



ESG2022

Environmental, Social and Governance Report
for 2022

Mehadrin Ltd





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Opening words by the chairman of the board and CEO

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We feel happy and proud to present the first Environmental, Social and Governance (ESG) report of Mehadrin Ltd., which represents our commitment to sustainable conduct as a major participant in the agricultural industry in Israel. We are proud to lead an organization with deep-rooted values, a strong sense of responsibility and an unwavering dedication to sustainable issues, which enable and encourage economic growth alongside environmental protection.

Mehadrin is more than just an agricultural company; we see ourselves as ambassadors of the State of Israel and its land and are committed to nurturing it while providing quality produce in Israel and the world. Mehadrin was founded in 1950 by Israeli farmers and gardeners and since then has been the leading agricultural company in Israel in planting, growing, processing, packaging and marketing avocados, citrus fruits, dates and other fruits. Mehadrin has the privilege to market fruits, health products, which are superfoods since the dawn of history and the food of the future. These are the ones to contribute to good nutrition and healthy eating, protect against viruses and diseases and contribute to our physical and mental resilience. With more than 70% of our products exported worldwide, we understand the importance of our role in producing food that is not only nutritious but also has a responsible environmental impact.

We in Mehadrin believe in agriculture in harmony with

nature. Our close connection with the planet has taught us the paramount importance of using sustainable agricultural methods. We strive to find innovative and sustainable solutions and reduce the environmental impact, along with ensuring the quality and preservation of the nutritional value of our products. We adhere to the strictest environmental standards to maintain the safety of our products and the environment and require our growers and business partners to maintain the same high environmental standards.

Our success is directly related to our people, from our dedicated employees to our business partners and customers. We are a close-knit global community of growers, employees and partners who share a common goal of producing quality food, while nurturing and striving for a better tomorrow. Our professional team, some of whom have been with us for many years, are the cornerstone of our organization. Jointly, we establish relationships based on uncompromising trust and quality. Mehadrin acts to provide its employees with the best adapted ideal work environment while maintaining their safety and health, and is committed to the highest standards in this field.

Mehadrin implements a culture of ethics and transparency. We are committed to maintaining the highest ethical standards, while complying with the laws and regulations in the areas in which we operate.

Our board and management are committed to lead and serve as an example and ensuring that all our operations conform to the company's high standards and values.

As Mehadrin grows, we are committed to continue improving our environmental, social and corporate responsibility initiatives. We understand, like many others in our industry, that we face profound challenges relating to climate change and other environmental changes. However, we believe that these challenges present opportunities for innovation and the adoption of creative solutions. We will continue to innovate, invest in research and collaborate with partners who share our vision for a sustainable future.

We invite you to join our efforts within the framework of the publication of the first report, which publicly reports for the first time of our actions and efforts in the field of ESG, while focusing on issues relevant to our industry and stakeholders.

We will take this opportunity to express our gratitude to you who share our endeavors for your continued support and trust in Mehadrin. We look forward to the challenges and opportunities that await us, and remain steadfast in our commitment to positively impact our world.

Sincerely,
Peer Nadir
Chairman, Mehadrin Ltd.

Uri Luft
CEO, Mehadrin Ltd.



About Mehadrin

2-1 | 2-6

Mehadrin is a public company that was founded in 1950 and is the largest and leading agricultural company in Israel, responsible for growing, marketing and exporting avocados, citrus fruits, dates and other fruits. Mehadrin operates throughout Israel and around the world, with the company's headquarters located in Beerot Yitzhak. Orchards and plantations are cultivated from the south to the north. The company has refrigeration centers in Tsrifin and Atlit and packing and refrigeration plants in the Upper Galilee, Netanya and Ashkelon. Mehadrin has branches in several European countries - France, England and the Netherlands. The company has annual sales of approximately 350 million dollars, with over 70% of the produce exported to Europe and other countries. The fresh produce arrives daily from approximately 35,000 dunams of agricultural holdings throughout Israel and purchased from other countries, for thousands of end customers.

A large part of our plantations is owned by the company or held under long-term leases and cultivated by our growers. Mehadrin has approximately 360 employees who are part of Mehadrin's story along the entire supply chain, from cultivation and packaging to export and distribution to our customers in the target countries.

Mehadrin operates in several fields of operation, with the main activity being agriculture, which includes cultivation and processing of orchards and fruit plantations, packaging and marketing of our fresh produce in Israel and abroad.

In addition, the company also has additional fields of

operation that include:

 **Refrigeration** - management and operation of approximately 24,000 square meters (owned and leased) of refrigeration areas for fruits, juices and other frozen products.

 **Water** - supplying water for agricultural irrigation and pumping water from wells owned by the company for a government-owned company and other consumers.

 **Lucrative assets** - holding and management of areas and buildings and renting them to third parties.

Agriculture is the core of Mehadrin. Being close to the land and nature taught us to stay humble and persist operating for consistent learning and improvement. We strive for precise and innovative agriculture, carried out in harmony with nature and produces natural, nutritious and healthy produce. Being close to the land and nature also taught us to respect the environment and people - our dear employees, some of whom have been with us for decades, as well as our valued customers.

The company and its people form relationships of trust with our customers and partners based on uncompromising integrity, manage sales and distribution from the headquarters in Israel and the extensive branch network around the world.

With the intention of growing and supplying products to our customers throughout the year, we operate worldwide and grow avocados and citrus fruits together with our partners in both the northern and southern hemispheres.

OUR HISTORY





2022 in numbers

REVENUES:

NIS **1,020** million -
of which **95%** are from agricultural produce
(974 million)
79% export and **21%** local market and industry

AVOCADO



15% of all exports.
About 10% is sold in the local market

236 thousand tons of produce per year -
122 thousand tons export, **55** thousand tons domestic market, **59** thousand tons industrial domestic market

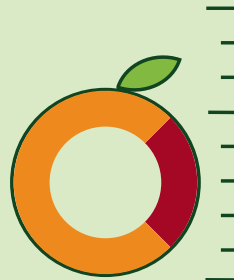
CITRUS

in the 2021/2022 season,
the group's market share in citrus exports
from Israel was about **41.3%**

(compared to **35%** in the previous season). Regarding
the 2022/2023 season which is currently ongoing, as of
the date of the report, the group's share in citrus exports
from Israel stands at **34.9%**.

Marketing for the local market - a market share of
about **34%** (compared to 20% in the year 2021).

About
35 thousand
dunams of fruit
plantations in
Israel
(about 75% orchards
and about 25%
subtropical fruit
plantations)



95%
of the company's
revenues are from the
agriculture sector

35% citrus fruits	4% vegetables
34% avocados	3% refrigeration
20% dates	4% others



OVER **100**
CUSTOMERS

EMPLOYEES:

360



ACTIVE COUNTRIES:

Norway, Sweden, England, France, Switzerland,
North America, Russia, China, South Korea, Japan,
the Netherlands





Company vision and values

2-6

In its seventy years of operation, Mehadrin managed to maintain its ability to meet its business goals while adhering to ethical rules and maintaining the values in which it believes. As a leading and successful company in its field, we are aware of our social-environmental impact in all the circles in which we operate, as well as the ability of each of the company's employees to contribute to the advancement of the company and the preservation of environmental values while ensuring responsible business conduct. The business success of the company and its contribution to its stakeholders is at the forefront of our attention, but the way in which we operate and achieve these goals is equally important to us.

The foundations of the company and its values are rooted in the soil of its orchards and plantations and the people who take care of them. Agriculture is at the core of our businesses and our heart. It teaches us to respect every person and every value out of humbleness, integrity and professionalism. As growers, we are connected to the land and the people, as a basis for long-term trusting relationships with our customers and partners. For them we adapt ourselves to changes and constant renewal. We believe that it is possible to conduct profitable business activity over time while taking into account moral, social and environmental considerations. The company gains its profits based on the understanding that ethical and

moral conduct is mandatory and even contributes to the company's goals and economic success.



Health and safety

We are committed to providing our employees with a work environment that promotes safety and health, protecting their safety and well-being in the offices, the agricultural plots, the cooling warehouses and the packing houses.



Quality and excellence

We strive for excellence and uncompromising quality by providing high quality products and services, in a way that will meet the expectations and preferences of our customers consistently while ensuring compliance with international standards and through the intelligent, strict and standard use of licensed chemicals throughout the entire production process.



Respect for the environment

Being a company based on natural resources, we are obliged to act while understanding the needs of nature and respecting the environment and the planet. Mehadrin conducts its activities according to the principles of sustainable agriculture and strives for a proper balance

between business-economic development and the preservation of natural resources and the environment in its business decisions.



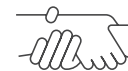
Reliability and integrity

We establish trusty relationships with our business partners which are based on integrity, reliability and fair business conduct.



Innovative agriculture

We strive for continuous learning and improvement. Our ambition is to achieve precise, excellent, rejuvenating and healthy agriculture that promotes efficiency, productivity and providing creative and innovative solutions.



Respect for others

We respect every person and work to accept the other. We work to promote the protection of human rights, the rights of our employees, our customers and our suppliers and ensure an adequate working environment. We are committed to avoiding any discrimination based on religion, race, gender, disability or sexual orientation. We see importance in promoting a respectful work environment at every site and activity of the company. We take seriously any disrespectful behavior towards our employees or business partners.





Mehadrin's support during the Swords of Iron War

The State of Israel is in one of its most difficult times since its founding. At the same time, Israeli society experiences one of its most empowering times - a time in which it is harnessed, all as one front, united and unified, and demonstrates social-national resilience.

Mehadrin and its employees who volunteered during their off says in joined efforts to help the residents of the Otef settlements who were evacuated by providing financial support amounting to approximately 300 thousand NIS as of the publication of the report.

The company acted and continues to act to support its employees who were drafted to the reserves forces as well as its employees and their families who were impacted by the fighting by sending vouchers for hot meals and game packs for the children.

Some of the workers, along with many other Israelis, volunteered to work in the plantations to make up for the severe shortage of plantation workers.





Materiality analysis

3-1 | 3-2 | 3-3

Materiality analysis is a central process in the implementation of Environmental, Social and Governance (ESG) processes in companies. The purpose of this process is to identify the issues that are the most essential for the organization in order to create a strategic basis for the company's activities in these areas.

The topics presented in this report were identified and selected by conducting a materiality analysis which included an examination of the issues that are the most relevant and material for the company's core areas, its stakeholders and its strategy and goals in the agricultural sector and beyond.

The process included conducting a methodological materiality assessment with the aim of identifying the most important and relevant areas in terms of environment, social and governance, from a business point of view and from the perspective of our stakeholders, which include, inter alia, our employees, growers, customers and suppliers, shareholders, environmental and social organizations, regulators and the community.

As part of the materiality analysis process, a comprehensive assessment was carried out by examining the company's activities and the existing and potential impact on environmental, social and governance aspects, examining issues reported in the

industry by peer companies, interviews with Mehadrin's management and key personnel and examining the requirements of stakeholders in this field, as well as the reporting requirements in accordance with the indicators of the reporting framework of the Global Reporting Initiative (GRI), including the standard published in relation to the agriculture industry GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022.

The materiality analysis process led us to identify the material topics, which are detailed in this report and form the central pillars in Mehadrin's activities, in terms of environment, social and governance -

ENVIRONMENT

1. Water consumption management
2. Energy and carbon footprint
3. Waste reduction
4. Reducing food waste and circular economy

SOCIAL

5. Employee development and welfare
6. Responsible supply chain
7. Food safety and product quality
8. Innovation and development
9. Community relations and supporting local communities

GOVERNANCE

10. Ethics and corporate governance

ECONOMY

11. Business activity

The following chapters of the report will delve deeper into each of the material topics selected, and present an overview of the company's activities, its commitment to improving aspects of corporate responsibility and its achievements in these areas during the reporting year.



Stakeholders

2-29

Ethical behavior vis-a-vis stakeholders



Customers We consider the needs of the customers. We make sure to provide accurate and reliable information to our customers while providing solutions for their requirements. We are attentive to the customers' wishes and provide them with a quick and efficient response. We help customers achieve their goals as much as possible.



Employees We respect employees as partners in our endeavors and as those responsible for adhering to this code and its application. Employees are entitled to fair consideration for their work, a listening ear at all times, opportunities for personal development and improving skills and equal opportunities regardless of gender, nationality or physical, cultural or other differences. At Mehadrin we foster a positive and supportive work environment that allows all employees to work with a sense of satisfaction and enjoyment.



Shareholders We respect the needs of shareholders. We respond to the best of our ability to the shareholders' demands for profitable business results over time while maintaining a high level of ethics in accordance with our values. We report truthfully to the company's board of directors and shareholders in accordance with the law and all reporting procedures and provide all the information they require in a timely manner.



Growers We establish a mutually cooperative relationship with the growers based on fairness. Fruit and vegetable growers are essential partners in our success and we nurture our relationship with them in order to increase their benefit and that of Mehadrin from the business relationship. We make sure to cooperate with the growers based on the values of transparency, truthful reporting and fairness.



General suppliers We strive for a long-term relationship with our main suppliers. We consider the needs of the suppliers, duly inform them and listen to their requests and proposals for new initiatives.



Authorities We comply with the requirements of the government and local authorities in Israel and everywhere in the world where we do business. We are subject to local tax provisions and provide the authorities with any information requested by them regarding our activities.



Social organizations We are attentive to the needs of the community and are open to dialogue with parties that promote social goals for the development of the community and constitution. We donate money and products and volunteer for social causes while cooperating with social organizations so that our contribution is channeled to essential goals and so that we can measure our positive impact on the community.



Environmental organizations We respect the representatives of environmental organizations and appreciate the importance of their work. We welcome any suggestion to improve our activities for the sake of protecting the environment and the planet.



Competitors We maintain a fair business relationship with all our competitors. We market our products while ensuring fair and ethical competition.



Promoting the United Nations' Sustainable Development Goals

In 2015, the United Nations General Assembly unanimously adopted a comprehensive set of global goals known as the Sustainable Development Goals (SDGs). These goals represent a collective global effort to facilitate sustainable economic development worldwide by 2030, with the business sector and industry actively collaborating to support countries in their pursuit of these goals.

Mehadrin chooses, as part of the national and global effort, to champion in its actions the 17 goals of the SDGs while choosing to focus on the 5 objectives within the framework of our first report, which will constitute a call to action and a commitment in our future activities and in evaluating and reporting our progress in achieving these objectives. As a leading company in the agricultural industry in Israel, we believe in the central role we play in promoting healthy and good nutrition, while maintaining sustainable environmental values.





Below are the selected SDGs relevant to Mehadrin, which present a challenge within the framework of the company's business activity and to which our business activity may contribute:

SDG	Target	Mehadrin Activity
 Good health and well-being	(3.9) By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	● This goal is the essence of Mehadrin's activities and products, which grows and markets nutritious fruits that promote maintaining a healthy lifestyle. We work consistently to reduce the use of chemicals in our products and work to maintain the health and safety of our employees, our customers, our business partners and the environment from contamination arising from our activities in the ground or water sources.
 Gender equality	(5.1) End all forms of discrimination against all women and girls everywhere. (5C) Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.	● Mehadrin operates in accordance with the labor laws regarding women's employment, including the Women's Work Law, 5714-1954 and the Law for the Prevention of Sexual Harassment, 5758-1958. ● We promote a policy of promoting gender equality, where women make up about 47% of all company employees and about 20% of the management ranks. The ratio of women on the board of directors stood at 50% during the year 2022 and as of the date of publication of the report stands at a rate of 40%.
 Clean water and sanitation	(6.3) By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials. (6.4) By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	● Mehadrin, as an agricultural company, understands the importance and need for managing the water resource and using this resource wisely and efficiently. ● We use about 75% purified wastewater and reduce the use of freshwater. ● Mehadrin cooperates with Mekorot, the national water company of the State of Israel in the supply of water services and water at controlled prices to consumers. ● We operate in accordance with the strictest standards in order to maintain the quality of water reservoirs and wastewater treatment. ● The company competes in a tender to drill 5 new water wells to supply water to the national network.
 Reduced inequalities	(10.2) By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	● Our staff of employees and managers consists of people with diverse backgrounds in terms of ethnicity, gender, religion, socioeconomic status, age and geographic residence. ● We make sure to pay salaries and benefits that contribute to reducing inequality.
 Responsible consumption and production	(12.3) By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses. (12.5) By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	● Mehadrin works to reduce food waste and optimize the use of resources as part of its activities. Our agricultural produce is monitored for the purpose of examining the quality of the fruit and its ripening. The fruits are classified according to quality and supplied to the juice and animal feed industries. ● We work to reduce agricultural waste and packaging waste by a systematic and regulated process of separating waste and recycling and reducing the use of polluting materials. ● We also work with our business partners to make sure that we are acting in accordance with the standards that promote environmental protection and reduction of negative environmental effects.



Environment





The environment

The environment plays an important role in healthy living and the existence of life on earth. Earth is home to various life species and we all depend on the environment for food, oxygen, water and other needs. Thus preserving and protecting the environment is among the values that guide Mehadrin.

Since Mehadrin's activity is related to the field of agriculture, it is characterized by a long-term vision and the use of solutions adapted to the environment, attentive to its needs, and taking into account the nature and nurturing its resources. Our goal is to reduce the negative impact on the environment through actions and initiatives that promote the use of green farming methods, advanced technologies that help optimize processes and control and thus also contribute to reducing the impact on the environment. All of these lead to the use and transition to sustainable agriculture practices."

As part of adopting sustainable agriculture, Mehadrin invests efforts in the environmental aspect by implementing a variety of programs, inter alia in the following areas: Agricultural waste management programs that increase the rate of recycling; regular inspections of irrigation water supply and groundwater; reducing energy and fuel consumption by agricultural machinery; Promotion of ethical activities related to nature and landscape. Furthermore, the company maintains an environmental policy with the person entrusted with the implementation

of the policy in the company is the VP of Agriculture.

All Mehadrin's crops comply with standards set for agricultural methods that promote issues such as sustainability and food safety, such as Global Good Agricultural Practice (Global GAP)¹ and Tesco Nature Choice (TNC)².

In 2023, the international LEAF (Linking Environment and Farming) standard that refers to environmental quality assurance and recognition of sustainable agricultural products was updated. Mehadrin is in the process of

adopting the standard, to be completed in 2024 upon receiving the certification, and therefore be required to comply with all applicable regional and national laws and ensure that it manages the company in a way that benefits the quality of the environment and connects the living environment of humans and animals.

¹ **Global Good Agriculture Practice** - an initiative that aims to promote global adoption of safe, social and environmental agricultural methods. The initiative awards certificates for farmers who meet the standards that ensure the use of responsible farming methods. For further details, see: [GLOBAL G.A.P.](#)

Tesco Nature Choice² - a standard developed by the English supermarket chain Tesco with the aim of ensuring that suppliers (manufacturers and traders) of fruits and vegetables shall apply during productions principles of good agricultural practice, thus ensuring product safety, environmental protection and worker health. For further details, see: [Tesco Nature Choice](#)





Energy and greenhouse gas emissions

3-3 | 305-1 | 305-2

Climate change is among the greatest challenges facing humanity today. Their effects are already evident, with extreme weather events and other negative effects on the environment. A significant part of the causes contributing to climate change is greenhouse gas emissions (GHG) due to energy consumption, inter alia by the consumption of electricity and fuels. Mehadrin makes great efforts to reduce the emissions resulting from the company's activities.

Mehadrin monitors energy consumption in all the company's packaging houses and refrigeration facilities and actively promotes projects of integrating renewable energy within its electricity uses and reducing the use of electricity and fuel.



As part of these operations, Mehadrin began to integrate in 2011 a photovoltaic system with a capacity of 50 kWp to generate electricity from solar energy in the packing house it owns in Ashkelon. In 2019, the company installed another solar system in the scope of about 640 kWp. In 2020, a solar system was installed on the roof of the packing house in Netanya with a capacity of approximately 700 kWp, and during 2021 additional systems were installed in the refrigeration complex in Tsrifin owned by the company, with

In recent years, Mehadrin has been using drones that make spraying more accurate, as an alternative to tractors or spraying planes, thus reducing pollutant emissions. Reducing emissions from spraying is additionally done by a focused monitoring system which checks the appropriate threshold for treatment and calibration for each dunam.



a total capacity of 560 kWp.

A product's carbon footprint is a method for measuring and calculating the impact of a company's products and activities on the environment, and in particular their contribution to climate change. Mehadrin was among the first companies in Israel to measure and calculate the carbon footprint of its products using a Life-Cycle Analysis approach.

Mehadrin calculates the greenhouse gas emissions for citrus fruits, in accordance with the 2011 British Standard: 2050 PAS and was also certified by the Code of Good Practice by the Carbon Trust for the carbon footprint measurement it carried out in 2011-2012.

In recent years, Mehadrin has been using drones that make spraying more accurate, as an alternative to tractors or spraying planes, thus reducing pollutant emissions. The reduction of emissions from spraying is also achieved by a focused monitoring system which checks the threshold appropriate for treatment and calibration of each and every dunam.

Another initiative related to reducing the use of electricity is the use of energy efficient LED lighting in the company's buildings (packing houses and offices) as well as the use of about 30% natural lighting.

Data

ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

302-1 | 305-1 | 305-2

As of 2022,
the company has
253 vehicles
in use in its operations,
of which 125 are private vehicles, 56
are electric forklifts, and the rest are
work vehicles of various types (such
as: trucks, tractors, etc.).



Electricity consumption (KWh), by years:

Source	2020	2021	2022
Electricity from the grid	37,106,346	36,294,769	34,770,056
Electricity from renewable sources	2,327,595	2,328,360	3,197,944
Total electricity consumption	39,433,941	38,623,129	37,968,000

Fuel consumption for transportation (liters), by years:

Fuel type	2020	2021	2022
Gasoline	201,699	256,685	261,319
Diesel fuel	151,999	128,939	138,463
Urea	105	430	633
Total fuel consumption	353,803	386,054	400,415

Greenhouse gas emissions (ton CO₂e)³, by years:

Scope ⁴	2020	2021	2022
Scope 1	807	880	913
Scope 2	18,495	18,114	17,807
Scope 3	-	-	86
Total emissions	19,301	18,994	18,806

Refrigerant gas use (kg), by years:

Refrigerant gas type	2020	2021	2022
R507	3,200	3,200	3,200
R22	2,800	2,800	2,800
Ammonia	34,900	34,900	28,900
Total refrigerant gases	40,900	40,900	34,900

* The data relating to the amounts of refrigerant gases are mostly unchanged between the years since it represents the capacity of the refrigeration systems and not the actual consumption. The decrease in Ammonia in 2022 was due to the reduction of area of the cooling warehouse.

³ Mehadrin calculated greenhouse gas emissions based on the accepted international standard GHG Protocol Corporate Accounting and Reporting Standard.

⁴ Scope 1 includes emissions from fuel consumption, Scope 2 includes emissions from electricity consumption, Scope 3 includes emissions from business travel (flights and hotel accommodation of employees).



Waste

3-3 | 301-1 | 301-2 | 301-3 | 306-1 | 306-2 | 306-3 | 306-6

Mehadrin makes sure to responsibly handle all types of waste produced as a result of its activities. The types of waste include: Plant waste, product packages (plastic and cardboard) and office waste, while cardboard is the main type of waste. The company cooperates with government ministries and other entities in order to find solutions that will reduce the damage caused of agricultural waste.

The principle that guides Mehadrin in handling the company's solid waste is the principle of reduce, reuse and recycle, which aims to minimize as much as possible the amount of waste produced.

In the company's packaging houses, the general waste is separated from the packaging waste that is transferred for recycling and/or reuse, while household waste is sent to the authorized sites. The company examines the actual needs and based on the findings an adjustment is made of the production quantity, in order to reduce the amount of packaging materials to the minimum possible - Reduce. On top of that, damaged packaging materials are collected and, as far as possible, they are reused or recycled.

On the company's premises there are stations for the collection and marketing of agricultural plastic waste (such as: irrigation products, nets and plastic packaging) which is delivered to recycling plants in Israel and around the world, after being sorted, cleaned and compacted into

containers.

Mehadrin makes use of reusable containers and packaging, which the company reuses, to transport the fruits intended for packaging from the orchards to the packing houses and from there for distribution. In most of the orchards, a garbage tub is placed for empty material packages that are taken to a regulated waste site once a month by a subcontractor. Also, in accordance with the company's policy, the cardboard waste is transferred to a licensed contractor with a landfill agreement.

Actions are also taken in the company's offices to reduce the use of disposable utensils and switch to reusable utensils, inter alia, by distributing reusable cups to all employees. This initiative aims to encourage employees to reduce disposable use and raise awareness of this issue. In addition, shredding machines were placed in the company's offices to reduce paper waste and transfer it to recycling.

The company invests efforts in reducing the waste resulting from its operations, including pruning, leftover plant material and fruit, and crushes pruning branches in the field and transfers fruits that are not suitable for marketing as raw material for the juice industry or as feed for animals. This is another effort taken by Mehadrin to optimize the use of raw materials and reduce the waste remaining at the end of the process.

Data

WASTE

301-2 | 306-1 | 306-3 | 306-5

Waste from packing houses (ton):

Reported figure	2022
Total weight of the cleared waste	1,116

Packaging waste from renewable/ recyclable materials (ton):

Type of product /packaging	2020	2021	2022
Polypropylene (degradable and recyclable plastic)	78	159	222
Recyclable cardboard	4,429	4,270	3,489
% returned products (recall)	0%	0%	0%

* An increase in the use of polypropylene packaging at the same time with a decrease in the use of cardboard packaging over the years is due to the expansion of contracts with customers who have the ability to recycle plastic in an adequate way.



Water and wastewater

3-3 | 303-1 | 303-2 | 303-3 | 303-4 | 303-5

Water is the source of life on earth as well as an essential and important resource in the agriculture industry.

Mehadrin consumes water in its operations from a number of sources, including natural water pumped from the company's private wells, water from external sources, such as local wastewater treating plants and from Mekorot Water Company Ltd. The private wells are located near the area of the orchards and the water pumped from them is fed through a main pipe connected to the irrigation network of those orchards. Irrigation using external water sources is done by flowing them into the company's main piping infrastructure, from where they are pumped to a central point in the company's orchard block and from there the water is flown through an irrigation network to the orchards and plantations in the area.

At the exit of each well there is a water measurement system that is monitored once a month and water readings are also sent to the legal authority in the country, the Government Authority for Water and Sewerage, which handles water consumption. Mehadrin frequently tests the water quality and complies with all standards that refer to reclaimed water, such as the 'Inbar Committee' standards of the Ministry of Health and the Ministry of Environmental Protection, which refer to the quality of treated wastewater. In addition, Mehadrin also complies with the rules for wastewater treatment, for example a tertiary standard that states that the wastewater used must go through a process that includes

removal and filtering of hazardous substances. Mehadrin takes additional measures to ensure that the water is safe for use, such as adding chlorine to treated freshwater and periodically sending water samples to external laboratories to receive confirmation of their quality. In addition, Mehadrin complies with the ISO17025 standard which states that the water sampling be carried out under the responsibility of a certified sampler and by a certified laboratory.

In many orchards there are electronic monitoring and control systems to validate the agricultural need for irrigation in the recommended amount or in the amount required according to the climatic indicators, such as the Phytech system installed in the company's orchards across the country or the SupPlant system installed in a more limited national deployment. For all of these, for the purpose of management and control, the company assigns designated managers whose job it is to monitor and handle this issue. For example, the company appointed as a controller an agronomist specializing in irrigation, whose duties include monitoring the irrigation in the plots, both on the sensors and on the computerized systems. In addition, for the benefit of the water treatment issue, the company appoints a designated manager whose job it is to manage all sources of supply, by way of control over the optimization of the output, the absence of leaks and

Data

WATER

303-3 | 303-4 | 303-5

Total water consumption (million m³), by source:

Reported figure	2020	2021	2022
Freshwater	8,844	9,538	8,137
Brackish water	835	894	971
Treated wastewater	16,735	19,403	17,642
Shafdan water	3,926	4,660	4,384
Total water consumption	30,340	34,495	31,134

Total water consumption (million m³), by type:

Reported figure		2020	2021	2022
Groundwater	Drinking water	1,470	882	946
	Other water types	3,195	3,365	2,888
Third party water ⁵	Drinking water	5,014	6,185	5,274
	Other water types	20,661	24,063	22,026
Total water consumption		30,340	34,495	31,134

* Fluctuation in the company's water consumption between years is in accordance with the physiological needs of the plantations and orchards.

Total water consumption from areas defined as areas with water shortages⁶ (million m³), by years:

Reported figure		2020	2021	2022
Third party water	Drinking water	947	945	1,064
	Other water types	5,938	6,899	6,461
Total water consumption		6,885	7,844	7,525

⁵ Third-party water - municipal water suppliers and municipal wastewater treatment sites, public or private services and other organizations involved in the supply, transport, treatment, disposal or use of water and treated wastewater.

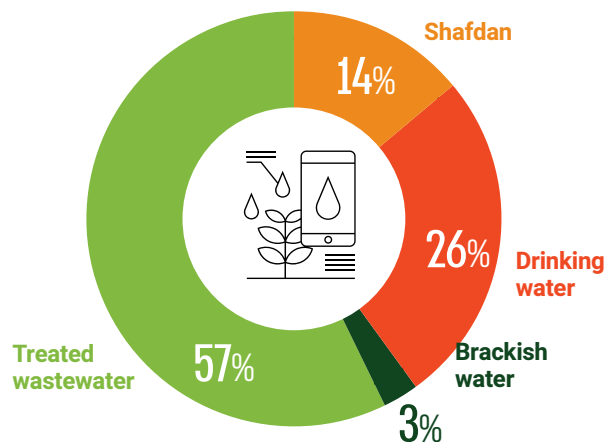
⁶ Gan Pelach orchards located in the Negev.



water losses and the integrity and completion of the supply and transmission systems. Furthermore, Mehadrin invests many resources in replacing old pipes that are more exposed to the risk of leakage and water loss.

Mehadrin makes sure to consume water from Shafdan and treated freshwater sources, which have undergone purification treatment aimed to reduce the use of freshwater/groundwater. In 2022, the total consumption from these sources was over 70%.

In 2022, Mehadrin's water consumption from various sources was divided as follows:



In addition to pumping water for self-consumption, as detailed above, Mehadrin supplies water for irrigating agricultural areas to various customers of the company, both from its own and from external water sources, through the company's water supply networks.

Mehadrin cooperates with the Ministry of Agriculture and Rural Development in protecting waterways and their drainage in the orchards. Mehadrin assists the ministry

with this protection in its orchards and at the same time enjoys a steady work sequence during harsh winters. The protection of waterways and drainage in the orchards guarantee access to them and thus allow the company to continue producing its products with the state accordingly participating in financing the expenses.

Biodiversity

2-25 | 3-3 | 304-1 | 304-2 | 308-2 | 13.4

Agriculture and tillage expose the biodiversity and the ecosystem as a whole to various risks. Mehadrin works in a variety of ways in order to reduce the impact of its activities on the biodiversity and prevent a violation of the ecological balance⁷. The company does this by various actions, for example treating the weeds manually as an alternative to spraying with chemical pesticides; A focused and non-overarching spraying interface made possible by a team of monitoring inspectors and the establishment of a department which entire engagement is in the field of plant protection. Mehadrin is among the only agricultural companies in Israel with a department dedicated to this subject, which illustrates the way in which it is committed to the subject and sees importance in investing in it and managing it.

By virtue of its activity, Mehadrin meets all the requirements of the Plant Protection Law 5716-1956 and its regulations, including regulations for the supervision of the export of vegetation plant and its products 5739-1979; Public

⁷ Ecological balance is a concept according to which there is a desirable state in nature that characterizes a healthy ecosystem, in which there is a harmonious balance between all its components.



Health Protection (Food) Regulations (Pesticide Residues) 5751-1991 and the Occupational Safety Regulations (Working with Pesticides) 5724-1964. The company has an ecosystem monitoring team (trained agronomists) who perform monitoring and surveillance in the company's orchards and plantations in order to reduce the negative effects on the biodiversity, working to place beehives to preserve the flora and appropriate signage in areas where it is necessary to protect the biodiversity.

Mehadrin has orchards located next to nature reserves "Holot Nitzanim", "Barir Reserve" and "Gvaot Merar" National Park. Mehadrin acts with great responsibility in order to preserve the flora and fauna in these protected areas. The company operates according to the strict guidelines of the European Union regarding the use of toxic substances and does not generally use substances with toxicity level 1 or 2 (which are classified as highly toxic substances that include organic phosphors). Furthermore, Mehadrin complies with the regulations for the use of pesticides



in agriculture, of the Ministry of Agriculture and Rural Development, which determine which pesticides can be used and in what manner.

In order to maintain its areas and at the same time benefit the local animals, Mehadrin initiated a program to collect water in dedicated storage tanks next to the orchard. Mehadrin is in constant contact with the appointed officials from the Ministry of Agriculture and Rural Development and together they find solutions and work in cooperation to preserve and protect the flora and fauna. In addition, the company incorporates alternative tools to reduce the use of chemicals such as the use of essential fungi which, through learning the dynamics of the soil, enables the creation of conditions for the spread of these fungi and the use of mulch solutions, the use of mulch crops and drainage systems and the integration of organic materials to improve soil conditions.

Mehadrin requires its suppliers to sign a statement that they undertake to preserve the environment and its natural resources and preserve the values of the landscape, animals and the environment. Furthermore, if an environmental incident occurs while they are working in the orchard/plantation, they undertake to immediately notify the authorities and the manager of the orchard/plantation. In 2022, 100% of Mehadrin's agricultural input suppliers, including fertilizer and chemical suppliers, signed this statement. Due to the high level of risk of damage to the environment in these areas, Mehadrin demands these suppliers to act in accordance with the company's values and meet the standards it sets. In addition, in accordance with the completion of the adoption of the LEAF standard by the company in 2024, Mehadrin shall expand the commitment of its suppliers to conduct benevolent to the environment.

Pesticides

2-25

In the agricultural sector in Israel, similar to the rest of the world, chemical pesticides are used to prevent, eliminate, remove or reduce pests. Most of the pesticides have negative environmental and health effects (depending on the type of substances and other relevant aspects). Due to its understanding of the negative effects of chemical pesticides and its desire to improve the quality of the fruit it produces and maintain the health of its customers and employees, Mehadrin works hard to reduce the use of chemical pesticides and switch to the use of biological pesticides or even avoid using pesticides at all.

Mehadrin complies with the regulations of the Ministry of Environmental Protection and the Ministry of Agriculture and Rural Development, the bodies responsible for supervising and establishing regulations regarding pesticides approved for use. In addition, depending on the export destination country, Mehadrin makes adjustments to the relevant local standards.

Mehadrin examines and approves the lists of pesticides that can be used, at least once a year. The lists of pesticides approved by the company meets strict standards compared to the local standard in terms of concentration, application and the waiting days required before harvesting, with an emphasis on the use of low and medium risk substances. In addition, all the materials on

the list undergo laboratory tests and experiments in order to reach the Manufacturing Readiness Level (MRL), along with maintaining effectiveness in the field.

Every year Mehadrin convenes a meeting of the professional officials in the company to validate the relevance and effectiveness of the pesticides, both in accordance with the guidelines and regulations of the Ministry of Agriculture and in accordance with internal decisions, based on ongoing research and monitoring of the data. In 2022, Mehadrin stopped using substances belonging to the Chlorpyrifos group (organic phosphorus), which harm bees in the field, and dangerous to use for man and all mankind, in accordance with the strict European standards. The company periodically examines the pesticides it uses and



the alternatives available on the market, in order to reduce the use of residual pesticides compared to the use of substitutes that are considered environmentally friendly.

Mehadrin's computer systems measure and monitor the agricultural inputs of the company's plantations alongside the use of pesticides in order to reach conclusions and make effective and minimal use on the one hand, while finding the 'green' solutions to protect the fruit from pests and protect the nature and quality of the fruit. Mehadrin uses the Fieldin system that monitors the time, quality and type of treatment and prevents excessive use of pesticides through a pest monitor that checks the pest threshold and schedules treatment as needed. For example, the company used pesticides in the past at the beginning of the growing season to get rid of the scale insects family such as the red scale (a pest that feeds on all parts of the tree; fruits, leaves, branches and trunk). In the last three years, the company has significantly reduced spraying in order to test the threshold for treating the pest, thus greatly reducing the use of pesticides in this case as well. During the year 2022, the Mehadrin company began joint work with commercial companies with the aim of finding a green solution to regulate the population of the red aphid pest in the orchard using green methods using pheromones.

As part of safeguarding and protecting animals in the company's agricultural plots, Mehadrin makes efforts to reduce the use of pesticides and encourages the reproduction of beneficial insects that fight pests affecting the company's crops. Mehadrin tries to install friendly and non-toxic traps against the Mediterranean fly - in lieu of using spraying and poisoning.

In order to reduce the environmental effects of pesticides, Mehadrin invests many resources in research and

development, and implements advanced methods of integrated pesticides management. These methods include replacing the common spraying methods of pesticides with environmentally friendly methods; Placing nesting boxes for owls in order to establish their population in the breeding environment to hunt pests such as high-altitude rats that nest on the tops of trees and cause damage to trees by gnawing them, agrotechnical activity of actively dismantling nests and pruning crossings, all of these reduce the scope of chemical pesticides required by the monitors whose job it is to monitor Outbreak and contagion of diseases and pests in agricultural crops. Mehadrin tests the nitrogen levels in water produced independently from private wells or from water coming from a corporation. When the nitrogen levels are high, the nitrogen fertilization will be reduced according to the nitrogen values available to the orchard as a result of the irrigation with such water. In addition, the company avoids the use of non-selective chemical substances that cause imbalances in the ecosystem.

The procurement department verifies that the pesticide and spraying materials provided comply with all the guidelines and restrictions of the Ministry of Health, the Ministry of Agriculture and Rural Development, the Ministry of Environmental Protection, as well as Mehadrin's internal procedures and the updated list of approved materials.

Mehadrin invests many resources in research and development, and implements advanced methods of integrated pesticides management.





Soil

201-2 | 13.5

Mehadrin's orchards and plantations are exposed to the risk of soil erosion which could affect the crops and cause pesticides to flow into nearby water sources. In order to avoid these and other phenomena, the company sows drift-resistant mulch plants, such as oats and wheat seeds. As mentioned, the mulch plants act as a receptor for excess water in the winter months and in addition as a substrate for tractors that produces soil compaction in the absence of substrates and grass on the surface of the soil. In addition, in order to prevent fertilizer from leaking into the ground, Mehadrin has installed reservoirs for the fertilizer containers in every orchard.

Before planting, each plot is carefully planned by a soil and water engineer. The planning includes elements of soil conservation and is subject to the instructions and in full coordination with the Ministry of Agriculture/Soil Conservation Division. Moreover, the entire compound of the area is being planned for drainage and waterways, to prevent soil drift and maintain adequate access to the orchard in general and to the plots in particular.



Mehadrin chose in 2023 to enter a new crop market of prickly pear, a crop that does not need a lot of water and is resistant to high temperatures.



Risks and opportunities following climate change

The world's agriculture industry, as well as Mehadrin's plantations and its customers' plantations, are exposed to extreme climate changes/conditions, such as: hail, cold, storm, rain, drought and floods. The frequent changes in weather events and the increase in extreme climatic events lead to changes in the quantity and quality of the fruit, flooding of orchards, an increase in water consumption alongside a decrease in its availability, an increase in the risks of soil erosion and loss, fluctuations in sowing and planting schedules, an increase in the scope and intensity of damage and invasion of new pests, a decrease in packaging rates, while all of the above may lead, inter alia, to financial losses, damage to reputation and loss of customers.

In order to manage and monitor climate-related risks, Mehadrin carries out various actions, including special treatment of key varieties, such as covering with protective nets, switching from the use of drinking water to the use of purified wastewater.

The company insures all the orchards it owns and cultivates, with a nature's hazards insurance policy (which covers hail, cold and storm risks) and natural disaster insurance policy (which covers climate's hazards, which are not covered by the insurance of nature's hazards and pest's hazards, fruit diseases and natural disasters damaging trees). In addition, Mehadrin performs a climate risk analysis and adapts its activities to the identified risks and various climatic phenomena, by taking steps such as shortening the agricultural season, postponing the citrus picking,

shortening the delivery days of avocados or the possibility of postponing the picking in areas exposed to climatic phenomena, examining varieties that are more resistant to a certain climate and adapting the growing area to the climatic conditions.

For example, as part of the analysis of the effects of climate change on the company's crops, Mehadrin chose in 2023 to enter a new crop market of prickly pear, a crop that does not need a lot of water and is resistant to high temperatures. Another example is the replacement of a variety of red grapefruit in the face of climate change. Mehadrin found that the existing variety ('Star Ruby') is very sensitive to heat and radiation effects and therefore replaced the existing plantations with a new variety ('Rio Red') which is more resistant to the local climate, all this without compromising the quality and taste of the fruit.

Another example of the implementation of various solutions in the face of climate change risks is the company's promotion of the use of the agro-voltaic growing method that includes placing solar panels over orchards and plantations for the purpose of generating electricity by the company. Beyond the benefit of electricity generation, the panels placed above the orchards and plantations will form a protective layer for crops as well as provide protection against radiation/overexposure, thus reducing the need for irrigation (up to 20% in the summer months) and reducing hail damage in the winter months.



Reducing food waste and circular economy

2-28 | 3-3 | 13.9 | 13.10

As part of the company's core activity, Mehadrin contributes to dealing with one of the essential global challenges of our time - 'food security'. The scope of Mehadrin's fruit crops, which are part of the human food basket, originates from orchards and plantations in an area of approximately 35,000 dunams, which produce approximately 150,000 tons of fruit per year which are intended for local and global markets. In addition, in 2023, a collaboration began between Mehadrin and a private company in Morocco to grow avocado trees in an area of approximately 5,000 dunams in Morocco, which also contributes to nutrition security at the global level.

The issue of food loss in the supply chain is handled optimally in the company by several actions and processes that reduce food loss as much as possible. Initially, fertilization and appropriate spraying substances are being used to produce the highest quality product and thus avoid wasting fruit. At the second stage, the company's policy is to pick all the fruits from the trees in the orchards



and plantations. Fruits that have been harvested, but for aesthetic and other reasons are not suitable for marketing, are supplied to the juice industry (for example to the companies "Primor" and "Prigat") or to dairy barns and used to enrich animal feed.

In addition, at the end of the picking season, remaining fruits are picked by volunteers on behalf of the organization "Leket Israel", which works to save food in the country. The fruits are donated to populations of low socio-economic status, as part of a collaboration between Mehadrin and various organizations and associations. These partnerships help reduce food loss and largely benefit the national nutrition security. In 2022 (season 2022-23) the company donated a total of 256,994 kg of fruit to the following associations: "Yad Beyad charity", "Yad Ezra and Shulamit", "Leket Israel", "Zdaka VeHesed", "Pitchon Lev", "Chasdei Naomi, the association for Holocaust survivors and people in need", "The Natural Step Israel Ltd" and "Beit Hatavshil and charitable works Romem Keren David."





Social





Employees

2-7 | 2-8 | 2-19 | 2-21 | 2-30 | 3-3 | 201-3 | 401-1 | 403-1 | 403-10 | 404-2 | 405-2 | 407-1 | 408-1 | 409-1

Mehadrin employees are at the heart of the company's activity and form the anchor for its success and leadership. We are proud of our agricultural team, which includes leading professionals in this field. Our employees, at the headquarters and along the value chain, strive for excellence and ensure the highest quality of our products in order to ensure the satisfaction of our customers and business partners. Therefore, we see great importance in investing in them and in their professional development, in providing a promoting, caring and empowering work environment. We outline both our overall policy and the specific policies and programs in the company's branches in Israel and around the world so that they ensure the achievement of these goals and provide the best and most fertile grounds for our employees to develop and prosper while maintaining their health, safety and well-being.

As of December 31, 2022, Mehadrin employs 311 permanent workers in Israel. In addition, Mehadrin employs "seasonal" workers (mainly picking and packing workers employed during the fruit picking season). The number of seasonal workers varies according to the scope of activity in the season. During the reporting period, approximately 360 seasonal workers were employed⁸.

Mehadrin maintains a program for integrating workers who study agriculture in Israel (Agrostudies) and come from third world countries. The program includes tutoring and guiding the employees and their training for excellence in agriculture, in accordance with Mehadrin's standards. The program included about 80 employees in 2022.

Mehadrin makes sure to act in accordance with labor

⁸ The data in this chapter regarding the number of employees and departure refer to the 2022 reporting year. Data regarding the segmentation of the employee population according to various variables in the chapter are based on 2023 data, based on the company's assumption that the ratio is the same as that of 2022.

*The data is presented regarding the company's employees in Israel only, without the branches abroad.



THE NUMBER OF
EMPLOYEES IN THE
COMPANY

311

Permanent Workers

358

Seasonal Workers

116

Foreign Employees
(mainly from Thailand)

80

Agricultural Students
(Agrostudies)

SEGMENTATION OF AGRICULTURE STUDENTS

according to the countries
of origin



16

IVORY COAST



18

BENIN



14

GHANA



16

TOGO



4

CAMBODIA



12

TANZANIA

Distribution according to the appointment percentage
of the steady workers -
99% full-time and 1% part-time

**About 95% of Mehadrin's
employees are employed
under collective labor
agreements**

a collective labor agreement in the
agriculture sector and a special
collective agreement signed in
November 2010 between Mehadrin's
management, the Agricultural Workers'
Union and the company's workers'
committee. The rest of the employees
are employed under personal
employment contracts.

Contractor workers

**about 804 workers
in packaging and
about 1,500 workers
in picking**

Employees who went
on maternity leave -
2 employees



laws and the strictest standards regarding workers' rights, safety and health and environmental requirements. We are audited and receive professional certifications in accordance with the regulatory requirements of the GRASP (GLOBALG.AP Risk Assessment on Social Practice) and the packing houses and agriculture are certified as per the social standard SMETA (Sedex Members Ethical Trade Audit) which defines fair employment conditions. In 2022, the company adopted the Rainforest Alliance standard, which examines the company's conduct against the requirements of the law regarding the employment of workers, their employment conditions and their safety.

Maintaining the rights and empowering the population of contractor workers -

We require the contractor companies through which our contractor's employees are employed (mainly in picking and packing) insurance and a valid contractor's license, a signed social policy under which the contractor undertakes to act in a manner that preserves the rights of his employees in accordance with labor laws and an auditor's report produced by a CPA regarding to the correctness of the employee's employment conditions. Beyond that, we perform monthly independent audits regarding the pay slips of the contractor's employees, in which we verify that their wages are paid legally, including in the following subjects: Minimum wage, provision for provident funds, payment for travel, payment for overtime and the like. In addition, an audit is carried out to make sure that employees with a certain seniority are employed by the company, in accordance with the provisions of the relevant law in order to protect their rights.

In 2022, the following steps were taken to improve the welfare of the employees, and create a more professional work team alongside strengthening the affiliation with the company-

- Guiding the employee throughout his personal and organizational life events: A birth gift, a birthday gift, a school bag for employees' children entering first grade, a bar/bat mitzvah gift and a wedding gift/ a gift for a worker's child's wedding, a recruitment grant, a bereavement kit, holiday gifts and 85% contribution to the cost of a retirement preparation course.
- Team-building and cultural events, such as toasts on holidays at the company's sites, departmental team-building days, annual events for all company employees.
- Flexible work arrangements where possible to promote a balance between work and home (such as the "Daylight Savings Time" project, in which during the summer months the daily working hours are reduced to 8 hours a day). Including a leave policy for special events such as birth and bereavement.
- Renovating buildings and improving working conditions in the orchards, the packing houses and the company's offices.
- "Encouragement in the organization" - a program to strengthen organizational connectedness, in which employees and managers "encouraging" each other in appreciation conversations, personal letters and personal gifts for a significant contribution to the department or the organization, helping others, human relations, or any other



positive parameter.

- Promotion opportunities and internal mobility to expand work experience and diversity.
- Ongoing dialogue channels - as part of the culture of ongoing dialogue in the company and the formation of organizational connectivity, in 2022 we held two rounds of "round table" meetings accompanied and guided by an external organizational consultant, hosting employees and managers from the company's headquarters, the packinghouses and the plantations. As part of the round tables, the employees were informed about key processes in the company and needs from the field were raised, along with ideas and suggestions for improving and streamlining processes. In addition, 4 management forum meetings were held hosting the company's management and middle rank staff to discuss, inter alia, the results of the rounds carried out and design an adapted work plan.



Promoting diversity, equality and inclusion

201-3 | 401-1 | 403-1 | 403-10 | 404-2 | 404-3 | 405-1 | 406-1

Mehadrin and its employees reflect a wide range of occupations. We believe that occupational diversity contributes to the promotion of innovation and creativity on the one hand and on the other hand creates equal opportunities for different populations in society.

Mehadrin promotes the employment of employees of all backgrounds and strictly prohibits discrimination or harassment based on race, gender, sexual orientation, religion, and age or otherwise. The recruitment and promotion processes in the company are designed to reduce unconscious bias and promote human diversity in all the positions in the company and are based on the

candidate's qualifications for the position.

The company's employees are required to sign the code of ethics that defines the company's guidelines on non-discrimination, the open door policy and the existing reporting mechanisms in the company within which complaints can be filed, inter alia, on issues of discrimination and non-compliance. The company has appointed an ethics officer and an ethics committee entrusted with promoting these issues and which one can apply to in order to submit a complaint. At each of the company's sites there is a physical complaint box accessible to employees.



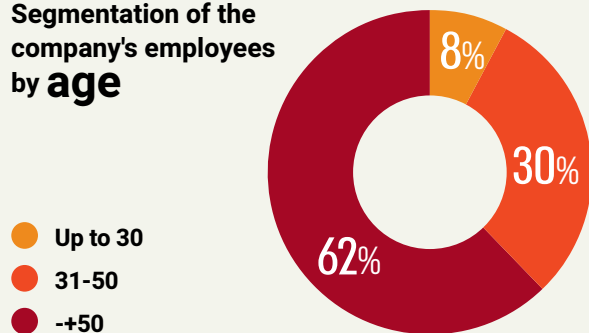
Encouraging age diversity

We choose to integrate within our ranks a variety of employees of varying ages, as we believe that a combination of employees with experience and seniority alongside young employees gives the company and its employees real value and a competitive advantage.

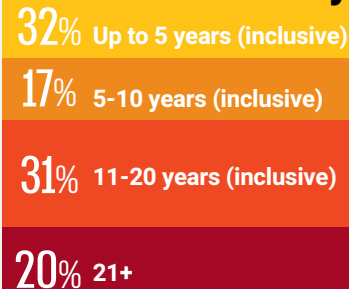
Encouraging diversity of underemployed and disabled populations

Over a third of the company's employees are workers from minority populations, which include workers from the Arab, Bedouin, Druze and Ethiopian communities. These

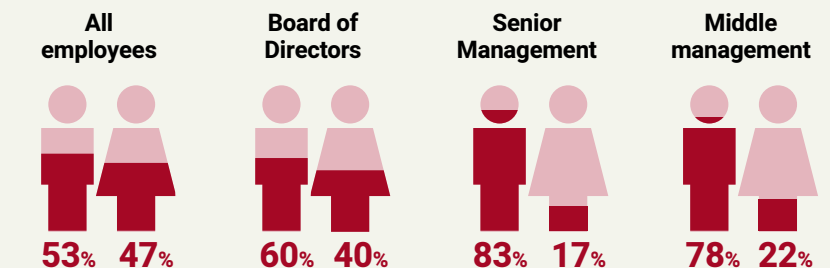
Segmentation of the company's employees by age



Segmentation of the company's employees according to seniority



The proportion of women in Mehadrin by rank





employees have linguistic and cultural access to company documents such as the code of ethics and information about their rights and the training they are required to undergo as part of their duties.

As of 2022, we are integrating employees with various disabilities within the activities of five packinghouses.

Encouraging gender diversity

Mehadrin encourages equal gender representation along the ranks of its employees and managers. Women make up about 47% of all company employees and about 20% of the management rank. The representation of women in the board of directors stands at a rate of 40% as of the date of publication of the report.

Recruitment and retention of employees

The company's recruitment and selection processes are carried out with the aim of identifying candidates who identify with the company's values, including the passion for beneficial agriculture, integrity and excellence. We are proud of our team, which includes the best professionals in the industry, agronomists and other specialists in the field. In 2022, about 83 company employees were recruited in various positions, about half of them women, and about 119 employees have left, including employees who retired.

Training and education

Our annual guidance and training program combines courseware alongside face-to-face training and in 2022 it included mandatory topics such as safety, code of ethics, information security, first aid, labor law and training for the development and promotion of professional skills such as courses to acquire relevant computer skills for employees

of the headquarters and packing houses, and workshops for the development of managers for the senior and middle management rank. The study topics are designed according to the needs expressed by the employees through dialogue and internal organizational communication. In addition, at the end of each training, feedback is provided in order to improve the learning process.

Performance review and career development

In accordance with the connectivity survey carried out in Mehadrin in 2021 and its conclusions, a mechanism was formed in 2022 to carry out a dialogue aimed at performance review and career development for the company's employees and managers. The mechanism is designed to institutionalize and regulate the process of dialogue and evaluation of Mehadrin's employees. As part of the process, the human resources department designed a customized questionnaire for employees and managers, in which the employees are asked about their performance evaluation. The company's managers complete the process of completing the performance evaluation of the employees in accordance with the dedicated training they received regarding guiding principles for the manner of conducting the dialogue.

In 2022, a dialogue and performance review process was completed for all members of the management forum in the company (about 50 managers). During the year 2023, the process was implemented through a dedicated computerized system and carried out with most of the company's steady workers (about 200 employees out of the company's 311 steady workers, which constitute 64%). The dialogue process, which includes performance review and career development for company's employees, is

Data

RECRUITMENT AND LEAVING OF MEHADRIN EMPLOYEES IN 2022 BY AGE AND GENDER:

	Age	Women	Men	Total
Employee added	Up to 30	7	24	31
	31-50	15	18	33
	50+	13	6	19
	Total	35	48	83
Employee left	Up to 30	6	20	26
	31-50	16	25	41
	50+	22	30	52
	Total	44	75	119

The employee turnover rate in Mehadrin is about 10%, excluding retired employees and deceased employees.



planned to be embedded as a regular process carried out annually, for all steady workers.

Employee health and safety -

The health and safety of our employees are at the forefront of our minds and we make sure to implement a strict and uncompromising policy on these issues. Mehadrin complies with all laws and regulations related to the employment of workers, including those dealing with safety and security at work. We create a safe, accident-protected, refreshing and healthy work environment for our employees - without toxins and dangers.

Mehadrin has a safety system, led by the company's safety officer and safety trustees who undergo dedicated training. The company has defined a proactive safety plan which is designed to prevent work accidents and illnesses and to ensure that the safety policy is defined and adapted to the various work environments - the company's headquarters, the plantations and the packing houses, where each site has a safety plan suitable for the risks analyzed and defined in the factory/packing house.

The safety system carries out risk surveys and regular audits in order to identify, reduce and prevent risks during operations. Accordingly, actions are taken such as carrying out trainings in the field, examining the use of personal protective equipment, marking roads and protective measures.

Safety incidents are documented, investigated and examined and, if necessary, conclusions are drawn and applied in accordance with the findings, with the aim of implementing and improving the preventive measures.

All Mehadrin employees undergo training and are required to perform safety refreshers according to their duties,



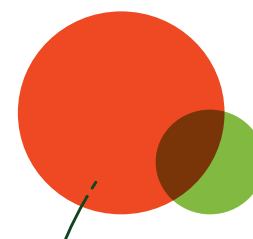
upon their absorption and on an ongoing basis, in the following areas: Safety, forklifts, working at heights, first aid, cleaning and hygiene, firefighting, use of pesticides and safe driving. The training and safety procedures are conducted in the language of the employee. In 2022, 100% of the employees participated in safety training focused on their roles and areas of responsibility..

In addition, health inspections are held of the company's employees according to their duties, which include hearing and vision tests, and the company performs noise monitoring in accordance with the requirements of the relevant regulations.

Every factory has a safety committee, which includes managers and employees of the company. The safety committee is responsible for the implementation of the safety and health procedures in the company and their application, investigates incidents and discusses the findings

of audits that have been carried out. During the year 2022, the safety committees met 8 times.

As part of the company's procedures in the field of safety and health, work accidents and occupational diseases are recorded and documented. During the year 2022, there were 44 work accidents, of which 35 involved company employees (where 3 are defined as serious accidents) and 9 involved contractor employees (where 0 are defined as serious accidents). Most of the cases of injury at work that were investigated were of the hit and fall type. There were no cases of occupational diseases.





Responsible supply chain

2-6 | 2-24 | 3-3 | 204-1 | 308-1 | 409-1

Mehadrin recognizes the importance of a responsible supply chain for itself and for its stakeholders, which enables maintaining business continuity and reducing potential social and environmental risks.

The company operates along the entire value chain, which is intended to serve the agricultural produce and fruit growing - processing, packaging and marketing, in Israel and globally. In addition, we have business partners along the supply chain that include our suppliers, external packing houses, transport companies, shipping and aviation companies and the growers.



Partnerships with growers in our orchards and plantations - the growers are important business partners and we work in cooperation to yield maximum value from the produce. Mehadrin provides its growers with knowledge and experience, training and tools and financial support.



Packing houses - the packing houses are strictly owned by Mehadrin and equipped with the most advanced technologies and provide high yields.



Global sales and service system - fruit handling systems in direct proximity to the sales channels

reduces the need for transportation and extends the product life when it reaches our customers.



Direct access to customers and markets, including with our private brands.

Global logistics system

The logistics providers (shipping companies, land transport companies, customs brokers) take a full part in optimizing and maximizing an effective supply chain and we use the economies of scale in negotiations with suppliers to get better prices than our competitors and greater availability of transport equipment such as containers and trucks





abroad. Our global supply chain consists of 1,519 major suppliers in the field of agriculture and other fields, with an annual procurement volume of a total value of NIS 569,241. We see importance in promoting the Israeli economy and strengthening local economic development. About 85% of our procurement costs originate from local procurement and about 80% of our products originate from Israeli agriculture.

We see our suppliers as business partners and as such we require them to comply with ethical, environmental and social standards and with the company's code of ethics and its values. Most suppliers are required, as precondition to contracting with them, to sign a policy annex obliging

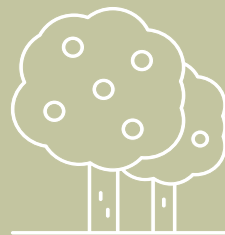
them to comply with regulatory requirements, protecting workers' rights and health, and protecting natural resources and environmental values, and report any case of violation. 100% of our agricultural produce is sourced from Global Food Safety Initiative (GFSI) certified suppliers.

In addition, all contractors providing labor services are checked for valid permits, licenses and terms of employment. The company conducts regular audits and salary checks to verify compliance with the relevant legal requirements and regulations. By cooperating with licensed contractors in accordance with the requirements, Mehadrin can ensure better supervision of the working conditions of all its employees.

100%
of our agricultural produce is
sourced from Global Food Safety
Initiative (GFSI) certified suppliers

OUR ORCHARDS' GROWERS

35,000 dunams of Citrus orchards and avocado plantations which the company grows in ambition for precise, excellent, rejuvenating and healthy agriculture



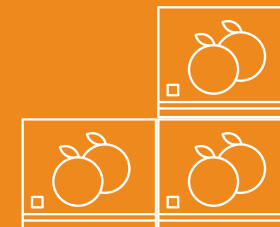
PARTNERSHIPS WITH GROWERS

The growers are dear and important business partners to us, within the partnerships Mehadrin presents benefits and services important to the growers.



PACKING HOUSES OWNED BY THE COMPANY

High yields, advanced technologies



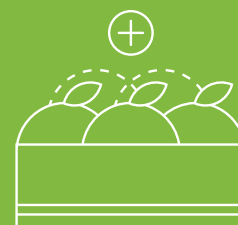
A GLOBAL SALES AND SERVICE SYSTEM

Fruit handling systems in direct proximity to sales channels



DIRECT ACCESS TO CUSTOMERS AND MARKETS

including our brands



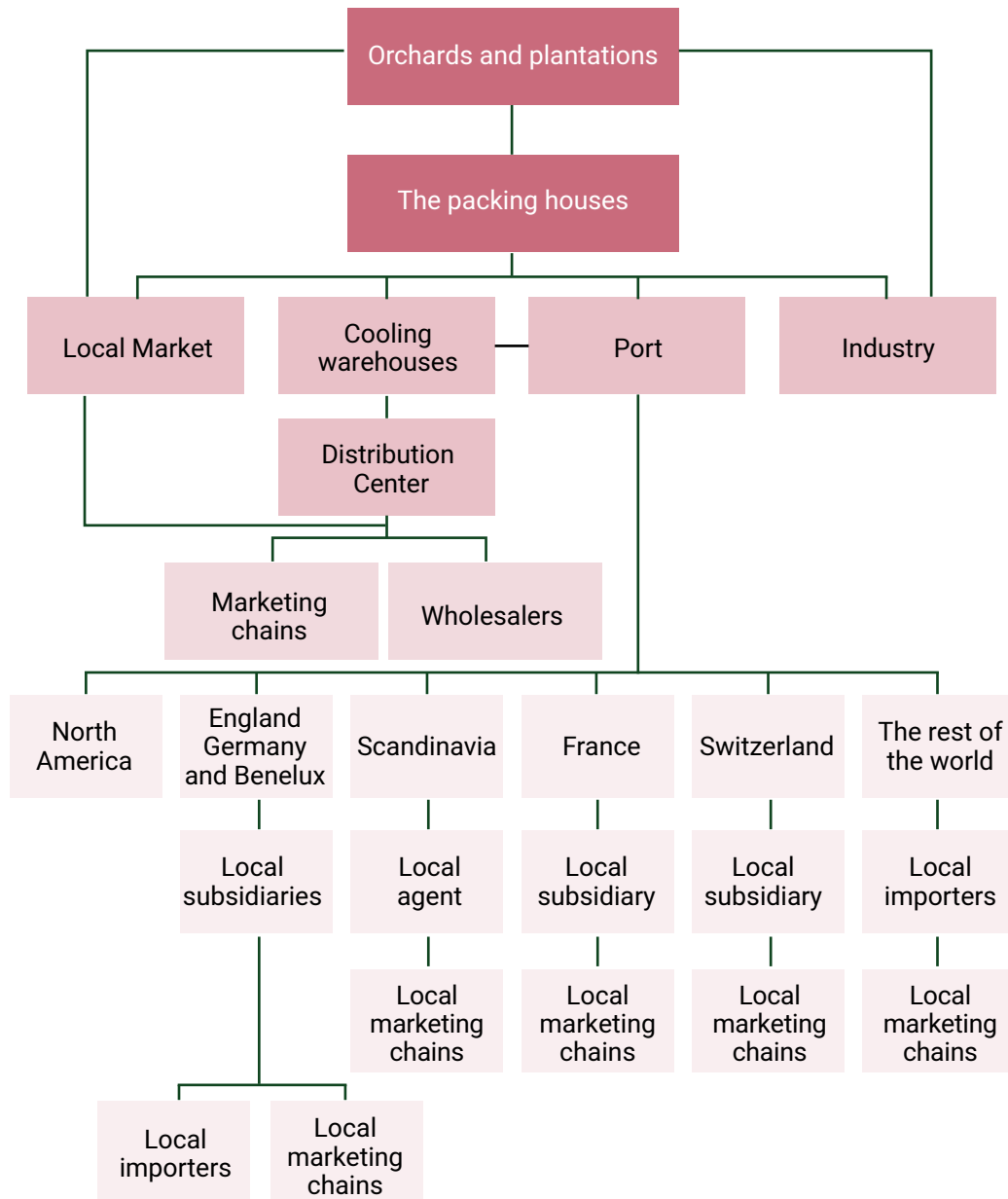
GLOBAL LOGISTICS SYSTEM

Shipment of thousands of containers of citrus fruit, avocados and dates per year in the widest global layout in the field from Israel. Cooperation and close and long-term business connection with shipping and inland transportation companies.





THE GROUP'S MARKETING AND DISTRIBUTION STRUCTURE





Food quality and safety

3-3 | 403-1 | 403-2 | 416-1 | 13.10

The quality and safety of Mehadrin's products and the uncompromising commitment to this stand as fundamental pillars for long-term business success and the formation of the company's value. Mehadrin understands that health, safety and consumer trust are the foundation of its success and invests many resources, in-depth thinking and commitment in the safety and quality of its products.

Mehadrin adopts a strict policy to avoid food safety risks, by ensuring rational use of pesticides, in accordance with the strictest standards and according to needs only, and the supply of produce free of pollutants without compromising on the quality and integrity of the fruit.

The basis for maintaining the safety of our products is compliance with the laws and regulations for food safety in the countries where Mehadrin operates and the requirements of its customers. Mehadrin meets these requirements with the ambition to go one step further beyond meeting the requirements of the law, in order to ensure food safety at the highest standards.

Mehadrin, throughout its agricultural activities that include growing and handling the produce in the packinghouses, complies with the strictest standards and is certified by external audit companies in a number of standards: The

Global GAP standard regarding the growing process and the BRC Global Standard for Food Safety in the field of product handling and food safety. Mehadrin operates in accordance with the guidelines and requirements of the Ministry of Environmental Protection, including in the area of toxic permits, pursuant to the Hazardous Substances Law, 5753-1993.

Beyond that, Mehadrin chooses to adopt strict European standards such as the Tesco Nature Choice (TNC) standard in England and the AH additive albert hijn, which requires compliance with 50% of the European MRL threshold in the Netherlands. In addition, the company has adopted the American COSTCO standard and implements the FSMA standard in all its packing houses, which puts Mehadrin's packing and growing houses in compliance with the regulatory requirements of the United States (FDA).

Every year Mehadrin goes through external inspections to renew the certifications and performs audits and quality tests of the produce of the growers with whom Mehadrin works, in order to ensure that all the produce meets the requirements of the Mehadrin brand.

All of our growers are Global GAP certified or have undergone an internal Mehadrin inspection in accordance with this standard.

Mehadrin maintains a quality assurance department consisting of agronomists and holders of a degree in biology, scientists, engineers, and food safety professionals. The department audits the quality processes, guides and verifies a high-quality and safe product at all the company's sites.





The quality assurance team performs a risk assessment throughout all stages of the product's life in accordance with the HACCP methodology to reduce the risks to the health of employees and customers and formulates the necessary procedures and tests accordingly. Mehadrin's agricultural products undergo strict quality audits and safety tests before packaging and distribution. The quality audit procedures include visual inspection, sampling and laboratory testing to ensure that all products meet the strict specifications for appearance, size, ripeness, purity, pesticide residue and cleanliness. Only the highest quality produce is approved for packaging and shipping under the Mehadrin Ltd. brand. The packaging houses use modern technologies to maintain the quality and freshness of the product and to minimize the waste in the process.

Safety aspects in the use of pesticides

Mehadrin manages the monitoring and inspection of the orchards, which includes monitoring using spraying logs, taking laboratory samples and checking the level of pesticide residue. All the information is managed in Mehadrin's computerized systems, in accordance with the requirements and regulation in each destination country and strict safety and quality conditions defined by Mehadrin on this subject, as part of Mehadrin's environmental policy.

Mehadrin maintains a quality assurance department consisting of agronomists and holders of a degree in biology, scientists, engineers, and food safety professionals.

Mehadrin holds an approved list of pesticides, which is stricter than that of the agricultural industry in Israel and includes strict requirements regarding the required waiting days and the concentration of the application of the permitted pesticides, all with the aim of reaching the lowest possible level of pesticide residue that is still effective and achieves the desired results for pest control. The list is distributed to orchards and growers and is a binding guideline. The list is strictly reviewed and updated by the plant protection and quality assurance department and changes according to changes in the guidelines, results of laboratory tests and results of implementation in the field. The list is approved by the VP of Agriculture.

Mehadrin's quality assurance team performs tests to check compliance with the MRL - Maximum Residue Level of substances allowed according to the destination countries to which Mehadrin's products are shipped. The company works closely with the most up-to-date professional databases of residue levels, at the same time as working with laboratories approved under the ISO17025 standard.

Mehadrin works consistently to reduce the use of pesticides for pest control, limits the use of hazardous substances in accordance with strict internal requirements and strives to switch to biological pest control and the use of organic substances and natural solutions for pest control. Below are examples of actions taken by Mehadrin to reduce the use of biological and chemical pesticides and preserve environmental ethics -

 Nesting boxes for birds of prey for the purpose of pest control in orchards in south-central Israel in Kibbutz Naan, Sitria, Nitzanim and Ramat Rachel.

 In order to reduce the scope of the required biological pest control, Mehadrin employs professionals whose job it is to monitor and review the outbreak and contagion of diseases and pests in the company's agricultural crops.

 Mehadrin reduces the chemical pest control that is carried out by air spraying by using traps for mass capture of the Mediterranean fly in an area of about 13,000 dunams.

 Use of organic pesticides which active ingredient does not harm bees.

 In the years 2021-2022, the use of the pesticides pyrimethanil and OPP in the packing houses was stopped. In addition, the use of dorsan in agricultural areas was canceled, due to its environmental effects and out of an aspiration to comply with the strict European standards that prohibit the use of this substance, also regarding the products marketed in Israel.

Mehadrin makes sure to act in accordance with the requirements of legislation and standards regarding plant protection and spraying with pesticides.

Mehadrin does not use pesticides defined as very dangerous or extremely dangerous substances.

There are no company operations that have been assessed as having significant (actual or potential) negative effects on local communities in terms of pesticides.

In 2022, there were no reported violations of non-



compliance with pesticides, product returning from the international market, safety incidents in pest control or spraying, or the imposition of sanctions on the company following such incidents, and no recalls of products were made for reasons of food safety.

Quality Assurance

The company's products are required to pass a series of tests and quality audits throughout the supply chain, starting from the growing and picking stage to the packaging and marketing to customers. Mehadrin has a team of experts that includes agronomists and ripening and quality assurance experts who guide the processes and provide procedures and requirements that guarantee that Mehadrin will provide the highest quality product to its customers. Mehadrin's orchards are managed by expert orchard managers and the harvested fruit is transported under controlled temperature and optimal conditions in order to improve fruit quality and shelf life.

The fruit undergoes strict tests as a condition for its approval for marketing and distribution, which include: Ripening tests, inspections of fruit quality and pests, fruit size and defects, weather damage inspections, sorting in the packing houses with innovative technological means alongside additional manual inspections of the packing workers.

Mehadrin's products are attached with information labels that are inspected and tested in accordance with the requirements of the labels, details of the packaging date, a list of the ingredients in which the products are treated and nutritional values. The information enables complete transparency for our customers and indicates the quality of Mehadrin's products and their contribution to maintaining the health of customers.





Innovation and development

3-3

Mehadrin strives for continuous learning and improvement as a value that underlies the company's activity and development and invests resources in developing creative solutions and using innovative technologies that lead to efficiency and productivity in agricultural methods, excellence and professionalism.

Sustainable resource management

The agriculture sector relies heavily on natural resources such as water, land and energy. Mehadrin understands the need to optimize the utilization of resources to ensure preservation of the limited environmental resources alongside maximizing viability and efficiency in the long run. For this purpose, Mehadrin makes use of several technologies that provide solutions for efficient and optimal management of resources.



Water management

Mehadrin manages the irrigation in its orchards and plantations through irrigation control systems ('Motorola' and 'Talgil') used for smart irrigation, through interfaces with meteorological systems and a computerized climate system used in all the company's growing areas and provides data on evaporation, humidity and temperature, data on the required water flow and pressure, for the purpose of determining the quantities of water required for irrigation and the routing of water distribution. The system also provides statistical data regarding the irrigation in the various plots and real-time fault monitoring, which enables identification, treatment and ongoing control. In addition, Mehadrin uses sensor systems ('Pitec' and 'Supplant'), which monitor the water condition in the agricultural soil and the rate of expansion and contraction of the tree trunks, with the aim of getting an indication of the quality of the irrigation according to the plant's response and managing the amounts of water required for irrigation in an optimal way.



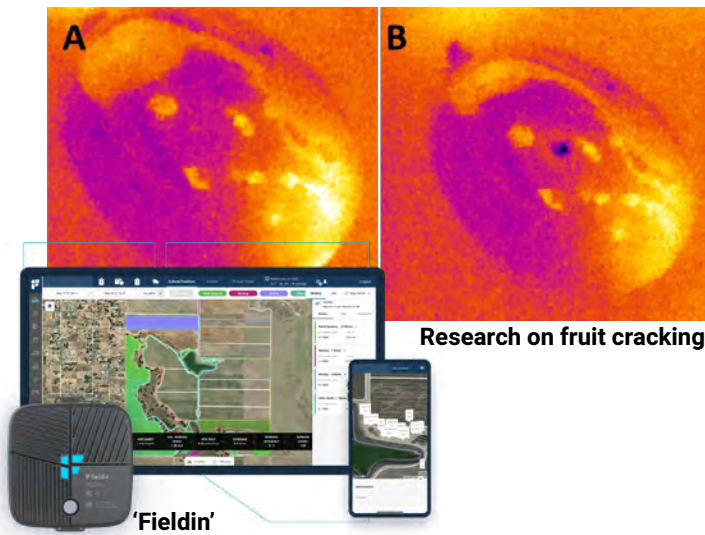
Photo: Yariv Cohen, REGREEN

Through systems based on sensors and advanced soil monitoring, Mehadrin can control the water supply to its crops and prevent water wastage, along with reducing the use of fertilizer, and reducing costs, environmental impacts and the environmental footprint at the same time.



Dual use of the soil

Mehadrin is working to achieve optimal utilization and efficient use of its agricultural lands, and is examining the possibility of placing solar panels above the company's



orchards and plantations for the purpose of generating electricity. In this way, the land is used for agricultural purposes and for the production of green electricity (agro-voltaic).

The solar panels have several contributions, including: providing shading and reducing water consumption in orchards and plantations, increasing the profitability of the land and providing an optimal response to the land reduction due to the increase in the world's population, producing 'green' electricity, responding to various damages resulting from climate crises, such as hail or solar radiation that cause damage to agricultural produce. Mehadrin won three national pilots in the agro-voltaic field, under different government ministries (the Ministry of Energy, the Ministry of Agriculture and the Ministry of Finance), located in the Negev and the center of Israel.

Improving productivity, safety and the quality of agricultural produce

Mehadrin has 35,000 agricultural dunams for growing agricultural produce. The use of advanced agricultural



'Beewise'

technologies makes for Mehadrin to manage and improve crop productivity and maintain high product safety and quality. Mehadrin uses the following technologies for this purpose:

Prudent spraying

- Systems for managing and monitoring the spraying in orchards and plantations ('Fieldin'), which perform an examination of variables such as the speed of the sprayer vehicles, coverage area and the number of revolutions of the sprayer blower for efficient and accurate use and reduction of environmental effects and over spraying.
- Use of drones for spraying and picking purposes - pilots have been carried out with partial success and the company is examining the adaptation of the process to the exact needs of the plantations and orchards it owns.
- Spraying pesticides - using drones reduces the exposure of workers to contact with pesticides, and enables quick and targeted application.
- Picking - the company is considering cooperation with a start-up company in the field of picking and carrying out feasibility tests for picking avocados, which will allow faster and more efficient picking.

Pollination and use of smart beehives

Three out of four crops that produce vegetables, fruits, seeds and nuts for human consumption depend on bee pollination. The world of bees and pollination is in constant and increasing danger of extinction in recent years, as a result of high rates of changes affecting honey bee colonies all over the world and mainly as a result of the existence of new pests, diseases and climate changes. Mehadrin cooperates in this field with an Israeli company ('Beewise') with the aim of replacing the traditional beehives and making them smart so that it will be possible to supervise, monitor and treat the beehives remotely, without human contact. The smart beehive includes a modular robotic system with software based on artificial intelligence, powered by solar energy and allows full automation of bee and honey breeding and enables a significant decrease of dozens of percent in the collapse of hives. During the year 2022, Mehadrin reviewed the existing companies and solutions in the market, and in the first half of 2023, the company placed about 170 beehives in 7 dedicated containers in its avocado plots in the Sharon region.

Utilization of fruit and prevention of food loss-

- Mehadrin collaborates with a startup company ('Protspec') which performs two-dimensional monitoring on a timeline using a tractor that photographs the citrus



using special equipment, at fixed time intervals between inspections, for the purpose of examining the size of the fruit in the various plots, including analytical calculations capable of predicting by means of an algorithm the final size of the fruit in the different plots. The information is managed by the managers in the orchards, alongside the relevant headquarters officials for the purpose of joint management and taking the necessary actions.

- Mehadrin participates in research led by the European Union together with the Agricultural Research Administration, the Volcanic Center, on the subject of fruit cracking: Monitoring and forecasting in real time and at a high scope by using and amplifying sensing tools and digital information technologies. The research is carried out with the aim of examining the issue of fruit cracking and the methods for treating that, thereby helping to reduce the loss of produced food in an estimated volume of about 30% and to contribute to the ability to provide healthy and nutritious food to a growing global population.

Resilience and coping with climate change

Climate change, including changing weather patterns, rising temperatures and extreme weather events pose significant risks to the agriculture industry and lead Mehadrin to design creative solutions and develop adapted varieties and crops that are resistant to climate change and thrive in changing environmental conditions and the adoption of methods that reduce these risks.

Mehadrin started in 2022 a joint venture with the company 'Zabar Orli' which is based on a patent for growing prickly



pear crops, a local crop with many advantages: A fruit that contains an antioxidant, requires reduced spraying and characterized by a low water consumption that allows coping with areas where there is a lack of water.

Investments in ventures and start-up companies in the field of agriculture

Innovation and investments in new technologies and start-up companies are essential elements of Mehadrin's ESG strategy. These initiatives contribute to the broader goals of the industry and a sustainable future.

Mehadrin contributes to the development of knowledge in the field of agriculture and invests in ventures and start-up companies in the field of agriculture through the creation of collaborations as detailed above in various fields such as drones and fruit photography and analysis using an

algorithm. In addition, Mehadrin invested approximately \$2.5 million in the venture capital fund Nevateam, which invests in start-up and innovation companies in the fields of agriculture and food.

Below are representing companies in which the company invests:

1. **'Aruga'** - robotics for greenhouses - pollination, pruning, trellising.
2. **'Idit'** - pollination of flowers to increase ripening of almonds and pistachios (and in the future also avocado) with innovative and efficient technology.
3. **'Clarifruit'** - a system that performs a quality check of fresh produce during its transportation from the manufacturer to the wholesaler, which yields accurate assessments of the condition of the goods at various intersections.

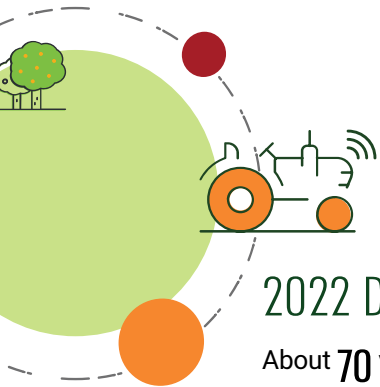


Community relations and supporting local communities

3-3 | 203-1 | 203-2 | 413-1 | 13.12

Mehadrin is committed to creating a positive social impact in the communities in which it operates. Mehadrin sees investment and assistance to the local community as an important pillar in the company's business vision, recognizing that business leadership is inextricably linked with ethical-social leadership. Mehadrin operates on several levels in creating an investment in the community:

- Increasing employee involvement through volunteering
- Food donation - cooperation with "Leket Israel"
- Agricultural education



2022 DATA

About **70** volunteering employees

About **400** volunteering hours

257 tons of food was rescued and donated

80 agriculture students from developing countries

Employee volunteering

Mehadrin encourages its employees to take part in the effort to contribute to the community as part of the company's corporate culture. Every year, Mehadrin engages in volunteering activities related to the company's core areas and engagements and leverages the knowledge and professionalism of its employees in the field of agriculture for the purpose of creating value in its volunteering activities and investing in the community.

In 2022, the company formed a collaboration with the "Venatata" association, for the purpose of renovating and establishing gardens in rehabilitation institutions for people with disabilities and for at-risk youth in the north and center of the country. About 70 company employees contributed about 400 hours of volunteering.

In addition, Mehadrin contributes trees, through business collaborations, to rehabilitation institutions.

Food donation

Mehadrin works in long-term cooperation with the "Leket Israel" organization, which works to save food in Israel. As part of this cooperation, the organization's volunteers come to collect fruit in the company's orchards and plantations, and the collected fruits are transferred for donation to needy populations. This partnership helps to reduce food loss and largely supports nutrition security in Israel.

In 2022, approximately 257 tons of fruit were donated to non-profit organizations and companies that help the needy and food organizations involved in food rescue: "Yad Beyad" charity organization, "Yad Ezra and Shulamit", "Leket Israel", "Connecting to Charity and Kindness", "Pitchon Lev", "Chasdei Naomi, the association for Holocaust survivors and people in need", "Natural Step Israel Ltd" and "Beit Hatavshil and charitable works Romem Keren David."



Agricultural education

Mehadrin works to share its experience and expertise and that of its employees in training the next generation of farmers, as part of the Agrostudies program, an international training center that provides an agricultural education program in Israel to interns from developing countries around the world, in cooperation with and under the supervision of the Israeli Ministry of Foreign Affairs and the Ministry of Agriculture.

Within this framework, starting from 2010, Mehadrin hosts a delegation of agricultural students, mentors and trains them through by transferring practical and professional knowledge in the field of agriculture, for agricultural excellence, in accordance with Mehadrin's standards.

The program provides an opportunity for practical learning of advanced and modern agricultural methods, for the training of the students and the assimilation of the methods in their home countries.

In addition to training, Mehadrin provides a supportive employment envelope for students in a program that includes aspects of personal well-being, housing, salary and social conditions that include recovery days, payment for holidays, monthly economic fees and an annual grant. In 2022, Mehadrin hosted 80 students from the Ivory Coast, Benin, Ghana, Togo, Tanzania and Cambodia as part of the program. In total, Mehadrin hosted about 1,500 students as part of the program.





Governance





Ethics and corporate governance

2-9 | 2-14 | 2-15 | 2-16 | 2-18 | 2-20 | 2-23 | 2-24 | 2-26 | 2-27 | 3-3 | 205-1 | 406-1

Mehadrin is a public company traded on the Tel Aviv Stock Exchange. The company is a global company with activities in both the local and the international markets. The company has many stakeholders, including employees, customers, growers and suppliers, investors and regulators.

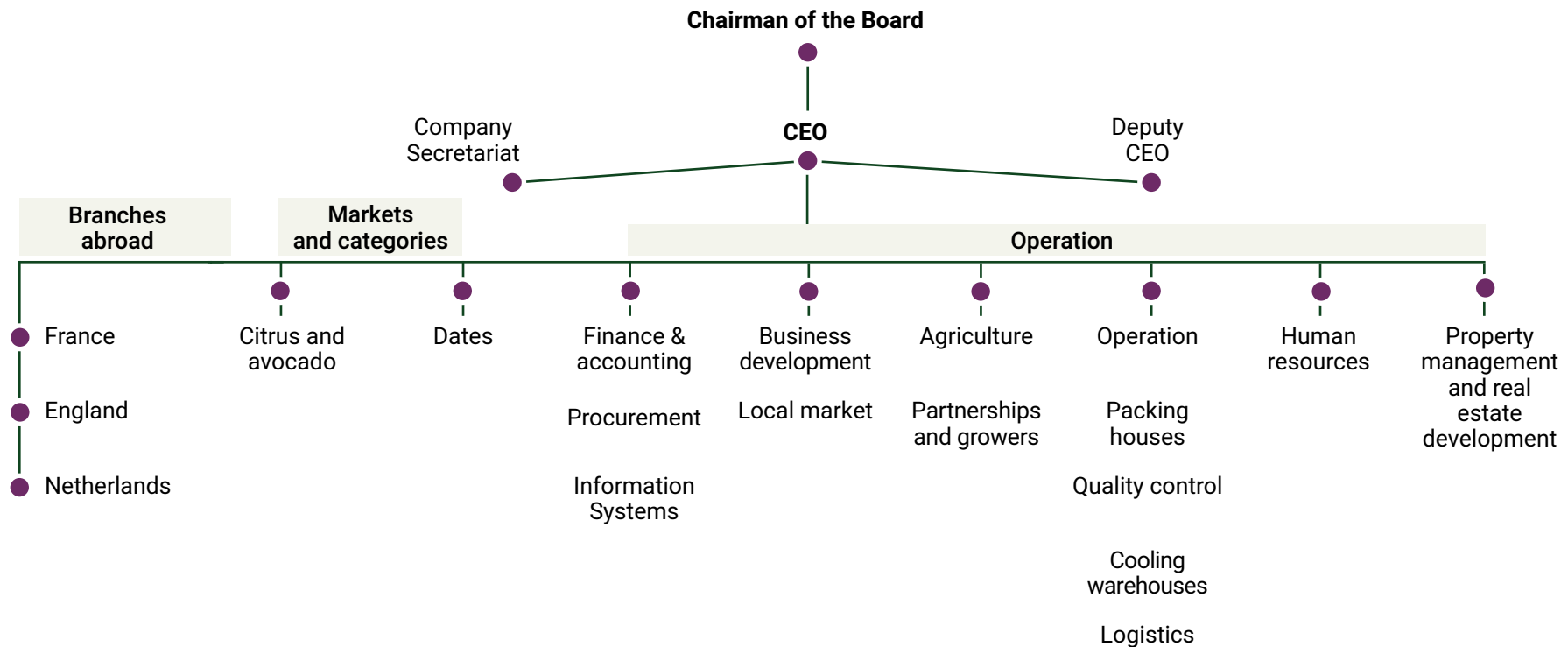
As part of the company's activities in the agriculture and food sectors, Mehadrin is subject to regulation. The company makes sure to operate properly and comply with the regulation requirements, legislation and standards in the countries in which it operates and conducts its business.





Mehadrin's organizational structure⁹

2-9

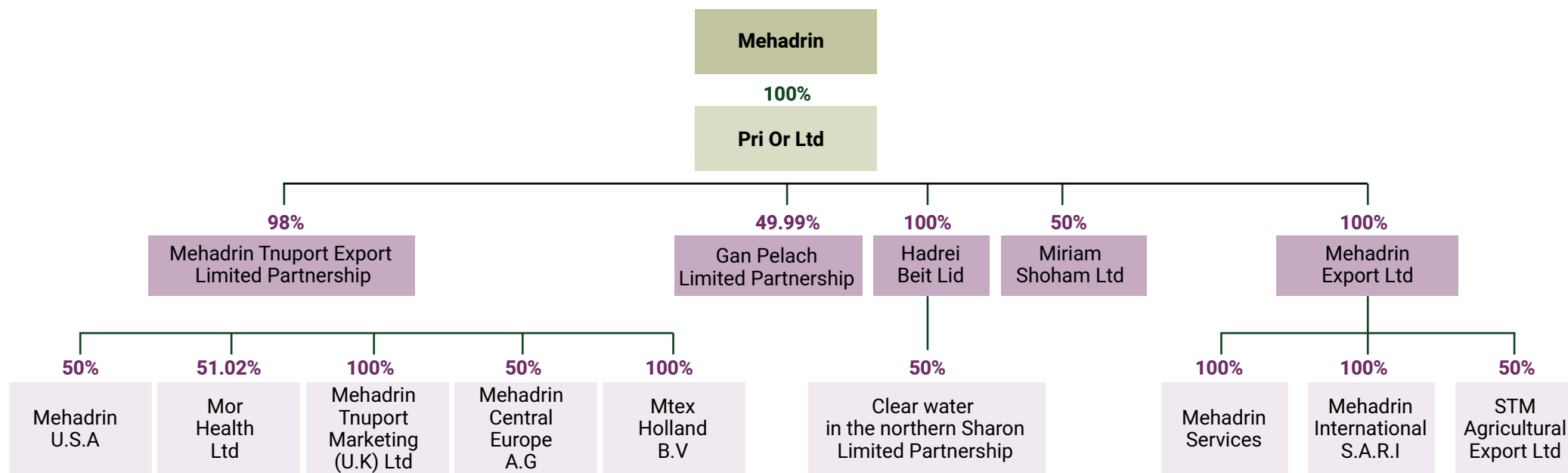


⁹ Organizational structure updated as of March 2024



Holdings structure¹⁰

2-9



¹⁰ Holding structure updated as of March 2024



Code of ethics

2-9 | 2-10 | 2-11 | 2-12 | 2-13 | 2-14 | 2-15 | 2-16 |
2-17 | 2-18 | 2-19 | 2-20 | 2-23 | 2-24 | 2-26 | 405-1

The approach of managing business out of a commitment to ethics has guided the company since its foundation. Mehadrin sees the utmost importance in proper and ethical conduct in the company and outside it, without compromise, at any time and in any situation.

In 2021, the ethical principles that guide the company's business activity were updated and applied to the company's employees and the factors with which Mehadrin cooperates in its business operations. The updated code was approved by the company's ethics committee. The code reflects the moral and ethical guidelines that guide the company's work in its business activities. The ethical code outlines the conduct of the company's employees and managers, so that the conduct and decision-making in various areas is based, inter alia, on the company's values and moral and ethical judgment.

Mehadrin makes sure to act in accordance with the ethical values and principles that were formulated in the company's code of ethics and the company's employees are expected to implement it in their daily work.

The ethical code is published to all employees once a year and is accessible in a shared folder of the employees in the company and in the packing houses, in a variety of languages (Hebrew, Arabic, English, Russian, Amharic and Thai). The statements formulated in the code of ethics are binding on all company employees, who are required to act



according to them and are communicated to the company's employees upon their hiring and on an ongoing basis. In 2022, a training session referring to ethics was held, during which the updated code of ethics was communicated to the company's employees.

The ethical code is a declaration directed to Mehadrin's business partners - the company's customers, suppliers, shareholders and the general public - in which the company declares the principles and values by which Mehadrin operates in its business conduct. Clarifying the ethical principles that guide the business activity to each entity with which we work is important and a necessary basis for a proper and successful business relationship and the establishment of cooperative, reliable and transparent working relationships.

Mehadrin is committed to providing a safe and respectful environment for employees, inter alia in accordance with

Mehadrin makes sure to act in accordance with the ethical values and principles that were formulated in the company's code of ethics and the company's employees are expected to implement it in their daily work

the provisions of the Israeli law for the prevention of sexual harassment. All company employees are obliged to act according to the sexual harassment regulations adopted by the company and communicated to its employees in five languages (Hebrew, English, Amharic, Russian and Arabic). Once a year training is held using a dedicated courseware on the subject. The company has a sexual harassment supervisor and company appointed



representatives in every packing house who undergo dedicated training. There is a reporting mechanism publicized to the company's employees and an inquiry box on each of the company's sites.

In 2022, no complaints about discrimination based on sexual or other grounds were received in the company.

Ethics Committee

Mehadrin has an ethics committee consisting of nine company managers representing all the departments and activities of the company, where the chairman of the committee is the company secretary. The committee is responsible for maintaining the ethical code, implementing it and providing tools to managers and employees, including training tools, for assimilating the rules of ethics, updating the code and reporting relevant issues. The ethics committee receives inquiries related to the violation of the code of ethics and guarantees a thorough examination of each inquiry and the provision of an appropriate response. In the year 2022, no ethics related complaints were received.

Reporting mechanisms

Mehadrin advocates maximum reporting and transparency and encourages reporting of cases of violations or complaints. The company has an "open door" policy and an anonymous inquiry box disclosed to all employees. The report can be made in a variety of accessible ways (written, oral or by e-mail) including an option to report anonymously. The company encourages its employees to consult their supervisors, senior managers or the legal advisor in case of doubt. All reports are investigated as soon as possible and dealt with within a reasonable time, by the ethics committee

in charge of the subject in the company.

Reliable reporting and corporate governance

Mehadrin makes sure to act in accordance with the reporting rules and the principles of corporate governance that refer to the management's work vis-a-vis the board of directors, its committees, shareholders and stakeholders, while establishing control, monitoring transparency and reporting mechanisms. The company has control and supervision mechanisms, external and internal, which ensure compliance with the provisions of the law and regulation in all areas of the company's activity.

Every transaction, commitment or contracting of the company requires receiving appropriate approvals in accordance with the company's procedures. No transaction, commitment or contract of any kind will be carried out other than through a person authorized to do so by the company. The company's employees are obliged to realize the authority and responsibility granted to them reasonably, and not to exceed the authority and powers granted to them. Mehadrin is obliged to fully comply with the provisions of the laws relevant to a public company as well as guidelines and procedures that the company has adopted regarding the limitation of the use of inside information. In addition, the company's employees, who are exposed to inside information as part of their work, are obliged to maintain absolute discretion and confidentiality in order not to harm the company's business interests. We are committed to acting transparently, both within the organization and towards the shareholders and the general public, to observe due disclosure, and to comply with all relevant reporting requirements.

Mehadrin maintains an internal enforcement program in



Mehadrin advocates maximum reporting and transparency and encourages reporting of cases of violations or complaints.

the field of securities which was updated in March 2022. In 2021, the company carried out an embezzlement and fraud survey. The survey will be discussed by the audit committee of the board of directors at the beginning of 2022 and later a follow-up report will be prepared on the implementation of its recommendations.

Absence of conflict of interest and prohibition of bribery and corruption

In accordance with the company's policy, every employee must avoid any relations, connections or activities that conflict with or perceived to conflict with the interests of the company, as well as to avoid giving preferential treatment to a person or body that promotes his personal benefit or the benefit of friends or associates. In addition, every employee must refrain from using the company's property, inside information or his position in the company for the purpose of obtaining any personal benefit that is not related to his work or the explicit and exclusive interest of the company. Mehadrin follows a zero-tolerance policy and strictly



opposes any cases of doing business and transactions that involve the giving of bribes or favors. Mehadrin has a policy on the prohibition of bribery and personal favors communicated to its employees and suppliers. Company employees must report to their supervisor in any case of non-compliance with these rules.

Mehadrin requires its suppliers and business partners to comply with the company's policies and values regarding non-bribery and corruption. Within this framework the company performs an examination of its list of suppliers once a year and examines the continuation of the contract with them in light of the examination's findings and conclusions.

Composition and activity of the board of directors

Mehadrin's board of directors is responsible for determining the company's strategy and policy. The board of directors supervises the company's activities in order to ensure that the company will work to achieve its goals and enhance its profits, while strictly observing the provisions of the law.

The board of directors is responsible, inter alia, for approving the periodic financial statements and quarterly reports, actions and transactions that require approval, dividend distribution, issuing shares and securities, summoning general and special meetings, approving transactions that are not within the authority of the CEO. The board of directors discusses issues of corporate governance, internal audit reports, risk surveys, compensation for office holders, administrative enforcement and other issues in the field of sustainability and corporate responsibility, including environmental and other issues.

The company's board of directors consists of 10 members, with about 40% of the board members being women*.

*Board members as of March 2024.

Five directors were appointed by the controlling shareholders of the company and are involved in its activities and three directors are independent directors: An independent director and two external directors. Six directors have financial accounting expertise. The board of directors discusses every year the composition of its members and their experience relevant to the company's fields of occupation and activity.

Below are the current board members:

Name	Position
Peer Nadir	Chairman of the Board
Ariela Knoll Lazarovich	External director Has financial accounting expertise
Michel Benweiss	External director Has financial accounting expertise
Osnat Hillel Fine	Independent director
Erez Ehud	Director Has financial accounting expertise
Idan Vales	Director
Tamir Polikar	Director Has financial accounting expertise
Yair Noiman	Director Has financial accounting expertise
Leora Pratt Levin	Director
Sapir Baron Danoch	Director Has financial accounting expertise

Below are the board committees:

1. Real Estate Committee - an ad hoc committee that meets and discusses issues related to the

company's real estate assets. This committee is inactive as of August 2023.

2. Financial Statements Committee (Balance Sheet) - Entrusted with the examination of the financial statements presented to the Board of Directors.

3. Audit and Compensation Committee - its main role is to supervise the internal auditor and the internal audit reports, and the risk management and to ensure that the company's compensation plan is in line with the company's stated compensation strategy and the requirements of the regulatory bodies.

The board committees met in 2022 as detailed in the table below:

Name of the committee	Number of meetings in 2022	2022 attendance rate
Audit and Compensation Committee	9	88%
Real Estate Committee	5	100%
Financial Statements Committee (Balance Sheet)	4	100%

According to the company's articles of association, the directors are obliged to report any situation of conflict of interest, including their signature on a director's statement every year. In addition, according to the company's articles of association, any appointed director may be re-elected at the annual meeting.



Economy





Business activity

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 **Mehadrin's business activity is mainly in the field of agriculture and marketing** and includes the cultivation and maintenance of citrus and avocado orchards and plantations, packaging and marketing of fruit in Israel and abroad, export and marketing of vegetables, as well as handling and processing of other fruits such as mangoes, pomegranates and oranges. Mehadrin's activities are carried out through subsidiaries, branches abroad and business partners under its management. Other areas included in its business activity are the field of refrigeration, the field of water and the field of real estate.

 **Refrigeration** field of activity within which Mehadrin provides refrigerated storage services for fruits, vegetables, dairy products and frozen products, such as juice concentrates, frozen vegetables, meat and fish, and this through refrigeration sites throughout the country (whether owned by the company or not).

 **Water** field of activity, Mehadrin supplies the orchards it owns and external customers with water for irrigation that is pumped from the company's wells and external water sources, such as local wastewater treatment plants and from Mekorot, Israel Water Company.

 Another field of activity included in Mehadrin's business activities is **real estate**, in which the company

rents to third parties areas intended for sheds, packaging and storage, offices and areas for setting up facilities and cellular antennas.

Mehadrin's business activity is affected by many external factors, including the yields of the land and the quantities of fruit due to the alternating in nature, the exchange rates and export prices, which constitutes the majority of Mehadrin's business. It is also affected by the increase in input prices and the minimum wage, and the changes in markets around the world. The impact also includes changing prices for each type of fruit or vegetable and excess demand and supply causing price instability, the security situation and escalation which affect agricultural processing, marketing and sales in the local and international markets.

In dealing with these factors, Mehadrin continuously works to reduce its exposure through constant risk management and hedging the risks as much as possible, inter alia by currency protections, reducing the effect of volatility, regulating sales through fruit sorting and more.

Beyond that, Mehadrin has advantages that help it to position itself as a leading agricultural company in Israel and in the international market, inter alia, through the skill, knowledge and experience, significant size and a wide geographical and marketing distribution. Mehadrin has an experienced sales platform in strategic locations throughout Western Europe, relationships and business partnerships with strategic

companies around the world. Mehadrin has vertical control of the value chains, an attentive ear to customers, and it makes sure to maintain and strengthen relationships around the world with customers and business partners.

 Mehadrin invests many resources and efforts and works to maximize the quality of its fruit, at an affordable price for its customers through different and diverse means:

- Finding available and flexible marketing alternatives, suitable for the shelf life of the agricultural produce.
- Production and marketing of a wide and diverse basket of high quality varieties;
- Good, quality and reliable customer service;
- Staying on schedule;
- Providing a quick response to customer needs;
- Maintaining a high standard of logistic capacity;
- Creating and maintaining good relationships with the various marketing chains and importers (including in Western Europe and England);
- Employing marketers who work directly with the marketing chains;
- Increasing marketing efforts in the current activity markets and investing resources to penetrate and Jaffa into new markets and increase awareness of Israeli fruit and in particular the brands in the international market and "Pri Or" in the local market;
- Adapting prices to market prices.



All of these enable Mehadrin to enhance its reputation and maintain the good name that the company acquired during its years of activity around the world.

Mehadrin is working to achieve a dramatic change as part of formulating a strategy for growth and development in the coming years. As part of this strategy Mehadrin will act to penetrate new markets, focus on a profitable mix of varieties, increase global activity relating to procurement, sales and increasing the sources of the fruit, closing factories to gain efficiency and saving personnel costs and switching to advanced technologies and adapting the organizational structure in the company to the strategy. In addition, the company works to maximize the real estate potential of the company's lands and the lands under the company's care (cultivated).

Mehadrin operates in the field of agriculture in the processing of orchards and plantations and their maintenance, through the companies 'Pri Or' and 'Gan Pelach', packaging and marketing of fruit in Israel and abroad, through Mehadrin Tnuport Export, treatment and processing of the fruits (mangoes, pomegranates, or) through the company Miriam Shoham, export of vegetables through the company S.T.M. In the field of water, Mehadrin operates through the companies Hadarei Beit Lid Ltd., and Clear Water limited partnership. Mehadrin markets the agricultural produce through its companies abroad.

[See the full holdings structure on page 43]

Mehadrin Ltd. was incorporated in Israel on March 27, 1950 and in 1963 the company was listed on the Tel Aviv Stock Exchange and became a public company. The controlling shareholder in the company during 2022 was Discount Investments Ltd. During 2023, the Delek Group Ltd. purchased all the holdings of Discount Investments

Ltd and also increased its holdings through a tender bid. As of the publication date of the report, the controlling shareholder in Mehadrin is the Delek Group, which owns approximately 55% of the company's shares.

Mehadrin's active information systems will be replaced by an ERP system (Priority). Mehadrin began formulating the needs and locating a supplier that specializes in the field of agriculture, for a system that will include modules for finance, export, procurement, local market, cooling warehouses, quality assurance and more.

Mehadrin has a business continuity mechanism in which the computer systems are backed up on the site of an outside company in a protected environment. Once a year integrity checks are performed by the users and the information systems team checks the integrity of the information synchronization every day. During 2023 Mehadrin examined the transfer of the entire server environment to host servers in survivable and protected facilities, with a survivable backed up solution.



Financial performance of Mehadrin in 2022

(in thousands of NIS)¹¹:

Economic performance	2022
Sales turnover	1,020,659
(loss) gross	(84,693)
Increase in the value of real estate for investment	1,100
Labor wage and attachments	147,825
Other net income (expenses)	36,693
Dividend distribution	0
Administrative and general expenses	(29,498)
Operational (loss)	(76,398)
Financing expenses net	(12,228)
Share (in losses) of held companies	(5,186)
Income (expenses) Income taxes	7,471
Total economic value distributed by the company	950,822
(Loss) per year	(86,341)

¹¹ The data in the company's audited financial statements are the determining data

The total financial value of the financial support the organization received from each government during the reporting period and grants (in thousands of NIS):

Pri Or 2022	Transport and crushing	274,700
	Soil conservation	553,569
	Total	828,269
Mehadrin 2022	Transport and crushing	102,000
	Sales promotion	387,000
	Soil conservation	60,222
Total		549,222
Both companies in total		1,377,491



Information and cyber security

Mehadrin finds it greatly important to maintain a high level of service, while maintaining the quality and availability of the products to its customers. To enable tracking and management of information regarding various and diverse transactions, we rely on information systems and technology, while constantly striving to meet high and innovative standards of applications, hardware and cyber security.

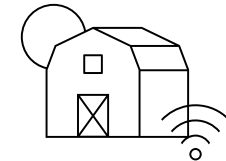
In the course of the company's activities, we are exposed to information concerning employees, customers and suppliers. Each employee must maintain absolute confidentiality and not disclose information to which he was exposed to any third parties.

At the time of the publication of the report, Mehadrin is working to upgrade its ERP systems, in order to improve efficiency and promote standards for safeguarding information and privacy requirements, ensuring that the interests of the company's stakeholders are protected and promoting responsible business conduct.

In light of the critical importance of cyber security, this issue takes a central place in the company's internal

control processes, and tested, monitored and updated. An ongoing process of cyber risk assessment is carried out, along with security audits that include penetration tests and monitoring of possible loopholes by external parties. At the same time, trainings sessions are carried out for employees on the subject.

These issues are reported to the company's board of directors, which convenes and discusses risk assessment and updates in the field of cyber risks and information security, the audits that are actually performed in this field, alongside providing recommendations for implementation and formulating a work plan on the subject.





About the report

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🌿 This report is the first annual ESG report of Mehadrin, a public company issued in 1963 and presents the company's activities on Environmental, Social and Governance (ESG) issues.

🌿 The report refers to the Mehadrin Group Ltd. and the company's activities in Israel. Throughout the report the reference to "Mehadrin", "We", "The company", refers to the legal entity Mehadrin Ltd.

🌿 This report and the information included in it was reported with reference to the requirements of the reporting framework of the Global Reporting Initiative (GRI) standards for the period of January 1, 2022 to December 31, 2022, including the sector standard GRI 13: Agriculture, Aquaculture, and Fishing.

🌿 The report was prepared with the assistance of external consultants. For questions regarding this report or the company's activities in the field of ESG, please contact
Ms. Amalia Ofir, the company secretary and supervisor of the ESG field at AmaliaO@mehadrin.co.il.



GRI Content Index

Universal Standards (with reference)

GRI 1: Foundation 2021

Disclosure	Response
Statement of use	Mehadrin Ltd. has reported with reference to the GRI Standards for the period 1 January 2022-31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standards	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022

GRI 2: General Disclosures 2021

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Diplomat's Material Topics

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