



Haifa Group Communication on Progress UN Global Compact Policy 2022



August 2022

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1. Message from Haifa Group CEO



August 2022

H.E. Mr. António Guterres
Secretary-General
United Nations
New York, NY 10017, USA

Dear Secretary-General,

We are pleased to confirm that Haifa Group reaffirms its support of the seventeen principles of the United Nations Global Compact, among them: human rights, labor, education, environment, and anti-corruption .

Since its joining to the Global Compact initiative, Haifa Group has paid an increasingly growing attention to the Sustainable Development Goals, turning them a major focus in all our deeds. In this Annual Communication on Progress, we portray the activities that we carried out and the projects we have embraced to deepen the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We are also proud to share this information with our stakeholders, using our primary channels of communication.

Haifa Group is committed to support sustainable food production globally, addressing issues such as resource depletion and climate changes. Providing farmers worldwide with advanced plant nutrition solutions and comprehensive professional support, we help them grow quality crops with better efficiency while minimizing environmental impacts. As Pioneering and Knowledge Sharing are Haifa Group's business DNA, we are not only committed to continue and support Global Compact but also to encourage our business partners to choose this path and support the program.

In 2022, Haifa group was listed for the first time in "Maala" the Israeli ESG Index that ranked its environmental, social and corporate governance activities, and was awarded with a the highest "Platinum" score.

Sincerely yours,


Motti Levin,

Chief Executive Officer, Haifa Group

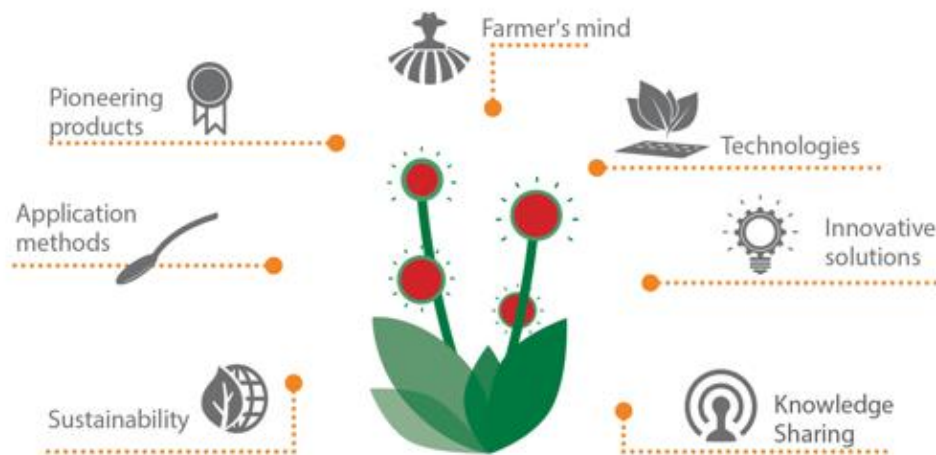
2. About Haifa Group

Haifa Group is a multinational corporation, a leading global supplier of potassium nitrate for agriculture and industry, specialty plant nutrients and food phosphates.

Renowned for its pioneering spirit and innovative solutions for over five decades, Haifa Group, a leading global expert, leverages natural resources of potash and phosphate rocks to specialty fertilizers delivering exceptional plant nutrition products.

Committed to support growers and agriculture experts worldwide, Haifa Group combines vision and leadership, technology and innovation, all while striving to create cutting-edge solutions for today and tomorrow's challenges in the agriculture and the industry sectors.

Haifa Group owns production facilities in Israel, France, and Canada. Through 17 subsidiaries, around 130 front warehouses, and partnership with regional manufacturers in over 100 countries across five continents, Haifa provides high-quality plant nutrition solutions that are customized to the requirements of each region.



3. Haifa-Group's Commitment to the Sustainable Development Goals

Haifa Group is leading sustainable efforts and act in accordance with the goals of the UN Sustainable Development Program, by using innovative, pioneering and groundbreaking measures that integrate the economic, social and environmental work.

our efforts include, inter alia, human rights and equality between genders, empowering women and girls, eradicating poverty in all its forms and preserving the environment.

In 2022, Haifa group was listed for the first time in the **Maala Index** and was awarded with the high "Platinum" score. The Maala Index is a leading Israeli professional non-profit organization that provides a benchmark for evaluating Israeli companies based on their commitment to corporate responsibility, community and environment.

4. Advancing the SDG's principles in 2022

4.1 Human Rights

Haifa Group is active in the community in many ways. The main activities of Group addressing Human Rights in 2022 were:

Training against gender harassment and gender discrimination

Haifa Group is committed to the principle of zero tolerance for any form of harassment or violence, including sexual harassment, and works to eradicate these phenomena among its people. Haifa Group established a policy against sexual harassment that all employees must sign, accept and approve. In each subsidiary and each production facility a commissioner was nominated to stress the importance of the issue and to deal with any employee's complaints. A special training program was conducted at the company's headquarters and all subsidiaries to prevent gender harassment and gender discrimination.

In 2022, all of Haifa's employees underwent interactive training on the prevention of sexual harassment.

Employees safety

Haifa is committed to prevent accidents and occupational diseases and is performing risk assessment and on-site inspections. Haifa spends heavily in this issue every year, with the Haifa Safety Group spending around \$600,000 in 2021.

During the first eight months of 2022 the occurrence of accidents in Haifa Group's facilities decreased by 50% for Haifa employees and by 80% for contractor employees, compared to 2021.

In 2021, occupational accidents were reduced by 39% among company employees and 43% among contractor employees compared to 2020.

Examples of Special activities undertaken to improve work safety in 2021:

A total of 1,960 hours of safety training was delivered among Haifa's production plant employees. Enhancing the uses of Haifa internal unique app for reporting hazards and safety issues. Over 1,400 safety inspections were made during 2021, and 719 inspections were reported at the first half of 2022.

Community Involvement

Haifa group is active in the community in many ways. In 2021, Haifa Group invested about USD 400,000 in community-oriented social projects. Many of the invested initiatives were continuing programs that had been running for many years, while others were ad-hoc projects to address special community needs. The main activities of Haifa Group in the period 2021-2022 included:

Ongoing yearly projects.

"Specials in Uniforms" program-

Haifa Group supports a group of 12 young men and women with special needs, who participate in the "Specials in Uniforms" a program of the "Lend a Hand to a Special Child" organization. This program enables disabled young people to volunteer for a military service according to their capability and wishes. In this program these young people acquire life skills and satisfaction that help them to integrate with the Israeli society and subsequently integrate into the community and

the labor market.

"Beit Issie Shapiro" Leadership Project-

"Beit Issie Shapiro" institute works to ensure that children and people with different disabilities are maximizing their opportunities for growth and involvement in their community . Haifa Group funds the leadership program that strive to enable leadership skills and ways for community involvement among a group of people with special needs.

Scholarships –

Haifa Group granted university and college students with variety of scholarships summing in tens of thousands of dollars. Some of the scholarships were given to life sciences students, and others supported the academic studies of Haifa's employees' children.

A center for plant nutrition studies at Dimona's agricultural farm-

In 2022, Haifa group established an agricultural farm, a center for plant nutrition research in the city of Dimona. This center combines elementary and high school students' activities with hands-on research methods. As part of the activity, students learn about fertilizers and agriculture. These research projects will be integrated into the final exams of graduate students.

Sponsorship of youth sports teams-

Haifa sponsors two youth football teams as part of the social activities in the southern region nearby Haifa's industrial facility Israel: Hapoel Beer Sheva and Hapoel Dimona.

Ad-hoc projects

- Funding the Israeli National Autism Research Conference- "How to integrate and support adults with autism".
- Donation of USD 23,000 to an orphanage in Odessa to rescue the kids from the battle zones in Ukraine. Haifa raised donations from its employees around the world and for each dollar that was donated Haifa matched an additional dollar.
- Haifa North America employees volunteered at a non-profit organization called "Food Bank of the Rockies," where they prepared and wrapped over 1,000 meals for local children in the Denver region.
- During the international FIMA fair in Zaragoza, Haifa Iberia subsidiary organized a donation event to support the Ukrainian refugees in collaboration with UNHCR.
- Haifa France sponsored a trail and running group called "Domessargues Running," and organizes a trail race in October to collect donations for the benefit of a cancer research station.
- Haifa North West Europe donated to the "Erasmus MC Sophia Foundation," a unit of the Erasmus MC Sophia Children's Hospital that provides care for children with rare and complex disorders. The "Erasmus MC Sophia Foundation" makes hospital stays pleasant for patients and their families by offering family rooms, toys and other relaxing activities.

4.2 Labor

Haifa Group is leading a decent labor relations and concerned for occupational safety and job security for its employees. Haifa group is proud of the good relations and the cooperation between the management and the employees. This method brings high productivity on one hand and increase the employee's job satisfaction on the other hand.

in 2021, based on the successful experience of working remotely during the COVID-19 outbreak, Haifa recognized the opportunity to modify work habits and apply a hybrid work approach on a regular basis in order to support the work-life balance among its workers. Number of days off were extended and working hours became more flexible as part of the new hybrid work pattern.

A four-day work and four-day off shift structure was implemented in the manufacturing factory to ensure efficient but comfortable and flexible work. According to a survey of all employees, these new working practices are well received.



4.3 Environmentally responsible production

Following Haifa Group's "Pioneering the future" vision, the Company's production processes implement the best available technology (BAT) throughout its production procedures. Under the supervision of the Israeli Environmental Protection Ministry, Haifa Group not only complies with the stringent environmental regulations but prepares itself to the new future environmental standards.

In 2020-2022, Haifa Group carried out projects that have been initiated in recent years and invested an additional amount of over \$ 40 million for a greener production process. Among the projects:

Clean air act

The air emission permit that Haifa Group holds according to the Israeli "Clean Air Law" specifies general requirements, emission values and action items. It also sets a timeframe for implementing the requirements.

In the years 2020-2022, Haifa Group completed projects to reduce carbon emissions. In 2021, the

system for collecting VOC emissions and the installation of an RTO system to treat these pollutants went into service. This technology has already lowered carbon emissions by 20% that year, with the goal of reducing emissions by 90% in future years.

Upgrading wastewater system and evaporation pools landscape restoration

Haifa group invested approximately 12.3 million dollars between 2019 and 2021 in upgrading the wastewater treatment system, rehabilitating evaporation pools, and researching innovative wastewater treatment processes.

Activities to reducing waste and promoting recycling

- In the past, all heavy organic residue materials were sent to a landfill for treatment and disposal. Since 2022, these materials have been delivered to "Dor" plant, a special treatment facility, where 30% of the materials returns for reuse, and the other 70% being disposed in Ramat Hovav landfill for treatment.
- The thickness of the 25 kg bags in which Haifa's products are packed was reduced, resulting a 20-ton reduction in plastic-use every year. Additionally, the bags were labeled with a recyclable symbol to encourage farmers to recycle Haifa product packaging.
- Empty bags containing hazardous chemicals were transferred to a cleaning procedure before being sent to Nesher Ramla cement factory to be utilized as an energy source (instead of being cleared for landfill in Ramat Hovav).
- Recycling of wood pallets, electronics, iron and metal waste.
- Using reuse wood pallets instead of new ones.
- Sanitary wastewaters are collected and sent to sanitary waste treatment facility, treated and reused for gardening in Haifa's production plant.

The North plant site restoration

Haifa Group invested USD 4 million in restoration operations at the former production site. After the ammonia tank in Haifa port was closed due to regulatory changes, Haifa Group decided in 2018 to shut down the manufacturing facility near Haifa city and relocate all production to its factory in southern Israel. The northern site was cleared during a three-year period with the collaboration of the Ministry of Environmental Protection. It involved removing all materials stored on the site, cleaning and dismantling equipment units and facilities, and crushing the concrete of the structures while maximizing waste recycling procedures and sending waste as little as possible to the landfill.

The site restoration, was finished in 2022, earned appreciation from government authorities, who remarked that the group created new standards for land restoration processes for industrial companies.

5.Anti-Corruption thrust

Haifa Group is committed to fight corruption by implementing work procedures to maintaining transparency, fair trade conditions and zero tolerance for bribe. Haifa Group prohibits its employees from cooperating with any party that does not act in the spirit of these values.

In 2022, audits were conducted at all branches of the company to check that the company's operations are done according to these rules, and company employees went through training on these matter.

About this report

This Communication on Progress follows the reporting criteria of the UNGC framework and lays out our approach, policies and performance in the areas of human rights, ethics, society and the environment. All data relates to the 2022 calendar year unless otherwise stated.

More information can be found on Haifa Group corporate website: <https://www.haifa-group.com/>

