



ESG report
2021

**To improve the environment,
and the quality of life within it,
through new solutions that make
it possible to transform waste
into raw materials, products, and
shared economic and social valu'**



Annually recycles
400,000
tonnes of waste paper

200
Trucks used for waste paper collection



Produces
430K
tonnes of recycled containerboard



Net income
65
Million ILS



100%
of Group trucks comply with Euro 6 standards

80%
of containerboard in the Group's corrugated packaging is recycled

100%
of the Group's containerboard is recycled

Annual EBITDA
270
Million ILS



Produces
250K
sqm of corrugated boards



Infinya Packaging holds Forest Stewardship Council COC (Chain of Custody) certification, which requires that products originate from well-managed forests, controlled sources, or reclaimed materials. The Group is certified under the ISO 14001 standard for Environmental Management Systems.

The Group's subsidiaries are industrial companies that focus on recycling, containerboard and sustainable packaging based on local manufacturing and local waste as a raw material



Social & Corporate Governance

The Group's subsidiaries are industrial companies that focus on recycling, containerboard and sustainable packaging based on local manufacturing and local waste collection



More than 80% of Group employees live outside Central Israel



1,500 loyal employees



One third of Group employees are Israeli Arabs



18% of managers are women, a higher percentage than the percentage of women in the Group's overall workforce

A Word from Our Chairman and CEO

We are proud and excited to present the Infinya Group's first Environmental, Social & Governance (ESG) Report. The release of this inaugural report reflects our longstanding commitment to promoting corporate responsibility in the environmental, social, and governance spheres – a commitment that has driven many Group activities over the years. This report is consistent with the increasing trend toward regulating ESG transparency among public companies in Israel, as well as the public's demand for accountability on the part of commercial enterprises. We view this as a genuine, valuable opportunity to review our performance and share our achievements as they relate to ESG criteria.

Generations of Israelis are familiar with Hadera Paper Mill. It is a household name and an industrial icon that has become emblematic of innovative, productive Israeli industry. With this in mind, it is easy to understand the reservations we had when we led the process of rebranding the company under its new name, Infinya. However, in light of the enormous environmental challenges facing humanity as a whole, and the State of Israel in particular, we are more confident than ever in the message expressed in this name, which evokes the infinite – that which cannot be bowed or broken, and will endure forever. This same principle is at the very heart of the circular economy and is therefore the guiding principle of the Group's value chain. Our raw materials are the waste created by Israeli society, and we are at the heart of an inexhaustible, endless cycle of reusing these materials.

Ministry of Environmental Protection estimates show that each person in Israel produces about 7.1kg of waste every day, making Israel one of the largest waste producers in the world, per capita. In total, Israelis produce some 4.5 tonnes of waste every year. The Infinya Group, however, shows that there is light at the end of the tunnel. Infinya currently recycles around 400,000 tonnes of waste per year, and this is just the beginning. Without our actions, Israel would have been drowning in yet more waste (and particularly high-volume waste), significantly impacting quality of life for ordinary Israelis.

For over a decade now, Infinya's core business has been in recycling

and packaging. In 2016, we adopted and began to implement a focused business strategy intended to create stronger bonds between the Group's companies or, to put it in business terms, "strengthen the vertical integration of the value chain." We were no longer simply a paper mill churning out reams of A4 paper, but a modern Group maintaining an infinite circular economy in the field of recycling and cardboard packaging. A company able to collect waste paper amounting to hundreds of thousands of tonnes, and give that waste new life by transforming it into advanced, recyclable, and innovative packaging products, using the world's most efficient, state-of-the-art technology.

Over the past 7 years, Infinya has made tremendous investments of some NIS 700 million in the latest production processes and equipment. These investments, some of which have not yet been fully realized, are intended to enable the company to grow and compete successfully in the global market, under any market conditions, for many years to come. Infinya is a circular economy pioneer in Israel and is expected to make a real difference to all of us: shareholders, employees, managers, and the Israeli economy, as well as to the overall environment and quality of life in this country.



Ishay Davidi
Chairman



Gadi Cunia
Group CEO



The Group has defined supportive values that represent the people and vibrant spirit of its community



Optimism & Joy

We are a brand that promotes the use of effective recycling solutions to protect the environment for the benefit of future generations



Innovation & Progress

We adopt a forward-thinking mentality in an effort to find the next innovation that will help Israel recycle more kinds of waste and realize our vision



Shared Value

We have the privilege to operate in a field that produces shared value: economic value to stockholders and employees, and sustainability for society in general



Leadership

We are leading the way and serving as a confident, inspirational role model to others

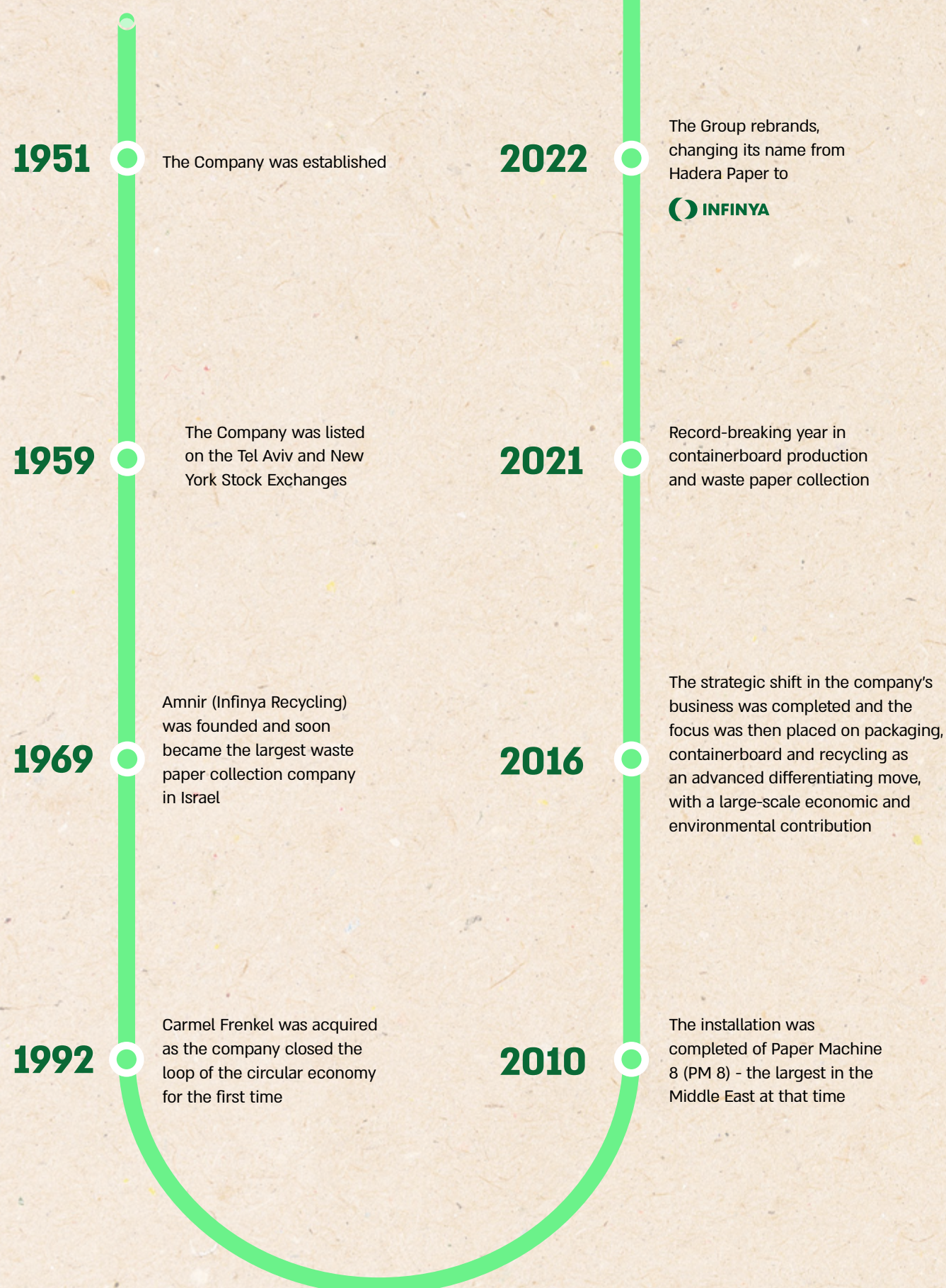
Three companies consist the group's value chain



The Circular Economy A Core Value for Our Business Activities

The Infinya Group focuses on recycling cardboard and packaging materials. The Group's activities are designed to enable various solutions to the major environmental challenges that Israel faces by reducing the amount of waste being transferred to landfills and reusing valuable materials. Circular economy principles are fully and comprehensively integrated within the Group's core business, thereby sustaining a unique, infinite circular value chain beginning and ending with Israel's paper and cardboard waste resources.

Our Journey



Over 70 Years of Israeli Industry

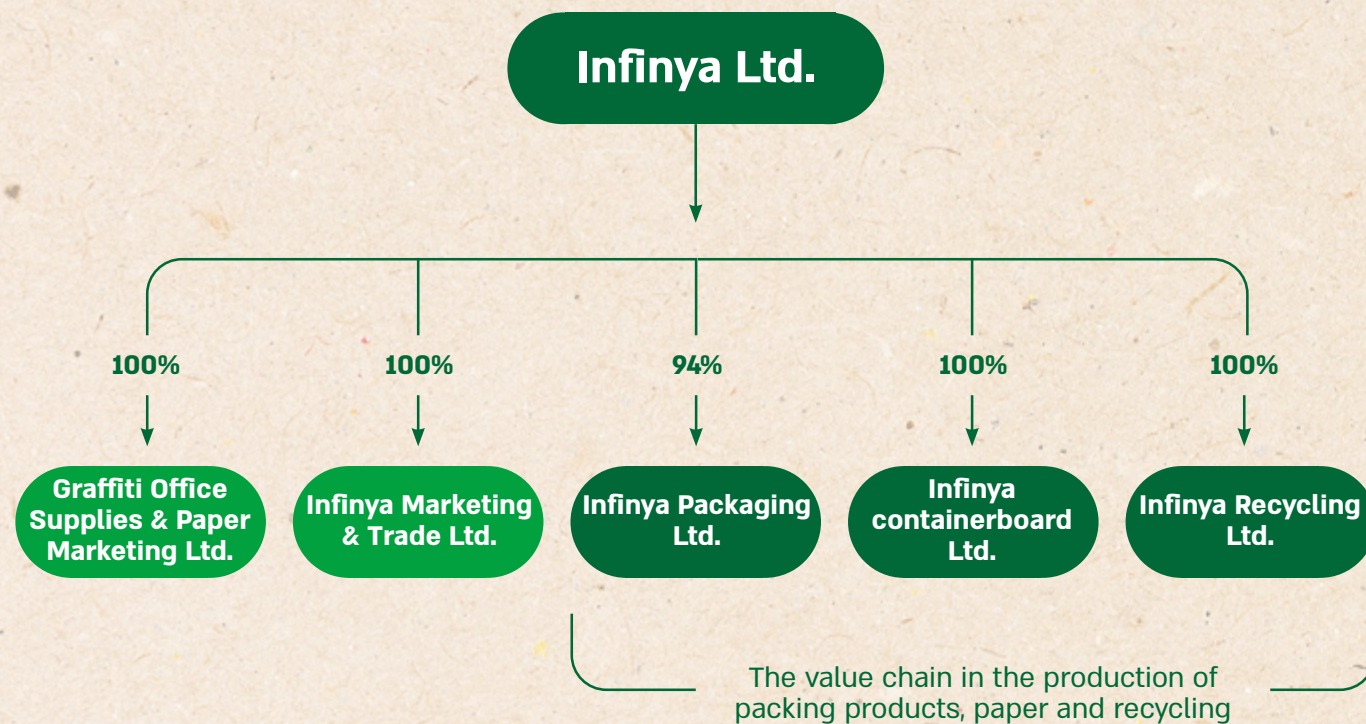
Infinya Ltd. (formerly Hadera Paper) was established in 1951 under the name "American Israeli Paper Mills Ltd.", and was listed on the Tel Aviv and New York stock exchanges in 1959. The company's original business focused on manufacturing various kinds of paper, but Infinya has since developed, expanded, grown, and changed its strategy to focus on the value chain related to recycling and manufacturing paper and cardboard. Over the years, its portfolio of services and products has been expanded with the development of innovative, sustainable products, as well as through the establishment and acquisition of additional companies and activities.

At the core of the Group's activity is a value chain that includes collecting paper and cardboard waste, manufacturing recycled containerboard, and manufacturing corrugated box packaging. The paper and carton waste collection is performed by Infinya Recycling, established in 1969 (as Amnir Recycling), which has cemented the company's position as a leader in paper and cardboard waste recycling. Cardboard packaging production is the responsibility of Infinya Packaging, which was

acquired in 1992. In 2010 the construction of Machine 8 was completed. It is one of the largest and most advanced facilities in the Middle East for the manufacture of containerboard from 100% recycled materials. The strategic shift in the company's business was completed in 2016 and the focus was then placed on the packaging, paper and carton recycling as an advanced differentiating move, with a large-scale economic and environmental contribution. The change was driven through adopting a circular approach as a closed system, one company manufacturing the raw materials of the next company. This approach creates synergy between all of the operational and manufacturing stages of the Group's companies, through maximum utilization of raw materials and increasing the reuse over as large a number of cycles as possible, of points along the production chain. The company delivers solutions and services to a wide variety of customers in the institutional and business markets, and is today the largest, leading group in Israel for waste collection and recycling solutions.



Group Structure



The owner of the controlling share of the Group since 2015 has been FIMI Opportunity Funds, which to date owns approximately 45% of the company's share capital. The remainder of the shares are owned by institutional investors (approximately 23%) and by the public.



The Group's business is concentrated at three main sites:

In Hadera – the paper mills and an Infinya Recycling plant for processing and sorting paper and carton waste, and for recycling plastic.

In the Caesarea Industrial Park – two packaging production factories belonging to Infinya Packaging, which include the world's most advanced digital printing facility.

In Modiin – another Infinya Recycling plant, which receives trucks loaded with recycled waste from all over the country to be sorted and pressed.



Board of Directors

The Board of Directors is charged with laying out the Group's long-term strategy, building work plans and budgeting for implementation of the strategy and defining business targets. The Board sets forth the business principles according to which the Group operates and decides the priorities. The Board supervises the company's business activities and instructs management how to accomplish the Group's strategy. In addition, the Board is responsible for drafting and approving financial reports and for deciding the company's remuneration policy.

The Board has eight members, three of whom (including the Chairman of the Board), are partners in FIMI, the controlling shareholder in the company. In addition, there are three independent directors, two of whom are defined as external directors.

Board Committees

The three Board Committees – the Audit Committee, the Finance Committee and the Compensation Committee – are comprised of the three independent directors, all of whom have accounting and financial experience. The committees deal with special high-priority issues. The **Audit Committee** is charged with controlling the good conduct of the company and, as such, is also in charge of the company's Internal Audit operation. The **Finance Committee** assesses the propriety and integrity of the company's financial reports and is part of the chain of approval. The **Compensation Committee** is charged with setting the remuneration policy for the office holders in the company, taking into account strategic considerations in determining the policy and taking the long-term view.

Members of the Board

Governing Body	Meetings in 2020	Meetings in 2021
Board of Directors	6	5
Audit Committee	3	4
Finance Committee	4	4
Compensation Committee	2	2

Members of the Board



Ishay Davidi
Chairman of the Board
Serving since 2015
Controlling shareholder in FIMI, the controlling shareholder in the company



Amiram Boehm
Director
Serving since 2015
Partner in FIMI, the controlling shareholder in the company



Amit Ben-Zvi
Director
Serving since 2015
Partner in FIMI, the controlling shareholder in the company



Yarom Ariav
External Director
Serving since 2017
Chairman of the Audit, Finance and Compensation Committees



Shalom Zinger
Independent Director
Serving since 2015
Member of the Audit, Finance and Compensation Committees



Rachel Lavine
External Director
Serving since 2017
Member of the Audit, Balance and Compensation Committees



Yitzhak Sharir
Director
Serving since 2015



Karen Cohen Truman
Director
Serving since 2018



Group Management Team

Group Management

The Group's management leads Infinya's activities, which encompass all of its business. Management is charged with implementing the company's business strategy, ongoing management of the company employees, and continual improvement and streamlining of all activities. Management plays a special role in managing the synergy among the component companies that constitute the Group's value chain. This is achieved by adopting a holistic perspective, enabling sustainable development and growth, and yielding optimal results for the Group and for its stakeholders. The senior management team consists of six executives, three of whom hold the position of CEO at the subsidiaries.



Gadi Cunia
CEO, Infinya Group



Lior Hellman
CFO



Anat Rothschild
VP, Legal council
and corporate Secretary



Adam Ben Tolila
CEO, Graffiti Office Supplies
and Paper Marketing



Guy Avraham Frenkel
CEO, Infinya Packaging



Eran Rosen
CEO, Infinya Recycling

Group Ethics

As a major player in Israeli industry, the Group bears a responsibility to the general public as well as to all its stakeholders. The Group is meticulous in its observance of the regulations and laws and also upholds ethical and professional conduct throughout all the spheres of its activity and influence. In order to define and implement the ethical principles according to which the Group operates, a code of ethics has been developed that describes the behavior expected from the Group's employees in their everyday conduct. The code of ethics addresses both fair and honest conduct with external parties, such as suppliers and customers, and the behavior expected from employees within the working environment.

To read the full code, please contact Infinya's Legal Advisor and Company Secretary at the following email address: anatr@infinya.co.il



Aspects covered by the company's code of ethics:



Suppliers and business customers

The company selects its business partners, including its suppliers, fairly and honestly, and bases its conduct on professional business considerations only. The company is committed to creating and cultivating its relationships with business partners through mutual respect and trust.



Customers

Above and beyond high-quality, loyal customer service, the company works with its customers in accordance with clear ethical principles. The Group is committed to providing reliable, professional service and all of its customer-facing employees are obliged to operate honestly, responsibly and efficiently. In addition, the Group has a management code for protecting intra-organizational and extra-organizational privacy. As part of this code, the Group protects its customers' privacy and is committed to keeping business and personal information confidential in order to prevent improper external use of this information.



Employees

First and foremost, the Group bears a responsibility toward its employees. The company is committed to protecting its employees' safety and dignity across all the various aspects of their work. At the same time, the employees have a responsibility to execute their duties professionally and honestly, respecting their fellow employees in the working environment.



In the Group's conduct with all of the parties relevant to its business, there is a prohibition of any conflict of interest and also of any inappropriate practices, such as the giving or receiving of gifts. The company considers the observance of these ethical principles to be key to the formation of long-lasting contacts and collaborations with its various stakeholders. The Group believes that relationships based on fairness and mutual respect will be the ones that yield the greatest, most meaningful value for all concerned.

Ethics Incidents – Integration and Reporting Methods

All Group employees are sent a personal email several times a year that refreshes the procedures, clarifies selected issues, and directs any person seeking to file a complaint or investigate an ethical issue of any kind to contact Infinya's Internal Auditor. All investigations can be performed anonymously and the employee's confidentiality is maintained in full.

In addition to the code of ethics, orderly procedures have been implemented in the Group for reporting legal and ethical irregularities and violations ("Reporting Procedure for Group Employees Regarding Irregularities and Protection for Whistleblowers"). The procedure details the cases in which employees are required to report unusual events and specifies who should be contacted, how the reporting employee must be protected, and how the cases are to be handled. All Group employees bear a personal and professional responsibility to report any irregular conduct they witness. In such cases, every employee is permitted to contact the company's Internal Auditor (including anonymously), in person or in writing, and to report the details of the incident that he or she witnessed. The name of the reporting employee will not be disclosed insofar as this is not required for completing the investigation process and handling the case. The Internal Auditor shall open an inquiry for each case. The procedure sets forth and emphasizes the protective mechanisms for the whistleblower. It emphatically forbids any harm or harassment of the said employee. No cases were opened or received in 2020 and 2021 regarding any ethical or legal violations.

Prevention of Corruption and Bribery

The Group has an orderly procedure for preventing corruption. This procedure was approved several years ago and is updated periodically on an as-needed basis. The procedure takes the form of an extremely comprehensive management document, including a declaration of zero tolerance for corruption in any form. The procedure also includes a list of "red flags" indicating the type of conduct that might provoke concern regarding corruption or bribery. In the event that an employee should encounter such conduct, the employee is obliged to report it immediately to the company's legal advisor.

To read the full procedure, please contact Infinya's Legal Advisor and Company Secretary at the following email address: anatr@infinya.co.il

Competition Law

Infinya has been declared a monopoly in the field of containerboard. In December 2021, the Infinya Group adopted a competition law enforcement plan, which was approved by the Board of Directors. This plan is intended to consolidate and strengthen behavioral norms in all matters concerning the observance of the legal provisions in general, and the directives of the Economic Competition Law in particular, and to assist managers in their everyday activities on all matters regarding competitive aspects, including in view of the accountability of the company and its executives under the provisions of the law.



About the Report

This is the Infinya Group's first Environmental, Social & Governance (ESG) Report. The report is a tool for increasing the Group's transparency to its stakeholders and for sharing information regarding ESG actions and approaches. The report also serves for us as a managerial tool. Clear definition and analysis of our environmental and social impacts help us to identify the strengths and weaknesses inherent within our activities and to initiate targeted improvement processes.

This report covers Infinya's activities in 2020 and 2021, with data referring only to the companies within the Group's core value chain (Infinya Recycling, Infinya Containerboard, and Infinya Packaging). It excludes Graffiti and the writing and printing paper manufacturing business (except where stated otherwise). All of the data quoted in this document refers solely to the Group's activity in 2020 and 2021, unless stated otherwise.

The report has been written in accordance with the international standard for sustainability reporting – the GRI (Global Reporting Initiative). It has been prepared at the Comprehensive level. In addition, the report refers to the reporting guidelines of the SASB (Sustainability Accounting Standards Board) with the industry guidelines for Containers and Packaging.

In addition, the company's contribution toward advancement of the United Nations' Sustainable Development Goals (SDGs) has been presented at the end of the report.

We thank you for your interest in this ESG report and in the Group's activity in general. For any questions, clarifications, and inquiries concerning the report, please contact Anat Rothschild, VP, Legal Advisor and Company Secretary, at the following email address: anatr@infinya.co.il.



Materiality Analysis

The material issues listed below present the importance with which the Group and its various stakeholders regard a range of significant ESG-related issues. The Group's stakeholders (including customers, suppliers, regulators, employees, and organizations representing the environment and the investors) have been consulted on all of these matters. The consultations were performed via various channels, including through a review

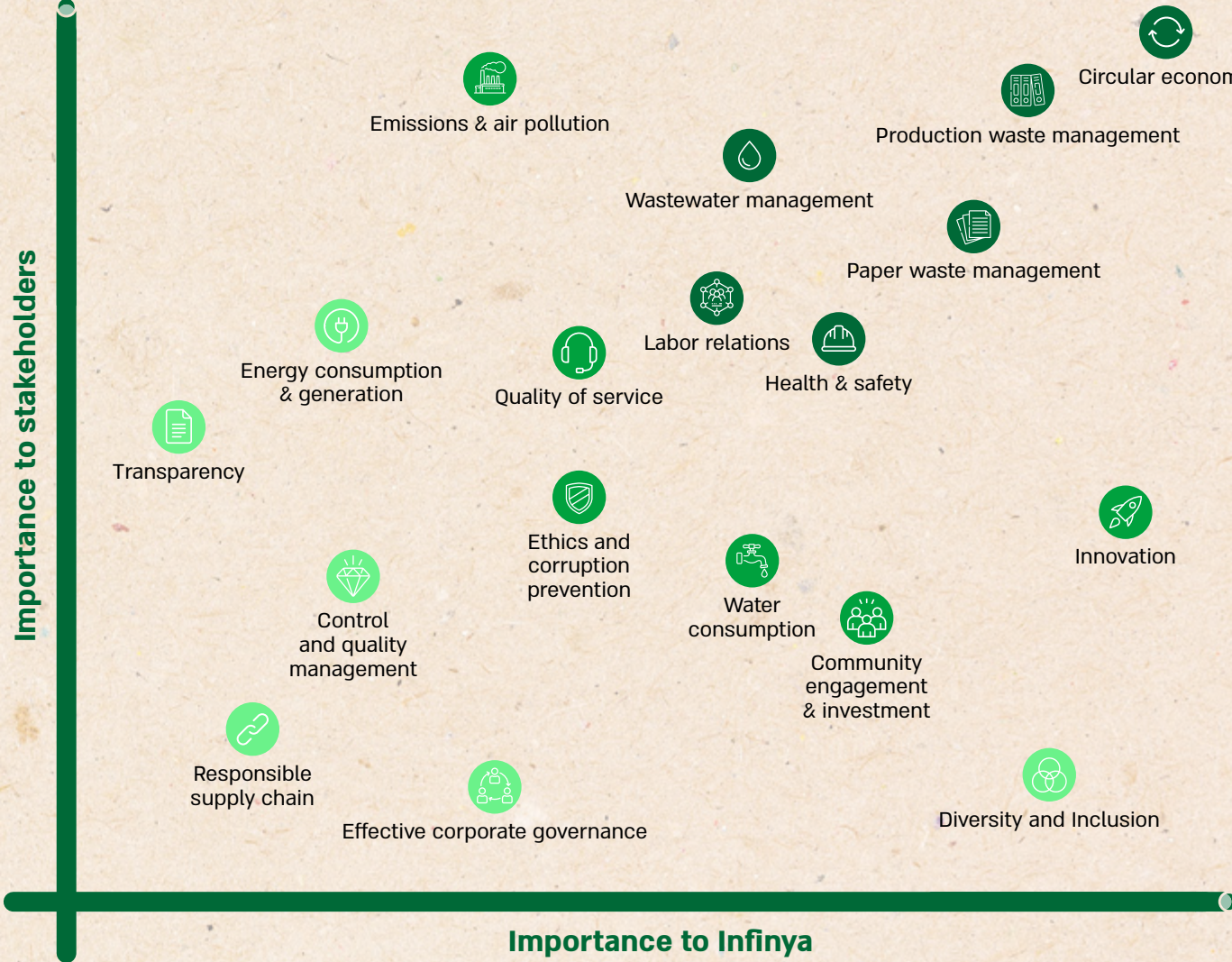
of publicly available materials indicating the preferences of different stakeholders. This process enabled the company to focus the report on the issues deemed to be the most material to the stakeholders and to the company, thereby ensuring that the report will be relevant to the stakeholders' needs while also serving as an effective management tool for the company.



Details of the material issues to the Group (according to GRI reporting categories):

Governance	Economy	Society	Environment
Ethics and corruption prevention	Circular economy	Occupational health and safety	Materials (raw materials, recycling. and products)
Transparency and contact with stakeholders	Local purchasing	Labor relations	Water (consumption and wastewater)
ESG-related control and management	Responsible supply chain	Social engagement and investment in the community	Climate change (monitoring, reduction and preparedness)
		Diversity and inclusion	
Innovation as a pan-organizational value			

Materiality Matrix



Details of the issues material to the Group:

- Circular economy – integration of circular economy principles throughout the Group's value chain and in its decision-making process.
- Production waste management – proper treatment of the production waste created due to the Group's operational activity and taking measures to minimize this waste
- Treatment of waste paper – collection, sorting and recycling of waste paper from all over the country
- Wastewater management – monitoring, control and management of the wastewater resulting from the Group's operational activity
- Occupational health and safety – safeguarding the health and safety of our personnel and rigorous management of the safety risks inherent to the Group's operational activity
- Labor relations – a fair and respectful attitude toward the Group's employees and also open communication between management and the employees
- Quality of service – delivery of efficient, courteous, fair service to all of the Group customers, through a customer-centric perspective
- Innovation – advancement and development of innovation in our processes, services and products
- Ethics and corruption prevention – ethical conduct in the Group's business activity in accordance with clear principles



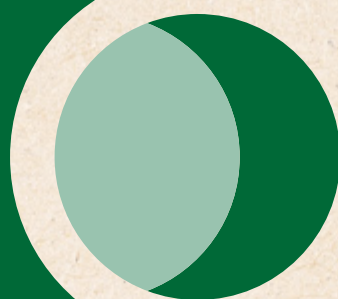
- Emissions and air pollution – monitoring and controlling greenhouse gas emissions and pollutants resulting from the Group's operations and implementation of processes for reducing these emissions
- Water consumption – responsible management of the water resource and reduction of the water consumption in operational processes
- Community engagement and investment – assistance to the local communities around the Group's sites
- Diversity and inclusion – creation of a working environment based on equal opportunities and fair representation of the various communities within Israeli society
- Energy consumption and generation – management of the Group's consumption of the various types of energy and taking measures to reduce this consumption
- Control and quality management – integrating and conducting quality management processes to ensure a high level of product quality
- Effective corporate governance – efficient management of the Group's activities in order to achieve long-term goals
- Transparency – open, reliable communication with the Group's various stakeholders
- Responsible supply chain – maintaining the Group's supply chain through application of environmental and social considerations

The Group's Activity During the COVID-19 Pandemic

Recycling at full steam, even when the economy was at half steam: the Group's operations during the COVID-19 pandemic

Against a backdrop of the COVID-19 pandemic and the resulting changes in consumption habits, which involved a substantial increase in demand for corrugated box packaging, the Group continued to operate uninterrupted as its companies were designated "Essential Industries." Waste collection activities were adapted to these new circumstances in order to continue fulfilling the needs of the paper mill (demand for whose products increased over time). In this way the company successfully continued to increase its contribution toward paper and carton recycling in Israel, even when a large proportion of waste was now being produced by households (due to the massive surge in online purchases).

Throughout the period, the company was able, by improving its production processes and work methods, to increase the percentage of paper recycled from packages intended for e-commerce from approximately 60% to about 85%.



Safeguarding Employees' Health

The Group's companies are designated "Essential Industries," and therefore they continued to operate and produce throughout all the periods of COVID restrictions and lockdowns. There was a show of loyalty and commitment on the part of the Group's employees, who continued to come to work as usual, including during the lockdowns. At the same time, the company also demonstrated its loyalty and responsibility toward them – not a single employee was dismissed due to the COVID-19 pandemic. A total of 73 employees were furloughed in 2020 (out of the 1,500 personnel employed by the Group), and approximately 80% of those returned to work that same year. There were no furloughs in 2021. Additionally, wages were not reduced and no other economizing measures concerning wages or other employment benefits were taken, as the Group chose to restructure and streamline in other areas instead. In view of the period's challenges, relevant personnel were given the option to work flexible hours, including working remotely, and certain accommodations were applied during quarantines and other special circumstances. Additionally, the company put mobile vaccination clinics at the disposal of all the Group employees at its various sites in order to maximize availability of the vaccinations for employees, including in the course of regular workdays.

The Group's Activity During the COVID-19 Pandemic



Implementing remote
working tools



Capsule-based work



mobile vaccination clinics
at the disposal



Providing employee
protection kits

The Production Process

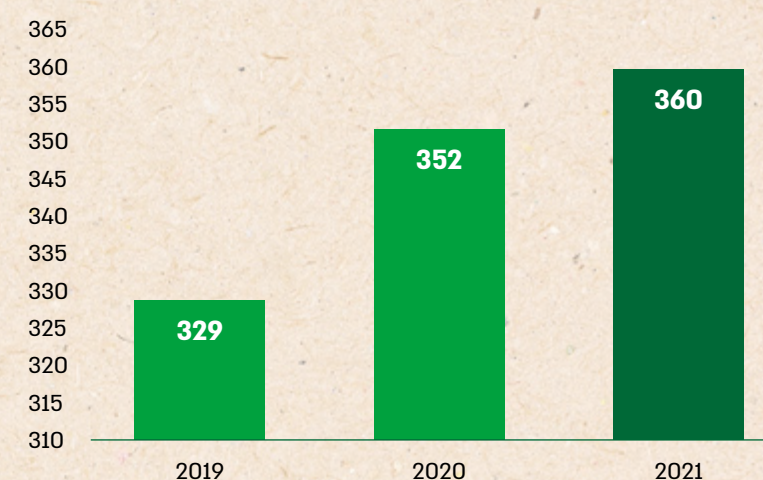
Circular Economy

Recycling – A National Challenge

- Israel produces over nine million tonnes of waste every year. About 80% of this waste is sent to landfills, which is a waste treatment method that is known for its negative impact on the environment – soil and water contamination, greenhouse gas emissions, wastage of raw materials and resources and damage to the biodiversity are only some of the negative impacts of landfills. Despite this, and although there is wall-to-wall agreement that recycling is a preferable method of treating waste both economically and environmentally, only about 14% of the waste produced in Israel is sent for recycling
- The Infinya Group is currently at the forefront of the recycling industry in Israel. The Group's circular value chain is one of the main factors in the Israeli recycling industry, and it is a factor which facilitates the recycling of a substantial amount of the carton and paper waste produced in Israel. The Group's activity is a significant factor in the advancement of the recycling industry – and as a consequence, the advancement and implementation of circular practices in industry, so far as to meet the government target of reducing landfilling to 20% of waste produced by 2030.

Group's Recycling Volume

Annual recycling volumes (thousand tonnes)
represented by the amount recycled in the containerboard mill







Converting waste into a product

There is vertical integration among the Group companies, in which the product of each stage is the raw material of the next stage in an unending cycle of recycling, containerboard and packaging.

The first stage, **Infinya Recycling**, collects paper and carton (OCC – Old Corrugated Containers) waste from its customers, processes it, and sells it as production-ready raw material. The processed raw material continues to the **Containerboard mill**, which in turn processes and recycles the raw material, into 100% recycled containerboards. A large proportion of this containerboard is gets sold to the next stage of production – **Infinya Packaging**, which manufactures corrugated boxes from the containerboard and then boxes, which are sold to end users from a variety of industries and segments. The box and packaging waste, which is created after the customers have finished using the product gets collected by the first stage – **Infinya Recycling** – which returns it to the Group's recycling cycle, which leaves the raw materials inside a closed circle and prevents leakage and waste of resources.

The Company's closed, efficient production circle enables increasing the volume of use of recycled corrugated packaging in Israel and encourages transition to the use of a more environmentally efficient raw material with reduced environmental impacts. **Corrugated packaging is the packing solution with the highest environmental efficiency** since it is manufactured from natural materials, it is biodegradable and can easily be recycled efficiently. The flexibility in size, thickness, durability and shape of the Corrugated boxes facilitates targeted solutions tailored to various purposes and for packing various products, and is therefore a more environmentally-friendly substitute for packaging made of other materials such as plastic, glass and metal. Moreover, the reuse of recycled containerboard is of even greater environmental value since it leads to a reduction in landfilling of paper and carton waste, which is the largest-volume waste stream in Israel, placing a burden on waste collection infrastructures.

The Group's value chain has three main links



(previously Amnir)



(previously Hadera Paper Mill)



(previously Carmel)

Creating value in containerboard manufacturing

- 100% of our containerboard is recycled
- Manufacturing specialties products that replaced virgin products
- Only Green energy or gas based energy is used the paper machines
- 21% of water is reused

Creating value in corrugated manufacturing

- 80% of the containerboard being used is recycled
- Optimize ink coverage and minimize trim waste
- Recycle 100% of trim waste

Creating value in conversion and packaging

- Improve packaging line efficiency with optimized pack designs and real-life testing
- expanding digital printing which reduce unrecyclable water
- reduce manual handling

Creating value in the recycling process

- advanced technologies
- Manufacturing specialties products that replaced virgin products
- Green energy or gas based energy is used in the paper machines
- 21% of water is reused

Creating value in collection and recycling

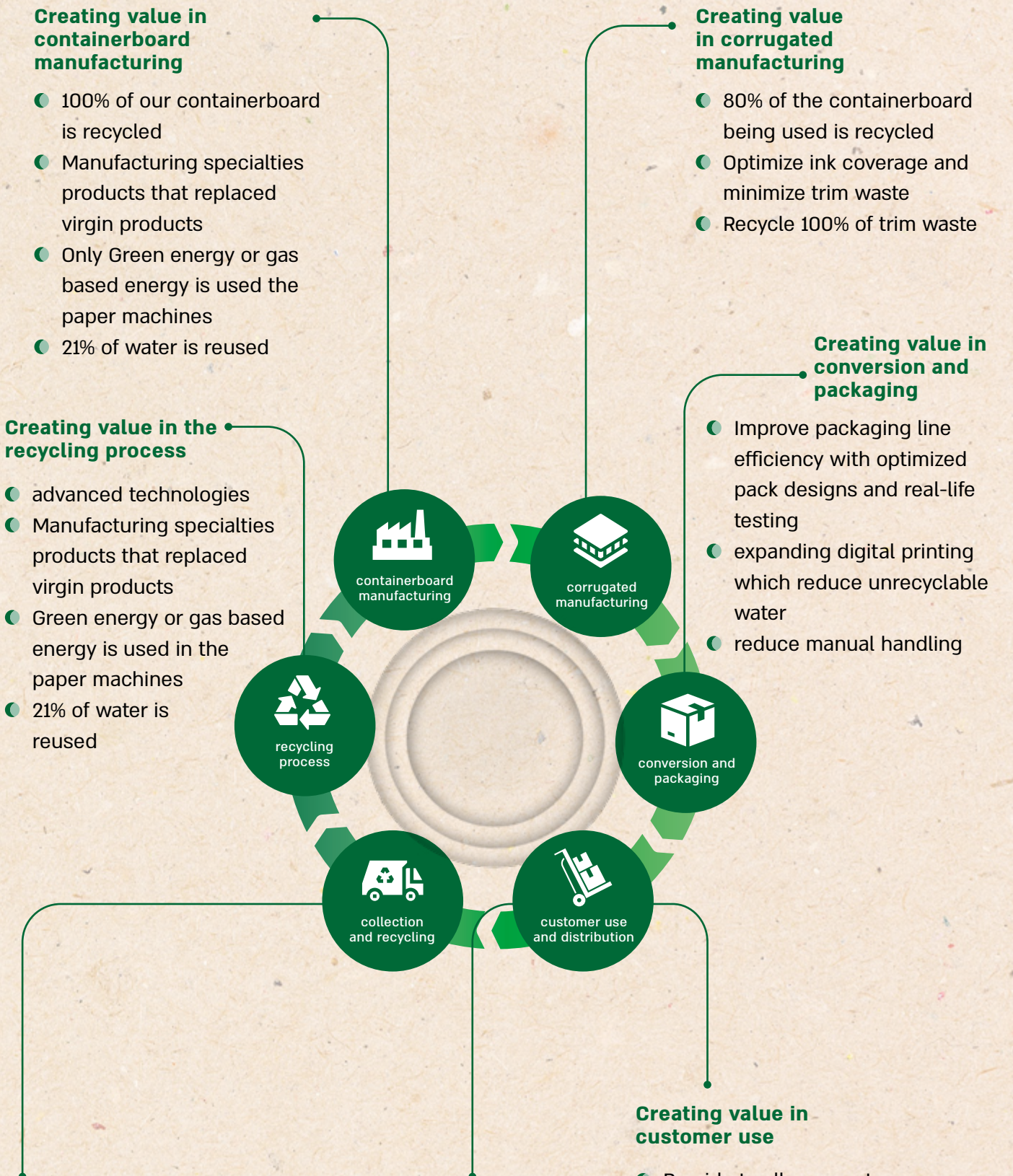
- Provide total waste management solutions to recycle all segregate wastes
- All waste collected by Infinya is recycled locally in Israel

Creating value in distribution

- Eliminate packaging empty spaces to maximize transportation
- optimize box size for most efficient product fill, palletization and shelf efficiency

Creating value in customer use

- Provide to all segments greener and advanced recyclable packaging solution
- advanced point of sale stands, 100% recycled for customer's display
- 100 per cent of our packaging is reusable or recyclable
- advice on best practice packaging & recycling solutions

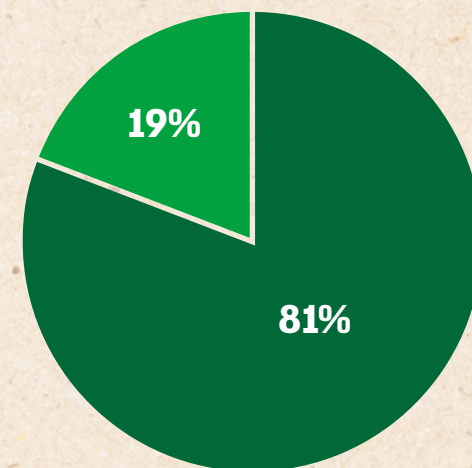


Collecting waste for recycling

Infinya has an extensive waste collection network, served by a fleet of trucks operating all over the country. As of the end of 2021, cardboard waste across Israel is collected from approximately 56,000 receptacles by a fleet of over 200 trucks, which then transport the waste to the company's facilities in Hadera and Modiin. Many of the trucks use compacting systems (stationary and detachable), thereby enabling removal of a greater amount of waste per journey, which enables reduced energy consumption and fleet mileage.

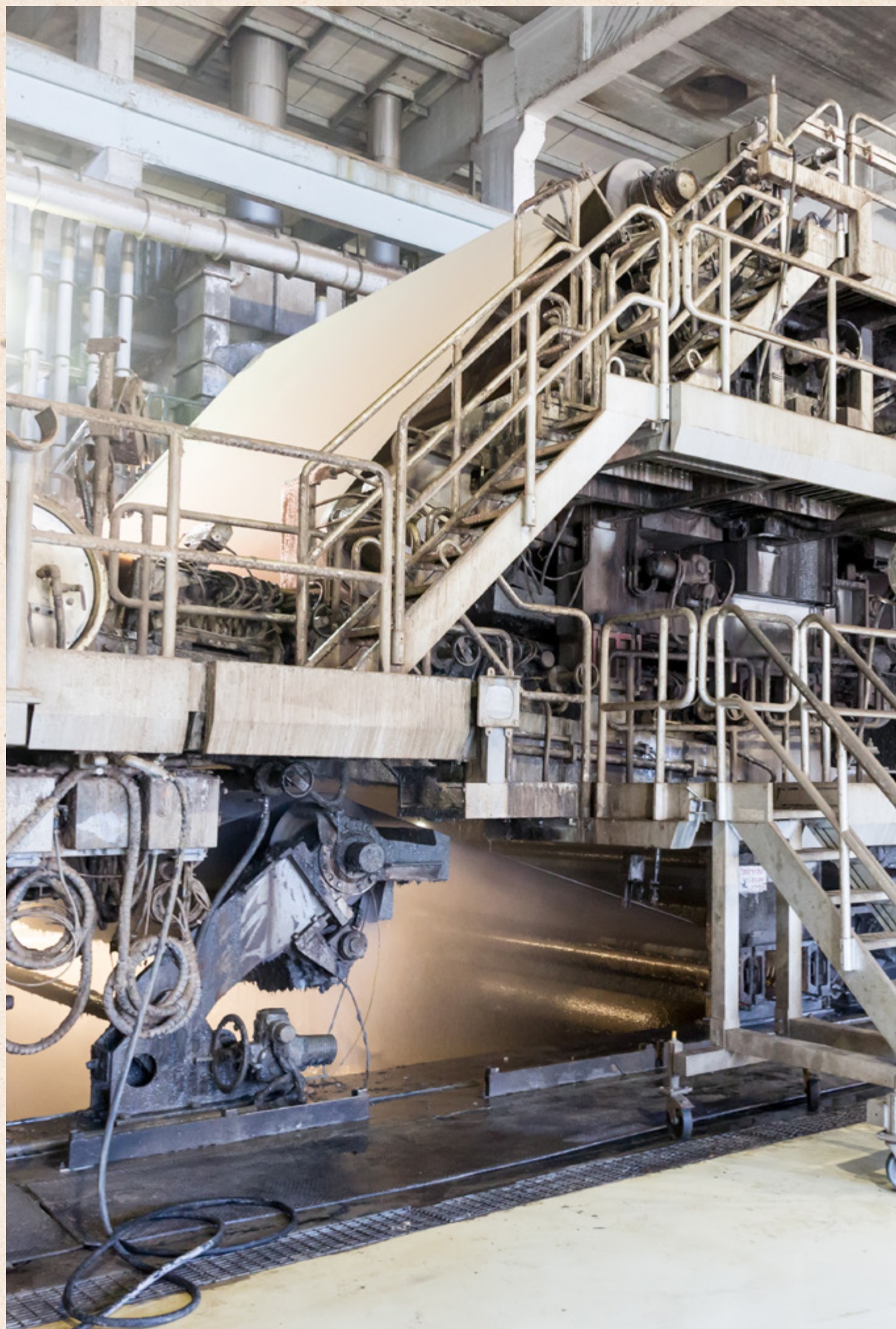
The company aims to increase the collection of cardboard and paper waste and to tap into new sources of waste which so far have not been fully utilized. Accordingly, considerable resources are being invested in planning an increase in the amount of waste collected from the public (for example, by distributing receptacles within a convenient distance of residential areas) and also in the services and industrial markets, through solutions tailored to customer needs. To this end, the company invests approximately ILS 10 million annually on distributing waste collection receptacles all over the country in order to increase the volume of waste being reused as a raw material and reduce the amount of waste sent to landfills.

Waste Cardboard and Paper Collection - Segmentation by Source



- Local authorities
- Business customers





How is carton waste converted into containerboard?

The processed cardboard waste is transferred to the containerboard mill in Hadera, where it undergoes a recycling process that separates it down to the fiber level. The process combines special filtering and separation processes, which ultimately becomes the pulp raw material. The pulp is transferred to one of the three paper machines operated by Infinya, where it undergoes a production process which at the end produces the recycled containerboard, which is a substitute for imported containerboard, which is made solely from new material.





Recycled paper becomes advanced corrugated box packaging

The next stage in the value chain is Infinya Packaging. The recycled containerboard is fed into the production process and used as raw material for the manufacture of cardboard and corrugated cardboard containers, using an advanced corrugation process. In 2020, the company began operating a digital printing machine, which prints on the corrugated cardboard and is one of the most state-of-the-art machines of its kind in the world.



This printing technology has significant environmental value, thanks to the concentration of the complete production process of the container in one place, and due to its being a substitute for non-recyclable wrapping materials. This eliminates additional production cycles, such as printing and pasting of posters, redundant transportation and additional pasting. The digital automation enables the manufacture of precise small quantities, thereby minimizing the use of non-degradable production materials. Moreover, the production waste generated by Infinya Packaging is returned to the value chain as raw material for production of recycled containerboard.





Continued Increase in Production & Recycling Volumes

	UOM	2020	2021
Collected cardboard and paper waste	Thousand Tonnes	237	240
Recycled cardboard and paper waste [including the cardboard waste collected and purchased from third parties]	Thousand Tonnes	352	360
Manufacturing of cardboard paper rolls	Thousand Tonnes	303	324
Manufacturing of cardboard containers	Thousand Tonnes	111	118





Environmental Impacts in the Production Process



Water and wastewater

The process of recycling waste cardboard and paper requires large quantities of water. As a company committed to environmental efficiency, Infinya is working to improve the production processes. This includes reducing the use of natural resources and minimizing its environmental impact.

In order to reduce water consumption and to prevent soil contamination and pollution of the water with reclaimed water (a product of the production processes in the factories), the company has constructed an advanced wastewater treatment plant that includes a water recovery system. The plant operates inside the Infinya Containerboard facility in Hadera, and uses aerobic and anaerobic processes to purify the industrial wastewater from the mill that is transferred to the wastewater treatment plant. The plant is intended to filter undesirable materials from the water according to the required standards, in order to enable reuse of the water or its discharge in accordance with permits issued to the company by the relevant regulatory authorities.

One hundred percent of the wastewater produced in the company's production process is transferred to the wastewater treatment plant, where it undergoes purification in several stages: first the wastewater undergoes pre-treatment to remove suspended solids. Then there is a two-phase biological treatment (aerobic and anaerobic). Finally, the wastewater undergoes tertiary treatment

consisting of a softening system, pre-filtering, and sand filtering. Following the purification process, some of the water is sent to the mill for reuse, and the rest is discharged into the Hadera Stream as tertiary reclaimed water, under a permit from the Ministry of Environmental Protection.

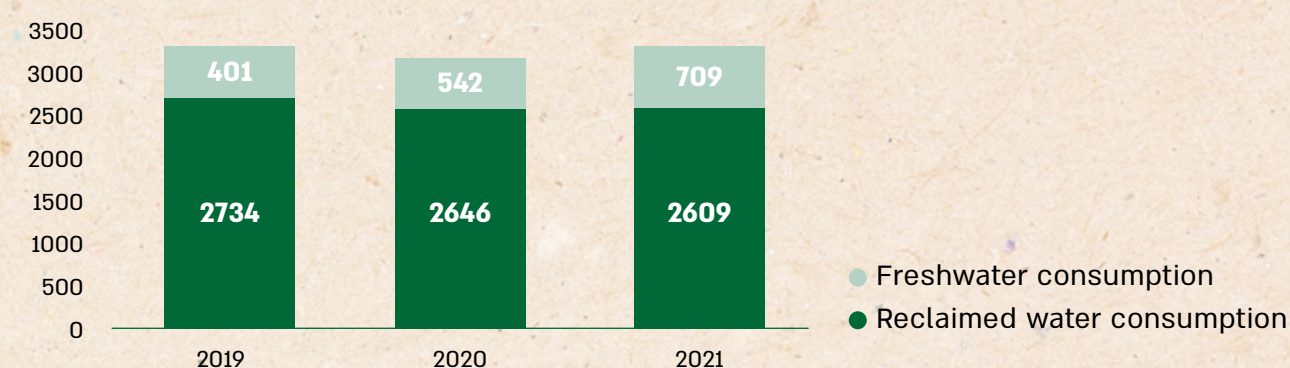
The company is working to maximize the amount of reclaimed water recovered into the production process and save on the use of freshwater in the production process. In 2021, the company succeeded in increasing the amount of water recovered into the production line by approximately 31%. This change helped to reduce the amount of freshwater consumed by the paper mill per tonne production by about 5%.

In order to ensure the quality of the reclaimed water and to comply with the requirements of the discharge permits, the company uses advanced sensors which monitor the composition of the water in the purification process and measure the quality of the purified water being discharged. Additional monitoring processes are carried out through daily testing at an on-site laboratory, and a monthly test is also performed by an accredited external laboratory. Furthermore, the amount of recovered reclaimed water is evaluated using continuous flow rate meters. In 2020 and 2021 there were no overruns in the water contaminant levels beyond the amounts permitted in the discharge permits.

In addition, the greenhouse gases (primarily methane) emitted in the treatment process are used to generate electricity, thus preventing their emission into the atmosphere and reducing the mill's impact on climate change. The wastewater treatment plant produces biogas, which is treated with special equipment used for generating electricity (the plant is operated by a third party).

10^3m^3	2020	2021
Freshwater consumed	2646	2609
Water reclaimed into the production process	542	709
Ratio of freshwater consumption per tonne production	8.4	8.3
Ratio of total water consumption per tonne production	10.1	10.5
Water sent to wastewater treatment plant	2734	2768
Tertiary reclaimed water discharged into the Hadera Stream	2192	2058
Total TDS released into reclaimed water – kg	2363	2106
Ratio of TDS released to reclaimed water	1.078	1.024

Water consumption in the containerboard factory (10^3m^3)





Energy Consumption

Infinya considers energy management to be of the highest significance in terms of both energy efficiency throughout its operations and the use of renewable energy sources. The Group's factory was the first in Israel to use natural gas (back in 2007). As energy produced through natural gas emits substantially less greenhouse gases than other fossil fuels, this energy source has been chosen as part of the Group's efforts to manage the environmental impact of its activities.

Below is energy consumption data from the containerboard mill, which is the Group's largest energy consumer:

10 ³ m ³	2020	2021
Electricity consumption per ton production (kWh/ton)	493	483
Electricity consumption (GWh)	209	212
Steam consumption (MMBtu)	1,743,069	1,828,312

Air Quality

Infinya's production processes do not directly generate emissions. However, the generation of electricity (which the company sources from a third party) does create emissions and the Group is currently working to improve energy efficiency and reduce electricity consumption per ton production.

Furthermore, diesel-powered trucks are a major part of the Group's supply chain, primarily within its waste collection activities. The Group invests considerable resources in activity automation and optimization in order to reduce the resulting emissions.

Emissions of Air Pollutants

Below is the emissions data from the waste paper collection activity:

Pollutant	UOM	2020	2021
NOx	kg	112.31	100.66
PM	kg	7.02	6.29



Climate Change – Preparations and Measurements

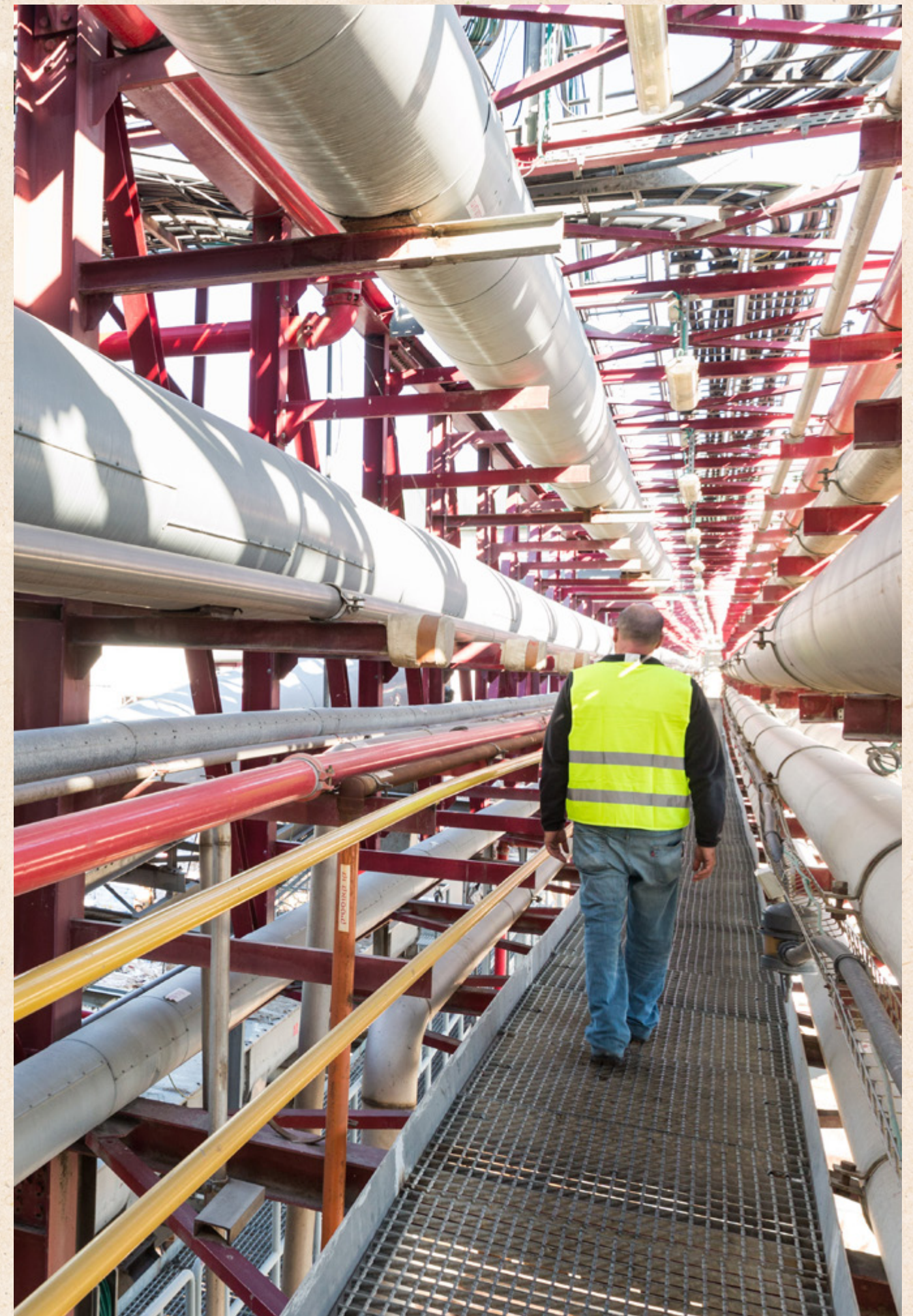
Infinya Group, like many companies in Israel and around the world, shares in concerns regarding the effects of climate change. Following the globally-accepted approach, the Group splits its efforts in this respect into those focused on reducing emissions (mitigation) and those preparing for the impact climate change will have on the Group's core business. This is performed as part of the company's risk management processes.

As a leader in green industry, the Group makes every effort to minimize its carbon footprint by reducing emissions at the source – its factories. This is achieved through continual evaluation of energy efficient alternatives, transitioning to electric vehicles, and moving away from the use of fossil fuels as much as possible. Further down the road, the company aims to reduce emissions to the greatest extent possible at the source, and also to complete its carbon footprint calculation and provide this data to the company's customers as part of Scope 3 emissions assessment.

In all matters concerning preparations for climate change impact on the Group's overall business, as part of the Group's environmental risk management, we continuously monitor up-to-date information which can be material to the Group's activities. This includes tracking data related to global maritime traffic, the container trade, fuel prices, carbon taxation, and so forth.

Greenhouse Gas Emissions

	UOM	2020	2021
Scope 1			
Transportation	TCO2-e	43,096	38,625
Scope 2			
Direct electricity	TCO2-e	113,039	102,320
Steam	TCO2-e	250,763	263,026
Total emissions	TCO2-e	406,898	403,971





Treatment of Waste Created in the Production Process

During the recycling process and the production of recycled containerboard, paper fibers are separated from the other materials present in the cardboard waste collected by the company (primarily post-consumer waste). As a result, various non-recyclable materials are rejected as part of the recycling process.

The Group's environmental strategy devotes considerable resources to minimize the amount of these byproducts that are sent to landfill and to find alternative eco-friendly solutions.

Below are the main types of waste generated in the production of recycled paper rolls and cardboard packaging:

	2020	2021	Waste Target
	Waste quantity (thousand tonnes)	Waste quantity (thousand tonnes)	
Cardboard waste*	21	20	Recycling
Sludge**	24	15	Recycling
Rejects**	44	43	Use in RDF energy recovery facilities
Biological sludge**	13	16	Compost

* Waste generated in the production of cardboard packaging

** Waste generated in the production of recycled containerboard

Fuel and mileage

Infinya Recycling's waste collection network consists of approximately 200 trucks, which collect waste paper from all over the country. The mileage required to collect this waste entails the responsibility for managing the environmental effects of these trips, including fuel consumption and pollutant emissions. The company therefore invests considerable efforts in maximizing the efficiency (and therefore minimizing the fuel consumption) of these journeys and also in reducing the trucks' emissions. There is a dual benefit from this management – the environmental-social benefit from the reduced emissions and also the business benefit through savings on fuel and travel time.

The company's waste collection vehicles together rack up millions of kilometers per year as they crisscross Israel. As the company is committed to reducing these considerable travel-induced emissions, it aims to do so in several ways. First of all, 100% of the collection vehicles are compliant with the most advanced European emissions standard – Euro 6 – which sets a high bar for air pollutants and greenhouse gases. This standard saves up to 90% of the emissions relative to other, less advanced standards. Thus the company significantly reduces the impacts of our waste collection activity on climate change and on air quality.

Secondly, the company invests in advanced itinerary management technologies to track all waste collection journeys. These technologies use artificial intelligence (AI) to determine the most efficient collection frequency from the various collection points, thereby saving on less efficient journeys and reducing the amount of fuel consumed when collecting a given quantity of waste. Finally, yet another layer of efficiency in the collection network is the precision planning of travel routes. The company uses software and monitoring devices to plan the most efficient, direct, and fast routes between collection stations. This technology takes into consideration the amount of waste at each station, the collection truck's capacity, the locations of the various stations, and many other factors in order to fine-tune the itinerary of every single truck. As a result, the company achieves savings on time, fuel, and emissions, increasing efficiency and lowering the kilometrage required to collect one tonnes of paper by 1.5% in 2021.



Below are the diesel fuel consumption figures for the company's collection network:

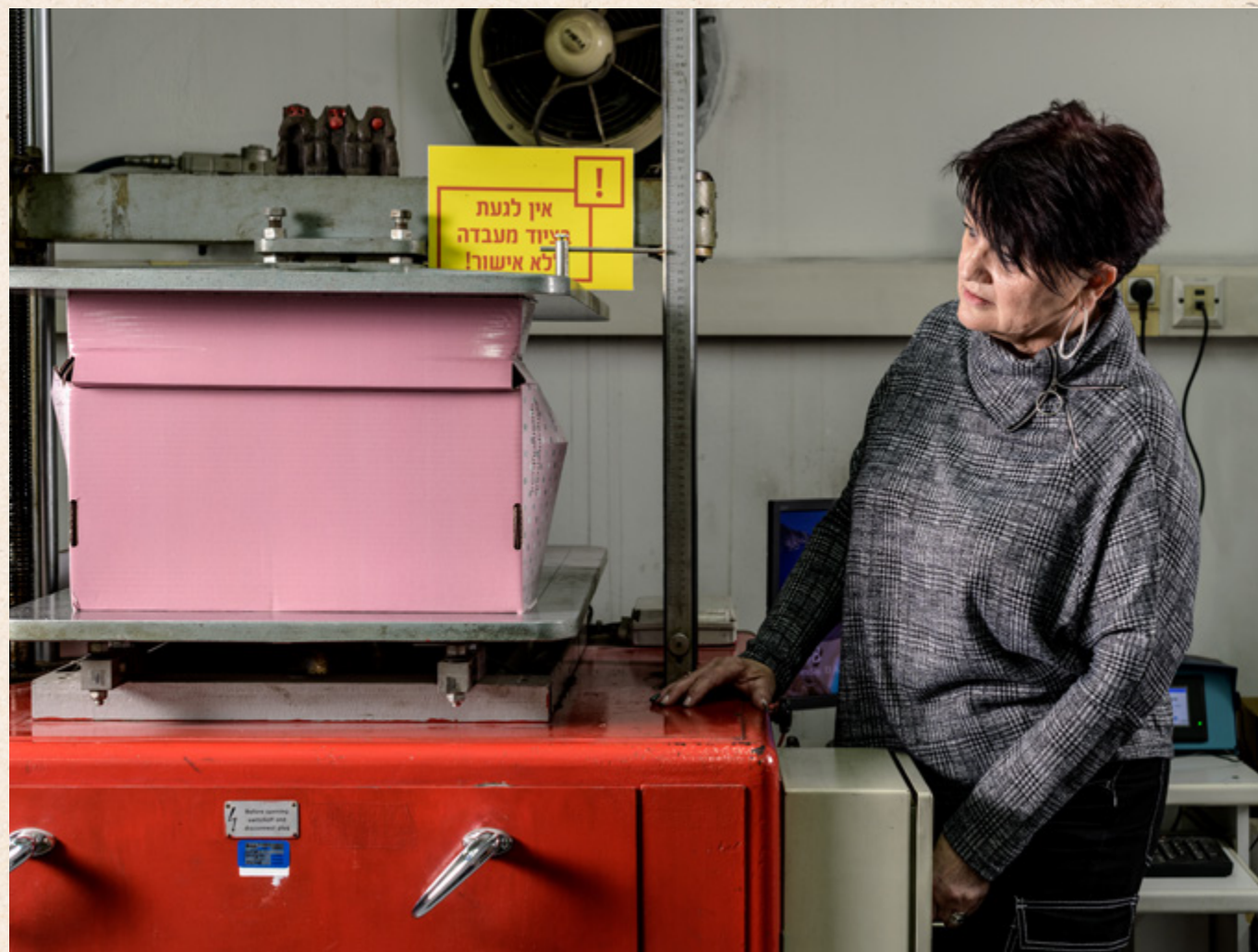
	2020	2021
Diesel fuel (liters)	1,632,415	1,463,077
Liters consumed in collecting 1 tonnes of paper	19.26	18.98

Forklifts are responsible for the bulk of fuel consumption in the Group's factories, as they are used to transport materials inside the factories. In recent years, the Group has been gradually replacing traditional internal combustion forklifts with electric forklifts.

Quality Assurance – A Great Challenge in a Cyclic Industry

Combining quality factors with environmental factors provides dual added value for both the Group and its customers. We are uncompromising in our quality requirements when developing and manufacturing the Group's products and incorporate various innovative, creative solutions and procedures to ensure product quality. Thanks to recent developments and technological breakthroughs, the Group is able to take pride in the quality of its products, which are just as functional as the equivalent products produced from virgin materials. In recent years, the Group has succeeded in consistently increasing the percentage of recycled material present in its products, thereby reducing its use of virgin materials while having no impact on product quality.

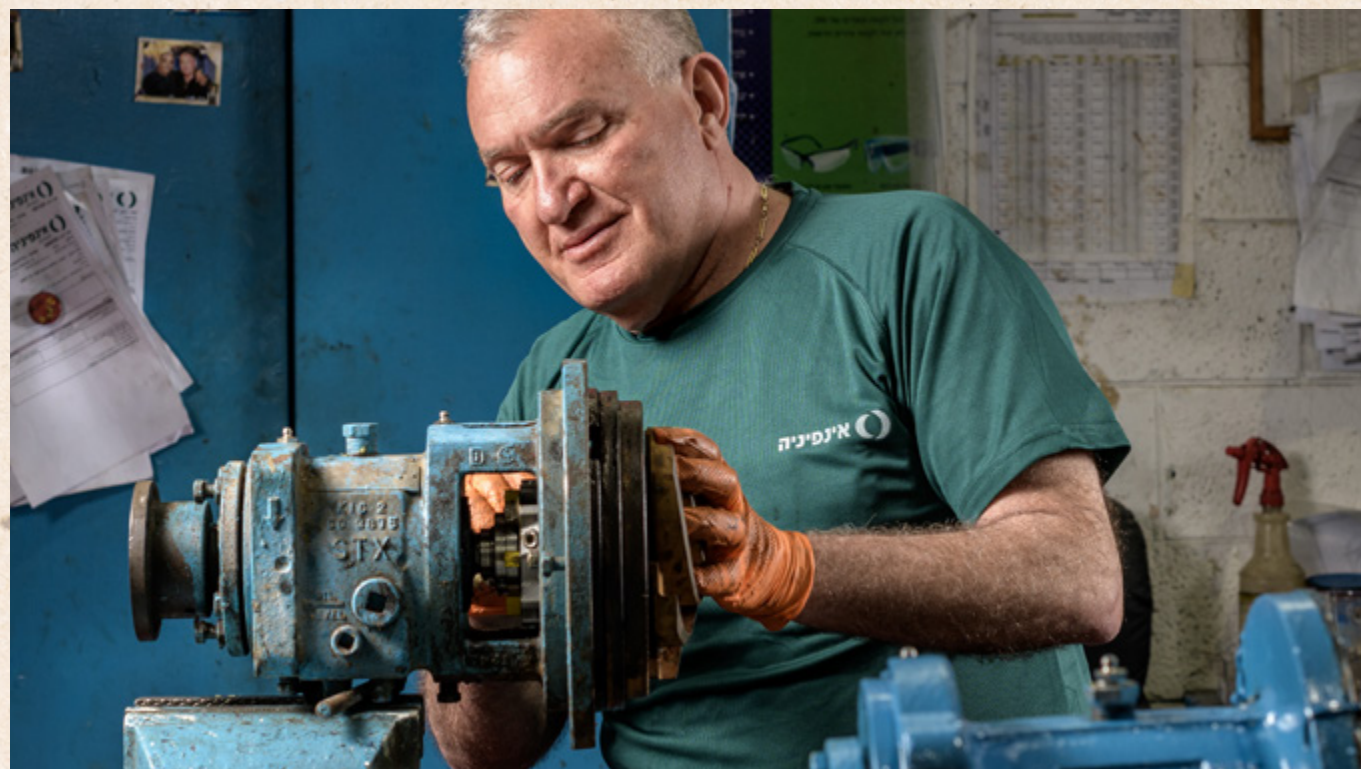
The Group's business relies on its ability to manufacture and deliver high-quality, durable products. The Group therefore seeks to increase the production volumes of its recycled products, and also to increase the amount of recycled material present in its products. Advanced methods have been developed for this purpose that use additives to reinforce the products, bringing their quality up to the standard of comparable products made from non-recycled materials.



Furthermore, each product undergoes several inspections in the production process – from the development stages, when it undergoes a series of quality tests to assess its ability to fulfill the various needs for which it is intended, through to the production stages, which involves frequent quality inspections (some scheduled, others random) to ensure the high standard of the products. The quality inspections include testing the products' strength, checking their moisture content, taking product volume and weight measurements, and so forth. If inconsistencies in product quality are discovered, the necessary measures are taken to improve the quality, and a lessons-learned process is also conducted to learn and implement the conclusions resulting from these inspections.

The quality control system is managed by the quality managers in the Group's companies, who oversee various teams and test laboratories. This system is charged with conducting quality inspections and ensuring the products' quality levels in accordance with international quality standards under which the company is certified (ISO 9001-2015, AMAZON CERTIFIED, FSSC 22000, BRC, HACCP).

We are proud to report that not a single product was recalled during 2021 due to quality-related or product safety issues.



Expanding the Circular Economy into New Business Areas

Besides waste paper, the company handles various other materials, which are collected and treated as part of the portfolio of services offered to its customers. These materials include plastic, metals, textiles, and mixed waste destined for destruction. The various waste materials undergo sorting and treatment, where the company seeks to maximize the percentages of waste sent for recycling, re-use or energy recovery, in order to avoid landfill as much as possible.

The company is working to encourage recycling processes, to make them efficient and profitable for all customers, thereby incentivizing the market and the waste separation at the source. By sending waste for further treatment by the Group, many products receive a new lease on life and continuity even after they have served their original purpose, thereby contributing toward reduction of the use of virgin materials.

The company has a factory, one of the largest of its kind in Israel, for processing and recycling plastic waste. At this factory in Hadera, various kinds of plastic undergo post-consumer recycling (PCR) and are converted into a raw material, which is then sold to plastic manufacturers that use recycled raw materials in their production processes.

Waste type	Quantity collected in 2020 (tonnes)	Quantity collected in 2021 (tonnes)	Main treatment method
Plastic	5,409	5,982	Recycling
Textile	51.5	282	Recycling
Metal	425	752	Recycling
Mixed waste for destruction	5,744	6,957	Energy recovery



Coffee capsule recycling

As part of the special services the Group provides, Infinya Recycling has entered into an agreement with Nespresso to improve the company's environmental performance. The recycling of aluminum coffee capsules has been a common practice worldwide for a decade now, and in order to extend the environmental benefits from this process to Nespresso's business in Israel, we developed a special production line for coffee capsule recycling. A machine separates the aluminum capsule from the coffee grounds and the aluminum is processed and sent for recycling as an industrial raw material, while the coffee grounds are sent for agricultural composting.

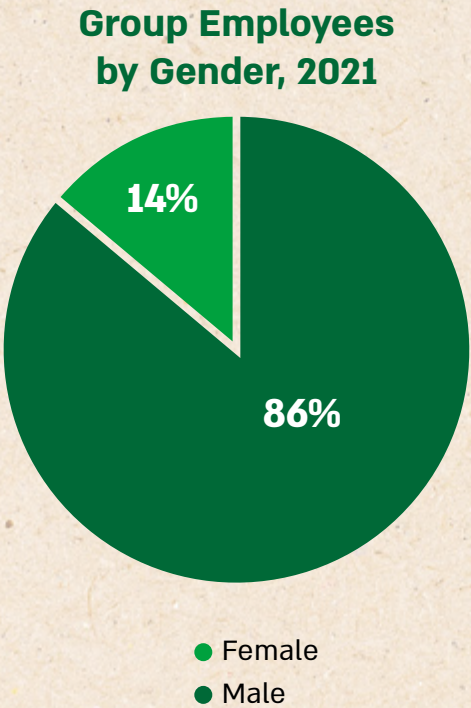
Besides the operational solution, the main value of this process is the reduced need to mine virgin aluminum – aluminum is a raw material with exceedingly high recycling capacity, which can be returned into production processes with virtually no losses and without any devaluation. Moreover, the mining and processing of aluminum from a primary source requires vast tracts of land and is harmful to soils, habitats, and air quality, since it involves copious emissions of air pollutants and greenhouse gases. The use of recycled aluminum therefore entails substantial savings of natural resources and reduced air pollution.



Human Resource Management

The Group (including Graffiti, and the writing and printing paper manufacturing activity, which are not part of the Group's value chain and are not described in this report) has a workforce of approximately 1500 employees, who enable it to conduct its activities and create environmental and business value in a sustainable manner. As a Group that cherishes its human resource, it is of great importance for Infinya to create a pleasant, open, rewarding, and respectful working environment for each and every one of its employees. This working environment and corporate culture, alongside the meaningful nature of work at a Group with such high environmental value, makes the Group a preferred workplace.

Infinya promotes an open, engaged corporate culture and keeps a variety of formal and informal communication channels open between managers and employees at all times. In this context, the Group's companies conduct regular round table sessions attended by senior executives. Managers have an open-door policy and hold one-on-one and team-based discussions with employees. In addition, the Group hosts team-building events and holiday parties, and employees are kept informed through online noticeboards and digital newsletters. Complaint boxes are also located around the premises.





Discrimination Prevention

Discrimination Prevention

In addition to its Code of Ethics, the Group has an Employee Code of Conduct, which applies to each and every employee from the moment they are hired. The Code of Conduct addresses the matter of preventing discrimination or harassment for any reason – race, ethnicity, nationality, religion, gender, and so on. New hires are informed of the Code of Conduct during their induction process and it is also distributed periodically as a refresher to all employees. In 2020 and 2021, the Group received no reports regarding incidents of gender or ethnic discrimination.

Prevention of Sexual Harassment

The Group operates in accordance with the Sexual Harassment Prevention Law, 5758-1998. All Infinya employees are required to follow the Sexual Harassment Regulations that have been adopted by the Group, as well as the associated procedures. The Group has appointed a person in charge of handling complaints – Anat Rothschild, VP, Legal Advisor and Company Secretary – and each company within the Group also has a dedicated contact person for this issue. The Group's employees confirm, upon their hiring, that they have read the extract of the law that is attached to their induction documents, along with explanatory examples, and that they are committed to conducting themselves in accordance with its instructions. The Group's commitment to fair treatment and prevention of sexual harassment is also included in the Group's Code of Ethics, which was ratified in 2017 and clarifies, guides, and consolidates behavioral norms that reflect the Group's values and policy. The Group's Code of Ethics is attached to all employee induction documents and is also posted on the Group's Intranet.



Human Resources Data

Group Employees by Age and Gender

Excluding Graffiti, which is not part of the Group's main value chain.

	Up to 30		31-50		51+		Total	
	2020	2021	2020	2021	2020	2021	2020	2021
Male	196	227	443	490	413	392	1052	1109
Female	17	26	122	107	55	52	194	185
Total	213	253	565	607	468	444	1,246	1294

Gender breakdown – employees and management

	Employees		Management		Total	
	2020	2021	2020	2021	2020	2021
Male	934	978	118	131	1052	1109
Female	161	157	33	28	194	185
Total	1095	1135	151	159	1,246	1294

Group employees by area of residence

Including contractor employees for the Infinya Recycling Company

	North		Center		Sharon		Jerusalem & Environs		South	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Employees	1024	901	131	95	90	248	18	27	23	23

Employee turnover

	2020	2021	Employee % turnover
New Employees	249	251	24%
Departing Employees	311	350	27%

Maternity leave

	Figure
Employees entitled to maternity leave	7
Employees taking maternity leave	7
Employees returning from maternity leave	7

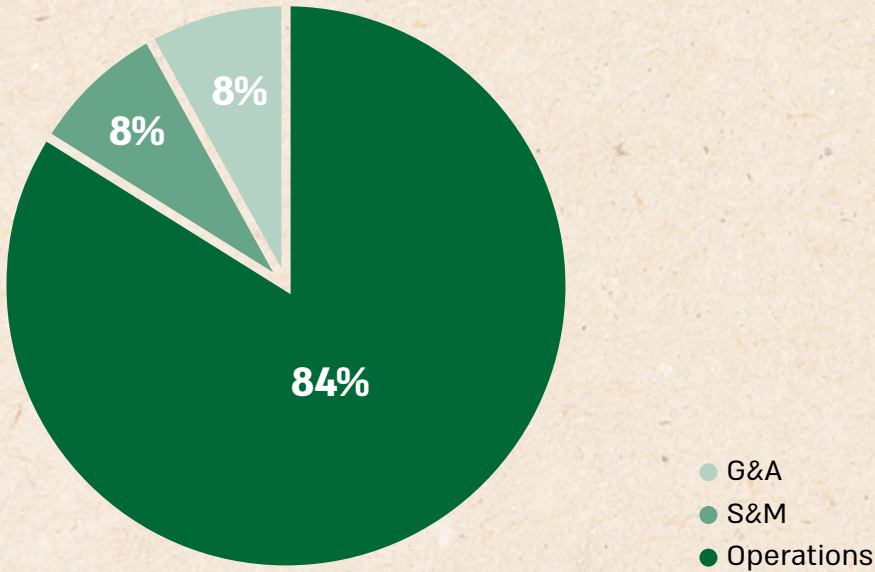


Fair, rewarding employment

The Infinya Group is proud to be a fair organization with a business strategy and overall perspective that awards its employees stable employment as well as a sense of family and belonging. The Group provides some of the best salary and benefits packages in the sector, offering a variety of roles with considerable potential for advancement – both personal and professional. There is investment in the development of employees at all levels, including development that goes beyond the purely work-oriented sphere, such as funding academic studies and professional training. The company also takes care of its retirees, offering various workshops to help prepare them for retirement.



Employee segmentation by role, 2021



As part of employee compensation, Infinya includes a variety of unique social benefits, such as loans and grants, partial payment for children's summer camps, childcare expenses, partial payment of children's academic tuition, gifts for holidays and special events, partial payment of gym fees, and company vacations at hotels in Israel and overseas. Additionally, employees enjoy access to a range of study and enrichment programs.

Each of the Group's companies (including Graffiti) has its own Workers' Committee, which represents the employees, both permanent and temporary, who are covered by a collective bargaining agreement. In total, 766 of our employees are members of Workers' Committees, accounting for approximately 53% of the total workforce. The Committees maintain continual, direct communication with the Human Resources departments in the companies, and also with other senior executives, if necessary. Formal meetings between management and the Committee take place from time to time, including in the run-up to the renewal of labor and wage agreements. Meetings may also occur for specific inquiries, hearings, and when resolving significant disputes.

When necessary, the employees have several formal avenues for submitting complaints to management: an internal auditor, who can be contacted discreetly and anonymously via email or by phone, a Sexual Harassment and Bullying Prevention Officer, and the VP HR. Complaint boxes are distributed throughout the factories, where inquiries can be left regarding terms of employment, the working environment, and harassment from managers or employees. In addition, the company observes an open-door policy so that everyone is able to contact the CEO and the VP HR directly in all matters concerning complaints against managers and employees.

	2020	2021
Percentage of temporary employees	20%	19%
Group employees – average age	43.5	43.3
Group employees – average seniority	10.6	10.3
Ratio between highest salary and median salary	8.7:1	8.9:1

Contractor employees in the Group, by field

Field	Contractor Employees
Janitorial	6
Catering	2
Security	13
Professional fields	23
Other	34
Total	78



Diversity and inclusion

Diversity and inclusion

As a Group that considers diversity and inclusion to be of great importance, Infinya adapts its working environment to suit the needs of various employees. About a third of the Group's employees come from the Arab community, with 95% of Arab employees being operations workers. The Group places emphasis on creating an atmosphere that respects employees' diverse needs at all of its factories and sites. All Group companies have instituted fair, appropriately adapted screening and recruitment processes and also offer employee training sessions in several languages other than Hebrew – Arabic, Amharic, and Russian.

The company marks all holidays celebrated by its employees' communities and religions: these are noted in the online noticeboards, which include a greeting and an explanation of the holiday itself. The Group's employees can, for religious purposes, receive per diem payments instead of the meals served in the cafeterias, and special rooms have also been allocated for prayer and religious observance.

For Muslim employees, the company adjusts shift work, work hours, and meals to meet the needs of those observing Ramadan. All employees are given days off to celebrate the holidays of their respective religions. In the event that employees opt not to take days off for these holidays, they are awarded extra pay. Furthermore, managers within the Group respect the religious needs of those reporting to them, and enable employees to take time off for prayers in the course of the workday.



As part of its efforts to increase diversity and inclusion, Infinya has been cooperating with the Sikui Shaveh (Equal Opportunity) NGO – an organization which promotes employment of persons with special needs – since 2020. As part of this cooperation, Infinya has made various accommodations to help workers with disabilities be included in the workplace. These accommodations include shorter work hours, accessible workstations, and appropriate positions adapted to their abilities. An effort has also been made to increase accessibility in the company's offices, including the installation of ramps alongside stairs, installation of hearing loops in service-providing offices, and the designation of accessible parking spaces.

In the gender context as well, the company works to increase diversity despite the inherent challenges of such efforts in traditional industries. As a result, the percentage of female managers (15%) is actually higher than the percentage of women in the overall Group workforce.



Safety Incidents

Despite the considerable investment and the efforts invested by the Group, safety incidents occur occasionally in the line of work. In 2021, the Group recorded 31 safety incidents in which company or contractor employees sustained injuries, with only one of these incidents resulting in a serious injury, involving a truck accident inside the factory.

Every work incident in the Group is followed by an investigation. The conclusions of the investigation are distributed by the Safety Officer along with recommendations for improvement and for preventing similar incidents in the future. The Group is committed to learning appropriate lessons from every incident and invests considerable resources in this prevention process.

In view of the importance of occupational safety to the Group, the agendas of all weekly operational meetings at all of the Group's companies begin with safety. In addition, information on safety incidents is routinely distributed through the organizational email to all the companies.

Safety

Safety Training

All of the Group's companies provide safety training and courses on an ongoing basis for employees in the factories and at various other sites. Employees of contractors are also included in these sessions. The topics of the training sessions are varied and tailored to the role and working environment of each and every employee.

Each employee undergoes general safety training, which includes a review of general safety procedures. In addition, each operations employee undergoes in-depth training on the risks involved in working in the factory. This includes safe movement within the factory, safe use of tools and equipment, emphasis on the use of Personal Protective Equipment (PPE), and special safety standards for working in the factory. In 2021, 601 Group employees and 105 contractor employees received specialist safety training for their particular position. This included specific instructions on using relevant equipment and managing certain risks that apply to their role. In total, the Group has invested 2,957 hours in training workers and instructing them on safety matters.

	No. of safety incidents	No. of safety incidents which led to injury	No. of workers injured	No. of contractor employees injured	No. of employees severely injured	Percentage of injuries among company employees (per 200,000 work hours)	Percentage of injuries among contractor employees (per 200,000 work hours)
2021	99	35	35	3	3	6.8	6.6
2020	202	64	59	3	1	5.3	7.6

* Per 200,000 work hours

Infinya – Giving Back to the Community

The Group considers itself to be a significant part of its local community, and therefore views community engagement and contribution to be of great importance. Accordingly, the Group invests money in NGOs and initiatives within the community and also operates various volunteer activities involving its employees, encouraging community engagement throughout all Group sites.

The Group selects its volunteer activities according to each institution's location, nature, and type of activity. In 2021, the Group selected at-risk communities and NGOs operating close to the Infinya plants in Modiin and Hadera as the focus for its volunteer work. These volunteer activities included collaborations with the Leket Israel NGO for sorting vegetables and distributing food baskets; an ongoing annual project with the Pesifas special education school in Modiin; renovation of the special education school in Hadera, including maintenance and painting of the buildings, classrooms, playground, and pathways; and a special lecture on recycling given by Infinya Recycling's CEO at an elementary school in Modiin.

For several years, the Group has also been supporting the Atid Batuah NGO, whose vision is to create a safe future for children and young people by reducing violent behaviors among youth, contributing towards a more amicable social climate, and preventing drug and alcohol abuse. In addition, the organization leads a process to continually improve the feeling of personal safety and protection among children and young people.

**Donation value
(financial equivalent
+ monetary
contribution)**



380K ILS
2020

450K ILS
2021





Innovation

Infinya regards innovation to be one of the main growth engines for business development, increasing its recycling activities, and providing environmental solutions to its customers. The Group's innovative approach and the integration of this approach across its various units yields significant business advantages for the Group and its customers, from streamlining operations and developing innovative products through to special business collaborations. This clear commitment to innovation can be seen throughout all activity segments within the Group's value chain.

Innovation in Digital Printing

As Israel's largest manufacturer of cardboard box packaging, manufacturing packing products for its customers, Infinya Packaging is the focal point of the Group's innovation, serving as a proving ground for the most advanced products within the box packaging industry.

In recent years, the Infinya Packaging factory has undergone a digital transformation and begun using state-of-the-art printers. This digital printing method enables any color or design to be printed directly onto the packing products, without the need for printing templates or adhesive materials. As a result, it significantly streamlines the packaging manufacturing process, shortens the manufacturing time, and delivers much higher quality than currently available alternatives. Digital printing also enables customization in accordance with customer needs.

Above and beyond the significant operational advantages of digital printing, it also contributes to reducing some of the production's environmental impacts by eliminating the use of adhesive and printing materials within the packaging production process. Primarily, these technologies streamline and simplify the recycling process for the packaging (as it now contains less mixed and layered materials). There is also a derivative environmental benefit that comes from avoiding the need to manufacture and transport the products traditionally used in analog printing.



Innovation in Design

Infinya Packaging's design team specializes in designing box packaging for various uses. As part of the development of the company's products, efforts are made to optimize packaging in order to minimize its size and avoid empty spaces within the box, while also maximizing space utilization when transporting packages. Additionally, design efforts are invested in maintaining product quality while increasing the use of recycled containerboard, which is manufactured by the Group, instead of imported virgin containerboard. In 2021, approximately 80% of all the paper consumed by Infinya Packaging was recycled paper, a 15% improvement over 2020.



Innovation in Recycled Containerboard

In recent years, the company has been investing heavily in the R&D of special recycled containerboard with certain improved properties. These properties enable box packaging manufacturers to replace the virgin containerboard, which they import, with these products. Using recycled paper instead of virgin paper is more environmentally friendly, stimulates recycling, has a lower environmental impact, and is also more economical.

In 2021, the company increased the production and sale of its special recycled containerboard products in the domestic market by approximately 41%.



Connecting with Israeli Innovation

The Group believes innovation is driven by collaboration and the cross-pollination of ideas. To this end, we have created collaborations with technology-based startups, particularly in the fields of AI and automation, which are seeking a "test environment" for their methods and concepts. The Group provides them with the platforms they seek, as well as support from our own experts, enabling them to brainstorm and test the design together. To the extent that the technologies mature into a functional product, the Group then implements them in its own systems. For example, in recent years, following collaboration with a startup, the Group has installed systems that use AI technology to detect and alert users to potential malfunctions in the systems, motors, and bearings.

Through these collaborations, the Group provides emerging companies with a real-life opportunity to implement their products and developments in a factory environment, while at the same time adopting innovative technological developments that improve its own production and control processes.



Innovation in Production Processes

Over recent years, hundreds of millions of shekels have been invested in modern equipment intended primarily to increase the company's production and recycling capacity, increase productivity, and expand its product range.

Investments have been made in modern processing technology, digital printers, advanced control and photographic systems, and technological systems to avert malfunctions in the production processes.

Computing systems have also been installed to enable automation of various operational processes. This includes a new product development and graphics system that drives automatic and semi-automatic development processes with the customers and with the Infinya Packaging factory. This system uses artificial intelligence (AI) technologies to autonomously learn how to manage various development processes. In addition, systems have been implemented for automatic management of the transportation, packing and storage. BI systems are also used to manage and analyze production data and to make data-driven process improvements.

SASB Reporting Guidelines - Containers & Packaging Sector

Sustainability Disclosure Topics & Accounting Metrics

Topic	Index	Index No.	Page
Greenhouse gas emissions	Scope 1 emissions, percentage of emissions under emissions-restricting regulation	RT-CP-110a.1	50
	Description if the short-term and long-term strategy for managing cluster 1 emissions, emissions reduction targets and analysis of performance versus targets	RT-CP-110a.2	50
Air quality	Atmospheric emissions of the following pollutants: (1) NOx (as opposed to N2O) (2) SOx (3) Volatile organic compounds (VOCs) (4) Particulate materials (PM)	RT-CP-120a.1	49
Energy consumption management	(1) Total energy consumed, (2) Percentage of energy consumed off the electricity grid, (3) Percentage of renewable energy consumed, (4) Percentage of energy consumed from self-generation	RT-CP-130a.1	49
Managing the water resource	(1) Total water consumed, (2) Total water consumed, percentage from regions with high water stress or very high water stress	RT-CP-140a.1	46
	Description of the risks of water resource management and strategies and methods for managing these risks	RT-CP-140a.2	46
	Number of incidences of non-compliance with water quality standards and regulations	RT-CP-140a.3	None

Activity Metrics

Topic	Index	Index No.	Page
Waste management	Amount of hazardous waste produced, percentage recycled	RT-CP-150a.1	53
Product safety	Total product recall events, number of units recalled	RT-CP-250a.1	56
	Description of processes of identification and management of hazardous materials and chemicals in the products	RT-CP-250a.2	The Group is certified to advanced international safety standards for products which come in contact with food, including HACCP and BRC.
Product lifecycle management	Percentage or raw materials sourced from: (1) Recycled materials (2) Renewable sources (3) Renewable and recycled materials	RT-CP-410a.1	44
	Total revenues from reusable, recyclable and/or compostable products	RT-CP-410a.2	NIS 954,656,000 (100% of all revenues)
	Description of the efforts to reduce the environmental impacts of packaging in the products' lifecycles	RT-CP-410a.3	36
Supply chain management	Total wood pulp sourced, percentage sourced from origins with a non-deforestation certification seal	RT-CP-430a.1	44
	Total aluminum sourced, percentage from sources with a certification seal	RT-CP-430a.2	None sourced

Index	Index No.	Location in the report
Total production, by platform	RT-CP-000.A	44
Total production, by: (1) paper/pulp, (2) glass, (3) metal, and (4) plastic	RT-CP-000.B	44
No. of employees	RT-CP-000.C	60

Infinya Group and the Sustainable Development Goals (SDGs)

We at Infinya Group regard ourselves to be a responsible company favoring environmental sustainability and social responsibility. As a responsible company, we are committed to advancing the United Nations' 17 Sustainable Development Goals (SDGs). These goals were determined by the United Nations General Assembly in 2015. They form a roadmap for the countries of the world for advancing sustainable development in a variety of areas. Although the responsibility for promoting these goals lies at the governmental level, many companies around the world have already signed up to help promote these goals.

We at Infinya Group, through our business and particularly through implementing the principles of circular economy throughout our production cycle, are helping to make progress toward these goals. Our focus is on the following goals:



Ensuring responsible consumption and production practices

We believe in the integration of a circular economy approach throughout our business chain. Our products are comprised of recycled raw materials, which are themselves fully recyclable. In addition, we implement environmental considerations throughout the Group's operational chain, reducing its environmental impacts. The few virgin raw materials we do consume are sourced only from environmentally certified sources.



Advancement of sustainable cities and communities

Thanks to our work, which is based on the principles of the circular economy, we are advancing a culture of recycling within Israeli society. Infinya's customers, including communities and local authorities, are incentivized to recycle their paper waste in an effort to increase their recycling rates.



Advancing partnerships among sectors and communities

Through our waste recycling network, we enable our customers to enjoy a more environmentally-friendly, sustainable value chain by extending the lifecycle of the raw materials comprising their products. In addition, we constitute a highly-sustainable link in our customers' supply chains through the supply of packing materials composed of high-quality recycled materials.



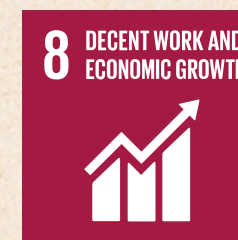
Building flexible infrastructures, promoting overall sustainable industrialization and nurturing innovation

The Group's modern factories offer advanced products and services. They implement innovative technological methods to streamline the production and management processes. We collaborate with startups and other technology companies to examine, adopt, and improve innovative production technologies.



Ensuring availability and sustainable management of water and sanitation

We have built a wastewater treatment plant specifically to treat the wastewater created due to Infinya's activities. The wastewater treatment center ensures that the treated wastewater discharged from it is in compliance with the required water quality standards. Besides that a large proportion of the water is returned into the operational process for reuse.



Advancing continual, sustainable economic growth, full decent work, and fair labor

Infinya Group is an industrial group based almost entirely on a local Israel-based value chain, contributing toward the economic development of the Israeli economy and toward the advancement of the principles of sustainability within it. Infinya Group employs approximately 1,500 employees operating all over the country. Our personnel benefit from appropriate, fair employment conditions and from a safe working environment.



Taking significant measures to fight climate change and its impacts

The Infinya Recycling waste collection fleet consists of trucks which are all compliant with the Euro 6 emissions standard, which significantly reduces the greenhouse gas emissions and air pollution from our activity. Furthermore, we are continually streamlining our operational process and our energy consumption on an ongoing basis. These processes help us save on water, energy, fuels, and raw materials, thereby saving on greenhouse gas emissions and reducing the environmental impacts of our activities.

Quality Assurance Declaration: Infinya Group – ESG Report, 2020-2021

Introduction

Shibolet ESG is a consulting firm which operates as part of Shibolet Consulting Services Ltd. In April 2022, the Infinya Group contacted the company seeking to conduct a quality assurance process for its 2021 ESG report. Shibolet Consulting Services Ltd. is being compensated for the time invested in this process. As part of the Quality Assurance process, the draft report was examined, notes were made, and the aforementioned Quality Assurance Declaration was written.

The Working Approach

The quality assurance process for the ESG reports is a process which is intended, first and foremost, to improve the quality of the reporting output through the provision of professional feedback. The process examined whether the report was compliant with three key principles:

Inclusivity – addressing a broad range of stakeholders.

Materiality – addressing issues material to the company's business.

Responsiveness – reporting on issues raised by stakeholders.

The Findings

This report is the first issued by Infinya Group and for this they are to be commended. The report is in accordance with the current reporting guidelines of the GRI and the SRS, while being in compliance with the comprehensive reporting framework. I hereby declare that Infinya Group has indeed complied with the scope of disclosure as expected at this level and that it presents compliance with the aforementioned three principles. It is in compliance with AccountAbility's AA1000AS standard for social responsibility reporting.

This report also includes, for the first time, reference to the reporting indices of the SASB for the Containers & Packaging sector. This report refers to the issues included in the aforementioned reporting indices and cross-references the pages in the report where the said information appears. Being the first ESG report filed by the Infinya Group, it is a professional milestone that is consistent with the substance of the company's business and industry as a leader in the circular economy in Israel and the re-use of waste materials as a raw material (upcycling).

Notes on the Report:

Calculation of normalized carbon footprint, including reference to Scope 3 – the company's products are packing products in widespread use in the Israeli economy as well as in the export of products from Israel to companies overseas. The current calculation data are the first step toward management of the company's climate impacts. However, as more and more suppliers are expected to seek these data about the containers in which they pack their products, it is worthwhile to perform the calculation appropriately and to include therein also the environmental impact of the entire lifecycle of the products up and down the supply chain.

Detailed reference to the United Nations' Sustainability Goals – in this report, only initial, superficial reference has been made to the UN's sustainability goals. There is no drill-down into the secondary goals and their related performance indices. It is recommended that, in future, this drill-down be done, and therein also to refer to the performance of the State of Israel as a whole, which is measured against these goals.

Congratulations to all involved.

Dr. Liad Ortat

Head of Shibolet ESG



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General Disclosures		Page
102-1	Name of the organization	13
102-2	Activities, brands, products, and services	13
102-3	Location of headquarters	15
102-4	Location of operations	15
102-5	Ownership and legal form	14
102-6	Markets served	32
102-7	Scale of the organization	38
102-8	Information on employees and other workers	60
102-9	Supply chain	36
102-10	Significant changes to the organization and its supply chain	-
102-11	Precautionary Principle or approach	50
102-12	External initiatives	NR
102-13	Membership of associations	NR
102-14	Statement from senior decision-maker	8
102-16	Values, principles, standards, and norms of behavior	11
102-17	Ethics & Integrity	20
102-18	Governance structure	16
102-19	Delegating Authority	16
102-20	Executive-level responsibility for economic, environmental, and social topics	18
102-21	Consulting stakeholders on economic, environmental, and social topics	26
102-22	Composition of the highest governance body and its committees	16
102-23	Chair of the highest governance body	17
102-24	Nominating and selecting the highest governance body	16
102-26	Role of highest governance body in setting purpose, values, and strategy	16
102-27	Collective knowledge of highest governance body	16
102-28	Evaluating the highest governance body's performance	16
102-29	Identifying and managing economic, environmental, and social impacts	8
102-31	Review of economic, environmental, and social topics	8
102-32	Highest governance body's role in sustainability reporting	16

General Disclosures		Page
102-40	List of stakeholder groups	26
102-41	Collective bargaining agreements	X
102-42	Identifying and selecting stakeholders	26
102-43	Approach to stakeholder engagement	26
102-44	Key topics and concerns raised	26
102-45	Entities included in the consolidated financial statements	14
102-46	Defining report content and topic Boundaries	26
102-47	List of material topics	26
102-48	Restatements of information	-
102-49	Changes in reporting	-
102-50	Reporting period	2021
102-51	Date of most recent report	-
102-52	Reporting cycle	to be decided
102-53	Contact point for questions regarding the report	24
102-54	Claims of reporting in accordance with the GRI Standards	24
102-55	GRI content index	83
102-56	External assurance	V

For additional information and financial reporting please refer to the 2021 financial statement

For each material topic, the reporting requirements of 103 1-3 are integrated in the location specified and thus not repeatedly apparent in the index

Economic Disclosures		Page
201-1	Direct economic value generated and distributed	5
201-2	Financial implications and other risks and opportunities due to climate change	50
201-3	Defined benefit plan obligations and other retirement plans	FR
201-4	Financial assistance received from government	non
203-1	Infrastructure investments and services supported	38
203-2	Significant indirect economic impacts	36
205-2	Communication and training about anti-corruption policies and procedures	23
205-3	Confirmed incidents of corruption and actions taken	non
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	23
207-4	Country-by-country reporting	Operates only in Israel

Environmental Disclosures		Page
305-1	Direct (Scope 1) GHG emissions	50
305-2	Energy indirect (Scope 2) GHG emissions	50
305-3	Other indirect (Scope 3) GHG emissions	50
305-4	GHG emissions intensity	50
305-5	Reduction of GHG emissions	50
305-6	Emissions of ozone-depleting substances (ODS)	non
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	49
306-1 (2020)	Waste generation and significant waste-related impacts	44
306-2 (2020)	Management of significant waste-related impacts	42
306-3 (2020)	Waste generated	44
306-4 (2020)	Waste diverted from disposal	53
306-5 (2020)	Waste directed to disposal	53
306-2	Waste by type and disposal method	53
306-3	Significant spills	non
306-4	Transport of hazardous waste	non
306-5	Water bodies affected by water discharges and/or runoff	46
307-1	Non-compliance with environmental laws and regulations	non
301-1	Materials used by weight or volume	44
301-2	Recycled input materials used	44
301-3	Reclaimed products and their packaging materials	44
302-1	Energy consumption within the organization	49
302-2	Energy consumption outside of the organization	49
302-3	Energy intensity	49
302-4	Reduction of energy consumption	49
302-5	Reductions in energy requirements of products and services	49
303-1	Interactions with water as a shared resource	46
303-2	Management of water discharge-related impacts	46
303-3	Water withdrawal	46
303-4	Water discharge	46
303-5	Water consumption	46

Social Disclosures		Page
401-1	New employee hires and employee turnover	64
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	66
401-3	Parental leave	64
402-1	Minimum notice periods regarding operational changes	
403-1	Occupational health and safety management system	70
403-2	Hazard identification, risk assessment, and incident investigation	70
403-3	Occupational health services	70
403-4	Worker participation, consultation, and communication on occupational health and safety	70
403-5	Worker training on occupational health and safety	70
403-6	Promotion of worker health	70
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	70
403-8	Workers covered by an occupational health and safety management system	All
403-9	Work-related injuries	71
403-10	Work-related ill health	71
405-1	Diversity of governance bodies and employees	68
405-2	Ratio of basic salary and remuneration of women to men	-
406-1	Incidents of discrimination and corrective actions taken	non
410-1	Security personnel trained in human rights policies or procedures	All
411-1	Incidents of violations involving rights of indigenous peoples	non
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	non
417-2	Incidents of non-compliance concerning product and service information and labeling	non
417-3	Incidents of non-compliance concerning marketing communications	non
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	non
419-1	Non-compliance with laws and regulations in the social and economic area	non