



ELCO

ELCO GROUP

Corporate ESG Accountability
Environmental, Social & Governance

CONTENTS

Foreword by the Board of Directors	7	Training, development and guidance	66
Foreword by the Co-CEOs	11	The Gershon Salkind of blessed memory Fund for Excellence	70
Corporate Accountability in the Elco Group – When did it all start?	14	Working towards a greener world	76
Our vision and values	18	Safety above all – Policy of “zero accidents”	84
The direct and indirect effects of the Elco Group	24	The supply chain	88
Our influences throughout the years	28	Corporate governance	92
The structure of the control and holdings	36	Elco Board of Directors	92
The influences of the companies of the Elco Group	42	Board of Directors Committees	94
The methodology of writing the report	48	Officers	94
Committed to international principles - adopting sustainability	50	Prevention of bribery and corruption	95
development targets of the UN		Information security and protection of privacy	96
The fundamental issues that were chosen to report	54	Contention of the Elco Group with the COVID-19	97
The human resource	60	Accuracy of public information and trade secrets	98
Data of the human resource in the Group	62	Distribution of dividends	98
Diversity and ages of the employees and managers	62	Policy of distribution of dividends by the companies of the Elco Group	98
Equal employment and prevention of discrimination	63	Transparency	98
Safeguarding rights of employees	63	Code of ethics	99
Adherence to salary and social benefits pursuant to law	63	GRI Index, SASB and information tables	100
Welfare of employees	63		

CHAPTER

01

Foreword by the
Board of Directors



**As a Board of Directors
we are responsible for
determining Elco's strategy
and promoting the principles
of corporate accountability
thus it shall benefit Elco's
vision and values**

Foreword by the Board of Directors

Elco's Board of Directors respectfully publishes for the first time social and environmental aspects and aspects relating to appropriate corporate governance. Accordingly, this report has been written due to our desire to reflect to the stakeholders our commitment to act with corporate accountability, a commitment that has accompanied Elco since its foundation.

The report reviews the central aspects of corporate accountability in the Elco Group for 2020; a year that has had upheavals and serious uncertainties while we contended with the extensive effects of the Coronavirus pandemic (COVID 19). Alongside the complexity of this year we navigated the Elco Group's ship to cope with its ramifications and we did not recoil from realizing the principal objectives of the Elco Group. During this extraordinary period we acquired additional companies and activities, reinforced our human assets and as of the time of writing this report 21 thousand employees are employed in the Elco Group in Israel and worldwide, who have adopted new work methods very speedily and we have continued to promote the organizational culture that has been firmly established in the Elco Group as a growth engine for bearing business results and value for the shareholders and stakeholders.

Simultaneously we continued to lead the Elco Group in projects that help to promote a green environment and renewable energy as we consider the climate crisis an important challenge and we have undertaken to contend with it. We continued to oversee the safety policy – zero accidents, maintaining corporate governance at high standards alongside supervision of enforcement actions, transparency, prevention of bribery and corruption, risk assessment, information security and more.

As a Board of Directors we are responsible for determining Elco's strategy and promoting the principles of corporate accountability thus it shall benefit Elco's vision and values.

We shall continue to act to set out principles for best management pursuant to Elco's policy, to maintain activities in which Elco has the ability to influence the management of activities and their development and to engage in initiation, development, management and guidance of companies and business ventures. Our work integrates as an integral part of the corporate activity environmental, social and community activities alongside maintaining the principles of sound corporate governance.

The managements of the companies in the Elco Group are responsible to implement the principles and integrate them in the work processes in the various fields in each of the Group's companies pursuant to their corporate activity in the global group, acting both in developed countries and in undeveloped countries. We see great importance in achieving targets and objectives that the UN has placed (SDGs objectives). Thanks to the diverse nature of the Elco Group's business activity and its extensive work in the field of sustainability and corporate accountability we have found that it has an effect on many of the secondary targets and objectives as aforementioned.

On behalf of the members of the Board of Directors and Elco's management we support the employees of the Elco Group, the investors, the business partners, the customers, the suppliers, the stakeholders and those involved in the activities and the social, environmental, community, business and economic projects that the Elco Group leads.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Mordechai Friedman".

Mordechai Friedman, Chairman Board of Directors

CHAPTER

02

Foreword by the
Co-CEOs



**“If you can't fly then run,
if you can't run then walk,
if you can't walk then crawl,
but whatever you do you have
to keep moving forward.”**

Martin Luther King Junior

Foreword by the Co-CEOs

We all know and have experienced as individuals, organizations and in society that 2020 was a year of uncertainty, We contended with, and all still contending with the extensive effects of the Coronavirus pandemic (COVID-19) in all areas of our lives and with the continued economic volatility.

Martin Luther King, who fought for equality and won the Nobel Peace Prize said:

*If you can't fly then run, if you can't run then walk, if you can't walk then crawl, but”
.“whatever you do you have to keep moving forward*

And what is success actually? Success is first and foremost moving forward, even in challenging times. Success is the ability and the commitment as a leading organization to see the horizon and to aspire to reach it. As holders of a controlling interest and as Co-CEOs of the Elco Group we know that we carry on our shoulders more than just the corporate accountability, but rather also our social accountability vis-à-vis our employees, their families, our customers, our suppliers, our business partners, our stakeholders and vis-à-vis the general public.

The various challenges with which we are contending in the Group require from us continual innovation, and even the significant challenges that 2020 brought with it did not divert us from our path to realize our principal objectives and continue our long term vision with integrity, fairness, dedication, professionalism excellence and leadership. These are the values that our forefather Gershon Salkind of blessed memory believed in and it is our creed as a company and as human beings.

It is also important for us to state that during this extraordinary year the Elco Group expanded, by means of acquiring additional activities and as of the date of publication of this report the Elco Group is employing some 21,000 employees in Israel, the United States, Poland, Nigeria and other countries. Simultaneously we took action to reduce environmental effects including by means of acquiring companies and activities that help in promotion of a green environment and renewable energy. We continued to implement our policy of zero work accidents, and training and guidance in various fields also in young populations in order to increase work productivity alongside promotion of the field of grants by means of the Gershon Salkind of blessed memory Foundation for Excellence.

This is an opportunity for us to thank each and every one of the employees of the Group and to all our partners, together we will continue to work to create a stable and sustainable infrastructure for many years forward.

Yours sincerely,



Daniel Salkind, Co-CEO and Director



Michael Salkind, Co-CEO and Director



CHAPTER

03

Corporate accountability
in the Elco Group
How did it all start?

Corporate accountability in the Elco Group – How did it all start?

Elco is a leading public Israeli company that was founded in 1949 by Mr Alexander Salkind of blessed memory and firmly established in the industry and history of the State of Israel. Elco concentrates under it leading activities relating to numerous life fields in a variety of crossroads – in construction, infrastructures, air conditioning production and electronics, energy, gas, food and more. The Elco Group operates in some 20 countries and employs more than 20,000 employees worldwide. The Elco Group's growth strategy is based on acquisition of controlling shares of leading companies in their fields, which create synergy with the activities of the Group and are consistent with Elco's vision.

Gershon Salkind of blessed memory (1928-2017) was born and raised in Romania. In 1933 he immigrated with his parents to Israel and in 1937 his father Alexander founded a contracting company which in time merged with a transformer factory "Elco", a small company that supplied infrastructures and cables to the Electric Company, which Gershon Salkind of blessed memory joined in due course.

"The long years of World War I...the army needed trains to transport its soldiers to the front via the huge open spaces of Russia. Joseph Salkind's factory supplied more and more coaches and railway lines to the Russian railway. The foundation stones of Joseph's success were the vision, the long term view, courage and ability to perform combined with advanced technological knowhow. In time it was possible to identify these processes in Alexander, Gershon's father, and in Gershon himself..

..In his early years in Elco, Gershon if so, was able to give expression to his love for technology, his curiosity and his desire to get into the meaning and the depth of machines, patents and production methods helped him lead the factory in values of innovation and original thought processes, that caused both streamlining of production and creation of new activity channels as was required from him as the one responsible for long term planning....."

The Elco Group grew over the years inter alia by means of acquiring companies, whereby Gershon Salkind of blessed memory, who was conservative in his business affairs, was involved and a leader, who did not hesitate to get into the smallest of details, however also was one who was forward facing. The employees saw him as an influencing father figure, radiating knowledge, was professional, fair and caring. Mr Gershon Salkind of blessed memory was endowed with extraordinary business courage and daring to initiate and experiment, and was one of the first in the State of Israel who saw the vision of a global company and succeeded in realizing the dream and breaking through the borders of the Israel.

In September 2017 Mr Gershon Salkind of blessed memory the President of Elco and the holder of its controlling interest, passed away and he bequeathed his shares in the company to his two sons, Daniel and Michael Salkind, who became the holders of the controlling interest after during their father's lifetime he had transferred to them the reins and had been appointed as Co-CEOs of the company. The brothers lead the management of the Elco Group pursuant to the spirit and the vision of their father.

At present the Elco Group creates synergies under one roof. Elco's Board of Directors is responsible for outlining the principles of the corporate accountability and ensuring that these principles are implemented in its strategy and are consistent with the vision and the values of Elco. The managements of the companies in the Elco Group are responsible for implement the principles and integrating them in the work procedures in the various fields in each of the companies of the Elco Grup. In this report, Elco and the subsidiaries – Electra, Electra Consumer Products, Electra Real Estate and Supergas Energy shall be called jointly "the Elco Group".

"During his early years in Elco, Gershon if so, was able to give expression to his love for technology. His curiosity and his desire to get into the meaning and the depth of machines, patents and production methods helped him lead the factory in values of innovation and original thought processes, that caused both streamlining in production and creation of new activity channels, as was required from him as the one responsible for long term planning"

From the book "With Courage and Dedication, the Story of Gershon Salkind" by Yossi Goldstein

CHAPTER

04

Our vision and values



LONG TERM VISION

Our vision at Elco is to progress by means of the right investment, professional management and by aspiring to excellence in the products and services that we offer.

Our long term vision has been accompanied at Elco by work programs since its foundation as a small industrial company, through its growth throughout the years until its status as the global conglomerate that it has become at present.

Throughout all the years of its existence, Elco has been engaged in initiation, development, management and guidance of companies and business ventures. Elco maintains activities in which it has the ability to influence its investments and their development. By means of the Group's companies Elco takes action to utilize business opportunities in Israel and overseas, in their fields of occupation, and in identification and examination of business opportunities in diverse fields. Elco takes action to diversify the fields of its activity into additional branches of commerce and industry, services and leisure, real estate, energy and more. The expansion is based on finding opportunities in companies or assets with potential, investment in development and streamlining production lines and implementation of Elco's values in the goals of the new companies.

The vision and values constitute the supporting pillars of our performance and our long term success. The Elco Group aspires to provide advanced and inclusive solutions, to develop local industry and to lead in every field in which it is engaged or shall be engaged in Israel and worldwide.

The Elco Group aspires to be the first choice for its employees, its customers, its suppliers and its business partners.

Elco's commitment is vis-à-vis all its stakeholders. Elco aspires to be a model of a leading company, an example of corporate integrity and social and environmental accountability.

Our values

In the Elco Group we promote strategic processes to define targets, identify risks and implement control processes in order to support our approach of creating value.

Our values are part of our DNA and they guide the way we work with our business partners. The Elco Group's mission is to bring value to its shareholders and its stakeholders, inter alia based on our values that constitute the supporting pillars of our performance and our long term success.

The Elco Group ensures a business culture based on a clear code of ethics. The Elco Group sees supreme importance in fair and ethical conduct vis-à-vis all its stakeholders including customers, employees, suppliers, competitors and its shareholders. This is the most basic and important prerequisite as far as we are concerned for moral excellence and corporate leadership. Corporate ethics constitutes a managerial challenge and test at its best. Elco's management undertakes to lead the Elco Group pursuant to the standards determined in Elco's Code of Ethics and the companies of the Group.

INTEGRITY AND FAIRNESS

PROFESSIONALISM AND EXCELLENCE

LEADERSHIP

DEDICATION

GUIDANCE

Integrity and fairness

Long term relationships with customers and business partners

Professionalism and excellence

Elco aspires to exhaust the potential and execute the task over and above that anticipated, espouses progress without compromise, aspires to perfection, innovation, to always be in first place, training and enrichment programs for employees, enables professionalism and professional development for the employees

Leadership

Leadership pursuant to Elco's values based on personal example and inspiration, practical activity while learning how to resolve problems, delegation of authorities, developing self-responsibility with the support of managers and employees

Dedication

The Elco Group works with dedication to achieve its goals, meets challenges and takes action to succeed

Guidance

The value of guidance promotes pioneership, creativity and innovation, attentiveness to trends and an attempt to anticipate the next trend in line and always aspire to be the first

INITIATIVE

EFFICACY

**DEVELOPMENT,
TECHNOLOGIES
AND INNOVATION**

SAFETY

Initiative	Initiation of new processes while aspiring to always be several steps ahead
Efficacy	The Elco Group is consolidated and flexible, speedy and excellent, innovative and attentive.
Development, technologies and innovation	Products and services at the forefront of technology, innovative and digital services
Safety	The Elco Group works pursuant to a policy of zero accidents

We believe that a combination of aspects of corporate accountability with the business core shall cause financial value and strengthen the trust of the stakeholders in the company while reducing the risks, encouraging involvement of employees and streamlining. The ESG approach is designed to manage the efficacy of the risks and the opportunities derived from our core business strategy in the environmental, social and governance fields.

“Gershon, the physicist, the scientist and technologist, was also an excellent manager.... He implemented continual streamlining routinely in the factory. He changed, advanced and closed production lines pursuant to efficiency and profitability tests...”

His business path was abundant with buying and selling activities and he always said: “There is no wisdom in buying, no one knows what will come...”

From the book “With Courage and dedication, the Story of Gershon Salkind” by Yossi Goldstein

CHAPTER

05

The direct and
indirect effects of
the Elco Group

The direct and indirect effects of the Elco Group

The data are updated and normalized as of 30.06.2021

A public company
traded on the Tel Aviv
Stock Exchange (TASE)

Market value
5,441
NIS Million

Revenues/sales (LTM)
12,249
NIS Million

Net profit (LTM)
some 750
NIS Million

The Elco Group operates in the following fields: contract work,
entrepreneurship, retailing (electricity and food), trade, services,
gas and energy, foundation and management of investment funds

510 NIS Million
dividend paid to
the Elco Group
shareholders in 2020

Activity in **some 20**
different countries

some 21,000
employees (Israel,
United States, Europe
and Africa)

some 21,500
suppliers and
service providers

The number of Israeli
suppliers constitutes
some 72%
of all the suppliers
and service providers

35%
Women in the Group

In 2020* the
Group reduced
some 9%
of its fuel consumption

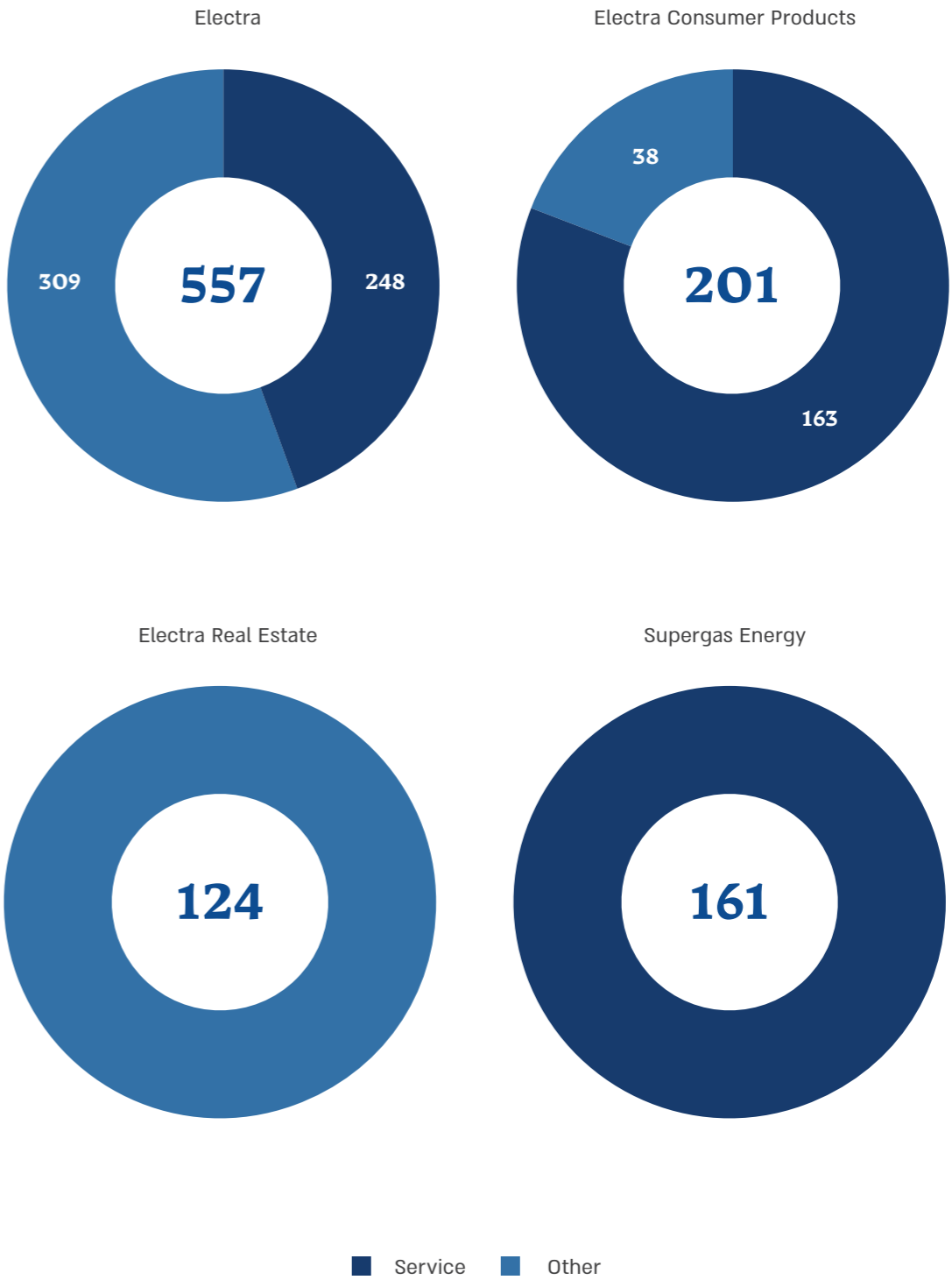
The Group donated
in 2020
2,470
NIS thousand

The balance of the suppliers and
service providers is
some 3,031
NIS Million

And reduced
some 5%
in its electricity
consumption

Segmentation of EBITDA for 2020

NIS Million



* Inter alia due to the effect of the COVID-19

CHAPTER

06

Our influences
throughout the years

Our influences throughout the years

This is the first report of corporate accountability that Elco is publishing and it is reviewing the Elco Group's activity in Israel and overseas in the field of corporate accountability as of the first half of 2021 (whereby some of the data in regard to the human resource, training, volunteering activities, quality of the environment and safety are presented as of 31.12.2020 as they are pursuant to the calendar year).

Elco has grown and expanded throughout the years by means of acquisition of additional activities and companies and has influential ability over its stakeholders, the companies of the Elco Group, the employees, the suppliers and the service providers, the customers, the various organizations and households in Israel.

Therefore it was important for us to share with our stakeholders in a nutshell Elco's story and its influences on the economy since its foundation.

The 50s

In 1949 the foundation of the Elco factory was declared – the Israeli Electro-Mechanical Factory Ltd. At the beginning of the fifties there were years of "austerity" in which the economy suffered from a financial crisis and from a serious shortage of foreign currency. Elco's contribution was estimated to have saved Israel's economy over 200 thousand lira per annum in foreign currency. During this period Elco employed some 250 workers and its factory extended over 2000 m². Elco sent some 20% of the production over the sea and this during a time when Israeli export was mainly oranges. Elco won the "Caplan Prize" in 1959 – a prize for streamlining and improving work productivity which was awarded to it due to its technological improvements in its production lines.

The 60s

At the start of the 60s the export reached one million dollars, a huge sum for that time period. The factory was spread over 11,000 m² after merging with the Szekely Hoffmann factory and the company employed some 750 employees. Elco succeeded in arranging employment relations with its employees and continued to flourish. In 1963 it filed a request to issue its shares on the Tel Aviv Stock Exchange and in July 1963 became a public company. After a period of recession and the Six Day War, Elco continued to profit and distributed a dividend to its shareholders of 5% of its profits, whereby towards the end of this period Mr Gershon Salkind of blessed memory was appointed CEO instead of his father and planning was started to move the factory to Ramat Hasharon. Already in the first year of his tenure Elco's sales increased by one third and reached 24.5 million Israeli Lira.

The 70s and 80s

In 1972 the founder Mr Alexander Salkind of blessed memory passed away aged 72.

Elco opened branches in large towns in Israel and also at the outskirts regions. Thus it also became a contracting company supplying services for its products. In addition Elco responded to a request by the Minister of Trade and Industry at that time, Chaim Bar Lev, and established a factory in Zefat, which was then a town in the northern periphery with serious unemployment, for an investment of seven million Israeli Lira which manufactured products for electricity grids and mainly three phase electricity meters that covered all the consumption of these products in Israel. Towards the end of the 70s the factory opened in Ramat Hasharon and production was started for a huge transformer for the Electric Company's power station for the unique production hall. Simultaneously the company acquired a small cable factory in Ramat Gan "Elkot Cables" and "Katzenstein Adler". Mr Gershon Salkind of blessed memory acquired the shares of Discount Investments in Elco and increased its holdings.

In 1988 Mr Gershon Salkind acquired additional Elco shares from the receiver of Danot and took action to acquire additional shares from the public in order to attempt a hostile takeover in the present and the future, The public stuck with Elco and refused to sell its shares even at a price that was higher than the market price, and in this way the public expressed its trust in the Elco share and the share price increased in that year by 70%.

The 90s

Elco started a process of diversifying the nature of its activity thus at the end of the process it became a group of companies with diverse activities including acquisition of control of Electra which amalgamated activity of electromechanical systems, contract work and air conditioning (which was founded in 1945 by the businessman Julius Yehuda Gezendheit in a small shop for repair of electric products in Tel Aviv similar to Elco). In the mid-90s Elco employed some 6,000 employees, and had a sales turnover of some 900 million dollars. Thereafter Elco won a state tender for purchase of the Shekem chain (which was founded in 1950 as a bakery and a department store for soldiers and the security forces and in the year of the acquisition included 48 stores).

1996 – Gershon was awarded the "Industry Prize" from the Manufacturers' Association of Israel.

At the end of the 90s Electra Real Estate was founded as a subsidiary of Electra and started to purchase yielding real estate in Europe and the United States. Furthermore, Electra Consumer Products acquired factories in China and Italy and opened branches in Italy, France, Spain, UK, Germany, Australia, Hong Kong and South America.

The 2000s

At the beginning of this decade Elco acquired in consideration of 210 million Euros the French company Brandt which was part of the Brandt-Moulinex concern which had started bankruptcy proceedings. The acquisition proposal included a business plan for the plants and a guarantee for employment of 80% of 4,200 of the employees employed (the concern was one of the largest producers of white goods in France and was engaged in production and marketing of products such as ovens, hobs, washing machines, dryers, refrigerators and freezers. The company operated under the name Elco Brandt for several years and was sold in June 2005 in return for 162 million Euros. From this transaction a capital profit was derived before tax expenses of NIS 498 million. During the global financial crisis Elco sold its transformer manufacturing activity to the Swiss industrial concern Von Roll Holdings.

During the sub-prime crisis in 2008, Mr Gershon Salkind of blessed memory led the Elco Group through one of the most difficult crises in the economy. Although at that time Elco had significant capital that had been invested in real estate in Israel and worldwide Elco remained stable and repaid its debts. The strategy that Mr. Gershon Salkind of blessed memory led in regard to distribution of investments and diversity of the fields of Elco's activity proved itself, and Elco remained strong throughout

the crisis which managed to bring down other companies who became bankrupt and insolvent at that time.

In September 2017 Mr Gershon Salkind of blessed memory, President and holder of the controlling interest of the company passed away and he bequeathed his shares in the company to his two sons Daniel and Michael Salkind, who became the holders of the controlling interest in the company, while still during their father's lifetime he had passed the reins to them and they had been appointed as Co-CEOs.

The Elco Group today

In recent years Elco has carried out several acquisitions and in 2017 Elco acquired the activity of the Globus Max cinema network for NIS 144 million.

In November 2019 it purchased Supergas Energy in consideration of NIS 770 million which was issued in June 2020 for NIS 817 million. In June 2021 it purchased 29.8% of the shares of Discount Investments in return for NIS 409 million.

Control was added to Electra activity, inter alia, by Sharon Diggers, Ariel Assets, PIK. Generators, Tavas Cleaning Guarding and Security, Megason Security, Afikim Advanced Transport Services (which later acquired Egged Transport) and more. These acquisitions have completed the Elco Group's ability to provide services to all the circles of life, during all the stages of projects, starting from the construction stages, infrastructure, electro-mechanical systems installations, air conditioning systems, electricity and pipe works, elevators and escalators and through to installation of electricity infrastructure of high voltage, medium/high voltage and low voltage for buildings, industry and infrastructures, management and maintenance services for buildings, guarding and security. In addition Electra carries out and constructs national infrastructure facilities.

Electra Consumer Products acquired in 2017 the cellular company Golan Telecom, whereby in August 2020 the conditions ripened for its sale to Cellcom Israel.

This transaction yielded for Electra Consumer

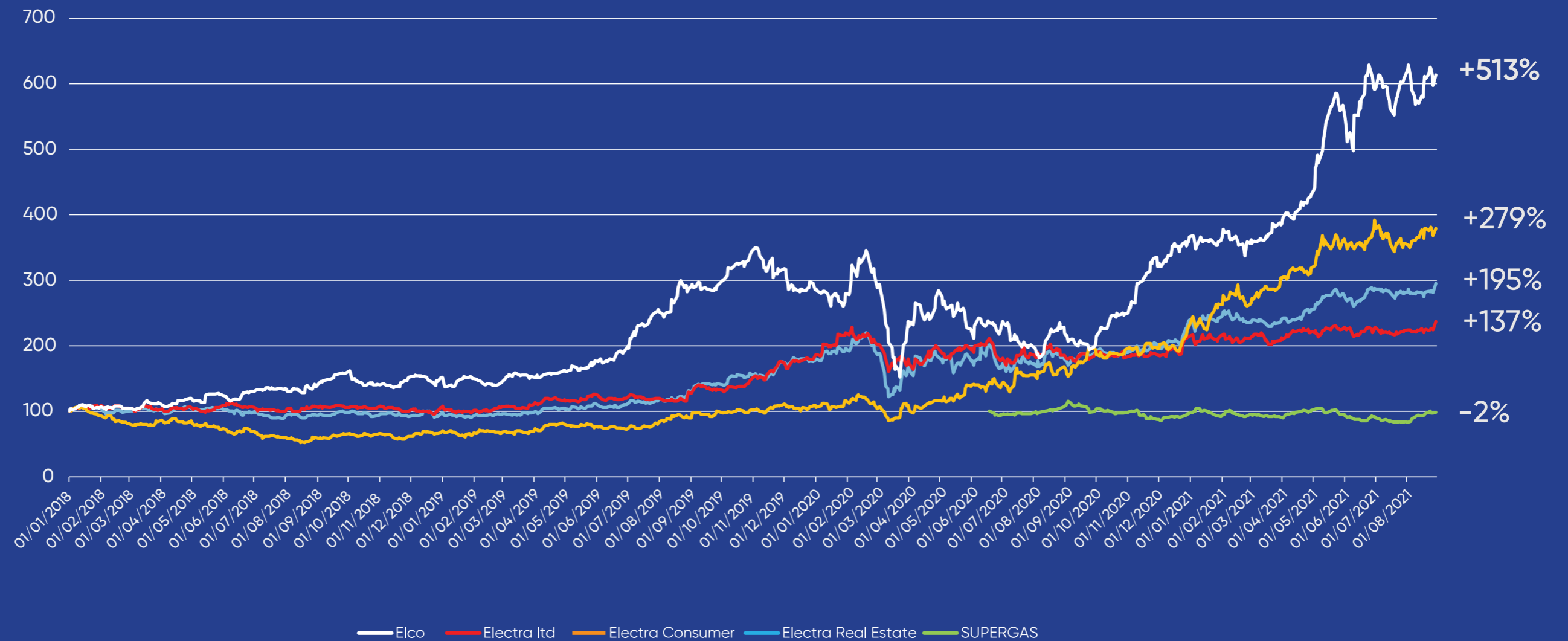
Products NIS 573 million. The IRR for the transaction was 84% and the return on the investment pursuant to this was 9.5. Recently Electra Consumer Products expanded its activities by acquiring the Columbia brand, acquisition of the control of the Beitan wine stores chain and signature on an agreement with Bosch for establishment of a green joint venture for development and production of heat pumps and advanced air conditioning systems.

Electra Real Estate – within the framework of the realization of yielding real estate in its ownership strategy, Electra Real Estate realized the majority of its assets and started as of 2016 to invest in housing for rent in the United States and later in management together with partners in investment funds and loan funds in the field of housing collectives in the United States, in investment funds in the field of single family homes in the United States and additional investment funds in hotels.

Supergas Energy expanded its activity in construction of cogeneration stations and in the field of cellular by means of acquisition of companies operating in the field in Israel and the United States.

Annual yield

STOCK PERFORMANCE



SUPERGAS

ELECTRA
REAL ESTATE

ELECTRA
LTD

ELCO

ELECTRA CP

Rate of growth from January 2018, apart from Supergas Energy which was issued to the public in June 2020



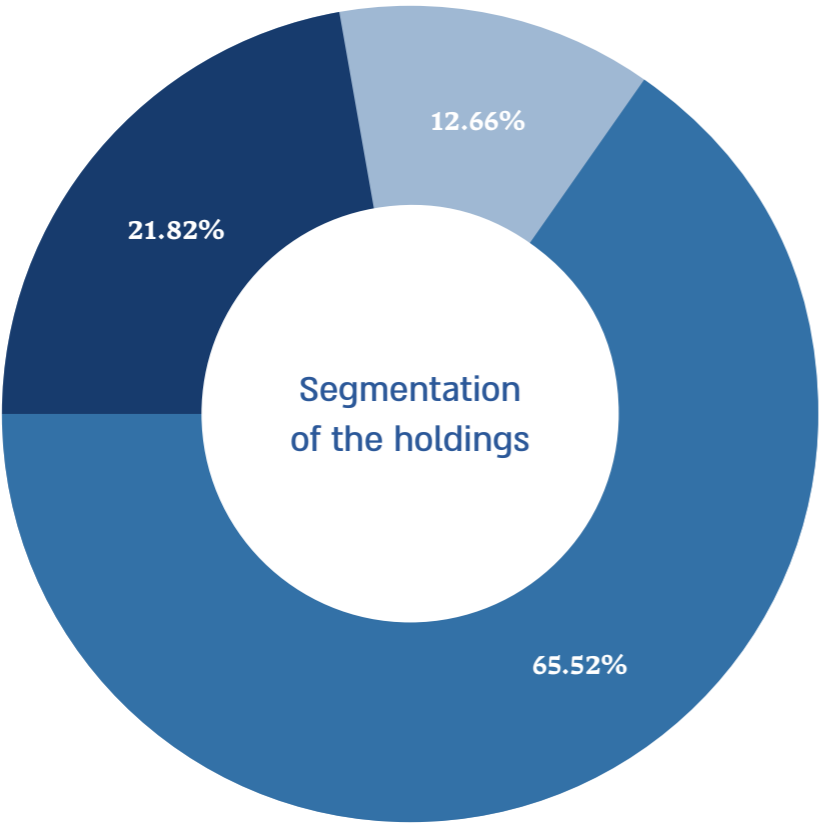
CHAPTER

07

**The structure
of the control
and holdings**

Structure of control and holdings

The holder of the controlling interest in the company is G. Salkind Ltd, a private company under the control of the brothers Messrs Daniel Salkind and Michael Salkind (in equal parts) *



- Holdings of the holders of the controlling interest
- Holdings by the public
- Institutional holdings

* Correct as of publication of the report

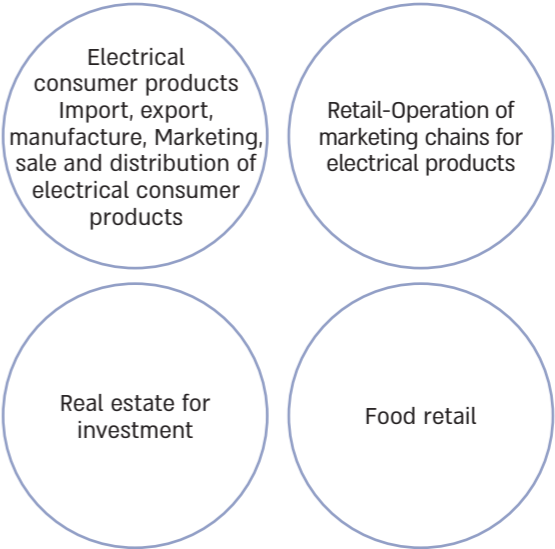
The companies held by Elco by which the majority of the activity of the Elco Group is executed, and the percentages of the holding of the company in them: *



A public company, TA Index 35
Active in 5 main activity sectors
(48%)



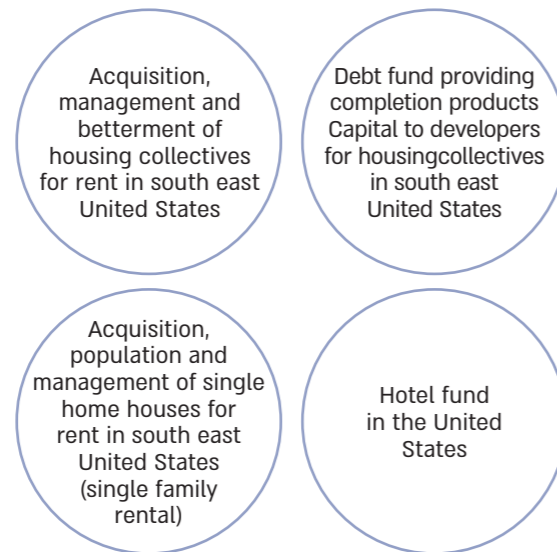
A public company, TA Index 90
Active in 4 main activity sectors
(48%)



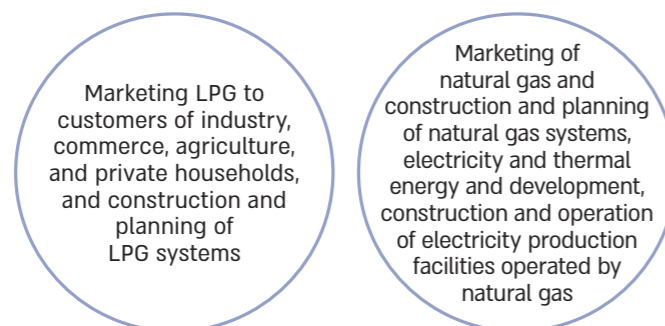
* As stated in the Elco's financial report as of June 30, 2021



A public company, TA Index 90
Private capital funds administrator
(60%)



Public company
Marketing LPG and natural gas
(62%)

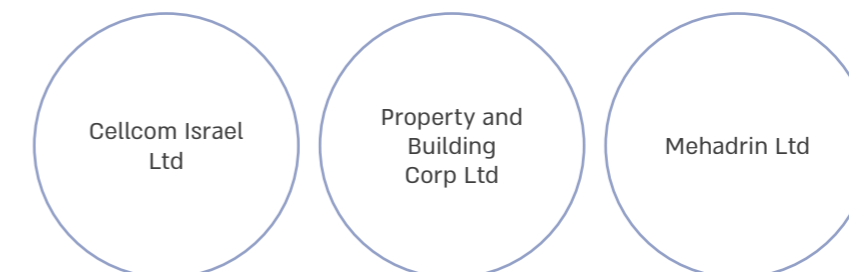


A private company under full ownership
Operating in one main sector of activity in Israel
(100%)

(Theatre of Dreams (Formerly Elco Media



A public company
Operates in Israel in several sectors of activity
(29.8%)



* As stated in the Elco's financial report as of June 30, 2021

CHAPTER

08

**The influences of
the companies of
the Elco Group**



An overview of Electra

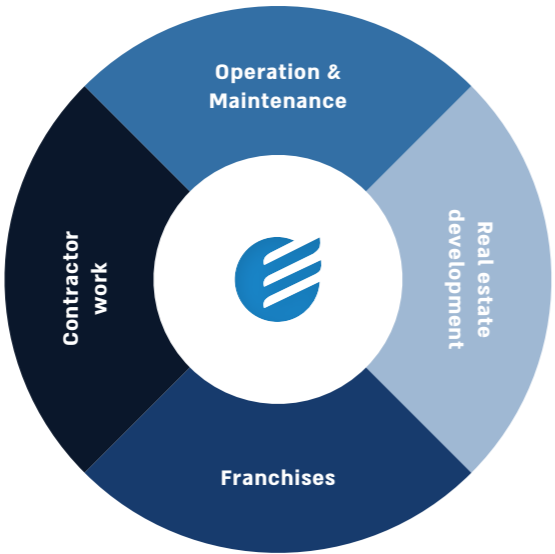
Is traded on the Tel Aviv Stock Exchange
(TA Index 35, TZ Index 125 and fossil fuel free climate index)

Market value **NIS 7.34 billion**

Revenues totalling some **NIS 7.7 billion**

Operates in **17** countries

FOCUSES ON THE LIFE CYCLE CONCEPT



This concept is expressed by provision of a solution to all the stages and the fields of the life cycle of the projects for the buildings, the facilities and the electro-mechanical systems starting from the development and construction stage and through to the operation, maintenance and service stages.

The Electra Group operates both in Israel and overseas in five sectors: the projects sector for buildings and infrastructures in Israel; the projects sector for buildings and infrastructures overseas; the operations, service and maintenance sector; the development and construction sector for real estate and the franchise sector.

The Electra companies operate in the field of renewable energies: pumped storage project in Maale Gilboa, photo voltaic electricity production system, gas based electricity production facilities distribution networks and more.

An overview of Electra Consumer Products

Is traded on the Tel Aviv Stock Exchange
(TA Index 90, TA Index 125 and fossil fuel free climate index)
And sub-industry in marketing networks in trading and marketing industries)

Market value **NIS 3.99 billion**

Revenues totalling some **NIS 2.6 billion**

Reaches at present millions of consumers, in almost every household in Israel you can find Electra Consumer Products

Operates some **1,200** sales points nationwide in which Electra Consumer Products are sold

Focuses on taking responsibility for the value chain of the products and the services that it supplies

The Electra Consumer Products Group operates in 4 sectors: the electrical consumer products sector; the electrical retail sector; real estate for investment sector; and the food retail sector

1ST PLACE

as the leading brand in Israel in the field of electric products

THE TOP 100

One of the top 100 leading brands in Israel

Strategic partners with Bosch and establishment of a joint venture for development and manufacture of heat pumps and advanced air conditioning systems
Construction of a joint technological park in Ashkelon

An overview of Electra Real Estate

Trading of the Tel Aviv Stock Exchange
(TA Index 90, TA Index 125 and fossil fuel free climate index)

Market value of some **NIS 2.44 billion**

98 housing collectives managed by Electra Real Estate

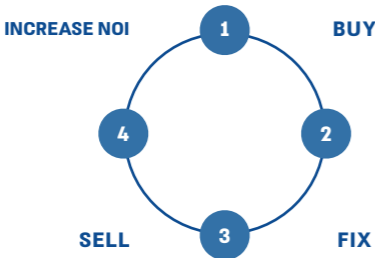
38,757 residential units in the housing collectives at
an occupancy rate on average of some 96%

Value of managed assets some **6** billion dollars

Electra Real Estate operates in two sectors: the sector of housing for rent in the United States; and the sector for the activity of yielding real estate assets defined as designated for realization.

Electra Real Estate manages with partners 6 private active equity funds of which 3 invest in housing collectives, a debt fund and in addition a fund for investment in opportunities in hotels (that are located in construction stages), as well as active activity in single family rental homes.

It operates in implementation of alternatives of added values while controlling the entire value chain – acquisition (transactions with potential for improvement and comprehensive analysis and due diligence), improvement (comprehensive renovation for the residential units and the open areas), ongoing management and increase of the NOI and realization after utilization of the potential.



33rd place in the ranking of the largest 50 companies in
the field of collective housing in the United States

Striving for implementation of green energy within the housing complexes

An overview of Supergas Energy

Traded on the Tel Aviv Stock Exchange

Market value of **NIS 1.23 billion**

Revenues totalling some **NIS 0.56 billion**

some **400** thousand private customers

And some **5** thousand customers in the fields of commerce, industry and agriculture

The company is a leader in marketing natural gas to industry and transport.

A unique facility for compression of natural gas

A changing energy market: Supergas supplies the customer with a variety of energy solutions for independent energy implementation

Recently, Supergas Energy completed acquisition of 75% of the shares of two private companies that are engaged in operation and maintenance of solar systems on commercial and private roofs and contracted in a memorandum of understanding with Impact Projects to promote the construction of independent storage of electricity based on the electricity network (which are anticipated to aid in absorption of surplus electricity from the national electricity conduction system and provide a temporary solution to the critical load in the electricity industry). Supergas Energy started to operate in supply of electricity to customers connected to the electricity network by means of a designated licence granted to it by the Electricity Authority. Furthermore Supergas Energy contracted with BRP for acquisition of 30% of the share capital of BRP Balanced Rock Power, an entrepreneurial energy company operating throughout the United States in the field of renewable energy, focussing on initiation and development of photo-voltaic projects and energy storage projects of significant scales for direct supply to the electricity network and their sale on the free market after completion of the initiation and development stage as aforementioned.

Supergas operates at present in two sectors: natural gas and electricity and liquefied petroleum gas (LPG)

CHAPTER

09

**The methodology
of writing the report**

The report was approved by Elco's Board of Directors and written with the full collaboration of the companies of the Elco Group - Electra, Electra Consumer Products, Electra Real Estate and Supergas Energy

Methodology of writing the report

This is the first report of corporate accountability that Elco has published. The report reviews Elco Group's activity in Israel and overseas in the fields of corporate accountability during 2020 and until the date of publication of the report. The financial data are updated as of the second quarter of 2021.

This report was written pursuant to the guidelines of the Global Reporting Initiative (GRI) and it is in accordance with the core standard of transparency of GRI-SRS and pursuant to fundamental issues that were defined by the Sustainability Accounting Standards Board. Accordingly the report includes in each issue that has been identified as essential for the activity for the Elco Group details of the managerial approaches and the work processes in the Elco Group.

The majority of the information presented in the report has been collected on an ongoing basis and routinely during the year of the report from the companies of the Elco Group, from various organizational sources and with the support of external consultants.

As the activity of the subsidiaries and/or the held companies in the Elco Group and their extensions overseas could be operated slightly differently than Elco in Israel, we have decided to refer to the group overview, policy and procedures. All the activity of the companies held overseas is carried out in congruence with the principles of the policy of the Elco Group. It is further important to state that within the framework of this report we have only disclosed the most fundamental companies of the group's companies without referring and/or providing data regarding the other held companies.

As aforementioned the data in this report refer to the performances of Elco and the companies in the Group: Electra, Electra Consumer Products, Electra Real Estate and Supergas Energy. However, as the activity of each of the companies operating in Israel and/or overseas could be slightly different from the activities of Elco, we decided in certain places to refer only to the activity in Elco. In these places we have used the term "Elco". It is important to state that the policy of all the companies in the Elco Group is congruent with the principles of the principles of Elco.

Furthermore, during the writing of this report Electra Consumer Products acquired control of the Beitán wine shops chain and accordingly all the environmental and security data have still not been collected. Numerical data regarding the human resources have already been merged into this report as part of the Electra Consumer Products activity.

The writing of the report was supported by Entropy Corporate Governance, without a process for external ratification.





**Committed to International Principles -
Adopting UN sustainable development goals**






Elco passed a resolution as part of publication of this report to take part in adoption of attainment of 17 sustainability goals known also as SDGs (Sustainable Development Goals) and their realization as part of the secondary objectives integrated in the activity of the Elco Group. The sustainable development goals based on the principles of corporate accountability create a multi-sectoral and multi-policy framework with a shared language that increases the probability of effective implementation and evaluation.

Elco has placed itself the objective of being a leading business group that creates a sustainable living environment, one of the most advanced in Israel and worldwide, for us and for the future generations. The Elco Group operates in more than 20 countries worldwide and as a global group operating in both developed and developing countries we see great importance in achieving goals and objectives. As part of the report we have carried out comprehensive mapping of the corporate, social and environmental activity of the Elco Group vis-à-vis the 17 goals and the 169 sub-objectives of the UN. As a result of the nature of the mechanism of the Group's corporate activity and its extensive achievement in the field of sustainability and corporate accountability this has a certain effect on many of the goals.

This is the first time that a group of companies in Israel is reporting within the framework of its corporate accountability report as to its commitment to promote UN development goals.

Integration of the goals in the social and environmental activity of the Elco Group reinforces our commitment to promote the sustainable development goals as part of our corporate activity. Details regarding the sub-objectives that we have adopted can be found hereinafter:

Goal No.	Sub-Objectives
 4 Quality Education	4.3 To guarantee equal access to all women and men to achieve technical, professional, tertiary including university education.
	4.4 To significantly increase the number of young people and adults, with the relevant skills, including technical and professional abilities, who are employed as employees in respectable and specialized positions.
	4.5 To eradicate the disparities in education and ensure equal access to all the levels of education and professional skills for the weaker population including the disabled, natives and vulnerable children.
 5 Gender Equality	5.3 To put an end to all types of discrimination against women and girls everywhere.
	5.5 To guarantee full participation in leadership and decision making to ensure full participation and efficacy of women and equal opportunities for leadership on all levels of decision making in financial lives
 6 Clean water	6.3 Improvement of the quality of water, improvement of sewage and safe reuse – to improve the quality of water by reducing contamination, eradication of discarding illegal waste and minimization of release of hazardous chemical materials, reduction by at least 50% of untreated sewage and significant increase of recycling and safe use of treated water worldwide.
	7.2 Significant increase of the renewable energy component in the global energy mix by 2030.
 7 Clean energy	7.3 Multiplication of the rate of global improvement of energy efficacy
	7.4 Enhancement of international collaboration in order to enable access to research and technology on issues of clean energy including renewable energy, efficient energy and advanced and cleaner technologies than fossil fuels and promotion of investments in energy infrastructures and clean energy technologies.

Goal No.	Sub-Objectives
 8 Fair employment and economic growth	8.2 Achieving a higher rate of economic productivity by means of diversity, technological upgrading and innovation including by means of focussing on fields with a high added value and high employment fields
	8.3 Promotion of a policy relating to development of productive activities, creating fair workplaces, entrepreneurship, creativity and innovation, and encouragement, creation and growth of very small, small and medium size ventures including promotion of development-guided policy supporting productive activity
	8.4 Gradually improve the efficacy of the resources of consumption and production.
	8.5 Comprehensive employment and fair employment and equal wage - to achieve equal employment and equal and appropriate terms of employment to all women and men for young people and the disabled. Equal pay should be paid for identical work.
	8.5 sic Protection of employees' rights and promotion of safe work environment –protection of employment rights and promotion of a safe work environment and for all employees including work migrants, in particular female work migrants and those working in temporary work.
 9 Industries, innovation and infrastructures	9.4 Upgrading of the infrastructures and improvement of the infrastructures in order to make them sustainable, alongside increase of efficacy of the use of the resources and extensive adoption of clean and friendly technologies in the environment and industrial processes. All the countries participate pursuant to the best of their abilities accordingly.
	9.5 Improvement of scientific research, upgrading of technological abilities of the industrial sector in all the countries in particular in the developing countries
 11 Sustainable cities and communities	11.6 Reduction of the significant environmental effects per capita of cities including provision of special attention to air quality and urban and other management of waste.
	11.7 Provision of universal access to safe, inclusive and accessible areas, green and public, in particular for women and children, the elderly and the disabled.
	12.2 Achievement of sustainable management of effective use of natural resources.
 12 Accountable consumption and production	12.4 Correct environment management of chemicals and any waste throughout their lifespan pursuant to an agreed international work program and to significantly reduce their release into the air, water and ground in order to minimize their destructive effect on health and the environment.
	12.6 Encouragement of companies, in particular large and transatlantic companies, to adopt sustainable customs and implement information on the issue of sustainability in their reporting systems.
	12.7 Promotion of sustainable public acquisition procedures which are pursuant to national policy and orders of preference.
 13 Climate change	13.1 Reinforcement of durability and correlation of capacity for dangers derived from climate and natural disasters in all countries.
	13.3 Awareness around climate change by improving education, raising awareness and the ability to reduce climate change by people and institutions, while taking into account adaptation methods, mitigation, and advance warning.

As part of Elco's transparency policy vis-à-vis the stakeholders, the Elco Group has integrated mapping and ranking the issues for the members of the Board of Directors and the Management and initiated an approach to institutional bodies (holders of a controlling interest) with the objective of examining with them the fundamental issues for the report

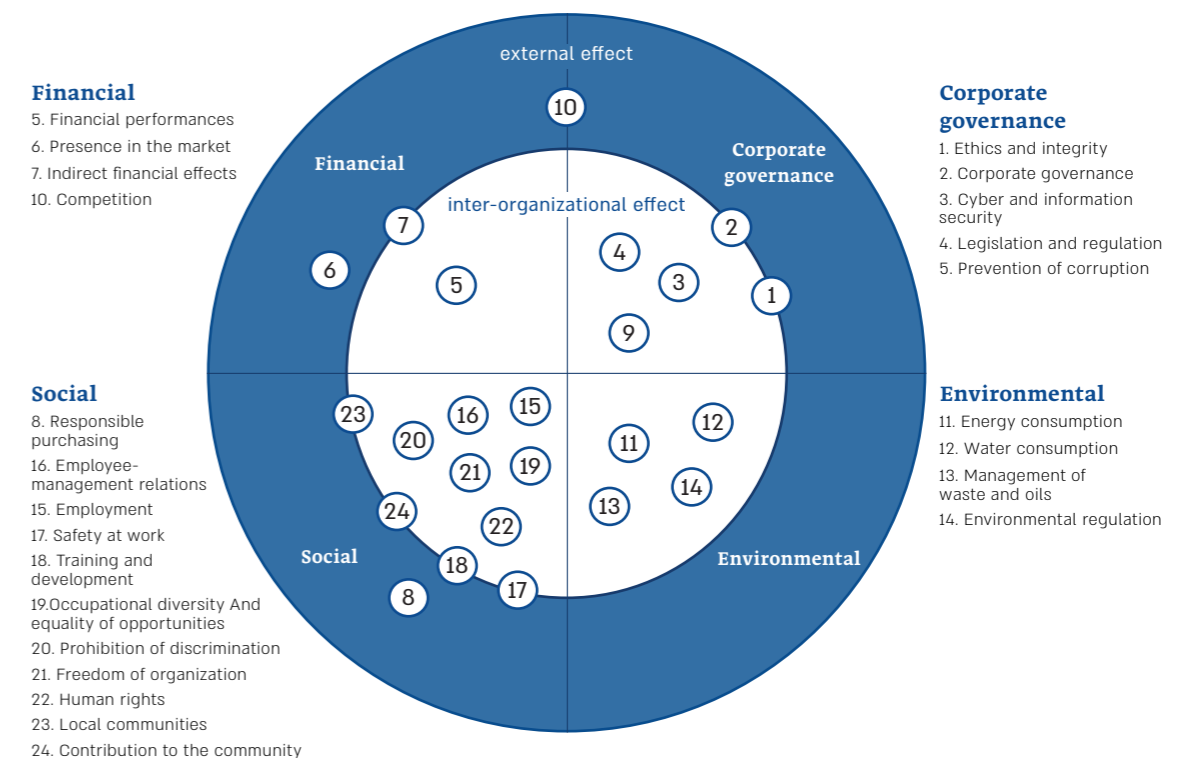
The fundamental issues that were chosen for the report

Elco has taken action to map and define the fundamental issues for the stakeholders while using several representative sources of information. In the first stage, for the purpose of refining the fundamental issues for reporting, a benchmark was carried out including holding companies and their conglomerates with activities of their own (in addition to direct holdings). The benchmark also includes companies from the three main sectors in which Elco has holdings: the field of real estate and infrastructures; the field of consumer products and retail and the field of distribution of gas products. Therefore the bar that was placed was relatively high in the fields of transparency and accomplishment on the issues of corporate accountability.

Furthermore, and as part of the policy of Elco's transparency vis-à-vis the stakeholders, the Elco Group integrated in the mapping and the ranking of the issues for the members of the Board of Directors and the Management and initiated an approach to institutional bodies (holders of a controlling interest) with the objective of examining with them the fundamental issues for them of the report. The ranking and the mapping of the issues chosen by them were presented as part of the mapping of the issues, this alongside the preliminary benchmark process as aforementioned.

Together with the aforementioned approach, Elco took action to map the main risks for the Elco Group also pursuant to the reports in the periodic reports of its principal subsidiaries in 2020, and these were included in the matrix pursuant to the measure of their effect, as they were defined by the subsidiaries. It is important to note that as the Elco Group operates in a wide variety of sectors there are issues that are included under a wide umbrella of the corporate accountability that received an expression in other publications of the Elco Group.

The adjusted calculation of issues and their cross checking raised 24 significant issues that were chosen to report. The issues appear hereinafter, with a random distribution divided by financial, environmental, social and corporate governance aspects while referring to inter-organizational effect (internal cycle) and external effect (peripheral cycle).



The fundamental issues chosen for the report

Based on the benchmark, the dialog and the matrix based on the Elco Group's risks pursuant to the measure of their effect in the periodic reports, hereinafter are the fundamental issues identified:

Issues that have been identified as fundamental in diverse intensities pursuant to the matrix/flow chart	Location on the matrix/flow chart	Limits of the report	Chapter of the report	Details/Comments
Management of the aspects of corporate accountability and sustainability in the Elco Group	5-7	Inter-organizational	Foreword by the Board of Directors, Foreword by the Co-CEOs, Preface (How did it all start?), Vision and Values, About the report)	Responsible management of the supply chain
Financial performances		Inter-organizational	The influence by Elco and the companies in the Elco Group and the financial reports	For direct and indirect effects of the Elco Group for additional details see the periodic reports and the presentations to the capital market
Financial effects, Direct and indirect effects		Inter- and extra-organizational		
Diversity and equality of opportunities, general equality, prevention of discrimination, employment terms, management-employee relations	15-16, 19-22	Inter-organizational	Human resource	
Training, development and guidance	18	Inter- and extra-organizational	Training, development and guidance, the Gershon Salkind of blessed memory Fund for Safety Above All	Guidance, training and development, the effect on work productivity, young populations and employees of the Group
Local community and contributions	23-24	Inter- and extra-organizational	Gershon Salkind of blessed memory Fund	Effect on Israeli society by means of the activity of the fund and the training in the Elco Group
Quality of the environment in the Elco Group including management of energy, water and waste consumption	11-14	Inter-organizational	Working toward a greener world	Data from the held companies, environmental investments including construction of a recycling plant, use of friendly gas, transition to hybrid cars and more, the Group is subject to comprehensive environmental regulation (hazardous materials, the Gas Law, Treatment and Evacuation of Waste, Toxins Permit and more, for additional details see Elco's periodic reports)
Safety and hygiene at work	17	Inter- and extra-organizational	Safety above all – policy of “zero accidents”	Policy of zero accidents, percentage of accidents and trainings, training schools
Responsible purchasing and supply chain	8	Inter- and extra-organizational	Supply chain	Responsible management of the supply chain, purchasing and suppliers in the Group
Code of ethics, values, principles, standards and norms of conducts	1-4, 9 10 (Financial reports)	Inter- and extra-organizational	Our values, corporate governance, foreword by the Board of Directors, foreword by the Co-CEOs, Preface (how it all started)	Elco's Code of Ethics including the held companies. For further details about the Code of Ethics of the held companies see the websites of the companies themselves
Stable corporate governance from the view of the Board of Directors and its committees, the mix of specialists and the experience of the directors in Elco		Inter-organizational	Corporate governance	Stable corporate governance Commitment to compliance with regulation including internal enforcement, internal information, transactions with affiliated parties, compliance program, management of databases, competition and antitrust laws, ethics, risk management and business continuity and more
Prevention of bribery and corruption		Inter-organizational		

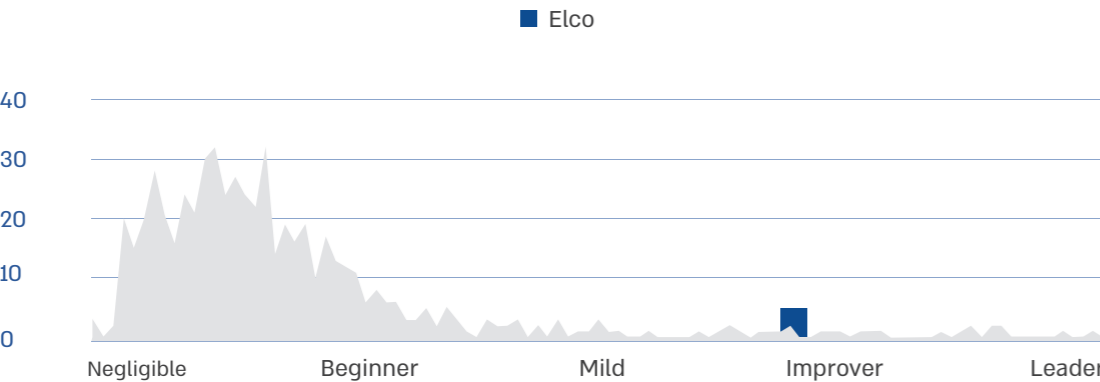
Estimate of Elco's ESG

Within the framework of writing this corporate accountability report (ESG), aspects of ESG were also examined vis-à-vis all the companies that trade on the Tel Aviv Stock Exchange by a comparative analysis pursuant to the methodology of the ESG model of Entropy.

The ESG model of Entropy is the only model that covers all the issuers in the Israeli capital market. The model (similar to the global ranking companies) estimates and examines the level of corporate accountability and the non-financial risks of the issuers based on hundreds of qualitative and quantitative parameters based on long term comprehensive research, related to principles and rules from the world of corporate accountability and accordingly the Israeli market.

In this respect it transpires that in regard to all the companies on the Tel Aviv Stock Exchange, the Elco Group is estimated at a high assessment that reflects good achievement and a level of transparency as compared to the Israeli market (see in due course the ranking of the assessments of the model) and is advanced as compared to all the companies in the industry of the activity of the company. It should be recalled that this assessment is based on the first report published by Elco.

Distribution of the ESG ranking assessment of all the public companies on the Tel Aviv Stock Exchange and Elco's placement as compared to them



Hereinafter is the assessment ranking of the Entropy ESG Model

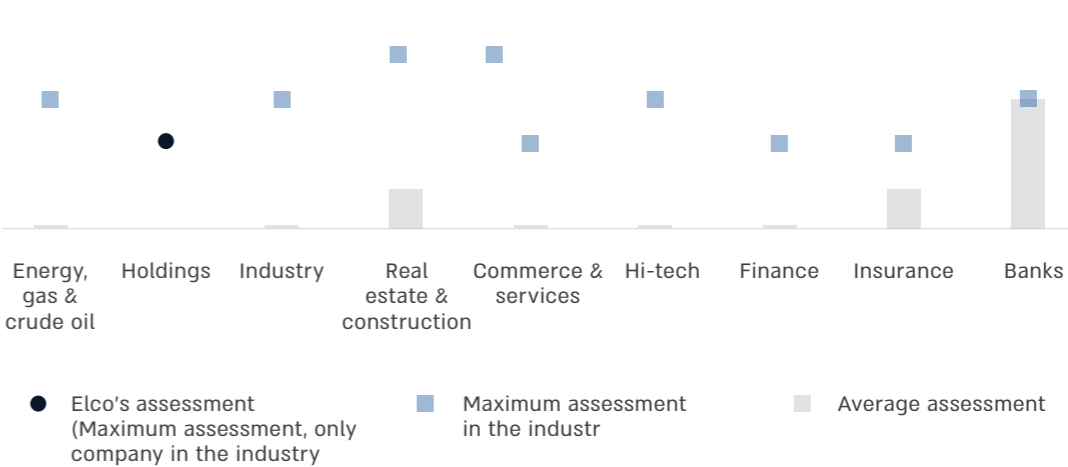


Leader	Improver	Mild	Beginner	Negligible
The issuer is leading as compared to the comparison groups	The issuer is above average as compared to the comparison groups	The issuer is assessed as averaged as compared to the comparison groups	The issuer is assessed as below average as compared to the comparison groups	The issuer has neglected the issues of ESG as compared to comparison groups
Index leader (IL)	Index improver (II)	Index mild (IM)	Index beginner (IB)	Index Negligible (IN)
Industry leader (IL)	Industry improver (II)	Industry Mild (IM)	Industry beginner (IB)	Industry negligible (IN)
Market leader (ML)	Market improver (IM)	Market Mild (MM)	Market beginner (MB)	Market negligible (MN)

Hereinafter we will detail the segmentation and the distribution of the ESG ranking of Elco as compared to the index and the relevant industry of the companies trading on the Tel Aviv Stock Exchange.

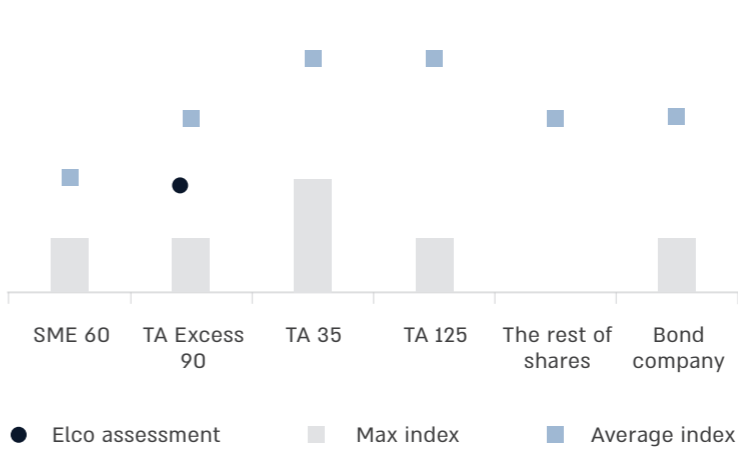
Elco is the only company in the industry that has published a public ESG report to its stakeholders and accordingly it has a maximum assessment in the industry

Segmentation of ESG assessments pursuant to industry activity



Elco is traded on the Tel Aviv 90 excess index on the Stock Exchange, its assessment is above average and slightly below the maximum score of the index.

The average segmentation of ESG ranking pursuant to trading indices segmentation



CHAPTER

10

The human resource



“Gershon knew how to identify talented people, engineers and production workers, to listen to them and to encourage them, to harness their abilities for the best interests of the factory. Even when Elco became a business empire under his ownership, he ensured to listen to the people around him, identified the talented ones, and relied on them to search and implement new ideas to streamline the production and expand the fields of business, and was as excited as a young boy when any vision became a reality”

From the book “With Courage and Dedication,
the Story of Gershon Salkind” by Yossi Goldstein

The Human Resource

The Elco Group's policy regarding its human resource has been instilled in the group throughout the years and accordingly the companies of the Elco Group see their work as the central factor of their success. Therefore we use a policy of continual dialog with the employees, an open door policy, attentiveness and containment while nurturing and developing our employees professionally and personally, caring for their health and their welfare with the intention of providing them with an appropriate and responsible work environment.

The Elco Group's commitment to its employees is expressed by development of an appropriate, responsible and pleasant work environment, while ensuring fair terms of employment and compliance with the provisions of the law. The Elco Group maintains the rights of contractors' employees and temporary employees who are employed from time to time by the companies of the Elco Group.

The Elco Group employs

some 21,000

Employees

In the United States, Poland,
Nigeria and Romania we employ

some 3,000

Employees

In Israel we employ

some 18,000

Employees

In Israel we employ

some 1,500

temporary/contractor
employees

The Elco Group's commitment is expressed by implementation of the central principles of our activity:

Creation of a respectful work environment

The Elco Group considers its employees and managers as partners to the success of the Group and therefore takes action to promote them while creating a supportive and respectful work environment

Concern for the rights and welfare of the employees

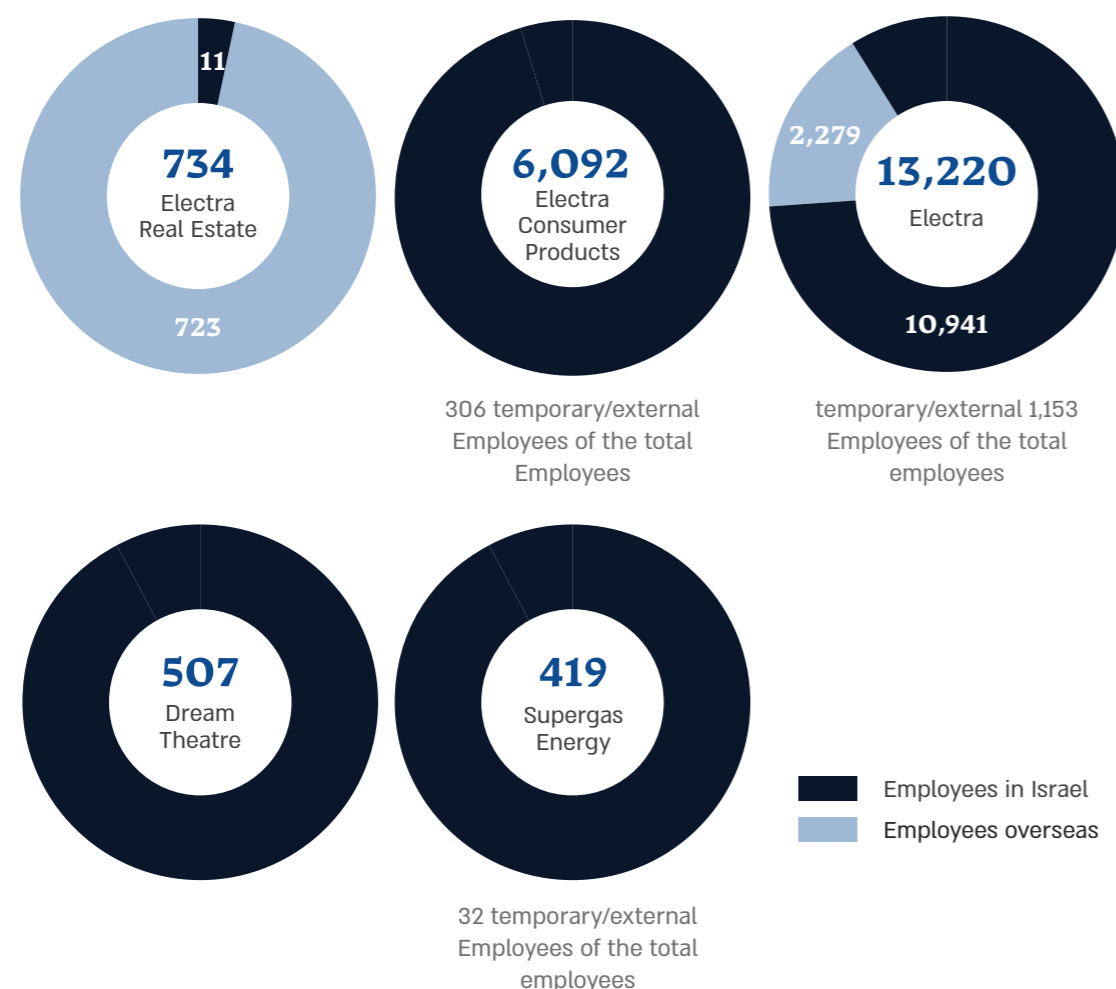
The Elco Group ensures to safeguard the rights of all its employees. Together with maintaining their right to unionize, the Elco Group grants its employees just and fair terms of employment. The welfare of its employees is handled by creating a welfare package for the Group's employees, a comprehensive program to safeguard their health, instituting a respectful organizational cultural program and provision of options for activity during leisure time, from an understanding that this balance creates significant value.

Implementation of an organizational culture of maintaining human rights, equality and prevention of discrimination, harassment and workplace bullying

Compliance with all labour laws and recognition of the right of employees to unionize

Data of the human resource in the Group

Number of employees in the Elco Group



Elco (the Group's headquarters) employs some 10 employees. Their terms of employment are arranged within the framework of personal employment contracts which include inter alia remuneration based on achievement of targets.

Some **51%** of the managerial ranks the majority of which are management of Electra Real Estate in the United States

Some **35%** women are employed in the Elco Group

Some of the employees of the Elco Group are employed by means of collective agreements and others are employed by means of personal employment contracts. The data of the employees are as of June 30, 2021, details and further information can be found in the information tables.

Diversity and ages of the employees and managers

The Elco Group does not discriminate between male and female employees or based on affiliation to religion, nationality, race, ethnicity, sex and place of residence. Candidates for employment are accepted based on their skills and the Group's requirements. This commitment is derived from the belief that promotion of the work environment creates a social and economic environment both for the Elco Group and for Israeli society in general. Strategically the companies of the Elco Group actively operate to recruit employees from different populations and sectors that

are characterized by underrepresentation in the employment market as well as employees with disabilities and to this end collaborate with designated foundations and organizations.

Equal Employment And Prevention Of Discrimination

As part of the promotion of the principles of equality in the Elco Group the companies of the Group promote policies of prevention of discrimination, both as regards discrimination against employees and as regards discrimination against customers. Prevention of discrimination is integrated in the recruitment processes, employment and promotion of equality and abstention of discrimination in any shape or form whatsoever.

The Elco Group ensures to comply with the requirements of the law relating to equal and fair employment of employees.

Equality in bonuses to employees

The Elco Group acts with equality in regard to bonuses awarded to employees. It is important to note that apart from standard bonuses there are specific bonuses which are derived from position percentages, about which there is a difference between those employed in full and part time positions such as: convalescence fees, clothing allowances or leave and sick pay.

Equal professional promotion

Male and female employees in the Group are promoted in the ranks pursuant to equal criteria and their skills while taking into account practical and relevant considerations only.

Accessibility

The Elco Group attributes great importance to the promotion of accessibility in its facilities in order to enable access to individuals with disabilities. In the companies of the Elco Group there are individuals who coordinate the issue of accessibility and ensure continual compliance with the provisions of the law. The issue of accessibility in the Elco Group is handled on three levels, pursuant to the activity of each company: accessibility to buildings, accessibility to services and employment of individuals with disabilities.

During 2020 no complaints were received regarding discrimination from employees or from candidates for employment with Elco.

Safeguarding rights of employees

Elco guarantees the rights of its employees in particular human rights. Moreover, the companies of the Elco Group ascertain that the suppliers with whom they contract also ensure the rights of their employees pursuant to law.

Adherence to salary and social benefits pursuant to law

In all areas of its activity, including the extensions overseas, the Elco Group ensures payment of salaries to its employees pursuant to the guidelines of the law, while adhering to the mandatory minimum wage and provisions for social benefits. Furthermore the Elco Group takes action pursuant to the requirements of the law in all matters relating to maternity leave, hours of work and rest and overtime laws.

Welfare of employees

The Elco Group takes action to ensure the welfare of the employees, whereby each of the companies takes action differently in regard to welfare pursuant to its employees and their needs, inter alia, of note the welfare service that support an employee and his family, professional consultancy services available for an employee and his family by phone, subsidy for the cost of face to face meetings with professionals, legal aid funds for employees, loans for employees, bonus club for employees, health insurance, gifts for festivals (Jewish New Year, Passover and Hanukkah) and more. Furthermore the Elco Group takes action to note important days during the year such as International Women's Day, the 1st day of Summer and the 1st day of Year 1 for children of employees, team building days and company vacations for employees and their spouses, and more

As a rule the Elco Group supports employees who are caregivers to a sick family member and demonstrate flexibility during times of crisis.

CHAPTER

11

Training,
development and
guidance

Training and guidance

The Elco Group takes action to increase work productivity in Israel by means of professional training in the core fields of the Elco group, while improving and enhancing the professional skills for populations who do not have professional training (such as the young population and recently discharged soldiers) including employees of the Elco Group. The Elco Group is one of the largest employers in the Israeli economy whereby by means of its aforementioned activities the Elco Group creates places of employment and increases the growth of the economy.

The training in the Elco Group includes a variety of courses, training and enrichment courses for employees and managers – both on professional subjects (whether required pursuant to regulation or not) and on general subjects to expand knowledge and acquire various personal skills). Some of the companies of the Elco Group have designated training centres, pursuant to their activities. The training centres constitute a strategic partner to the infrastructure processes in the companies, in the management for change, implementation and training. Furthermore, trainings are carried out in the Group also on subjects of corporate governance, ethics, prevention of sexual harassment, enforcement, compliance information security and more.

Electra

Electra has an organizational development and training department responsible for development of the human assets. During 2020 some NIS 71 million were invested in training, professional courses and development of employees. We shall state that Electra established a designated college that coordinates all the trainings and courses for its employees, whether mandatory courses or enrichment courses or for professional advancement. Electra's training centre, located in Rishon Lezion includes 4 advanced study classes, including a computer class and an electricity course that is one of the most advanced in Israel. Furthermore, there are two additional extensions, a practical study workshop in the field of elevators and a study class in Nes Ziona adjacent to the M&E offices. Electra's training department provides a solution first and foremost to professional training and maintaining professional qualifications in a variety of Electra occupations including elevator courses, air conditioning courses, electrician courses, sewage purification centre managers courses, handymen courses, treatment of water contamination into drinking water systems and more. Alongside the investment in professional training Electra invests in human resources in managerial training including a course for first time managers, project managers course, team leaders course, soft trainings in the world of contents of personal skills such as training for mentors in Electra's companies, trainings for managers for provision of feedbacks and assessment processes in the field of team resilience and more.

Over and above these trainings Electra conducts trainings for new employees by means of a study management system. The trainings include regulatory trainings such as prevention of sexual harassment, code of ethics, accessibility, safety at work in the office and information security. Alongside a variety of subjects which aid the employee in knowing the organization better and integrating more rapidly within the organization. Furthermore Electra gives periodic training on the aforementioned issues.

In 2020 180 training days were held with the participation of 2,200 employees not including safety trainings for which Electra designates separate activity.

As part of implementation of the safety at work culture in Electra, Electra Construction, a subsidiary, established a college for safety at work professions, together with Levetach Engineering and Safety. The objective of the Safety College as aforementioned is to raise the level of safety at Electra, to carry out standardization of safety training at height and to create safe use in facilities and advanced equipment that simulates building sites.

Electra Consumer Products

Electra Consumer Products established an academy that consolidates the issue of training and guidance for employees whereby some of the trainings are carried out together with the Ministry of Labour.

As a leading company in the worlds of domestic and industrial consumption of air conditioning, Electra Consumer Products established in 2020

the Electra Academy – the college includes in total four training channels, three channels for Electra Consumer Products for employees and one for external customers. For the external customers, the college enables studies on the subject of air conditioning systems in collaboration with the Ministry of Labour (refrigerant course studies level 1 profession) for employees of Electra Consumer Products. The college operates on three study tracks – Electra Skills – development of work skills, Electra RE&UP skills – development and skills and additional training for role definitions, some of them in cooperation with the Ministry of Labour (restricted electrician course) and Electra Safety – training and guidance in safety. The training and guidance programs are carried out in several main channels: (a) cross organizational training programs designed for employees from all the Electra Consumer Products units and include development and training on issues of work skills, enrichment and development of human assets; (b) designated training programs pursuant to professions and/or fields of activity; (c) programs for development and training for managers; (d) training and guidance programs for occupations required pursuant to law (regulation); (e) development of professional forums; (f) training programs for organizational development; and (g) focus on professional training and regulatory guidance in favour of improvement of service and production departments. In 2020 in Electra Consumer Products a variety of professional, technical and managerial trainings were carried out online such as an online development course for representatives of the air conditioning customer call service.

Electra Consumer Products estimates the value of every program for the organization and the employees pursuant to parameters such as raising motivation, connection of the objectives to the strategy of the organization, connection to the brand and more.

In 2020 some 3,614 employees of Electra Consumer Products accumulatively underwent frontal and/or online training.

Electra Real Estate

The employees of Electra Real Estate participate in professional trainings, conventions and lectures in order to deepen and maintain a high standard of professionalism and strengthen the contacts of the company with entities in the fields of its activity.

In 2020 the employees of Electra Real Estate in the United States participated in courses, trainings and guidance over 28,465 hours (on average some 40 hours per employee).

Supergas Energy

At Supergas Energy we work pursuant to an annual training program suitable for each of the populations in Supergas Energy. The training program includes development and training of the employees on professions and work skills, a training program pursuant to professions, a training program pursuant to law, professional forums, enrichment and development of the human assets. Supergas Energy holds management development training for the managers and for employees in the management reserve. The added value for the employees in these trainings is provision of a managerial perspective. Furthermore, Supergas Energy has established a training school for gas technicians in which professional training is conducted for LPG technicians. The employees who participate in the training are general employees for whom professional development will contribute to them both personally and to Supergas Energy.

The trainings that take place are on issues of safety at work, driving safety, professional trainings, antitrust issues, securities laws, ethics, information security, sexual harassment, corporate governance, accessibility and Excel training when required. Supergas Energy has emblazoned on its flag to provide excellent service to its customers and therefore conducts trainings on service and sales for service representatives very frequently and at a scale of some 300 hours annually.

In 2020 some 300 employees in Supergas Energy participated in frontal and/or online training.

CHAPTER

12

The Gershon Salkind
of blessed memory
Fund For Excellence

“During World War II, he founded the AMAL philanthropic association (Labour and Work for Refugees), a network of instructors who instilled knowhow and domestic equipment for handicrafts for Jewish refugees who came to Israel during the war, with the objective of providing them with livelihood...”

From the book “With Courage and Dedication, the Story of Gershon Salkind” by Yossi Goldstein

The Gershon Salkind of blessed memory Fund for Excellence

In 2018 Elco established the Gershon Salkind of blessed memory Fund for Excellence which is an independent philanthropic fund the objective of which is to promote the acquisition of education in the professions of engineering, scientific, economic,, monetary and financial, human resources and in other professions required in Israeli society, and to contribute in strengthening the middle classes and the value of volunteering amongst the employees of the Elco Group and the study circles outside of it.. The Fund was founded based on the rationale that the Elco Group, by its very existence and its activity, has an effect on our environment and fulfils a fundamental role in the welfare of the communities of Israeli society.

Over and above the core business activity of the Elco Group, we participate in initiatives and projects and in creating a better world and improving the quality of life of individuals and communities in Israel. The strategy of the group's vision is allocation of resources to support social objectives and to find a solution for social needs as such that it will also have an effect both immediately and also in the long term to change the future picture of the beneficiaries. Thereby the Fund continues the legacy and the vision of the founder of the Elco Group, Mr Gershon Salkind of blessed memory, which is rooted in the philanthropic foundation of the association by his father Mr Alexander Salkind of blessed memory.

The Fund encourages students and supports them by means of providing study grants or participating in study fees during the years of study for a degree (up to 4 years) during which the Elco Group awards an additional opportunity to create change and growth to the lives of the scholars and their environments and this by means of volunteer activities to which all the scholars are obligated. Thus the contribution to the community within this framework is in fact doubled. The scholars volunteer in tens of foundations and organizations in diverse activities with young people such as volunteering in pre-military preparatory courses in the periphery, aid to weak classes and help with needy families, support for sick children and their families, help for the elderly and more.

The Fund has several tracks in which candidates from the general population integrate as well as employees from the Elco Group and their families.

The decisions relating to the recipients of the grants each years are made by means of the grants committee which also decides on principal issues entailed in distribution of the grants in order to ensure weighted decisions and in order to prevent any deflection in its decisions the committee is comprised of three representatives of the Elco Group, three representatives of the Isaf Fund and three independent representatives.

The Fund is managed (logistically and technically) by the Isaf Fund, while relying on its fields of specialism in selecting candidates for grants and promotion of higher education in Israel for low socio-economic classes alongside provision of emphasis on needy populations and prioritizing employment for example for Ethiopians, women aged 45 and above, and women in technological fields and in the Arab society and more. The Administration coordinates for the Elco Group a reception system, verification of data, selection of candidates and transfer of the grants to the grant recipients.

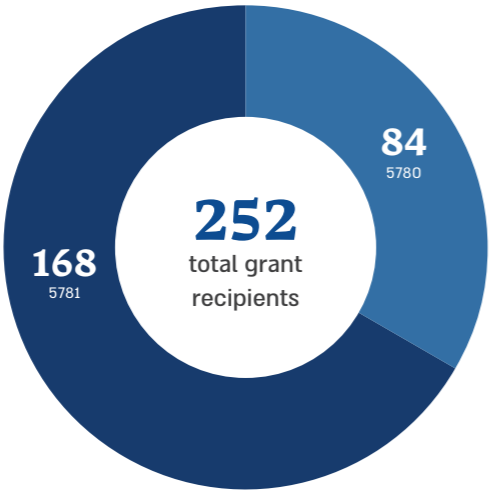
The fund for excellence is a separate entity from the Isaf Fund.

Elco has appointed a supervisor on its behalf who leads and promotes the values of the fund both in management of the inter-sectoral partnership (funds, business companies, study and public companies) and to implement values of gender equality, gender/ethnic/religious equality, designated attribution to low opportunity populations and so forth. These matters and other take part in the considerations of the committee in distribution of the grants.

The Elco Group has a significant part in the work with the recipients of the grants in the process of the submitting their candidacy and the process of the studies. Functionaries in the Elco Group support the candidates personally in order to ensure their success notwithstanding their social, gender, linguistic and other hindrances which have an effect on their integration into studies and/or their success in them. The addition of personal support of this type enables the reduction of social disparities and a breakthrough of multigenerational influence thanks to academic studies as many of the grant recipients of the fund are the first generation to go to university.

As a result of this leadership, the fund has supported the recipients of the grants both through the Cornoavirus period and through the military Guardian of the Walls operation and helped them to cope with these unique issues during those times.

In addition, it was important for the fund to maximize the influence of volunteering by volunteering in the organizations and the community, by means of conducting a dialog every year, in which the satisfaction of the parties of the process is assessed, while collecting the assessments that volunteers received about themselves and that were awarded to them. The assessments express the high value that volunteering has amongst the target population.



Activity of donations and volunteering of the Elco Group

In 2020 the Elco Group donated a total of NIS 2.47 million to institutions not including non-profit. Regarding the fund we will detail in a nutshell regarding the volunteering activity in the part about the Elco Group's companies.

Electra

In 2020 in the light of the effect of the COVID-19 crisis and the prohibition of entry of visitors and volunteers to the various institutions and foundations in which the Electra employees volunteer, some 800 employees participated in activities that were adapted to the new conditions. Within this framework in preparation for the festivals hundreds of food hampers were donated, packaged and distributed to the populations of the foundations with which Electra works, such as Lev Chash, Bnei Arazim School in Rishon Lezion and Pitchon Lev. Furthermore, Electra took action to maintain contact with the educational facilities in which its

employees volunteer throughout the year, including Migdal Or, Etzion School in Bnei Brak, Flora Kindergartens in Haifa, the Foundation for Special Games, Studio and Joy and more. Everyone who had already taken part to date in social accomplishment knows that the interpersonal relations create a feeling of group ability and pride – for which there is no substitute.

Electra Consumer Products

Within the framework of Electra Consumer Product's activities Electra Consumer Products adopted the Elem Foundation which helps young people at risk to cope with their distress, in the north and south. Electra Consumer Products signed on agreements for joint ventures with Ben Gurion University within the framework of which engineering students will carry out practical internship in the Electra air conditioning plant and will also be able to integrate and be accepted for employment in the Electra Bosch plant in the future, and the members of the university staff will provide training and courses on various subjects.

Electra Consumer Products implemented a managerial infrastructure of volunteering for the benefit of its employees – HELP! (a digital platform that enables light and accessible help for its employees). In 2020 in the light of effect of the COVID-19 virus, Electra Consumer Products employees helped in packaging food products for the Hayai Adam Foundation in Beer Sheva which helps people in situations of distress.

Supergas Energy

Within the framework of Supergas Energy's activities, Supergas Energy adopted in recent years graduates from Yemin Orde.

Yemin Orde is a youth village in which some 500 young people live and are educated at high school age, who immigrated to Israel recently from France, Ethiopia, Brazil and Russia. The educational enterprise at Yemin Orde is adapted to the needs of young people from different backgrounds and provides the students with the possibility of fulfilling their personal abilities. These young people talk about the village and the change it brought to their lives and one can be impressed by the sense of a mission and the glint in the eyes of the dedicated staff who support them.

The graduates of Yemin Orde reach high achievements in their matriculation examinations and serve in elite units in the IDF.

One of the foundation stones of Yemin Orde is the commitment of the village vis-à-vis the graduates thus after conclusion of the formal education period the village continues to offer them a warm home which also supports them in their lives thereafter. In this stage Supergas Energy comes into play and enables the graduates by means of a study grant to be free to study in preparation for their integration into Israeli society.

The Supergas Energy employees hold joint meetings with the village students, in special events on festivals which have great added value for the village students and for the Supergas Energy employees. Supergas Energy also supports the students on their way to their preliminary interviews in the IDF and provides them with the tools for interviews in the recruitment centres.

In the past year Supergas Energy has adopted the Elezarki Childrens Home in which some 200 children at risk aged 6-18 are educated. Within this framework Supergas Energy and its employees have conducted several limited meetings (in the light of the recent restrictions) in the childrens home at festivals and special occasions during the children's lives and together with them prepared greetings and gifts for graduates of the childrens home who are enlisting to the IDF.

CHAPTER

13

Working towards
a greener world



Working towards a greener world

There is a deep commitment in the group to environmental issues relating to our activities in Israel and worldwide, whether in construction of infrastructures and real estate, production and marketing of consumer products, or supply of energy to the Israeli market. We take action to reduce the ecological footprint while promoting a green environment and activities of renewable energies.

The companies in the Elco group monitor and track green energy and carry out each in its own field steps to reduce consumption and streamline energy such as replacing vehicle fleets of employees in the companies with hybrid vehicles, reducing energy consumption by means of products that they produce and market for example by transition to use of gas friendly to the environment that does not add to contaminating emissions in electricity products that they import or manufacture and more.

The companies in the Elco Group monitor the waste removed and the quantities of materials recycled and encourage the consumers to recycle the packages themselves. We shall state that the companies of the Elco Group is under the strict supervision of various regulators, inter alia, the Ministry for the Protection of the Environment, which carries out ongoing environmental inspections in various fields such as management of hazardous materials, compliance with emissions into the air permits and monitoring sewage. The companies of the Elco Group comply with high standards, over and above that required by law, and all the inspections are passed with great success.

Some of the companies of the Elco Group have a management system integrated with quality, quality of the environment, safety and health at work and they operate pursuant to international standards.



Furthermore, some of the companies of the Elco Group work pursuant to additional international standards relevant to their activity. Thus for example Electra Consumer Products work pursuant to the ROHS standard for restriction of hazardous materials, REACH for arrangement of licensing of chemicals, and GHS – globally harmonized system of classification of labelling of chemicals. Accordingly, Electra Consumer Products within the framework of its contracts with suppliers requires specific environmental conditions such as use of environmentally friendly materials and a declaration of absence of harmful materials, this pursuant to the requirements of the GHS.

Accordingly, the Elco Group is obligated to the strictest of standards in the environmental field and also ensures that its suppliers comply with those same standards precisely.

The Elco Group carries out many actions to reduce the ramifications of its activity on the environment, inter alia by implementation of technologies to save energy in projects, use of refrigeration units that use gas friendly to the environment, use of sealant and isolation materials pursuant to strict standards for saving and streamlining energy, reuse of water (for example for irrigation), installation of systems for saving electricity for lighting and more.

In 2020 included due to the effect of the COVID-19 there was a reduction in the Elco Group of

some 5%
in water consumption

some 9%
in fuel consumption

Electra

Electra provides an overall solution to all the stages of the lifespan of a project, starting from the initiation, the franchise, development, construction and through to operation and maintenance of the assets and the projects. Electra is committed to protecting the environment and to raising awareness as to this aspect amongst the various stakeholders.

Electra takes action to create an energy infrastructure for managing risks in regard to the environment such as waste, odour, noise and soil contamination as a result of use of fuels and hazardous materials, harm to the environment as a result of unsound activities of a purification of waste facilities and more, while defining various roles and procedures.

The total environmental investments carried out by Electra in 2020 were some NIS 365 million.

Electra's subsidiaries implement various technologies in projects that help to promote the environmental field inter alia as follows:

Electra Infrastructures and Energy accumulated comprehensive knowhow and expertise in mining tunnels for railways and roads using the NATM method and casting tunnels using the cast-in-place concrete lining system method and has trained teams of engineers and advanced equipment operators specializing in tunnelling and it is making efforts to become a leader in the field in Israel. In order to realize this commitment a periodic meeting is held in regard to adopting innovative technologies for activities in Electra Infrastructures and Energy.

Greentech - a company engaged in treatment and operation of sewage and recycling of sewage into irrigation water.

Electra FM - carries out extensive activities for its customers in the following fields:

- * Execution of energy streamlining survey including reference to electromechanical systems in the customer's premises including a review of the status quo and recommendations for improvement such as air conditioning systems, water circulation systems, heating and lighting systems
- * Energy efficiency testing COP for cooling systems (chillers) pursuant to law
- * Testing for energy gauge for facilities for the output required pursuant to law
- * Testing for energy efficiency for steam vats pursuant to law
- * Maintenance treatment for air conditioning systems improving energy efficiency
- * Maintenance treatment for building control/lighting control/air conditioning control/shading to maintain the controlled operation and thereby the energy efficiency of the system

Electra M&E carries out numerous projects in which is implements technologies to save energy for example:

- * Use of cooling units with environmentally friendly gas, installation of chillers with high efficiency, full or partial upgrading of energy centres at various sites and within the framework of the activity of replacing the old wasteful cooling units with new efficient energy saving environmentally friendly units.

- * Use of materials with a standards mark – isolation materials, sealant materials, plastic piping and more;
- * Advanced control systems for saving energy – control systems for construction projects, writing while describing actions of a system for utilizing and saving energy, air conditioning, electricity and plumbing;
- * Water systems – reused water for irrigation/for water cisterns in projects;
- * LED lighting and electricity savings systems – installation of LED lighting/projects for replacing old light fittings with LED light fittings – installing of lighting control systems;

Electra Elco C&S amongst the rest of its activities operates in the field of solar energy in the construction of land solar farms and on water reservoirs. Electra Elco C&S emphasizes on service and monitoring the sites and with the help of advanced technologies has developed an energy management platform that knows how to navigate the production of websites efficiently and smartly and to offer a monitoring and control product of another standard that creates value for its customers.

Electra Elco C&S has worked with an international entity to develop an advanced algorithm database that enables monitoring of all the electricity converters on the various sites automatically and very accurately and with high availability. The system identifies in "real time" every irregularity or problem in the production output, analyses it and provides the technical team with the tools to decide whether to resolve the malfunction remotely or whether to open a call on Electra's service portal to one of the company's service technicians. Everything is carried out with full transparency with its customers who receive reports and are updated in all matters on their production sites. To date, Electra is operating on 350 ground sites such as: Revivim, Kramim, Idan, IDF camps: City training camps, Nashov, Hahotrim, Navy training camp, flotilla camp, Ovda, Tzukei Ovda, municipal authorities and more.

In 2020 (including due to the effect of COVID-19) Electra carried out a reduction of consumption

some 10% in fuel consumption **some 18%** in water

In 2020 Electra transferred for recycling (in tons)

3	9	392	12.5
Metal materials	Plastic	Timber materials	Paper and carton (in kilotons)

The data presented are solely from the offices without the projects. Furthermore, a certain increase can be seen in electricity consumption and this due to an increase in the reported areas.

Electra Consumer Products

Electra Consumer Products focuses on two fundamental issues in regard to reduction of environmental effects – the lifespan of the product and the reduction of the carbon footprint. As part of the management of the lifespan of the product Electra Consumer Products has implemented in its advanced production plant innovative technologies for production of "green" air conditioners that guarantee significant savings in consumption of energy and minimum harm to the environment throughout the lifespan of the product. In December 2020 Electra Consumer Products received a permit to mark its air conditioners "Green" with a standards mark that testifies to reduced harm to the environment whereby in order to receive it Electra Consumer Products was required to comply with several standards and provisions such as production without hazardous materials, low levels of noise and environmentally friendly packaging of the product pursuant to the requirements of RoHS-REACH

(guidelines that were adopted by the European Union for use of hazardous materials according to which at least 90% of the packaging materials are also recyclable). Furthermore the percentage of the recycling of the components of the product are at least 84% of the weight of the product and it contains cooling gas of a material that reduces the harm to planet earth as compared to the existing gas. The standard mark places Electra Consumer Products as a pioneer in the field in domestic electricity products in the field.

In 2020 as a result inter alia of streamlining processes and the COVID-19 Electra Consumer Products carried out a reduction of:

some 14%	some 2%	some 5%
In consumption of fuel by employees of Electra Consumer Products	In consumption of water	In consumption of electricity

In 2020 Electra Consumer Products transferred for recycling (in tons):

628	0.6	1.5	4.7
Metal materials	Plastic	Paper and carton	Batteries

Total waste reported and transferred for recycling (in tons):

21,059
Waste

Plant for recycling of electrical/electronic waste

Electra Consumer Products is undergoing processes to establish the first plant of its kind in Israel to recycle electrical/electronic waste. The investment in the venture is estimated at some NIS 20-25 million. The plant which should be constructed within a year and a half in the Technology Park in Ashkelon, will focus firstly on recycling air conditioners, refrigerators and other large white goods (heating and cooling products that contain gases) and thereafter will expand the activity to recycle all electrical products in Israel. The plant that shall be constructed pursuant to the European environmental standard and constructed in the Technological Park in Ashkelon, completes the lifespan of the product and provides a solution to the final stage of its life. The technology that shall be introduced in the new plant shall enable recycling by the most advanced processes worldwide while exhausting the use of the raw materials in the products. The plant shall operate pursuant to the leading standard in the field of recycling electronic waste. Firstly, there a process of refining the toxic gases followed by a separation of all the components of the products and their resale to industry for production of new products.

The process of recycling in the plant shall enable reduction of approximately one million tons of emissions of greenhouse gases per year!

The goal is recycling of 30% of all the electrical waste in Israel within 7 years and recycling of 50% within a decade!

Electra Real Estate

As a company whereby the majority of its activity is in the United States, different laws are imposed of it., both federal laws and local laws on various issues such as accessibility, environment, rent, fairness etc. The American management company, responsible for operating the assets, operates on several levels to reduce the harmful effects on the environment and focuses on energy efficiency. Amongst the actions that Electra Real Estate carries out are use of water saving toilet bowls and energy saving LED lighting, installation of energy saving electronic products in homes that Electra Real Estate lets, encouragement of tenants in its complexes to recycle (by installation of designated bins) and use of environmentally friendly cleaning materials.

In 2020 due to the significant increase in activity in Electra Real Estate It was not possible to estimate the reduction in consumption of fuel and consumption of electricity. However, in Electra Real Estate in the United States there was a reduction of

some **5%**
in water consumption

As in every year, in 2020, Electra Real Estate transferred for recycling by means of an external company designated materials such as metal, plastics, paper and carton.

Supergas Energy

Supergas Energy’s activities are subject to various laws and regulations in the fields of protection of the environment, security and safety, quality and in the field of supervision of prices. A certain aspect of the activity such as supply of gas necessitates licenses and is under the strict supervision of regulation.

Supergas Energy has direct and indirect effects on protection of the quality of the environment. Hereinafter are the principals of the effects:

- * Encouragement and support of transition of commercial customers (industrial factories, institutions, significant energy consumers, vehicle fleets and buses) consuming contaminating fuels to consumption of natural gas
- * Construction and operation of solar facilities nationwide in Israel whereby the solar companies acquired by Supergas Energy have constructed to date hundreds of solar facilities at a scale of more than 100 megawatts, and they intend to construct in the coming years solar facilities at a scale of tens of additional megawatts (as of to date the companies have accumulated some 65 megawatts of projects).
- * Construction and operation of cogeneration stations in premises of customers which enable customers to produce electricity and steam independently as a substitute for consuming electricity from the national electricity network and consuming contaminating fuels.
- * Energy efficiency: Supergas Energy is the sole distributor in Israel of the Air Smart systems of Augwind which enables reduction of electricity consumption by industrial compressors
- * Energy storage: Supergas Energy is working to promote construction of electricity storage facilities of significant scales, within the framework of future regulation by the Electricity Authority on this issue.
- * A licence for supply of electricity to consumers: Supergas Energy received a licence to supply electricity within the framework of designated regulation for suppliers that do not have production measures. Supply of the electricity by virtue of this regulation is anticipated to reduce the load on the electricity network and on the production of electricity.

Supergas Energy carries out environmental investments at significant scales for the purpose of reducing the environmental effects of its operating activity, whereby amongst its initiated activities Supergas Energy has transferred to hybrid vehicles for Supergas Energy’s employees, transfer of trucks for delivery of gas to natural gas ignition, construction of solar facilities on roofs of Supergas Energy facilities and construction of charging stations for electric vehicles at Supergas Energy offices and adherence to recycling.

Recently, we have been witnessing a serious flow of withdrawal of investments in fossil fuels (coals, crude oil and natural gas) – that all comprise a large quantity of carbon. Many large investment entities worldwide have announced that by 2030 they will exit from their investments in this field. Accordingly additional channels in which Supergas Energy is investing many resources, are promoting

and developing consumption of green energy and transition to natural gas (which is less polluting than coal and crude oil) and is executing energy efficiency with Supergas Energy’s customers. Within this framework, during the past decade, Supergas Energy has supported many tens of its commercial customers (industrial plants, institutions and significant energy consumers) in the transitional process from consumption of contaminating fuels – mainly mazut and diesel – to consumption of natural gas and it is responsible for the reduction of some 150,000 ton per annum of use of contaminating mazut and diesel. Furthermore Supergas Energy has constructed a facility for compression of natural gas in the Alon Tavor Industrial Zone, which enables supply of natural gas to customers who have still not connected to the natural gas distribution network.

Furthermore, Supergas Energy is examining developments and collaborations in the field of energy streamlining with the objective of offering its customers additional solutions that will enable reduction and energy efficiency. In this context Supergas Energy recently concluded acquisition of two companies active in the solar field that produce electricity by use of solar energy. Supergas Energy intends to develop the activity of these companies with synergy to the rest of its activity.

As part of its strategic program that Supergas Energy has adopted for the coming years according to which it has placed as its objective to continue to establish its status as a leading and multidisciplinary energy supplier in the customer’s premises, while entering additional fields of activity such as renewable energy, it has executed and is executing the following actions:

1. Supergas Energy is working to enter the field of supply of electricity to end customers, by means of the decision of the Electricity Authority to determine a regulation to electricity suppliers that do not have production measures. The Electricity Authority decided to provide licences for supply of electricity to suppliers within the framework of the regulation to a subsidiary of Supergas Energy. Provision of the licence and the activity of Supergas Energy within the framework of the regulation shall constitute another step by Supergas Energy to increase the diversity of the energy solution that it provides to its customers.
2. Supergas Energy’s subsidiary contracted in an agreement with a third party to acquire 75% of the issued and redeemed share capital of two private companies whereby the majority of their occupation is in development, construction and maintenance of solar systems and facilities (while focussing on the commercial and private protection market) and which have accumulative experience in constructing solar projects at a scale exceeding 100 megawatts. The acquired companies have an accumulation of tens of development agreements for construction of solar systems and facilities at a scale of 30 megawatts in various stages of construction, and agreements for construction and sale of solar systems and facilities at a scale of some 35 megawatts.
3. Supergas Energy is working in the field of renewable energy including integration in energy projects overseas while focussing in the field of renewable energy it has contracted by means of a company under its full control in a chain with Supergas Energy, in an agreement with Balanced Rock Power LLV (BRP) and with its shareholders to purchase 30% of the share capital and the rights in BRP and to determine the method of management of BRP and rights of the parties after the acquisition. BRP is an entrepreneurial energy company operating throughout the United States in the field of renewable energy, focusing on initiation and development of photo-voltaic projects and utility scale energy storage projects of between 25-650 megawatts for direct supply to the electricity network, and their sale on the free market after completion of the initiation and development stage as aforementioned. BRP holds accumulatively some 11 projects throughout western United States in various stages of development, at a scale of some 3,500 megawatt of photo-voltaic facilities and at a scale of 10,550 megawatt of energy storage facilities.

In 2020 (including due to the effect of COVID-19)
Supergas Energy executed a reduction of

Supergas Energy transferred to recycling
(data in tons)

some **1%**
Consumption of fuel

2.68
metal materials

33.6
timber, paper,
carton and plastic

CHAPTER

14

**Safety above all –
Policy of “zero
accidents”**

Safety above all – “zero accidents” policy

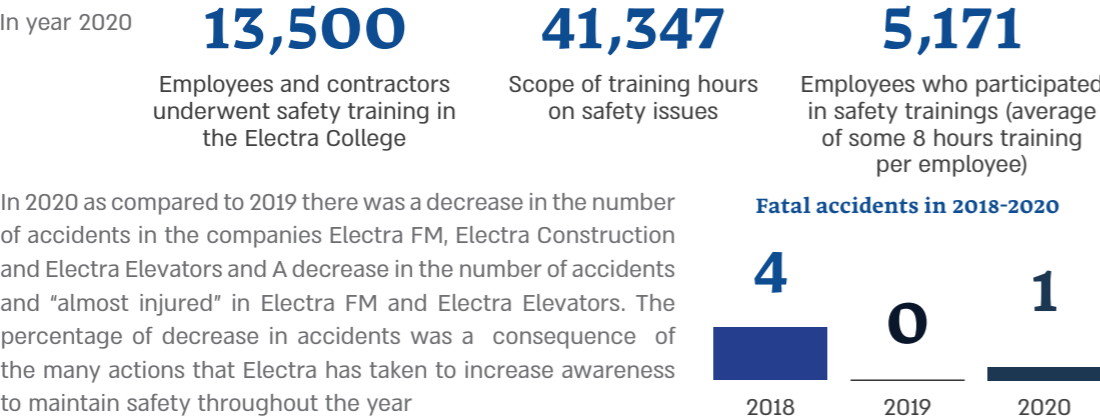
The Elco Group is committed to the safety and security of its employees, customers and the rest of its stakeholders. The Elco Group invests many resources in ensuring a safe work environment for its employees and other stakeholders by compliance with laws and regulations, development of work programs to safeguard their safety and allocating significant budgets to the issue, appointment of safety trustees, transfer of periodic safety briefings and guidance to all the employees of the Elco Group, suppliers and subcontractors with the emphasis on correlation of the contents to the professional classification of the employees.

The companies in the Elco Group monitor various data on the aspects of work accidents, road accidents etc, and carry out comprehensive briefings with the objective of preventing similar cases in the future. Furthermore, the companies in the Elco Group work in the field of traffic safety, carry out control of drivers and vehicles, handle traffic offences, report about accidents etc.

Electra

Electra has adopted a policy of zero accidents and is investing many resources in ensuring the safety of its employees, its customers and subcontractors with whom it works. At Electra a safety department has been established and a forum of safety supervisors headed by the VP of Human Resources the objective of which is to increase the sharing of knowledge and synergy between the Electra companies. Electra’s safety programs are approved by the VP Human Resources and the VPs of the subsidiaries in the Electra Group. 42 safety supervisors are employed in Electra as well as 51assistant safety supervisors. Electra’s safety budget is some NIS 45 million per annum.

Electra Construction, a subsidiary of Electra, also publish a policy document in the matter of safety of employees which presents its vision of “zero accidents” and its efforts that it is taking in order to take action on the matter such as implementation of various European standards (inter alia advanced internal European standards), establishment of a college for safety at work, construction of various technological systems for monitoring and prevention of accidents, including an application the use of which can monitor and supervise certification and approval of Electra employees, etc. Electra Infrastructures holds international safety standards such as ISO45001 and Israeli Standard ISO9001. In the College for Safety at Work which was established by Electra comprehensive training is given to Electra Construction and subcontractor employees, designated training to all Electra employees and designated training to foremen and performance engineers. Furthermore the managers in Electra undergo training on issues of risk management on aspects of safety in the context of implementation of Electra’s safety policy. Employees who have not undergone full safety training are not permitted to enter Electra Construction sites.

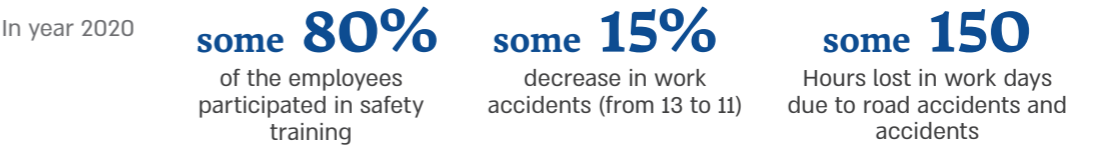


Electra Consumer Products

Electra Consumer Products has adopted various standards such as ISO45001, ISO14001, ISO9001 and in addition it is complying with legislation in regard to hazardous materials and chemicals in the European Union. Electra Consumer Products has a public safety policy and management system

integrated with quality safety, quality of the environment and health, and it carries out bi-annual inspections on issues of safety.

Furthermore, Electra Consumer Products has started to monitor and collect information regarding safety incidents (work accidents and vehicle accidents). Electra Consumer Products has established a safety committee and appointed a safety supervisor in a full time position and a safety officer responsible for implementing safety and control procedures for the conduct of the employees on this issue.



All the subcontractor employees also undergo safety training prior to starting their employment on the Electra Consumer Products sites as required. In 2019 and 2020 there were no fatal accidents in Electra Consumer Products.

Electra Real Estate

Electra Real Estate is engaged in the field of real estate for rent in the United States, whereby the majority of its activity is coordinated by a management company American Landmark, which has 723 employees. Electra Real Estate has policy documents and procedures in the various fields including a safety policy which it has adopted according to which it ensures to comply with the laws and regulations imposed on it; invests resources in training and prevents work accidents. Electra Real Estate’s management supervises a work program in the fields of safety and has appointed supervisors responsible for control and training of its employees. Furthermore, the company operates periodic training for the employees. Within the framework of the policy documents and the procedures one can find procedures for prevention of violence in the workplace, prohibition of carrying fire arms in the workplace and more. In 2019 and 2020 in Electra Real Estate there were no fatal accidents. The number of injuries within the framework of the course of work was 32 and 37 accordingly.

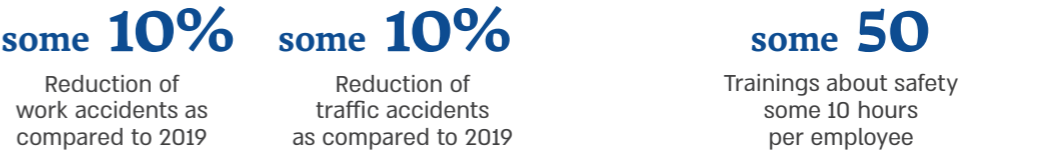
Supergas Energy

Supergas Energy seed before it as its objective reliable service as such that it shall be safe and speedy by means of very professional employees and advanced technological products. Pursuant to the fields of occupation of Supergas Energy it is subject to many laws and regulations and complies with all the requirements of the law and holds the relevant standards and licenses in the fields of the energy industry for safety, quality and protection of the environment. Supergas Energy holds international standards for management of quality and safety – Standard ISO9001 for the quality management system and Standard ISO45001 for the management of safety and health in employment systems. Furthermore Supergas Energy has established safety committees and employs a safety supervisor, a traffic safety supervisor, safety trustees and emergency teams.

Supergas Energy carries out environmental and biological monitoring pursuant to the requirements of the law and ensures execution of periodic medical examinations of its employees against harmful elements and implementation of various protective measures to safeguard the health of the employees. In addition Supergas Energy has established a safety committee headed by VP Operation and Purchasing Engineering, who coordinates the safety and hygiene activity for the management.

Supergas Energy demonstrates a decrease both in accidents at work and in road accidents

Supergas Energy invests in training in fields of training and service and in 2020 executed



CHAPTER

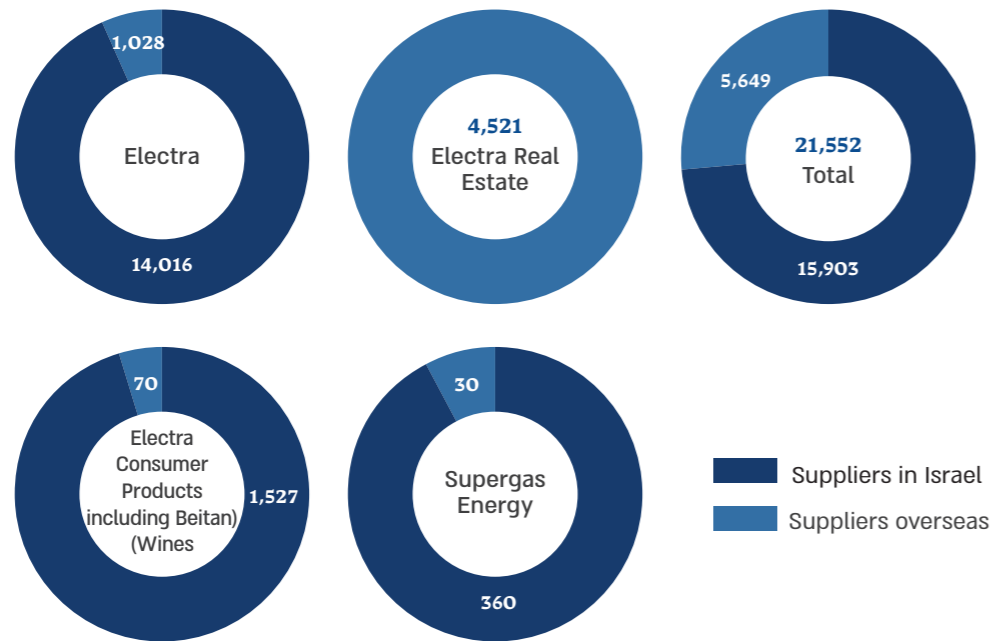
15

The Supply Chain



The Supply Chain

The Elco Group contracted in 2020 with 21,552 suppliers and service providers in Israel and overseas, of them 72% suppliers and service providers were local and Israeli. It shall be stated that some of the suppliers are from the Israeli periphery (Yeruham, Shderot, Ziporit, Afula, Maalot, Yarca and more). We shall state that Electra Real Estate works only overseas and accordingly it does not contract with suppliers in Israel thus the percentage of the local purchasing of the companies operating in Israel stands at some 93%.



As part of Elco Group's policy the companies of the Elco Group ensure responsible management of the supply chain and inter alia awareness that the suppliers and service providers with whom they contract shall comply with the requirements of the law including the provision of quality products, quality of the environment and safety imposed on them. The Elco Group promotes local purchasing with a responsibility for strengthening the economy of Israel (Israeli (blue and white) produce) and in practice the majority of the suppliers of the Elcio Group are local. Some of the companies in the Elco Group work with suppliers from the Israeli periphery thus their meeting with the advanced systems of the plant contributes to the upgrading, streamlining and alignment with the high standards implemented in the Elco Group.

Elco has no principal supplier. The companies in the Elco Group purchase the raw materials with which they make use from several suppliers from time to time in order to prevent dependency on its suppliers (apart from certain activities, as detailed in its periodic reports). In some cases the Elco Group contracts in a framework agreement in order to guarantee process and protect from increase of prices.

Management of purchase of products process in the field of activity is carried out by the commerce and purchasing department by the Elco Group directly with the suppliers, pursuant to the annual and quarterly work programs issued by the Elco Group headquarters. It shall be stated that some of the companies in the Elco Group carry out a contractual process with the suppliers by means of a supplier assessment system based on two main criteria: quality and compliance with the supply times. Furthermore there is a risk management and business continuity system in which an approval process and management of alternative suppliers is carried out in a variety of categories required.

“Blue and white production was a central component in Gershon’s Zionism. He was of the opinion that it was the duty of the State to give preference to local production at any price. He believed that the Israeli industry should be strengthened and work places given to Israelis and support to bodies and foundations that had emblazoned on their flag protection for Israeli production. Within this framework he pushed the Manufactures’ Association to amend the regulations to prioritize Israeli production within the mandatory tender law...”

From the book “With Courage and Dedication, the Story of Gershon Salkind” by Yossi Goldstein

CHAPTER

16

Corporate Governance

Corporate Governance

We believe that corporate governance structures and controls of transparency and correct reporting support the creation of genuine value in the long term. Accountable conduct while maintaining high standards and rules of sound acceptable rules of ethics for us as a company, individuals and also in the community, in which we operate, and we have placed on this optimal emphasis throughout all the years of activity of the Elco Group. The companies of the Elco Group have adopted a code of ethics and internal enforcement programs.

Elco’s Board of Directors



The Board of Directors has 6 directors, of which 50% are classified as non-executive whereby apart from these there is a a Chairman of the Board of Directors, and Messrs Daniel and Michael Salkind, who are the holders of a controlling interest in the company. In the Board of Directors there is one woman who constitutes 17% of the total members of the Board of Directors. The holders of the controlling interest who serve as Co-CEOs in the company and directors in the Elco Group bring with them many years experience in policy and strategy of the Elco Group and a comprehensive knowledge of the activity of the Elco Group’s companies and the markets in which they operate. Five of the six directors have accounting and financial expertise, and another director has professional qualifications. The Chairman of the Board of Directors, Mr Mordechai Friedman, has served in his position since 2011 and brings with him experience and knowhow in the field of management of investments, information systems, energy and more. The three non-executive directors have been serving in their position since 2018 and bring with them to the Board of Directors great experience in the field of investments, entrepreneurship and strategic consultancy, financial reports and financial reporting, real estate, technology and donations each in his own field, knowledge and experience which they have accumulated over the years.



Chairman
Mordechai Friedman



Director & Co-CEO
Michael Salkind



Director & Co-CEO
Daniel Salkind



Independent Director
Ariel Ben Dayan



External Director
Shimon Heiblum



External Director
Sophie Caspi

100%

Managerial experience

50%

Managerial experience in fields of activity of significant companies in the Elco Group

83%

Experience and expertise in implementation of methodologies for risk management

100%

Financial experience expertise (in fields of accountancy and standardization

83%

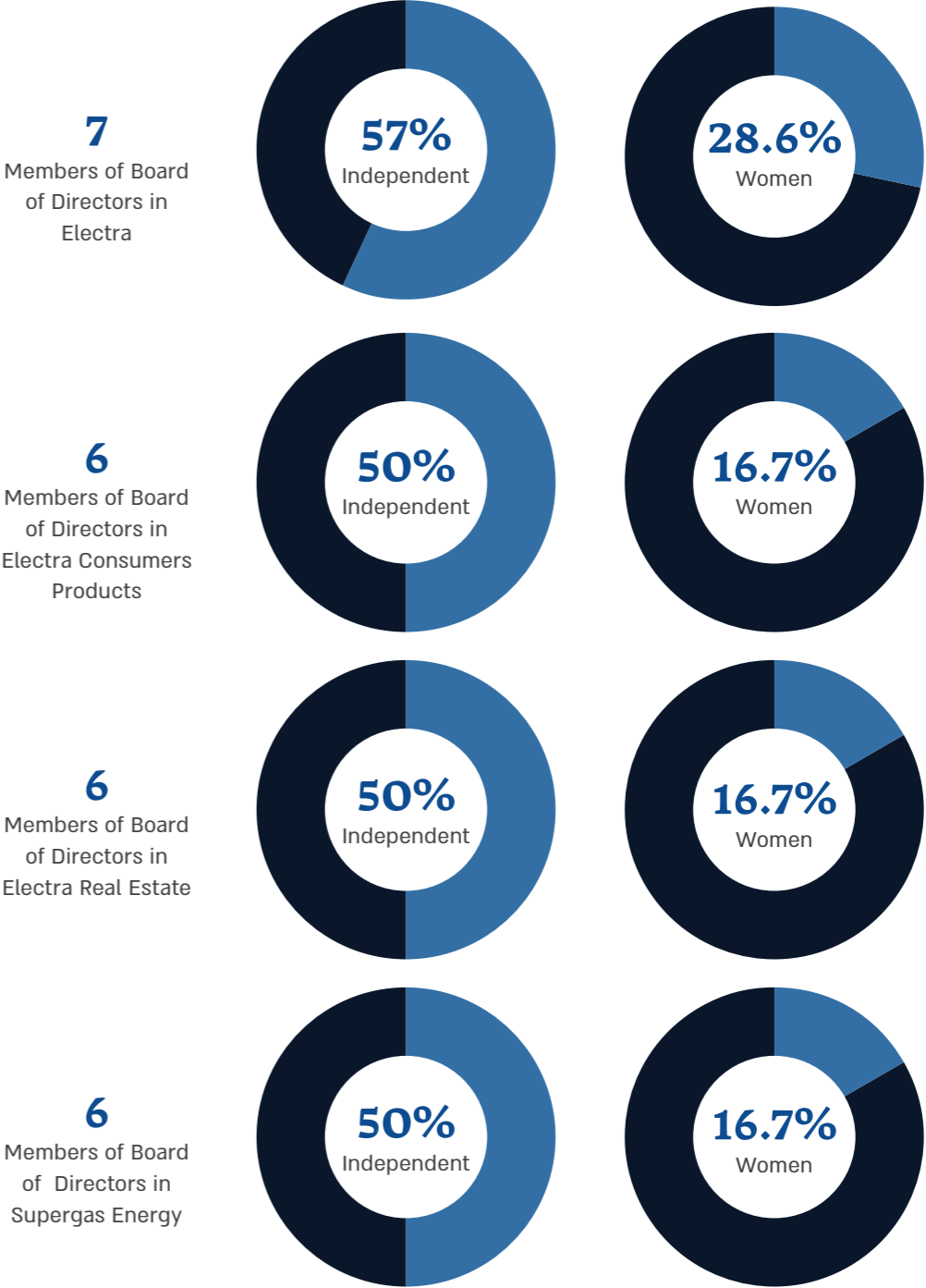
Tenure in a senior position in a foreign corporation

100%

Experience in investments (Actual and financials)

83%

Experience as a director in public companies



Elco’s Board of Directors is responsible for supervising the activity of the management and ensuring that it adequately carries out the interests the shareholders and the other stakeholders. In order to comply with its mission the Board of Directors receives ongoing updates on issues and risks and strategies, safety and hygiene, regulatory matters, changes to policy, internal enforcement and more.

The Board of Directors Committees

The Audit Committee

Composed of three non-executive directors in the company. The audit committee ensures inter alia to inspect the defects in management of the company and examine the work program of the internal auditor. The audit committee is responsible for supervision and control of the financial and regulatory reporting, internal control and auditing, information and cyber security, compliance and ethics in all the areas of activity in the Elco Group including the code of ethics of the companies in the Elco Group.

Pension Committee

Responsible for determining the pension policy for officers, its update and approval, for approval and transactions relating to pension for officers, to develop management reserve plans and so forth.

Committee for examination of the financial report

Responsible, inter alia, for examination of the internal audits relating to financial reporting, for completion and appropriate disclosure of the financial reports and examination of the accounting policy adopted and accounting handling implemented in fundamental matters by Elco

Board of Directors Meetings and its committees in 2020

Board of directors/ committee & rate of participation	Board of directors	Rate of parti- cipation	Audit commit- tee	Rate of parti- cipation	Compen- sation commit- tee	Rate of parti- cipation	Financial statements committee	Rate of parti- cipation
Elco	12	100%	6	100%	2	100%	5	100%
Electra	13	96%	10	100%	2	100%	4	100%
Electra Consumer Products	16	93%	10	100%	3	100%	6	100%
Electra Real Estate	11	100%	6	100%	4	100%	2	100%
Supergas Energy	16	100%	4	100%	0	--	2	100%

*In Supergas Energy there were a total of 16 meetings during 2020 including the period prior to it becoming a public company,

Officers

Ten senior officers serve in the Elco Group: the Chairman of Elco's Board of Directors, two Co-CEOs of Elco, four CEOs of the subsidiaries (Electra, Electra Consumer Products, Electra Real Estate and Supergas Energy), the deputy to the CEO and the VP Finance. Furthermore, there is an internal auditor who serves as the internal auditor for Elco, Electra, Electra Consumer Products and Electra Real Estate. (In Supergas Energy there is another internal auditor). For further information about the audit processes please see Elco's financial reports.



Chairman of the
Board of Directors
Mordechai Friedman



Co-CEO
Daniel Salkind



Co-CEO
Michael Salkind



Deputy CEO
Avi Israeli



VP Finance
Eli Vessely



Internal
auditor
Hillel Lavi



CEO Electra
Itamar Deustscher



CEO Electra
Consumer
Products
Zvika Schwimmer



CEO Electra
Real Estate
Gil Rushinek



CEO Supergas
Energy
Kfir Navon

Prevention of Bribery and Corruption

As a group with global activity with a commitment to ensure that our corporate activity worldwide is carried out with the highest of ethics and pursuant to various laws and regulations and to abstain from any possible risks relating to corruption, the Elco Group espouses a policy of zero tolerance regarding bribery and corruption.

A program of internal enforcement

The Elco Group has chosen to adopt and implement an internal enforcement program which determines the rules according to which the employees of the Elco Group shall comply with the provisions and the requirements of the law and the regulations of the Securities Authority. The internal enforcement program is a voluntary mechanism which Elco has adopted with the objective of identifying and preventing breaches of offences of laws and regulations of the Securities Law and ensuring compliance with them. The enforcement program determines in addition the methods by which the Group shall supervise the implementation of the programs and the actions that the Group shall carry out for the purpose of introducing the third parties that it employs and ascertaining their sound operation. Elco has appointed the Deputy CEO of Elco as supervisor of the internal enforcement in Elco. Once a year the supervisor of enforcement in each company in the Elco Group shall update the audit committee regarding the findings of the enforcement program for the past year.

The enforcement program for each of the companies in the Elco Group is supervised by the audit committee of the various companies. The internal auditor audits the implementation and the enforcement programs in the Elco Group. The enforcement program includes provisions and rules on various issues such as: procedures of the Board od Directors work, procedure for immediate reports to the Securities Authority and the Stock Exchange, notices as to changes in the holdings in securities of Elco as to the holdings of a controlling interest and senior officers, transfer of information regarding incidents that obligate or could obligate an immediate report., approval of transactions with stakeholders, report and transfer of information regarding transactions with a holder of a controlling interest or affiliated companies, report and transfer of information regarding transactions with officers or with the company or a subsidiary or with officers or who has an interest in them, reports of breaches or a concern of a breach, prohibition of use of insider trading, prohibition of fraud and/or manipulation, procedure for handling of failures and/or breaches, enforcement and initiating penalties and proceedings against employees and officers, proceedings for implementation and training of the internal enforcement program, supervision and control of implementation of the internal enforcement program and procedure for classification with third party.

No bribery or corruption incidents were recorded in Elco.

Information security and protection of privacy

Information and cyber security risks are some of the most prominent risks at present that business companies contend with and Elco invests many resources in prevention of harm to its information security systems and in safeguarding its privacy. There are several security cycles in the Elco Group for monitoring and prevention of possible attacks and it carries out continual backups of the existing information by three different methods (online, local and on a cloud).

Monitoring information security and protection of privacy is carried out on several levels in the Elco Group.

- * Mapping the risks takes place in a timely fashion, with analysis, management and assessment of all the risks
- * Management and reduction of the risk pursuant to the mapping of the risks as aforementioned, implementation of the processes for enclosure and reduction of the risk
- * Hacking tests are carried out in order to reduce the exposure of hacking and invasion into the systems of the Elco Group and prevent damage

In Elco there is a Disaster Recovery Plan which includes a policy, actions and procedures the purpose of which is to ascertain that it shall be possible to carry out certain actions or to return to activity in a timely fashion in the event of disruption of the sound activity of Elco. In some of the plans there are procedures and policies relating to planning and recovery of technological infrastructure required after a disaster. This plan is designed to serve as a framework for scenarios that could take place during an incident known as a significant business disruption (SBD). Definition of this plan is to minimize the possible damage of such an incident and rapid action of the critical systems in favour of rapid return by the company to routine. It shall be stated that for each of the companies in the Elco Group there is a recovery from a disaster plan. Furthermore for Elco and for each of the companies in the Elco Group the Chief Information Systems Managers have been appointed as responsible for execution of periodic risk assessments and examination of technical hacking examinations for reduction of risk. The internal auditors of the Elco Group carry out ongoing periodic audits pursuant to the audit program in each of the companies of the Elco Group as to the security configuration of the information systems in the Elco Group and report to the audit committees and the Boards of Directors of the companies of the Elco Group whether there is cyber insurance.

The main risks that the Elco Group is required to contend with and that require a solution are matters such as leaking of sensitive business information – production processes, financial reports, agreements, price lists, transactions, information about employees and customers, full or partial improvement or systems in the company – production, control systems, information systems etc, disruption of information that constitutes a basis for operation and decision making, harm as obligated by the Protection of Privacy Law 5741-1981 and its regulations, the Computer Law and the Database Law..

The Elco Group's policy is to respond to SBD's incidents by means of protection of its employees and business property, execution of financial and operational assessment, rapid recovery and renewal of activity, protection of the company's accounting books and records and provision of an option for its customers to carry out business.

The Elco Group has a backup and follow up procedures for execution of backups.

It is unimportant to note that Supergas Energy has a procedure for times of emergency and it is subject to the situations defined as emergency guidelines by the Supreme Authority for Fuel and Gas in the Ministry of Energy and the Fuel and Gas Administration together with the National Emergency Authority. Supergas Energy, as an essential enterprise of the gas economy, shall be prepared to provide an optimal service to the public, to essential enterprises and to consumers. All this based on means available to Supergas Energy during times of emergency. The objective of the procedure is to instruct and order the employees in Supergas Energy on issues relating to preparation of Supergas Energy during times of emergency and multi-casualty incidents.

How did the Elco Group contend with the COVID-19

Starting from the first quarter of 2020, during to the spread of the COVID-19, Israel (alike most of the countries of the world) initiated various means to reduce the spread of the virus including restrictions of movement (local and international) and gatherings, determination of guidelines for isolation and lockdowns, closures of businesses, places of recreational venues and so forth – restrictions which reached their peak during the months of April to October 2020 and January and February of 2021 inter alia as a response to the increase of morbidity in the public and/or the effects of initiating the measures on the economy of the state.

In general, the pandemic and the steps taken to stop the spread caused a high level of uncertainty in many aspects of life including finance, health and social aspects, through to a deceleration in production activity and in passenger and cargo travel worldwide and a significant decrease in local financial activity (similar to the effects on the global economy).

Starting from December 2020, in the light of development of vaccinations against the virus and purchase of large quantities by the state, the HMOs and the hospitals in Israel started to rapidly vaccinate the populations in the country, and during the period of the report a significant percentage of the population have already been vaccinated against the virus and as a consequence we started to see a significant decrease in the morbidity numbers in the State of Israel, which led the State of Israel to take a decision to remove most of the restrictions as aforementioned. However, after the date of the balance sheet, from July 2021, the State of Israel decided to again impose certain restrictions in the light of another wave of the virus, inter alia following new findings of a variant of the virus, which had a high ability of infection.

The Group was not affected significantly by the crisis and the company management does not anticipate, at this stage, that it shall be significantly negatively affected by the crisis, apart from the effect of the activity of the Theatre of Dreams mainly in the first quarter of 2021 and reduction of the activity of MIP following which it was decided to close the activity in this country.

The spread of the COVID-19 and the means taken in order to reduce it by means of vaccinations and lockdowns is a rolling event and there is great uncertainty regarding the continued spread of the virus and regarding the significance derived from such and the ramifications of the financial activity worldwide and in Israel. In the event that the aforementioned crisis shall continue and worsen and cause significant deceleration in the business activity in Israel and worldwide, then it could have a significant effect on the financial results of each of the activity sectors of the Group. At this stage the Elco management cannot assess and quantify the effect as aforementioned.

Elco's assessments in regard to the effect of the spread of the COVID-19, constitute forward facing information as defined in the Securities Law, 1968, based on the information existing in Elco at this time. Elco's assessments are based on past experience and knowledge that it has accumulated as well as analysis of changes and effects that were observed during the crisis, various assessments of the situations in the markets in which Elco operates and external entities which are not under Elco's control. Therefore, there is no certainty that that the aforementioned indeed shall be realized and the results in practice could be fundamentally different than the assessments detailed above.

Accuracy in public information and trade secrets

Elco and the main subsidiaries are publicly traded companies, conducting activities and businesses in various countries. In our business activity we ensure accuracy in administration of books and records and maintain the integrity of the companies within the framework of the financial reports, while supporting the internal decision making processes in order to appropriately reflect the various transactions of the Elco Group. Furthermore, we are required and comply with an appropriate system of internal audit measures and publish correct, full and updated financial information.

In Elco we honour trade secrets and confidential information of other companies and individuals. During the ongoing running of the Elco Group the information that is collected is information that is exposed to the public and we do not permit inappropriate collection of proprietary information of other entities.

Distribution of dividends

Elco has not yet adopted a policy of distribution of dividends however it distributes dividends to its shareholders continually. As of the first quarter of 2021 the total dividends paid and declared by the Elco Group was a total of NIS 658 million including the dividend that was distributed in 2020. During this period Electra distributed a total of NIS 132 million. Electra Consumer Products distributed a total of NIS 440 million, Electra Real Estate distributed a total of NIS 54 million and Supergas Energy distributed a total of NIS 32 million. We shall state that all the companies also distributed a dividend in the second quarter of 2021.

The dividend that was paid by all the companies of the Elco Group to its shareholders totalled:

some NIS 510
million (in 2020)

The policy of distribution of dividends by the companies of the Elco Group

Electra adopted a policy of distribution of dividends in 2015 according to which it would distribute a dividend at a rate that would be no less than 40% of its annual net profit.

Electra Consumer Products adopted a policy of distribution of dividends in 2010 according to which it would distribute dividends at a rate of 50% of its annual net profit, less: (a) the share of the minority shareholders in the held companies in the profit as aforementioned; and (b) the capital profit derived from the revaluation of the real estate asset or the revaluation of another investment of Electra Consumer Products. Distribution of the dividend as aforementioned is conditional of the fact that after the distribution, the equity capital of Electra Consumer Products (including the minority rights) shall be 25% or more of the total balance sheet of Electra Consumer Products.

Electra Real Estate has still not adopted a distribution of dividends policy and it distributes dividends on an annual basis.

Supergas Energy adopted a distribution of dividends policy in May 2020 according to which is distributes dividends at a rate of no less than 40% of its net annual profit.

Transparency

The aspect of transparency receives a central spotlight within the framework of the corporate accountability in general and corporate governance in particular. We believe that acting with transparency reinforces the relationship with the capital market, the shareholders and all the stakeholders, and helps Elco to understand and to map the fundamental issues in its corporate and non-corporate affairs. Transparency is expressed, inter alia, by continually maintaining the relationship and the dialog with the various stakeholders, continual reporting on issues that were defined as fundamental for Elco as well as for the stakeholders and sharing with the stakeholders points in time which are important to share with them.

Code of Ethics

The code of ethics includes position statements and principles and concepts of Elco in various fields such as appropriate behaviour and safeguarding fairness, financial integrity, prevention of corruption and bribery, political involvement, honour, protection of privacy, prevention of sexual harassment and abuse, preservation of employees rights etc.

During the writing of this report, Elco took action to refresh and update its code of ethics in order to modify its principles, values and other documents. It is important to note that Elco supervises and ensures implementation in practice of its code of ethics in all companies of the Elco Group optimally, as such that the nature of its activity of the companies of the Elco Group necessitates expansion of the code of ethics in order to meet the targets of each of the aforementioned companies, the companies of the Elco Group do such within the framework of their own specific code of ethics.

The code of ethics receives public expression on its approval by the Elco's Board of Directors and its management. Furthermore the specific activities of the Elco Group have a binding procedure of conflict of interests. The employees of the companies of the group undergo annual training focussed on the code of ethics, prevention of sexual harassment and more (as detailed in full in the human resources chapter).

Legal clarification

The sustainability report and corporate accountability report ("the sustainability report", "the corporate accountability report", "the report") which accordingly review the activity of Elco in 2020 and the first quarter of 2021 on issues relating to the field of sustainability of corporate accountability. This report is not a securities proposal by Elco to the public and it should not be interpreted as a securities prospectus to the public and it is not a report pursuant to the Securities Law, 5728-1968, including the regulations by virtue of it. The reports focuses on a combination of principles of sustainability of the corporate activity and economic, social and environmental values, how these values are bestowed on the company and how Elco's interfaces with its stakeholders – employees, suppliers, customers, authorities, business partners, local communities etc.

Elco is publishing this sustainability and corporate accountability report for the first time this year. This report includes reference to the main companies that Elco holds, pursuant to the measure of its control in their activity during the reported period. In places in which qualitative values were included in the report (graphs, drawings etc) which do not refer to the entire performance of the Elco Group, this is noted explicitly.

This document reflects Elco's policy which is "over and above compliance with the provisions of the law" As such it reflects the targets, the objectives and milestones that Elco has decided upon and which it is aspiring to achieve, however it does not have any legal obligation to comply with them. Elco has made efforts to ensure that this document shall be correct and accurate and to the best of Elco's knowledge, it is indeed correct and accurate as of the aforementioned date. However, as of the rest of the document, it could include generalities, or inaccuracies, errors and omissions and accordingly Elco does not take upon itself any responsibility for its accuracy or its completeness, and it does not permit any reliance on it or use of the information included therein by any person whosoever. The Elco Group works in a dynamic and changing environment. Within this framework it enters new fields of activity, makes modifications to certain fields of activity and withdraws from other fields of activity. Furthermore, Elco is not under any obligation to update the information included herein. In any event of contradiction between the information in this document and the information in public reports regarding Elco published on reporting websites of the Securities Authority, the information in public and official publications on the website of the Securities Authority website shall prevail.

Finally, Elco's assessments and estimates included in this document are made solely by Elco and as any good information they reflect the estimates and assessments that are subjective by nature and cannot necessarily be evaluated.

CHAPTER

17

**GRI Index, SASB
and information
tables**

Global Reporting Initiative (GRU-SRS,CORE)			
Standard	Core Index	Index Description	Chapter in the Report
<div>GRI 102:</div> <div>General Disclosure 2016</div>	102-1	Company name	Elco Ltd, the subsidiaries and/or held companies reviewed within the framework of this report are Electra, Electra Consumer Products, Electra Real Estate and Supergas Energy
	102-2	Activity, brands, products and services	Structure of the control and holdings and their effect on the companies of the Elco Group
	102-3	Location of the organizational headquarters	98 Yigal Alon Street Tel Aviv
	102-4	Activity sites and/or the countries in which the company operates	The effects of the companies of the Elco Group and the financial reports
	102-5	The nature of the ownership and the legal organization	Control structure and holdings
	102-6	The markets that the company serves	The effects of the companies of the Elco Group
	102-7	Size and information about the company	The direct and indirect effects of the Elco Group
	102-8	Reporting on the employee work strength	The direct and indirect effects of the Elco Group and the human resources (see the data and segmentation table after the index table)
	102-9	Supply chain	Working toward a greener world
	102-10	Significant changes in the organization and the supply chain	Financial reports
	102-11	Principle of preventive care	Working towards a greener world
	102-12	External initiatives including believes and principles that the company adopted	None

Global Reporting Initiative (GRU-SRS,CORE)			
Standard	Core Index	Index Description	Chapter in the Report
GRI 102: General Disclosure 2016	102-13	Companies in corporations and/or national and/or international organizations	
	102-14	Strategy	Foreword of the Board of Directors and the financial reports
	102-15	Effects, opportunities and central risks (COP report)	Financial reports
	102-16	Values, principles, standards and norms of conduct	Our vision and values The code of ethics, see in addition the code of ethics of Electra and Electra Consumer Products on the website of the companies
	102-17	The internal and external mechanisms for consultation on issues of legal and ethical conduct	Structure of control and holdings
	102-18	Structure of the corporate governance including the Board of Directors committees (COP reports)	Within the framework of the code of ethics of Elco and the subsidiaries and/or the held companies, can be found on the Elco, Electra and Electra Consumer Products websites
	102-22	Description of the composition of the Board of Directors (COP report)	Corporate governance
	102-24	Determination of the composition of the Board of Directors (COP report)	
	102-26	Role of the Board of Directors and of the managements in development, approval and updating of the vision, values and strategy (COP report)	
	102-32	Role of the Board of Directors in the corporate accountability report and the senior entity approving the corporate accountability report (COP report)	Elco's Board of Directors and management, together with cooperation of the subsidiaries and/or held companies
	102-40	Details of stakeholders groups	Methodologies of writing the report and fundamental issues selected to report
	102-41	Collective employment agreements	Financial reports

Global Reporting Initiative (GRU-SRS,CORE)			
Standard	Core Index	Index Description	Chapter in the Report
GRI 102: General Disclosure 2016	102-42	Identification and selection of stakeholders	Methodologies of writing the report and fundamental issues selected to report
	102-43	Company approach to dialog with stakeholders	
	102-44	List of central issues that were raised in the dialog	
	102-45	Entities included in the financial report	
	102-46	Process of definition of the content of the report and borders of the effect of the fundamental issues	Methodology of writing the report and the fundamental issues selected to report
	102-47	List of fundamental issues identified during preparation of the report	
	102-48	Rewording of data from existing reports	Irrelevant
	102-49	Fundamental changes to the list of fundamental issues and their limits as regards the period of previous reports	Irrelevant
	102-50	The reported period	2020
	102-51	Date of publication of the last report	Irrelevant
	102-52	Frequency of reporting	--
	102-53	Details of contact person for questions regarding the report or its content	Mr Eli Vasily, VP Finance Elco, Tel: 03-6939678

Global Reporting Initiative (GRU-SRS,CORE)			
Standard	Core Index	Index Description	Chapter in the Report
GP-102 General Disclosure 2016	102-54	Declaration pursuant to GRI Standards	Methodology for writing the report and fundamental issues written in the report
	102-55	Index – GRI Content Index	
	102-56	External audit	Not performed
GRI 201: Economic Performance	GRI 103: Management approach 2016		
	103-1	Explanation about fundamental issue	Direct and indirect effects on the Elco Group
	103-2	The managerial approach and its components	
	103-3	Evaluation of the managerial approach	
	GRI 201: Economic performance 2016:		
	201-1	Direct economic value created by Elco	
	201-4	Government support, grants and/or aid received	Elco did not receive government aid and/or grants
GRI 203: Indirect Eco- nomic Impact	GRI 103: Management approach 2016		
	103-1	Explanation about the fundamental issue	Gershon Salkind of blessed memory Fund for Excellence
	103-2	The managerial approach and its components	
	103-3	Evaluation of the managerial approach	
	GRU 203: Indirect Economic Impact 2016		
	203-1	Did the company invest in infrastructures and services to benefit the public that can be noted in lieu or pro bono	
	203-2	Indirect significant economic effects	The direct and indirect effects on the Elco Group

Economic. Environmental and social issues

Global reporting initiative (GRI-STS-.CORE)			Sustainability Accounting Standards Board (SASB Standards)			
Index Description	Core Index	Standard	Index description	Index	Relevant sector	Chapter in report
GR1103:Management approach						Supply chain and financial report
Explanation about the fundamental issue	103-1	GRI-204: Procurement practices				
The managerial approach and its components	103-2					
Evaluation of the managerial approach	103-3					
GRI-204:Procurement practices 2016						
Rate of expenses on local suppliers	204-1	GRU 205: Anti corruption				Corporate governance, training and guidance in subsidiaries and/or held companies
GRI 103: Management approach 2016						
Explanation about the fundamental issue	103-1					
The managerial approach and its components	103-2					
Evaluation of the managerial approach	103-3					
GRI 205: Anti-corruption 2016						
The activity taken to identify various corruption activities	205-1		FN-AC-510a.2 – description of anonymous reporting policy (whistle blower)	Corporate ethics	Asset management	
Training and guidance on the issue of policy and procedures to prevent corruption	205-2					
Approved incidents of corruption, and the steps taken	205-3		FN-AC=510a,1 losses caused due to legal proceedings relating to insider trading, fraud, anti-trust, or any oither issue relating to relevant laws and regulations	Corporate ethics	Management of assets	
GRI 103: Management approach 2016						
Explanation about the fundamental issue	103-1	GRI 302: Energy				Working towards a greener world see the table of data following the index table

Global reporting initiative (GRI-STS-,CORE)			Sustainability Accounting Standards Board (SASB Standards)			
Index Description	Core Index	Standard	Index description	Index	Relevant sector	Chapter in report
The managerial approach and its components	103-2	GRI 202 Energy				Working towards a greener world see the data table following the index table
Evaluation of the managerial approach	103-3					
GRI 306: Energy 2016						
Total energy consumption	302-1		IN-RE-130a,1-information regarding energy consumption as a percentage of total real estate areas	Energy management	Real estate	
Evaluation of managerial approach	302-4					
Reduction of energy consumption by means of the products or services	302-5					
GRI 103: Management approach 2016		GRI £06: Water				
Explanation of the fundamental issue	103-1					
The managerial approach and its components	103-2					
Evaluation of the managerial approach	103-3					
GRI 303: Water 2-2-						
Water consumption	303-1					
Explanation about the fundamental issue	103-1	GRI 306: Waste				
The managerial approach and its components	103-2					
Evaluation of the managerial approach	103-3					
GRI 306: Waste 2016						
Total waster pursuant to type and method of removal	306-2					

Global reporting initiative (GRI-STS-,CORE)			Sustainability Accounting Standards Board (SASB Standards)			
Index Description	Core Index	Standard	Index description	Index	Relevant sector	Chapter in report
GRI 307L Environmental Compliance 2016		GRI 307: Environmental compliance	Em-RM-530a.1 – meeting regarding the management position in regarding to the government policy or regulation in the context of social or environmental issues affecting the gas or the crude oil sector	Management of the regulatory environment	Gas and crude oil – refining and marketing	Financial reports
Significant penalties and sanctions imposed due to noncompliance with environmental regulation	307-1					
GRI 103: Management approach 2016						
Explanation about the fundamental issue	103-1	GRI 403 Occupational health and safety				Safety above all policy of zero accidents
The managerial approach and its components	103-2		EM-RM-320a.2 the management systems serving for implementation of the energy culture of safety and hygiene	Management of the regulatory environment	Gas and crude oil – refining and marketing	
Evaluation of the managerial approach	103-3					
GRI 403: Occupational health and safety 0163						
Percentage of employees represented by the safety and occupational health committees	403-1					
Percentage of injuries, occupational injuries, days of absence	403-2		M-RM-320a.1 – Percentage of recorded accidents (TRUR), percentage of fatal accidents, percentage of almost accidents and almost injured divided by –1 employees full time and 2 contractors employees	Management of the regulatory environment	Gas and crude oil – refining and marketing	
GRU 103: Management approach 2016		GRI 404: Training and Education				
Explanation about the fundamental issue	103-1					Training, developing and guidance
The managerial approach and its components	103-2					
Evaluation of the managerial approach	103-3					
GRI 404: Training and Education 2016						
Average training hours per employee	404-1					

(Global reporting initiative (GRI-STS-,CORE			(Sustainability Accounting Standards Board (SASB Standards			
Index Description	Core Index	Standard	Index description	Index	Relevant sector	Chapter in report
Programs for improvement of employees skills and programs for improvement during transition periods	404-2	GRI 404: Training and Education				Training, development and guidance
GRI 1034:Management approach 2016		:GRI 405 Diversity and equal opportunity				Human resource
Explanation about the fundamental issue	103-1					
The managerial approach and its components	103-2					
Evaluation of the managerial approach	103-3					
GRI 405: Diversity and equal opportunity 2016						
Diversity amongst employees and management	306-2		N-AC-330a.1 Representation of gender and race ethnic groups distribution by managers/ employees / professions / rest of the employees	Diversity and inclusion of employees	Asset management	
GRI 103: Management approach 2016		GRI 406 Non-discrimination				
Explanation about the fundamental issue	103-1					
The managerial approach and its components	103-2					
Evaluation of the managerial approach	103-3					
GRI 406: Non-discrimination 2016						
Number of incidents of discriminations and remedial actions taken on the issue	406-1					
GRI 103: Management approach 2016		GRU 413 Local communities				
Explanation of the fundamental issue	103-1					
The managerial approach and its components	103-2					

Information tables

Human resource data correct as of 2020 apart from Electra Consumer Products after acquisition of Bitan Wines

Global reporting initiative (GRI-STS-CORE)			Sustainability Accounting Standards Board (SASB Standards)			
Index Description	Core Index	Standard	Index description	Index	Relevant sector	Chapter in report
Evaluation of the managerial approach	103-3	GRI 413: Local communities				Human resource
GRI 403: Occupational health and safety 2016						
Actions that have an involvement in the local community	413-1					
GRI 103: Management approach 2016						
Explanation of the fundamental issue	103-1	GRU 418: Customer privacy				Corporate governance. Information and cyber security, financial reports (we shall state that no complaints were found in 2020)
The managerial approach and its components	103-2					
Evaluation of the managerial approach	103-3					
GRI 418: Customer privacy 2016						
Validated complaints relating to breach of customer privacy or loss of customer information	418-1					
Significant penalties and sanctions imposed on the company due to non compliance with regulation (detail the sums and number of sanctions even if this is a non-monetary sanction)	419-1	GRI 419: Socioeconomic compliance				Financial reports

Segmentation of employees/ management and geographical segmentation	Electra		Electra Consumer Products	Electra Real Estate	Supergas Energy	
	Employees	External/ temporary employees	Employees	Employees	Employees	External/ temporary employees
Details						
Management	11	6	392	9	-	-
Employees (Israel)	10,583	316	5,468	10	378	32
Overseas (US, Poland, Nigeria an Romania)	1,814	465	-	708	-	-
Total	12,408	787	5,860	718	363	32

Gender segmentation	Supergas Energy			Electra Real Estate			Electra Consumer Products			Electra		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total
Details												
Management	14	3	17	296	125	392	47	215	262	6	3	9
Employees (Israel)	354	134	220	10	3	7	5,457	2,850	2,607	10,899	3,397	7,502
Overseas (YS, Poland, Nigeria, Romania)	--	--	--	708	323	385	--	--	--	2,279	217	2,062
Total	363	137	226	718	326	392	5,849	2,975	2,874	13,195	3,617	9,578

Age segmentation	Electra			Electra Consumer Products			Electra Real Estate			Supergas Energy		
Age group	Up to 30	30-50	50 +	Up to 30	30-50	50+	Up to 30	F30-50	50+	Up to 30	30-50	50+
Number of employees	1,840	6,870	4,485	1,297	2,191	2,351	184	350	184	54	189	120

Quality of the environment data	Electricity consumption (in kw/h)		Fuel consumption (litre)		Water consumption (cube)	
	2019	2020	2019	2020	2019	2020
Year						
Elco	132,972	59,604	17,148	14,169	-	-
Electra	3,094,186	3,172,982	44,759,000	40,629,000	371,596	305,696
Electra Consumer Products	5,810,126	5,507,412	898,777	773,363	16,863	16,499
Electra Real Estate	9,293,100	11,523,444	15,300	18,768	1,350,900	1,325,904
Supergas Energy	--	--	532,300	--	--	--
Total	18,330,394	20,363,442	46,222,525	41,963,300	1,739,359	1,648,372