2023

ESCO ISRAEL ESG REPORT

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This report was prepared with reference to the United Nations ("UN") Sustainable Development Goals ("SDGs"), the Sustainability Account and Standards Board("SASB") Engineering and Constructions Services, and the Global Reporting Initiative ("GRI") 2021 Standards. The scope of this report covers all sites and activities in the State of Israel.

About this report

The objective

The objective of ESCO Israel's 2023 ESG report is to showcase and emphasize longevity and a steadfast focus on energy efficiency. Our primary goal is to underscore our unwavering dedication to energy efficiency sites and innovation while outlining the notable progress we have achieved in various aspects of ESG performance.

We firmly believe that by proactively embracing ESG principles, we not only fortify our resilience and mitigate risks but also capitalize on opportunities emerging from evolving trends. Recognizing the interconnected nature of ESG challenges, our report takes a holistic approach, covering a wide spectrum of topics including environmental stewardship, social responsibility, and ethical governance. Our aspirations are now in alignment with the UN Sustainable Development Goals, ensuring global relevance, and we structure our disclosures based on SASB and GRI indices for accurate cross-industry benchmarking.Ultimately, we endeavor to provide our stakeholders with a transparent and comprehensive overview of our ESG performance, showcasing our strengths, acknowledging our challenges, and highlighting opportunities for improvement.

Through this report, we aim to stimulate dialogue and collaboration with our stakeholders, fostering positive change in our business practices, and laying the groundwork for enduring commitments driven by purpose and transformation.
We intend for our ESG program to continue to grow and mature.

We strongly believe that we cannot manage what we don't precisely measure, so in 2023 we invested in measurement, calculation and transparency in ESG metrics. The most outstanding of these calculations is our 2023 greenhouse gas emissions savings, as well as our company's emissions as one the first crucial step towards our commitment of net zero emissions.

For questions about this report please contact us via email:
esg@escoisrael.com

Glossary of Report Terms

CHP
Combined Heat and Power

DER
Distributed Energy Resources

ECM
Energy Conservation Measures

ESG
Environmental, Social, Governance

GRI
Global Reporting Initiative (www.globalreporting.org)

SASB
Sustainability Accounting Standards Board

SDG
Sustainable Development Goals

IPMVP
International Performance Measurement and Verification Protocol

HVAC
Heating, Ventilation, and Air Conditioning

From Our CEO

Energy Efficiency: The Key to Tomorrow

When we founded ESCO Israel, our vision was to provide long-term, clean energy solutions for future generations. Now, after 18 years of unwavering dedication to energy efficiency, we are proud to be Israel's top company in this field and one of the leading global players.

Our mission has always been to create an energy-efficient future, and our focus on deep energy retrofits has enabled us to provide true microgrid solutions. These solutions not only improve productivity but also deliver the highest savings to microgrid users, setting us apart in a market with very limited players.

Historically, the ESCO business worldwide has been dominated by the public sector. However, in Israel, this was not the case—until now. Most ESCO projects in Israel were driven by private sector clients. In February 2023, ESCO Israel took a monumental step forward by winning the Blue Skies tender, which provides deep energy retrofits to major public hospitals across the country. This acquisition marks our entry into the public sector and brings the Israeli ESCO market closer to international standards.

Achieving Israel's national goal of 17% energy efficiency by 2030 requires a major investment—about 30 billion ILS over the next six years. Our acquisition of the Blue Skies tender plays a crucial role in meeting this target. By promoting energy efficiency in the public sector, we contribute to improved productivity and economic development, even during challenging times, such as the current Gaza war.

Energy security is especially critical in times of war. Our microgrid retrofits enhance Israel's energy stability, and despite rising credit rates, worker shortages, and shipment delays caused by the war, ESCO Israel continues to stand as a pillar of stability. We remain committed to reducing the load on Israel's energy grid while keeping key industries running smoothly. Our dedication to Israel's energy security is unmatched, and we will continue to deliver the energy savings and greenhouse gas reductions that benefit both our clients and the country.

Our commitment to innovation is evident through our establishment of the ESCO Israel Net Zero Energy Start-Up competition. This unique platform allows startups from Israel, the EU, and North America to showcase their cutting-edge technologies to industry leaders and policymakers. Semi-finalists have the opportunity to implement their solutions with selected ESCO Israel clients, demonstrating their ability to achieve energy savings. The first-place winner is awarded a guaranteed $1,000,000 technology order from ESCO Israel, further driving innovation in the energy sector.

As part of our strong social responsibility, we maintain a safe work environment and prioritize the well-being of our employees. Currently, 44% of our workforce is made up of women, and we are committed to increasing this number through ongoing diversity and inclusion efforts. We believe in fostering a healthy work-life balance, which has been a cornerstone of our corporate culture.
The past decade has seen significant shifts in energy infrastructure, and as we look toward 2030, we expect this transformation to accelerate with an increased focus on energy efficiency, decarbonization, and distributed technologies like storage, microgrids, and renewable fuels. These technologies are vital for reducing energy consumption while ensuring reliability and resilience. At ESCO Israel, we remain at the forefront of these changes, leading the charge for a sustainable, energy-efficient future.

As we embrace the potential for transformative growth, we invite you to join us on this journey. Energy efficiency is the key to a sustainable, energy-smart future. The path to net zero may face challenges, but the rewards are undeniable. Let's work together to create a more resilient, energy-efficient world.

Sincerely,
Dan Bar Mashiah

From the Chief ESG & Innovation Officer

*I am honored to address you as the Chief ESG Officer of ESCO Israel, the leading provider of energy efficiency solutions in our nation.
In this letter, I wish to share with you the significant strides we have made in the field of energy efficiency and the pivotal role it plays in our commitment to Environmental, Social, and Governance (ESG) reporting.*

At ESCO Israel, we have built our legacy upon a foundation of innovation and dedication to creating a sustainable future. Our approach revolves around investing, implementing, and maintaining long-term energy efficiency projects, all while adopting a shared savings model that not only benefits our clients but also aligns with our ESG ethos.

One of our most recent accomplishments in 2023 was the acquisition of the Blue Skies tender. This remarkable achievement has enabled us to provide energy efficiency services to some of the largest public hospitals in Israel, a testament to our unwavering commitment to improving our nation's environmental performance.
Yet, our journey has not been without its challenges. The current Israel-Gaza war has underscored the need for resilience and adaptability in the face of adversity. Furthermore, we recognize that there is a critical need for education on energy efficiency, and we remain committed to bridging this gap to ensure a sustainable future for all. Our target audience for this letter includes all our stakeholders, such as investors and individuals who closely follow ESCO Israel's activities. We believe in transparency, and it is our privilege to share with you the impactful work we are doing in the realm of ESG.

Here are some key highlights of our ESG initiatives:

Long-Term Vision: Our long-term vision is to continue providing truly green solutions to the Israeli market, underpinned by a commitment to reducing our environmental footprint and fostering a sustainable future.
ESG Integration: ESG considerations are seamlessly integrated into our business strategy, guiding every decision we make to ensure positive environmental, social, and governance outcomes.
Impactful Projects: We take pride in our transformative ESG projects, which have consistently demonstrated their positive impact on the environment and our communities.
Employee Engagement: To foster a culture of ESG awareness, we have implemented measures to engage our diverse workforce in our sustainability mission, transcending boundaries and promoting unity.
Innovation and Technology: We actively explore and implement ESG-related innovations and technologies to stay at the forefront of the industry.
Transparency and Accountability: Transparency and accountability are the cornerstones of our ESG reporting, allowing us to maintain trust with our stakeholders.
Partnerships and Collaborations: We are continuously seeking partnerships and collaborations to broaden our ESG impact and contribute positively to society.
Social and Environmental Impact: We rigorously track and measure the social and environmental impact of our ESG efforts, ensuring we meet and exceed our targets.
Community and Philanthropy: We are dedicated to giving back to our communities, including investing in education facilities and supporting those in need, particularly during challenging times like the current war in Israel.
Sustainability: Sustainability is at the heart of our ESG framework, guiding our actions and decisions as we strive to create a better tomorrow.
Diversity and Inclusion: ESCO Israel takes pride in its diversity, with a workforce comprising individuals from various backgrounds, fostering inclusivity and equality at every level of the organization.
Environmental Impact Mitigation: We take active steps to mitigate our environmental impact and promote sustainability throughout our operations.
As we look to the future, we have set ambitious ESG goals and commitments that reflect our dedication to a greener, more equitable world. Our commitment to ESG is unwavering, and we communicate our progress and impact to our shareholders and the public with utmost transparency.

Thank you for your unwavering support and belief in the transformative power of ESG.

Sincerely,
Arora Attenborough

ESCO ISRAEL
ELECTRICITY & ENERGY SERVICES LTD

About Us

ESCO Israel Electricity & Energy Services Ltd

At ESCO Israel Electricity & Energy Services Ltd, we pride ourselves on being at the forefront of energy efficiency and sustainable solutions in Israel for the past 18 years. As an ISO-Certified leader in this field, our expertise lies in providing comprehensive energy efficiency solutions without any upfront cost to our clients.

We have successfully built and operated over 1,000 ESCO projects across Israel, each reflecting our commitment to tangible energy savings and significant ESG achievements.

Our approach is rooted in the advancement of smart grid solutions, offering complete energy services from generation to distribution, and effective management of energy consumption.

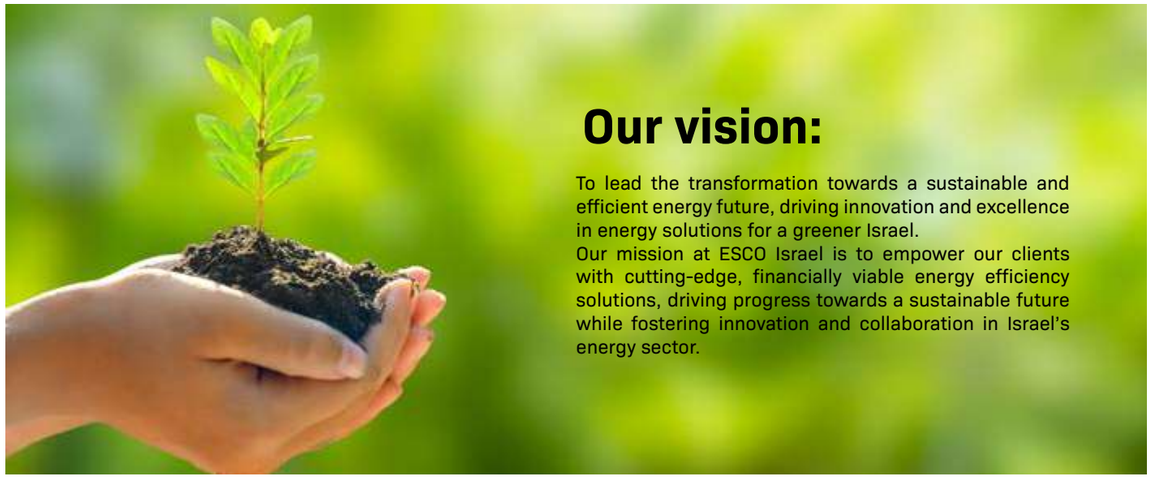
This is backed by in-depth techno-financial analyses, ensuring that each project we undertake is financially justified and sustainable.

We take pride in our ability to reduce energy consumption by an average of 31% through our self-funded deep energy projects.

These projects are a testament to the skill and dedication of our multidisciplinary in-house team. This team includes energy savings experts, design engineers, construction managers, incentive specialists, performance monitoring and verification professionals, and technical instructors. Our unique approach involves integrating clients into the project teams, fostering a collaborative environment that maximizes efficiency and value.

Beyond energy efficiency, we are also Israel's largest electricity supplier to commercial and industrial clients.

Our commitment to innovation in the Energy Efficiency Market is evident in our strategic 45% acquisition of Yahel Energy, a leader in PV field construction and entrepreneurial innovation.
We have also established one of Israel's first fast EV charging stations and are currently developing 2,000 more, alongside building three mega-watt energy storage sites to advance our clients towards net zero.
At ESCO Israel, we are dedicated to pioneering a sustainable future, combining our technical expertise with a deep commitment to environmental responsibility and client collaboration. Join us in our journey towards a more efficient, sustainable, and innovative energy landscape.



Our vision:

To lead the transformation towards a sustainable and efficient energy future, driving innovation and excellence in energy solutions for a greener Israel.
Our mission at ESCO Israel is to empower our clients with cutting-edge, financially viable energy efficiency solutions, driving progress towards a sustainable future while fostering innovation and collaboration in Israel's energy sector.

Our Values

Efficiency

Committing to delivering solutions that maximize energy efficiency and reduce waste, reflecting our core competency in energy management.

Nurturing

Nurturing the environment and building strong, respectful relationships with all stakeholders, including employees, clients, and the community, as part of our social responsibility strategy.

Ethical Responsibility

Upholding ethical practices in every aspect of our operations, ensuring a commitment to environmental stewardship and social responsibility.

Resilience

Demonstrating adaptability and resilience in the face of evolving energy challenges and market dynamics.

Growth

Focusing on continuous growth and improvement, both in our technological capabilities and in our contribution to the sustainable development of Israel's energy sector.

Yield

Ensuring that our projects and initiatives yield tangible benefits for our clients, the environment, and the broader community.

At ESCO Israel, our values not only shape our culture but also define our approach to business. We align our principles with the acronym E.N.E.R.G.Y., which underscores our commitment to clients and stakeholders. These values are pivotal in guiding every facet of our company. As a leader in energy efficiency and microgrid management, we infuse each of our projects with these specific values and objectives. Our dedication is reflected in our efforts to maximize electricity savings for our clients while surpassing the sustainability targets of each project.

This commitment to our values is evident in every aspect of our work, driving us towards excellence in the energy sector.

ESCO Israel

Fast facts (as of 31.12. 2023)

45,264,550
Kwh saved

274,500
CO_2 approx. saved over last 3 years

111
electricity supply contracts signed

30
employees throughout Israel

14
female employees

ESG At ESCO Israel

Building a Sustainable Tomorrow

ESCO Israel was founded with a mission to provide energy efficiency solutions to large industrial and commercial consumers across Israel.
ESCO Israel is dedicated to creating a sustainable and productive future.

Our core message of "Energy Efficiency-the Key to tomorrow" truly reflects our grounded purpose behind the company's success in delivering energy savings that enable a green, lower emissions future.

Since the very beginning of ESCO Israel in 2006, our grounded purpose of providing holistic energy efficiency solutions is behind our company's success in delivery solutions that enable a low carbon future. Whether through our environmental impact, our embrace of diverse workforce with deep technical expertise, or our dedication to supporting our local communities- we have curated a team of the best industry leaders to execute and achieve results on every level.

Our Founder and CEO, Dan Bar Mashiah, stands as a trailblazer in the Israeli energy efficiency industry, playing a pivotal role in launching this remarkable initiative. Energy Sustainability has remained a core principle within our organization, evident through our energy-saving customer projects, clean energy generation assets, workplace green initiatives, and our commitment to community engagement. We are dedicated to maintaining a pioneering position, continuously embracing innovation within the evolving energy sector.

Leading the energy transformation through long term commitments and energy productivity:
As industries evolve, businesses are faced with increasingly complex challenges such as higher energy prices, climate change, social inequality and corporate governance issues. Due to these issues, the ESG Pillars (Environmental, Social and Governance) have become critical to business success not just in part of executing projects but also for investors who are looking to assess companies not only for their financial performance but also on their ESG practices.

Central to this paradigm shift is the emphasis on longevity through transformation and purpose. Companies that wholeheartedly embrace transformative change and align their strategies with a clear sense of purpose can establish enduring value for all stakeholders, including shareholders, employees, customers, and society at large.

ENERGY EFFICIENCY

ESCO Israel's 2023

ESG Commitments and progress

Environmental

Carbon Neutrality:
Goal: Achieve carbon neutrality for ESCO Israel's operations by 2030. This means reducing greenhouse gas emissions to net-zero or offsetting remaining emissions through energy efficiency projects that enhance renewables.

Technology Innovation for Energy Efficiency:
Goal: Foster innovation with ESCO Israel projects through the ESCO Israel Net Zero Energy Start-Up Competition through validating, mentoring, implementing and purchasing start-ups energy efficiency solutions.
We aim to incorporate one new energy efficency technology from the competition in of our projects by 2027.

Governance

Corporate Governance Excellence:

Goal: Establish and maintain a framework for corporate governance that ensures transparency, accountability, and ethical conduct across all levels of the organization. By the end of 2024, review and enhance our corporate governance policies and practices, aligning them with industry best practices and regulatory requirements. Regularly assess and report on our governance performance to stakeholders.

Social

Fair Employee Performance Assessments:

Goal: Implement a transparent and equitable employee performance assessment system that ensures fair and objective evaluations for all employees. By end 2024, establish clear criteria, regularly review assessment processes, and provide training to managers to promote fairness and consistency in performance evaluations.

Integration of Monday.com for Enhanced Sales and Workflow Efficiency:

Goal: Successfully integrate Monday.com into ESCO Israel's operations by the end of 2024, optimizing sales processes and workflow management. This includes the customization of Monday.com to align with our specific needs, providing comprehensive training to staff, and establishing key performance indicators (KPIs) to measure the tool's impact on sales growth, efficiency, and collaboration.

Community Volunteer Engagement:

Goal: Encourage and support our employees to collectively contribute to the community. ESCO Israel is creating a culture of giving back by actively promoting volunteer opportunities, organizing company-sponsored community service events and tracking and recognizing employees' volunteer effort.

Workforce Development and Training:

Goal: Invest in the professional development and training of ESCO Israel's employees, to build a skilled workforce. We aim to provide ongoing training opportunities and mentorship programs, leading to increased job satisfaction and career growth within the company.

Health and Safety Standards:

Goal: Maintain a strong focus on health and safety standards for your employees and clients. Strive to continue zero workplace accidents and injuries by implementing rigorous safety protocols, providing necessary protective equipment, and conducting regular safety training sessions for all employees involved in ESCO Projects.

Materiality Assessment

ESCO Israel's ESG Commitments

In order to, significantly enhance our positive influence and ensure long-term success, it is crucial to assess our impact on both people and the environment. A materiality assessment allows us to comprehend the potential risks and opportunities associated with each environmental, social, and governance concern in relation to our business, and to assess the priorities of our stakeholders.

ESG Frameworks such as GRI, SASB, UN SDG

During 2023 we engaged a third-party advisory firm to conduct a formal assistance of our ESG report. The advisory firm familiarized themselves with our current sustainability, social impact, and governance initiatives. Since ESCO Israel is not a public company, it is important to us that we maintain the highest ESG Standards in our reporting methodology

Industry Practices

Based on an industry benchmark, international standards, best practices, ESG reporting frameworks, our current commitments, and core values, our Chief ESG Officer identified 23 material topics across the ESG categories defined by GRI, SASB, and the UN SDGs.
This comprehensive approach ensures that the topics we focus on are highly relevant to both our industry and our company's mission.

Material Topic

Alignment to the UN SDGs

The United Nations Sustainable Development Goals (UN SDGs) constitute a set of 17 interconnected global objectives aimed at serving as a roadmap to attain a harmonious and prosperous future for both people and the planet. These goals confront the pressing global challenges we confront, encompassing poverty, inequality, climate change, environmental deterioration, as well as peace and justice.

Recognizing the significance of the SDGs, ESCO Israel has associated our most critical material topics with them. We have identified several SDGs that closely align with our business, we believe we can achieve these goals as they hold the potential to generate a positive impact in the communities worldwide where we operate.

Further details can be found on the subsequent page.

UN SDG	ESCO Israel Materiality Topic	Highest Ranked Materiality Subtopic
5 GENDER EQUALITY	**Company Diversity**	Ensure ESCO Israel representation reflects diversity, equity, and inclusion objectives incorporating assessments of members' qualification as independent, as well as consideration of racial and ethnic diversity, gender, age, skills, and experience in the context of the needs to the company.
7 AFFORDABLE AND CLEAN ENERGY	**Sustainable Operations**	Advocate and ensure access to affordable, reliable and sustainable energy for the all of our clients, and use renewable energy, reducing emissions, energy consumption and increasing clients productivity from our operations.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Data Security & Privacy**	Sustain a robust cybersecurity program to safeguard the internal office environment and operational sites of ESCO Israel.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Ethics & Compliance**	Develop resilient infrastructure, champion inclusive sustainability, and encourage innovation to ensure compliance with regulations across all aspects of the business and in all geographic locations
13 CLIMATE ACTION	**Climate Change Action**	Take immediate measures to address the challenges posed by climate change, mitigate its effects, and establish a leadership position in corporate practices that surpasses those of our peers.
3 GOOD HEALTH AND WELL-BEING	**Employee Well-Being Health and Safety**	Ensure healthy lives and promote well-being for all ESCO Israel employees.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Innovation**	Advocate, support, purchase and implement new innovative energy efficiency technologies through the ESCO Israel Net Zero Energy Start-Up Competition.
8 DECENT WORK AND ECONOMIC GROWTH	**Equal Pay**	Ensure adherence to labor and compensation standards within the workforce, encompassing minimum wage requirements, overtime compensation, benefits provisions, and wage non-discrimination policies.
10 REDUCED INEQUALITIES	**Diversity, Equity, Inclusion & Justice**	Creating a diverse and inclusive environment that aligns with our core values and offers growth and development opportunities to all employees.
17 PARTNERSHIPS FOR THE GOALS	**Hiring & Retaining Top Talent**	Fostering an inclusive and diverse environment that is in harmony with our core values and provides growth and development opportunities for every employee.

What's Next?

Committing Resources:

ESCO Israel is dedicated to increasing its investment in the company's comprehensive ESG program in the upcoming years. The fundamental essence of ESG initiatives and corporate responsibility is deeply embedded within the fabric of ESCO Israel and its leadership team. In 2023, we introduced a new role, that of a Chief ESG Officer, with a specific focus on ESG programs, reporting, and strategic development.

Risk Management:

At ESCO Israel, we are committed to delivering energy efficiency solutions, along with this, effective risk management is paramount to our operations. We recognize that the nature of our work involves various complexities and potential challenges. To mitigate these risks and ensure the success of our projects, we employ a rigorous risk management approach. Our first step is a comprehensive risk assessment, where we identify potential hazards and vulnerabilities associated with each project. This assessment allows us to develop a clear understanding of the unique risks involved, whether they be financial, operational, or regulatory. Once identified, we prioritize these risks and develop tailored risk mitigation strategies. These strategies encompass a range of measures, such as implementing advanced technology solutions, ensuring adherence to strict safety protocols, and establishing contingency plans to address unforeseen issues promptly. Additionally, we continuously monitor and assess risks throughout the project's lifecycle, adapting our strategies as needed to maintain optimal risk management.

Our commitment to transparency and accountability means that we engage in open communication with our clients and stakeholders, keeping them informed about our risk management efforts and progress.

ENVIRONMENTAL

Environmental Stewardship and Climate Action

At ESCO Israel, our approach to environmental sustainability is rooted in a deep commitment to minimizing our ecological footprint and advancing sustainable practices across all facets of our operations. We recognize the vital importance of addressing environmental challenges and are dedicated to integrating innovative solutions that promote efficiency, reduce emissions, and foster a healthier planet. Our efforts are driven by the belief that every step towards sustainability not only benefits the environment but also enhances the resilience and prosperity of our communities and stakeholders.

Climate Change: A Global Imperative

Climate change represents a profound global challenge, manifesting in various ways such as escalating temperatures, rising sea levels, and more frequent extreme weather events. Its impacts are already evident worldwide, and without intervention, it could lead to dire consequences, including biodiversity loss, food and water insecurity, and the displacement of millions. To address this urgent issue, nations and industries must take immediate steps to curtail greenhouse gas emissions and transition towards cleaner energy sources.

As a pioneer in the clean energy sector, ESCO Israel has dedicated itself to emission reduction, enhanced efficiency, and the provision of sustainable solutions to our clientele since our inception. Energy security and microgrid services stand as core pillars of our business, driving our pursuit of innovative clean energy projects that empower our clients to advance their climate objectives. Our commitment to sustainability and decarbonization extends beyond our client partnerships and encompasses our own operations and practices, as detailed in this section of our 2023 ESG report.

Israel's Commitment to Sustainable Energy and Environmental Responsibility

In alignment with its dedication to sustainability and environmental responsibility, Israel has taken significant strides in recent years to address energy efficiency and reduce greenhouse gas emissions. The foundation of the government's efforts in this regard lies in the Energy Sources Law of 1989, its subsequent amendments, and various resolutions that have been adopted over time. Notably, the government initiated a national plan in response to Government Resolution 3269, with a particular emphasis on updating the National Energy Efficiency Plan, which was originally approved in 2017.

ESCO Israel's Role in National Sustainability Efforts

One of the critical milestones in Israel's journey towards sustainability occurred on September 20, 2015, with the passage of Resolution No. 542, setting national greenhouse gas emissions reduction targets. The goal is to reduce emissions to 7.7 tCO2e per capita by 2030, including sectoral targets like a 17% increase in energy efficiency and increased use of renewable energy.

In alignment with these national objectives, ESCO Israel has played a pivotal role in advancing energy efficiency and renewable energy adoption. Our initiatives support the country's transition towards electric technologies and renewable energy sources. By promoting electric vehicles, shifting industrial processes from fossil fuels to electricity, and replacing gas-fueled systems with electric ones in buildings, we contribute significantly to reducing greenhouse gas emissions.

Furthermore, ESCO Israel is committed to enhancing energy efficiency across all sectors. Our projects not only align with the national targets but also set a benchmark for sustainable practices in the industry. We actively engage with stakeholders, incorporating innovative solutions that reflect Israel's unique demographic and economic characteristics.

For more detailed information on Israel's national sustainability efforts, please visit the governmental site: https://www.gov.il/en/pages/energy_2030

Empowering Our Customers on the Path to Decarbonization

Since 2006, ESCO Israel has stood as a steadfast partner in sustainability and energy security for clients throughout Israel, championing energy savings and clean technology solutions. As the global shift towards a net-zero energy and net-zero carbon future gains momentum, we remain unwavering in our commitment to delivering the cleanest, most environmentally-friendly, and sustainable solutions. Our goal is to not only reduce greenhouse gas emissions but also propel our customers toward their energy consumption objectives.

From comprehensive energy-saving retrofits to resilient microgrid power systems, our innovative, turnkey, and long-term savings solutions are meticulously tailored to accompany our clients on their decarbonization journey. At the core of our mission is the aspiration to energize a sustainable world, a vision that has guided us since our inception. ESCO Israel proudly leads the way in curbing our customers' energy consumption while also playing a vital role in their pursuit of deep emissions reductions.

In addition to our client-focused projects, we take pride in our renewable energy assets, which further empower our customers in achieving substantial emissions reductions. Our diverse portfolio of owned assets, including solar PV installations and electricity supply facilities, generates low to zero-emission energy sources. These assets provide a sustainable and reliable energy supply for a diverse range of consumers, aligning with our commitment to fostering a greener, more sustainable future.

Approximately 102,000 metric tons of CO2 (approx. 20%) was avoided during 2023 and approximately 275,000 cumulative metric tons have been avoided since 2021.

Recognizing the critical role of aiding our customers on their path to achieving net-zero emissions, we persistently advance toward our objective of collectively reducing our customers' carbon footprints by a total of 50 million metric tons by 2050. In the year 2023, the combined efforts of ESCO Israel's customer projects and our portfolio of clean energy assets yielded emissions reductions equivalent to one of the following benchmarks:

2023 CO_2 SAVINGS IMPACT

102,000 metric tools of carbon dixide co2 equivalent

This is equivalant to greenhouse gas emissions from:

22,698
gasoline - powerwered passenger vehicles driven for one year

This is equivalant to greenhouse gas emissions avoided by:

35,294
tons of waste recycled instead of landfilled

3,865,903
incandescent lamp switched to leds

Embracing Innovative Energy Efficiency Solutions:

ESCO Israel Net Zero Energy Start-Up Competition

$1,000,000
first-place winners

In the face of ongoing challenges posed by climate change and the imperative to transition towards a low-carbon economy, innovative cleantech solutions have emerged as indispensable tools in achieving sustainability objectives. These cutting-edge solutions, encompassing technologies such as Energy Management Software, Heat Recovery Solutions, HVAC Optimizers, and Microgrid Solutions, hold great promise for curbing greenhouse gas emissions, boosting energy efficiency, and fortifying energy security.

ESCO Israel wholeheartedly embraces these transformative cleantech solutions by providing a platform for their adoption. Through these solutions, businesses, governments, and communities can take tangible steps towards reducing their carbon footprint, improving air quality, and laying the groundwork for a more sustainable future.
However, our commitment doesn't end there.

We recognize the pressing need to push the boundaries and further deploy innovative technologies. To fulfill this mission, ESCO Israel hosts the Net Zero Energy Start-Up Competition, offering a substantial $1,000,000 technology order as a prize to the first-place winners.

This initiative becomes increasingly crucial as energy demand rises, necessitating measures to mitigate the heightened use of fossil fuels, which contributes to significant environmental harm.
The deployment of these innovative technologies remains paramount in addressing the complex challenges posed by climate change, safeguarding our environment, and ensuring a sustainable and thriving future.

Embracing Climate Action

Customers Committed to Energy Efficiency

Bat Yam Municipality

ESCO Israel's completed energy efficiency project at Bat Yam Municipality, specifically the Bat Yam Street lighting retrofit, addressed a pressing need for sustainable urban infrastructure. This extensive initiative successfully retrofitted 8,500 lighting fixtures, achieving remarkable reductions in lighting energy consumption, with savings of up to 80%.
The impact of this project extended beyond energy savings. The retrofit significantly improved illumination levels by 20% to 40%, ensuring optimal lighting conditions for the municipality's residents and visitors. Moreover, the dramatic reduction in lighting system malfunctions, which decreased by an impressive 97%, led to significantly enhanced reliability and performance of the lighting systems.
To enhance efficiency, ESCO Israel integrated advanced control systems into the project. A smart control system was implemented for efficient lighting management, allowing for precise adjustments and optimization in real-time. Additionally, the adoption of a real-time energy measurement system provided accurate monitoring capabilities, enabling the municipality to make data-driven decisions for even more sustainable and cost-effective lighting solutions.

ESCO Israel's expertise in energy efficiency measures not only elevated the operational efficiency of Bat Yam Municipality but also enhanced the overall quality of urban living. This project serves as a testament to how sustainable solutions can significantly benefit both communities and the environment.

Wingate

ESCO Israel's comprehensive energy efficiency project at Wingate National Sport Campus demonstrates their commitment to optimizing resource usage in diverse settings. This project involved a multi-faceted approach to enhance energy efficiency across the campus.
Firstly, the installation of solar systems for water heating in dormitories significantly reduced energy consumption for heating water, leading to substantial savings.
The retrofit of existing air conditioning systems resulted in a commendable 30% reduction in energy usage, contributing to improved operational efficiency. Similarly, the retrofit of the lighting system in classrooms and main offices achieved impressive savings of 50%, making illumination more energy-efficient.
The integration of occupancy sensors further optimized energy usage by ensuring that lighting and climate control were active only when needed, resulting in a 10% reduction in energy consumption.

Additionally, the implementation of a SMART GRID System, empowered by smart meters, allowed for precise measurement and management of energy consumption. This sophisticated system ensures that energy is used efficiently across the campus.
ESCO Israel's holistic approach to energy efficiency at Wingate National Sport Campus not only yielded substantial cost savings but also significantly reduced the campus's environmental footprint. This project exemplifies how ESCO Israel's expertise in energy conservation measures can bring about tangible benefits for educational and sports facilities while promoting sustainability.

WIZO Israel

ESCO Israel's Energy Efficiency and Solar Panel Project for WIZO Israel (Women's International Zionist Organization) is a comprehensive project that spans 180 kindergartens and childcare centers across the country. This ambitious endeavor encompasses several key components, including the replacement of outdated air conditioning systems with energy-efficient ESCO Inverter units, the installation of advanced control systems to optimize air conditioning usage within classrooms, and the adoption of energy-efficient lighting fixtures in all participating facilities. The remarkable outcome of this project was a substantial reduction in annual electricity consumption, achieving an impressive 30% decrease. By implementing these energy-efficient measures, WIZO Israel not only significantly lowered its environmental footprint but also contributed to a more sustainable and eco-conscious future for the communities and children it serves.

Nesher Ramle

ESCO Israel's energy efficiency project at Nesher Ramle, Israel's largest cement factory, successfully addressed a significant challenge faced by the plant: aging air conditioning systems that were not only affecting manufacturing processes but also exposed to cement dust, reducing their efficiency.

Project Highlights:
Comprehensive Replacement: Over half of the 600 air conditioners on site were retrofitted.
Maintenance of Older AC Units: The site comprises a mix of air and water-cooled units. ESCO Israel maintained older units that remained functional, ensuring optimal performance.
Long Term Energy Savings: The project achieved a remarkable saving of 95,500,000 KWh over the 14-year contract period.
Enhanced Cooling: Cooling output was improved by 30%-50%, with the main improvements seen in the electrical room where site transformers are located.
Outcomes: The implementation of this ECM project resulted in substantial energy savings and extended the lifespan of the equipment, effectively mitigating the adverse effects of aging air conditioning systems and cement dust exposure. Additionally, the project was recognized with a state grant awarded for its contribution to reducing greenhouse gas emissions.
Financial Impact: The project yielded significant savings, amounting to tens of thousands of shekels in equipment replacement and maintenance costs. ESCO Israel's strategic approach and expertise in energy efficiency not only enhanced the plant's operational efficiency but also reduced its environmental footprint, underscoring the power of sustainable solutions in industrial settings.

Blue Skies Public Hospitals Project

ESCO Israel's "Blue Skies Public Hospitals Project" represents a landmark initiative aimed at driving energy efficiency in healthcare facilities across Israel. This project focuses on the investment and implementation of advanced energy efficiency (EE) technologies in major public hospitals, delivering substantial environmental and operational benefits. The project's overarching goal is to revolutionize energy strategies within these medical centers, enhancing performance while yielding immediate savings.

Project Implementation:

ESCO Israel undertook a comprehensive approach that began with in-depth analysis and the identification of investment opportunities for efficiency enhancements. This meticulous process included ESCO expert-led energy surveys and close collaboration with medical center administrations to ensure the most effective and tailored energy solutions were adopted.

Key Services Provided:

The project encompassed a broad range of services, including:

- Central Air Conditioning Upgrades: Modernizing central air conditioning systems to improve efficiency and performance.
- End-User Energy Centers: Establishing energy centers tailored to the specific needs of hospital end-users.
- Small Air Conditioner Replacements: Replacing older, less efficient air conditioning units with new, high-efficiency models.
- Transition to Natural Gas: Implementing systems to transition the hospitals' energy supply to cleaner, more efficient natural gas.
- Electricity Storage Systems: Deploying advanced storage solutions to optimize energy use and enhance reliability.
- UPS System Upgrades: Upgrading uninterruptible power supply systems to ensure continuous, efficient power delivery.
- Microgrid System with DSM: Establishing microgrids with demand-side management to optimize energy distribution and usage.

Advantages for Hospitals:

The "Blue Skies Public Hospitals Project" offered clear advantages, ensuring that hospitals benefited both financially and operationally:

- 100% Investment: ESCO Israel invested 100% of the required funds, eliminating any outgoing costs for the hospitals.
- 15 Years of Maintenance and Warranty: The project included a 15-year maintenance and warranty guarantee, ensuring long-term reliability and performance.
- Immediate Savings: The project's approach guaranteed immediate financial benefits from the first month of implementation.
- Transparent and Accurate Savings: Utilizing the internationally recognized IPMVP protocol, ESCO Israel provided transparent and precise measurement of energy savings, ensuring accountability and trust.
- Energy Trusteeship: Acting as stewards of energy efficiency for medical centers, ESCO Israel's expert engineers guided each project to successful completion and optimal performance.

Impact and Outcomes:

The implementation of advanced EE technologies in Israel's major public hospitals through the "Blue Skies Public Hospitals Project" has driven an energy revolution within these facilities. The project has significantly boosted performance and yielded immediate savings, exemplifying how strategic energy investments can lead to sustainable, long-term benefits. By revolutionizing energy strategies at medical centers, ESCO Israel has set a benchmark for efficiency and sustainability in the healthcare sector.

In conclusion, the "Blue Skies Public Hospitals Project" not only demonstrates ESCO Israel's commitment to energy efficiency and sustainability but also highlights the tangible benefits of such initiatives. The project's success serves as a model for similar efforts, showcasing the critical role of innovative energy solutions in enhancing operational efficiency and reducing environmental impact in public healthcare facilities.

Association for the Wellbeing of Soldiers in Israel
"האגודה למען החייל"

ESCO Israel's energy efficiency projects at the facilities for rest and accommodation operated by the Association for the Wellbeing of Soldiers in Israel are a testament to their commitment to sustainability and resource optimization. These projects, spanning over 1,100 guest rooms across various locations in Israel, exemplify ESCO Israel's dedication to implementing cutting-edge energy-saving solutions.
The initiatives involved the installation of advanced control systems for detecting and shutting down unnecessary energy consumption, optimizing both air conditioning and lighting in guest rooms. Furthermore, the incorporation of solar systems for water heating and energy-efficient lighting fixtures in training classrooms contributed significantly to reducing energy consumption and environmental impact.

The management of the SMART GRID energy system further enhances the efficiency and sustainability of these facilities. ESCO Israel's unwavering dedication to enhancing energy efficiency not only ensures cost savings but also aligns seamlessly with the Association for the Wellbeing of Soldiers' mission to provide top-notch rest and accommodation services while minimizing their environmental footprint. These projects represent a harmonious blend of environmental responsibility and the welfare of Israeli soldiers, showcasing ESCO Israel's ability to deliver impactful and sustainable solutions.
but also contributed to a more sustainable and eco-conscious future for the communities and children it serves.

EL AL

ESCO Israel's energy efficiency project at EL AL (Israel's National Airline) Hangar stands as a remarkable success story in the realm of sustainability and resource optimization. This comprehensive endeavor encompassed a significant overhaul, involving the replacement of 1,087 lighting fixtures within the hangar. The results were nothing short of impressive, with a staggering 70% reduction in energy usage achieved, signifying a significant leap in operational efficiency.
Moreover, the project led to a substantial enhancement in illumination levels, with brightness soaring from 20% to an impressive 80%. This improvement, particularly in the Dreamliner Hangar, not only enhanced visibility but also significantly enriched the overall work environment for personnel.
The strategic focus on targeted enhancements at key locations within EL AL Hangar, catering to crucial needs such as employee showers, dishwashers, ground equipment, and soaking tubs, further exemplifies the project's success in optimizing resource usage.

Additionally, the deployment of three High-Efficiency Heat Pump water heating systems, strategically positioned for optimal accessibility, resulted in a dramatic reduction in fuel consumption.
This achievement, with over 70% savings, slashed annual fuel usage from 200 tons to a mere 60 tons, showcasing ESCO Israel's expertise in implementing energy conservation measures and its profound impact on energy efficiency within EL AL Hangar.

Bnei Akiva

ESCO Israel's ongoing energy efficiency projects at various Bnei Akiva institutions align seamlessly with the values and mission of this Jewish religious Zionist youth movement. These projects, implemented in collaboration with Bnei Akiva, exemplify a shared commitment to not only environmental sustainability but also a deep sense of dedication to the Jewish people, the Land of Israel, and the Torah. By investing in the replacement of outdated air conditioning systems with energy-efficient ESCO Inverter units, installing solar systems for water heating, implementing control systems for optimized air conditioning usage in classrooms, and replacing conventional lighting fixtures with energy-efficient alternatives, ESCO Israel has significantly reduced energy consumption in Bnei Akiva institutions.

This reduction contributes to both cost savings and a lower environmental footprint. These ongoing achievements underscore the joint commitment of ESCO Israel and Bnei Akiva to foster a sustainable future while instilling in young Jews worldwide a sense of responsibility towards the Jewish people and the Land of Israel. It's a testament to how innovative energy solutions can align with broader values and principles to create meaningful change.

Beit Shemesh Engines

ESCO Israel successfully implemented a comprehensive energy conservation project at Beit Shemesh Engines, leading to substantial energy savings, financial benefits, and productivity improvements. The project involved upgrading the lighting and air conditioning systems, which significantly enhanced the operational efficiency and environmental footprint of the facility. The energy savings achieved by the project were impressive, amounting to 33 million kWh, which is equivalent to reducing 24,000 tons of CO2 emissions or planting 12,000 trees. Financially, the project saved over 5 million NIS in energy and maintenance costs, demonstrating the financial viability of the energy efficiency measures.

The lighting upgrade involved the replacement of 1,714 lighting fixtures, resulting in about 65% energy savings or 666,130 kWh per year. For cooling, ESCO Israel installed Mitsubishi Electric VRF energy centers, saving 1,850,000 kWh per year. These upgrades not only enhanced the operational efficiency of Beit Shemesh Engines but also led to a 15% boost in productivity due to improved working conditions, particularly in the finishing department, where better air conditioning supports work during extreme heat hours.

Post-implementation, the systems at Beit Shemesh Engines now meet international standards, showcasing the positive impact of enhanced air conditioning and lighting on employee performance and overall productivity. This project is a testament to the effectiveness of ESCO Israel's strategic approach in enhancing energy efficiency while also boosting productivity and reducing the environmental footprint.

In conclusion, ESCO Israel's project at Beit Shemesh Engines exemplifies the power of sustainable solutions in industrial settings. The substantial energy and financial savings, coupled with the productivity boost and environmental benefits, underscore the importance of investing in energy efficiency measures. This case study serves as a model for other industrial facilities aiming to achieve similar outcomes through energy conservation initiatives.

Heading Towards Net Zero: Assessing Our Environmental Footprint

In 2023, ESCO Israel made a commitment to achieve carbon-neutral operations by 2040. In order to ensure that our interim emissions reduction goals are in line with the actions required to limit global warming to 1.5°C, we have also pledged to establish greenhouse gas reduction targets through the Science-Based Targets initiative (SBTi) by 2025 and to validate our net-zero targets through science-based certification

Throughout 2023, we dedicated our efforts to improving processes and establishing robust data management protocols including implementation of a comprehensive data analytics platform that monitors energy consumption in real-time, allowing us to quickly identify inefficiencies and make data-driven decisions to enhance performance and sustainability, preparing for third-party assurance and disclosures.

Our materiality assessment reaffirmed that decarbonizing our operations and making our supply chain more sustainable and climate-resilient are considered essential by internal stakeholders, customers, and investors alike. Our Chief ESG Officer stated, “ESG is rooted in our core mission”. We leveraged our internal expertise in decarbonization and net-zero planning by expanding the ESG team to include a broader skill set across the company.

Through our in-house ESG experience, in 2024 we will begin assisting external customers in preparing for reporting and disclosures. These resources will provide expert guidance for our internal data collection and management processes as we prepare for our own disclosures and third-party reporting.

Our Carbon Footprint

ESCO Israel will continue to improve the management and reporting of carbon emissions in alignment with global reporting standards.

Consequently, our baseline figures for scope 1 and 2 emissions, starting from 2023 and onward, will be revised yearly to reflect more accurate data and a better understanding of the operational emissions associated with our owned energy assets. In 2023, ESCO Israel estimated its scope 1 and 2 emissions at 1751.94 metric tons of CO2 equivalent, encompassing its operations.An overwhelming majority of this footprint (approximately 99.7%) can be directly linked to our company travels across Israel. During the period spanning 2024 to 2025, our commitment involves ongoing refinement of our emissions reporting methodology to ensure precision in accounting for the intricacies of our operations. Our objective is to solidify a strong, data-driven baseline by 2023 aligning it with science-based targets (SBTi) extending to 2030 and beyond. This will entail disclosing both short- and medium-term targets for scope 1 and 2 emissions as we progress towards our ultimate goal of achieving net-zero emissions by 2050.

SOCIAL

In this chapter

- Company Diversity
- Employee Well-Being Health and Safety
- Equal Pay
- Diversity, Equity, Inclusion & Justice
- Hiring & Retaining Top Talent

At ESCO Israel, we acknowledge that our employees are the cornerstone of our success, growth, and significant contributors to energy efficiency and sustainability as a whole.
2023 materiality assessment underscore this belief, leading us to sharpen our focus on the listed critical areas: company diversity, employee well-being, health and safety, equal pay, diversity, equity, inclusion, and justice, and hiring and retaining top talent.Recognizing the paramount importance of employee well-being, ESCO Israel is committed to enhancing our suite of benefits to support our team members. Ensuring the needs, health and safety of our employees is, and always will be, our foremost concern.

By understanding and valuing the needs, interests, and talents of our workforce, we strive to make ESCO Israel an employer of choice. This involves adopting business practices that not only empower our staff but also foster a culture that is inclusive, vibrant, and conducive to professional development.

Our foundation in innovation is propelled forward by the skills, commitment, and innovation of our team. Investing in our employees is a priority for ESCO Israel, ensuring we attract and retain the industry's best talent.

Data Description	GRI	2020	2021	2022	2023
Quality Employment					
Total number of employees on paryroll (head count/FTE)	2-8	22	23	30	30
Women	2-8	11	8	13	13
Men	2-8	11	15	17	17
Total number of full-time employees (head count/FTE)	2-8	15	16	21	21
Women	2-8	6	7	8	8
Men	2-8	9	9	13	13
Total number of part-time employees (head count/FTE)	2-8	7	7	9	9
Women	2-8	5	1	5	5
Men	2-8	2	6	4	4

ALL FOR ONE AT ESCO ISRAEL

Building a team that is passionate about empowering

In our unwavering commitment to crafting a sustainable future for everyone, ESCO Israel nurtures an environment marked by entrepreneurship, collaboration, and visionary thinking. This environment is enriched by innovation, diverse perspectives, and inclusivity.
We are convinced that offering comprehensive training, professional growth opportunities, and avenues for employee-led philanthropy is key to fostering a vibrant and stimulating work setting. This approach not only attracts but also retains top-tier talent. We encourage every member of our team to approach customer projects with enthusiasm, deep knowledge, and collective effort. Our contribution to the shift towards clean energy is defined not just by the initiatives we undertake but is driven by our most valuable asset - our employees.

Fostering Employee Well-being: Prioritizing the comprehensive welfare of our staff is paramount. We continuously evaluate our benefits package to guarantee it aligns with the diverse needs of our employees and their families. In 2023, ESCO Israel provided an extensive and dynamic benefits portfolio, encompassing the programs detailed below alongside initiatives like employee referral programs. These endeavors empower our workforce to prioritize their physical and mental wellness, strategize for financial milestones, and harmonize their professional and personal commitments.

Paid time off
(Vacation days, Paid holidays & Sick time)

Retirement & Savings:
Retirement & Study funds

Parental leave:
Maternity leave

Volunteerism & Giving Back:
Working days dedicated
to volunteering.

Employee Satisfaction

Employee retention is paramount to our long-term success and sustainability. ESCO Israel is continuing to focus on culture, employee experience and professional development, our company's retention rate has stabilized over the last 3 years at 81%.

Data Description	GRI	2020	2021	2022	2023
New employee hires and employee turnover					
Total number and rate of new employee hires by age group and gender					
Women <30	401-1	0	0	2	0
Women 30-50	401-1	1	1	3	0
Women >50	401-1	0	0	0	0
Men < 30	401-1	0	0	0	0
Men 30-50	401-1	0	0	0	0
Men > 50	401-1	0	0	0	0
Total new hires < 30	401-1	0	0	2	0
Total new hires 30-50	401-1	1	1	3	0
Total new hires > 50	401-1	0	0	0	0
Total new hires	401-1	1	1	5	0
Total number and rate of employee turnover by age group and gender					
Women <30	401-1	0	0	1	1
Women 30-50	401-1	0	0	0	0
Women >50	401-1	0	0	0	0
Men < 30	401-1	0	0	0	0
Men 30-50	401-1	1	2	1	2
Men > 50	401-1	0	1	1	1
Total leavers <30	401-1	0	0	1	1
Total leavers 30-50	401-1	1	2	2	2
Total leavers > 50	401-1	0	1	1	1
Total Leavers	401-1	1	3	4	4
Total rate of employee turnover	401-2	7%	19%	19%	19%
Open positions filled by internal candidates		1	1	2	2

In terms of gender diversity, our workforce has shown consistency over the past four years, with approximately 38% to 44% representation of women. Regarding racial and ethnic diversity, our company prides itself on fostering an inclusive environment where individuals of various backgrounds, including Jews, Muslims, and Christians, collaborate harmoniously.

We have undertaken initiatives such as cultural celebration trips, to promote understanding and appreciation of diverse cultures. While we do not currently have specific employee resource groups, our leadership demonstrates commitment to diversity and inclusion through community engagement projects, such as energy efficiency initiatives in East Jerusalem and providing electricity to Christian-owned establishments across the country. Furthermore, we ensure equal opportunities for career advancement through comprehensive training programs and equitable bonus structures for all employees. While we continue to evaluate and improve our diversity and inclusion efforts, we remain committed to creating a workplace culture where everyone feels valued and respected.

ESCO Israel prioritizes employee well-being through a variety of programs and initiatives. Twice yearly, the company organizes company trips, including an overnight excursion, providing employees with opportunities to unwind and bond outside of the office environment. Additionally, ESCO celebrates Women's Day with a special "empowerment day" dedicated to female employees, offering activities that foster professional growth, leadership skills, and personal development. This initiative underscores our commitment to supporting and empowering the women at ESCO, ensuring they have the resources and opportunities to thrive both personally and professionally.

Team cohesion and strategic planning are fostered through annual manager meetings, where strategies for the upcoming year are collaboratively discussed and formulated. Moreover, ESCO Israel supports work-life balance by implementing flexible working hours and a hybrid work setting, enabling employees to effectively manage their professional responsibilities alongside personal commitments.

Community engagement

In alignment with its commitment to corporate social responsibility, ESCO Israel encourages employees to give back to the community through annual volunteering activities.
Since the Oct 7 War, the company has dedicated itself to supporting farmers and communities around the country through volunteer efforts.

Additionally, ESCO Israel provides resources and support for employees facing personal challenges or crises, demonstrating a commitment to employee well-being beyond the workplace. Furthermore, the company fosters innovation and creativity through weekly meetings, problem-solving discussions, and events. Notably, ESCO Israel hosts the Net Zero Energy Startup Competition, focused on identifying and supporting startups in energy efficiency technology, further emphasizing the company's dedication to fostering innovation and sustainability within the industry.

Opportunities for Career Advancement

ESCO Israel offers avenues for career advancement through yearly employee reviews, where recognition of progress and the opening of new roles are common practices. Employees are encouraged to take on additional education and studies to accelerate their career growth.
While ESCO Israel doesn't have specific pathways or programs for career advancement, employees are supported in their development through encouragement to pursue extra education and training. The company identifies high-potential employees based on their performance in projects, creativity, leadership skills, and work ethic.
Though there aren't formal mentorship or coaching programs, employees are encouraged to seek guidance from industry experts, attend relevant events, and pursue continuous learning. ESCO Israel also provides flexibility for employees who are pursuing further education or certifications.
ESCO Israel ensures equal access to career advancement opportunities regardless of background or identity by evaluating employees based on performance and considering their backgrounds fairly in the evaluation process. Cross-functional or lateral moves within the company are encouraged to broaden employees' skill sets.

Equal Pay

At ESCO Israel, we are deeply committed to fostering an inclusive workplace where every employee is valued and fairly compensated. Our equal pay policy ensures that all employees receive equitable remuneration for their work, regardless of gender, race, or any other characteristic.
This policy is a testament to our dedication to fairness and equality, reflecting our broader commitment to diversity, equity, inclusion, and justice. By implementing rigorous pay audits and transparency measures, we continuously strive to close any pay gaps and uphold the principle of equal pay for equal work.
This commitment not only reinforces our ethical standards but also strengthens our organizational culture, making ESCO Israel a more attractive and supportive workplace for all.

Transparency and Evaluation Process

While there isn't a formal performance evaluation process currently in place, ESCO Israel aims to implement one in the future through the integration of Monday.com software.

The company promotes transparency and open communication regarding career advancement opportunities, with leaders being approachable about employees' growth aspirations.

Alignment with Organizational Goals

Each employee is evaluated fairly and based on their individual strengths, without specific criteria or competencies for career progression. While there aren't specific leadership development programs, employees are supported in setting and achieving their career goals, and opportunities for special projects or initiatives are available to gain visibility and experience. While financial incentives for exceptional performance aren't mentioned, ESCO Israel ensures that career advancement aligns with the overall goals and objectives of the organization.

Data Description	GRI	2020	2021	2022	2023
Training and Education					
Training hours for women senior managers	404-1	0	0	0	0
Training hours for women middle managers	404-1	200	250	250	250
Training hours for women non-managers	404-1	40	40	60	60
Total number for training hours for women	404-1	400	400	570	580
Training hours for men senior management	404-1	320	320	320	350
Training hours for men senior management	404-1	320	320	320	350
Training hours for men middle managers	404-1	0	0	150	150
Training hours for men non-managers	404-1	80	80	100	80
Total number for training hours for all employees	404-1	640	690	880	890
Average hours of training per year per employee by gender					
Average training hours per employee	404-1	42.7	43.1	41.9	42.4
Average training hours per woman	404-1	40	41.4	38.8	38.8
Average training hours per man	404-1	44.4	44.4	43.8	44.6
Programs for upgrading employee skills and transition assistance programs	404-2	25	25	25	25
Percentage of employees receiving regular perfomance and career development reviews by gender					
Percentage of women receiving performance and career development reviews	404-3	35%	35%	35%	35%
Percentage of men receiving performance and career development reviews	404-4	35%	35%	35%	35%
Percentage of employees who received a regular performance and career development review during the reporting period	404-5	35%	35%	35%	35%

Community Support and Employee Commitment ESCO Israel's Response to the October 7 War

Since the outbreak of the conflict on October 7, ESCO Israel has demonstrated unwavering support for our community and soldiers. Many of our employees, including key executives such as the CTO, CMO, and CFO, are serving in the IDF. In recognition of their service, ESCO has been providing support to our employees in the military, along with donations and volunteering efforts to aid those affected by the conflict. Additionally, wellness packs are regularly sent to soldiers from ESCO who are serving, ensuring they feel supported and appreciated during their service. This support extends to the family members of our employees, including children of our CEO and CFO who are also serving in the IDF. Commitment to Social Responsibility:
Despite the challenging circumstances, ESCO Israel remains committed to social responsibility and community engagement. We stand united with our employees and community by continuing to provide high-quality energy efficiency services. Furthermore, we extend our support to clients affected by the conflict, offering assistance in their recovery efforts.

Support for Employees in Reserve Duty

ESCO Israel is committed to the well-being and support of employees serving in reserve duty. Regular check-ins are conducted to ensure they feel supported and comfortable, with efforts made to manage and compensate for their workload during their absence. Clear communication and coordination mechanisms are in place to facilitate smooth transitions for employees returning from reserve duty, helping them reintegrate seamlessly into the workforce. Moreover, flexible working arrangements, including hybrid working options and childcare support, are provided to all employees to ensure they feel safe and supported during wartime.

Recognition and Appreciation:
We would like to extend our heartfelt recognition and appreciation to our employees who serve in the military reserve, including **Elad Coriat, Nir Amsel, Lion Bar Mashiah, and Ronen Kurman,** who are all serving in combat positions. Their dedication and sacrifice exemplify the values of ESCO Israel, and we are immensely proud to have them as part of our team.

Safeguarding Sustainability

ESCO Israel’s Dedication to Safety Excellence

At ESCO Israel, our steadfast commitment to safety is not just a priority but a fundamental pillar of our sustainability ethos, resonating deeply within our Environmental, Social, and Governance (ESG) framework. Our meticulous adherence to ESCO’s Safety Protocol underscores our unwavering dedication to safety management throughout all facets of our operations. Collaborating seamlessly with our clients and suppliers, ESCO ensures that safety considerations are integrated into every project phase, from meticulous planning to proactive risk mitigation strategies.

Our approach to safety at ESCO Israel extends beyond mere compliance with regulatory standards; it reflects a deep-seated culture of responsibility and care for our employees and stakeholders. In 2023, we introduced several new safety procedures, including enhanced safety training programs, regular risk assessments, and the provision of specialized work clothing and gear to all employees. We conduct regular implementation meetings and comprehensive risk assessments to foster a culture of continuous improvement, where safety is not just a box to tick but an ongoing commitment to excellence.

Moreover, our emphasis on transparent reporting and documentation, as evidenced by our daily work diaries and meticulous insurance arrangements, speaks volumes about our dedication to accountability and integrity in safety management. By prioritizing safety in every endeavor, ESCO Israel not only safeguards the well-being of our workforce but also enhances the resilience and sustainability of our operations.

2023

We are proud to report that in 2023, our proactive measures resulted in no workplace incidents, further validating our commitment to safety excellence.

GOVERNANCE

In this chapter

Data Security & Privacy

Ethics & Compliance

Innovation

ESCO Israel acknowledges the pivotal role of robust governance practices in fostering sustainable growth and enduring success. Rooted in integrity and transparency, our governance framework is meticulously crafted to uphold the highest ethical standards and ensure compliance with legal and regulatory obligations. Through our steadfast commitment to accountability and transparency, we cultivate an environment conducive to innovation, operational excellence, and ethical conduct.

ESCO Israel's governance structure is uniquely tailored to our operational context. Our leadership team, made up of seasoned professionals, is dedicated to promoting sound governance practices. With their diverse expertise, they collaborate to guide the company towards its strategic objectives while safeguarding the interests of all stakeholders. ESCO Israel places paramount importance on risk management, proactively identifying, assessing, and mitigating potential risks. In an era marked by increasing cyber threats, we prioritize robust cybersecurity measures to protect our company and clients' information. Our latest risk management process involved education by our cybersecurity team at Shibanet, ensuring our employees are aware of the risks and tactics of cyber attackers. The next session is planned for the beginning of next year. By prioritizing governance excellence, ESCO Israel ensures the resilience of its operations and upholds its commitment to ethical conduct and stakeholder trust.

Board of Directors

Role of the Board

The board plays a crucial role within ESCO Israel's governance framework, overseeing significant processes such as project oversight and strategic decision-making. As a private company, partially owned by Aluma Infrastructure Fund ALUMA (TLV), the board ensures alignment with the company's mission, values, and strategic objectives, fostering growth and delivering high-quality energy efficiency services.

ESG Oversight and Commitments

ESCO Israel's board oversees the company's ESG-related initiatives and commitments, recognizing the importance of environmental, social, and governance considerations in driving sustainable business practices. As the first daughter company to draft an ESG report, ESCO Israel is committed to integrating ESG principles into its operations and decision-making processes.

Transparency and Accountability

The board upholds transparency and accountability by implementing robust decision-making processes, promoting open communication channels, and adhering to ethical standards. Measures are in place to prevent conflicts of interest among board members, ensuring that decisions are made in the best interest of the company and its stakeholders.

Board Composition and Expertise

Board composition is determined through a selection process aimed at appointing members with diverse expertise relevant to the company's operations and objectives. This expertise includes proficiency in project management, finance, and industry-specific knowledge, ensuring comprehensive oversight and strategic guidance.

Stakeholder Engagement and Evaluation

The board actively engages with management, employees, and stakeholders on a range of governance topics, including ESG matters, ethics, and corruption. This fosters dialogue and collaboration to address concerns and opportunities comprehensively. Mechanisms are in place for stakeholders to communicate their concerns on these topics to the board, facilitating transparency and accountability across all areas of governance.

Continuous Improvement and Compliance:
The board evaluates its own performance and effectiveness in governance oversight, seeking continuous improvement in line with best practices and industry standards.

ESCO Israel is committed to compliance with relevant laws, regulations, and ethical standards, ensuring responsible business conduct.

Internationally

National Association of Energy Service Companies (NAESCO): We proudly stand as the sole international company honored to be a member of the National Association of Energy Service Companies (NAESCO), a distinguished organization renowned for its commitment to excellence and innovation in the energy service industry. As the exclusive global representative within NAESCO's esteemed network, we embrace the opportunity to collaborate with industry leaders, share best practices, and drive forward transformative initiatives that advance energy efficiency, sustainability, and environmental stewardship on a global scale.

Our membership in NAESCO underscores our dedication to upholding the highest standards of professionalism, integrity, and service excellence as we continue to pioneer innovative solutions and lead by example in the realm of energy efficiency and sustainability.

Supplier Diversity

At ESCO Israel, we are dedicated to sourcing services and materials from ethical, resilient, and sustainable supply chains, aligning with our commitment to responsible business practices. Our subcontract agreements mandate strict adherence to our Equal Employment Opportunity, Code of Business Conduct and Ethics, and Child Labor policies, ensuring that our subcontractors uphold the highest standards of integrity and social responsibility. Moreover, our construction and purchase agreements emphasize environmental safety and health compliance, reinforcing our commitment to sustainability and community well-being.

Recognizing the importance of supporting local and diverse businesses, ESCO Israel actively seeks opportunities to engage with a wide range of suppliers, including small, disadvantaged, veteran, women, and minority-owned enterprises. By prioritizing diversity, equity, and inclusion in our supplier relationships, we not only strengthen our industry but also contribute to the economic growth of our communities. We firmly believe that leveraging the expertise of local and diverse suppliers fosters innovation, enhances profitability, and creates lasting value for all stakeholders.

As part of our ongoing efforts to expand and enhance our supplier base, ESCO Israel works closely with local and diverse businesses to help them develop the necessary capabilities and credentials to secure future opportunities. By fostering mutually beneficial partnerships and providing support to local and diverse suppliers, we are not only advancing our business objectives but also fostering sustainable growth and prosperity within our communities.

Ethics & Compliance

At ESCO Israel, our steadfast commitment to safety is not just a priority but a fundamental pillar of our sustainability ethos, resonating deeply within our Environmental, Social, and Governance (ESG) framework. Our meticulous adherence to ESCO's Safety Protocol underscores our unwavering dedication to safety management throughout all facets of our operations. Collaborating seamlessly with our clients and suppliers, ESCO ensures that safety considerations are integrated into every project phase, from meticulous planning to proactive risk mitigation strategies.

Our approach to safety at ESCO Israel extends beyond mere compliance with regulatory standards; it reflects a deep-seated culture of responsibility and care for our employees and stakeholders. In 2023, we introduced several new safety procedures, including enhanced safety training programs, regular risk assessments, and the provision of specialized work clothing and gear to all employees. We conduct regular implementation meetings and comprehensive risk assessments to foster a culture of continuous improvement, where safety is not just a box to tick but an ongoing commitment to excellence.

Moreover, our emphasis on transparent reporting and documentation, as evidenced by our daily work diaries and meticulous insurance arrangements, speaks volumes about our dedication to accountability and integrity in safety management. By prioritizing safety in every endeavor, ESCO Israel not only safeguards the well-being of our workforce but also enhances the resilience and sustainability of our operations. We are proud to report that in 2023, our proactive measures resulted in a significant reduction in workplace incidents, further validating our commitment to safety excellence.

Appendix

Environmental Disclosure

Data Description	2020	2021	2022	2023	
Energy (GR1 302-1)					
Total energy consumption (TJ)					Electricity bills?
Energy Intesnsity (TJ/ ILS Million revenues)					
Total direct energy (TJ)					
Coal (TJ)	0	0	0	0	
Natural Gas (TJ)	0	0	0	0	
Fuel Oil (TJ)				0.8	Company cars
Diesel (TJ)	0	0	0	0	company cars
LPG (TJ)	0	0	0	0	
Other fossil fuels (TJ)	0	0	0	0	
Total indirect energy (TJ)	0	0	0	0	
External Electricity (TJ)	0	0	0	0	
External Steam (TJ)	0	0	0	0	
Renewable Energy Used (TJ)	0	0	0	0	
Greenhouse Gas Emission (GRI 305)					
Scope 1+2 GHG emissions (tonne CO2e)					
GHG Intensitity (tonne CO2e/ $ ILS revenue)					
Scope 1 emissions: on-site fuels (tonne CO2e)					
Scope 1 emissions: company vehicles (tonne CO2e)				1751.94	
Scope 2 emissions: indirect energy (tonne CO2e)					

General Disclosure

GRI 2: General Disclosures 2023		GRI	Comments
1. The Organization and it's reporting practices	Organizational details	2-1	
	Entities include in the organization's sustainabilitiy reporting	2-2	
	Reporting period, frequency and contact point	2-3	
	External assurance	2-5	KPMG
2. Activities and workers	Acitivies, value chain and other business relationships	2-6	
	Employees	2-7	
	Workers who are not employees	2-8	
3. Governance	Governance structure and composition	2-9	
	Nomination and selection of the highest governance body	2-10	
	Chair of the highest governance body	2-11	
	Role of the hishest governance body in overseeing the management of impact	2-12	
	Delegation of responsibility for managing impact	2-13	
	Role of the highest governance body in susatinability reporting	2-14	
	Conflicts of interest	2-15	
	Communication of critical concerns	2-16	
	Collective knowledge of the highest governance body	2-17	
	Evaluation of the perfomance of the highest governance body	2-18	
	Remuneration Policies	2-19	
	Process to determine remuneration	2-20	
	Annual total compensation ratio	2-21	
4. Stratergy, policies and practices	Statement on sustainable development strategy	2-22	
	Policy commitments	2-23	
	Embedding policy commitements	2-24	
	Mechanisms for seeking advice and raising concerns	2-26	
	Complaince with laws and regulations	2-27	
	Membership associations	2-28	
5. Stakeholder engagement	Approach to stakeholder engagement	2-29	
	Collective bargaining agreements	2-30	
GRI 3: Material Topics 2023		GRI	
	Process to determine material products	3-1	
	List of material topics	3-2	
	Management of material topics	3-3	

General Disclosure

Data Description	2020	2021	2022	2023	Comments 2020
Environmental Compliance					
Environmental Fines (Million NIS)	0	0	0	0	0
Significant Environment Incidents	0	0	0	0	0

Governance Disclosure

Data Description	GRI	2020	2021	2022	2023
Compliance					
Confirmed incidents of corruption and actions taken					
Total numebr and nature of confirmed incidents of corruption	205-3	0	0	0	0
Total number of confirmed incidents in which employees were dismissied or disciplined for corruption	205-3	0	0	0	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	205-3	0	0	0	0
Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	205-3	0	0	0	0
Operations assessed for risks related to corruption					
Total number of Operations assessed for risks related to corruption	205-1	0	0	0	0
Percentage of Operations assessed for risks related to corruption identified through the risk assessment	205-1	0	0	0	0
Significant risks related to corruption identified througth the risk assessment	205-1	0	0	0	0

Governance Disclosure

Data Description	GRI	2020	2021	2022	2023
Anti-competitive behavior					
Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	206-1	0	0	0	0
Main outcomes of completed legal actions (regarding anti-competitive behavior and violations of anti-trust and monoploy legislation), including and decisions or judgements	206-1	0	0	0	0
Total number of incidents of non-compliance with regulations and/ or voluntary codes concerning nmarketing communications (including advertising, promotion, and sponsorship), classifed by their result: fine or warning.	206-2	0	0	0	0
Total numebr of incidents of non-compliance with regulations and/or voluntary codes concering the health and safety impacts of products and services.	416-2	0	0	0	0
Substantiated complaints concerning breaches of customer privacy and losses of customer data	416-2	0	0	0	0
Significant fines and non-monetary sanctions for non-compliance with laws and/ or regulations in the social and economic area	416-2	0	0	0	0
Ethics					
Communication and training about anti-corruption policies and procedures					
Total number and percentage of employees that the organizations anti-corruption policies and procedures have been communicated to	205-2	0	0	0	0
Total number and percentage of employees that received training on CoC, by level:	205-2	0	0	0	0
Percentage of compliants regarding suspicion of bribery/ corruption	205-2	0	0	0	0
Percentage of complaints regarding HR issues	205-2	0	0	0	0
Percentage of complaints regarding product compliance	205-2	0	0	0	0
Percentage of complaints regarding other issues	205-2	0	0	0	0
Percentage of employees trained on data privacy	205-2	0	0	0	0

Social Disclosure

Data Description	GRI	2020	2021	2022	2023
Quality Employment					
Total number of employees on paryroll (head count/FTE)	2-8	22	23	30	30
> Women	2-8	11	8	13	13
>Men	2-8	11	15	17	17
Total number of full-time employees (head count/FTE)	2-8	15	16	21	21
> Women	2-8	6	7	8	8
> Men	2-8	9	9	13	13
Total number of part-time employees (head count/FTE)	2-8	7	7	9	9
> Women	2-8	5	1	5	5
> Men	2-8	2	6	4	4
Employee category					
Manufacturing	2-7	4	4	5	4
R&D	2-7	1	1	2	2
Sales & Registration	2-7	2	3	5	5
Management & Administration	2-7	8	8	9	10
Other	2-7	0	0	0	0
Total	2-7	15	16	21	21
Diversity and Equal Opportunity					
Total employees senior managers	405-1	4	4	4	5
Total employees middle managers	405-1	4	5	8	8
Total employees non-mangers	405-1	6	6	8	7
Total top management	405-1	1	1	1	1
Women top management	405-1	0	0	0	0
Women senior managers	405-1	0	0	0	0
Women middle managers	405-1	4	5	5	5
Women non-managers	405-1	2	2	3	3
Men top management	405-1	1	1	1	1
Men senior management	405-1	4	4	4	5
Men middle management	405-1	0	0	3	3
Men non-managers	405-1	4	4	5	4
% Women in workforce	405-1	40%	44%	38%	38%
% Women in management roles	405-1	27%	31%	24%	24%
% Women in senior management roles	405-1	0%	0%	0%	0%
Total top managers - under age 30	405-1	0	0	0	0
Total top managers- age 30-50	405-1	0	0	0	0
Total top managers- age 50 and up	405-1	1	1	1	1
Total senior managers - under age 30	405-1	0	0	0	0
Total senior managers - age 30-50	405-1	3	3	3	4
Total senior managers - age 50 and up	405-1	1	1	1	1
Total middle managers - under age 30	405-1	0	0	2	2

Social Disclosure

Data Description	GRI	2020	2021	2022	2023
Total middle managers - age 30-50	405-1	3	4	5	5
Total middle managers - age 50 and up	405-1	1	1	1	1
Total non managers - under age 30	405-1	2	2	2	2
Total non managers- age 30-50	405-1	2	2	4	3
Total non managers - age 50 and up	405-1	2	2	2	2
Total employees- under age 30	405-1	2	2	4	4
Total employees - age 30-50	405-1	8	9	12	12
Total employees age 50 and up	405-1	5	5	5	5
employees over 50 in workforce %	405-1	33%	31%	24%	24%
employees over 50 in management roles %	405-1	20%	19%	14%	14%
Number of employees covered by collective bargaining agreements	407	0	0	0	0
> Women	407	0	0	0	0
> Men	407	0	0	0	0
New employee hires and employee turnover					
Total number and rate of new employee hires by age group and gender					
Women <30	401-1	0	0	2	0
Women 30-50	401-1	1	1	3	0
Women >50	401-1	0	0	0	0
Men < 30	401-1	0	0	0	0
Men 30-50	401-1	0	0	0	0
Men > 50	401-1	0	0	0	0
Total new hires < 30	401-1	0	0	2	0
Total new hires 30-50	401-1	1	1	3	0
Total new hires > 50	401-1	0	0	0	0
Total new hires	401-1	1	1	5	0
Total number and rate of employee turnover by age group and gender					
Women <30	401-1	0	0	1	1
Women 30-50	401-1	0	0	0	0
Women >50	401-1	0	0	0	0
Men < 30	401-1	0	0	0	0
Men 30-50	401-1	1	2	1	2
Men > 50	401-1	0	1	1	1
Total leavers <30	401-1	0	0	1	1
Total leavers 30-50	401-1	1	2	2	2
Total leavers > 50	401-1	0	1	1	1
Total Leavers	401-1	1	3	4	4
Total rate of employee turnover	401-2	7%	19%	19%	19%
Open positions filled by internal candidates		1	1	2	2

Social Disclosure

Data Description	GRI	2020	2021	2022	2023
Pay gap					
Ratio of basic salary and remuneration of women to men in NIS, by level					
Top Management	405-2				
Senior Management	405-2				
Middle Management	405-2				
Non-Management Employees	405-2				
Training and Education					
Training hours for women senior managers	404-1	0	0	0	0
Training hours for women middle managers	404-1	200	250	250	250
Training hours for women non-managers	404-1	40	40	60	60
Total number for training hours for women	404-1	400	400	570	580
Training hours for men senior management	404-1	320	320	320	350
Training hours for men middle managers	404-1	0	0	150	150
Training hours for men non-managers	404-1	80	80	100	80
Total number for training hours for all employees	404-1	640	690	880	890
Average hours of training per year per employee by gender					
Average training hours per employee	404-1	42.7	43.1	41.9	42.4
Average training hours per woman	404-1	40	41.4	38.8	38.8
Average training hours per man	404-1	44.4	44.4	43.8	44.6
Programs for upgrading employee skills and transition assistance programs	404-2	25	25	25	25
Percentage of employees receiving regular perfomance and career development reviews by gender					
Percentage of women receiving performance and career development reviews	404-3	35%	35%	35%	35%
Percentage of men receiving performance and career development reviews	404-4	35%	35%	35%	35%
Percentage of employees who received a regular performance and career development review during the reporting period	404-5	35%	35%	35%	35%
Occupational Health and Safety					
Workers covered by an occupational health and safety management system	403-8	4	4	4	4
Work-related injuries					
The number and rate of high-consequence work-related injuries ((excluding fatalities	403-9	0	0	0	0
The number of recordable work-related injuries	403-9	0	0	0	0
Total number of hours worked	403-9	2,700	2,880	3,780	3,780
Total number of days missed		60	64	84	74
Main work-related hazards that pose a risk of high-consequence injury	403-9	0	0	0	0

Data Description	GRI	2020	2021	2022	2023
Work-related ill health					
The number of fatalities as a result of work-related ill health	402-10				
The number of cases of recordable work-related ill health	402-10				
The main types of work-related ill health	402-10				
Work-related hazards that pose a risk of ill health	402-10				
Sites certified to ISO 45001 or to an eqv. Standard	402-10				
Sites certified to ISO 18001 or to an eqv. Standard	402-10				
Local communities					
(Community donations (in NIS, thousands	413-1	10	20	28	35
Donation per pre-tax profits	413-1				
of workforce participating in volunteering %	413-1	5%	5%	5%	5%
Total number of hours employees volunteered	413-1	150	150	150	150