

2023 Corporate Responsibility Report

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Erez Halfon
Chairman of the Board of Directors



Itzik Levy
Chief Executive Officer

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Letter from the Board Chair and CEO

We are proud to present EAPC's corporate responsibility and sustainable development report for 2023. This is our third report, reflecting our long-standing journey of promoting and developing corporate responsibility and our activities dedicated to all of the company's stakeholders, based on the Global Reporting Initiative (GRI) reporting guidelines.

On October 7, 2023, a lethal terrorist attack from the Gaza Strip forced Israel into the "Swords of Iron" War. At the publication of this report, the State of Israel is still in the midst of this war, which has an extensive and profound effect on the economy and on society.

When the war began, EAPC took action to ensure the continuous supply of energy to the State of Israel through a broad range of measures, relying, among other factors, on the company's capabilities and its quick and efficient operations. Thanks to EAPC's actions when the fighting broke out and during the war, a severe and dangerous energy crisis that could have harmed the war effort and the nation was averted.

During the war, the essential role and strategic importance of EAPC in ensuring the State of Israel's energy security was demonstrated yet again, proving that there is no substitute for its operations – during routine times, and all the more

so in an emergency; specifically, its ability to supply the needs of the Israeli economy through two different trade zones, via its energy port in Ashkelon and the energy terminal in Eilat.

The restrictions placed on EAPC by the Ministry of Environmental Protection under the "zero added risk" policy were temporarily lifted at the outbreak of the war, to allow the wartime needs of the economy to be supplied.

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. Accordingly, the company's business continuity plan and risk-management procedures are thoroughly embedded in its day-to-day operations and implemented all the more rigorously during the war.

A particularly notable feature of this period has been the way EAPC's employees have come together to take meaningful action. Since the war began, our employees have worked day and night to ensure that the economy could function continuously. 22% of the company's employees were called up for reserve military service during the war, and EAPC recruited former employees and retirees as replacements, reflecting the full and uncompromising commitment of the company and its employees to the protection of the energy security of the State of Israel.

We have continued to promote corporate responsibility at the company. We work continually and proactively to reduce our impacts on the environment, implementing innovative technological systems; such systems were also added this year, some of which are described in this report.

In late 2023, with the war underway, the company completed the expansion of its LPG plant, as two new accumulators with a total volume of 1,500 tons were built, to support the continuity of the Israeli economy. We have also continued to make progress on our ambition to develop into additional fields and business markets in the infrastructure industry, such as energy storage using innovative technologies, and the installation of optic fibers connecting Europe with the Far East, making Israel an international communications hub.

This year, more than ever, we would like to sincerely thank each and every one of our invaluable employees for their great dedication and contribution,

their partnership, and the many accomplishments reflected in this report. Our gratitude and appreciation go out to all of our stakeholders: the suppliers and contractors who stood by the company to support our activity during wartime, working closely with our employees; our customers, for their trust; and everyone who expressed empathy and identified with us, all over the world. We invite you to read this report and respond, so that we can continue our dialogue and further develop and promote our corporate responsibility.

In the attack of October 7th, Inbar Buyum, a security guard at EAPC, was murdered near the town of Sderot. Inbar's father, a member of the civilian rapid-response team of Kibbutz Be'eri, was also murdered. We honor their memory and embrace their family, and we will continue to aid and support them. We fervently hope that the hostages and all of our soldiers soon safely return, and we bow our heads in memory 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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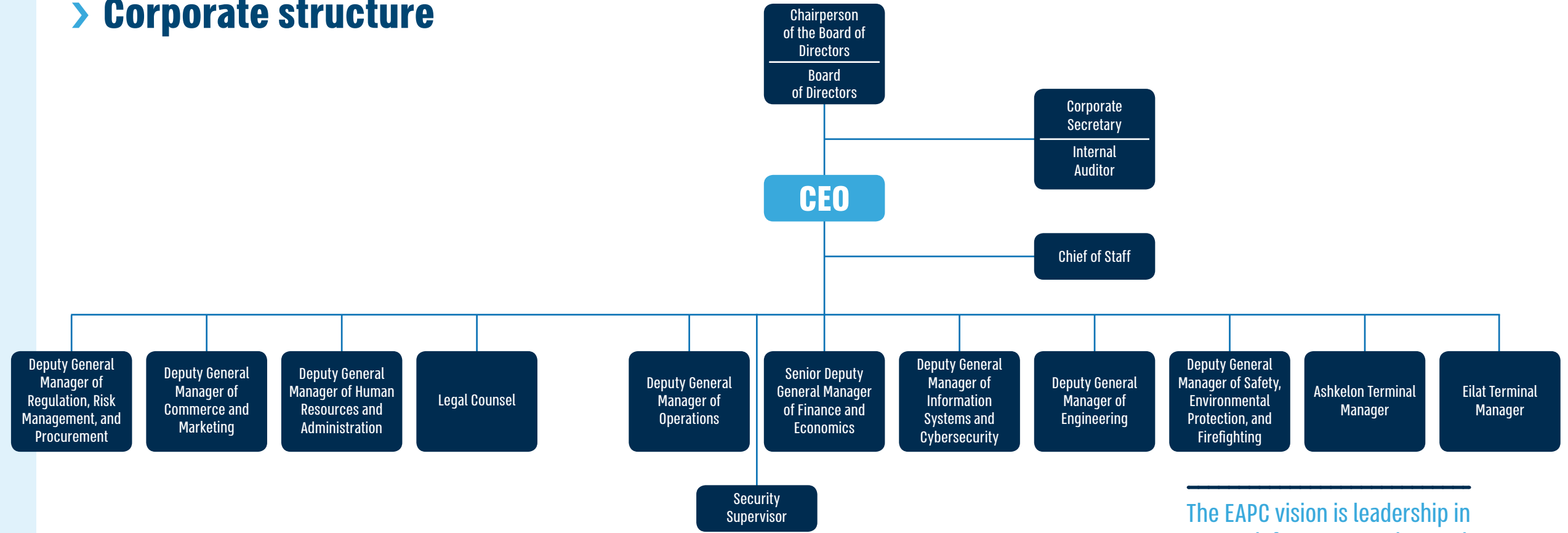


> Corporate structure

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 farm in Eilat and Ashkelon, as well as a system of transmission lines arrayed nationwide, from Eilat to Haifa.

The Company provides energy security to the citizens of the State of Israel and its international customers in the form of vital services, supplied routinely and in emergencies, such as port services, storage, and transport of oil and oil products through a diverse and flexible array of infrastructures, grounded in long years of experience and a solid international reputation.

As one of the leading companies in the energy sector, we work to ensure a reliable, available, and efficient supply of energy while uncompromisingly maintaining safety and protecting the environment, by implementing a range of means and systems, some of which are described in this report. EAPC serves as Israel's energy gateway, and will continue to deliver quality services at the timing and scope required to protect the energy security of the State of Israel. EAPC will continue to work to improve its operational efficiency and minimize its carbon footprint, and to expand and diversify its business, including in the area of renewable energy, while maximizing the potential of its existing infrastructures and capabilities, for the benefit of future generations.



Ashkelon Terminal

The EAPC vision is 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 optimized utilization of its infrastructures

> Infrastructures and activities of the Company

The transmission line system consists of four lines:

Ashkelon to Ashdod

A 16"/18" line at a length of 36 km, running from the tank farms in Ashkelon to supply the refinery in Ashdod.

Ashkelon to Haifa

A 16"/18" line at a length of 197 km, running from the tank farms in Ashkelon to supply the refinery in Haifa.

Eilat to Ashkelon

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.

Givati to Eilat

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.

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.



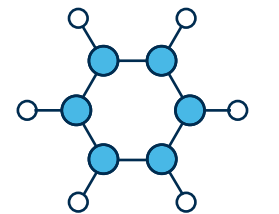
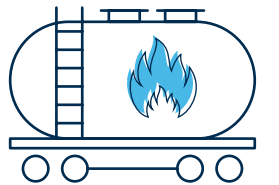
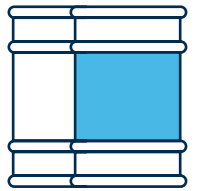
Terminal | Booster station | Refinery | City

> 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 EAPC 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. EAPC 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 oil 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, "cooking gas")** – Approximately 40% of LPG for domestic consumption is imported through the EAPC port in Ashkelon. These imports supplement the quantity produced by local refineries to fully respond to the domestic demand.
- Coal** – A coal pier of the Israel Electric Corporation (IEC) operates within EAPC's area of the port. EAPC can provide unloading 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 area 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 byproduct of the natural-gas production process. Pumping condensate through EAPC's transmission lines allows marketing of natural gas from the Leviathan field.

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



› Activities of the Company during the “Swords of Iron” War

Security and business continuity

Due to the “Swords of Iron” War that began on October 7, 2023, Israel has entered a prolonged state of emergency, coping with uncertainty generated by defensive, social, and economic threats. At the outbreak of the war, with fuel tankers unable

to dock at the EAPC port in Ashkelon, the restriction imposed on the volume of activity at the Eilat Port under the “zero added risk” policy was lifted immediately. The Company’s employees took in fuel tankers at Eilat, and sent the fuel to Ashkelon and from there to the refineries. This endeavor prevented a severe energy supply crisis and made it possible to preserve the functional continuity of the energy industry in Israel in general and the defense forces in particular.

Security and protection of the Company’s facilities

Security is a crucial component of the Company’s operations and of its business continuity as an essential enterprise in the Israeli economy during routine times, and all the more so during emergencies and wars. On October 7th, EAPC’s skilled and dedicated security guards took up positions at its gates to prevent any possibility of incursion into the facility by terrorists. The Company’s facilities were ultimately unharmed by the land invasion.

Due to the war, the Company received urgent requests from the Ministry of Defense and Ministry of Energy to allow the immediate intake of fuel tankers at the Eilat port, and the restriction on the volume of activity at the port was lifted by the Ministry of Environmental Protection. This action prevented a severe crisis in the nation’s energy supply

Our approach to security is grounded in a holistic view composed of several complementary lines of defense that respond to a variety of threats and potential risk scenarios. This approach is implemented in full cooperation with the defense authorities, Israel Police, and IDF Navy.

Security employees at EAPC hold a significant role within the Company, providing physical defense to its facilities and infrastructure and ensuring the continuity of its operations. Our security force is a skilled professional team and regularly holds training, instruction, drills, and exercises, as part of an annual plan, and in accordance with the law. As part of their role, security guards routinely support operational activities by patrolling the field, and are also trained in firefighting and first aid. As the guards continually interact with visitors to the Company’s facilities, they also receive periodic training on service.

We are proud of the diverse group of men and women who make up our outstanding security team. Security personnel are Company employees, employed directly under individual contracts, rather than as contractor workers, as is common at other companies; we take care to cultivate their professional capabilities and retain them at the Company. They are entitled to economic terms like those of other Company employees and participate in various well-being activities organized for them by the Company.

Most of the security guards served in combat-related roles in the military and are active reservists. When the war began, many of the guards were called up for reserve military duty, and we recruited former employees and retirees of the Company to fill in, due to the temporary personnel shortage.

The war has affected many aspects of the Company’s activity. Impacts of the war on human resources, community engagement, information security and cybersecurity, and other areas are described in the relevant sections of this report.

3 members of senior management at EAPC initially came on board as part of the security team



Controllers in the control room

We are proud of the diverse group of men and women who make up our outstanding security team. Three members of senior management at EAPC initially came on board as part of the security team

➤ Analysis of the international energy market in 2023

Background²

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

Europe, primarily Germany, 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 and gas. However, over the last year it has been apparent that the high expectations of a “green cure” to wean Europe off its dependence on fossil fuels were overly ambitious.

Despite efforts to advance renewable energy and genuine support from politicals in favor of a green transition, the current focus in Europe is on strategies to boycott Russian energy while ensuring secure, affordable access to energy.

In 2023, Europe successfully disengaged from its dependence on Russian fuel, which fell from 31% of usage in January 2022 to just 3% by March 2023. Imports of Russian fuel into Europe were replaced by new sources of supply from the United States, Norway, and Saudi Arabia, and on a smaller scale from Angola, Brazil, and Iraq; nonetheless, aggregate demand for fossil fuels continued to grow in 2023, reaching a record monthly high in June.

Still, the momentum towards the transition to renewable energy has now moved the expected peak consumption of fossil fuels (coal, oil, and natural gas) earlier than 2030. The share of coal, oil, and natural gas in the global energy supply – which was around 80% of total global energy for decades – has started to fall back, and should reach 73% by 2030. While this is a significant shift, it is important to remember that if demand for fossil fuels remains high, as has been the case with regard to coal in recent years, and

as is indicated by forecasts regarding oil and gas, it will be far from sufficient to attain global climate goals.

Much greater progress will be required to meet the goals of the Net Zero Emissions (NZE) by 2050 scenario, which restricts global warming to 1.5 degrees Celsius above preindustrial levels. Today, global average surface temperatures are already around 1.2 degrees Celsius above that level, causing heat waves and other extreme weather events, and greenhouse-gas emissions have not yet peaked.

Models refer to three basic scenarios for achieving the ambitious targets of bringing emissions to zero. The first is NZE; the second is the commitment made by the countries that have signed the Paris Agreement (the Announced Pledges Scenario, or APS); and the third is a more conservative scenario in which declarations are fully realized into attainment of objectives (the Stated Policies Scenario, or STEPS).

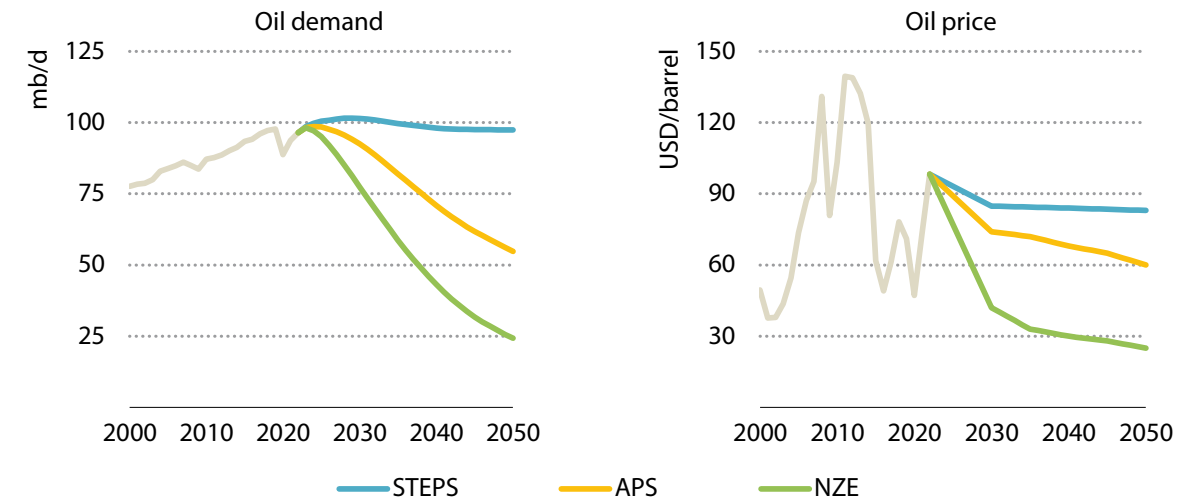


In the STEPS scenario, demand for oil peaks at 102 million barrels per day (MBD) at the end of this decade, before falling slightly to 97 MBD by 2050; a reduced demand for fuel for transportation, due to an increase in electric vehicles, is offset by greater use of oil in petrochemical industries and aviation. In effect, this scenario depicts a roughly stable level of demand over many years, with minor movements above and below the long-term average from year to year.

In the APS scenario, demand drops much more prominently; demand for oil for land transport falls more sharply, and electric vehicles account for more than 75% of sales of passenger cars and trucks in 2050. In this scenario, only the petrochemical industry and aviation use more oil in 2030 than in 2022. Overall global demand for plastics increases, while the use of oil in aviation continues to rise until the mid-2030s and only then starts to slowly decline. The use of oil for marine transport falls by 55% between 2022 and 2050, with low-emission fuels making up half the total fuel used by ships in 2050.

² This review is based on the World Energy Outlook 2023, released on October 25, 2023.

Global oil demand and supply under the NZE, APS, and STEPS scenarios



In the NZE scenario, the electrification of cars and trucks has a greater contribution than any other factor to the reduction of oil use, but more efficient and low-emission fuels also have an important role, particularly in aviation and shipping.

The three scenarios vary greatly in forecasts of demand in the emerging markets, the developing economies, and the developed economies. The decrease in demand for oil in the developed economies ranges from 35% to 85% by 2050 in the different scenarios, and the forecast for demand in the emerging markets and developing economies over the same period ranges from a 20% increase to a 70% decrease.

	2010	2022	STEPS		APS		NZE	
			2030	2050	2030	2050	2030	2050
Road transport	36.5	41.3	41.1	35.5	37.6	15.9	29.1	1.6
Aviation and shipping	9.9	10.6	13.5	17.2	12.5	9.0	10.5	2.1
Industry	17.2	20.6	23.3	25.5	21.4	17.8	20.3	14.3
Buildings and power	12.4	11.4	9.5	6.7	8.6	4.1	6.1	0.5
Other sectors	11.1	12.6	14.0	12.5	12.4	7.9	11.4	5.7
World oil demand	87.1	96.5	101.5	97.4	92.5	54.8	77.5	24.3
Liquid biofuels	1.2	2.2	3.0	4.5	4.8	7.0	5.6	5.4
Low-emissions hydrogenbased fuels	-	-	0.0	0.2	0.2	3.6	0.7	6.0
World liquids demand	88.4	98.7	104.5	102.1	97.5	65.4	83.7	35.7
Conventional crude oil	67.4	62.8	61.3	58.2	54.9	29.8	48.0	15.8
Tight oil	0.7	8.3	11.1	10.2	10.3	6.9	7.6	1.8
Natural gas liquids	12.7	19.0	21.2	19.4	20.1	13.6	16.2	4.4
Extra-heavy oil and bitumen	2.0	3.7	4.4	5.5	3.9	2.5	3.0	1.5
Other production	0.5	0.9	1.0	1.2	0.9	0.3	0.3	0.0
World oil production	83.1	94.8	99.1	94.5	90.2	53.1	75.1	23.5
OPEC share	40%	36%	35%	43%	35%	45%	37%	53%
World processing gains	2.2	2.3	2.4	2.9	2.4	1.6	2.3	0.7
World oil supply	85.3	97.1	101.5	97.4	92.5	54.8	77.5	24.3
IEA crude oil price (USD [2022]/barrel)	103	98	85	83	74	60	42	25

The corporate responsibility approach

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We view corporate responsibility as a core value, which we have actively integrated into our daily operations in recent years. The Deputy General Manager of Regulation, Risk Management, and Procurement is responsible for this area, which is managed from an enterprise-wide perspective.

The Company's corporate responsibility reporting is written 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 core value, which we have actively integrated into our daily operations in recent years

➤ Key principles in promoting corporate responsibility



1. Environmental protection and safety

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



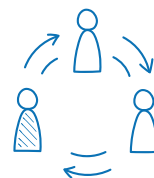
2. Excellence, quality service, and personal example

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.



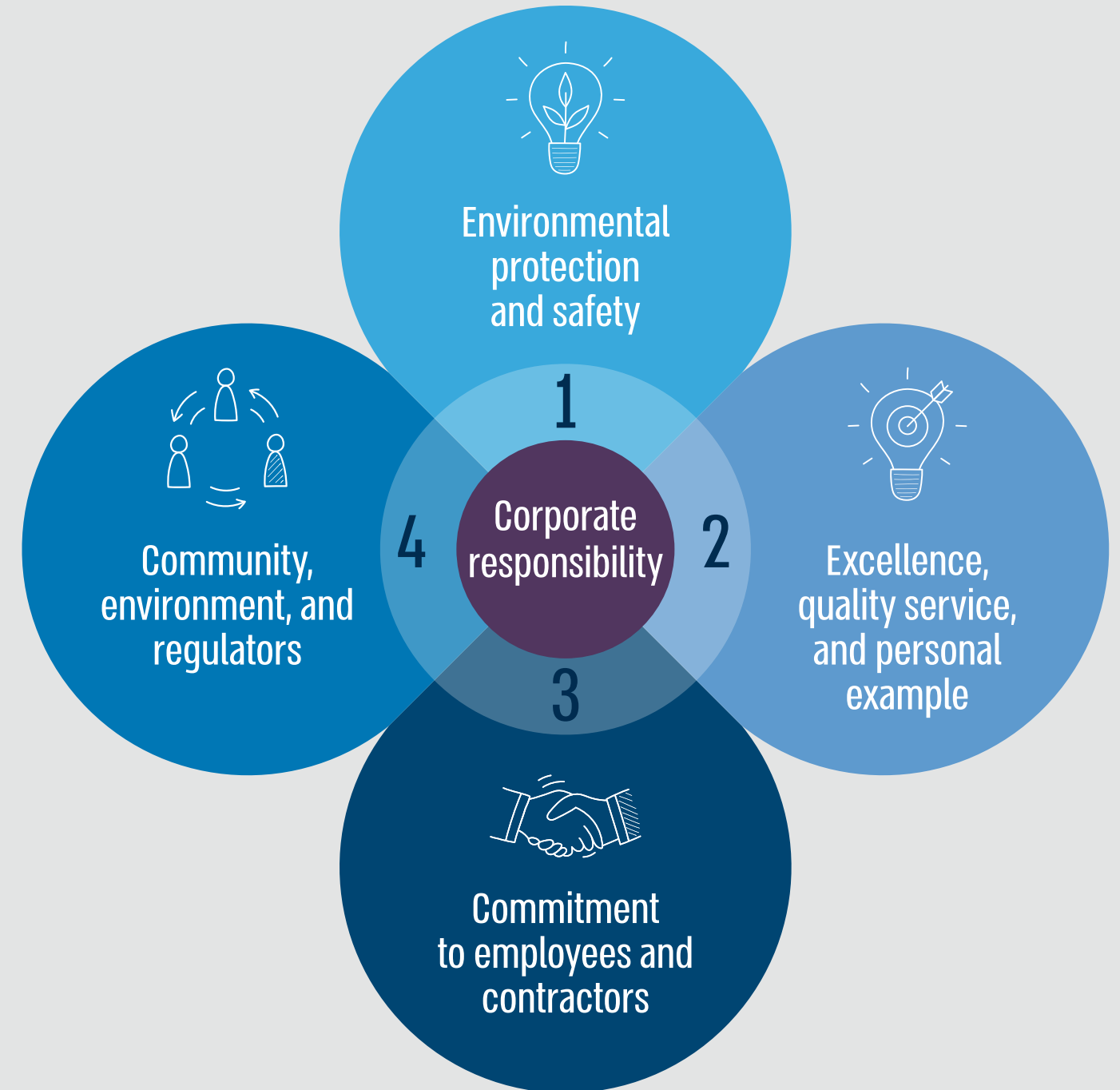
3. Commitment to employees and contractors

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



4. Community, environment, and regulators

Strengthening connections with the communities in which it operates and maintaining continuous dialogue with regulators to foster trust and show its commitment to social and environmental responsibility.



➤ 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

Targets

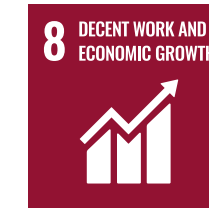
Activity of the Company supporting promotion of the goal



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

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

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.



10. Reduce inequality within and among countries

Sustainable Development Goal

Targets

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

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.



14. Life below water

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

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 thrive 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 marine pollution incidents.



360° marine barrier

› Dialogue with stakeholders of the Company - key dialogue channels

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 Company's chairperson and CEO, 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 supervisor 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 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.



We highly value dialogue with EAPC's stakeholders, in order to increase transparency in our operations, receive feedback, and build trust in our stakeholder relationships



➤ Identification of material topics

Materiality analysis is a process that allows the Company to identify and assess the topics most important to its various stakeholders. This year, we examined and revalidated the material topics based on the process required under the GRI 2021 Universal Standards. In the course of this process, no new or additional material topics were identified beyond those reported regularly in our report. In addition to these material topics, we 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 reviewing the material topics reported by six leading companies in its sector, in the domestic and global arenas,³ that constitute peer companies for EAPC. In addition, media items and internal documents of the Company were reviewed, including intra-organizational communications, policy documents, risk surveys, work plans, and more. 24 topics relevant to EAPC were identified within the review of the 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);
- Congruence 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 pared down to the ten most material topics for the report.

³ The companies examined were PEI, Vopak, Equinor, CLH, Plains, and Magellan.

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

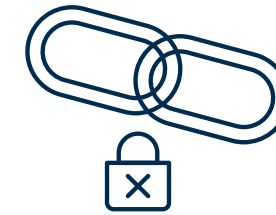
➤ **Main activities in the area of corporate responsibility in 2023:**

Protecting the energy security of the State of Israel during the "Swords of Iron" War

- Full operational continuity maintained during wartime
- Flexibility in execution and operations according to national needs
- Full defense of Company facilities in proximity to the Gaza Strip
- Enhanced information security to prevent cybersecurity incidents
- Care for the needs of employees, evacuees, and reservists
- Community engagement and responsiveness to the urgent needs of the population and the defense forces

Information security

0 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
- A comprehensive fraud and embezzlement survey was performed

Environment

Improvement of environmental metrics

17% reduction in electricity consumption at the Company relative to 2022

12% reduction in fuel consumption at the Company relative to 2022

40% decrease in the quantity of contaminated soil requiring treatment in the last year

17% reduction in greenhouse-gas emissions from the Company's operations relative to 2022

60 tons of debris washed up from the sea after drifting from the Gaza Strip removed from the EAPC beach in Ashkelon

Improvement of operational competencies and energy efficiency

- Acquired Noga, a new marine vessel with electric motors, which contributes to operational efficiency and fuel savings, thereby also cutting emissions
- Installed a VFD (Variable Frequency Drives) system to optimize pipeline flow, saving energy and emissions
- Installed individual electricity meters for each pump, to help identify and rapidly address deviations when necessary

Human capital



Diversity and inclusion

14%

of EAPC employees are from underrepresented population groups

6%

of EAPC employees are people with disabilities, a high figure compared to other government companies and above the legal requirement for public-sector companies

4%

of EAPC employees are of Ethiopian descent, higher than the percentage in the general population

Training, feedback, and promotions

100%

of employees went through a feedback process

1,368

days of training

14

employees were promoted to a more senior rank



Community relations and community engagement

9

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



168

days of volunteering by Company employees in community activities

➤ Regulation

We operate within an extensive regulatory framework, shaped by laws, regulations, permits, and guidelines issued periodically by various regulators.

The responsibilities of the Regulation, Risk Management, and Procurement Division at EAPC 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 and built an IT system for regulation management, adapted specifically to the Company's needs and activities.

The division has a comprehensive 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.

The division methodically monitors all publications distributed 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. From time to time, the Company's management also holds meetings dedicated to this subject and establishes plans to close any gaps discovered.

12 legislative directives were analyzed and examined in 2023.



EAPC port, Ashkelon

■ 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

➤ 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 providing 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.



Corporate risk survey

In 2023, the Company performed a new corporate risk survey. This survey is carried out once every four years, most recently in 2019.

Methodological principles for the corporate risk survey:

- The risk survey enables the organization to gain understanding of the risks it faces and formulate a map of ways of coping with these risks.
- The survey provides a snapshot of the risks identified, risk factors, effect of the risk, and ways of addressing the risks.
- A risk leader is designated for each risk – a member of management assigned as the professional function at the Company responsible for managing the specific risk.
- The working methodology is based on prevailing international standards (COSO), which requires adjustment to the nature of the organization and the business environment.

64 risks were mapped by the survey, of which ten key risks were selected as the most material to the Company, to be addressed at the level of the board of directors. The survey was approved by the board's risk-management committee and by the board of directors of the Company in December 2023.

Designated risk surveys

Risk management is a key, essential tool in our activity, and is embedded in every level of management at the Company. Before we begin a significant new project or enter a new area of activity, the Regulation and Risk Management Department runs designated risk surveys based on an ordered methodology, to help identify vulnerabilities and potential failures.

Two substantial surveys were carried out in 2023: one for the optic-fiber project and the other for an energy storage project (for details, see the Innovation chapter on page 36). The work process included meetings with all relevant parties, including external consultants; mapping of the risks in the initiation, setup, and operation phases; risk ranking; and analysis of actions to be taken to mitigate the risks. The surveys were presented to and approved by management.

The work process for execution of the corporate risk survey consisted of the following stages:

Stage 1

Interviews with position holders at the Company and review of documents (procedures, investigations, surveys, and more)

Stage 2

Mapping of risks at the Company

Stage 3

Validation of the mapped risks with the risk leaders

Stage 4

Documentation of the main controls applied

Stage 5

Ranking of the risks by Company management

Stage 6

Management discussion of the ranking results and selection of key risks

Stage 7

Presentation of results of the survey and key risks to the risk management committee and board of directors

Independent risk survey

This survey was conducted by our insurer, Munich RE, in August 2023. Ahead of the renewal of insurance policies, the insurance company sends professional teams to tour the Company's sites and meet and interview various position holders at the Company, in order to form an impression and formulate an opinion about the Company's facilities and the way they are managed.

The significant advantage of these teams is their deep, broad familiarity with energy facility operations around the world, and their ability to conduct a comparative evaluation of the maintenance and management of such facilities.

The findings of the survey show that the Company manages its facilities at an overall above standard level, beyond the prevailing average in this field, particularly in the areas of safety, emergency preparedness, and maintenance. In addition, most items flagged in the previous survey from 2018 have been remedied, and we are now working to address the new items noted in this survey.

The Company's board of directors guides and approves the risk-management policy formulated by management

› Innovation and entry into clean energy

Innovation has a key role in shaping and developing the Company's future, in terms of business aspects and particularly corporate responsibility aspects; it is one of the key drivers of the Company's growth, streamlining, and improvement of its operations, and in ensuring that it can cope with the changing challenges of the business world and the field of sustainability. Already, innovative technologies are assisting us with the various challenges faced by the Company, such as reducing our environmental impacts, forecasting maintenance activities, and more.

We aspire to be a significant player in the renewable energy market in Israel, and we work to seek and grow new areas of activity in infrastructures, particularly energy infrastructures, with an emphasis on renewable energy.

“One of the main keys to our success is the confluence of the Company's capabilities, assets, and professional knowledge with technology companies, entrepreneurs, development groups, researchers, investment funds, and other market elements. This quality combination promotes the development of innovative technologies and products, and the creation of new channels for activity that improve the Company's robustness and help it thrive.”

Gilad Sharon, Head of Innovation

To develop innovation, we promote collaborations with startup companies, peer companies facing similar challenges, funds, international investors, technology transfer companies at universities, and more.

We offer broad platforms for collaboration within these activities, such as:

- Use of the Company's infrastructures for field experiments and demonstrations (pilot projects);
- Investment in startups 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.

As part of this effort, we issued a call for proposals on solutions and ideas for innovative technologies and products in the Company's areas of activity. The Company invited startups, entrepreneurs, companies, higher-education institutions, and research institutes to suggest solutions and ideas, and is currently considering its relationships with them.

In 2023, the Innovation Department reviewed the activity of more than 22 companies relevant to promoting the Company's goals and developing environmental and organizational innovation at EAPC

We examined several courses of action for the foundation of innovative joint ventures in 2023, including:

- A pilot project on ground surveys via drone at transmission pipelines, to enable us to detect unusual activity within the bounds of the pipelines between scans and address the situation if necessary.
- The Company carried out two pilot projects using innovative technologies in the area of detecting underground infrastructures, and expects to begin working with this technology routinely in 2024.
- The Company is considering building a solar-energy field to generate renewable energy for self-consumption at EAPC facilities.
- Renewable energy and alternative energy source ventures, such as Waste to Energy – converting pruning waste into hydrogen, carbon capture, biodiesel, and more.
- Underwater energy storage.

Energy storage tender

A proceeding was issued by the Israel Electricity Authority, in 2023, for the setup of energy storage facilities, aimed at promoting renewable energies. The goal of this venture is to store surplus electricity generated by solar-energy facilities in southern and northern Israel for use during peak hours (in the evening) in high-demand areas in central Israel. Accordingly, we issued a tender to pursue a collaboration for the setup and operation of energy storage facilities at the Company's booster stations in the south, by offering interests in the stations to an entrepreneur who wins the IEA proceeding. In the Company's tender, an entrepreneur won the option to use the grounds of the booster station at Faran for the project, and is currently in the process of preparing and formulating the required documents to submit for the aforesaid IEA proceeding.

Hydrogen

Hydrogen as a green energy source is a groundbreaking field that has been growing in the last few years; we are currently studying this area and considering potential ways for the Company to participate in the long term. As part of this process, representatives of the Company took part in an educational tour held by the Ministry of Energy at companies overseas in the field of hydrogen storage and transmission processes, and in an international meeting on this subject in Rotterdam. We are also working towards collaborations on hydrogen with Israeli and international companies.

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

Some 90% of the information traffic between Europe and Asia currently flows through underwater cables in the Suez Canal. EAPC's route between Ashkelon and Eilat can serve as a land-based alternative to this pathway, offering an efficient, reliable, competitive solution. Following 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. The venture will also serve the Company for monitoring and oversight of its fuel line. The fibers will make it possible to detect any change in the seabed (such as uncoordinated excavations), providing further security to the Company's systems.

In 2023, the Company completed the planning of the trajectory between Ashkelon and Eilat, and contracted with Vertiv to plan landing stations in Ashkelon and Eilat with the capacity for up to eight underwater cables each.

Environmental responsibility

38-59 >



רשות הטבע והגנים

שומרים על צבי הים

גדרה זו מקיפה קן ובו ביצים של נקבת צב - ים

צב הים הוא מין בסכנת הכחדה עולמית ולכן ביצים המוטלות בחוף מעברות מיד אחרי הטלתן על ידי פקחי רשות הטבע והגנים לחוות הקינון מוגנת. חוות הקינון שומרת על הביצים מפני פגיעת אדם וטורפים טבעיים, עד מועד ההגחה מן הקן. לעיתים משאירים קנים בחופים מוגנים כמו שמורות טבע וננים לאומיים, או בחופים שאינם מוגנים מכיוון שהקן בן מספר ימים.

קן זה המוקף בגדרה, הושאר במקומו ולא הועבר לחוות הקינון. אנא התרחקו ושימרו על הקן!

נקבת צבי הים חוזרת בחורף (אפריל-מאי) לחוף בו היא נקבה ולשמן ויחיה את הביצים באותו החוף. כדי להבטיח את עתיד צבי הים, עלינו להמשיך על חופי הים.

מסעדות, רעש, פסולת ושינוע ופעולות לטוב את הנקבה בעת הבטלה או את האבקועים, הצבים שבחופים מהביצים ומניחים מהקן.

שמרו על צבי הים!
דווחו על צבי ים שראיתם או על מפגע הקשור בהם, בטלפון: כוכבית 3639

Sea turtle nest on the EAPC beach, Ashkelon

Protecting the environment and practicing environmental responsibility are values of the highest order at EAPC. We therefore 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, 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.



תחנת 2, אילת

› Environmental management structure

The board of directors and the safety, security, and environmental protection committee

Overarching responsibility for supervision of environmental protection; delineation of the Company's policies on environmental protection; receiving reports.

CEO and management

Overall managerial responsibility – Promoting projects while protecting the environment and enhancing the professional quality of managers and employees; ensuring continual improvement through reliable reporting, supervision, and data gathering and documentation; knowledge retention; detection of flaws; deriving and implementing lessons learned; raising awareness; improving transparency; encouraging initiatives in this field.

Safety, Environmental Protection, and Firefighting Division

Providing professional guidance to headquarters and terminals on environmental protection, safety, and firefighting. Responsible for writing procedures, compliance with regulatory requirements, and implementing derived processes. Responsible for management, monitoring, and oversight, including project guidance, budgets, training, and certifications.

Operational level – terminals and line maintenance units

Execution of maintenance work and projects, while sustaining the safety of the environment, as required by Company procedures.

Protection of the environment, safety, and emergency preparedness are top priorities for us. Responsibilities in these areas are woven through the Company's entire managerial and organizational framework, in view of their importance to its operations, from the board of directors, and the designated subcommittee it has authorized for this subject, to the management tiers and each and every employee

› Environmental policy principles

- Rigorous compliance with regulations, laws, 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.
- Aspiring to improve efficiency and reduce the consumption of resources used in our regular activity, and taking measures to improve energy efficiency.
- Expanding 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.

› Engagement with regulators

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 in the Eilat Bay” policy

When EAPC submitted an application to renew its toxin permits, in 2021, the Ministry of Environmental Protection had decided to apply a new policy of “zero added risk in the Eilat Bay.” Under this policy – which was established hastily, without a professional discussion with all of the government ministries – the annual volume of activity of the EAPC pier in Eilat was restricted to 2 million tons per year, and many new conditions absent from previous permits were added, with extensive operational and financial implications. The Company’s argument that the policy was substantially harmful to the energy security of the state was rejected.

Unfortunately, all of the warnings sounded by the Company’s leadership proved accurate on October 7th, when the “Swords of Iron” War began. The Company exhausted the permitted scope of activity according to the restriction at the port in the first half of 2023, and its foreign customers therefore did not leave any crude oil in the tanks allotted to them (as they would not have been able to use them for further activity at the Eilat Port in that year). When the war broke out, fuel tankers could not be received at the Company’s port in Ashkelon due to its proximity to the combat zones in Gaza, while the Company’s tanks for its foreign customers were empty due to this restriction. Consequently, the state was moments away from a severe energy crisis that would have impaired the functional continuity of the economy and the war effort.

Due to the grave condition of the fuel supply at the beginning of the war, the Ministry of Defense and Ministry of Energy urgently requested the immediate lifting of the restrictions on the Eilat Port. The Ministry of Environmental Protection consented to this request and lifted the 2-million-ton limit, on the condition that all “excess activity” would be for domestic use only. As soon as the limit was removed, the Company acted to receive a number of fuel

tankers at the Eilat Port, thus averting a severe national energy crisis. In February 2023, the Company received three new toxin permits containing many strict requirements and new instructions not present in the earlier permits. During 2023, the Company worked to implement the requirements of the three permits and comply with the timeline set by the Ministry of Environmental Protection in this area. In an application to renew the permits for 2024-2025, filed in 2023, the Company asked for an increase in the volume of activity in Eilat and Ashkelon, after completing all of the requirements that had been imposed. At this writing, this request has not yet been approved.

Interministerial committee for the examination of the “zero added risk in the Eilat Bay” policy

In view of government ministries’ arguments that the “zero added risk in the Eilat Bay” policy established by the Ministry of Environmental Protection had material negative effects on issues under their authority, and the disputes that arose on this matter between various government ministries, EAPC, and the Ministry of Environmental Protection, the Office of the Prime Minister established an independent interministerial professional committee to examine the policy. The professional committee included representatives of the Office of the Prime Minister; the Ministries of Environmental Protection, Energy and Infrastructure, Finance, Foreign Affairs, Health, Interior, and Tourism; the Administration of Shipping and Ports; the Government Water and Sewage Authority; and the Government Companies Authority. The committee also met with many external parties, such as the municipality of Ashkelon, the Cities Association, the municipality of Eilat, the Interuniversity Institute for Marine Sciences in Eilat, the Society for the Conservation of the Red Sea Environment, Israel Earth Guardians, Ecoocean, the Israel Desalination Society, the Israeli Association of Public Health Physicians, the Coastal Authorities Forum, Adam Teva V’Din, the Society for the Protection of Nature in Israel, and Zalul, as well as EAPC.

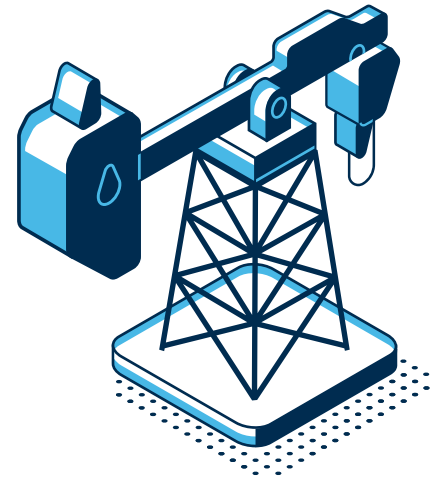
Main conclusions and recommendations of the interministerial committee

The committee accepted the Company’s position and determined that the permit granted to the Company (for a volume of activity greater than 2 million tons) should be extended during the war, and the condition of domestic use only should be revoked. The committee further determined that the Ministry of Environmental Protection should examine, specifically, the Company’s request to expand the volume of oil transported through Eilat Port within six months of the publication of the recommendations, within which the risk review conducted on this subject by the Company would be completed.

The Ministry of Environmental Protection must provide guidance regarding the measures required to reduce the probability of spill incidents and updates of the Local Emergency Plan. It was also determined that the Ministry of Energy should urgently examine expansion of the capacity of the Eilat Port to take in distillates (jet fuel and diesel fuel), due to the strategic importance of this capability in emergencies, in view of the potential for closure of Mediterranean ports during such events.

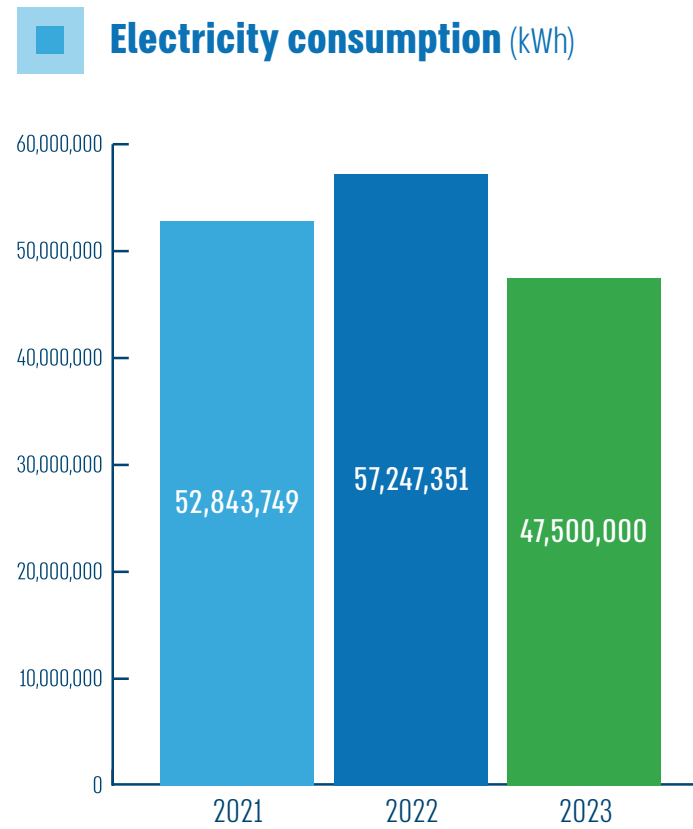


Placing a marine barrier



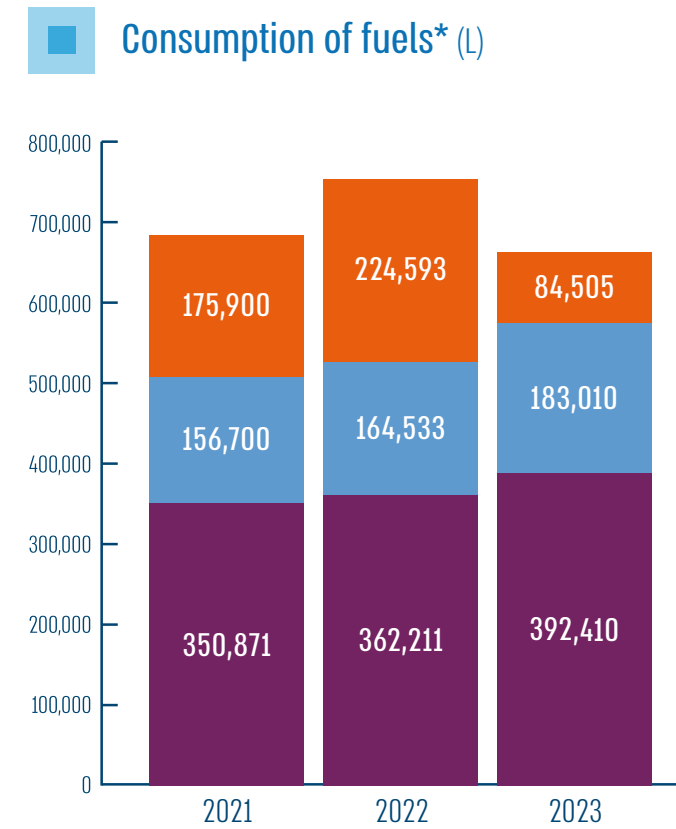
Utilization of resources

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 (hereinafter: the "Terminals").



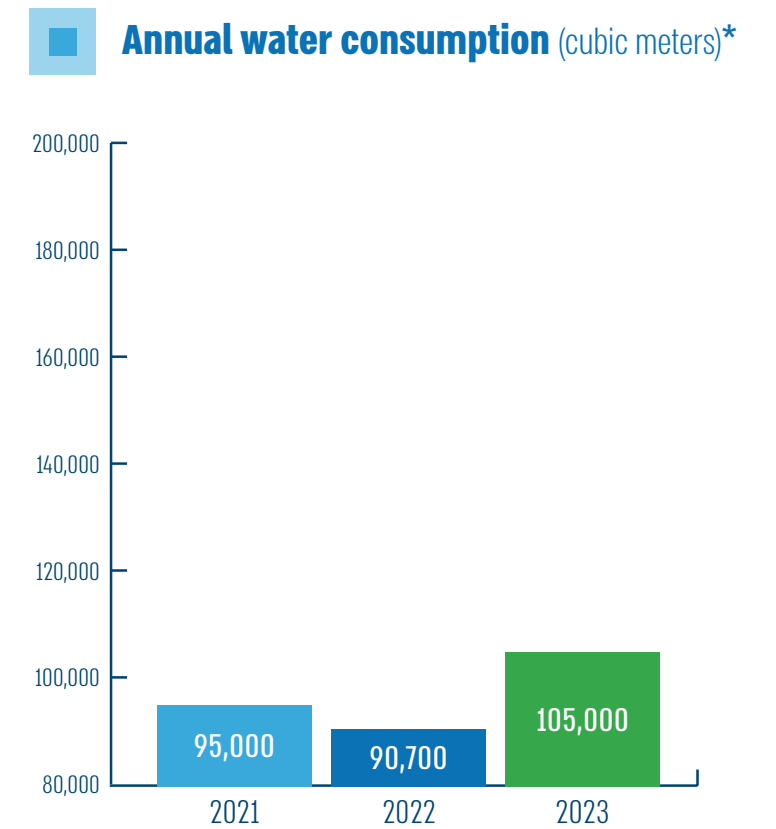
The Company's electricity consumption decreased by **17%** in 2023 compared with 2022

The Company's fuel consumption decreased by **12%** in 2023 compared with 2022



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

* The decrease in fuel consumption resulted from the "Swords of Iron" War.



* The increase in the quantity of water resulted from standard testing performed during the installation of new LPG tanks and after the refurbishment of oil tanks. During the test, the tanks are filled with water to test for impermeability before being filled with LPG or oil.



Installation of electric vehicle charging posts

The electric vehicle industry has seen significant development in recent years, in Israel and worldwide. The use of electric vehicles is better for the environment, reduces emissions of greenhouse gases and harmful pollutants, and leads to cleaner air.

According to the forecast for electric transportation in Israel by the Ministry of Energy, the number of electric vehicles on Israel's roads is expected to triple in the next two years, reaching about 210,000 by the end of 2025. As part of this trend and our ambition to reduce the use of resources and cut back carbon emissions, we have installed two double charging stations for electric vehicles for the use of the Company's employees, and we aim to add more stations in the coming years.



➤ Reducing emissions into the air

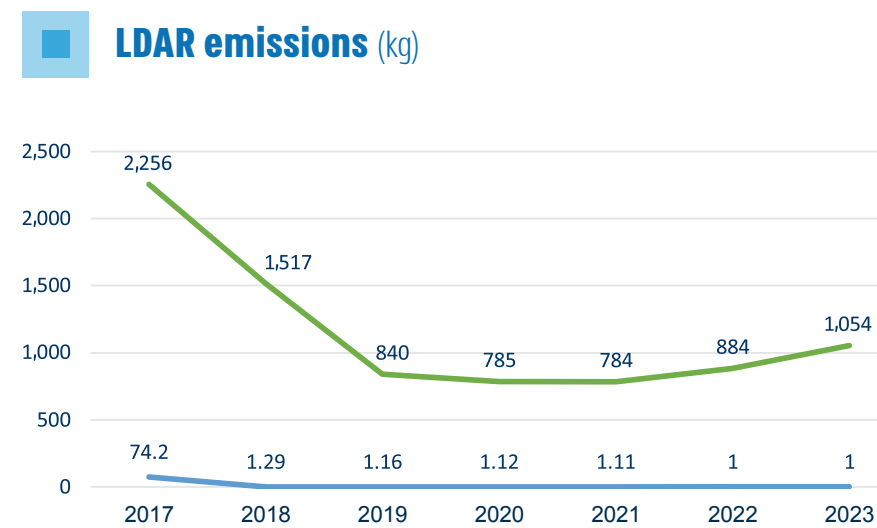
As noted, the Company's main activity is loading/unloading, storing, and transporting fuels. Potential pollutants in its areas of activity include BETX, substances for which environmental thresholds have been set by the Ministry of Environmental Protection. We invest extensive resources in management, monitoring, control, and constant improvement of operational systems to reduce emissions. The following are several examples of actions taken by the Company in this area.

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 by the Laboratory Certification Authority under the LDAR protocol of the EPA⁴ and the procedures of the Ministry of Environmental Protection. Any component measured at more than 1,000 ppm (parts per million) of VOCs⁵ 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.

⁴ EPA - Environmental Protection Agency

⁵ VOC - Volatile Organic Compounds



Benzene (kg) | VOC (kg)

As illustrated by the data, since monitoring began in Ashkelon, the values have fallen significantly, to a minimal quantity of emissions with negligible impact. Monitoring performed in 2022 and 2023 indicated a slight rise in VOCs, due to a number of components that were found to have leaks and have been replaced. This is the essence of emission detection and treatment.

In 2023, the Company issued a tender for writing a plan and performing LDAR sampling in Eilat. The selected company began mapping and processing of the data in 2024, with the aim of submitting the plan for approval by the Ministry of Environmental Protection and beginning sampling in the second half of 2024.

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, using an SPM⁶ buoy, and transport the vapor to an onshore treatment facility

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. A VCU system has been installed in Ashkelon. Each time crude oil is loaded at the mooring point, the ship is connected to the onshore VCU system, 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. Emission values of this system were established by the Ministry of Environmental Protection and formalized in the toxin permit received in 2023.

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 Eilat were set up due to the Company's commitment to the public to do everything in its power to reduce its environmental impacts, rather than in reaction to any requirement of the Ministry of Environmental Protection, and were based on the requirements for the system in Ashkelon. In

2023, two years after the setup of the Eilat system, a requirement for compliance with extremely strict threshold values was introduced into the toxin permit for the first time, at far more stringent levels than required of the Ashkelon system. With the Ministry of Environmental Protection, a decision was made to run a pilot project to determine whether the system is in compliance with the new, stricter values set in the permit.

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 2023 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. In 2023, the Company began to work towards an upgrade of the VRU in order to comply with the stricter environmental values set in the toxin permit. The Company contacted several international companies specializing in this field, but the process was suspended due to the war in Israel and the foreign companies' representatives' reluctance to come to Israel at this time.

BLABO tank cleaning method – 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 has imported a closed-system cleaning method known as BLABO to Israel. 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. 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 an international company with extensive experience in work of this type. Four tanks were cleaned using this method in 2023.



68
tons of TOC⁷
emissions in 2022

47
tons of TOC emissions
in 2023

30%
decrease in TOC emissions
year-on-year in 2023

⁶ SPM buoy – single-point mooring buoy (mono)

⁷ The total emissions figure includes emissions from tanks calculated according to the EPA standard and the calculators of the Ministry of Environmental Protection. In addition, emission calculations were applied to focal and non-focal sources, in accordance with the analyses received

➤ Improvement of operational competencies and energy efficiency

As part of our commitment to the protection of the environment and our ambition to reduce our carbon footprint, we work methodically to improve energy efficiency in every area of our activity. Some of the actions taken in 2023 are described below.

- **Acquisition of a new, more environment-friendly marine vehicle** – This year we added Noga, a new green marine vehicle with better capabilities, to the EAPC arsenal for treating marine pollution, replacing an outdated vehicle. Noga is equipped with modern engines aligned with environmental standards, and contributes to operational efficiency and savings on time and fuel resources, thereby also reducing carbon-dioxide emissions.
- **Installation of VFD (variable frequency drive)** – The VFD was installed at the pumps at Gilot station. This automated electronic system optimizes flow on the line and reduces pressures and loads, leading to significant energy savings.
- **Installation of individual electricity meters on each pump** – The meters can be read remotely by digital means, rather than manually as in the past; this will help detect irregularities at specific pumps, allowing quick and efficient treatment. The meters will become fully operational in 2024.
- **Use of gravity** – To save energy, we use the force of gravity to load tankers

at sea and perform operational actions such as transferring unprocessed fuel from one tank to another. The terminals are planned and built so that each row of tanks is at a different height, allowing this method to be used to save great quantities of energy by avoiding the use of pumps. We also take line topographies into consideration in order to save energy using gravity in transmission via national pipelines. Employees are highly aware of this principle and apply it whenever possible, according to field conditions.

- **Renovation of a single-point mooring buoy (mono)** – The mono is a single buoy with a lower section attached to the seabed by many anchors; the top section is a rotating turret that can swivel 360 degrees freely. The fuel pipeline passes through the center of the buoy, via a drum that allows fuel to flow while the turret is in motion. Oil tankers moor to the buoy using a rope attaching the buoy turret to the tanker bow. This allows tankers to be loaded and unloaded even during high seas. In the course of preventive maintenance, to avert malfunctions, this year we refurbished the buoy by dismantling it and bringing it onshore. This type of thorough refurbishment is performed once every eight years, and involves a shutdown of the buoy for a substantial amount of time. The refurbishment maintains operational quality and the ability to serve the Company's customers, as well as contributing to the prevention of marine pollution and the protection of the environment, particularly the marine environment.



➤ Carbon footprint

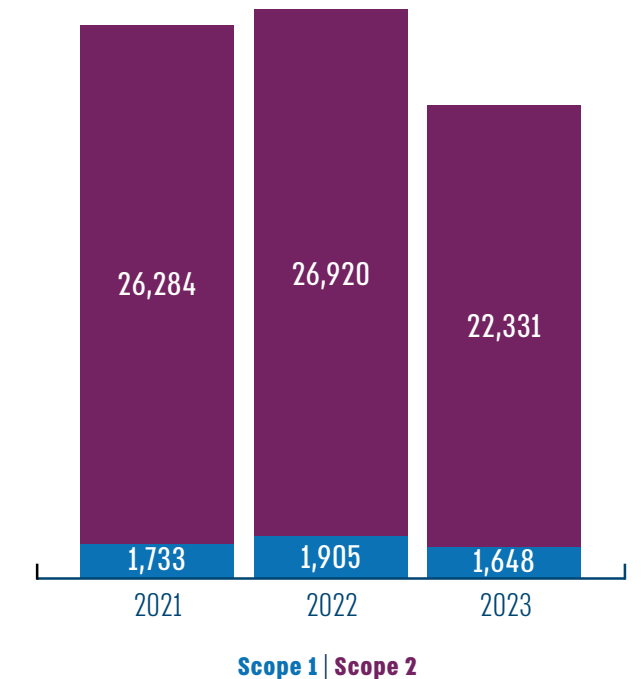
EAPC's total greenhouse-gas emissions and the carbon footprint of its business activities are measured based on the Greenhouse Gas Protocol. The calculation is performed in tonnes of carbon-dioxide equivalent (tCO₂eq), and refers to direct and indirect emissions (Scopes 1 and 2).

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.

Greenhouse-gas emissions from the Company's operations decreased by 17% in 2023 compared with 2022

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



Greenhouse-gas emissions, 2023:

1,648

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

22,331

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

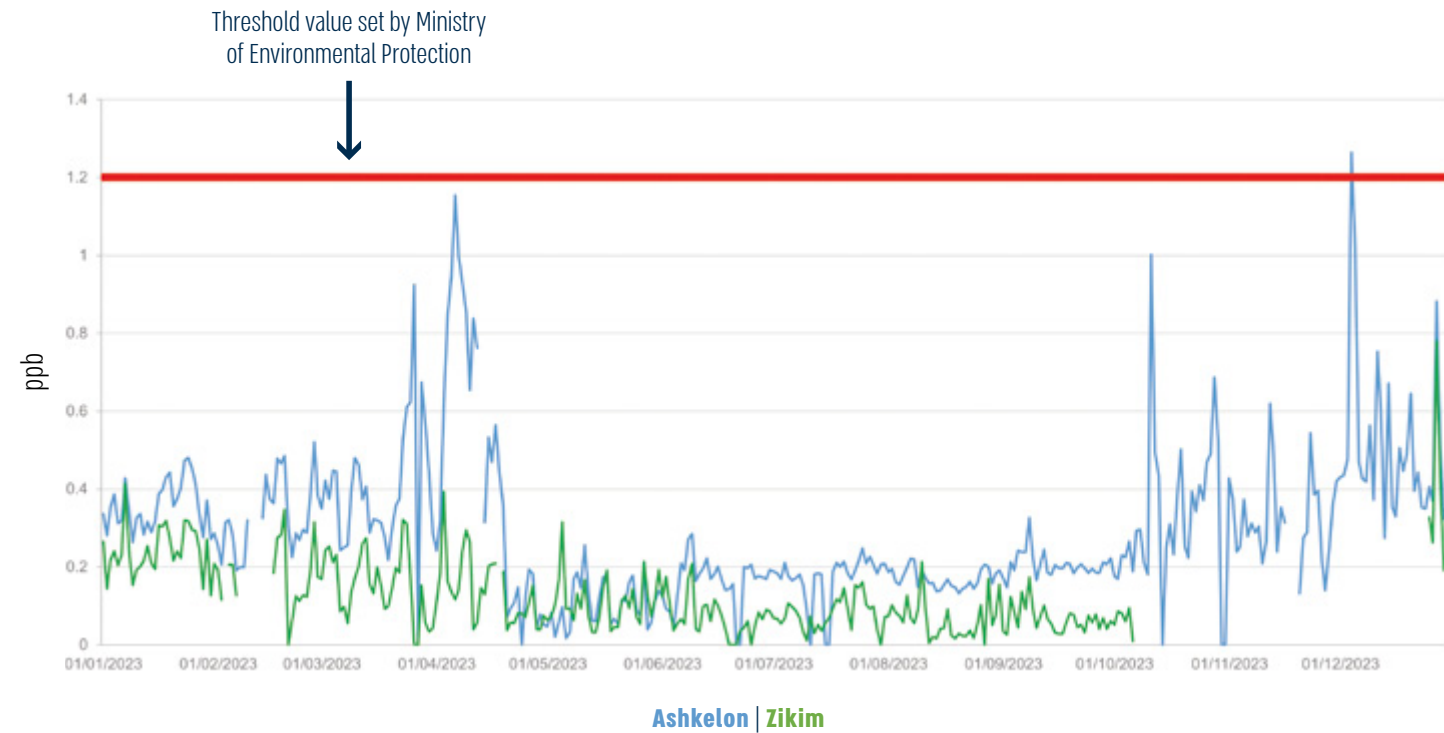
Monitoring system

Although EAPC is not a manufacturing plant, and no processing or other processes that actively generate emissions are applied to materials at its facilities, 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 and at the Company's sites, as well as meteorological monitoring, as described below.

1. Monitoring stations

For several years, we have operated two environmental monitoring stations for BTEX⁸ pollutants. The stations are located in population centers in Ashkelon and Zikim. In late 2023, another environmental monitoring station was added in the Shachmon neighborhood of the city of Eilat, and an operational monitoring station was installed on the fence of the Ashkelon terminal. The locations for the stations were selected in cooperation with the Ministry of Environmental Protection and the Ashkelon District Cities Association.

Data on benzene from the monitoring stations in Ashkelon and Zikim, 2023:



⁸ benzene, toluene, ethylbenzene and xylene

A rise in benzene values in the region can be seen at the outbreak of the "Swords of Iron" War, due to its proximity to the combat zone; there was one deviation from the daily threshold value. An increase in values was also observed at the station in early April; an examination of meteorological conditions indicates that, based on wind directions, EAPC was not the source of the increase

The stations monitor air quality 24 hours a day, seven days a week, 365 days a year. The environmental stations in population centers are connected directly to the air-monitoring system (AMS) of the Ministry of Environmental Protection and the Ashkelon District Cities Association, which presents data publicly online in real time. The operational station on the terminal fence is monitored directly by AMS and the association. Data from the operational station are published in reports by the Ministry of Environmental Protection and based on the ministry's decisions. These data will also be available to the public soon, on the AMS website, with a one-week delay from the date of the reading. The purpose of the operational station is to detect deviations before they leave the fence.

In 2024, we plan to add a monitoring station in the Lotan neighborhood, in the southern part of Ashkelon. The monitoring stations are operated by EAPC, but they monitor air quality in an environment affected by many diverse factors. Other industrial plants in the Ashkelon region, adjacent to EAPC and close to the city of Ashkelon, have not been required to set up monitoring stations. We regularly test the values from the stations, and have identified a trend where pollutant values rise when the wind direction is not from EAPC.

2. Responding to odor complaints

In 2022, we decided to expand our capabilities in understanding and analyzing air monitoring around our facilities; towards that end, we contracted with Meteotec, which performs 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 section on responding to odor complaints in the report for 2022, page 52.

Odor complaints in 2023

16

Complaints received

0

Complaints requiring further treatment

0

Complaints found to be related to EAPC

A 30%

decrease in the number of complaints

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. Emission calculations are based on the international EPA standard.

In 2023, the Company conducted an emissions and odor survey, with the guidance and instruction of the Ministry of Environmental Protection. For the odor survey, we were required to perform an unusual and unique test, never carried out at any company in Israel, to examine the intensity of the odor of each type of fuel. The examination was based on an article sent by the Ministry of Environmental Protection, rather than the tests commonly used in Israel for odor surveys. As this test is unknown in Israel and has not been performed here, there is no laboratory licensed to conduct the test. A pilot project to examine the feasibility of the method was carried out, in accordance with the guidelines of the Ministry of Environmental Protection, in coordination with the ministry. The impact of operating the storage tanks and associated facilities in terms of odor was assessed based on this examination.

Both surveys tested severe scenarios that are not characteristic of the Company's routine operations, and none of the tests found any deviations from the environmental values set by the Ministry of Environmental Protection for pollutants relevant to odor. A similar calculation of emissions will also be performed at the Eilat terminal in 2024.

Thermal camera

The Company has started to routinely use a thermal camera to examine emissions from tanks. The purpose of this examination is to ensure that all components of the tank are working correctly, and that there are no unusual emissions from any of the equipment components. If a malfunction is detected, it is repaired immediately. Results of the test are submitted to the Ministry of Environmental Protection.

⁹ The data do not include hazardous-substance incidents caused by the "Swords of Iron" War, if any

Waste treatment

The core activity of the Company is unloading/loading, storing, and transporting fuel and fuel products, which are classified as hazardous substances. These routine operations occasionally generate effluents accompanying oil loads, such as water, which is 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 with events in the distant past discovered during excavation work at a site. We treat any contamination 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.

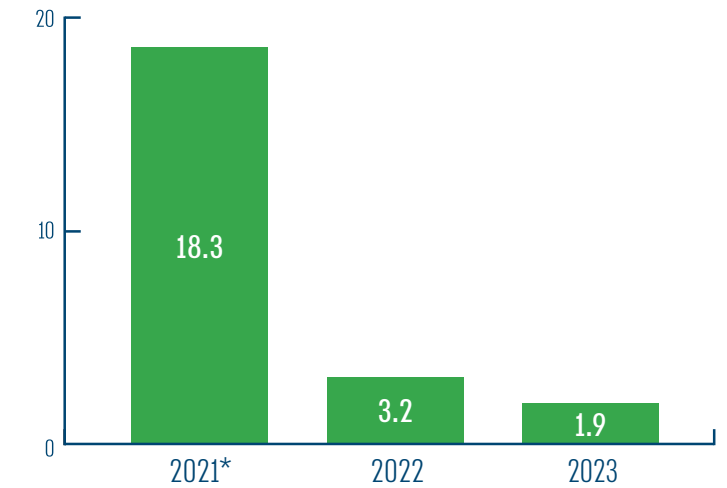
One hazardous-substance incident⁹ occurred at the Company in 2023, when a few dozen liters spilled onto the ground. There were also two incidents of drainage water spilled onto the ground (not a hazardous-substance incident). All of the incidents were immediately contained and addressed.



Non-soil hazardous waste treatment

The Company separates hazardous-substance (HS) 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.

Soil removed for biological treatment (thousand tons)



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

40%
decrease in the quantity of contaminated soil requiring treatment in the last year

90%
decrease in the quantity of contaminated soil requiring treatment in the last three years

173 tons
total hazardous waste removed in 2023

7 tons
of waste recycled

166 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)

Biological treatment of drainage water

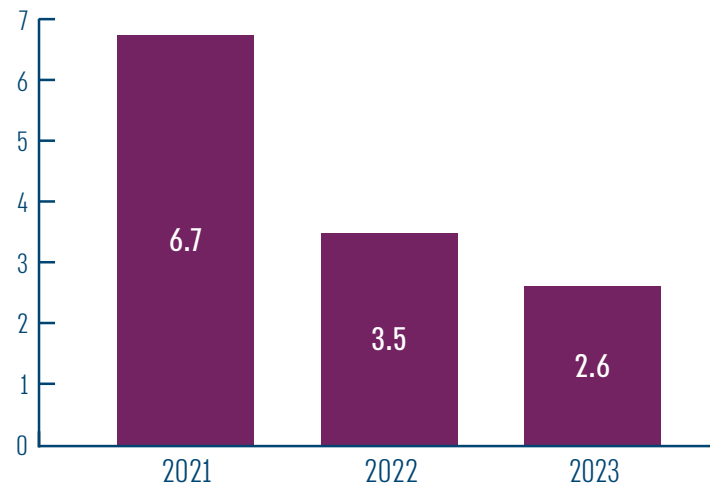
Drainage water is generated during the Company's routine operations, from fuels containing a small quantity of water that needs to be drained before the fuel enters the refinery; another source is the water used by the Company for maintenance purposes. All of the drainage water formed during operations 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.

In 2023, a toxin permit we received set new required threshold values. The Company has started working with the Sea and Coasts Division of the Ministry of Environmental Protection and the district to formulate a plan for further treatment of drainage water, according to the new terms. Following many discussions, a decision was made to connect the water outlet to a pipeline discharged into the sea from a planned desalination plant, to be built adjacent to the Company by 2028. For that purpose, preliminary conditions for a permit for discharges into the sea were received, and the Company is working with well-known experienced companies to establish a plan for upgrading its biological treatment system accordingly.

Paper waste treatment

Waste paper and cardboard from our operations are sent for recycling. In 2022, the Company ran a campaign on paper savings, to raise employees' awareness of this issue.

Paper waste sent for recycling (tons)



61% decrease in the quantity of cardboard and paper requiring disposal in the last three years

~54,400 cubic meters of water were treated in Ashkelon in 2023

~1,100 cubic meters of water were treated in Eilat in 2023



EAPC Ashkelon beach cleanup

As part of our commitment to the protection of the environment, we accord great importance to the cleanliness of our surroundings, on land and at sea, and have taken action to clean the beach at the Ashkelon terminal.

We removed some 60 tons of waste from the beach over the course of 2023. Most of the waste comes from the Gaza Strip

> 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 terminals more environment-friendly. The program focuses on the following measures:

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

We continued this program in 2023. To raise our employees' awareness of these issues, we posted notices across the Company's offices and on employees' computer screensavers; we also acquired dishwashers for cups and cutlery, to support a more efficient transition to the use of reusable dishes.



**מדיח משרדי,
30 שניות
וזה נקי!**

בימים אלה הותקנו מדיחים ייחודיים לרשימת כוסות וסכ"ם רב פעמי בטמפרטורה גבוהה קצא"א פועלת לצמצום השימוש בחד"פ

הידעת?

- כוסות חד"פ לשתייה חמה מצופות בשכבת פלסטיק ולכן לא ניתנות למיחזור.
- 8.5 מיליון עצים בשנה נכרתים כדי לייצר כוסות אלו!

קצאא חושבת ירוק



הדפיסו רק מה שנחוץ חסכו בהדפסות לא חיוניות

הידעת?

- 42% מהעצים שנכרתים משמשים לתעשיית הנייר.
- חצי משטחי היערות בעולם הושמדו, ו-80% ממה שעוד קיים גם הוא בסכנה.

קצאא חושבת ירוק

קצאא קצ"ב צינור איוזמה אסיה



> 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. Many of the Company's activity sites are closed to the public, allowing flora, fauna, and nature to live, grow, and develop without interference. For further information regarding the protection of biodiversity, see the Corporate Responsibility Report for 2022.

Emergency preparedness

60-71 >



The Company has two facility portfolios, in accordance with regulatory requirements, for the Ashkelon Terminal and the Eilat Terminal. The facility portfolio specifies the contact persons and headcount of the facility, the equipment for responding to various hazardous-substance events, scenarios, and more. The Company updates the facility portfolios annually and submits them to the Ministry of Environmental Protection as part of its toxin permit application.



172 drills were held at the Ashkelon and Eilat terminals and on the pipelines in 2023

Marine pollution drill

> 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.

Firefighting team

Our firefighting team is a skilled cohesive in-house crew composed of EAPC employees who have specialized expertise in various aspects of firefighting, and maintain a continual presence at the Company's compounds.

The firefighters' specialization process includes professional courses held in Europe and the United States. The courses provide intensive training covering theoretical studies, based on NFPA 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 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.

For further information regarding the firefighting system, see the Corporate Responsibility Report for 2022.

> 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 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.



Scan to view a video on emergency drills

> Preventing and addressing emergencies at sea

The Company has two Local Emergency Plans (LEPs), at its Ashkelon and Eilat locations, updated annually and approved by the Ministry of Environmental Protection. The LEP is a working procedure for the treatment of marine and coastal pollution. Each plan contains clear goals and targets, references to sensitive areas and potential sources of oil¹⁰ pollution, and a comprehensive plan 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 sampling of the suspected substance. In addition, wind directions, sea level, and currents are analyzed by a port captain, and dedicated software 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 (portable pumps), into mobile collection containers onboard the vessel; and transfer the substance collected to designated containers on shore.

¹⁰ 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

› 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 every time tankers dock at the pier, surrounding the oil tanker at 360 degrees, to serve as an additional safety mechanism. In the event of a leak into the sea, the leak can be contained within the Company's compound and suctioned back into the farm tanks for immediate treatment.



View a video on the installation of a marine barrier

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 68.

Double protection for flexible pipelines

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

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, throughout the loading/unloading period. This team is responsible for the immediate response to any scenario.

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.

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.

Marine desk

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

Renewal of the marine vehicle fleet

Over recent years the Company has acquired two advanced new tugboats, Lubrani and Gaia, for its operational activities. The Company also acquired another vessel, Noga; together, the vessels allow a better response to marine pollution incidents.

Advanced equipment for the treatment of marine and coastal 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 and contain leaks; 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.



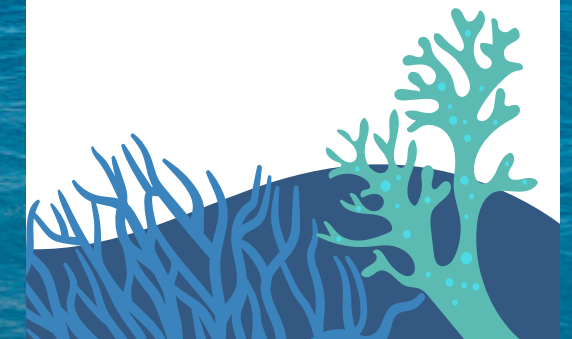
View a video of a marine pollution drill

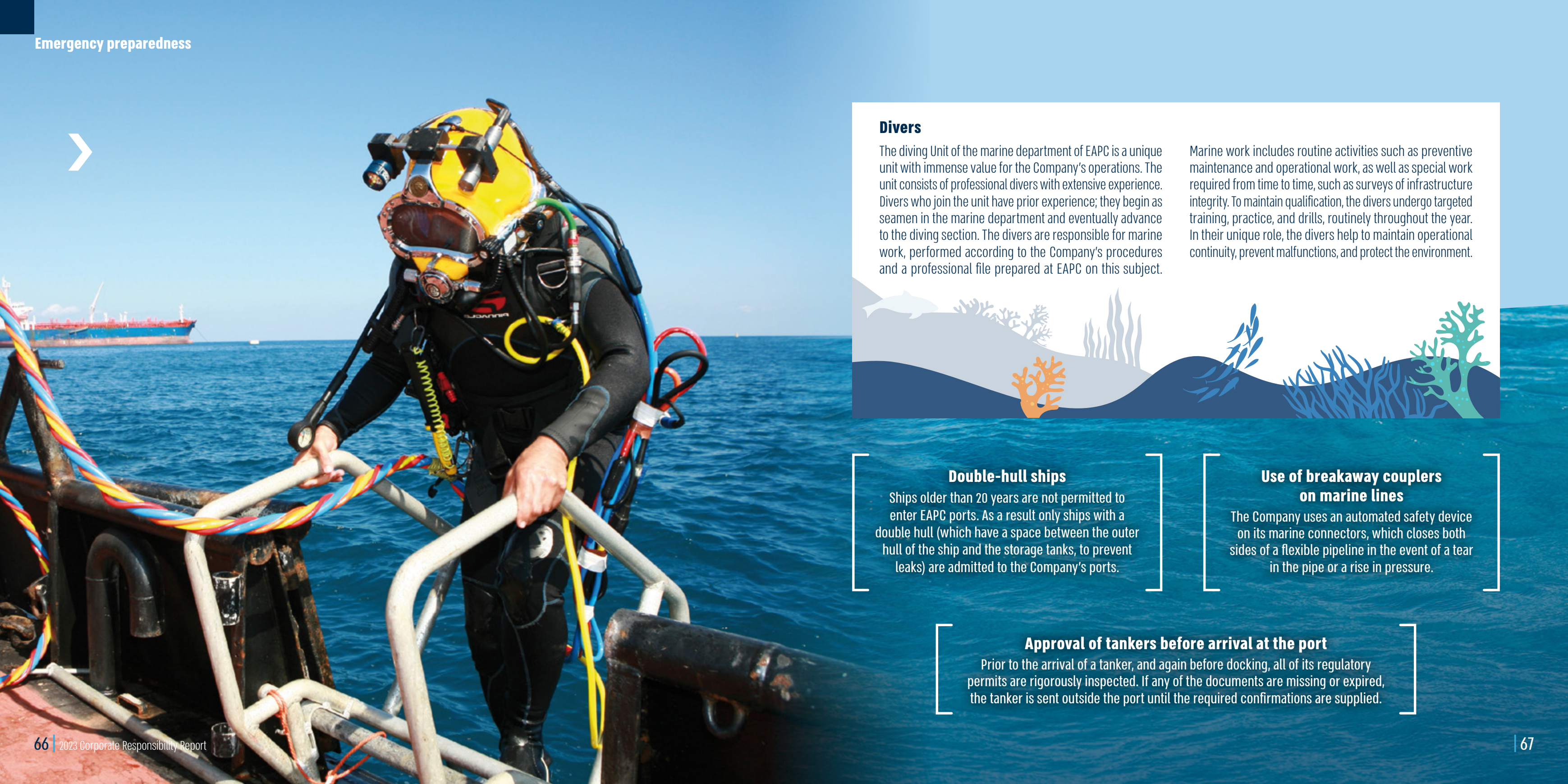
International Maritime Organization (IMO) certification

The Company has skilled teams with IM01 and IM02 certification for the treatment of oil pollution at sea and on shore.

CIPS and DCVG tests of marine lines

Special examinations of the marine lines were performed in 2023 through an international contractor, Corpro. These external examinations of the marine transmission lines complement the internal testing performed using the Smart PIG. The examinations consist 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.

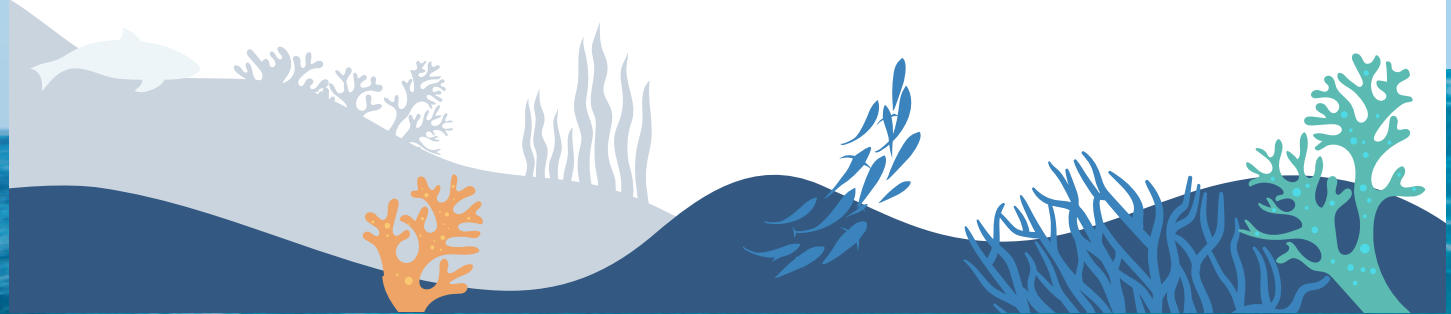




Divers

The diving Unit of the marine department of EAPC is a unique unit with immense value for the Company's operations. The unit consists of professional divers with extensive experience. Divers who join the unit have prior experience; they begin as seamen in the marine department and eventually advance to the diving section. The divers are responsible for marine work, performed according to the Company's procedures and a professional file prepared at EAPC on this subject.

Marine work includes routine activities such as preventive maintenance and operational work, as well as special work required from time to time, such as surveys of infrastructure integrity. To maintain qualification, the divers undergo targeted training, practice, and drills, routinely throughout the year. In their unique role, the divers help to maintain operational continuity, prevent malfunctions, and protect the environment.



Double-hull ships

Ships older than 20 years are not permitted to enter EAPC ports. As a result 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.

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.

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.

Measures to prevent soil and groundwater pollution

- **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 international consultants and 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.
- **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 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 CIPS tests to examine the continuity of insulation in the pipelines, and a 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. Our multi-annual work plan called for a Smart PIG test in October 2023; however, due to the war, the international teams could not come to Israel, and the test was postponed to 2024.
- **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 to the extent possible. 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. 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 plan for the survey was approved by the Ministry of Environmental Protection in 2023. The survey includes a large number of soil bores, which were performed in 2023, with results expected in 2024.

- **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. Most of the drainage tanks are currently double walled. We also test the impermeability of the tanks more frequently than required – once every three years, instead of every five years.

- **Inspection and refurbishment 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 580 and API 635, 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.
- **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 the transmission line zone. 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 fuel line zone (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.



Smart PIG

We examine the integrity of the national lines using a Smart PIG twice as frequently as required by the standard: every 2.5 years, instead of every 5 years



View a video on passing a Smart PIG through the pipelines

› Supervision of contractor work

We engage experienced, reputable external contractors to execute work along our pipelines. As part of our system of managing environmental and safety risks, we accord high importance to supervision of the safety and quality of the contractors' work. Within this responsibility, 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 needed to perform highly sensitive work on the lines. When work is performed along the transport lines by contractors, we operate external and internal supervision systems to protect the soundness and integrity of the lines and ensure compliance with relevant procedures.

Previously, EAPC relied primarily on external supervisors that it engaged. In 2022, the Company made a decision to rely mainly on an internal network of supervisors formed for this purpose. We hired and trained 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 ensure that the risks do not exceed a reasonable level. Advance planning, thinking, and preparation are conducted accordingly, along with relevant certification and training for contractor employees, with the aim of minimizing risk to the extent possible.

In accordance with the supervision procedure provided by the Ministry of Environmental Protection, the Company requires contractors to 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.

Before a contractor begins working in the field, a drill is held to ascertain that the contractor and their team are prepared to handle an emergency. The Company routinely carries out onsite oversight of its work sites. Additional monthly reviews are conducted by the Safety Department Manager and the Deputy General Manager of Safety, Environmental Protection, and Firefighting.

In the event of an accident, deficiency, or breach of safety rules, 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.

› Material environmental events

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 in 2024.

The Evrona and Zin River incidents

See details in the Corporate Responsibility Report for 2022.



Human resources

72-91 >

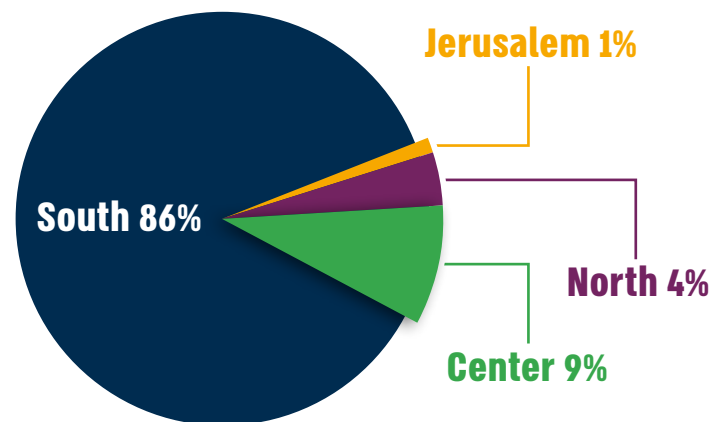


At EAPC, we center our employees. The Company has a small, efficient, quality staff with extensive experience, professional knowledge, and unique areas of expertise. Every employee has a meaningful impact on the success of the Company as a whole.

Labor relations between management and employees at the Company are founded on mutual respect, partnership, and long-term commitment. We invest extensively in developing employees' professional and personal capabilities, caring for their health and well-being, and providing them with an appropriate, safe, responsible work environment. 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 staffing and salaries policy was approved by the Company's board of directors. Among other matters, the policy sets forth guidelines on key topics such as personnel hiring and employment, salaries, employee evaluations, appropriate representation in management roles, representation for people of Ethiopian and Druze origin, equal rights for people with disabilities, and protection of the rights of workers employed through service contractors.

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



EAPC employees work together, around the clock and year-round, in routine times and emergencies, driven by commitment to the national mission and to our vital role in protecting the State of Israel's energy security. Their dedication and extensive activities have been accentuated during the "Swords of Iron" War

➤ Human capital during the Swords of Iron War

A substantial part of EAPC is located in the city of Ashkelon, where most employees are residents of Ashkelon or the Western Negev. 100% of employees called to work during the war stepped up to do their best at their job.

Approximately 22% of the employees of the Company were called up for military service during the war – a highly significant percentage of our workforce.

During the war, we have made sure to stay in touch continuously with all of our employees, especially those evacuated from their homes and our reserve soldiers. Some of the ways the Company supports its employees' well-being include gifts for all employees and their families, and gifts sent to reserve soldiers and families to help and raise morale during this period. We offered evacuated employees options for flexible work from their alternate housing or hotels. For employees whose roles are categorized as essential, we provided respite for families outside the danger zones, letting them know their families were in a safe and quiet place so that they could focus better on work.

Many of the roles at the Company are unique professional positions for which it is difficult to find replacements on short notice. To fill the gaps formed by the massive call-up of reserve soldiers, the Company's management joined the effort to staff the necessary shifts. Many of the Company's retirees and past employees also contacted us when the war began and asked to help; we accepted and brought them in temporarily to compensate for staffing shortages.

We see this initiative from our former employees as one of the Company's strengths. At a time like this, when their help is most needed, we are seeing the fruits of our many years of investment in our workers and retirees, and we are happy that they still feel a connection to EAPC, even after leaving.

2023 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 years
average age of EAPC employees

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

3%
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.

Thus, we greatly value having employees from population segments underrepresented in the job market, 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 the Human Resources Department 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.

A high figure compared to other government companies and above the legal requirement for public-sector companies

Employing people of Druze and Circassian origin

Circassians are an ethnic group within Israeli society who belong to the Sunni branch of Islam. EAPC has a special, long-lasting connection with the Circassian community in Israel, forged many years ago. 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 at the Company work at Faran Station, while others work at the pipeline maintenance unit and the Eilat Terminal.

Employing workers with disabilities

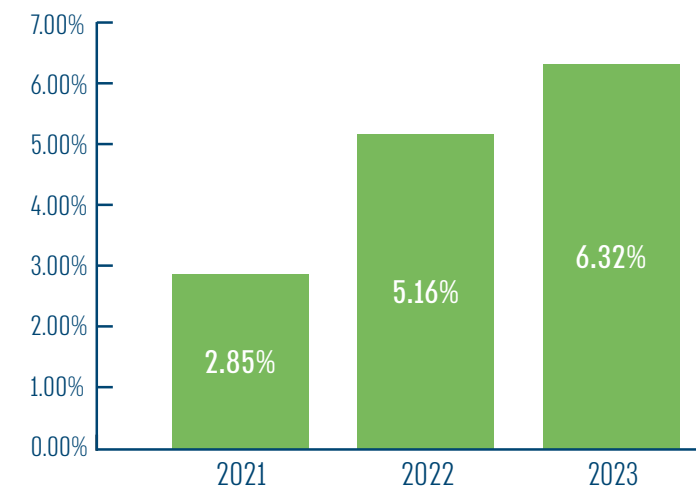
For years, the Company has employed people with disabilities, in view of the importance we ascribe to the inclusion of these workers in the workplace and in the general population. After hearing from a mother of a child with a disability at one of our community meetings in 2022, we stepped up our efforts 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 additional 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.

“The employment of people with disabilities is an ongoing success story for us. Everyone is happy with it – management, the workers with disabilities, and the colleagues on their teams. We took a significant leap forward in this area over the last few years, and we are seeing many benefits to the organization as a result.”

Alon Shop, Ashkelon Terminal Manager

Percentage of people with disabilities employed



Diversity at EAPC

4%

Israelis of Ethiopian descent

6%

People with disabilities

1%

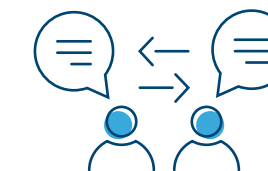
Druze society

3%

Arab society

7%

of senior EAPC employees are people with disabilities



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. A woman was hired to the Company's management in 2023, as Deputy General Manager of Information Systems and Cybersecurity. We also added the first woman to our warehouse staff in the Eilat Terminal.

■ Employees of the Company by rank and gender (in percent), December 31, 2023

	Women	Men
Board of directors	17%	83%
Members of management	13%	87%
Middle management (department heads)	19%	81%
First-tier management (section heads)	8%	92%
Employees	17%	83%
Total	16%	84%

“I was hired at EAPC as a warehouse worker a year ago. Our everyday work is dynamic, varied, and highly challenging. The job combines field work, which is mostly physical, with work on different interfaces at the facility and with private suppliers, as well as office work. I love my job, and honestly, thanks to my manager, who has given me an amazing skillset, I had a much smoother start at the warehouse. I have worked at several other organizations and I enjoyed that, but there is something special about EAPC Eilat. It’s like a little family that gives us a sense of confidence about maximizing our success. I am very happy that the facility manager and maintenance manager believed in me and gave me the chance to be part of the EAPC family. This is considered a very masculine job, but my belief is that nothing can stand in the way of the will.”

Hila Atias, warehouse worker at the Eilat Terminal



➤ 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 provided targeted training to two women and one man for the role of supervisors of the prevention of sexual harassment.
- 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.

No complaints concerning sexual harassment were received in 2023.

➤ 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.

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.

100%
of employees completed training on sexual harassment

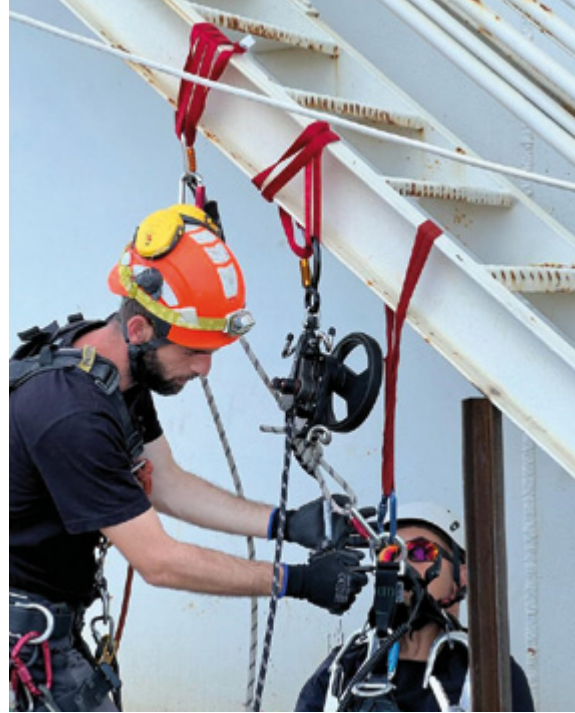
100%
of employees went through a feedback process in 2023

› Training and career development

Professionalism and excellence are important core values at the foundation of our work at the Company. We therefore invest extensively in the development of employees' capabilities and skills. Outstanding employees with exceptional performance are commended and spotlighted at an excellence event, and rewarded accordingly. 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.



Training and drilling on rescuing an injured person from a surrounded space



Training on working at height

Resilience workshops

The organizational and individual resilience of managers and workers within the organization has great significant in today's world of work, which is characterized by high levels of uncertainty, large numbers of tasks, and pressure, and we see it as all the more important during wartime.

As part of our training program, we introduced resilience workshops before the war began, initially for senior management and later for department heads. The goal is to develop resilience skills and the ability to cope with various challenges in the course of their work.

In 2023, 4% employees were promoted to a more senior rank in internal mobility processes

Beyond that, we encourage our employees to develop their education and career, and to apply for academic programs; we also offer tuition aid. In 2023, 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. In 2023, 4% of employees were promoted to a more senior rank in internal mobility processes.

Training in 2023

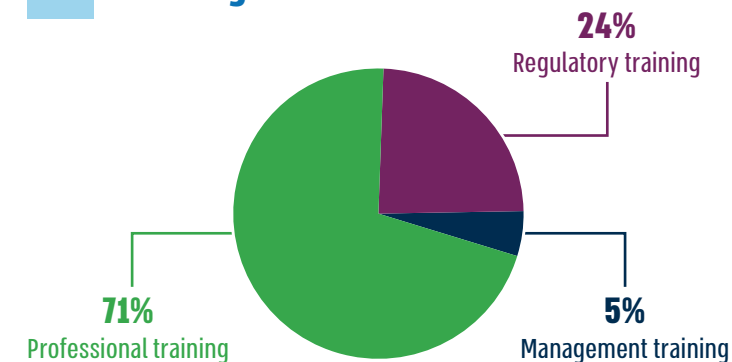
91 professional training sessions

31 regulatory training sessions

7 management training sessions

1,368 total days of training at the Company

Training in 2023



> Well-being

We accord high importance to balancing work with leisure and to our employees' mental and physical well-being. These factors also contribute to optimal performance at work.

Employees receive a wide range of well-being benefits to meet these needs, for families, for leisure activities, and for a healthy and balanced lifestyle. The majority of the Company's employees are employed under collective contracts, in full-time positions.

Benefits include:

- Events and teambuilding activities for employees and their families: holiday events and gifts, 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.
- A bonus and incentives for outstanding employees who meet targets.
- For employees nearing retirement, a preparatory course for the employees and their spouses, and pension advising from a leading consultancy in Israel.



Images from various well-being activities



> Worker health and safety throughout the supply chain



Protecting human life is our highest priority. The Company has a safety policy that is an integral part of its strategy and is based on strict safety standards. We are committed to safeguarding the health and safety of employees and subcontractors across all Company sites by providing necessary protective equipment, conducting medical screenings, and ensuring a suitable, 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.

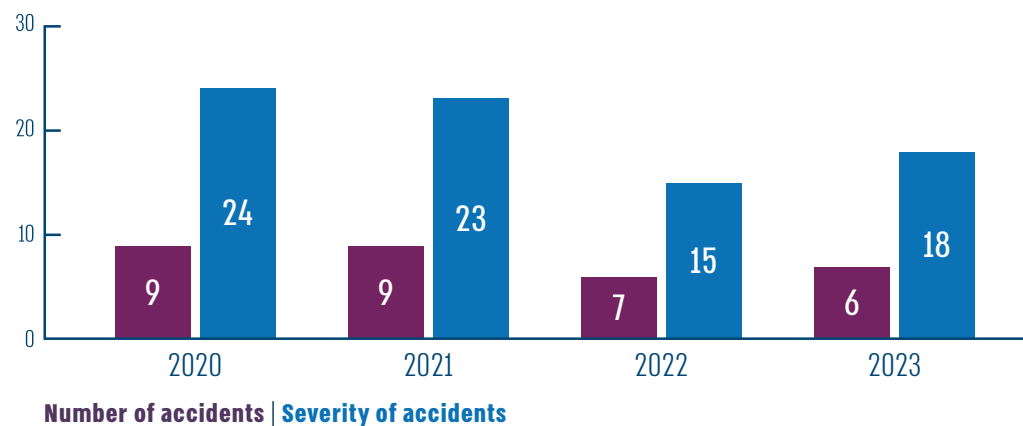
Prior to beginning infrastructure projects, a comprehensive assessment of project processes and associated risks is conducted. The safety supervisor prepares a detailed document outlining safety conditions, necessary preparations, and projected phases of the project. Company employees and contractor personnel are required to strictly follow these guidelines. To ensure compliance with established procedures, the Company conducts unannounced inspections and scheduled audits, issuing reports and findings as part of its oversight process.

Main actions taken to ensure protection of the safety of employees and contractor workers:

- Formulating safety procedures and monitoring their application.
- Supplying state-of-the-art safety equipment for employees, including for tasks involving hazardous materials and work at heights, with regular inspections to ensure equipment integrity.
- Investigating incidents, leading to accidents or near-accidents and organization-wide communication of the conclusions to all employees.
- Monitoring indicators such as accident severity and frequency to reduce accident rates, identify areas requiring additional attention, and track trends to provide a proactive response to evolving safety needs.
- Encouraging and raising employee awareness using various means, such as screensavers on 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 adjusted.

We are committed to safeguarding the health and safety of employees and subcontractors across all Company sites

Number and severity of accidents*



The number of accidents decreased in 2023 in comparison to the preceding three years

* 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; 144 near-miss safety incidents were reported in 2023. A similar number was reported in 2022. These figures demonstrate rising awareness of the importance of reporting and implementation by employees, in accordance with the safety policy targets

Summary of safety training and audits in 2023

- **Training** – Approximately 2,000 intra-organizational training sessions on safety were held, as well as some 200 external sessions.
- **Audits** – 17 audits for department heads on the implementation of safety plans, 43 safety audits for contractors, and 120 safety audits and hazard reviews were conducted. In addition, approximately 1,600 equipment tests were performed by certified testers.

Annual safety targets

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

Road safety

In view of the importance of this issue, 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 actions in this area:

- Annual noise and air quality monitoring and control processes are conducted at 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 40 or older.
- The Company finances expanded periodic medical testing for employees who work at sea, and refers workers to a marine occupational physician.



Thinking healthy at EAPC

As part of our efforts in this area, this year we decided to launch a new plan to raise employees' awareness of staying healthy and maintaining healthy lifestyles. We posted notices encouraging good nutrition and exercise, and the creation of an ergonomic work environment.



Community engagement

We value volunteering by our employees in the communities surrounding our sites. Volunteering generates a broad positive impact on social and environmental causes in Israel, and concurrently contributes to teambuilding, pride in their teams, and connectedness to the organization. This year, with Israel at war, there are many population groups with significant needs that require immediate assistance, making volunteering all the more meaningful for us; we are proud to join and contribute to this effort.



Eilat Terminal employees organizing breakfast for evacuees during the first weeks of the war



Donation of storm protection suits to IDF artillery units

Some of our community engagement activities during the war:



Donation of winter clothing to people evacuated from Kibbutz Nahal Oz



Volunteering in agriculture



Distributing meals to IDF soldiers



Our volunteering activities before the war

Collaboration with the Nature and Parks Authority for protection of the sea-turtle population at EAPC beaches and in the surrounding areas – Every morning for three months, employees searched the EAPC and Ashkelon beaches for sea turtles coming to shore and nests where they lay eggs. Nature and Parks Authority inspectors relocated nests from public areas to fenced-in beaches under supervision. Nests found in isolated areas, such as on the Company's beaches, were left in their natural place to avoid disturbing them, and marked with a specially designed cage, with

full documentation and an explanation of the effort to protect the sea turtle population from predators such as foxes and mongooses. After the eggs hatched and the sea-turtle hatchlings left the nests for the sea, we held a hatchling release event, with the Nature and Parks Authority, for the volunteers, employees, and their families, where we learned about the turtles and studied the nests – how many eggs were laid and how many had hatched – and helped the last of the hatchlings on their journey to the water.

In 2023, employees of the Company volunteered together in activities to benefit the community for an aggregate total of 168 days



Sea turtle hatchling release event, EAPC beach, Ashkelon



Volunteering on Good Deeds Day



Community relations

The Company's community relations team promotes continuous dialogue, strengthens transparency, and builds trust with stakeholders, with a particular focus on neighboring communities, including the residents of Eilat and Ashkelon.

Through open discussions, stakeholder feedback, and clear communication on the Company's economic contributions and environmental efforts, we aim to enhance transparency and address any misconceptions about our activities.

The following are some of the activities carried out in 2023:

- An open meeting for residents of Kibbutz Zikim at the Ashkelon Terminal.



- A toast for the holiday of Rosh Hashanah with volunteers from the Nature and Parks Authority.



- An open meeting for residents of Ashkelon at the Ashkelon Terminal.



- Enriching Parents project – Development of an interactive tutorial through which employees can visit their children's classrooms, in grades 1-6, and teach a class on the importance of energy in daily life and on EAPC's activity and key role in the State of Israel.



- Hosting the Civil Service Cadets – During the event, we introduced the cadets to the Company's operations, including a tour of the marine mooring buoys.
- A lecture on the Mikhmoret Campus of the Marine Sciences Faculty.
- A lecture at the Nature Resources Department of Haifa University.



- 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.

"We would like to express our gratitude and appreciation for your lecture during the tour for the Civil Service Cadets program at EAPC. Civil Service Cadets is a program for the development of change-generating future leaders in the civil service. The training period, when we met, is an important stage in building professional, moral, and managerial infrastructures for the cadets. The tools placed in our hands during this period will serve us well when we join the various parts of the civil service. Your talk expanded our knowledge and our familiarity with EAPC as a government company, and with the rationale and role of the state as a regulator for the company, as well as the unique challenges faced by government companies in general. Meeting with you contributed to our understanding of the ways in which we can work to promote public-sector projects and plans, and the many challenges we can expect to confront, and we are confident that this knowledge will be useful to us as we make progress. We thank you for the time you devoted to meeting with us and sharing your wealth of experience and your worldview."

Course 9 cadets

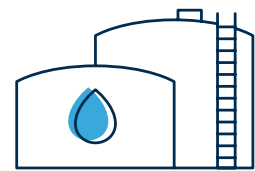
9 meetings were held with the public to improve transparency in the Company's operations in 2023

EAPC's clients

92-97 >



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 clients is strategically important for the state, during routine times and all the more so during wartime



› The importance of EAPC in Israel's energy industry

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 ports, storage, and flow to local refineries, as well as capabilities to unload distillates and store and deliver LPG for 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 throughout the "Swords of Iron" War and time after time during security crises and breakdowns in the supply chain of corresponding products.

The Company also provides a landing and transition 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.

Our Israeli and international clients are our top priority, subject to uncompromising protection of safety and the environment. We believe in delivering quality efficient service, with an emphasis on listening to customers' needs and proactively pursuing groundbreaking innovation to contribute to their success, and a commitment to fairness and reliability towards our customers. 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.

Within our agreements with customers, we emphasize issues at the core of corporate responsibility, including clauses concerning sanctions, the prevention of corruption, and the avoidance of contact with enemy nations.

› 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.

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 Company mobilized immediately to support the national effort, in October, and began accepting crude oil tankers at the Eilat port. The cargo from the tankers flowed to Ashkelon, and from there to domestic refineries, ensuring the energy security of the state during the emergency

› Developments in the Company's environment

With the announcement of the agreement signed with the Med Red Land Bridge (MRLB) group, primarily for the transport of oil through the Company's facilities, as a land bridge between the Red Sea and the Mediterranean, environmental organizations voiced objections that led to unusual regulatory requirements and attempts to halt the endeavor through the courts. In the last two years, the Company has contended with regulatory restrictions of the volume of its activity in the port in Eilat, despite complying with the requirements of the Ministry of Environmental Protection and the addition of safety measures to prevent and address spill incidents. In 2022 and 2023, the agreement with MRLB was amended to adapt it to the regulatory modifications imposed on the Company.

The Russia-Ukraine war that began in February 2022 has also affected the Company's operations. Since that time, the Company has stopped importing fuels with Russian origin, due to the sanctions imposed by the Western nations on the Russian economy in general and its energy industry in particular.

On October 7th, Israel awoke to a sudden attack on communities in the Western Negev region and missile barrages over large swaths of the country. Israel subsequently embarked on the "Swords of Iron" War, which is still underway at this writing. Early in the war, the intake of fuel tankers at the port in Ashkelon was temporarily restricted. The Company was asked by state officials to operate the port in Eilat beyond the restrictions that had been imposed. The Company mobilized immediately to support the national effort, in October, and began accepting crude oil tankers at the Eilat port. The cargo from the tankers flowed to Ashkelon, and from there to domestic refineries, ensuring the energy security of the state during the emergency.

> 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 integrity 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 procurement 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. The following is a breakdown of the contractors engaged by the Company through tender proceedings in 2023:

■ Categorization of suppliers by size

“Medium-sized business”

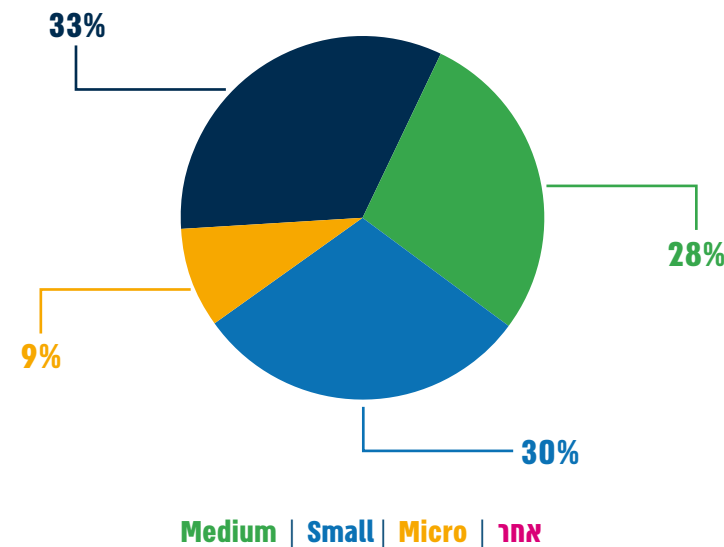
A business that employs 21 to 100 employees, or whose annual transaction volume is greater than 20 million NIS but does not exceed 100 million NIS.

“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.



Tugboats, EAPC port, Ashkelon



Business ethics and corporate governance

98-109 >



> 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 on billboards across its premises, 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.

No complaints of ethics violations were received at the Company in 2023

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

> SOX control and internal audit

We recognize the importance of transparency, integrity, and ethical conduct for the sound and professional operation of a business. Effective management of the risks of embezzlement and fraud is not only essential in order to comply with the law, but also vital to maintaining stakeholders' trust and the values of the Company.

Organizational oversight and periodic audits are significant tools for us in maintaining and improving our ethical conduct, organizational processes, and financial reporting, and – in particular – preventing fraud, embezzlement, corruption, and bribery. We apply thorough and comprehensive SOX and internal audits, in accordance with the requirements of the law.

> Effectiveness of internal control – SOX audits

The regulations on the effectiveness of internal control (SOX, the Sarbanes-Oxley Act) are designed for organizations to declare the existence of appropriate controls in order to ensure accurate financial reporting and prevent misstatements and errors in the presentation of the condition of the company's business, as reflected in its financial statements, while internal auditing concerns the soundness of a company's activities in many organizational aspects.

The purpose of the SOX controls is to improve the quality of financial reporting in companies' financial statements. Audit focuses on material business processes and on controls the absence of which might expose the organization to deficiencies and the potential for material errors in its financial reporting.

The Company has applied ISOX (Israeli SOX) audits to its annual financial statements since 2014. Since becoming a government company, the Company is subject to the Government Companies Regulations, including the implementation of a full SOX procedure, which has been in place as of 2021.

> Internal audit

Internal audit is an important mechanism for upholding the law, sound practices, and ethics; we at EAPC see it as a valuable tool for maintaining organizational quality and excellence. The duties of internal auditing are described in the Internal Audit Law, and include upholding the law, sound practices, moral conduct, efficiency, savings, and beneficial action. At EAPC, this auditing is performed by an independent internal auditor from the firm Shiff Hazenfratz Co., who has extensive experience and knowledge and an in-depth familiarity with the Company and its areas of activity. The auditor is a member of the global IIA (Institute of Internal Auditors) and operates according to its professional guidance.

The audit team independently and objectively examines the processes and actions at the organization, based on the findings of a risk survey and according to the requests of the board of directors and senior management. The internal auditor has built a multi-year audit plan, which was approved by the board of directors as a derivative of the risk survey that had been performed. The auditor examines the issues in depth and writes audit reports that are submitted to management and the board of directors. The auditor also tracks the execution of recommendations from previous reports, on an annual basis. Audits are conducted cyclically, to ensure that all of the material aspects of the organization's activities are examined periodically.

The following areas were reviewed as part of the audit work in 2023:

- Maintenance of equipment.
- Flow management and leak monitoring system.
- Use of knowledge and instruction.
- Corporate governance procedures.
- Inventory of fuels.
- LPG system.
- Reports required under the circular of the Government Companies Authority: directors' compensation, legal advisors, and risk-management system.
- Implementation of recommendations from previous reports.

A comprehensive embezzlement and fraud survey was also performed as part of the plan, with the aim of detecting breaches in the control system, assisting management in improving control mechanisms, and reducing exposure to risks in these areas. Within the survey, work processes that involve risk centers were examined, risk scenarios were established, and relevant preventive controls were mapped.



In 2023, the internal auditor conducted an independent up-to-date risk survey, which served as the basis for a multi-year plan approved by the board of directors of the Company in the first quarter of 2024

➤ Information security and cyber defense

The Company's facilities and activity are categorized as "critical infrastructures" for the functioning of the State of Israel. We invest extensive resources in ensuring the operational continuity of the Company, and consequently also that of the State of Israel, all the more so during the "Swords of Iron" War.

Information security and the protection of privacy are cornerstones of our 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 human error, a lack of control and supervision, a malfunction caused by a technical deficiency in information security and information system management, or, particularly during the current period of the war, due to intentional harm.

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 this sensitive business intelligence. Some information regarding the Company is privileged under the Penal Ordinance (Designation of a Confidential Matter) (Temporary Order), 5777-2016.

In recognition of the importance of this area at the organization, in 2023 the Information Systems and Cybersecurity Division was established at the Company, to provide centralized and organized management of these issues. Headed by the Deputy General Manager of Information Systems and Cybersecurity, the division is charged with managing all technological infrastructures, information security, and organizational

information systems, while protecting operational continuity and developing advanced technologies for the achievement of organizational goals. As part of its activity, the division takes a proactive approach to the prevention, detection, and treatment of information security and cybersecurity events, and works to upgrade the organization's infrastructures and develop its information systems.

Further, the Company is categorized as a guided entity by the Israel National Cyber Directorate; 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, 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 system of backups for its operational and administrative infrastructures, with internal procedures to govern matters related to information technology and secure management of the work environment. The division routinely applies monitoring and controls to ensure the implementation of information-security regulations at the various units, holding training to raise employees' awareness and distributing regular updates on current cybersecurity threats and ways of coping with scenarios.

During the "Swords of Iron" War, we have increased our alertness and preparedness to cope with cybersecurity events, according to the Company's emergency procedures, and taken active measures in several lines of defense to improve the perimeter protection of the Company's infrastructures and systems.

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





› Corporate governance

The EAPC board of directors

The board of directors of EAPC shapes the policy of the Company and supervises management 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. In addition, the employees of the Company held an election and chose two representatives of the employees to serve as regular directors, in accordance with the regulations of the Government Companies Authority.

› 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 and investments committee ● safety, security, and environmental protection committee

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

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

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

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

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

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

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

- Committee memberships: ● Risk management committee ● safety, security, and protection of the environment committee ● finance and investments committee

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

- Committee memberships: ● Risk management committee ● safety, security, and protection of the environment committee ● finance and investments committee

11

board meetings

94%

attendance at board meetings

21

meetings of the board committees

98%

attendance at board committee meetings

6

board members – 5 men, 1 woman

1

board member is an external director

1

board member is a director 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 for each division and for senior employees are derived from these goals. 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.

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

The Company mobilized immediately to support the national effort, in October, and began accepting crude oil tankers at the Eilat port. The cargo from the tankers flowed to Ashkelon, and from there to domestic refineries, ensuring the energy security of the state during the emergency

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. This report, our third annual Corporate Responsibility Report, 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 risks to the extent possible, while creating business opportunities and expanding its positive environmental impacts.



Ashkelon Terminal

➤ Freedom of information

As part of our commitment to transparency and to increasing trust in the Company's operations, we rigorously comply with the Freedom of Information Law, in accordance with the confidentiality provisions applicable to the Company. The Freedom of Information Law formalizes the right of every citizen or resident to receive information in the possession of public agencies. The law states that the agency must assent to the request unless the exposure of the information would harm another interest, such as national security, individual privacy, commercial secrets, etc. We are diligent in replying to such requests promptly, and we report on this subject annually, as required by law, on the Company's website.

"We make great efforts to increase transparency in the Company's operations, including through our response to freedom of information requests that we receive. We do so as permitted by the terms of confidentiality and the law, and ensure that we deliver a rapid and high-quality response to the public."

Asaf Basel, Supervisor of the Freedom of Information Law at the Company

7
Total requests submitted in 2023

2
Total requests denied on the basis of confidentiality – prohibition by law, 9(a)(4)

30-16 days
Processing time of most requests

> 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	✓
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	2024
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	✓
8	Gender diversity	Increase the percentage of women in management at the Company.	✓
9	Environment	Run a pilot project on line surveys using drones and odor detection.	✓
10	Innovation	Examine systems for discovering underground infrastructures.	2024
11	Environment	Join the setup of storage projects.	✓
12	Environment	Perform a survey of processes and emissions in Ashkelon and Eilat.	✓
New objectives:			
13	Environment	Climate change impact survey	2024
14	Environment	Acquire a new fire engine	2024

> About the report

This report reviews the ESG (environmental, social, and governance) and corporate-responsibility aspects of the activity of the Company in 2023. This is EAPC's third 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, 2023. 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 does not guarantee 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

110-119 >



> GRI Index Universal Standards 2021 | General standards

	Disclosure number	Detail	Page/answers
GRI2: General Disclosure	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	109
	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	8-11
	2-7	Employees	*72-91
	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, 104-105
	2-10	Nomination and selection of the highest governance body	104-105
	2-11	Chair of the highest governance body	104-105
	2-12	Role of the highest governance body in overseeing the management of impacts	104-106
	2-13	Delegation of responsibility for managing impacts	104-106
	2-14	Role of the highest governance body in sustainability reporting	104-106
	2-15	Conflicts of interest	106
	2-16	Communication of critical concerns	34-35
	2-17	Collective knowledge of the highest governance body	104-106
	2-19	Evaluation of the performance of the highest governance body	106
	2-20	Remuneration policies	106
	4. Strategy, policies and practices		
	2-22	Process to determine remuneration	4, 18-22
	2-23	Annual total compensation ratio	100
	2-24	Statement on sustainable development strategy	100
	2-27	Policy commitments	32-33
	2-28	Embedding policy commitments	Not relevant
	5. Stakeholder engagement		
	2-29	Processes to remediate negative impacts	24
2-30	Mechanisms for seeking advice and raising concerns	82	
Disclosures on material topics			
GRI 3: Material Topics	3-1	Explanation of the material topic and its Boundary	26
	3-2	List of material topics	27
	3-3	Management of material topics	26

> GRI Index: 2021 | 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	100-101
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		44-45
301-2	Recycled input materials used		No recycled materials are used as raw materials
301-3	Reclaimed products and their packaging materials		54-58
302 Energy			
302-1	Energy consumption within the organization	11.1.2	44-45,51
302-2	Energy consumption outside of the organization	11.1.3	44-45,51
302-4	Reduction of energy consumption		44-45,51
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	42,43,45,56, 63-67
303-2	Management of water discharge-related impacts	11.6.3	56
303-3	Water withdrawal	11.6.4	45
303-4	Water discharge	11.6.5	56
303-5	Water consumption	11.6.6	45

General Disclosure 2

GRI 300: Environment Materials Topics

Standard	Description GRI 11: Oil and Gas Sector 2021	Sector-specific standard	Page/answers
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	59
304-2	Significant impacts of activities, products and services on biodiversity	11.4.3	59
304-3	Habitats protected or restored	11.4.4	59
305 Emissions			
305-1	Direct (Scope 1) GHG emissions	11.1.5	51
305-2	Energy indirect (Scope 2) GHG emissions	11.1.6	51
305-3	Other indirect (Scope 3) GHG emissions	11.1.7	51
305-5	Reduction of GHG emissions	11.2.3	51
305-6	Emissions of ozone-depleting substances (ODS)		47-49,52
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	11.3.2	47-49,52
306 Waste			
306-1	Waste generation and significant waste-related impacts	11.5.1	54-58
306-2	Management of significant waste-related impacts	11.5.2	54-58
306-3	Waste generated	11.8.2, 11.5.3	54-58
306-4	Waste diverted from disposal	11.5.4	54-58
306-5	Waste directed to disposal	11.5.5	54-58
308 Supplier Env Assessment			
308-2	Negative environmental impacts in the supply chain and actions taken		96

GRI 300: Environment Materials Topics

Standard	Description GRI 11: Oil and Gas Sector 2021	Sector-specific standard	Page/answers
401 Employment			
401-1	New employee hires and employee turnover	11.10.2	75
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	11.10.3	82
403 Occupational Health and Safety			
403-1	Occupational health and safety management system	11.9.2	83-85
403-2	Hazard identification, risk assessment, and incident investigation	11.9.3	83-85
403-3	Occupational health services	11.9.4	83-85
403-4	Worker participation, consultation, and communication on occupational health and safety	11.9.5	83-85
403-5	Worker training on occupational health and safety	11.9.6	83-85
403-6	Promotion of worker health	11.9.7	83-85
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	11.9.8	83-85
403-8	Workers covered by an occupational health and safety management system	11.9.9	83-85
403-9	Work-related injuries	11.9.10	84
403-10	Work-related ill health	11.9.11	83-85
404 Training and Education			
404-1	Average hours of training per year per employee	11.14.4, 11.10.6	80
404-2	Programs for upgrading employee skills and transition assistance programs	11.10.7, 11.7.3	80-81
404-3	Percentage of employees receiving regular performance and career development reviews		79
405 Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	11.11.5	76-78

GRI 400: Social Material Topics

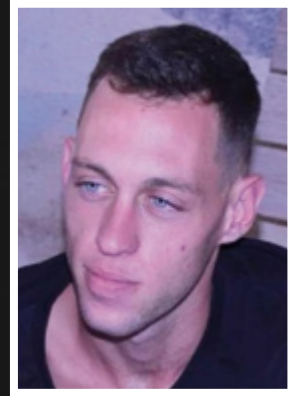
Standard	Description GRI 11: Oil and Gas Sector 2021	Sector-specific standard	Page/answers
406 Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	11.11.7	There were no cases of discrimination in the reporting year
408 Child Labor			
408-1	Operations and suppliers at 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
413 Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	11.15.2	86-90
413-2	Operations with significant actual and potential negative impacts on local communities	11.15.3	There were not significant impacts during the reporting period
415 Public Policy			
415-1	Political contributions	11.22.2	The company is a government company and not donate

GRI 400: Social Material Topics

Standard	Description GRI 11: Oil and Gas Sector 2021	Sector-specific standard	Page/answers
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		There were no such cases during the reporting period
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		102
GRI Sector Index 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)		83-84
11.15.4	Local communities: Additional sector disclosures		53
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 400: Social Material Topics

GRI 11: Oil and Gas Sector 2021



In memory of Inbar Buyum

Born: December 4, 2000 | murdered: October 7, 2023

In April 2024, we held a moving memorial for EAPC employee Inbar Buyum, who was murdered by terrorists. Inbar was a dedicated and outstanding employee of the Company's security department. His close family was invited to the event, and the CEO of the Company spoke in his memory. The Company built a memorial garden in Inbar's name, with a large centerpiece of amber – the meaning of his name – at the entrance to the Ashkelon port.

Dear family and friends,

When Inbar first came to us for a job interview, we were impressed from the start. When he walked out, my deputy and I had big smiles on our faces. We saw at once that this was a person of quality, seriousness, and strong values. We hired him immediately.

In his short time as a security guard here, he became well-liked by everyone and did his job in the best way possible. We heard no end of compliments, and recommendations to promote him.

Inbar was supposed to begin training as a shift supervisor on October 8th. We had a conversation where he told me he wasn't sure he wanted the job, because he planned to start studying soon and it wasn't certain how long we would have to enjoy him. This was a testament to his modesty and his concern for our department.

He was a professional. He asked a lot of questions and aimed to improve his work. In drills, he showed resolve and dedication to purpose, and helped draw helpful conclusions afterward. But while he was a serious person, he also smiled a lot and created a relaxed atmosphere. His friends knew him as a good and supportive listener, and as someone who set an example for others around him. All in all, he was a remarkable man.

| Excerpt from a speech by Inbar's direct manager, Dean Pe'er, safety officer of the Ashkelon Terminal |

Inbar was born on December 4, 2000, in Be'eri, eldest son of Gil and Ayelet. He was a very blond baby, and the amber color of his hair was the origin of his name. But it wasn't just his hair that was yellow. Inbar was born with severe jaundice. It took a week for Ayelet and Inbar to leave the hospital for her parents' home in Sderot, where his bris was held. Inbar's great-grandfather was his sandak [holder of the baby in the Jewish ritual].

Since the moment of his birth, Inbar was wrapped in love. His father, Gil, would take him for rides on the kibbutz's tractors. He was the most sensitive of the children in his group at the kibbutz, Cocus [coconut]. As a toddler, when one of the children in his group cried, Inbar went to him and said, simply, "I'm with you." Until he was two and a half years old, Inbar would eat anything – even zucchini. He grew up to be a meat lover, a steak guy. As a teenager, he liked to burn tuna and eat it. Once, he did that on the roof of his house, and everyone in the family thought there was a fire.

From an early age, it was clear he was a brilliant child. He was intelligent and diligent. He chose computer and physics studies in high school, played soccer, and trained in judo for years. Like his father Gil, Inbar loved music and always had his headphones on, even during class at school. He loved rap music, but also the Israeli singer Ehud Banai. Inbar completed a service year, after high school, at Kibbutz Magal. He fought to raise his assigned military health score of 82. He had surgery to get rid of his glasses, so that he could participate in screening for military service as a pilot, but was impeded by vision issues. He went on to serve in the Golani Brigade. Once drafted, he chose to join the testing sessions for special forces. That skinny kid became a medic in the elite unit Sayeret Golani. To be the best, he practiced bandaging and finding a vein on his friends. Since starting his military service he was obsessed with physical fitness. He would go to the gym at his base at two in the morning, and the rest of the time he trained at his kibbutz and in Sderot.

His family worried for him, and looked forward to the day he would be done with his mandatory military service. That happened in April 2023. After his discharge, Inbar was weighing his options, and decided he wasn't ready to commit to a job for many long years. He found work as a security guard at EAPC Ashkelon, and moved in with his grandmother, Simcha, in Sderot to be closer to his workplace. The night before he was murdered, he told his mother he was thinking of going to medical school, though he was worried about being in school for seven years. Ayelet told him she was sure he could do it.



Inbar was the epitome of a big brother, always protective and helpful. He and his sister had deep talks about relationships, the military, and everything in life.

When all four siblings were home, they liked playing board games together – Catan and Rummikub – and going out for bowling and picnics. Ayelet called him her prince. The family chat group is called "The Royal Family." Inbar was always surrounded by friends, from the kibbutz or from his military service. Handsome, a party lover, sociable, he was devouring life. He had his first girlfriend in the third grade – he was a gentleman and a charmer towards girls. He met his girlfriend Yuval about three months ago, at the restaurant Hummus Shel Tehina in Sderot, during a get-together with some friends. They discovered they had a tattoo in common, and that led to a great love story. He soon felt at home with Yuval's family in the moshav community of Mabu'im. They were planning a trip to Thailand.

Inbar loved tattoos. On his right arm was the date of birth of his late grandfather, Shimon, in Roman numerals. He also had tattoos of a coconut, for his kibbutz group name, an alien, spaceships, a SUP surfer, and a symbol of one of his favorite rap artists, and he wanted to add many more.

On October 7, 2023, after a twelve-hour shift at work, Inbar was at Yuval's house. When they heard about what was happening in that area, Inbar told Yuval he could not just do nothing. He decided to drive to EAPC to get a weapon, and return to protect his home in Be'eri. Yuval begged him to stay, but Inbar was determined to head out. At 7:34 a.m., almost exactly at the time his father Gil died, Inbar's phone went silent, on Road 34, and his life came to an end.

On his finger, as always, Inbar wore the black ring of his military unit.

| Excerpt from the Be'eri Daily |

May his memory be a blessing





2023 Corporate Responsibility Report

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