic value for the State of Israel, forging closer partnerships and trade ties with Arab countries and strengthening the peace agreements and Israel's international standing in the region.
- It would also strengthen the energy security of the State of Israel, through the supply of crude oil from two trade zones.
- The movement of crude oil through Israel would allow domestic refineries to purchase crude oil at more affordable prices, lowering fuel costs for consumers and easing the cost of living.
- The agreement, effectively, would weaken the Arab boycott, which is still quite significant in the energy sector.
- A substantial part of the profits of the deal would flow into the national treasury.



The Company's motion against the "zero added risk" policy of the Ministry of Environmental Protection

In accordance with the terms of its business license, the Company is required to operate according to a local emergency plan (LEP) approved by the Ministry of Environmental Protection. To put the Med-Red Agreement as written into practice, prior to the signing of the agreement – when a non-binding memorandum of understanding was signed – the Company contacted the Ministry of Environmental Protection, as the regulator that supervises the Company and oversees its preparedness to grow the scope of its operations, in the context of protection of the environment. The Ministry of Environmental Protection initially cooperated with the Company, and a joint committee of professionals from both parties was established, within which the ministry ordered a risk survey to be performed on this subject, among other matters; however, in early November 2021 the Director-General of the ministry at the time announced the adoption of a new "zero added risk" policy in the Eilat Bay. Under this new policy, the ministry informed the Company that it would not even review the risk survey that had been submitted (which had already been through a round of discussions with professionals at the ministry), and stated that it would not permit loading or unloading of more than 2 million tons per year in Eilat. This policy restricts the full implementation of the original agreement, and in fact jeopardizes the function of the Eilat Port as an energy port, as well as the development of the city of Eilat as a whole.

When no professional response was received from the Ministry of Environmental Protection, despite repeated requests, in February 2022 the Company filed a motion against senior officials of the Ministry of Environmental Protection and against the Ministry of Finance, demanding that the Ministry of Environmental Protection be ordered to discuss an update of the LEP with the Company, to allow expansion of the scope of activity in Eilat.

Updated toxin permits were received in December 2022 that still retain the 2-million-ton annual limit on unloading of crude oil in Eilat.

In January 2023, the motion was struck out with the consent of the parties, and it was determined that the parties retained their contentions and that a decision on the question of the annual limit would be discussed within a new motion to be filed, and would constitute a decision on the question of the update of the LEP. At this stage, the Company has assented to a request from state functions to refrain from filing a new motion until the government's discussion of the quantity limits set in the toxin permits is concluded, and thus it is awaiting the outcome of the talks between the parties.

New, updated permits were received in February 2023, and the Company is acting to implement them.

In this context, it is clarified that the Company is working in cooperation with and in line with the guidance of the Ministry of Environmental Protection professionals. The Company has applied multiple measures, some of which are described in this report, in coordination with the Ministry of Environmental Protection, to reinforce its means of preventing leak risks and minimizing damage in the event of an incident.

➤ Supply chain

Our activity is based on a supply chain composed of suppliers of goods, contractors, and various service providers. We treat our suppliers, our contractors, and their employees with honesty and respect, and we are uncompromisingly dedicated to protecting their personal well-being, health, and safety. Within this approach, the Company ascertains that workers are given appropriate employment terms and maintains regular oversight of fair payment and protection of conditions for service contractors' employees, in accordance with the law.

We view our suppliers and contractors and their employees as contributors to the Company's success and as full partners in its endeavors; accordingly, we cultivate our working relationship with them with the aim of enhancing their ability to meet our requirements, including in the areas of safety, occupational health, quality execution of work, and protection of the environment.

The large majority of goods acquired at the Company are designated for projects, as well as for maintenance equipment and replacement parts for sensitive systems that transport and store fuel and gas. We purchase equipment of the highest quality that meets strict international standards and has reliable

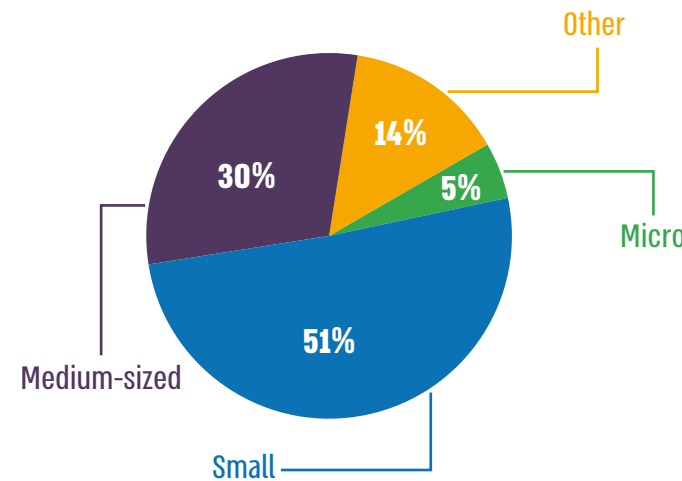
certificates attesting to the source and quality of the equipment and the supplier. If necessary, the Company sends representatives to visit the manufacturer's factory to ascertain equipment quality and compliance with standards. This rigorous policy contributes to protection of the safety of employees, suppliers, the community, and the environment.

As a government company, EAPC manages its supply chain and purchasing activities in congruence with the requirements of the law and in line with the Mandatory Tenders Law, 5752-1992, and the related regulations. The Company has a tender committee, headed by the CEO, required to discuss any contractual engagement in an amount above the threshold set by law. Public tender proceedings are posted on an online mailing system maintained by the Company for interested suppliers and contractors and in the press, as required by law.

The Company makes an effort to engage contractors categorized as microbusinesses or small businesses.

Breakdown of contractors engaged by the Company in tender proceedings in 2022:

■ Categorization of suppliers by size



“Medium-sized business”

A business that employs 21 to 100 employees, or whose annual transaction volume is greater than 20 million NIS but does not exceed 100 million NIS.

“Small business”

A business that employs 6 to 20 employees, or whose annual transaction volume is greater than 2 million NIS but does not exceed 20 million NIS.

“Microbusiness”

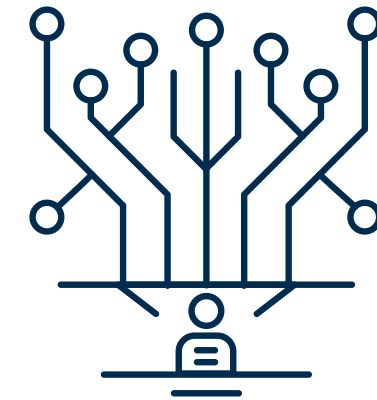
A business that employs up to 5 employees, or whose annual transaction volume does not exceed 2 million NIS.

➤ Information security and cyber defense

The Company's facilities and activity are categorized as “critical infrastructures” for the functioning of the State of Israel. The Company invests extensive resources in ensuring its operational continuity, and consequently also that of the State of Israel. The energy market in which the Company operates requires a high level of confidentiality to be maintained. The Company is responsible for ensuring that information regarding the commercial operations of its customers does not leak to unauthorized parties or to anyone not meant to receive sensitive business intelligence. Some information regarding the Company is privileged under the Penal Ordinance (Designation of a Confidential Matter) (Temporary Order), 5777-2016.

Information security and the protection of privacy are cornerstones of the Company's organizational culture. Beyond the sensitivity and privilege applicable to information regarding the operations of the Company, there is a risk that a cybersecurity event may impair the availability, reliability, and integrity of the Company's operational systems, which are operated remotely and monitored through various control systems. Accordingly, the risk of damage to information security or cybersecurity is categorized as a key risk for the Company. This risk may emerge from intentional harm, human error, a lack of control and supervision, or a malfunction caused by a technical deficiency in information security and information system management.

The Company is categorized as a guided entity by the Israel Cybersecurity Authority; as such, it maintains continuous contact with guidance officials and complies with their requirements. The Company conducts processes to manage and monitor risk at the level of the board of directors, including approval of work plans, immediate reporting of significant cybersecurity events to the CEO and board of directors, and internal audits of information systems and security procedures, which are discussed by the audit committee of the board of directors. To minimize risk, the Company is connected to the Sector Cybernetic Center of the Ministry of Energy, which is monitored 24/7 by analysts to examine the integrity of data traffic and processes. The Company has established a backup system for its operational and administrative infrastructures. Internal procedures are in place with regard to information technology and secure work environment management; regular oversight and monitoring are performed to ensure that the procedures are implemented at the various units, including training to raise employees' awareness, routine updates on current cyber threats, and ways of coping with various scenarios.



In the reported year, there were no cases of loss of customer information or breach of customers' privacy



Business ethics and sound corporate governance

108-117 >



Business ethics

We uphold a business culture of appropriate conduct by employees and managers in discharging their duties at the Company, and rigorous adherence to external rules and regulations and to the Company's internal procedures. We expect all EAPC employees and managers to exercise personal responsibility and act in accordance with the principles of the code of ethics, in every aspect of their activity, while ensuring that these rules are implemented and respected.

The Company's code of ethics was formulated and approved by the board of directors in 2016. The code charts a course for desirable conduct by the Company, while strengthening the connectedness of employees and managers and creating an organizational language grounded in values. The code of ethics is posted on the Company's portal and signed by every new employee during onboarding. All employees of the Company complete a "read and signed" form for the code of ethics through the organizational training system, each year.

The Deputy General Manager of Human Resources and Administration is responsible for ethics. The Company promotes an open-door policy, encouraging all employees to contact this officer directly if necessary. Various channels are available to employees for open or anonymous reports, via telephone, email, and a message box available 24/7. The contact information is posted on notice boards located throughout the premises of the Company and on its online portal. Communications are handled discreetly and confidentiality is maintained.

100%
of the Company's employees have signed its code of ethics

No complaints of ethics violations were received at the Company in 2022

"Through the code of ethics, we seek to raise the bar for the appropriate, proper conduct we expect and require of ourselves, beyond compliance with the law. This is the only way to justify the trust placed in us by our customers and shareholders, so that we can continue to grow and bring our vision to life. Therefore, we at EAPC are diligent in maintaining appropriate business conduct in every area of our activity and towards everyone with whom we come into contact: employees, customers, suppliers, competitors, government agencies, the community, and the environment within which we operate. EAPC sees its employees as key partners in its work, and conducts its relationship with them on the basis of mutual trust and respect. Employees are charged with the responsibility to contribute to sound governance at EAPC and to work to help maintain its reputation of integrity and professional excellence."

From the code of ethics



› Corporate governance

The EAPC board of directors

The board of directors of EAPC shapes the policy of the Company and supervises its performance, in line with all regulatory requirements, particularly the directives of the Government Companies Authority, which has been the main regulator of the Company in the area of corporate governance since April 2020, when EAPC became a government company. Among other matters, the board of directors determines the overarching strategy of the Company, its action plans and the way they are realized, and principles for financing and prioritizing these plans, as well as approving new areas of activity and determining the means of management of such activities.

As EAPC is a company under the full ownership of the State of Israel, its directors are appointed by the relevant ministers and the committee for the appointment of senior executives of the Civil Service. Directors are selected from a list compiled by the Government Companies Authority. Candidates must meet objective criteria for inclusion in the list.

Committees of the board of directors

The board of directors of the Company has appointed five committees for the management of its activities, as follows:

- Audit committee
- Risk management committee
- Manpower, organization, and payroll committee
- Finance committee
- Safety, security, and protection of the environment committee

Board chairman **Erez Halfon**

- Committee memberships:
- Chairperson of the manpower, organization, and payroll committee
 - chairperson of the finance committee
 - safety, security, and environmental protection committee

Members of the board of directors **Yaakov Ganot**

- Committee memberships:
- Chairperson of the audit committee
 - chairperson of the risk management committee
 - chairperson of the safety, security, and environmental protection committee
 - manpower, organization, and payroll committee
 - finance committee

Members of the board of directors: **Ilan Cohen***

- Committee memberships:
- Chairperson of the audit committee
 - chairperson of the risk management committee
 - safety, security, and environmental protection committee
 - finance committee

Members of the board of directors: **Gal Lando**

- Committee memberships:
- Audit committee
 - risk management committee
 - finance committee
 - manpower, organization, and payroll committee

Members of the board of directors: **Rima Kamal**

- Committee memberships:
- Audit committee
 - risk management committee
 - finance committee
 - manpower, organization, and payroll committee

Members of the board of directors: **Herzl Amikam**

- Committee memberships:
- Safety, security, and environmental protection committee
 - finance committee
 - risk management committee

Members of the board of directors: **Hanan Tal**

- Committee memberships:
- Safety, security, and environmental protection committee
 - finance committee

* Left this position in March 2022

10

board meetings

99%

attendance at board meetings

20

meetings of the board committees

95%

attendance at board committee meetings

7

board members – 6 men, 1 woman

3

directors under the age of 50

2

external directors

2

directors with accounting and financial expertise

➤ Remuneration policy

Remuneration procedures are conducted in accordance with the directives of the Government Companies Authority. Goals are set for the Company and approved by the board of directors; targets are derived from these goals for each division and for senior employees. The Company conducts a formalized computer-based employee evaluation procedure, including meetings for feedback from managers to employees.

➤ Prevention of conflicts of interest

The members of the board of directors act in accordance with the Government Companies Law and the procedures of the board of directors to prevent situations of a conflict of interest. Before taking office, every director signs a commitment to an absence of conflict of interest. Directors are required to sign this form each year, and to notify the Corporate Secretary in the event of concern over a conflict of interest between the director's role at the Company and their other occupations and/or personal matters. If a topic with respect to which a conflict of interest exists is discussed at a board meeting, the relevant director does not attend that meeting and does not receive materials pertaining to the topic.

➤ Managing environmental, social, and governance (ESG) aspects in the activity of management and the board of directors

Within the Company's emphasis on embedding ESG aspects in its activity, the Deputy General Manager of Regulation, Risk Management, and Procurement was appointed supervisor of corporate responsibility at the organization. The Corporate Responsibility Report, written as part of this enterprise-wide process, was discussed and approved by the CEO of the Company, and approved by the board of directors. The Company manages the issue of sustainable development in accordance with the international GRI standards, the circular on the subject of sustainable development issued by the Government Companies Authority in 2009, and the "Guide for Sustainable Development at Government Companies" published by the Ministry of Environmental Protection and the Government Companies Authority in 2013.

In both the routine work and the annual objectives of the Company, the board of directors addresses environmental and social topics such as the approval of the code of ethics, protection of the environment, preparation for the climate crisis, emergency preparedness, and more. Exceptional events, including events and hazards with environmental impacts, safety incidents, and more, are reported immediately to the board of directors.

Various aspects of the effects of weather changes, extreme natural events, changes in trends in the energy market, and the consequences of stricter requirements of environmental regulation are examined within the risk management procedure at the Company. The Company aspires to minimize these risks to the extent possible, while creating business opportunities and expanding its positive environmental impacts.



➤ Goals

The following objectives for 2022-2023 were listed in our previous report

Serial number	Objective	Description	Expected completion
1	Set up a monitoring station in Eilat	In order to monitor air quality in the surroundings of the Eilat Terminal, the Company will act under the guidance of the Ministry of Environmental Protection to set up a monitoring station operating 24/7	2023
2	Set up a fence-top monitoring system	The Company plans to set up an additional monitoring system on the fence of the Ashkelon Terminal, consisting of an advanced system of sensors, to provide a comprehensive response in the area of air quality	✓
3	Perform a soil survey in Eilat	Further to the historical survey carried out several years ago, the Company was asked by the Ministry of Environmental Protection to conduct an investigation of the soil aimed at finding polluted spots.	2023
4	Upgrade the biological treatment facility at the Ashkelon terminal	The Company, with the guidance of the Ministry of Environmental Protection, will work to add a tertiary settlement and filtration treatment system, to improve water quality values at the exit from the treatment facility and meet higher standards	Under discussion with the Ministry of Environmental Protection
5	Install two velocity regulators	Pressure regulation is currently performed by throttling the line when the engine is working at full capacity. Installation of the regulators will allow the engine RPM to be lowered, thereby modifying the pressures in the line, leading to significant energy savings	✓
6	Replace old engines	A project to replace older engines with higher-efficiency new engines	✓
7	Energy survey	The Company plans to carry out a survey of office energy consumption in 2023, and examine ways of reducing energy waste	2023

Additional objectives			
8	Gender diversity	Increase the percentage of women in management at the Company	2025
9	Environment	Run a pilot project on line surveys using drones and odor detection	2023
10	Innovation	Examine systems for discovering underground infrastructures	2023-2024
11	Environment	Participate in establishing storage and solar-energy projects, for self-consumption and to provide storage for the national transmission grid, according to publications by the Israel Electricity Authority	2023-2024
12	Environment	Perform a survey of processes and emissions in Ashkelon and Eilat	2023-2024

› About the report

This report reviews the ESG (environmental, social, and governance) and corporate-responsibility aspects of the activity of the Company in 2022. This is EAPC's second report, and reflects its ongoing commitment to responsible conduct towards all of its stakeholders. The report was written based on the new 2021 GRI Universal Standards, and also addresses the Sustainable Development Goals (SDGs) of the United Nations. This report reflects the performance of the Company at all of the sites and regions of its activity, unless otherwise noted.

The purpose of the report is to reflect the most relevant information regarding the impacts of the Company on its various stakeholders and the ways it manages these impacts. The Company has undertaken a commitment to continue to report on its corporate responsibility performance and maintain transparency and dialogue with its stakeholders, with the aid of these reports. The environmental data and analyses in the report are based on information collected and managed at the relevant divisions of the Company, as well as on interviews with stakeholders – suppliers, customers, and EAPC employees and managers – and on the analysis of reports and other documents of the Company.



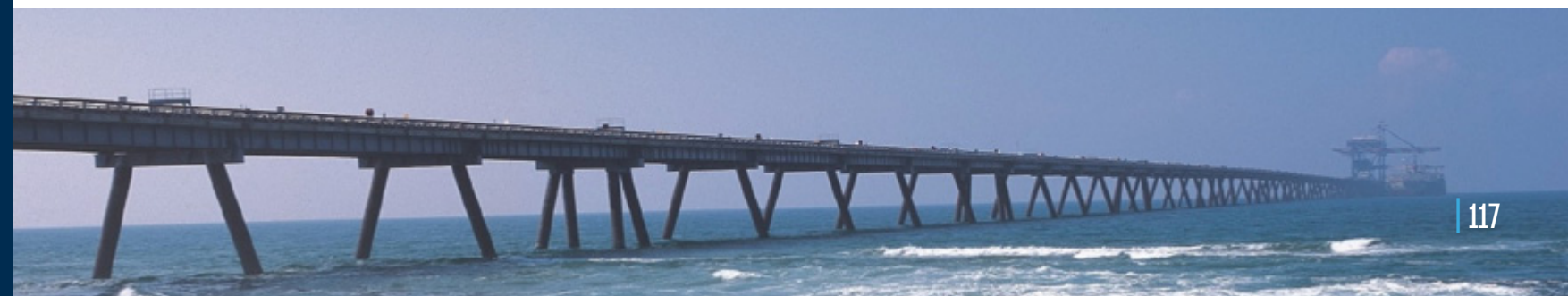
The report was written with the assistance of Good Vision, a corporate responsibility consultancy of the Grant Thornton Fahn Kanne Group, which is a GRI Community Member.

To communicate on the subjects of the report,
please contact the Head of the Regulation
and Risk Management Department, Asaf Basel, CPA
asafb@eapc.co.il.



Disclaimer

This document reflects the policy of the Company, which is “beyond compliance with the provisions of the law.” As such, it reflects the objectives, goals, and milestones decided upon by the Company, which it aspires to attain, but with which it has no legal obligation to comply. This document is current as of December 31, 2022. The Company has endeavored to ensure that this document is correct and accurate; to the best of the Company's knowledge, it is in fact correct and accurate as of the aforesaid date. However, like any document, it may contain generalizations, imprecisions, errors, and omissions, and accordingly, the Company takes no responsibility for its accuracy or completeness, and does not permit reliance upon or use of the information included herein by anyone. Further, the Company has no obligation to update the information included herein. In any case of discrepancy between the information in this document and the information in reports submitted to the various regulators, the officially reported information prevails. Finally, the evaluations and estimates of the Company included in this document are of the Company alone, and as with any qualitative information, they reflect evaluations and estimates that are subjective by nature and may not be measurable.



GRI Content Index

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> GRI Index Universal Standards 2022 | General standards

	Disclosure number	Detail	Page/answers
GRI 1: Foundation 2021	Reporting Requirements		
	1-1	Reporting principles	18,115
	1-2	Disclosures in GRI 2: General Disclosures 2021	8-11
	1-3	Material topics	26-27
	1-4	Disclosures in GRI 3: Material Topics 2021	26-27
	1-5	Disclosures from the GRI Topic Standards for each material topic	27
	1-6	Reasons for omission for disclosures and requirements that the organization cannot comply with	*
	1-7	GRI content index	118
GRI2: General Disclosure	1-8	Statement of use	115
	1. The organization and its reporting practices		
	2-1	Organizational details	8-11
	2-2	Entities included in the organization's sustainability reporting	Not relevant
	2-3	Reporting period, frequency and contact point	115
	2-4	Restatements of information	Not relevant
	2-5	External assurance	No external quality assurance was performed
	2. Activities and workers		
	2-6	Activities, value chain and other business relationships	10-11
	2-7	Employees	*84-88
	2-8	Workers who are not employees	*

* EAPC adheres to the Penal Order (Declaration of Confidential Matters), 2016, under which the company is prohibited from disclosing this information in full.

	Disclosure number	Detail	Page/answers
GRI2: General Disclosure	3. Governance		
	2-9	Governance structure and composition	8-9
	2-10	Nomination and selection of the highest governance body	112
	2-11	Chair of the highest governance body	112-114
	2-12	Role of the highest governance body in overseeing the management of impacts	114
	2-13	Delegation of responsibility for managing impacts	114
	2-14	Role of the highest governance body in sustainability reporting	114
	2-15	Conflicts of interest	114
	2-16	Communication of critical concerns	114
	2-17	Collective knowledge of the highest governance body	114
	2-19	Evaluation of the performance of the highest governance body	114
	2-20	Remuneration policies	114
GRI 3: Material Topics	4. Strategy, policies and practices		
	2-22	Process to determine remuneration	114
	2-23	Annual total compensation ratio	110
	2-24	Statement on sustainable development strategy	114
	2-27	Policy commitments	30-31
	2-28	Embedding policy commitments	Not relevant
	5. Stakeholder engagement		
	2-29	Approach to stakeholder engagement	24-25
2-30	Collective bargaining agreements	92	
Disclosures on material topics			
3-1	Explanation of the material topic and its Boundary	26-27	
3-2	List of material topics	26-27	
3-3	Management of material topics	26-27	

> GRI Index: 2022 | Specific standards

Standard	Description	Sector-specific standard	Page/answers
GRI 11: Oil and Gas Sector 2021			
201 Economic Performance			
201-1	Direct economic value generated and distributed	, 11.21.2, 11.14.2	*
201-3	Defined benefit plan obligations and other retirement plans		*
201-4	Financial assistance received from government	11.21.3	Not relevant
203 Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	11.14.4	As a government company, the company does not make donations
203-2	Significant indirect economic impacts	11.14.5	*
205 Anti-corruption			
205-2	Communication and training about anti-corruption policies and procedures	11.20.3	110
205-3	Confirmed incidents of corruption and actions taken	11.20.4	There were no incidents of corruption in the reported period
206 Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	11.19.2	No proceedings were taken against the company

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Standard	Description	Sector-specific standard	Page/answers
GRI 11: Oil and Gas Sector 2021			
207 Taxes			
207-1	Approach to tax	11.21.4	The company pays taxes according to law
207-2	Tax governance, control, and risk management	11.21.5	The company pays taxes according to law
207-3	Stakeholder engagement and management of concerns related to tax	11.21.6	The company pays taxes according to law
207-4	Country-by-country reporting	11.21.7	The company pays taxes according to law
301 Materials			
301-1	Materials used by weight or volume		42-43
301-2	Recycled input materials used		No recycled materials are used as raw materials
301-3	Reclaimed products and their packaging materials		55-57
302 Energy			
302-1	Energy consumption within the organization	11.1.2	42-43,48
302-2	Energy consumption outside of the organization	11.1.3	42-43,48
302-4	Reduction of energy consumption		42-43,48
302-5	Reductions in energy requirements of products and services		Not relevant
303 Water			
303-1	Interactions with water as a shared resource	11.6.2	43, 57, 70-81
303-2	Management of water discharge-related impacts	11.6.3	56-57
303-3	Water withdrawal	11.6.4	57
303-4	Water discharge	11.6.5	56-57
303-5	Water consumption	11.6.6	43

Economic standards (200)

GRI 300: Environment Materials Topics

Standard	Description	Sector-specific standard	Page/ answers
GRI 11: Oil and Gas Sector 2021			
304 Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	11.4.2	80-81
304-2	Significant impacts of activities, products and services on biodiversity	11.4.3	80-81
304-3	Habitats protected or restored	11.4.4	80-81
305 Emissions			
305-1	Direct (Scope 1) GHG emissions	11.1.5	48
305-2	Energy indirect (Scope 2) GHG emissions	11.1.6	48
305-3	Other indirect (Scope 3) GHG emissions	11.1.7	48
305-5	Reduction of GHG emissions	11.2.3	48
305-6	Emissions of ozone-depleting substances (ODS)		44-47
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	11.3.2	44-47
306 Waste			
306-1	Waste generation and significant waste-related impacts	11.5.1	55-57
306-2	Management of significant waste-related impacts	11.5.2	55-57
306-3	Waste generated	11.8.2 11.5.3	55-57
306-4	Waste diverted from disposal	11.5.4	55-57
306-5	Waste directed to disposal	11.5.5	55-57

GRI 300: Environment Materials Topics

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Standard	Description	Sector-specific standard	Page/ answers
GRI 11: Oil and Gas Sector 2021			
308 Supplier Env Assessment			
308-2	Negative environmental impacts in the supply chain and actions taken		106
401 Employment			
401-1	New employee hires and employee turnover	11.10.2	85
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	11.10.3	92
403 Occupational Health and Safety			
403-1	Occupational health and safety management system	11.9.2	93-95
403-2	Hazard identification, risk assessment, and incident investigation	11.9.3	93-95
403-3	Occupational health services	11.9.4	93-95
403-4	Worker participation, consultation, and communication on occupational health and safety	11.9.5	93-95
403-5	Worker training on occupational health and safety	11.9.6	93-95
403-6	Promotion of worker health	11.9.7	93-95
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	11.9.8	93
403-8	Workers covered by an occupational health and safety management system	11.9.9	93-95
403-9	Work-related injuries	11.9.10	94
403-10	Work-related ill health	11.9.11	93-95
404 Training and Education			
404-1	Average hours of training per year per employee	, 11.14.4, 11.10.6	90
404-2	Programs for upgrading employee skills and transition assistance programs	, 11.10.7, 11.7.3	90
404-3	Percentage of employees receiving regular performance and career development reviews		89

GRI 300: Environment Materials Topics

GRI 400: Social Material Topics

Standard	Description GRI 11: Oil and Gas Sector 2021	Sector-specific standard	Page/answers
405 Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	11.11.5	86-89
406 Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	11.11.7	There were no cases of discrimination in the reporting year
408 Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor		The company is committed to maintaining human rights and obeying the law, and there is no employment of children or forced employment in the company or the contractor's companies.
409 Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	11.12.2	The company is committed to maintaining human rights and obeying the law, and there is no employment of children or forced employment in the company or the contractor's companies.
411 Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples	11.17.2	There were no incidents of violation of rights of indigenous peoples

**GRI 400:
Social
Material
Topics**

Standard	Description GRI 11: Oil and Gas Sector 2021	Sector-specific standard	Page/answers
413 Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	11.15.2	98
413-2	Operations with significant actual and potential negative impacts on local communities	11.15.3	were not in the reporting year
415 Public Policy			
415-1	Political contributions	11.22.2	The company is a government company and does not make donations
416 Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	11.3.3	11
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		30-31
417 Marketing and Labeling			
417-1	Requirements for product and service information and labeling		11
417-2	Incidents of non-compliance concerning product and service information and labeling		There were no such cases during the reporting period
417-3	Incidents of non-compliance concerning marketing communications		There were no such cases during the reporting period
418 Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		107

**GRI 400:
Social
Material
Topics**

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Standard	Description	Page/answers
GRI 11: Oil and Gas Sector 2021		
Additional indicators not mentioned above: GRI 11: Oil and Gas Sector 2021		
11.7	Closure and rehabilitation	No sites were closed or rehabilitated
11.8.3	Asset integrity and critical incident management: the total number of Tier 1 and Tier 2 process safety events, and a breakdown of this total by business activity (e.g., exploration, development, production, closure and rehabilitation, refining, processing, transportation, storage).	93-94
11.15.4	Local communities: Additional sector disclosures	50-51
11.20.5	Anti-corruption: the approach to contract transparency, including: whether contracts and licenses are made publicly and, if so, where they are published; if contracts or licenses are not publicly available, the reason for this and actions taken to make them public in the future.	performed according to law
11.20.6	List the organization's beneficial owners and explain how the organization identifies the beneficial owners of business partners, including joint ventures and suppliers	governmental company

GRI 11: Oil and Gas Sector 2021

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2022 Corporate Responsibility Report

To communicate on the subjects of the report, please contact the Head of the Regulation and Risk Management Department,
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