

באללאב ELלאעב 2022 ESG Report

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have been particularly noteworthy.

with clear goals.

I am pleased to present the Environmental, Social and Governance

("ESG") report of EL AL Israel Airlines Ltd. ("EL AL" or the "Company")

for the year 2022, a period marked by our successful return to full

flight operations following the challenges posed by the COVID - 19

crisis. Throughout this transformative year, our adaptability and

ability to find nimble solutions in response to a dynamic reality

As I assumed the role of the CEO, returning to the Company where

I began my professional journey, our commitment to ESG became

a significant focus. The appointment of department heads in

three key areas – environment, society, and corporate governance

- underscores our dedication. Each area has a defined work plan

The achievement in these areas was expressed in 2019 with the

highest rating we have received, a rating that positioned the

Company as a leader in the transportation sector and encourages

us, since then, to continue and increase our activity.

ELTVALTX ESG Report 2022_

Leading Forward Statement from the CEO

Addressing environmental challenges, particularly the climate crisis, remains a priority. Our goal of promoting projects, such as the use of sustainable aviation fuel (SAF), aligns with the International Aviation Organization's ("IATA") objectives for a gradual reduction in the carbon footprint by 2050 (NET ZERO). Joining forces with approximately 50 global airlines, we have signed onto the IATA Environmental Assessment ("IEnvA") program to enhance environmental sustainability.

In the social domain, our receipt of the APEX Service Award for the third consecutive year, earning the maximum rating of five stars, reflects our commitment to service excellence. Anchored in our strategic plan, we believe the service experience begins with each ELAL team member. This commitment extends to our relationships with suppliers, emphasizing fairness, honesty, and mutual respect.

Our current activities include continued support for community and social initiatives, aligning with our belief in this mission as a national endeavor. We remain steadfast in placing community leadership at the forefront of our future considerations.

In corporate governance, we are committed to responsibly adhering to legal and ethical guidelines while recognizing the importance of maintaining occupational diversity for the vitality of our organization.



We remain dedicated to being the preferred choice for Israeli customers, focusing on accuracy, continuous learning, and improvements in our customer interface points, including the digital arena, without compromising security and safety.

I extend my sincere gratitude to thousands of EL AL's employees whose tireless efforts contribute to the Company's success. Being a microcosm of the Israeli society within our workforce, we collaborate with the understanding that "the whole is greater than the sum of its parts". The Company is blessed with a diverse and dedicated human mosaic, with each employee playing a significant role in building the aviation resilience of the State of Israel and EL AL.

Looking ahead, the integration of high-quality business practices and the pursuit of social and environmental goals will be a central pillar of our corporate culture and business activity. This commitment will serve as a guiding compass in our interactions with stakeholders, fostering the well-being and prosperity of the Company.

Dina Ben Tal GananciaCEO of EL AL









Local Initiatives

We are pleased to present EL AL's ESG report for the year 2022. Due to COVID-19 pandemic and the challenges raised by it, this report follows the report issued a few years ago. Therefore, this report marks our renewed commitment to transparent and comprehensive disclosure of our ESG performances. By resuming our ESG reporting, we aim to provide our stakeholders with valuable insights into our sustainability efforts, strategies, achievements, and challenges faced during the reporting period.

Throughout 2022 our organization has focused on enhancing our ESG performance in various domains. We have been working diligently to address the unique challenges posed by the COVID-19 pandemic and its impact on the aviation industry, while simultaneously striving to establish our sustainability goals. This perspective allowed us to formulate a strategy for each of the ESG domains during 2023.

During March 2023 ESG steering committee was established by EL AL, led by the CEO, with the aim of approving a work plan, making strategic decisions, and monitoring progress.

In the environmental domain, the climate crisis poses a significant challenge, and we have set a goal to promote projects in this field, such as Sustainable Aviation Fuel (SAF) usage, which was experimentally used during 2023. Similar initiatives are also anchored in the goals of the International Air Transport Association (IATA) for a gradual reduction of carbon footprint until 2050 (NET ZERO). As part of our commitment to sustainable innovation, we are planning to embark on a fleet renewal initiative for narrow body aircraft, starting in 2026. Furthermore, a fuel analytics system is anticipated to be implemented in 2024 to enhance operational efficiency.

With a desire to continue generating environmental impact in the coming years, EL AL has joined approximately 50 airlines worldwide and signed the IATA Environmental Assessment (IEnvA) program, which implements actions and measures to assist in the environmental aspect and sustainability. In addition, during 2023 some initiatives, such as the renewal of the position responsible for optimizing the use of silicone fuel, have focused on intensifying recycling efforts, a campaign that has yielded promising results and will continue to evolve along the year. These initiatives encompass waste sorting, efficient collection methods, and collaborations with recycling partners to amplify our impact.



In the social domain, 2023 is the third consecutive year that EL AL has received the prestigious APEX Luxury Service Award. The Company has achieved the maximum five-star service rating, putting it in line with the leading airlines in the world. EL AL's strategic plan places service at the forefront, and as part of this vision, we believe that the service experience begins with each and every one of our staff members. Within this comprehensive approach to enhancing the service experience, we also include maintaining a continuous relationship with our suppliers. In 2023 we began the process of formulating a "Responsible Supply Chain" policy, a process that will continue in 2024 as well.

In 2023 we launched an Employee Engagement Survey. This survey assesses organizational sentiments, internal communication, well-being, and developmental aspects, promoting a holistic understanding of employee engagement. In 2024 we are poised to further act on the feedback provided by our employees, focusing on open dialogue and meaningful goal setting.





EL AL's 2022 ESG Report

In the corporate governance domain, EL AL continued to strengthen in corporate governance throughout 2023, by carrying out the following actions: (1) establishing a Safety Committee on behalf of the Board of Directors, (2) appointing a female external director in August 2023, in order to align with gender diversity requirements, (3) updating our Code of Ethics, in line with our values, and (4) appointing a manager responsible for collecting and evaluating all risk-related issues.



The Iron Swards War

From the beginning of the Iron Swards War on October 2023, the Company joined the national effort flew many Israelis back home, including recruited soldiers, security, and rescue forces from all over the world. The Company also transported essential cargo while serving as a bridge connecting Israel to the world. In addition, we continue to support and assist associations and community organizations whose activities impact and improve the lives of many Israelis. We see this activity as a national mission and are committed to continue prioritizing community leadership.



Remarks

This ESG report provides valuable insights into the ESG performance of EL AL.

Looking ahead, we are committed to enhancing the scope of this report in the coming years. Our intention is to conduct a more comprehensive assessment of ESG performance across relevant aspects. This strategic approach underscores our dedication to transparency, accountability, and sustainable practices.

The report was prepared in accordance with the 2021 GRI reporting standards, and it describes the Company's activities for the reporting year of 2022.

For any inquiries or feedback regarding our ESG report or sustainability initiatives, please feel free to contact Ayelet Recanati, Corporate Responsibility (ESG) and Welfare Services Manager at EL AL. We welcome your input as we continue to advance our sustainability journey and create long-term value for our stakeholders.

ELJVALJK I

Ayelet Recanati

Corporate Responsibility (ESG), Welfare Services Human Resource Division

Ayeletr@EL AL.co.il | 054-2466661 | 03-9716909

GRI Index



ELプルタレンス ESG Report 2022_



1.9 MtCO₂e

Scope 1+2

914 gCO₂e/RTK

GHG intensity

14%

Electric cars

Energy Efficiency



97%

Employees are in collective agreement

4.5h

Annual average hours of training per employee

41%

Female employees (including CEO) 37%

Female in non-executive management



Governance

50%

Independent directors

1:13.5

Highest salary to Median

5,000 Personal safety

trainings

At least

88%

Attendance of board committees 39%

Women executive management







As the State of Israel, EL AL was established in 1948 and its main operation involves air transport of passengers and cargo.

In June 2003 EL AL went public and issued stocks on the Tel Aviv Stock Exchange (TASE) as part of its initial public offering, thus making the Company a public company. According to the Israeli Companies Law-1999 (the "Companies Law"), a public company is, inter alia, a company which shares are listed for trade in a stock exchange. As of 2022, Eli Rosenberg, through his wholly owned company, Kanfei Nesharim Aviation Ltd. ("Kanfei Nesharim") constitutes the controlling shareholder of EL AL¹.

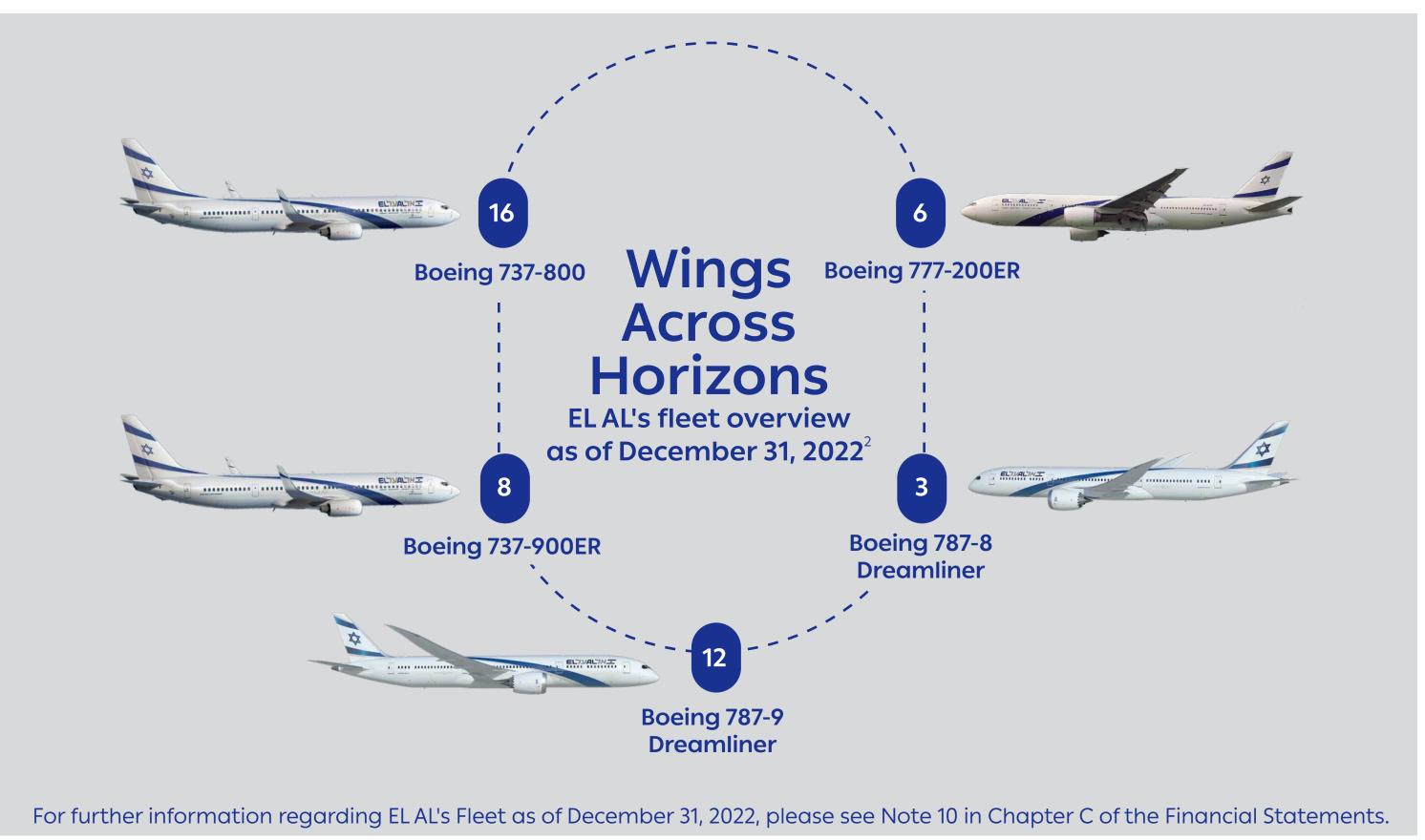
The Israeli government still owns a special Share at EL AL (the "Special Share") even though it is no longer a state-owned corporation. The Special Share entitles the State of Israel with a special right to act in certain circumstances, where doing so serves Israel's national interests. Considering its history and its crucial contribution to Israel's economy and security, EL AL still views itself as the national carrier.

For further information regarding the Special Share, please see Note 18.D to the Company's Financial Statements for the fiscal year 2022 (the "Financial Statements").

In 2015 EL AL signed an agreement with the Boeing Company and various lessors to purchase and lease 16 wide-body 787 Dreamliner aircraft, constituting the largest acquisition plan in the Company's history.

As of December 31, 2023, Kanfei Nesharim. holds approximately 47.64% of the regular shares of the Company As of November 2023, EL AL's fleet comprised of 47 aircraft.

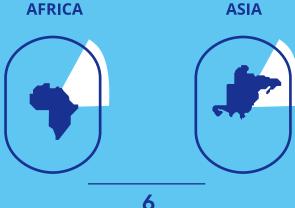
with Global Reach

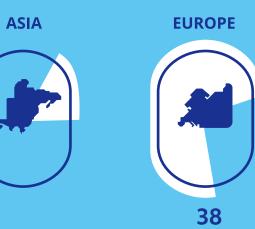


Destinations

Throughout 2022 ELAL has gradually resumed its operations, following the disruptions caused by the COVID-19 pandemic. Together with its subsidiary, Sun D'Or, EL AL provided passenger flights to approximately 49 direct destinations worldwide. These destinations encompass a diverse geographic reach, including 5 locations in North America, 6 destinations in Asia, Africa, and the United Arab Emirates, as well as 38 destinations across Europe, and hundreds of connections through codeshare agreements with other airlines.







Empowering Change EL AL's CEO Steering ESG Actions

Since May 2022 ELALis proud to be led by a female CEO, Dina Ben-Tal Ganancia, being a significant achievement in a male dominated industry. Under Dina's leadership, EL AL has been implementing an ESG strategy and various ESG initiatives, including reduction of carbon emissions.

Ierusalem Post > Business & Innovation > All News

ELAL

BUSINESS B INNOVATION

A time for spring renewal: El Al's first female CEO

TRAVEL ADVISER: While this is the 2nd CEO whom the controlling owner of El Al has put into place, he's giving her the backing to succeed.

By MARK FELDMAN Published: APRIL 14, 2022 22:46 Updated: APRIL 15, 2022 07:44



maala

עסקים מנהיגים אחריות חברתית Business for Social Responsibility

EL AL is a member of the Maala organization an umbrella organization for businesses committed to managing corporate responsibility and serving as a tool for evaluating and integrating social commitment in Israeli organizations. In 2018 and 2019, the Company has been ranked at the "Platinum Plus" level in the Maala rating.

This highest rating positions our company as a leader in the transportation sector.



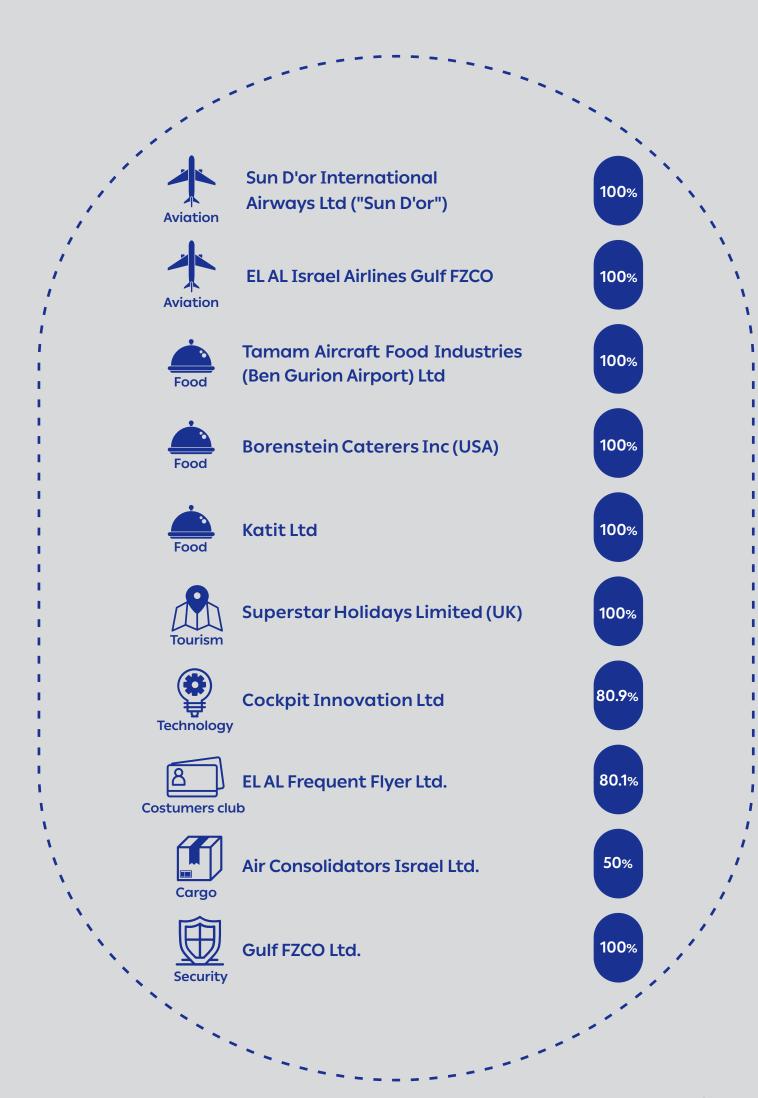
Corporate Structure

The Company maintains various subsidiary relationships, involving distinct service provision agreements. These affiliations encompass the following entities:

- which was established during 2022, due to the Company's obligations in the financing agreement which was signed between Phoenix Insurance Company Ltd and the Company. The Company and the Frequent Flyer signed an agreement according to which the Company sold its frequent flyer club to Frequent Flyer. As of today, the Company holds approximately 80% of Frequent Flyer, and the remaining shares are held by Phoenix Insurance Company Ltd.
- Sun D'or International Airways Ltd. ("Sun D'or") Sun D'Or operates as a flight marketer for wholesalers and individuals and markets charter and scheduled flights carried out by the Company, inter alia, through wet leasing. Sun d'Or markets the charter flights through the sale of entire aircraft capacity to third parties as well as partial capacity to various wholesalers and travel agents and Sun d'Or markets the scheduled flights through direct sale to agents and the public.
- Tamam Aircraft Food Industries (Ben Gurion Airport) Ltd. ("Tamam") A wholly owned subsidiary of the Company and is mainly in the business of production and supply of kosher meals to airlines. In addition, Tamam also provides catering services to various institutions. Tamam's offices and production plant are located at Ben Gurion Airport. The Company is Tamam's main customer.

- ➤ Borenstein Caterers Inc ("Borenstein") Operating in New York, USA, Borenstein specializes in producing and delivering kosher meals to the Company, as well as to other airlines and institutions.
- ➤ Katit Ltd. ("Katit")³ Katit's primary function revolved around managing a chain of dining rooms catering the group's workforce.
- Cockpit Innovation Ltd. ("Cockpit") the Company holds an approximate 80% in Cockpit. This subsidiary operates as an incubator for investment ventures linked to aviation.
- Superstar Holidays Limited ("Superstar") This UK-based subsidiary focuses on marketing tour packages and selling flight tickets for routes operated by the Company.
- Air Consolidators Israel Ltd ("ACI") focuses mainly on the air transport of cargo from Ben Gurion Airport. The air transport is carried out by the Company or by other airlines. The Company holds 50% of ACI.
- **ELAL Israel Airlines Gulf FZCO** established in Dubai for the provision of security services to the Israeli airlines.

It is important to note that this report is focused exclusively on EL AL's activities.



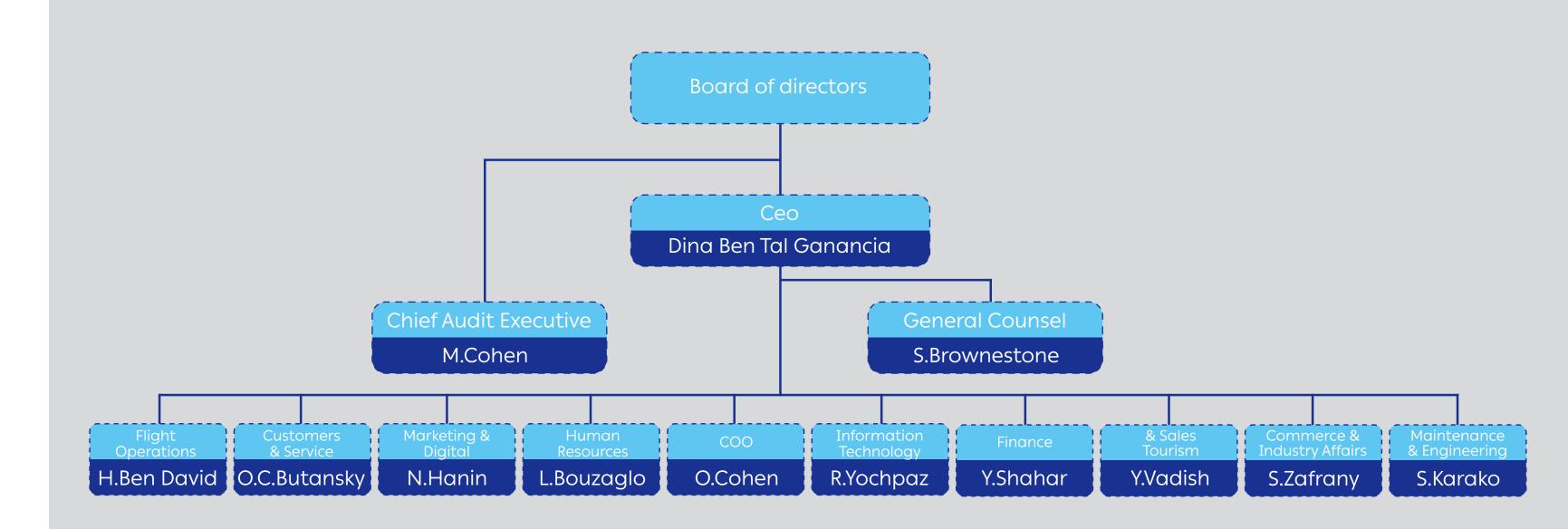
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Governance Structure

The ongoing management of the Company's affairs is entrusted to the CEO of the Company, who relies on the management team to fulfill its role. The management team serves as the main hierarchy of the Company and is composed of the following:

- > Deputy CEO and COO
- **→** CFO
- > EVP and Chief Customer Experience Officer
- **EVP Sales and Tourism**
- **→** VP Human Resources
- > VP Operations
- > VP Maintenance and Engineering
- > VP Commercial and Industrial Affairs
- > VP Marketing and Digital
- > Chief Information Officer
- → General Counsel and Strategic Partnerships





Board-level Oversight

The Company's Board of Directors (the **"Board"**) is dedicated to implementing effective corporate governance strategies that align with current industry standards. The Board recognizes and values the significance of ESG issues and the impact they have on our stakeholders.

To address these concerns, the Board continuously enhances its knowledge on these evolving subjects through consistent briefings and discussions with internal experts, while also utilizing external resources and educational opportunities.

Leadership Excellence

Evaluation Of The Performance Of The Highest Governance Body

As part of our commitment to maintaining the highest standards of corporate governance, we conduct an annual corporate governance questionnaire. This assessment tool evaluates the effectiveness, transparency, and accountability of the organization's management and the Board, ensuring that the governance practices meet the required standards and maintain a high level of integrity.

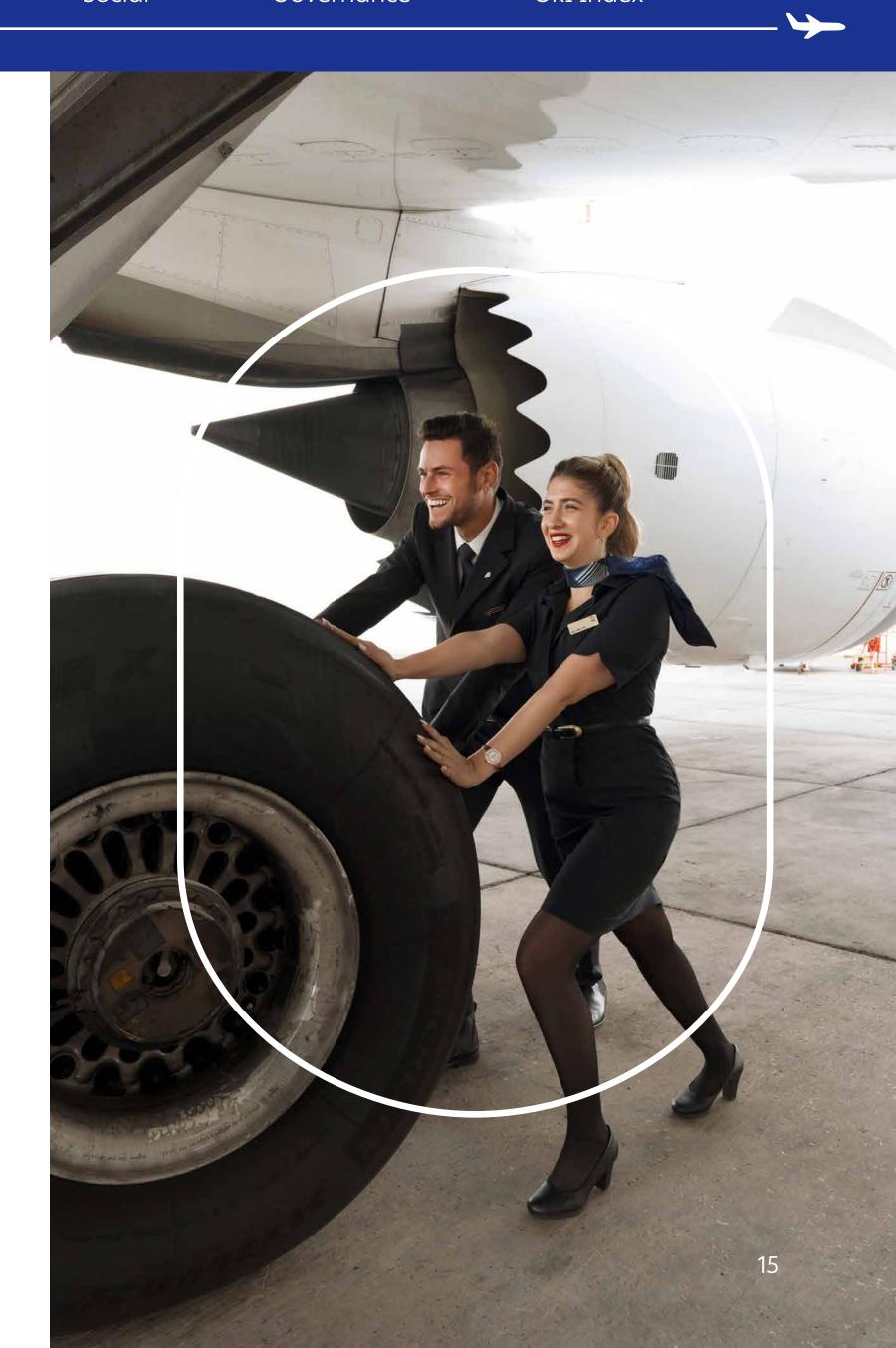
The corporate governance questionnaire addresses several key aspects, including the independence of the Board, the competence and qualifications of the Board members, the frequency and structure of Board meetings (including convening a General Assemblies), and the separation between the functions of the CEO and the Chairman of the Board. It also evaluates the effectiveness of various committees, such as the Audit and Compensation Committee and the Financial Statements Committee. By conducting this annual review, we identify areas for improvement, enhance its corporate governance structure, and demonstrate its commitment to transparency and accountability to stakeholders.

The role responsible for assessing the Board's performance falls, inter alia, under the purview of the Company's Internal

Auditor (the "Internal Auditor"). This evaluation is conducted independently and occurs in alignment with the Internal Auditor's yearly work plan. The frequency of the assessments is determined collaboratively by the Board, CEO, and the Internal Auditor, as part of the annual working plan discussions.

This proactive approach to corporate governance is an integral part of our ESG strategy, as we believe that a robust governance structure is essential for managing the unique risks and opportunities faced by the aviation industry.

Our commitment to strong corporate governance supports our efforts to minimize the environmental impact of our operations, foster positive social changes, and delivers a long-term value to our stakeholders.







ELTVALTX ESG Report 2022_

The process of identifying material topics was conducted in line with the GRI reporting standards methodology. This involved determining the most significant ESG areas of focus for EL AL and its stakeholders, based on a sector-specific benchmark analysis. Relevant sources included

- > Comparable airline companies in the global market
- **→** Leading ESG rating agencies
- > Key reporting standards

By adhering to the GRI standards and following best practices in ESG reporting, EL AL ensures that its material topics are appropriately identified and addressed to meet the expectations of its stakeholders.



Environment

Managing Our Environmental & Climate Impact

Energy and Fuel Efficiency

Waste and Material Management



Social

Health & Safety

HR Exprience & development

Fair Employment in a Diverse Environment

Customer Experience



Governance

Risk Management and **Business Resilience**

Responsible Supply Chain

Responsible Corporate

Governance & Business Ethics

The Report EL AL Environment Social Governance GRI Index EL DAL ENVIRONMENT Social Governance GRI Index

Material Topics



The Stakeholders

Our operations have a significant impact on numerous individuals both locally and globally. With a workforce of thousands in multiple countries, extensive supplier networks, and customer outreach spanning the globe, our reach is extensive. As such, we hold steadfast to the value of ongoing dialogue with stakeholders identified as having an interest in our activities and their natural influence on us. This dialogue is vital for enhancing our organizational performance and aligning our services and operations with emerging needs. Below is a description of our stakeholder engagement approach across various categories:

Customers: We conduct more than 10,000 customer surveys monthly, utilizing proactive communication to maintain continuous improvement. We hold strategic meetings with customers prior to their flights at our main hub, Ben Gurion Airport, aimed at anticipating needs and aligning services accordingly. Additionally, we convene focus groups to identify needs and tailor offerings to meet customer expectations. Our customers also initiate dialogue through proactive outreach, allowing for responsive service adjustments.

Suppliers: We maintain diverse communication channels with suppliers, including workshops for taxi drivers serving our air and ground operations, and surveys for supplier feedback. These interactions ensure the smooth coordination of services.

Employees:

Regular surveys, ongoing communication, feedback meetings, and an "Open Door" policy foster a robust internal dialogue. Our internal communication portal, internal Facebook group, CEO's letters, and organizational newsletters provide platforms for employee engagement.

> Community and Other Organizations:

We engage extensively with various organizations and associations, participating in activities and conferences that contribute to local communities. Our engagement with communities is marked by sustained dialogue, meetings, and conferences.

> Subsidiaries:

Continuous business dialogue is maintained with our subsidiaries.

→ Government Authorities:

Regular dialogues are conducted with governmental authorities and their representatives, ensuring mutual understanding and adherence to relevant regulations.

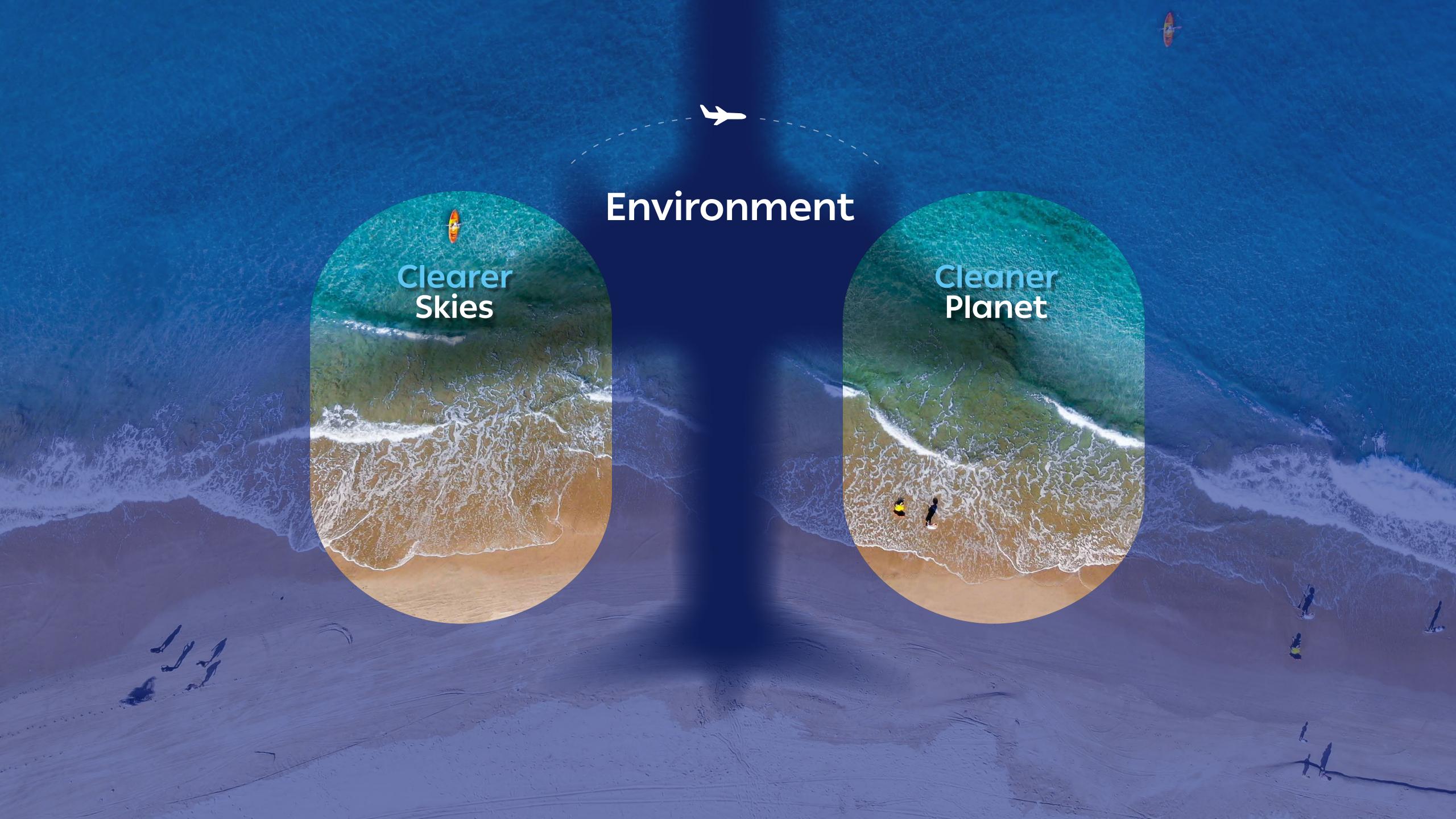


In 2015 the United Nations published the "2030 Agenda for Sustainable Development", comprising 17 Sustainable Development Goals (SDGs): No poverty (SDG 1), Zero hunger (SDG 2), Good health and well-being (SDG 3), Quality education (SDG 4), Gender equality (SDG 5), Clean water and sanitation (SDG 6), Affordable and clean energy (SDG 7), Decent work and economic growth (SDG 8), Industry, innovation and infrastructure (SDG9), Reduced inequalities (SDG 10), Sustainable cities and communities (SDG 11), Responsible consumption and production (SDG 12), Climate action (SDG 13), Life below water (SDG 14), Life on land (SDG 15), Peace, justice, and strong institutions (SDG 16), and Partnerships for the goals (SDG 17).



Israel, along with 192 United Nations member countries, adopted⁴ these goals and sub-goals addressing social, economic, and environmental issues.

In our operations, we are committed to reflecting the ESG objectives outlined in the SDGs. This commitment guides our efforts to create a sustainable future, and we will continue to work diligently to contribute to the global and national goals set forth by the United Nations.



Environment

ELプルタレンス ESG Report 2022_

Clearer Skies Cleaner Planet

Our Environmental Commitment

1.9 MtCO₂e

Scope 1+2

914

gCO2e/RTK

GHG intensity

14%

7.6

M gallons/100RT

Electric cars

Energy Efficiency

Managing Our Environmental and Climate Impact

At EL AL, we recognize the direct and indirect effects that our business and operational activities have on the environment. Protecting the environment, minimizing our impact, and enhancing our environmental performance are among our long-term objectives. Our management approach involves monitoring emissions from our operations and measuring the resources consumed in our activities to reduce their extent.

Climate-Related Risk Management

Our stance on climate and decarbonization is shaped by our understanding of the climate-related risks and opportunities we face. As members of a global industry that is challenging to decarbonize, airlines are particularly vulnerable to climate-related risks, including extreme weather events and rising fuel expenses. Recognizing and comprehending these risks and their potential consequences for our business are essential components of devising our comprehensive climate strategy in response to the continually evolving climate scenario.



Environment



Our Pathway To Sustainability – Goals and Actions

We commit to taking measures to minimize impact while adhering to environmental regulations, both in Israel and globally. Our dedication to climate responsibility is woven into our longterm goals as we continuously work towards improving our environmental performance and reducing our environmental footprint.

The main component of the Company's environmental impact is greenhouse gas emissions resulting from flights. To address this, we have taken several steps:

- 1. Purchase of newer and modern aircraft with fuel-efficient and environmentally friendly engines.
- 2. Installed "winglets" on specific aircraft where applicable.
- 3. Usage of flight planning system to optimize route selection on case-by-case basis, taking into account available airspace capacity and constraints.

The Company works in collaboration with other organizations to ensure sustainable aviation in Israel, recognizing that earth's natural resources are a shared heritage that must be preserved for future generations. In this context::

- > We participate in the European Union's Emission Trading Scheme to minimize the dispersion of greenhouse gases in the atmosphere. Since January 2010, all airlines flying within stations in Europe, should monitor and report CO2 emissions (ELAL submits to the Netherlands).
- > We are taking part in The ICAO (International Civil Aviation Organization) CORSIA plan from the first voluntary phase.









Minimizing Our Environmental Impact - Environmental Management

EL AL has invested significant resources in minimizing its climate and environmental impact. We conduct ongoing audits and monitoring. We are in the process of obtaining the IATA IEnvA program, which is compatible to the ISO 14001:2015 certification. Environmental aspect and risk factor analysis serve as a tool not only for emergencies but also for process analysis and improvement to prevent or minimize environmental and worker harm, leading to the continuous improvement of Company's environmental performance.

GHG Emissions

The majority of the company's greenhouse gas emissions result from our aviation activities. The remainder of the emissions stems from our ground operations at the company's facilities at Ben Gurion Airport. The primary sources of these ground emissions are fuel consumption for vehicles and electricity usage. It should be noted that the calculation of greenhouse gas emissions from ground operations is based on the leading methodology in this field, the Greenhouse Gas (GHG) Protocol. This methodology requires reporting in two scopes (Scope 1 - direct emissions under the reporting company's responsibility and Scope 2 - indirect emissions under the reporting company's responsibility as a result of electricity usage). Reporting in Scope 3 (additional indirect emissions in the supply chain) is considered optional and is not included in this report.

Carbon footprint

	Unit of measurement	2021	2022
Scope 1	tCO2e	1,065,177	1,902,249
Scope 2 (Market based)		8,070	8,741
Total		1,073,247	1,910,990
Scope 2 (Location based)		7,064	7,740
Total		1,072,241	1,909,989

GHG intensity

	Unit of measurement	2021	2022
SCOPE 1	(tonCO2e)	1,065,177	1,902,249
RTK ⁵	(million)	1,147	2,082
GHG-emission intensity - Aircraft operations	(gCO2e/RTK)	929	914

The main driver behind the growth in emissions from 2021 to 2022 was the return to business after the COVID-19 pandemic, leading to an increase in the number of flights operated.

Despite the increase in emissions, we notice a decrease in the intensity which refers to the improvement in efficiency.



Social



Aircraft Fuel Efficiency and Fleet Management

The Company is proactively exploring opportunities to enhance fuel efficiency and reduce its carbon footprint. In 2022, the Company refrained from engaging in any Sustainable Aviation Fuel (SAF) usage activities, primarily due to the disruptions caused by the COVID-19 pandemic that led to a conservative approach in fuel-related initiatives. As part of our commitment to sustainable innovation, we are planning to embark on a fleet renewal initiative for narrow body aircraft, starting in 2026. Furthermore, a fuel analytics system is anticipated to be implemented in 2024 to enhance operational efficiency.

At the end of 2022, the organization has appointed sustainability & environment Supervisor, emphasizing the importance of sustainable innovation.

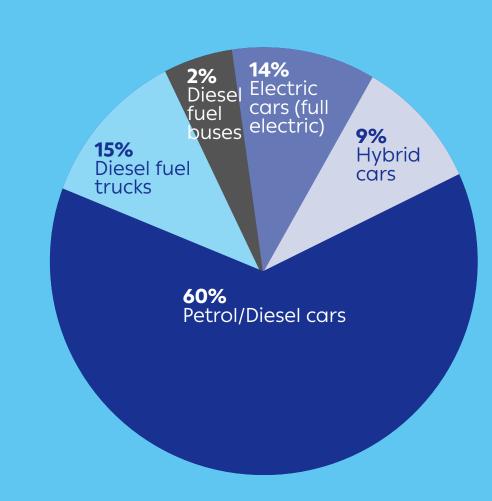
	Unit of measurement	2021	2022
Jet Fuel	(MILLION Gallons)	89	159
RTK ⁶	(MILLION)	1,147	2,082
Fuel Efficiency	(MILLION gallons/100 RTK)	7.8	7.6

Vehicle Fleet Fuel Efficiency

The composition of our vehicle fleet reflects our commitment to sustainable transportation options. Within our fleet, we have a diverse range of vehicles aimed at enhancing fuel efficiency and reducing our environmental impact. Currently, we operate more than 30 fully electric cars, representing our dedication to zero-emission mobility. Additionally, we have embraced hybrid technology with 21 hybrid cars, which combine conventional engines with electric power to optimize fuel consumption.

In our effort to balance efficiency and convenience, we have incorporated 140 petrol and diesel cars. However, we are actively exploring ways to further minimize our carbon footprint through ongoing advancements in vehicle technology and alternative fuels. To support our logistics operations, we operate 36 diesel fuel trucks and 4 diesel fuel buses, which are essential for certain transportation needs while we continue our pursuit of sustainable alternatives. This diverse fleet showcases our commitment to striking a balance between efficient operations and ecoconscious choices, all aligned with our sustainability awareness.

Vehicles fleet segmentation



Energy Consumption

EL AL is committed to minimizing its energy consumption and enhancing material efficiency as part of its sustainable business practices. The organization has undertaken initiatives to replace outdated fluorescent lighting fixtures and conventional bulbs with energy-efficient LED lighting and the replacement of 500 tons of cooling agents with a more efficient chiller system. This initiative demonstrates the Company's dedication to adopting innovative technologies that reduce resource usage.

Environment



Waste and Material Management

At EL AL waste management and reduction are integral components of our commitment to sustainability. Our sewage system is connected to Israel Airports Authority's system and is closely monitored to ensure compliance with regulations. Moreover, the treatment of other effluents is carried out through explicit protocols, guaranteeing effective and responsible management.

Campus-Wide Recycling Efforts

Efforts to recycle and dispose of waste across our campus are undertaken with a strong sense of responsibility. We have maintained a reasonable level of waste recycling and disposal practices, ensuring that waste is handled in an environmentally conscious manner. This initiative encompasses waste sorting, efficient collection methods, and collaborations with recycling partners to amplify our impact.





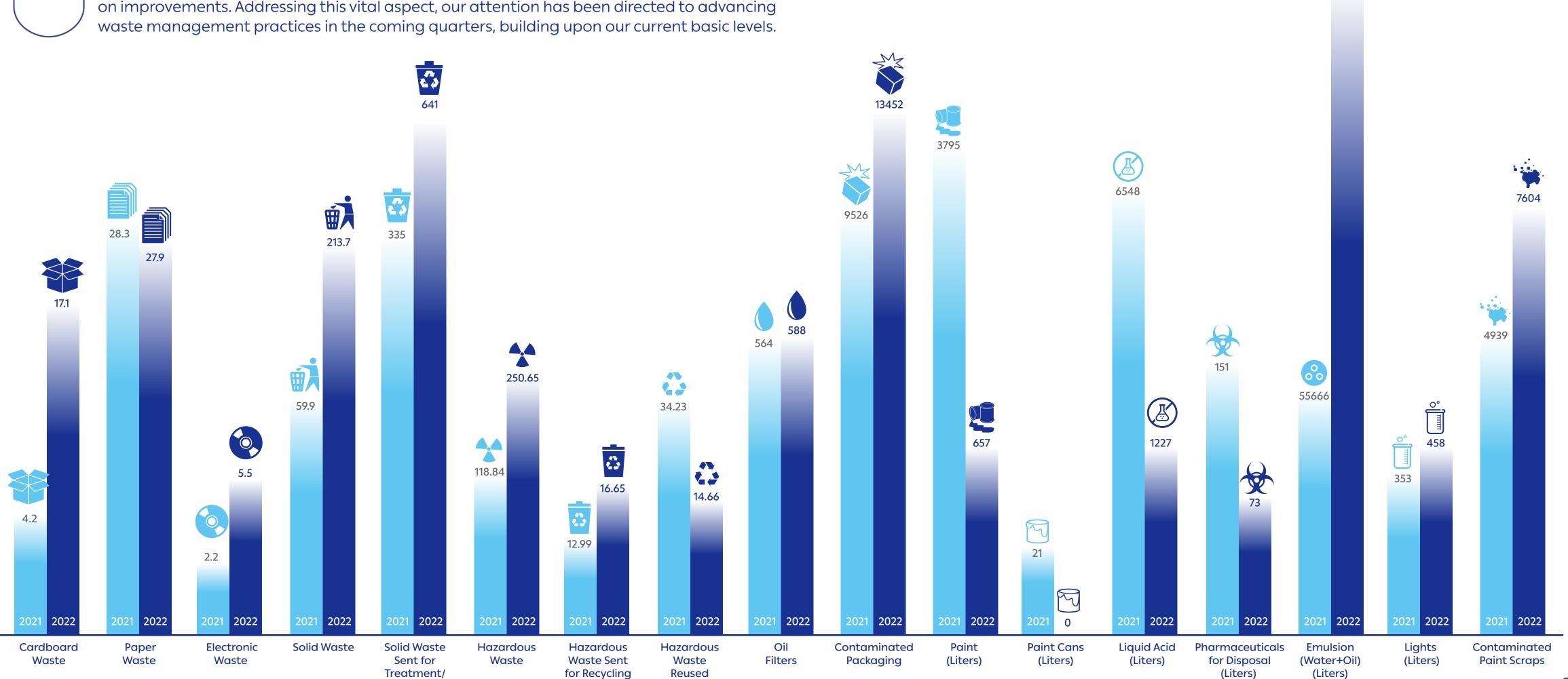
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Waste Management and Reduction

In the realm of aviation operations, waste disposal practices are being scrutinized with a focus on improvements. Addressing this vital aspect, our attention has been directed to advancing

Disposal



Environment



Waste Management and Reduction

In presenting the data pertaining to various waste types in our report, it is essential to provide context for certain increases observed between the years 2021 and 2022. It is noteworthy that some of these increases are a result of the resumption of activities following the temporary shutdowns caused by the COVID-19. This situation led to a surge in waste generation in specific categories, which can be attributed to the gradual reopening and normalization of operations. This context underscores the dynamic nature of our waste management efforts, reflecting our adaptability and commitment to environmental sustainability as we continue to navigate through evolving challenges and circumstances.

Reduction/Prevention Of Food Loss

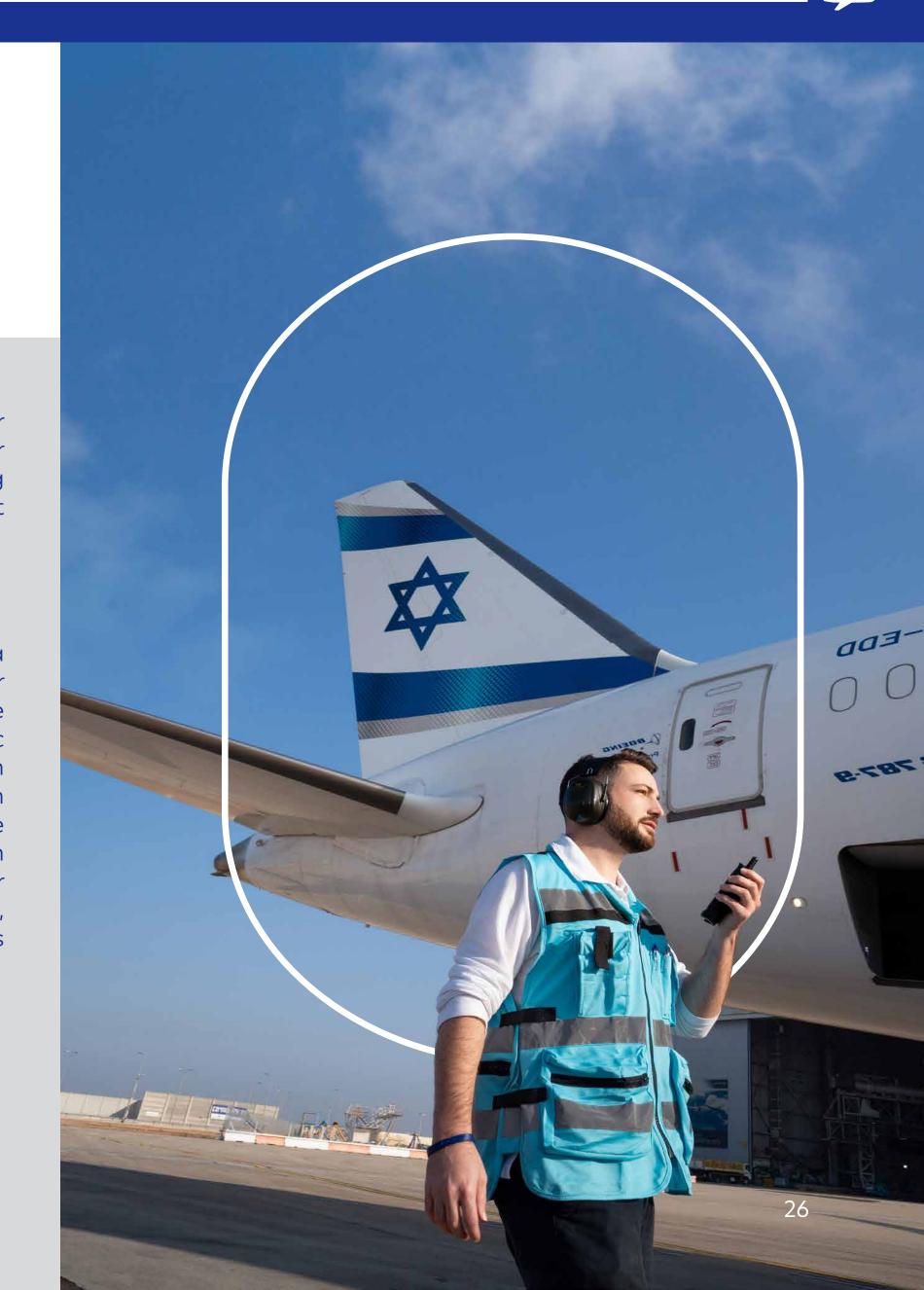
Recognizing the importance of minimizing food waste, we are taking proactive measures to address this issue. Our initiatives to prevent food loss are scheduled to be implemented in 2024. These efforts will encompass comprehensive measures to reduce waste throughout our operations. By implementing efficient food storage practices, optimizing portion sizes, and exploring collaborations with food rescue organizations, we aim to curtail food waste and contribute to a more sustainable food system. Our ongoing commitment to waste reduction and prevention is firmly grounded in our dedication to ethical and environmental stewardship.

Effluents Management

Effluents management remains a crucial component of our environmental stewardship efforts. We continue to refine our practices to minimize our ecological footprint. Our unwavering commitment to this aspect of our operations is an integral part of our sustainability framework.

Raw Materials

With an eye towards sustainable sourcing, we maintain a conscientious approach to the selection of raw materials. Our commitment to environmental responsibility extends to the materials we employ in our operations. Through strategic partnerships and rigorous assessments, we endeavor to align our material choices with sustainability criteria. This approach serves as a foundational pillar in our pursuit of responsible and ethical practices, reflecting our commitment to long-term environmental preservation. For a more detailed account of our efforts in raw material sourcing and supply chain sustainability, please refer to the Responsible Supply Chain chapter of this report.





Inclusive Values

97%

Employees are in collective agreement

4.5h

Annual average hours of training per employee

41%

Female employees (including CEO) 37%

Social

Female in non-executive management

Uncompromised Safety:

Our Comprehensive Safety Endeavors

EL AL is dedicated to providing excellent service and ensuring safety in every aspect of our operations, both on the ground and in the air. The return to pre-pandemic operational levels is an opportunity for the Company to reinforce its commitment to safety in all activities.

EL AL is committed to upholding the applicable regulations to guarantee the ongoing success and growth of the Company while prioritizing safety. At the beginning of 2023, we assimilated a Safety Policy signed by the CEO, emphasizing our dedication to a "Just Culture". This culture encourages safety reporting and addresses incidents without assigning blame, allowing us to continually improve our safety standards. EL AL's excellent safety record is a testament to the unwavering efforts of our employees, safety custodians, and management.

The total recordable incident rate ($TRIR^7$) is **1.5037.**

Flight Safty

Flight safety is a top priority for EL AL, and we adhere to international safety standards set by IATA. Our Safety Management System ("SMS") integrates the requirements of ICAO standards SMS, and CAAI regulatory requirements. Our airline conforms to the IOSA standard (IATA Operational Safety Standard Audit), which is an internationally recognized standard for operational safety and quality in the airline industry.

The IOSA audit is conducted periodically by certified IATA safety auditors.

In March 2022, our company successfully passed the IOSA audit process. We are proud of this achievement, and continuously prioritize safety process in our flight and maintenance operations.



Governance

GRI Index

⁷According to the **Occupational Safety and Health Administration** formula: Recordable Injuries/ Total # of Employee Hours Worked in the Year

Social



Passenger Safety And Safety Incidents

To ensure the continuous safety of the flights, the Company complies with SMS regulatory requirements of Israeli CAA state agency regarding security and safety.

In addition, the Company makes sure to comply with Mandated requirements established by the relevant authorities (CAAI, FAA, EASA).

Employee Safety

Safety is the Company's priority and expedited compliance with applicable regulations and aviation standards. We prioritize safety culture, encourage reporting, and protect employees who disclose safety concerns. Continuous improvement is key, with defined goals and monitored performance.

EL AL places a high priority on its employee safety and performs internal safety investigations.

EL AL demonstrates its commitment to the well-being of its employees through the establishment of a comprehensive health and safety management system. This system is upheld by a formal joint management-worker Health and Safety committee providing a structured platform for the collaboration between management and employees in matters of workplace standard safety.

SMS implementation is a robust management system that serves as adhering to risk management standards, ensuring that our employees are safeguarded from potential hazards. As part of this initiative, the system covers a total of 3,500 employees through internal audits, contributing to the continuous improvement and effective safety functioning of the program. Moreover, EL AL extends its safety coverage to all employees through this management system, fostering a proactive approach to health and safety processes ensuring that all employees are benefitting from this system, we are assuring commitment to conform to safety policies.

In 2022 EL AL had



Penalties and warnings following non-compliance events concerning health and safety



The company also conducts annual health and safety training for its employees in accordance with safety standards and local regulations. In 2022, there were 5,000 personal training sessions with employees.

As part of regulatory compliance and employee safety, hearing tests are conducted for 1,400 employees working in noisy environment, in accordance with the Israeli Ministry of Labor requirements. Additionally, our 600 pilots undergo mandatory pilot medical examinations to renew their pilot qualifications/ licenses as prescribed by the Flight Law 5771-2011. Compliance with the Civil Aviation Authority's regulations ensures that all 1,800 air crew members with work licenses receive eye tests. Furthermore, 300 employees exposed to hazardous materials in the Maintenance and Engineering Division receive necessary vaccinations in accordance with the Israeli Ministry of Health regulatory requirements.

EL AL places significant emphasis on employee health and wellbeing, as evident in our comprehensive health procedures. To support the health of our workforce, we offer annual screening tests for all permanent employees aged 35 and above, allowing for a thorough evaluation of their general health. In addition, we foster a culture of physical activity by organizing sports teams that participate in workplace leagues. Our commitment to a healthy lifestyle extends to our dining facilities, where we ensure a nutritious meal for our employees.

Through these initiatives, we strive to create a workplace environment that prioritizes employee health and contributes to their overall well-being.



EL AL recognizes the importance of creating a work environment based on mutual respect and trust, where everyone feels valued and can reach their full potential.

EL AL offers equal opportunities regarding recruitment, work performance, career progression, and development. EL AL implements internal procedures for the prevention of harassment, inappropriate conduct, and conflicts.

HR Development

The Company places a strong emphasis on investing in employee training and professional development opportunities. It operates a training center that provides courses for various professions, such as pilots, aircraft technicians, ground and flight attendants. Relevant employees are required to undergo exams by the Civil Aviation Authority as part of their training, which serves as the certifying body according to the aviation laws.

4.5

Average hours of training per year per employee

We conduct regular and comprehensive performance evaluations for employees to foster a culture of continuous improvement and development. Through these reviews, we assess individual contributions, set clear performance expectations, and identify areas for growth and skill enhancement. Our performance review process is designed to be fair, transparent, and inclusive, providing each employee with constructive feedback and support to thrive in their roles.





Employee Engagement and Experience

As part of our commitment to fostering a thriving workplace, we conduct regular surveys to gauge the satisfaction levels of our employees with the services they receive across various facets of our organization. These surveys serve as valuable tools to assess and enhance our employee's experience and engagement. Our survey approach encompasses multiple dimensions:

- > Continuous Service Surveys: These surveys assess the quality of services provided by our Human Resources personnel through transactional interactions. To ensure real-time feedback, each service interaction concludes with a brief internal satisfaction survey.
- > Event-Based Satisfaction Surveys: We gauge employee satisfaction with company events, holiday gifts, training, and courses to continuously refine our offerings and enhance employees' experience.
- > Service Surveys: We conduct comprehensive surveys that cover all touchpoints with service providers. These surveys identify areas of improvement and guide our ongoing efforts to elevate service standards.
- > Employee Engagement Survey: Administered by external parties, this survey assesses organizational sentiments, internal communication, well-being, and developmental aspects, promoting a holistic understanding of employee engagement.

We consider our employees as internal customers, valuing their feedback as we value the feedback of our external customers. In our continuous surveys conducted in 2022, we achieved a commendable service score of 4.9 out of 5, reflecting our dedication to maintaining service excellence for our workforce. Our approach emphasizes transparency and improvement, neutralizing divisions and addressing areas of concern. Internal feedback is channeled to inform actionable steps and goals. These goals encompass both historical and future objectives, fostering a positive work environment.

Moreover, in 2022 we introduced a comprehensive reward and evaluation plan for our personnel. This plan encompasses both performance-based rewards and general appreciation recognition, demonstrating our commitment to valuing individual contributions. This incentivization structure, established prior to the COVID-19 pandemic, underwent revisions to accommodate new dynamics and models. Approximately 40% of our workforce is currently integrated into these incentive models, and our ambition is to expand this coverage to around 70%, reflecting our dedication to recognizing and encouraging excellence across all levels of the organization.



Internal Corporate Communication

During 2022 we introduced the Eloops Application ("Eloops"), our virtual hub for internal corporate communication. Designed as a dynamic town square, Eloops offers a seamless channel for ongoing communication, delivering real-time updates on Company's status, recent advancements, and leadership messages directly to our workforce.

Social



Employee welfare lies at the heart of our organizational values, and we are dedicated to prioritizing the well-being and prosperity of our workforce. As we navigate the complexities of the modern business landscape, we recognize that our employees are our most valuable asset, and their physical, mental, and emotional health directly impacts the success and sustainability of the Company.

The Company's VP Human Resources is responsible for guiding the organization's commitment to employee welfare and growth. The Head of Human Resources oversees a comprehensive spectrum of responsibilities, including recruitment, onboarding, placement, labor relations, and the overall well-being of employees in both local and international contexts. The Development and Training Department oversees the daily training and organizational enhancement activities for the workforce.

Throughout the period of 2021-2022, the Company embarked on a restart phase, marked by an upswing in production capacity initiatives. This included intensive efforts in recruitment, training, and onboarding to meet heightened production demands and align with our growth trajectory.

1645

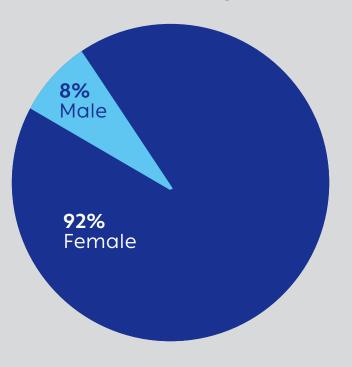
Employees have joined EL AL in 2022, while 788 employees concluded their contract.

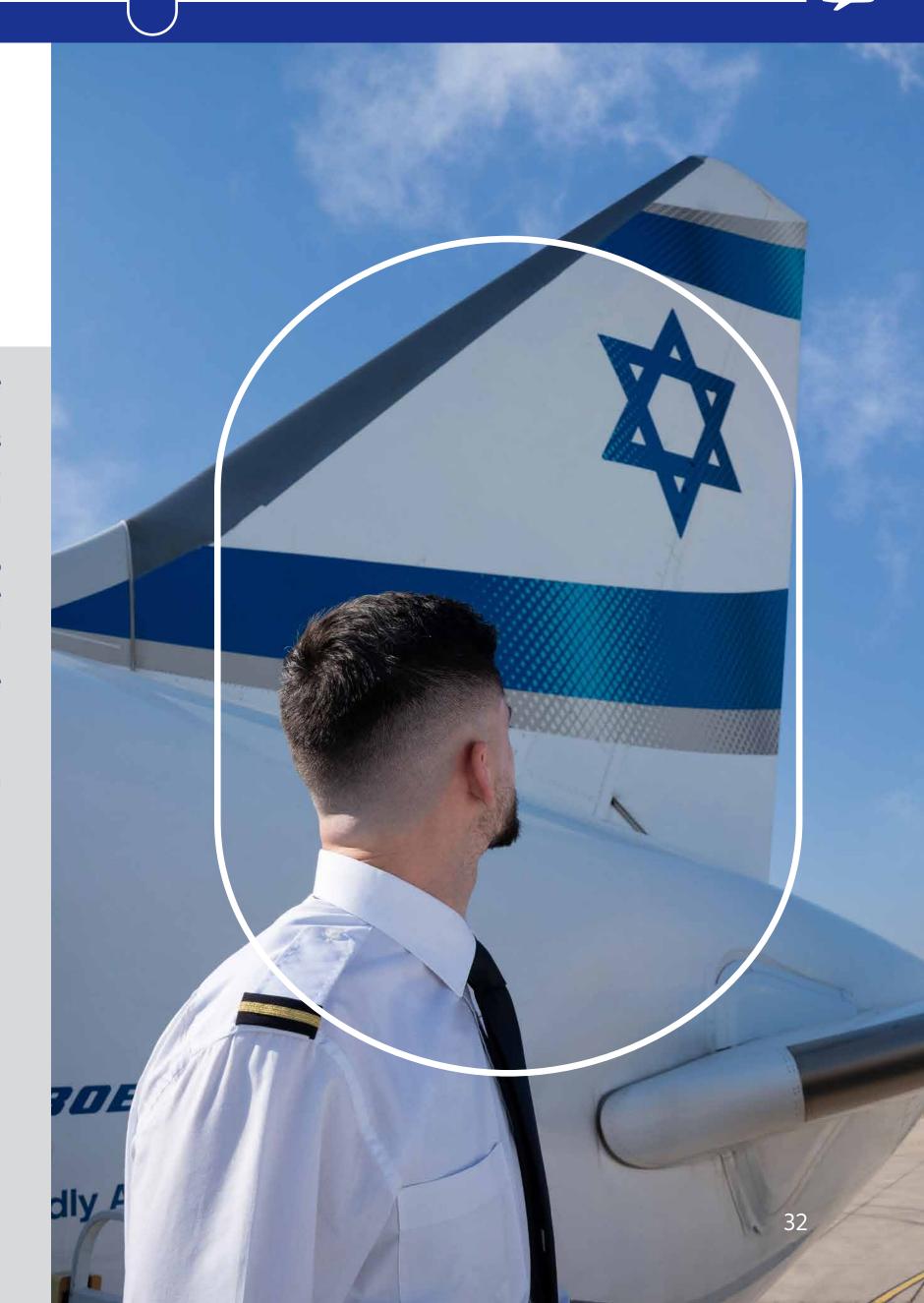
As part of our commitment to promoting a supportive and inclusive work environment, we have implemented a comprehensive Paid Parental Leave policy. This policy ensures that all employees, regardless of gender or family structure, have access to adequate time off to care for and bond with their new child.

By providing generous parental leave benefits, we aim to empower our employees to achieve a healthy work-life balance and create an environment that supports the well-being of both our employees and their families. Our commitment to parental leave reflects our belief in fostering a diverse and inclusive workplace where employees feel valued and supported throughout all stages of their lives.

The following is a segmentation of parental leave by gender in 2022, of the 72 employees who took this type of leave:

Parental Leave by Gender







Fair Employment In A Diverse Environment

Collective Bargaining Agreements

The working conditions of Company's employees who are employed in Israel, except for senior employees and others who are employed under personal agreements, are arranged in special collective agreements signed from time to time between the Company and the New General Federation of Workers (the "Histadrut", herein after – "the Federation"), as well as guidelines published from time to time by the company's management.

The collective agreements encompass provisions related to each sector of the workforce (pilots, cabin crew, maintenance, and administration), as well as distinctions between permanent and temporary employees. These agreements meticulously outline and comprehensively address all aspects of compensation for employees in each sector, including salaries, various allowances, shift bonuses, additional work bonuses, expense reimbursements, pension contributions, welfare, social rights, and more. These rights often exceed the statutory provisions of labor laws in Israel.

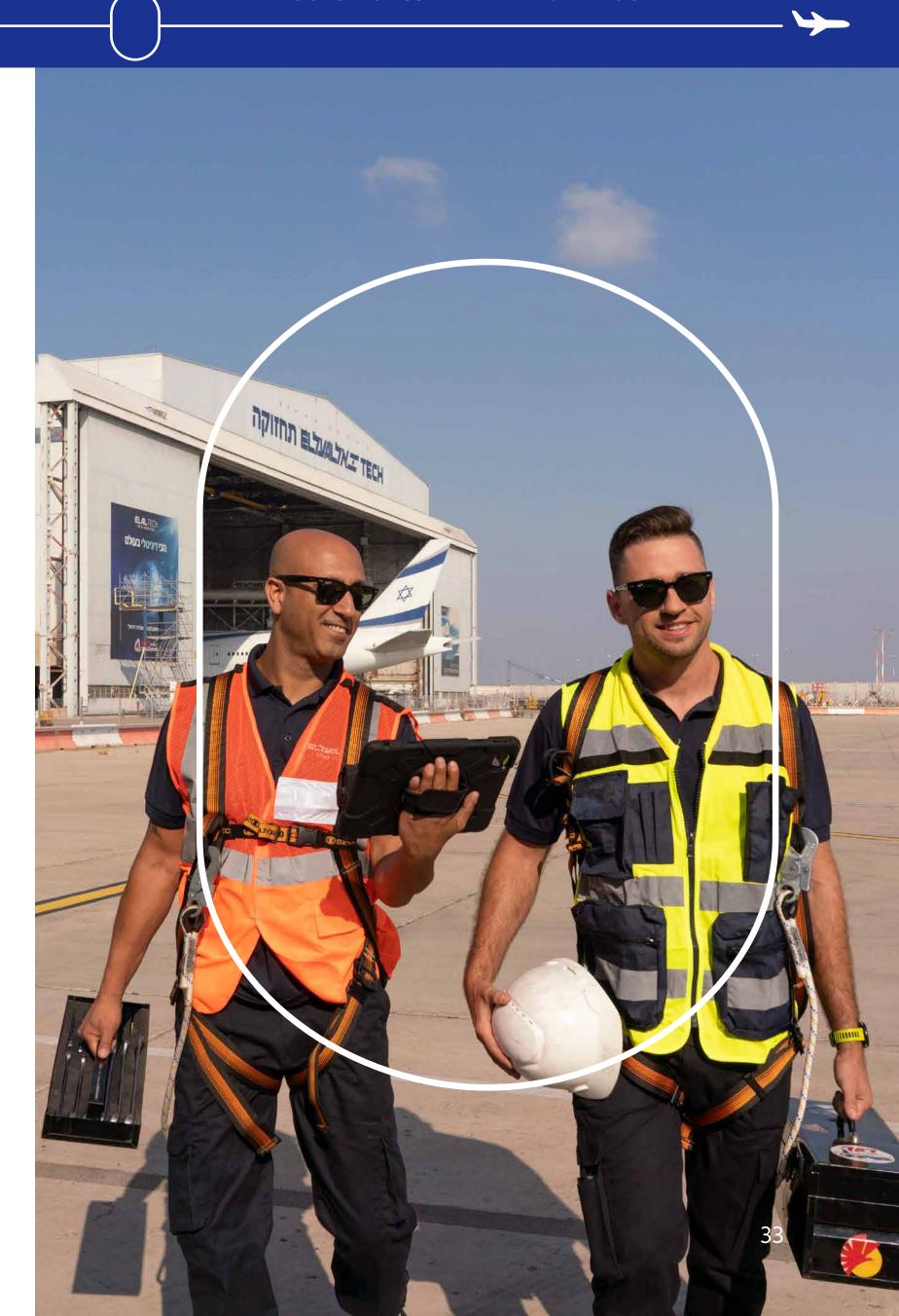
In 2022, the Company's management signed five collective agreements with its employees. These agreements regulate labor relations within the Company and are expected to contribute to industrial peace, Company's continued growth, and the expansion of efficiency measures related to human resources management.

The agreements with the pilots, maintenance and engineering workers, administrative employees and cabin crew include measures to improve efficiency and safety, such as additional wetleases of passengers and cargo aircraft, the implementation of new maintenance procedures, outsourcing of certain maintenance tasks and implementation of new training programs and technologies. In return for these efficiency measures, the Company agreed to provide additional payments and benefits to the employees.

These agreements are a significant step forward for the Company in terms of ESG. They demonstrate the Company's commitment to sustainable and responsible business practices. The Company is committed to continuing to work with its employees to create a sustainable and responsible workplace.

97%

of Employees are covered by collective bargaining agreement

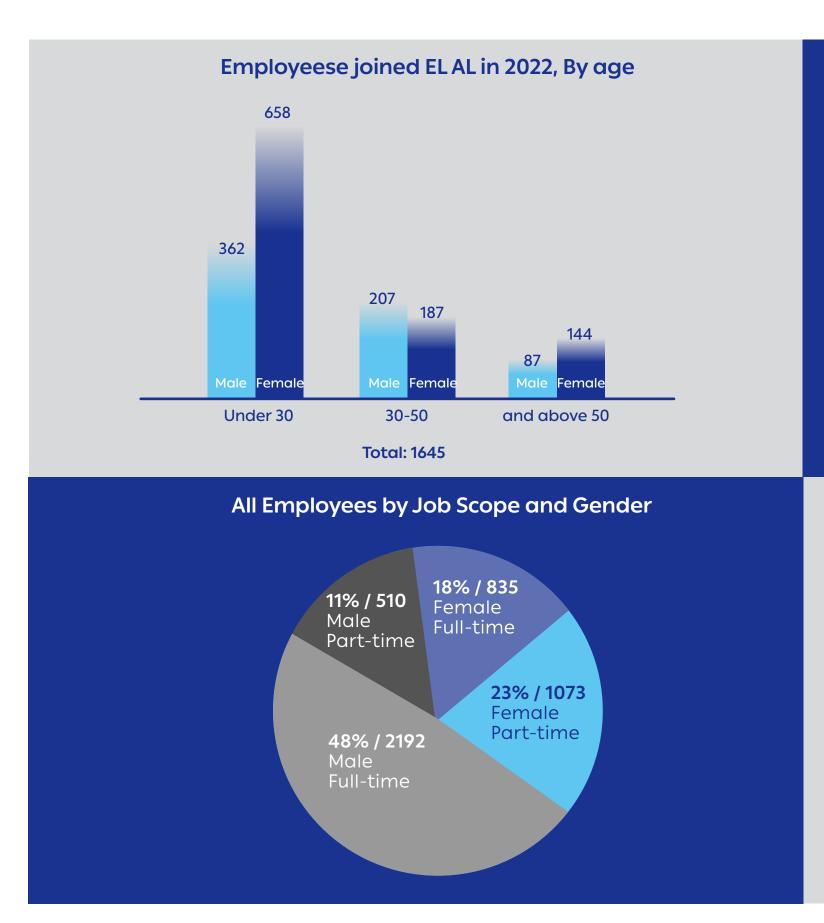


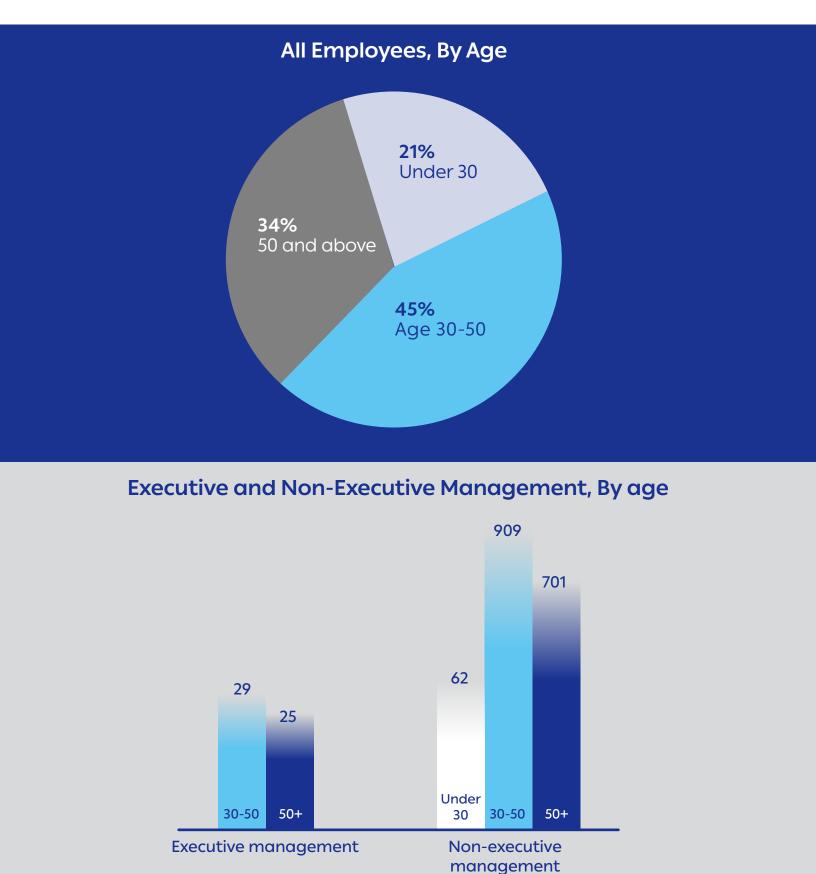
Social

ELTVALTX ESG Report 2022_

Universally Inclusive

As an organization committed to fostering an inclusive and diverse workplace, we recognize the significance of diversity, equity, and inclusion in driving our business forward and achieving sustainable growth. This chapter delves into our efforts and progress towards creating a workplace culture that values and embraces the unique perspectives, backgrounds, and talents of our employees. We are dedicated to promoting an environment where employees feel empowered, respected, and supported, irrespective of their age, gender, race, ethnicity, sexual orientation, or any other characteristic.





Social

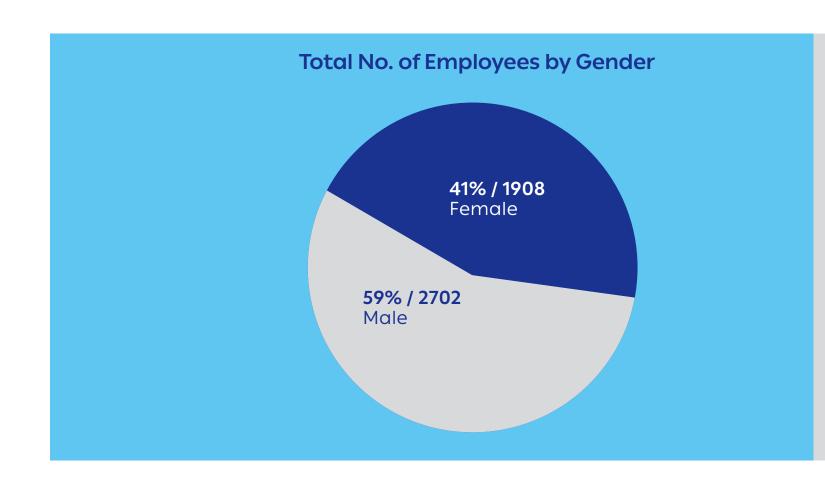


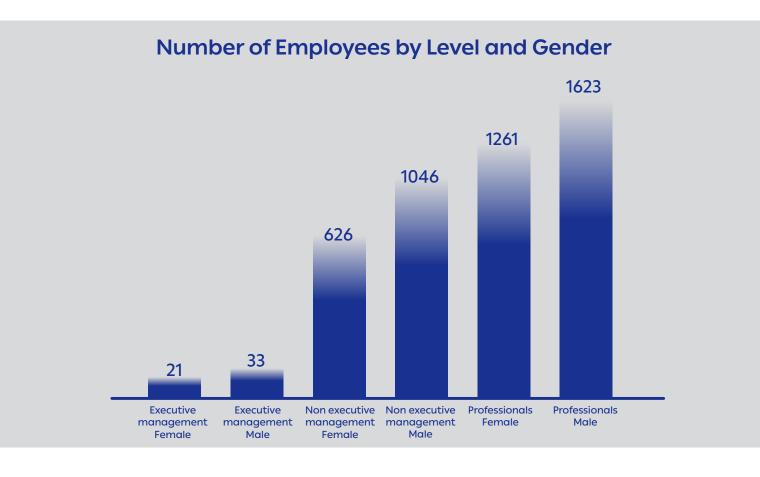
Fair Employment in a Diverse Environment

We take great pride in fostering gender diversity within our organization, striving to provide equal opportunities for men and women across all levels and departments, recognizing the invaluable contributions each gender brings to our collective success.

EL AL recognizes that having a diverse workforce, including women in leadership positions, brings business benefits such as increased financial performance, innovation, and better decision-making. In this regard, the appointment of Dina Ben-Tal Ganancia as CEO reflects EL AL's commitment to promoting gender diversity and equality.

As a female leader, Mrs. Ganancia serves as a role model for women in the aviation industry, and her appointment as CEO is a positive step towards achieving gender equality in the industry.









Fostering a Respectful Workplace Environment

Within EL AL, we are committed to maintaining an atmosphere free from any form of sexual harassment. To oversee this important aspect, we have designated knowledgeable individuals who have undergone training to effectively prevent and address such issues. Our commitment extends globally, with additional "safety stewards" trained across various destinations, including our security department.

Central to our approach is a meticulously crafted procedure that offers guidance to all employees on how to prevent and manage gender-based harassment. This procedure is extensively communicated through training initiatives, educational programs, and widely accessible materials in multiple languages, complete with direct links to the protocol. These measures collectively underscore EL AL's unwavering dedication to eradicating sexual harassment within the organizational framework.

To this end, our efforts include:

- Training sessions for all staff members within the last year.
- > Focused managerial training emphasizing the active role of leaders in preventing harassment.
- Regular communication channels designed to raise awareness among both employees and managers, with an annual report further reinforcing our commitment.
- > Integration of the subject into our orientation process for new employees, with comprehensive information readily available on our online internal portal, catering to a diverse audience.
- Transparently outlining complaint investigation procedures, accessible via our online internal portal and prominently displayed in communal spaces.
- > Providing a structured mechanism for outsourced and service employees to report grievances, ensuring a seamless process for addressing concerns.

By maintaining an open dialogue, proactive training, and a welldefined protocol, EL AL is steadfast in its resolve to foster a work environment that champions respect and equality for all.

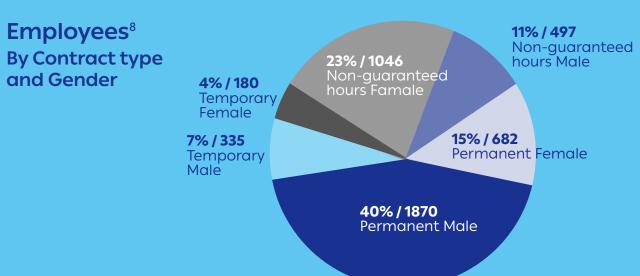
Labor Law Compliance And Fair Employment Conditions

The Company has a formal process for submitting complaints to the labor relations director or Company's Auditor. This process is regulated by a procedure that includes a format for anonymous inquiries.

Labor relations in the company are collective relations regulated by special collective agreements that are signed from time to time with the Federation. These agreements are based on the right to organize (on all levels) and include instructions and enforcement mechanisms against harming the dignity of Company's employees, unfair treatment, discrimination, etc.

No events related to labor relations were reported in 2022.

We classify our diverse workforce into different types of employees, including full-time, part-time, permanent, temporary, and nonguaranteed Hours employees. This classification enables us to provide a comprehensive view of our workforce composition and assess our human capital management strategies.



The count of Full-Time Equivalent (FTE) employees is determined based on regular hours worked during December 2022, excluding any overtime hours. Within this context, the term "Temporary" denotes employees who are engaged on a temporary basis and receive compensation in the form of a monthly fee. On the other hand, "Non-guaranteed Hours" refers to employees employed on a temporary basis and remunerated on an hourly fee basis. The data presented herein pertains to December 2022, encompassing all active employees during that period.





Retirement Benefits And Plans

The Company holds various schemes of retirement benefits and plans. The major components of those plans are funded by employee's personal asset plans designed to assure its benefits. However, some components which are usually incremental to the minimum requirements by the applicable law, are not backed by plan assets and are being paid from other resources.

Company's retirement benefits and plans are funded in the following ways:

→ General resources: Company's general resources are used to meet the liabilities -of the plans that are not backed by plan assets.

Employee contributions: generally, employees contribute 6%-6.5% of their salary to the plans that are backed by plan assets.

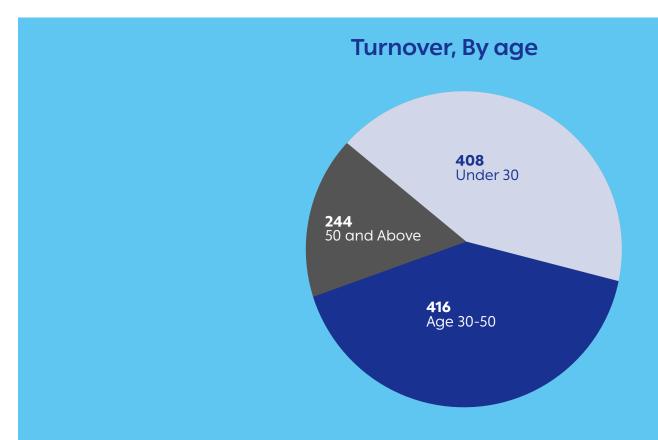
> Plan assets: the Company holds a separate fund to meet the liabilities of the plans that are backed by plan assets. The estimated value of the plan's liabilities is 10,184,173 \$.

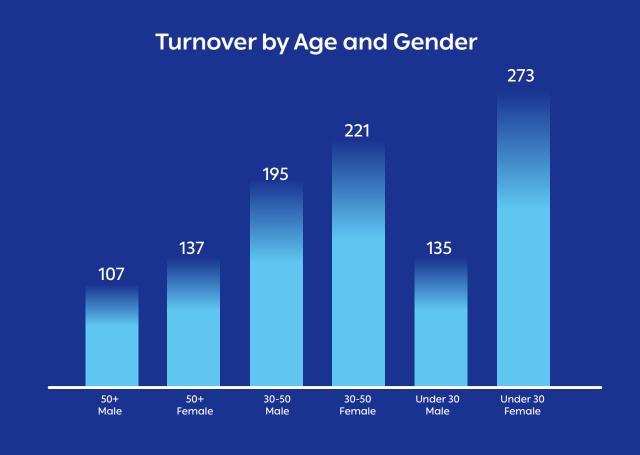


Turnover

As part of our commitment to organizational transparency, we closely monitor employee turnover, a critical aspect of our human capital management strategy. Employee turnover reflects the rate at which employees leave or join our organization over a specified period. It is an essential metric for assessing our workforce dynamics and understanding the factors that may influence retention and attraction. By analyzing turnover data, we can identify trends, areas of improvement, and potential challenges within our talent management practices.

Moreover, this data allows us to develop targeted strategies and initiatives to enhance employee satisfaction, engagement, and overall well-being.





No. of turnover divided by the no. of employees, as of 31.12.22.

38

Elevating Expectations

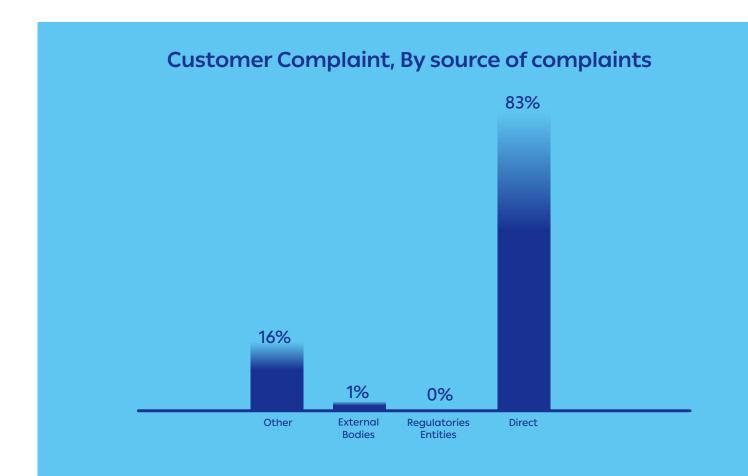
ELAL is committed to transparent and effective customer relations management practices. We have established a seamless process for addressing inquiries, utilizing digital forms on our website and dedicated email channels, all meticulously organized within our Customer Relationship Management (CRM) system. Our valued customers encompass a diverse spectrum, ranging from frequent travelers to occasional patrons, travel agents, legal representatives, and aviation authorities.

At the forefront of this domain, our dedicated Customer Relations Manager [leads the charge, with support from our Technology and Operations Manager [who oversees technological aspects. Both a Hebrew-speaking Customer Relations Manager and an International Customer Relations Manager ensure tailored interactions. Across various managerial roles, responsibilities are diligently divided for optimal customer engagement.

Our commitment to dialogue and engagement is unwavering, as evidenced through our systematic dialogues with customers. Moreover, we foster direct regular customer meetings exchanges at our King David Lounge, fostering valuable insights.

Our proactive measures encompass expedited assistance for those in need, with a dedicated email channel managed by our EVP and Chief Customer service. The structure in place includes an incentive system for our service team, intricately linked to customer satisfaction metrics. Additionally, we instill a culture of inclusivity through specialized training for accompanying customers with special needs.

The Company consistently strives to enhance service levels, user experience, and digital experience by developing service capabilities. These efforts aim to elevate customer's experience, withafocusonconvenienceandpersonalizationtomeetcustomer's needs. A comprehensive service experience is prioritized, including culinary aspects.



Fair And Equal Services

ELAL places a strong emphasis on providing fair and equal services to passengers. We strive to ensure that our services are accessible and non-discriminatory, with catering to the diverse needs of our passengers. This includes making our flights and facilities accessible to passengers with disabilities, offering personalized assistance when needed, and continuously improving our services based on passenger feedback. Our dedication to fair and equal services aligns with our broader sustainability goals and reflects our dedication to inclusivity and social responsibility.

At ELAL, we are committed to providing fair and equal services. To ensure this, we have a strong process in place. If any issues come up that go against our service standards, we have a detailed plan. Our team quickly looks into the situation, figures out what went wrong, and takes steps to fix it. This process helps us act fast to make things right and shows our strong commitment to fairness and equality in all our passenger services.



Our Tailored Service Standards

Accessibility

Our dedicated team ensures accessibility at Ben Gurion Airport, offering services like electrical cart and/or wheelchair assistance, specialized seating on aircraft, and designated elevated lifts directly to the aircraft door. Our website is designed with accessibility in mind, offering relevant information and assistance throughout the booking process.

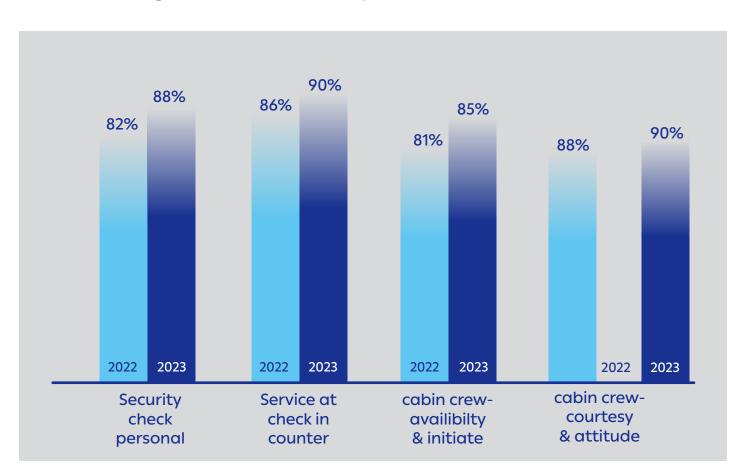
To ensure our best service to the customers compliance with the law, our employees undergo a training program. Guiding these efforts, specific individuals oversee accessibility initiatives within our organization, including regulatory adherence and support for passengers with special needs.

Our commitment to accessibility goes beyond legal mandates, creating an environment where inclusivity is a priority. We strive to offer a truly inclusive experience, catering to the diverse needs of all our customers.

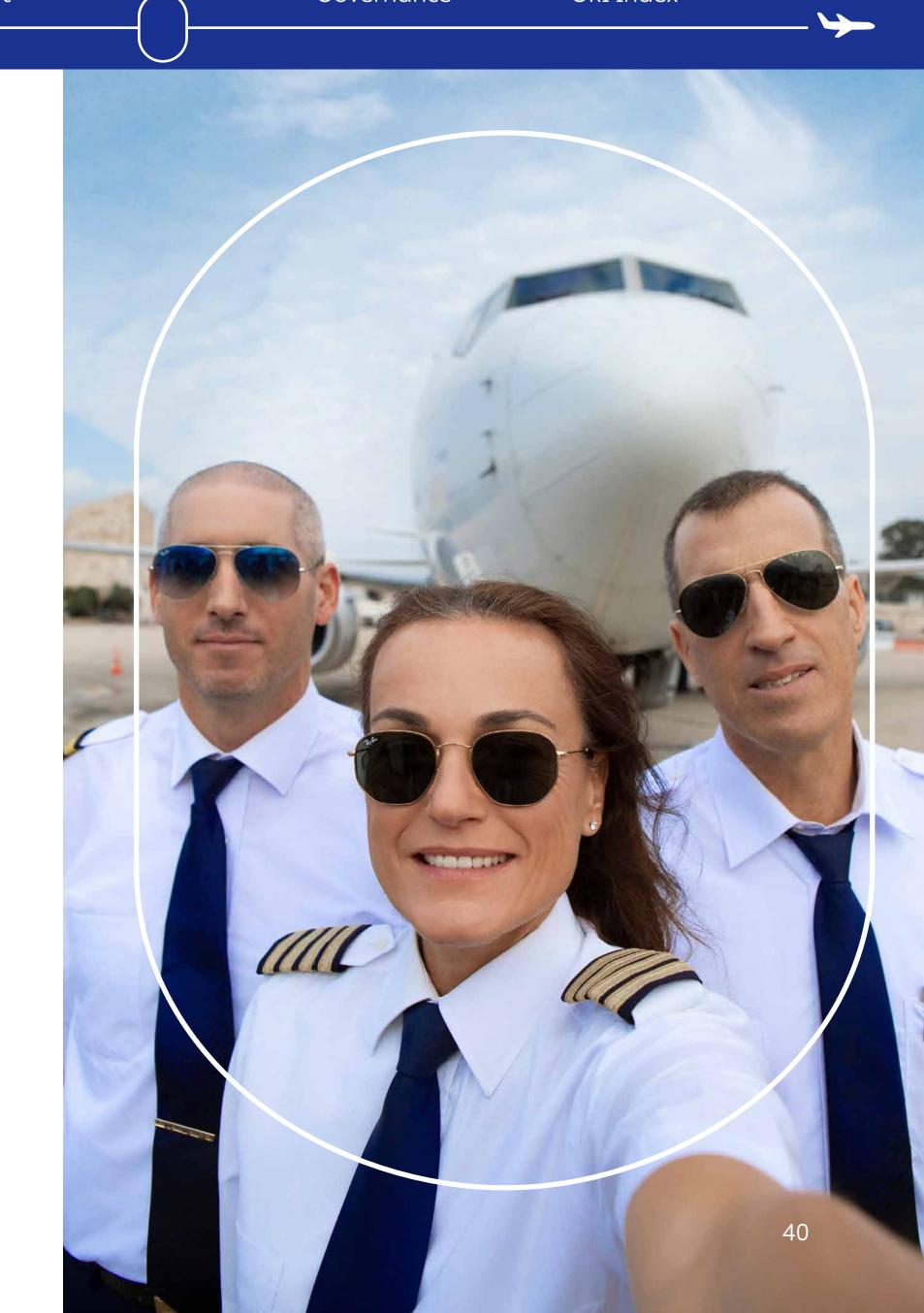
Customer Satisfaction

Ourperformanceismeticulouslymonitoredthroughkeyperformance indicators (KPIs). These include our Net Promoter Score (NPS), timely responses to passenger's claims, and compliance with regulatory standards, both domestically and internationally. Aside from monitoring these KPIs, we also set targets to be achieved and measured against. These KPIs not only guide our actions but also reflect our commitment to exceptional customer service, underpinning our journey toward a responsible and responsive future.

The graph illustrates some of the service KPIs results from customer's satisfaction survey which demonstrate passenger satisfaction growth for the last year:



EL AL has received the highest five-star rating from the Apex association for three years in a row, indicating the outstanding service appreciated by our customers worldwide. The APEX Five Star is the first airline rating program based solely on certified passenger feedback. Using a five-star scale, more than one million flights have been rated by passengers across nearly 600 airlines from around the world and independently certified by a professional external auditing company.



Social



Our Tailored Service Standards

Efficiency And Reliability Of Services

At EL AL, we recognize the significance of offering services that are not only fair and equal but also efficient and reliable. We place a premium on ensuring that our passengers can depend on our services to be punctual and streamlined. This commitment begins with meticulous flight scheduling and operational planning to minimize delays and disruptions. By incorporating advanced technologies and optimized processes, we strive to enhance the efficiency of our services, from booking and check-in to inflight experiences and baggage handling. Our continuous monitoring of performance metrics allows us to identify areas for improvement, ensuring a consistent and reliable travel experience. As we evolve our operations, we remain unwavering in our pursuit of service excellence, understanding that efficiency and reliability contribute significantly to customer satisfaction, operational sustainability, and ultimately, our enduring success.

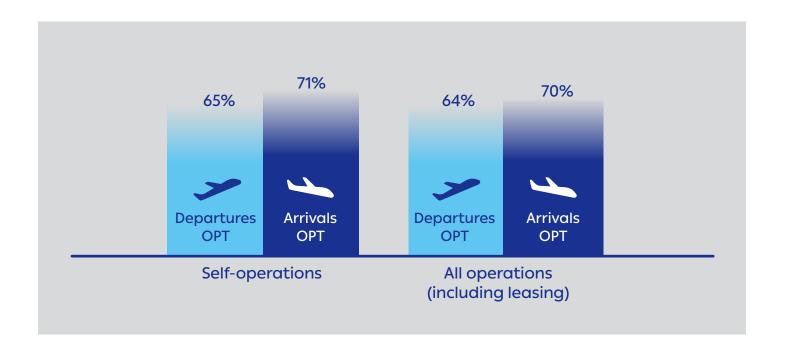
On-Time Performance

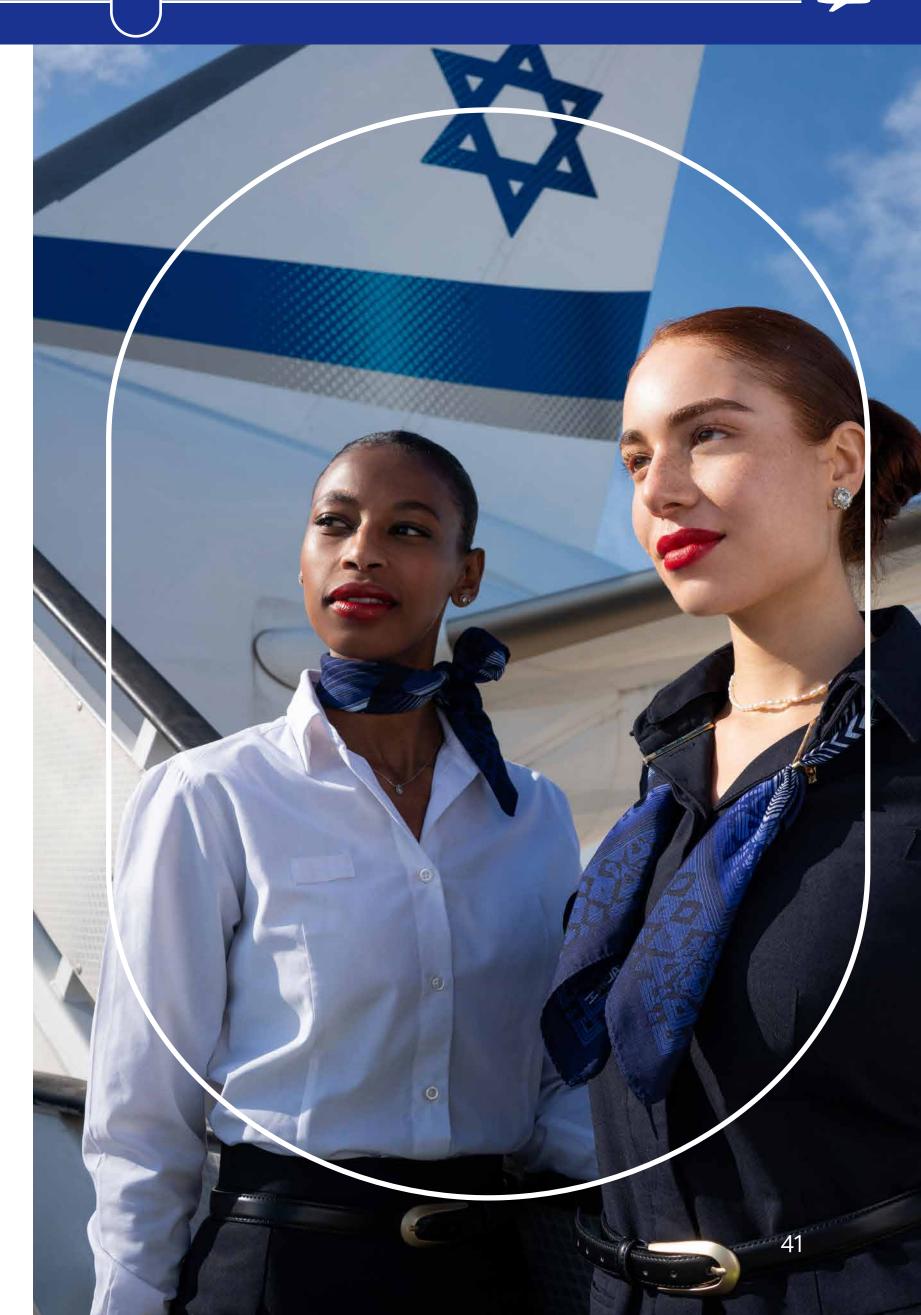
On-Time Performance (OTP) rate is a metric used to measure the percentage of flights that depart and arrive on time. An airline's OTP rate may be influenced by various factors such as weather conditions, airport congestion, air traffic flow management restrictions, and mechanical issues.

We are committed to improving our rate and have already implemented several measures to address the issue. These include investing in modern technology for flight tracking, optimizing ground operations, and enhancing our aircraft maintenance protocols. Improving our OTP rate will reduce our carbon footprint by minimizing the need for additional fuel consumption due to delays, enhance our social responsibility by improving customer's satisfaction, and improve our governance by aligning our performance with industry standards.

As part of our commitment to improving our ESG performance, we continue to monitor our progress in improving our OTP rate, and we welcome feedback and suggestions from our stakeholders. The official measurement of OTP is the percentage of flights the departed / arrived within 15 minutes delay, at most. In the table

you can see our OTP for 2022:







Empowering Israel

EL AL places great importance on community engagement, stemming from a genuine and unique connection to the State of Israel and the people of Israel. In our contributions to the community, we aim to bring people together across the diverse Israeli society. With this vision, we are committed to a variety of social contributions and initiatives.

The company has been active in various corporate responsibility areas for over a decade, raising awareness and promoting the topic among its employees and management through various means and activities. We collaborate with non-profit associations and organizations that operate with social, ethical, and humanitarian goals without profit motives.

Among the targeted groups supported by the company in this framework are IDF soldiers, sick children, people with disabilities, families in need, Holocaust survivors, education and entrepreneurship, the LGBTQ+ community, women's organizations, and other audiences.

Throughout 2022, the company graded its level of involvement within the community of EL AL's personnel. Furthermore, the company continued to work for the community with associations and organizations operating from social, ethical, and humanitarian values without profit motives. As part of its support, it facilitated frequent flyer club points donations to those same associations and organizations.

In the year 2022, the company contributed to the "Association for the Wellbeing of Soldiers" and the initiative "Adopt a Soldier." As part of this, the company adopts a unit in the Paratroopers Brigade, maintaining close ties since 2012.

Also during the year, the company rebranded the project "Small Money Big" as "Small Money Big Dreams" in partnership with the organizations "ALEH", "ALUT," and "ADI" for the benefit of people with special needs on EL AL planes, a project the company has been involved with since 2006.

560,030\$

The amount EL AL donated in 2022 on in-kind contributions.

In addition, ELAL opened an association account for its customers to donate points for flying sick children, bereaved families, and those in need of medical treatment. The account is opened under certain criteria for the associations such as: Zaka, IDF wounded soldiers: the Friends organization, Brothers for Life, Zicharon Menachem, Brothers for life, Make-a-wish Foundation etc.

For example:

- → "Or" foundation for families was founded to support parents who lost their children in wars and terrorist attacks. The foundation organizes empowering experiences for the parents that motivate active engagement and break routine.
- **"Ezer Metzion"** This foundation supports and assists medical patients and their families, the elderly, those in need and people experiencing different crises.
- > "The unifying line" was founded to be an enveloping and supportive incubator for patients and their families who are not supported by most of the existing associations and organizations in Israel. EL AL supported their dream flight to New York.
- "Special Olympics" a global movement creating a new world of inclusion and community, where every single person is accepted and welcomed, regardless of ability or disability. EL AL supported the Israeli delegation to the Olympics.

The company has been a member of the Maala organization since 2012. Even though there have been no reported results for corporate responsibility ratings since 2020, the company emphasizes data collection and is actively involved in 'Maala' activities. The company intends to renew its rating in 2024 based on data collected for the year 2023.



Governance



Shaping Integrity

50%
Independent directors

1:13.5

Highest salary to Median

5,000

Personal safety trainings

At least 88%

Attendance of board committees 39%

Women executive management

Responsible Corporate Governance & Business Ethics

The Board oversees a range of committees, each responsible for specific areas of the Company's operations. Several of these committees are mandatory by the Companies Law for a public company, and several were established independently by the Company.

These committees include, inter alia, the Finance and Budget Committee, which manages the Company's financial planning and allocation of resources; the Security Committee, which is responsible for ensuring the security of the Company's operations; the Financial Statements Committee, which is mandatory by the Israeli Law for a public company, and which responsibility is reviewing the company's quarterly and annual financial statements and recommending the Board to approve them; the Executive Committee, which oversees the overall strategic direction and decision-making of the Company; the Market Risk Management Committee, tasked with identifying and managing potential market-related risks;

the Safety Committee (established in 2023), which ensures the safety and well-being of employees and passengers; and the Audit and Compensation Committee, which is mandatory by the Israeli Law for a public company. The Audit and Compensation Committee's responsibilities are determined by the Companies Law, and include, inter alia, (1) reviewing the Company's business administration and making proposals to the board regarding ways of correcting defects, if any are located, (2) reviewing the internal auditor conduct, (3) deciding if to approve transactions with controlling shareholders or other special transactions, and (4) approving the scope of work and consideration of the external auditor. In addition, the Audit and Compensation Committee is responsible for determining executive compensation and approving the Company's Compensation Policy for senior executives (the "Compensation Policy").

It should be noted that once a year, the Audit and Compensation Committee meets with part of the Company's senior management officers separately, in order to enhance Corporate Governance.





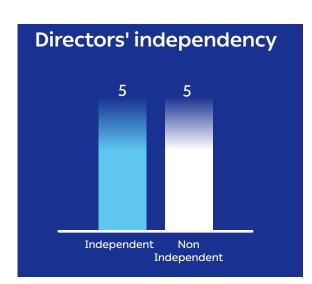
Our Governance Responsibility

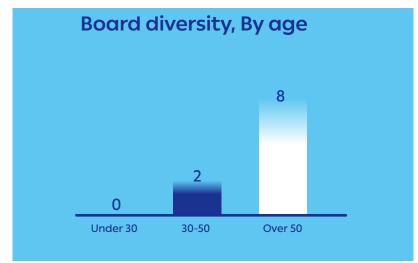
Committee ¹⁰	Number of members in the committee	Number of meetings held in 2022	Attendance percentage in 2022
Audit and Compensation Committee	5	26	96%
Financial Statements Committee	5	8	95%
Budget Committee	6	1	100%
Security Committee	3	1	100%
Management of Market Risks Committee	4	4	100%

Chairperson Independency

It is important to highlight that in accordance with the Companies Law, the Chairperson cannot be classified as an independent director. However, it is noteworthy that the Chairperson does not hold a senior executive position within the Company.

Additionally, the Chairperson serves as a board member in two of the Company's subsidiaries, thereby reflecting a multifaceted engagement with the Company's operations.









A Safety Committee was established in March 2023

ELAL



Our Governance Responsibility

It should be noted that the Company organizes an annual training event ("Event") for the Board members, which in 2022 lasted two days. During such Event, the Board members had meetings with various personnel from different departments of the Company, and they have the opportunity to participate in lectures from external experts in different fields relevant to the Company, such as cyber security, corporate governance, Board members liability, business judgement rule and more.

In the scope of this report, it is important to note that as of December 31, 2022, out of 10 Board members, the company did not have a female director. However, on August 3, 2023, the Company's Shareholders (the "**Shareholders**") approved the appointment of Mrs. Zvia Lipshitz Goldfarb as an external director in the Company, reflecting our commitment to fostering gender diversity.

The Company's core operations, as discussed in other sections of this report, is in the field of air transport of passengers and cargo, by regular and charter flights. Complementary to these activities, the Board comprises members with a spectrum of competencies and experiences that directly correlate to the Company's operations, including:

- 1. A Board member actively serving as a pilot and an instructor in piloting.
- 2. Another Board member who is a former Minister of Transportation in Israel.
- 3. A Board member who formerly held the role of CEO of the Israeli Ministry of the Economy and CEO of the Israeli Ministry of the Interior.
- 4. The Chairman of the Audit and Compensation Committee, serving as a member of the Committee for over 8.5 years (since 2020 as the chairman), has amassed a wealth of experience within the Company's operational domain.
- 5. Furthermore, a Board member, who served as a director in another airline company for several years, thus contributing substantial industry knowledge to the Company's strategic discussions.

Reflecting this diversity, as mentioned above, the Chairperson holds positions as a board member in two of the Company's subsidiaries, as does another Board member. Additionally, one Board member holds a position as a doctor within academic institutes. Furthermore, among the remaining Board members, some have taken on roles as CEOs and chairmen in companies outside the scope of the Company's operations. This varied composition contributes to a rich blend of expertise and perspectives at the governance level.

Nominating Process

Governance

Since EL AL is a public company which is listed on the Tel Aviv Stock Exchange, the nomination and appointment of Board members is governed by the Companies Law and the Israeli Securities Law-1968 (the "Securities Law"). The Board members may be nominated by the Shareholders; however, they are appointed by the Board, and their appointment is approved in the following annual General Meeting of the Shareholders (as defined hereafter) by a simple majority. Director's remuneration, including the chairperson's, is approved by the Audit and Compensation Committee and then the Board, consistent with our established Compensation Policy as was approved by the General Meeting of the Shareholders (the "General Meeting"). The Chairperson's remuneration must also be approved by the Shareholders by a special majority. In addition, If a director is also a controlling shareholder or an interested party in the Company, their compensation must also be approved by the Shareholders by a special majority.

The nomination and appointment of External directors, mandated for public entities (at least 2 according to the Companies Law), must be approved by the Audit and Compensation Committee, the Board, and the Shareholders by a special majority. As mentioned above, Several of the Board's Committees, including the Audit and Compensation Committee, and the Financial Statements committee, are essential in our governance framework, with a statutory majority of independent directors, as stipulated by the Companies Law. The Board is committed to expertise, with seven directors possessing "accounting and financial proficiency" as of December 31, 2022, including all the external directors (whereas according to the Companies Law, only one external director must have such proficiency).



Our Governance Responsibility

Remuneration

As a publicly traded entity on the Tel Aviv Stock Exchange, our officers' remuneration is structured in accordance with the requirements of the Israeli law and regulations, including the Companies Law and the Securities Law.

The Company is committed to transparency and good corporate governance in its remuneration practices, as reflected in its Compensation Policy. The Compensation Policy, which is required to be approved once every three years according to the Companies Law, sets the upper limits for remuneration of the officers, and among others, the CEO, Chairman, and the VP's. The current Compensation Policy was approved by the Shareholders on October 18, 2022, by a special majority in a General meeting, in accordance with requirements of the Companies Law and is valid until 2025. The Audit and Compensation Committee which consists of all of the independent directors and all of the external directors, approves the proposed remuneration in alignment with the current Compensation Policy and the Israeli law.

Following the Audit and Compensation Committee approval, the Board is responsible for finalizing the remuneration framework. In adherence to the Companies Law, the remuneration of the CEO, Chairman, and any Board member or senior executive who qualifies as a Controlling Shareholder or a relative thereof necessitates special majority approval by the Shareholders. This dual-layered process ensures thorough scrutiny and transparency. The Compensation Policy governs remuneration practices for both Board members and senior management, including the CEO.

The Compensation Policy encompasses several key segments:

→ Fixed pay:

The Compensation Policy sets forth specific guidelines for determining the maximum fixed pay per month for the CEO, Chairman, and VP'S, it stipulates that the remuneration of Board members shall align with relevant Israeli laws and regulations.

→ Variable pay:

The Compensation Policy outlines that Company officers may be eligible for variable pay, subject to the sole discretion of the pertinent organizational body within the Company. The variable pay is designed with position-based caps, in accordance with the individual's role within the organization.

Equity compensation:

The Compensation Policy acknowledges that Company officers are entitled to equity compensation, as detailed within the terms specified in the Compensation Policy.

→ Bonuses:

The Compensation Policy also encompasses provisions for annual grants, special bonuses and / or retirement bonuses, with eligibility conditions and particulars explicitly laid out in the Compensation Policy.

It is essential to highlight that the Compensation Policy upholds the principles of fairness, accountability, and compliance with applicable laws and regulations. The Compensation Policy contributes to fostering a culture of responsible and ethical remuneration within the organization.

Total compensation for highest paid individual for the year 2022: **NIS 2,550,728**

→ Median total compensation for all employees for the year 2022: **NIS 18,514**

The highest compensated individual within the organization was our CEO. This compensation encompasses the gross value of the annual salary and supplementary benefits, including equity compensation.



ELAL



Our Governance Responsibility

Remuneration Ratios

As part of our commitment to transparency and accountability, we present the remuneration ratios that sheds light on the relationship between the remuneration of the highest salary earner in the organization, typically the CEO, and the median as well as the average salary of other employees excluding that individual.

1. Ratio to median salary:

The ratio between the remuneration of the highest salary earner and the median salary of other employees, excluding that individual, is 1:13.5. This calculation is based on comprehensive data, encompassing base salary, grants, and benefits. Importantly, this ratio does not incorporate pension contributions or similar factors. Detailed in sights and supporting figures are available in Chapter B of the Company's financial statements for the fiscal year 2022.

2. Ratio to average salary:

The ratio between the remuneration of the highest salary earner and the average salary of other employees, excluding that individual, is 1:7.5. Similar to the previous calculation, this ratio reflects a comprehensive assessment that includes base salary, grants, and benefits. Omitted from this calculation are factors like pension provisions. For a deeper understanding and additional data, kindly refer to Chapter B of the Financial Statements.

These remuneration ratios underscore our dedication to openness and provide valuable insights into the distribution of remuneration across our organization.

Tax Policy and Transparency

Our approach to tax policy is rooted in adherence to Israeli tax regulations. For further information on the Company's tax treatment, please see Note 17 In Chapter C to the Financial Statements.

Within our organizational framework, tax matters are handled in a meticulous manner.

The Chief Financial Officer (CFO) and his department is responsible for tax risk management. They proactively identify, assess, manage, and monitor tax risks. For further information please see Note 17 In Chapter C to the Financial Statements.

As a public company, our Financial Statements Committee plays an instrumental role in overseeing our financial reporting and ensuring compliance, including tax matters. The CFO and the financial department collaborate closely with the committee in the assessment and preparation of financial reports.

Our commitment to ethical practices extends to tax considerations.

While we don't currently possess a tax strategy, the Company's Comptroller department bears the responsibility for ensuring compliance with any relevant and applicable tax laws, regulations and practices.

→ Assurance process

The Financial Statements were prepared in accordance with the International Financial Reporting Standard (IFRS) and are audited by external audit firms to validate the accuracy of our financial data, including tax disclosures.

> Financial information and tax reporting by jurisdiction

Governance

While Israel remains our primary tax jurisdiction, our subsidiaries' incorporations in different countries entail varied tax jurisdictions. These include, inter alia, the State of New York (USA) and the United Kingdom. For further details please see Notes 17 and 21 in Chapter C to the Financial Statements.

For more information, please refer to our Financial Statements.



The Report EL AL Material Topics Environment Social

ELTVALTX ESG Report 2022_

Our Governance Responsibility

Compliance with Laws and Regulations

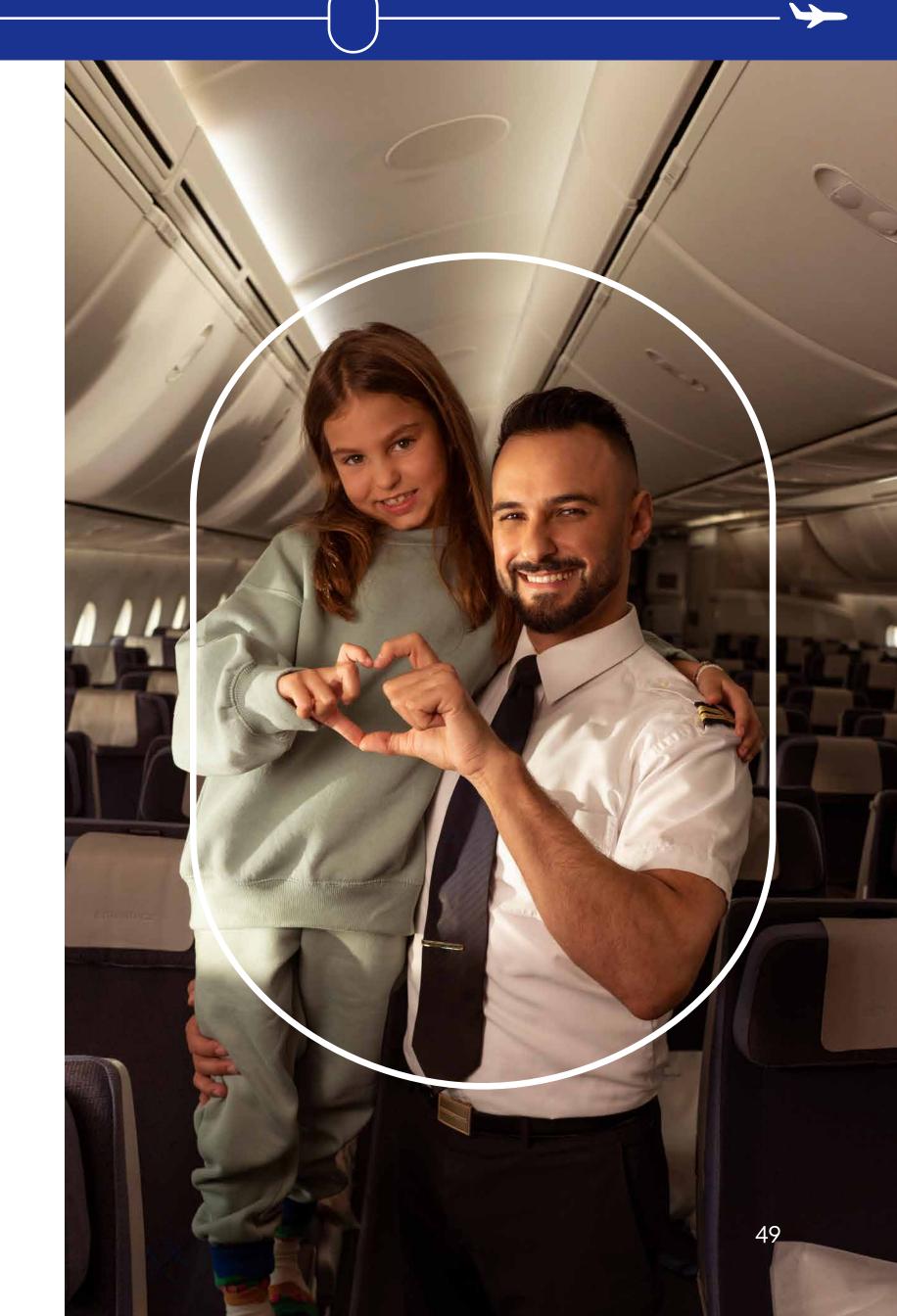
As a publicly traded entity on the Tel Aviv Stock Exchange, the Company adheres to all relevant Israeli laws and regulations regarding related parties' transactions. This encompasses full compliance with the stipulations laid out in the "Related Parties Transactions" section of the Companies Law. As per this provision, any instances of conflicts of interest are diligently presented to the Audit and Compensation Committee. The Audit Committee is responsible for reviewing the terms of the transaction. If the Audit and Compensation Committee approves the proposed transaction, the matter is then brought before the Board for approval. Following the Board's approval, the Company proceeds to publish an invitation for a General Meeting, in which the Shareholders will be asked to approve the transaction. The Invitation includes all the relevant data regarding the transaction and the reasons for the approval of the proposed transaction by the Audit and Compensation Committee and by the Board. For a transaction to be approved at the General Meeting, the Companies Law requires it to be approved I by a special majority vote, i.e., Shareholders who do not bear any personal vested interest in the proposed transaction.

Following the recommendations of the Audit and Compensation Committee, the Board appointed the Company's Corporate Secretary as the internal enforcement officer in relation to securities laws ("the Officer"). The Company's Internal Enforcement Plan ("Plan") reflects the company's recognition of the importance

of compliance with the applicable law by its Board members, management, employees, and relevant service providers. The Plan focuses on various issues, such as the prevention of conflict of interests, prevention of the use of inside information, disclosure of information to media factors and more. The Plan also focuses on the ways in which the Company is required to act in case violations of the Plan occur. The Policy also includes a mechanism for assessing the damage caused by violations and preventing their recurrence. The Plan aims to instill and enforce norms of legal compliance, ethical principles, and other codes of conduct within the Company and its employees, thereby ensuring compliance with the applicable laws and regulations.

The Plan includes internal identification measures for violations and potential failures, which, among other things, aim to identify and address failures, optimize reporting processes, identify and address conflicts of interest, prevent information leaks outside the company, and prevent any illegal influence on the company's stock trading. It should be noted that the Plan assists the CEO and the Board in carrying out their supervisory duties.

The Plan includes a framework for the operation of the internal enforcement program in the Company as well as the procedures to implement the Plan. During 2022, the Officer continued to take various actions to implement the Plan among the Company's Board, management and employees, including providing internal enforcement training to the Company's employees and management, to the subsidiarie's employees, and advisors providing services to the Company. Regular reviews were



Governance

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Our Governance Responsibility

The Officer provides the Board with a report on the enforcement activities, a description of the actions taken during the reporting period in connection with the implementation and integration of the Plan, a review of compliance events, the measures taken to address such events and to prevent similar events in the future, as well as updates regarding legislative amendments, regulatory guidelines, and significant decisions made in the context of legal proceedings in the field of securities and corporate law.

In 2014, the Board approved an internal enforcement program in the area of competition law (together with the Plan, the "Enforcement Plans"), which includes a framework for the Company's internal enforcement program and key policies in areas of the Company's operations. Following the recommendation of the Corporate Governance Committee (which ceased to exist in 2023), the Company's Chief Legal Counsel was appointed by the Board as the senior officer responsible party for internal enforcement in area of competition law. The implementation and adoption of an effective enforcement program are intended to increase awareness among employees and managers of the requirements of the relevant laws and regulations, including the Israeli Economic Competition Law-1988 and the orders and instructions published by Israeli Competition Authority. This program is also intended to reduce exposure to enforcement proceedings and claims against the Company, its employees, and its management.

Annually, the Company conducts comprehensive training sessions for its workforce, focusing on the intricacies of its Enforcement Plans. Furthermore, as part of the Company's commitment to

sustained compliance, it has devised mandatory educational computer programs encompassing diverse compliance-related subjects. These programs are obligatory for all of the Company's employees and officers.

To ensure mastery of the content, participants are required to attain a predefined minimum score. In cases where the initial score falls short, individuals are required to revisit and complete the program until they meet the stipulated threshold. This iterative approach guarantees an in-depth understanding of compliance essentials among the Company's personnel, underpinning its dedication to robust and sustained adherence.

In 2018 the Board approved an internal enforcement program regarding the prohibition and prevention of bribery and corruption. The Company appointed the Vice President of Human Resources as the responsible party for enforcing this program. The enforcement program reflects the Company's high regard for strict compliance with the applicable anti-bribery and anti-corruption laws.

During July 2022 the US Department of Transportation (DOT) issued a notification to the Company regarding an impending fine. This penalty was based on an alleged contention that the Company had prolonged the reimbursement process for customers who had acquired flight tickets to and from the US during the COVID 19 pandemic. Subsequent dialogues between the Company and the DOT led to a mutual agreement. For further information, please see note 16.B in Chapter C to the Financial Statements.



Governance



ELTVALTX ESG Report 2022_

Our Governance Responsibility

Audit

As mentioned above, the Company is a public company in accordance with the Companies Law, and, therefore, the Company's Internal Auditor is appointed in line with the Companies Law requirements. The Internal Auditor is recommended by the Audit and Compensation Committee and approved by the Board. It is mandatory that the Internal Auditor maintains his independence as long as he continues to act as the Internal Auditor.

The Internal Auditor's annual plan, which determines his scope of work (and is determined a year in advance), is carefully crafted, considering various factors such as GDPR, cyber, risks associated with the Company's operations, safety and security measures for passengers, employees, aircraft, and compliance with regulations. It is worth noting that the Internal Auditor actions align with the legal and regulatory requirements.

As a public company, the Company must engage with an external auditor ("External Auditor"). The main focus of the External Auditor is to review and audit the Company's annual and quarterly financial statements.

As of December 31, 2022, the Company's¹² External Auditor were Deloitte Israel. External Auditor appointments follow an annual cycle, as required by the Companies Law. Each year, the External Auditor is appointed at the annual General Meeting by the Shareholders by a regular majority, serving until the subsequent annual General Meeting, unless terminated earlier.

In 2022, the Internal Auditor utilized a total of 7,600 hours, which also included the audit of the Company's subsidiaries. For further details please see section 4.C in Chapter B to the Financial Statements.

Business Ethics

The Company's code of ethics¹³ reflects its commitment to integrity, transparency, and responsible conduct in all its business activities. The Company recognizes the importance of ethical behavior and is committed to promoting a culture of ethical conduct among its employees at all levels. To this end, the Company has implemented a comprehensive training program to ensure that all employees are familiar with the code of ethics and understand its principles. This training program is an important step towards ensuring that the Company's values are shared by all its employees and that they are equipped with the knowledge and skills necessary to act in accordance with the code of ethics in all of their interactions with customers, suppliers, shareholders, and other stakeholders.

In 2022, we began a renewed process of writing the company's ethical code. A validation committee, comprising all stakeholders - employees, customers, and suppliers - was appointed for the code's drafting. The code was written throughout 2023 and upon its completion, it was approved, launched, and implemented within the Company.

Additionally, the Company holds a Code of Conduct ("CoC"), which is an integral part of the Company's Code of Ethics. The CoC has been formulated and included as an integral part of the collective agreement. This code outlines the expected standards of behavior and compliance that all parties involved in the agreement must adhere to. It serves as a fundamental framework for professional conduct within the context of the agreement, providing guidance on issues such as rights and responsibilities, conflict resolution, and other relevant matters.

We uphold the principles of integrity and transparency throughout our organization to combat corruption effectively. Our commitment to anti-corruption practices is exemplified through regular training initiatives. We provide anti-corruption training to both executive and non-executive management personnel. By ensuring that our management teams are wellinformed about the anti-corruption measures, we empower them to uphold the highest ethical standards and contribute to a culture of integrity across the Company. This commitment reinforces our dedication to promoting honest and ethical conduct in all our business dealings, thus mitigating the risks associated with corruption.

Stats of 2022 ABAC training sessions:

Executive management - 54 Non-executive management - 3518 Board members - 5

¹²It should be noted that as of March 2023, the Company engages Ernst & Young Israel as its External Auditor.

¹³The Company adopted new Code of Ethics in 2023.

ELAL



Our Governance Responsibility

Whistle Blower Mechanism

Our commitment to responsible business conduct ensures that every employee has the possibility to voice its concerns regarding any of the Company's actions, operations and/or business partnerships. The Company's employees have the option to submit complaints to our Internal Auditor, both directly and anonymously through a confidential channel. Complaints may be submitted in writing to the Internal Auditor.

Annually, the Internal Auditor compiles a report on employee complaints, which is presented to the Audit and Compensation Committee, which assesses the complaints and ensures their proper handling by the relevant departments, thus reinforcing our dedication to maintaining transparent and accountable practices. Anonymity is respected for those who choose to raise concerns.

Risk Management and Business Resilience

In the realm of risk management, the Company's approach is rooted in comprehensive assessments and robust governance practices. Currently, the Company is in the process of enhancing its risk management framework to better align with industry best practices and regulatory standards.

Presently, the Company does not conduct an annual assessment specifically focused on risk management. Concurrently, the intention is to establish a dedicated risk management policy, thereby formalizing the Company's commitment to proactive risk mitigation. It should be noted that the Company has several specific risk management policies, in relation to cyber security and data protection, and in relation with credit risks and market risks.

(a) Leadership and Governance:

The highest-ranking role responsible for risk management within the organization is a manager in the Company. This role underscores the Company's intent to address risks comprehensively and strategically. Risks related to cyber security are managed by the Company's CISO. Risks related to market risks are managed by the Market Risk Management Committee.

(b) Board Engagement:

The Board and its committees receive quarterly updated regarding various risk management issues, such as cyber security risks and market risks. It should be noted that the Company is actively working towards integrating risk management considerations into its governance discussions, further demonstrating its commitment to comprehensive oversight.

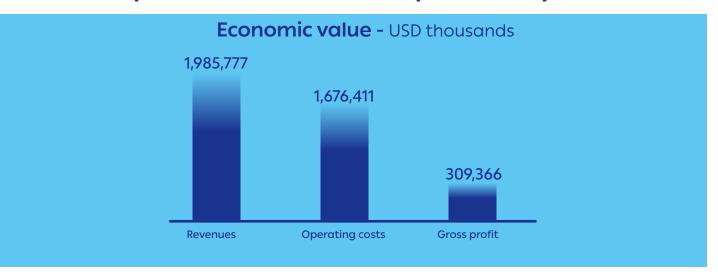
(c) Board Committee Involvement:

The Company currently does not have a designated Board committee focused on risk management analysis as a whole. However, the Market Risk Management Committee is responsible for supervising the implementation of the market risks management policy as approved by the Board.

It is noteworthy that within the past year, risk management discussions primarily occurred within individual departments. Each department assumed responsibility for identifying potential risks stemming from their activities and presenting them to the Board, although a broader, more coordinated approach is on the horizon. As we continue to evolve our risk management framework, the Company's dedication to transparent, effective risk management remains resolute.

Economic performance and responsibility

Governance



For further information, including the tax benefits the Company received from the Israeli Tax Authority, please see section A3 in Chapter B to the Company's Financial Statements

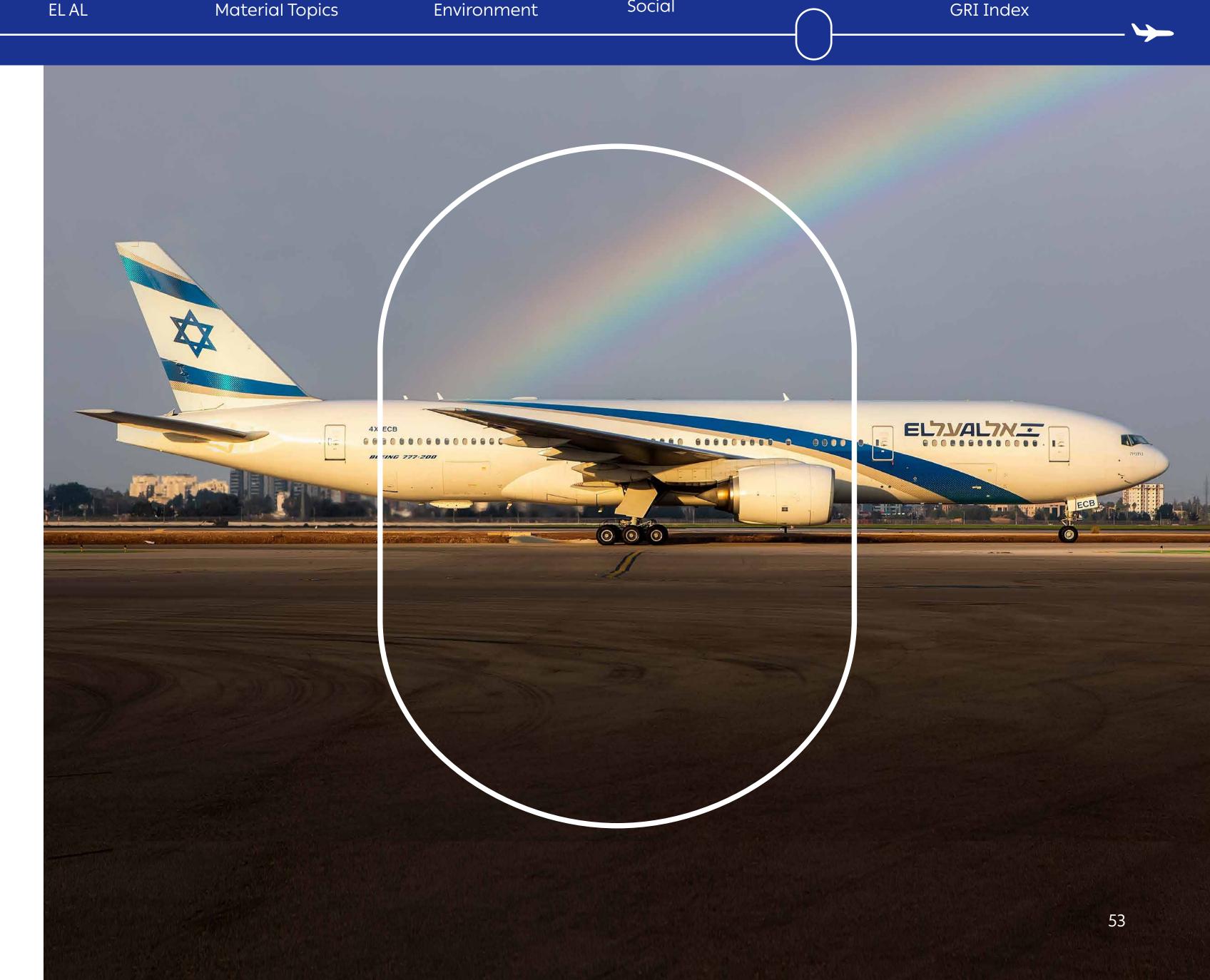
The Agreement between the Company and the Israeli Government included a covenant of the Company, according to which the Company undertook not to distribute dividends until the end of 2025. The Company was eligible to tax benefits, as mentioned above and as further detailed in the Financial Statements.

Our Governance Responsibility

In November 2022, the Company settled the outstanding balance of loans acquired from the Israeli Government during the COVID-19 pandemic, totaling approximately \$45 million. As of December 31, 2022, the Israeli Government qualified as an "interested party" under the Companies Law, holding 13.08% of the Company's regular shares. On July 3, 2023, the the Israeli Government sold 12,208,979 of the Company's regular shares, thereby holding less than 5% of the Company's shares, and therefore, as of that date, it ceased being an interested party in the Company.

In addition, and as mentioned above, the Israeli Government holds a Special Share in EL AL¹⁴.

For further information regarding the Special Share, please see Note 18.D in Chapter C to the Company's Financial Statements.



¹⁴In July 2023 the Israeli Government divested a portion of its shares, resulting in its current ownership of less than 5% of the Company's shares. Consequently, the Israeli Government no longer maintains its status as an interested party in the Company.

EL AL



Our Governance Responsibility

Cyber & Privacy

EL AL takes a comprehensive approach to manage its cyber security, information protection, and privacy protection. This strategy is led by a dedicated Data Protection Officer (DPO) who ensures compliance with applicable laws, including GDPR. An external contractor acts as the Chief Information Security Officer (CISO), overseeing cyber security risks. This effort is supported by the organization's cyber security and data protection-related risk management policy, which the CISO oversees the implementation of such policy, and regular penetration tests. The company strictly adheres to Israeli privacy laws, including the Israeli Protection of Privacy Law-1981 and Protection of Privacy Regulations (Data Security) – 2017, as well as various international regulations such as GDPR.

Atthehelmofthese matters is the Board, with daily management handled by the DPO and CISO. The Audit and Compensation Committee also engages with these topics, ensuring vigilant oversight. These issues are discussed quarterly at Board meetings.

The Company invests resources in cyber risk management and technologies, including SIEM tools, firewalls, intrusion detection and prevention systems, cyber awareness, cyber threat intelligence platforms, DLP solutions, encryption and identity management tools, cyber response training, and physical security measures.

A robust training program in cyber security, data protection, and privacy is mandatory for all employees and management, with the same standards extended to suppliers and contractors.

The Company's internal auditor conducts annual assessments of cyber security, information protection, and privacy efforts, reporting his findings to the Board.

In 2022, the company conducted training programs in the areas of cybersecurity, information protection, and privacy protection. Approximately 3600 Employees (approximately 60% of the Company's employees) engaged in these training sessions, collectively accumulating 1 training hour each. This approach ensures that a broad audience within the organization is exposed to these critical topics, promoting awareness and preparedness across the workforce.

Quarterly risk assessments are conducted by the DPO and CISO, presenting their reports to the Board for informed decisions. As mentioned in the Company's Financial Statements.

Channels for concerns and inquiries related to these areas are readily available, maintaining transparency and accessibility. Information breach and cyber security insurance coverage is in place, with no reported incidents or discussions in these domains.

Overall, the organization's holistic and proactive approach to these critical aspects underscores its commitment to robust cyber security, information protection, and privacy practices.





Our Governance Responsibility

Crisis Management

Our commitment to effective crisis management and business continuity underscores our dedication to safeguarding operations and minimizing disruptions. While we are in the process of bolstering our crisis management framework, the Company's focus on resilience is steadfast.

At present, the Company is actively working on the formulation of a business continuity policy. This underscores our proactive approach to managing disruptions and ensuring the continuation of critical operations.

(a) Leadership and Governance:

The leadership of business continuity falls under the purview of the Vice President of Operations, who spearheads this initiative. This leadership role ensures that our resilience strategies remain integrated into our operations.

(b) Board Engagement:

Business continuity holds a prominent position within Board discussions, reflecting its significance in our operations. The Company is committed to transparent, comprehensive governance practices.

(c) Board Committee Involvement:

A dedicated Safety Committee at the Board level plays a pivotal role in analyzing and addressing business continuity concerns, thereby reaffirming our commitment to effective crisis management strategies.

(d) Training and Preparedness:

We believe in equipping our employees and emergency teams to respond effectively to various scenarios, ensuring business continuity.

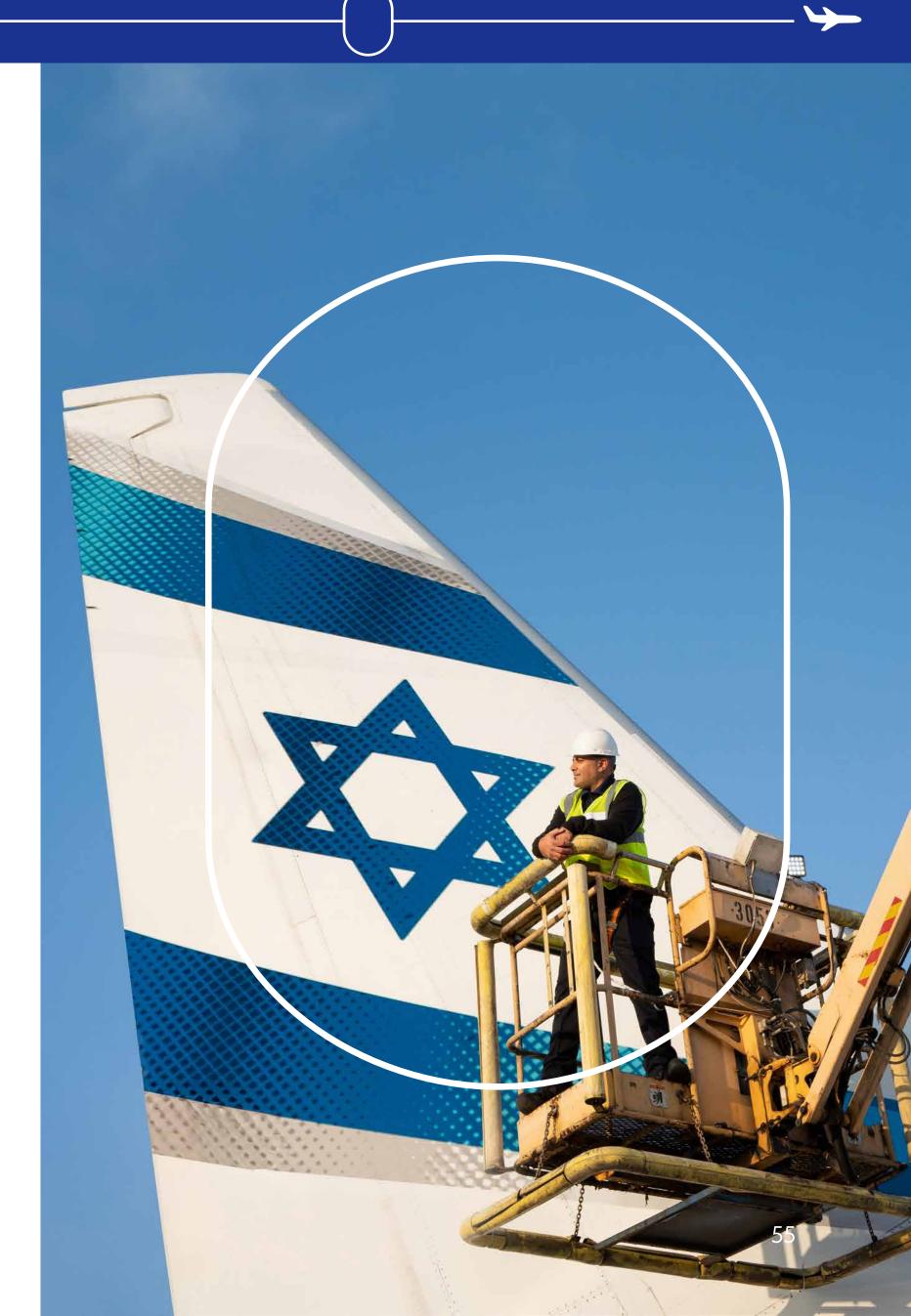
(e) Extreme Scenarios and Damage Control:

As mentioned above, The Company intends to establish business continuity policy and procedures in order to operate in extreme scenarios, including cyber-attacks, epidemics, and natural disasters. Regular drills, including Business Continuity Plan (BCP) drills are conducted to assess our preparedness in such events, a testament to our commitment to proactive crisis response.

(f) Investigation and Learning:

ELAL

In the aftermath of significant events and crises, the Company undertakes internal investigations to evaluate our response. By analyzing these events, learning valuable lessons, and adapting our strategies, we ensure continuous improvement and greater resilience in the face of challenges.



Responsible Supply Chain

ELTVALTX ESG Report 2022_

Supply chain strategies, plans, policies, management systems

EL AL is committed to responsible sourcing. We believe that responsible sourcing is essential to our business success and to our commitment to sustainability.

Our Code of Ethics is conveniently accessible to all stakeholders through our official website (both in Hebrew and in English). The Company has engaged with external consultants in order to elaborate its policy and enhance sustainable supply chain practices.

Supplier's environmental assessments

Our supplier selection policy highlights a preference for sustainable procurement practices. In cases where two supplier proposals are equivalent, priority is given to options aligned with green procurement, ethical codes, or Israeli origin. For instance, construction contractors are required to responsibly manage waste disposal in accordance with relevant laws, ensuring proper disposal procedures for construction waste. This approach underlines our commitment to ethical and environmentally responsible sourcing.

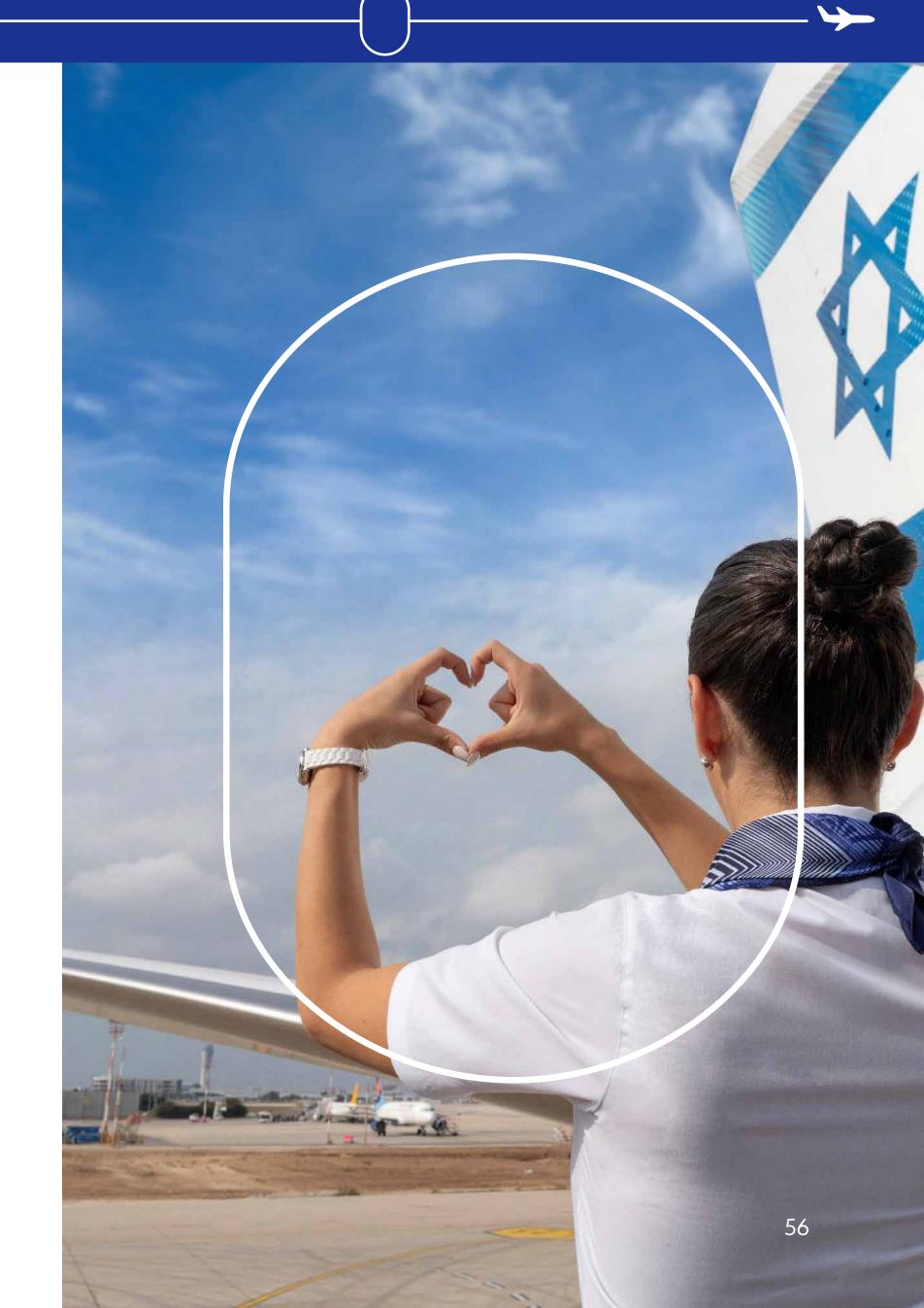
Supplier's social assessment

Over the past three years, we have diligently reviewed our supplier's practices, ensuring they align with human rights principles. These reviews, encompassing equal treatment, freedom of association, and equitable compensation, are complemented by a robust policy that mandates human rights integration into supplier agreements.

Responsible and fair engagement with suppliers

We are committed to an inclusive approach in our supplier management, ensuring equal opportunities for suppliers. Our selection process is based on a competitive evaluation of pricing and the quality of services or materials, fostering fairness in our engagements. This approach reflects our dedication to maintaining transparent and mutually beneficial relationships with our suppliers.

EL AL's commitment to responsible sourcing and ethical supplier engagement is central to our business values and sustainability objectives. As we move forward, we remain dedicated to the principles mentioned above, striving for responsible and fair supplierrelationshipsthatcontributetoourbroadersustainability goals and the success of the Company.



Governance

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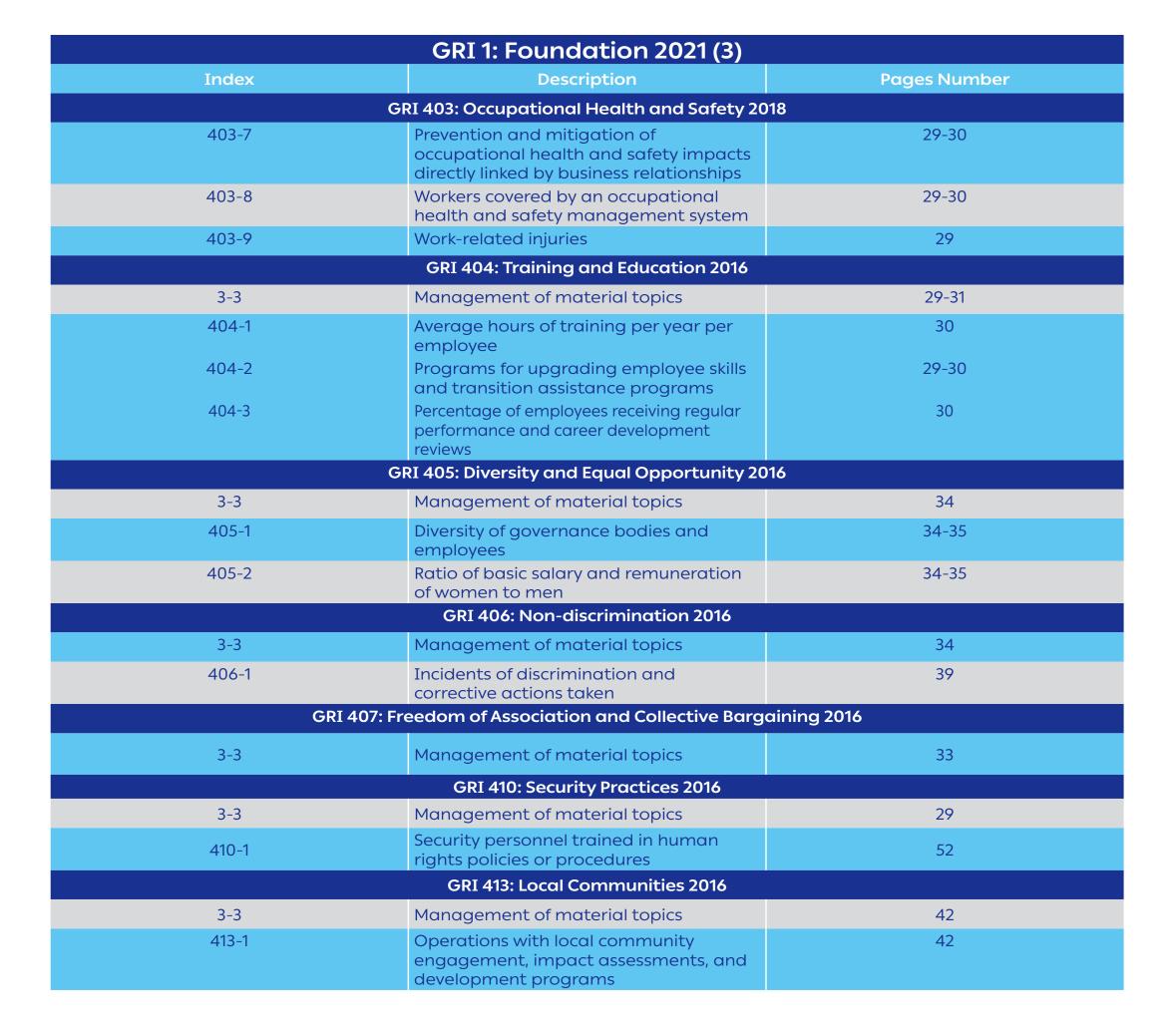
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