Environmental Report 2023

PLASSON®

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Introduction

PLASSON LTD (hereinafter: "PLASSON") is a global leader in the development, manufacturing and marketing of high-quality technical products: Flow Solutions (fittings & valves), livestock equipment, products for the bathroom and kitchen, and in other activities. The Company maintains a tradition of over 60 years of excellence and innovation.

PLASSON's parent company, PLASSON Industries Ltd., is a public company whose shares have been traded on the Tel Aviv Stock Exchange since 1997, and are included in the TA-125 Index.

PLASSON has built a reputation as a manufacturer of high quality products, meeting the strictest standards in its areas of activity. Quality is the key concept in all of PLASSON'S processes, from development and design through production, assembly, packaging, distribution, delivery, and after-sales services.

With over 50 years of experience in product development, we constantly aim to develop added value and stand at the forefront of technology in the development of innovative products and solutions to suit the ever -evolving needs of our customers.

We place great emphasis on providing the best services to our customers.
The PLASSON Group facilitates the exchange of the most innovative practices and knowledge across all countries and segments. In all our manufacturing sites and subsidiaries across the world, PLASSON teams strive for operational excellence and efficiency in delivering the best and most efficient service.

We constantly seek to improve our environmental sustainability.
Therefore, we have decided this year to expand our greenhouse gas (GHG) emissions report on a global level engaging all necessary focal points, obtaining resources and standardizing KPIs collection and reporting process. Hence, we aim to release this environmental report and following periodical releases to be shared with all our stakeholders. This report summarizes the key elements and achievements of our environmental activities worldwide in 2023.

Environmental Governance and Management at PLASSON

PLASSON is a leading international presence, operating in more than 100 international markets, with approximately 2,500 employees and 26 subsidiaries operating worldwide.

PLASSON´s group headquarter is located in Israel, together with its main manufacturing facility. The headquarter facility also houses the PLASSON group's global Development Department, along with additional development branches at the subsidiaries.

This is a global environmental report, which contains an overview of PLASSON's environmental related projects and environmental performances during calendar year 2023. The report details activities from our global manufacturing, logistics and distribution centers worldwide.

Environmental governance and management at PLASSON is led by high management, we have established an EHS Policy which guides our environmental strategy. The Global Chief Operating Officer (COO) overviews and includes into the upper management's meetings environment and climate-related topics for discussion, such as environmental strategy, compliance with environmental regulation, guiding annual budget and business plans.
The COO is responsible for the operation of all industries and logistic centers worldwide, which include environmental key performance indicators management, such as electricity consumption, setting performance objectives, monitoring and overseeing progress against goals and targets. In addition, the COO is responsible for the implementation of an Environmental Management System - ISO14001 third-party certified, and Energy Efficiency Management System – ISO50001 third-party certified, at the headquarters and main production site in Israel.

We conduct on-going activities that advance environmentally friendly practices, including measures to reduce electricity, fuel and water consumption, and maximize waste recycling.
We also started a process of LCA calculations for our most popular products and issued Environmental Product Declarations using these LCA results. These projects help us understand how to reduce our environmental impacts and improve our environmental performances.

Environmental Performance 2023

Greenhouse gas (GHG) emissions calculation and report

Our GHG report from 2023 include Scope 1, Scope 2 and Scope 3 emissions, our activities are divided according to the following scope levels:

Scope 1 (direct emissions)
Emissions are those from activities owned or controlled by our organization:

- Fuel consumption
- Refrigeration operating emissions (AC systems for office and Communication Rooms)
- Fire suppression systems (electric panels and fire extinguishers)

Scope 2 (energy indirect)
Emissions released into the atmosphere that are associated with our consumption of purchased electricity, heat, steam and cooling:

Scope 3 (other indirect)
Emissions that are a consequence of actions that occur at sources we do not own or control and are not classified as Scope 2 emissions:

- Electricity (Transmission & Distribution and Well to Tank factors – T&D and WTT)
- Employee commuting (company cars, rented cars and shuttles)
- Resource usage (water and paper consumption)
- Freighting goods
- Business Travels
- Paper consumption for printing
- Waste management
- Raw materials consumption for products and packaging

The calculation of GHG emissions was conducted according to the GHG Protocol Corporate Accounting and Reporting Standard. Emissions were calculated based on UK Government conversion factors for greenhouse gas reporting (DEFRA 2023 database) and Ecoinvent database emission factors (V3.8). For the electricity emission factors (for electricity generation and T&D emissions) we purchased the International Energy Agency (IEA) emission factors file, as well as used factors from the EPA (U.S Environmental Protection Agency) for American sites, from the AIB (Association of Issuing Bodies) for European sites and from the Israeli Ministry of Environmental Protection for Israeli sites. Our GHG report from 2023 was verified by a third-party independent auditor in accordance with ISO14064-3 for all Scope 1, Scope 2 and Scope 3 emissions.

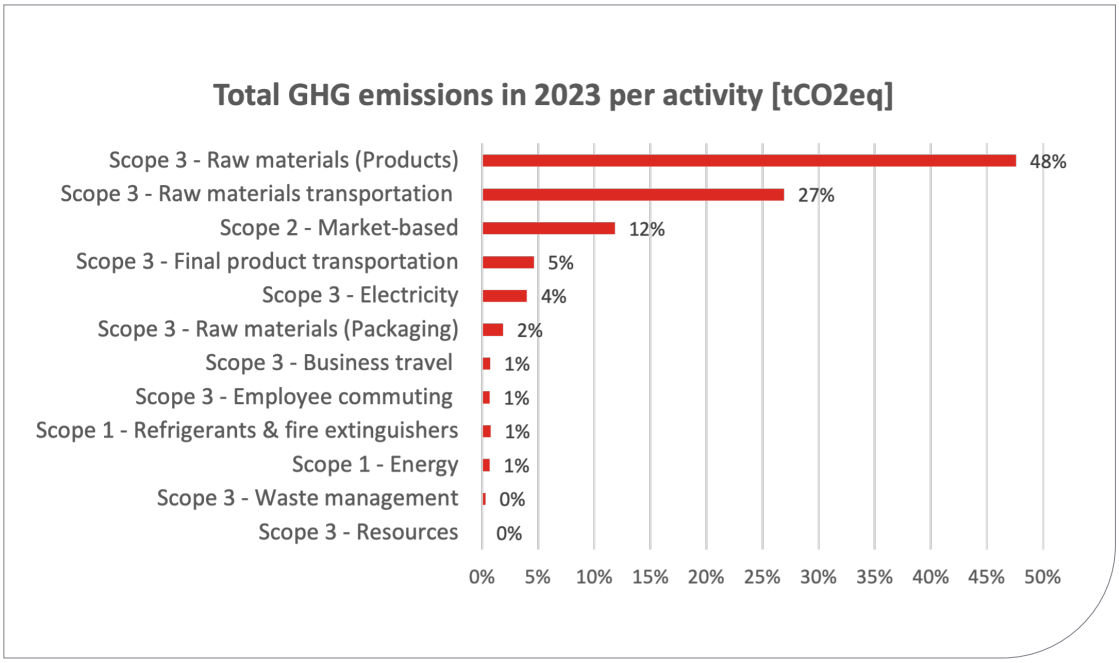
In 2023, our global emissions accounted for a total of 212,018 metric tons of CO2 equivalent (tCO2e), divided as follows:

Greenhouse gas emissions	tCO2e
Scope 1	3,046
Scope 2 – Market based	25,071
Scope 2 – Location based	25,356
Scope 3	183,901
Total emissions – Market based	212,018
Total emissions – Location based	212,303

Environmental KPIs breakdown:

GHG Emissions Overview:

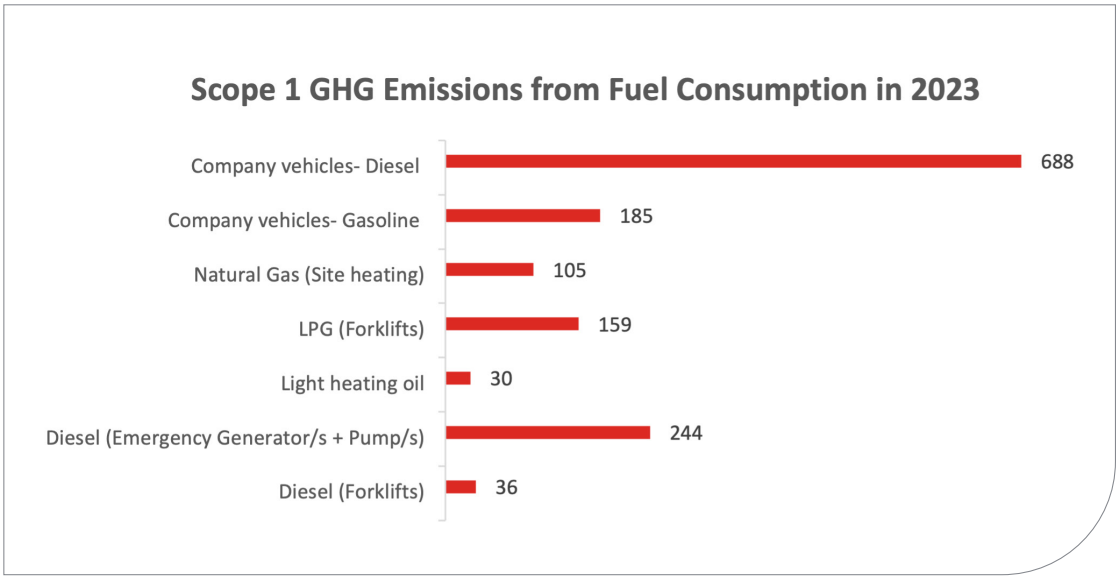
For the 2023 GHG emissions report, we successfully collected environmental KPIs from 25 of our major sites, including factories, storage, and distribution centers worldwide. In 2023, we also expanded and improved the data collection process, which now includes information from our manufacturing site in India and a new storage site in Australia.
A substantial 87% of emissions fall under Scope 3, while Scope 2, related to electricity consumption, makes up 12%. This leaves our direct emissions (Scope 1) at just 1%. The graph below provides an overview of GHG emissions distribution by activity type.



Scope 1 - Fuel Consumption and Ozone Depleting Substances:

Refrigeration gases from air conditioning systems in offices and communication rooms, as well as gases from fire suppression systems found at some of our sites near main electrical panels and communication rooms, are classified as ozone-depleting substances (ODS). In 2021, we conducted a survey to map all refrigerant and fire extinguisher systems, which we utilized for this year's reporting. Whenever possible, we gathered information on gas recharges; when this data was unavailable, we reported operating emissions based on estimated annual leak rates.

A large part of our direct emissions (Scope 1) comes from fuel consumption, primarily at our manufacturing subsidiaries. In the 2023 report, we documented emissions from various sources: diesel used for emergency generators and forklifts, gasoline and liquefied petroleum gas (LPG) for production machinery, and natural gas and light heating oil mainly for heating. Additionally, we included emissions from diesel and gasoline used in company vehicles.
Below is a breakdown of Scope 1 emissions by fuel type.



Scope 2 - Electricity Consumption:

Electricity consumption is essential for powering our operations, deploying our solutions, and supporting our global storage facilities and offices.

Our global GHG emissions related to electricity consumption sum up to 16% of the total emissions, where 12% were accounted under scope 2, and 4% under scope 3.
Scope 2 emissions were calculated using market-based and location-based methodology, since PLASSON's sites rely on electricity consumption from the local grid and national providers as well as private providers.

Transmission and distribution (T&D) emissions related to grid losses (energy lost in transferring electricity from power plants to purchasing organizations) and well-to-tank (WTT) emissions, which account for the extraction, refining, and transportation of primary fuels prior to their use in electricity generation, have been included in our Scope 3 emissions calculations.

Since PLASSON Ltd. serves as our main production site and headquarters, we established a long-term strategy in 2019 to enhance our production processes at multiple levels, including energy efficiency. Our goal is to reduce overall electricity consumption by 2% by 2024. This strategy, along with specific projects and physical changes to our operations, acknowledges that many initiatives will have a long-term return on investment and may take several years to implement. Nevertheless, we continuously assess the electricity consumption of each initiative and monitor progress to ensure we achieve the anticipated reductions. We are confident that we are on the right track to meet our target by 2024.

PLASSON Ltd. has established an EHS Policy, approved by management, which guides our environmental strategy. We are committed to implementing energy efficiency projects. Here are a few examples of initiatives undertaken in 2023:

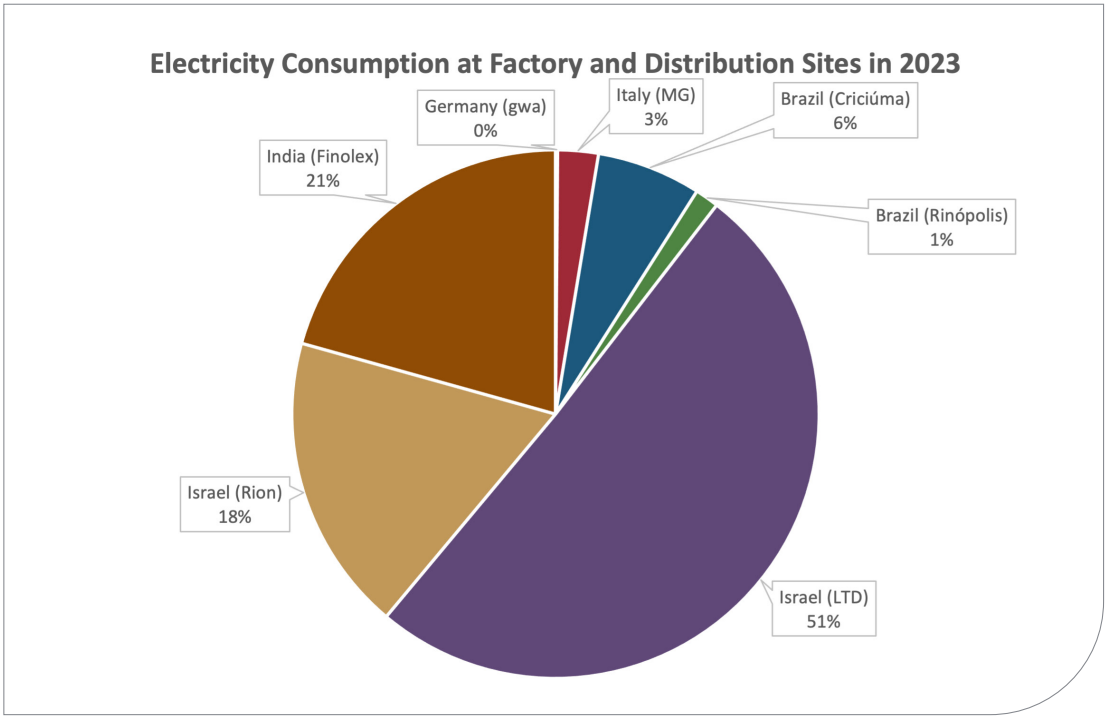
Energy efficiency improvements

- Replacement of diesel forklifts (2023-2024):
  Transitioning from diesel forklifts to more sustainable alternatives to reduce fuel consumption and lower emissions.
- Air Compressor Upgrade for improved energy efficiency (2023-2024):
  Replacing outdated air compressors with energy-efficient models to minimize energy use and optimize system performance.
- Production equipment replacement for enhanced energy efficiency:
  Upgrading production machinery to boost energy efficiency throughout the production process, resulting in lower energy consumption.
- Lighting Upgrade to LED:
  Replacing traditional lighting with energy-efficient LED systems, reducing electricity usage and minimizing operational costs.
- Air conditioning system replacement and upgrade:
  Replacing and upgrading the air conditioning system to enhance energy efficiency and reduce overall energy consumption.

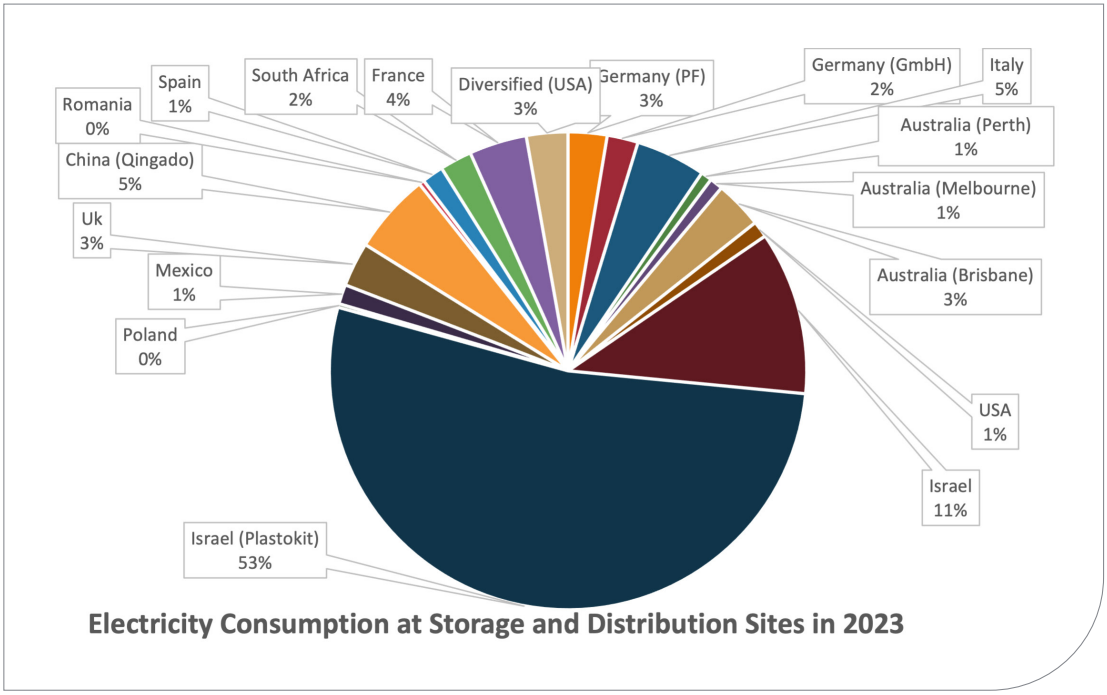
Sustainable energy and carbon reduction

- Installation of photovoltaic (PV) systems:
  Installing solar panels to harness renewable energy, thereby reducing reliance on traditional power sources and lowering the carbon footprint. The installation, completed in 2023 at our site in South Africa, is expected to save approximately 30 tons of CO_2 emissions annually.

The graphs below analyze electricity consumption by country. Manufacturing sites account for a total of 92% of all electricity usage, with Finolex in India, PLASSON Ltd., and Rion Ltd. in Israel together representing 82% of this total. Our storage and distribution centers are located in 13 countries worldwide, contributing only a minor percentage to the overall consumption.



Electricity consumption distribution per location for factory & distribution facilities



Electricity consumption distribution per location for storage & distribution facilities

Raw Material Purchase and Transportation:

Analysis of our scope 3 emissions reveals that the purchase and transportation of raw materials are the largest sources, accounting for 86% of total scope 3 emissions. We are committed to reducing emissions in this area by implementing new initiatives.

In 2021, we began conducting life cycle assessments (LCA) to calculate the emissions associated with the manufacturing of our most significant products. This process has enabled us to understand the impact of the raw materials used and their origins, allowing us to adapt our production processes accordingly. In 2023, we have issued environmental product declarations (EPD) based on these LCA's results.

Additionally, we aim to select our suppliers based on their environmental commitment. In 2023, we developed a value chain questionnaire to assess our suppliers' environmental practices and actions. In the near future, this ESG questionnaire will be a key factor in choosing our suppliers, ensuring alignment with our commitment to sustainability.

Additional Scope 3 Emissions:

Downstream transportation and distribution account for 5% of total emissions. This category encompasses emissions from the transportation of sold products using vehicles that are not owned or controlled by our company. We considered all parts and final products transported by land, sea, or air between our factories and our storage and distribution centers, employing a distance-based methodology.

We also took into consideration the emissions from the extraction and transportation of fuels used for the electricity production. This represents 6% of the scope 3 emissions. This data was calculated according to the location of the consumed electricity (by purchasing the IEA emission factor file).
Packaging materials were assessed based on their type, origin (primary or recycled). These materials account for 2% of our Scope 3 emissions.

We have also included emissions from aviation (business travel) and employee commuting in our Scope 3 calculations. This encompasses shuttles provided by PLASSON and company cars offered to some employees as a benefit under lease agreements. Together, these GHG emissions account for 2% of our Scope 3 total.

Information on waste disposal is also included in our Scope 3 emissions, contributing 0.4% to our total emissions. We have streamlined our global efforts to gather and report accurate data.
Committed to a circular economy, we implement waste reduction strategies and prioritize reuse and recycling whenever possible. Our recycling programs encompass various waste streams, including paper, plastic, cardboard, metals, oils, wood, and both industrial and electronic waste.
A small portion of waste is classified as hazardous, which we dispose of and package safely in compliance with applicable regulations. Additionally, waste streams such as food, regular household waste, and some industrial wastes are sent to landfills.

Engagement with Our Value Chain

Added Value to Our Customers

As one of the leading manufacturers of plastic products globally, we are committed to developing added value and staying at the forefront of technology in creating innovative products and solutions that meet the evolving needs of our customers, particularly in water transport. Our products contribute to environmental sustainability by preventing leaks and conserving water.

The group invests substantial resources and effort, as our core organizational culture emphasizes operational excellence and efficiency, which we believe will play a significant role in enhancing water security and conservation. We offer a 50-year warranty on our products, which stands out in the market. We are proud to share the environmental and climate-related benefits of our products with our customers, and our website provides public information on these topics. Additionally, we have begun conducting life cycle assessments (LCA) on product families to evaluate and estimate their avoided emissions.

Engaging within Our Industry, Associations and with Policy Makers

At PLASSON, we are dedicated to delivering high-quality products that meet the strictest industry standards. Quality is a fundamental principle in all of PLASSON's processes, encompassing development and design, production, assembly, packaging, distribution, delivery, and after-sales service. We actively participate in Standards Committees to promote higher standards for pressure, ducting, and piping systems, enhancing water distribution and reducing leakages while incorporating recycled materials. Our primary activities include:

- CEN TC155 WG12 "Pressure systems of polyolefin material for gas supply, water supply and drainage and sewerage" – definitions of quality materials that shall be used which ensure a minimum design basis of 50 years for the complete supply system. Actual research on long term performance prediction of existing PE water distribution systems shows a possible service life of at least 100 years. Such systems ensure reduced need for servicing and minimization of scrap as a result of material degradation.

- CEN/TC 155 "Plastics piping systems and ducting systems" - in which the consideration of increasing the uptake of recycled plastic has been especially taken into account. In this sense, CEN/TC 155 has taken different actions:

  1. The chapter related to material characteristics has been revised, and some product/system standards (for non-pressure applications) currently allow and specify the use of recycled material.
  2. New product/systems standards have been recently developed by CEN/TC 155 with a different approach (performance based) and allowing the use of up to 100% of recycled plastic
  3. The development of other standards (and R&D projects) that support the uptake of recyclates: terminology, guidance, recycled material testing (durability, characteristics).
  4. A clear definition of the terminology for rework and pre-consumer material is considered of high relevance to clearly identify the use and content of recycled plastic in our products and to make consistent (and aligned with the CPA) the terminology used in our product/system standards.
  5. It also has to be considered that the aim of the industry is to offer long-lasting products, using a design time of 50 years for an intended life-time in service for 100 years.

6. Recycled plastics are mainly generated from plastic waste from short life applications (packaging) and it is a difficult challenge to use them in long lasting and high-performance applications such as pressure piping systems.
7. Standards for non-pressure applications have been revised in a first step and modified to specify the use of recycled material maintaining the needed and required performance of the products. In pressure applications the use of recycled material does not allow us to meet the high-performance requirements (mechanical, functional, hygienic, longevity…) needed for that type of infrastructures.

Circular Economy Project with Our PP Supplier

In 2023, PLASSON Ltd. continued its ongoing circular economy project focused on our primary raw material: polypropylene (PP). All polypropylene production waste is collected and sent to a certified recycling contractor, who processes the material and returns 100% of it back to Plasson. This post-industrial recycled polypropylene is then reused in the manufacturing of specific products at PLASSON.

This initiative was implemented to improve the environmental footprint of our products, reduce waste and reduce the extraction of natural resources from our ecosystems. By ensuring that 100% of our PP waste is recycled and reused, we are taking concrete steps toward a more sustainable approach to plastic use.
We believe this project sets an important precedent for how plastics can be responsibly and efficiently integrated into manufacturing processes.

Sustainable Partnership with Maagan Michael Kibbutz, Israel

PLASSON was founded in 1964 by the members of the Maagan Michael Kibbutz, a collective community located 30 km south of Haifa, Israel. The company's headquarters and one of its manufacturing plants remain at the kibbutz, with which we maintain a close and collaborative partnership - particularly on projects related to climate change. For example, the factory's roof is equipped with solar panels that provide renewable energy to the kibbutz, and one of our cooling processes uses water heating that supports the ongoing activities of the kibbutz. This mutual engagement allows for a more sustainable and efficient use of energy between the partners.

In 2023, PLASSON Ltd. expanded its environmental initiatives by starting to collect organic waste from the plant and transfer it to the kibbutz for composting. This collaboration not only reduces the pollutants emissions associated with waste landfill, but also supports sustainable agricultural practices at Maagan Michael.

Innovation: Africa, Giving Back to the Society

PLASSON Ltd funds a project called **Innovation: Africa**, a 501 (c)(3) non-profit organization that brings Israeli solar, water and agricultural technologies to rural African villages.
Since 2008, using innovative Israeli technologies, Innovation: Africa has provided access to clean water and light to over 3 million people across 10 African countries.
In 2023, our company invested $65,000 in this impactful project, based in the village of Nadekel, Uganda, and we intend to continue supporting this initiative in different villages across Africa.

Environmental Performance and Data Transparency

CDP reporting

In 2023, PLASSON Ltd. decided to report to CDP (formerly known as the Carbon Disclosure Project) for the first time. CDP is a global non-profit organization that helps companies, cities, and regions disclose their environmental impacts. This step reflects PLASSON's commitment to gaining a clearer understanding of its carbon footprint, enabling us to identify areas for improvement and implement targeted strategies to reduce environmental impact. By reporting to CDP, PLASSON aims to strengthen its sustainability efforts and measure essential environmental parameters such as carbon emissions, water use, and resource efficiency, ensuring effective progress toward our sustainability goals.

Data Collection Process Improvements

Since the 2022 environmental report, PLASSON Ltd. has made significant improvements to its data collection process. These enhancements ensure more accurate and comprehensive reporting of our environmental performance. With better data accuracy, we can make more informed decisions and better monitor our progress in reducing our carbon footprint and advancing sustainability initiatives.

Encouraging Employee Engagement and Sustainable Practices

At PLASSON Ltd., we actively encourage all our employees to contribute ideas that promote efficiency and sustainability within the company. To support this, we have established a non-monetary recognitio forum, where the best ideas and performances are presented to upper management. Employees whose ideas are selected then have the opportunity to join the funded projects in person, helping to bring those initiatives to life.

Additionally, we encourage our employees to take more sustainable steps in their daily work, such as reducing electricity consumption, saving water, and practicing waste separation. These efforts contribute to our overall sustainability goals and create a culture of environmental mindfulness within the company.

We believe that engaging our employees in these initiatives is crucial to achieving our sustainability objectives. By empowering our team to take ownership of sustainability efforts, we not only enhance employee involvement but also demonstrate our broader climate-related engagement strategy. Their participation strengthens our commitment to environmental responsibility and helps us create a more sustainable future.

To further enhance our commitment to energy efficiency, PLASSON Ltd hosts a bi-monthly energy forum aimed at creating collaboration to improve energy efficiency. The forum tracks progress on ongoing energy-saving projects, identifies new opportunities, and collectively plans future initiatives to enhance energy performance across the company.

About This Report

This report offers an overview of PLASSON's environmental projects and activities up to the end of 2023. It highlights initiatives from our global manufacturing, logistics, and distribution centers.

As our third report, we strive to present our performance in a clear manner, ensuring that data is easily comparable in future annual reports.

This report was prepared with the assistance of "Green Target", an EHS and Sustainability Consulting Firm.

We appreciate the efforts of everyone involved in collecting data, writing, and producing this report.