



ESG 2025

Environmental, Social & Governance Report

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Statement by the Chairman of the Board of Directors

I am honored to present Mekorot's Corporate Responsibility Report for 2025, which summarizes another year of action and responsibility toward the State of Israel, society, the environment, and future generations.

This is the third year in which Israel has been coping with a complex security reality. Even during such a period, when routine changes and challenges multiply, Mekorot's mission remains clear: to ensure continuous water supply to households, agriculture, industry, and all systems of the economy. For us, this is not only a professional mission. It is a national mission and a direct responsibility for the resilience of the State.

A summary of 2025 shows that Mekorot continued to increase the volume of water supplied, while maintaining full continuity and without disruptions caused by the fighting on several fronts. This was made possible also thanks to the dedication of the company's employees, including employees who together performed more than ten thousand days of reserve duty, alongside their essential work in service of the water sector.

At the same time, the company continued to advance initiatives in the fields of environment, energy, and innovation. Electricity generation from renewable sources increased by dozens of percent, overall electricity consumption decreased, and savings of tens of millions of shekels were recorded. The supply of effluent water and Shafdan water also increased, while maintaining a low water depreciation rate of approximately 4.1%.

The establishment of a national command and control center strengthened the ability to manage the water sector in routine and emergency situations. In parallel, Mekorot prepared for the new requirements regarding PFAS compounds through advanced equipment, accreditation of the central laboratory, and planning of facilities for the treatment of groundwater.

During the past year, the company's activity was also reflected in its contribution to the community and to the Israeli economy. The company's employees dedicated approximately 8,687 hours to community activities, and approximately 96% of the company's total procurement was defined as local Israeli "blue and white" procurement.

We conclude the year with a sense of commitment to ensuring the supply of high-quality water at all times and in every place, to operating efficiently, transparently, and responsibly, and to leaving future generations a stable, advanced, and sustainable water sector.

On behalf of the company's Board of Directors, I would like to thank the management and all Mekorot employees for the professionalism, dedication, and sense of mission that accompany their work day by day.



A stylized handwritten signature in black ink, consisting of a large 'M' and a sweeping line extending to the right.

Adv. Moshe Shimoni
Chairman of the Board of Directors of Mekorot

CEO Statement

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I am honored to present the sixth Corporate Responsibility (ESG) Report of Mekorot, Israel's national water company, for 2025.

In an era of complex geopolitical challenges and accelerating climate change, Mekorot continues to serve as a vital strategic anchor for the State of Israel, combining operational excellence, breakthrough innovation, and a deep environmental and social commitment.

The year 2025 was marked by the ongoing challenges of the security campaign. Despite emergency conditions, we maintained full supply continuity and supplied approximately 1.899 billion cubic meters of water, an increase compared with 1.869 billion cubic meters in the previous year.

This national achievement was made possible thanks to the dedication of our employees, who performed 10,310 days of reserve duty this year, following 14,113 days in 2024. To strengthen operational readiness, this year we launched the National Command and Control Center, which improves synchronization among regional control rooms and ensures optimal management of the water sector in both routine and emergency situations.

During the year we recorded a dramatic leap forward in the management of energy resources, reducing emissions and preserving the environment:

- **The Renewable Energy Revolution and Efficiency:** We increased electricity production from renewable sources at our sites by 67% and improved energy efficiency – moves that resulted in direct financial savings of about NIS 56 million in the company's energy expenses.
- **Focused Emissions Management:** We have established a dedicated administration to reduce the company's carbon footprint, which operates applied work teams in the fields of energy, procurement and waste.
- **Circular economy and resource conservation:** We have increased the supply of wastewater and reclaimed water to agriculture to 309 million cubic meters (compared to 237 million cubic meters in 2024), while maintaining a minimal water depreciation of only 4.1%, which places us at the forefront of preventing water loss in the world.
- **Public Health and Water Quality:** We led the national preparations for the new regulation on PFAS compounds, including the certification of the central laboratory for advanced testing, the procurement of dedicated equipment, and the design of facilities to remove the compounds from groundwater.

Mekorot operates out of a deep connection to Israeli society and the economy. About 96% of the company's total annual procurement was directed to local "blue and white" manufacturers, and our employees contributed over 8,650 hours of activity in the community. At the same time, we promoted the transition of the company's vehicle fleet to hybrid and electric propulsion and maintained the Standards Institution of Israel's platinum mark.

The work presented in this report proves that for Mekorot, corporate responsibility is not just a collection of indicators, but a strategic compass that combines both economic, operational and moral efficiency.

My thanks go to the company's chairman, members of the board of directors, the company's management and the regulators for the tailwind that accompanies our work and enables us to continue to lead and develop the national water sector. Above all, I have deep appreciation for the employees of Mekorot, whose exceptional performance in routine and emergency situations is the real factor in the resilience of the Israeli water sector.

Enjoyable reading,



Danny Sofer
Acting CEO

Opening Remarks

We are pleased to present Mekorot's 2025 ESG Report, which summarizes the company's activities in the areas of environment, society, and corporate governance. For many years, Mekorot has operated responsibly and transparently, while continuously striving for excellence, and this report reflects our ongoing commitment to our stakeholders and to the public as a whole.

During the year, we continued to promote the integration of the ESG approach as an integral part of the company's management and decision-making mechanisms.

This was carried out by strengthening measurement, control, and reporting processes, expanding dialogue with the company's key stakeholders, and advancing processes that enable ongoing assessment of the risks, opportunities, and long-term impacts arising from our activities.

Following the target approved in 2024 to reduce greenhouse gas emissions by 40% by 2050, compared with the 2023 base year, the company continued during the reporting year to advance the implementation of its climate strategy. As part of this, the company carried out validation and expansion processes for its climate risk survey, strengthened measurement and control mechanisms for climate performance, and deepened the management processes that support the achievement of the company's long-term targets.

Alongside this, the company continued to strengthen corporate governance, promote an organizational culture based on responsibility, integrity, and transparency, and deepen its relationships with the diverse stakeholders that accompany its activities. We view ESG as a central component in creating long-term value for the company, its employees, its customers, and Israeli society.

This report was prepared with reference to the GRI Standards and includes reference to the United Nations Sustainable Development Goals (SDGs) and to the company's contribution to advancing them. The report is available on Mekorot's website in Hebrew and English.

We invite you to review the report, which reflects Mekorot's commitment to continued improvement, learning, and development, and to managing its activities in a responsible, transparent, and sustainable manner.



A handwritten signature in black ink that reads "Riki Mor".

Riki Mor

Head of Customer Relations and ESG



A handwritten signature in black ink that reads "Eyal".

Eyal Ben David

Acting VP Infrastructure Development
and Customer Relations

Data Aggregation for Stakeholders for 2025



Environment

Setting an overall greenhouse gas emissions reduction **target of 40% by 2050** (compared to base year 2023).

During 2025, there was an increase of about **67%** in the total volume of renewable energy production at the company's sites, compared to 2024 figures.

A decrease in specific energy consumption (energy ratio per cubic meter provided) of about **0.5%** compared to 2024.

Savings of **NIS 56 million** in energy expenses, compared to 2024 figures.

99.8% of the water quality tests conducted during 2025 were found to be normal.

Approximately **1.899 billion** cubic meters of water supplied in 2025, representing an increase of approximately **6.6%** compared to 2023.



Company

1st place in the Human Resources Excellence Competition, in the category of Human Resources Performance in Time of War

8.3% of Mekorot's total employees are workers from underemployed groups in the population, **17.6%** of the employees hired by the company during 2025 are from underemployed populations.

Mekorot was ranked **second** among infrastructure companies and **14th** in the overall ranking of the '100 Best Companies to Work For' according to the Code BDI ranking for the year 2025.

Over **8,650** hours of contribution to the community.

10,310 days of reserve duty among Mekorot employees.



Corporate Governance

96% of all procurement is "blue and white" local procurement, of which **10%** was carried out from small and medium-sized businesses, and **11%** from suppliers selected according to environmental parameters.

Certified platinum by the Standards Institution of Israel in recognition of the company's compliance with 6 leading ISO quality standards.

33% are women on the board of directors.

14,594 audit hours during 2025, of which **89%** were internal audits and **11%** were external audits.

"Iron Sword" War

The "Iron Swords" war has exposed the entire Israeli society to a new, complex and challenging reality. Alongside the challenges of the hour and in line with the values of Mekorot's corporate responsibility, the company took care to ensure the health and safety of the company's employees while continuing to supply regular and continuous water to the economy.

Despite the complex challenges, Mekorot has demonstrated an extraordinary commitment to ensuring a regular and safe water supply to all residents of Israel, while dealing with security threats from various sectors, including direct damage to the company's facilities and infrastructure. In light of the complex reality, Mekorot continues to continuously examine the effects of the war on the company's operations, and adapts its actions to changes on the ground, while maintaining the health and safety of employees, consumers and the public as a top priority.

Mekorot views the preservation of human life as a supreme value and makes sure to act according to the principle **of human life before all**. The company publishes safety guidelines for employees from time to time, depending on the situation. These include detailed instructions to maintain the safety and security of employees while ensuring a continuous and regular water supply, even in difficult emergency conditions, all in order to ensure the safety of employees and the public as a whole, and to maintain the continuity of water supply and transmission.

Mekorot works with full vigor and around the clock to provide large-scale solutions on water, logistics, and general repairs to all local authorities, farmers and soldiers in the field. Mekorot provides drinking water, hot water for showers, and electricity to the security forces operating in the convention areas, in the south and north.

In addition to assisting the security forces and taking care of facilities and infrastructure, Mekorot understands the critical importance of strengthening agriculture in times of war and works extensively to increase the reliability of water supply to agriculture in accordance with the regulations that apply to it, with the understanding that this is a central factor in ensuring stability and security along the country's borders, as well as from the perspective of local agriculture as a strategic national asset in times of crisis.

In addition to all these actions, Mekorot has taken a series of actions to deal with additional risks, including strengthening supply chain management, increasing inventories and ensuring the availability of emergency materials, prioritizing essential development projects in coordination with the Water Authority, strengthening command and control systems, strengthening cyber defense systems in light of the increase in attack attempts, increasing awareness among employees, and operating backup systems and operational continuity, while Close coordination with other national infrastructure bodies to ensure systemic synchronization.

In addition, following the outbreak of the Iron Sword War, the company has acted and continues to work to upgrade the system of emergency linkages, which includes horizontal pumps assembled together with diesel engines, the purpose of which is to provide a solution for water supply in critical areas, in the event of a fall in the power grid or damage to pumping equipment existing in those facilities.

During 2025, there were no disruptions in the continuous water supply due to the war, thanks to an ongoing and long-term investment in ongoing maintenance, which enabled the continuation of a regular and reliable water supply, even in times of emergency and despite the recruitment of many dozens of employees for reserve duty and/or the forced relocation of some of the company's employees away from their homes due to security constraints. However, managing the water supply system under emergency conditions required a focus on emergency preparedness, which resulted in a somewhat decrease in energy efficiency.



During 2025, Mekorot employees performed 10,310 reserve days, following 14,113 reserve days during 2024, as part of their enlistment in the National Defense during the "Iron Swords" War.

About the Company

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Mekorot Water Company Ltd., the national water company founded in 1937, works to develop the economy and strengthen Israel's economic and political resilience. Mekorot is engaged in water production, drilling, pooling, quality treatment, transmission and supply to all citizens of Israel, while preserving and securing water resources. In addition, the company is engaged in the construction and maintenance of the various facilities used for water supply and provides consulting, construction, operation and initiation services for water projects.

Mekorot is the main water supplier in the State of Israel. The company produces about 48% of the total extracted, purified and desalinated water in Israel, leads and supplies about 65% of the total water supply in Israel (including water supply to the Kingdom of Jordan and the Palestinian Authority) and about 77% of the total domestic consumption.

Mekorot maintains maximum availability, reliability and water quality, through integrative and informed management, and operates responsibly and with a national and sustainable vision of the various water sources.

The company's headquarters are located at 9 Lincoln St., Tel Aviv.



Organizational Structure

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Mekorot Water Company Ltd. is a government company and the national water company of Israel. The company operates under the Water Law and is responsible for the production, transmission, storage and supply of water throughout the country. Its activity is subject to the regulation and supervision of the Government Water and Sewage Authority, and at the same time, as a government company, it operates in accordance with the provisions of the Government Companies Law and under the supervision of the Government Companies Authority. Its activities are carried out through its parent company, Mekorot Water Company Ltd., and through subsidiaries operating in complementary fields of activity.

The company's organizational structure is headed by the company's board of directors, which is responsible for outlining the company's policy and supervising its implementation. The company's management, headed by the CEO, is responsible for the day-to-day management and implementation of the group's business strategy. Mekorot's organizational structure was designed to support the company's goals and challenges in the water sector, while improving operational efficiency, strengthening cooperation between the company's units, streamlining work processes, and ensuring an optimal response to the needs of the water sector in Israel. As part of the implementation of the organizational change approved by a government decision and in collective agreements signed in recent years, professional divisions and dedicated headquarters units were established to strengthen the company's management, development and operational capabilities.

The company's structure includes a central headquarters, professional divisions in the fields of operations and maintenance, technology, engineering, finance, human resources, development and customers, as well as four areas of activity: the Northern Region, the Central Region, the Southern Region, and the National Carrier Region, which are responsible for the water supply and the relationship with consumers nationwide.

The Mekorot Group has two main subsidiaries: **Shaham Mekorot Execution Ltd.**, which serves as the group's engineering and contracting execution arm, and **Mekorot Development and Initiation Ltd.**, which operates in Israel and around the world in the field of initiation, development and project management in the water and infrastructure sector¹.

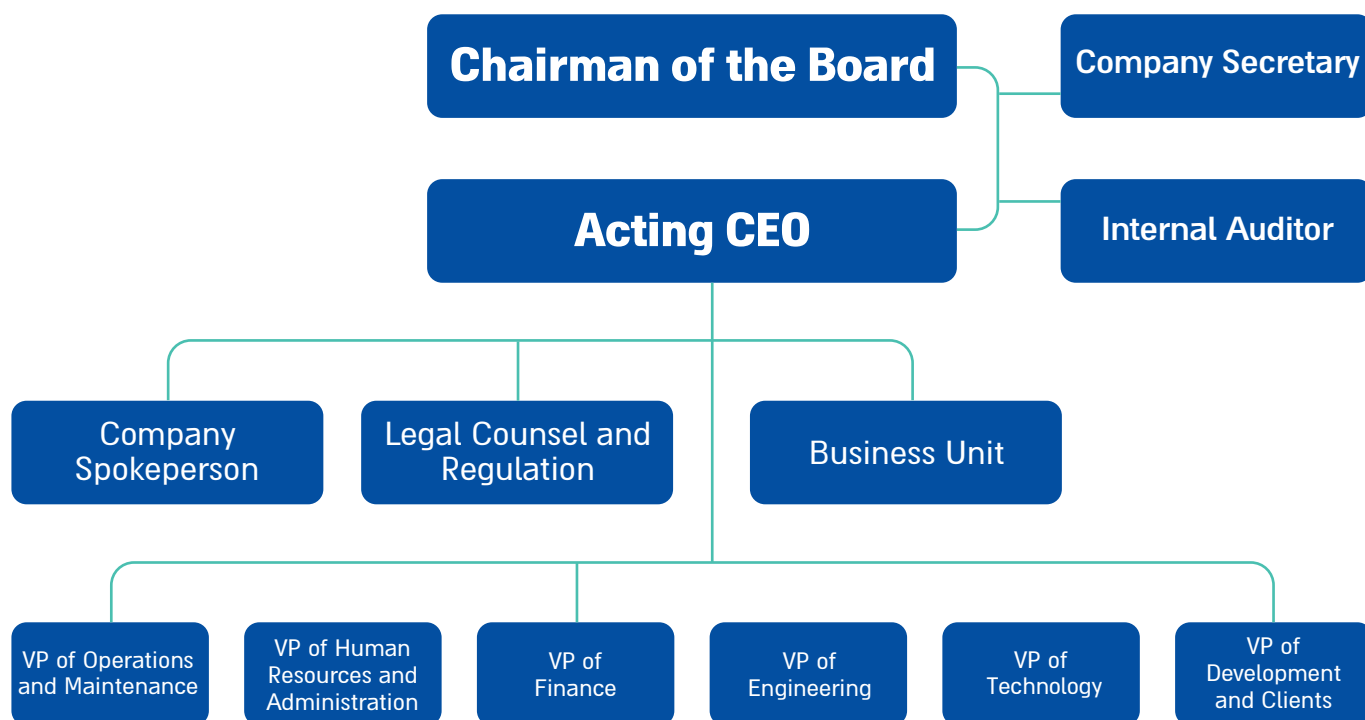
Mekorot's Holding Structure²:



¹) The subsidiaries operate independently. Accordingly, their reporting and control mechanisms are carried out independently and separately from Mekorot Water.

²) For more information on the structure of Mekorot's holdings as published in the [2025 Annual Report](#)

Mekorot's Organizational Structure³:



³) As published in the 2025 Annual Report.

Mekorot's Vision

Mekorot's vision is based on its main mission: the development, operation and maintenance of Israel's national water sector. Mekorot is committed to ensuring an available, high-quality and reliable water supply to all residents of the country, while optimizing the utilization and preservation of water resources. The company supports the development and strengthening of settlement, industry and agriculture, and strives to be a leader in the fields of water solutions and water technology at the local and international levels.

The company's vision is to be **"a global leader in the field of water in terms of excellence, professionalism and daring, while leveraging knowledge and experience for the benefit of water security in Israel and the creation of advanced water solutions"** for society, the country and the global environment, while preserving natural resources for future generations.

"A Global leader in the field of water in terms of excellence, professionalism and daring, while leveraging knowledge and experience for the benefit of water security in Israel and the creation of advanced water solutions"



Let's Stay in the Environment

Mekorot's Commitment to Responsible Environmental Management, Respecting Natural Resources, the Nation, and its Neighbors



Clearly Mekorot

Ethical and Fair Human-Centered Business Management, Upholding the Highest Professional Standards.



Stronger Together

Building Partnerships and Collaborations with Our Stakeholders, Clients, Business Entities, and the State to Ensure Optimal Water Management and Maximize Economic Value.



Always Thinking Ahead

Embracing Learning, Out-of-the-Box Thinking, Forward Vision, Business Development, and Growth to Achieve Superior Business Outcomes.



Excellence Starts Here

Delivering Water with Quality, Availability, and Reliability, to Every Location with Utmost Priority.



Mekorot's commitment to promoting ESG

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As a derivative of Mekorot's vision, which strives for excellence and responsibility in the field of water resources management, Mekorot has defined its commitment in the fields of environmental, social and corporate governance (ESG):

Commitment to the Environment

- Protecting the environment and responsible use of natural resources in general and water in particular, while adhering to strict environmental standards
- Reducing the environmental footprint in all processes and activities of the company, along the supply chain and through technological innovation
- Preparing for the Effects of Climate Change

Commitment to Society

- Supplying the maximum amount of water to all current and future consumers
- Responsibility for the stability and quality of the water sector – continuous supply of quality water in routine and emergency situations
- Maintaining the health, safety and safety of employees, customers and suppliers
- Retaining and developing the company's employees and creating a respectful, inclusive, fair and equal work environment
- Developing shared value with the community

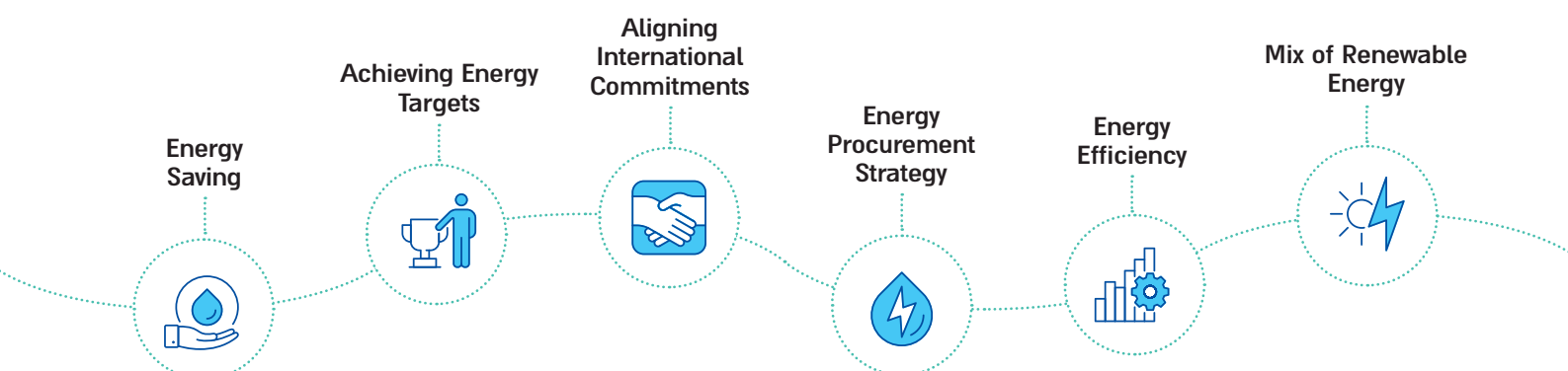
Commitment to proper and effective corporate governance and economic and regional development

- Maintaining integrity, preventing corruption and fraud, and complying with all provisions of the law
- Managing the company's risks alongside locating solutions and technological innovation
- Working with transparency and full cooperation with the authorities
- Supplying the required amount of water to the neighbors
- Establishing Mekorot's position as a center of advanced knowledge in the field and developing international relations through collaborations

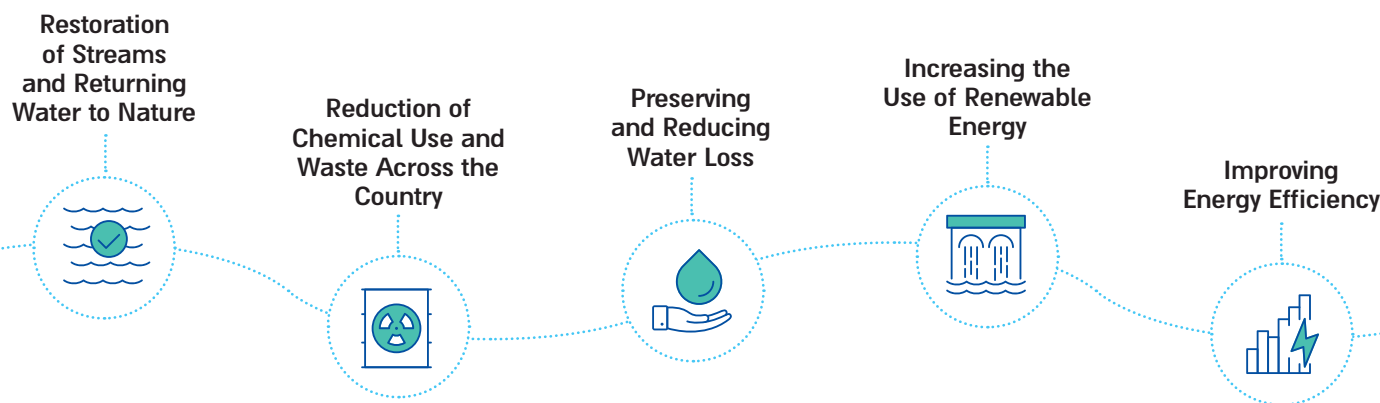
Policy Documents

Mekorot is committed to incorporating ESG aspects into its operations, which is why it has formulated two policy documents dealing with energy management and environmental protection:

- **Energy Management Policy** – The policy is guided by a desire to combine a reliable and high-quality water supply with environmental and sustainability aspects. As a leading company in the field of water management in Israel and one of the largest consumers of electricity in the country, Mekorot sees energy efficiency and reducing the use of perishable energy sources as both a national and a business mission. The company strives to integrate green technologies and promotes various projects aimed at expanding the use of renewable energy, including electricity generation from water and solar energies. Mekorot is committed to operating in accordance with the requirements of the law, regulations, procedures and norms accepted in Israel and the international market, and subject to regulatory requirements, and works to implement a green organizational culture and raise awareness and commitment to energy conservation and management among its employees and suppliers, with each project and activity being carried out with holistic thinking about their impact on the public, the environment and the economy. The company is committed to continuous improvement and implementation of risk-based management approaches to energy management, and is committed to reducing greenhouse gas emissions and reducing its carbon footprint as little as possible.



- **Environmental Protection and Quality Policy** – Mekorot is committed to protecting the environment and protecting natural resources for future generations, while ensuring compliance with the requirements of the law, regulations and standards of quality and environmental protection. The company works to reduce the environmental footprint of its operations, while preserving natural water sources and promoting advanced environmental technologies. Mekorot operates a comprehensive environmental enforcement program, which includes control mechanisms and instructions for implementing environmental regulations in all of the company's facilities. As part of its commitment to a circular economy, Mekorot incorporates advanced mechanical, biological, and technological processes to recover wastewater for reuse. In addition, within the framework of international conventions to which the State of Israel is a party, Mekorot is committed to joint activity with research institutions and academia in order to promote environmental innovation through support, accompaniment, and participation in environmental research.

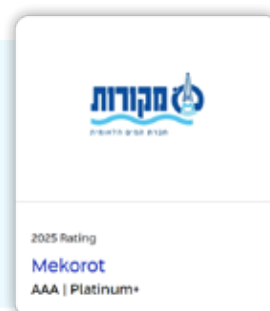


Top Rating

Mekorot has been participating in the Maala Corporate Responsibility Ranking since 2011. This ranking assesses the level of management of environmental, social, and corporate governance issues among the leading companies in the Israeli economy, both public and private. Mekorot is proud to maintain its highest rating, **Platinum+ | AAA** rated above 2025. Thus, Mekorot continues to hold the highest ranking for the fourth year in a row. In addition, Mekorot was ranked first in the 'Infrastructure and Energy' category to which it belongs, an achievement that is a testament to its commitment to excellence in the fields of sustainability and responsible management, and illustrates the company's significant impact on the community and the environment.



Company: **Mekorot**
2025 Index: **Platinum+ | AAA**



Mekorot's ESG Strategy

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By virtue of its historical and contemporary role as the national water company, Mekorot works to implement an ESG strategy integrated into the company's strategy. Mekorot's ESG strategy has been formulated in line with the company's strategic plan and includes the following areas of focus:

Positioning Mekorot as a leading water company



The leading government company

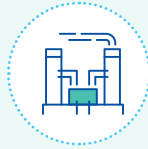
in efficiency and innovation



A global knowledge hub

on technological innovation in the water industry

Mitigating environmental risks



Cutting back emissions

by increasing the use of renewable energy



Restoring the natural environment in Israel

by discharging water into nature



Preventing pollution of water sources and nature

through improved efficiency in effluent processing and wastewater exhaustion

Mekorot's Environmental Goals

Mekorot has defined goals in the core environmental areas of its operations, as part of its commitment to continuous improvement, responsible management of resources, and coping with the challenges of climate change. These goals are integrated with the company's strategic plan, and reflect an overall policy of operational efficiency, innovation, and reducing the environmental impact of its operations:

- Maintain a specific energy level of **1,300 watt-hours to produce 1 cubic meter of water by 2030**.
- Planning goal: Development of projects for the installation of renewable energy facilities at the company's sites, **with a total scope of 250 MW**, by 2030.
- Implementation target: Actual installation of renewable energy facilities at the company's sites, with a total scope of **165 megawatts**, by 2030.
- Reduce **the use of water disinfectant** chemicals by 50% by 2030.
- Maintaining a water depreciation level of **4%** by 2030.



Substantive Issues

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Materiality analysis is a core process in the implementation of ESG (environmental, social, and governance processes in companies). The purpose of this process is to identify the most essential areas of activity for the company in the fields of economics, corporate governance, environment and society, in order to create a strategic basis for the company's ESG activities.

As part of the publication of the report and with reference to the GRI standards, Mekorot conducted a full material analysis process for the 2023 ESG report. The results of the process are the ten essential issues of the company and constitute the basis for this report and the company's activities in the fields of environment, society and corporate governance:

#	Chapter of the Report	Essential Issue
1	Environment	Water Supply Process Management
2	Environment	Climate change
3	Environment	Environmental Management and Resource Efficiency
4	Company	Human Capital Management
5	Company	Occupational Safety and Health
6	Company	Customer Service
7	Corporate Governance	Business Strategy and Operational Resilience
8	Corporate Governance	Innovation and Technological Leadership
9	Corporate Governance	Integrity, Ethics and Prevention of Corruption
10	Corporate Governance	Compliance and Regulation



4) For a detailed overview of the full materiality analysis process, see the [2023 ESG Report](#).

Dialogue with stakeholders

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Mekorot engages with a diverse range of stakeholders who both impact and are impacted by its operations, either directly or indirectly. The company maintains regular dialogue with these stakeholder groups through various channels, with different levels of engagement and frequency. The primary focus of these interactions is centered on the water sector in Israel and Mekorot's ongoing activities. Mekorot believes that adopting a comprehensive and sustainable approach, supported by collaboration and open dialogue with its stakeholders, is essential to effectively addressing the sustainability challenges in the water sector.

Below is a list of communication channels through which Mekorot interacts with its stakeholders:

Stakeholders	Description of the main stakeholders	Channels of Dialogue
Government Ministries	- Ministry of Energy - Ministry of Finance - Ministry of Economy - State Comptroller's Office - Ministry of Foreign Affairs - Ministry of Environmental Protection - Ministry of Agriculture - Ministry of Health - Ministry of Defense - Knesset Committees - Ministry for Regional Cooperation	Mekorot maintains ongoing contact with the various government ministries as part of its day-to-day conduct and regular professional dialogue. Government ministries and statutory authorities are in charge of various aspects of Mekorot's activity, including permits, water allocations, infrastructure, and more.
Statutory Authorities	- Government Water and Sewage Authority - Government Companies Authority - Israel Nature and Parks Authority - The Jewish National Fund - Israel Lands Administration - District Planning Committees - Israel Antiquities Authority - Drainage Authorities	In addition, Mekorot representatives participate in forum meetings of infrastructure companies in order to create an ongoing discourse to remove barriers to the advancement of infrastructure in the country.
Local Organizations and Institutions	- Academia - Environmental Organizations	Mekorot maintains an ongoing dialogue with academic institutions in Israel. These collaborations include academic research and collaborations, joint initiatives, support for the construction of courses in the field of water, and accompaniment and mentoring of students in final projects. In addition, Mekorot supports scholarships for students engaged in areas relevant to the group's core activities. Mekorot periodically updates the Society for the Protection of Nature in Israel and other environmental organizations on changes and innovations taking place in the field.
Clients	- Local Authorities - Water and Sewage Corporations - Agricultural Societies - Industry	The relationship with the customers is usually carried out directly by the operating spaces. During 2025, as part of the establishment of a computerized customer management system, the company continued dialogue circles with its customers, focusing on improving service and understanding needs to maintain the level of service. In addition, the first phase of the CRM system (Waterfall System) was launched.
Mekorot Employees	Employees at Mekorot sites and headquarters departments	Mekorot employees have several channels for communicating with management: through the Human Resources Unit, which coordinates employee inquiries, and through representatives of the workers' committee. In addition, formal and informal meetings are held throughout the year, such as the CEO's Coffee, roundtable meetings and employee conferences, which allow for an open dialogue between management and employees.

Stakeholders	Description of the main stakeholders	Channels of Dialogue
Communities	- Environmental activists - Locality Committees - Local Authorities - Volunteer organizations in areas where Mekorot has significant activity	Dialogue with these communities is carried out as part of the company's management approach to public participation. Mekorot holds information conferences and meetings with local communities and publishes information materials on social networks and traditional media.
Suppliers	- Suppliers - Contracting Companies	Mekorot maintains a dialogue with them through supplier conferences, roundtables, ongoing dialogue with the procurement and tender units, as well as with representatives of Merhavim in charge of the engagements. In addition, as part of its sustainability strategy, the company promotes a commitment to ESG values among suppliers and when engaging with them.

As part of the diverse dialogue with its stakeholders, Mekorot held various meetings to promote cooperation and bring "shared value":

- **IEC** – In 2025, a team meeting was held once a quarter to remove barriers and promote cooperation between Mekorot and IEC.
- **Netivei Israel** – a unique collaboration for infrastructure development.
- Participation in the **inter-ministerial forum for standardization in the construction and infrastructure industry in Israel**, alongside the operation of supporting systems for infrastructure planning and supplier ratings.
- **Infrastructure Coordination Forum of Government Companies** – Mekorot is a partner in the forum's activities to create shared value with a variety of other government companies to promote infrastructure in the country, including infrastructures for transportation, electricity and water. As part of the forum, the companies create collaborations, joint learning, removing barriers and creating solutions to challenges.
- **The "Infrastructure Leaders" Program** – Mekorot is taking part in a joint program between JDC and the State of Israel, which aims to develop a network of change agents for the national infrastructure field in order to deal with current and future infrastructure opportunities and challenges, and to enable the construction of infrastructures more efficiently.



United Nations Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Goals (SDGs) are 17 global sustainability goals. The goals were adopted by world leaders in 2015 as an urgent call to action by countries, with the intention of achieving them by the end of 2030. The goals reflect the most significant global challenges identified by the national community, which encourages governments, corporations, and non-profit organizations to collaborate to solve them. The topics addressed by the goals are diverse and include, Among other things, gender equality, encouraging responsible consumption and production, poverty eradication, and actions to deal with climate change.



Mekorot, as a company with a broad socio-economic impact on the local economy, recognizes the importance of connecting its activities to the relevant UN goals and promotes the adoption and promotion of the goals in the Israeli economy.

After a characterization process, the company defined the most relevant development goals for its operations:

 Goal 5 Gender Equality	
The United Nations Objectives for Mekorot's Activity	Mekorot's activities to achieve these goals
5.1. End discrimination against women and girls 5.5. Ensuring full participation in leadership and decision-making	- Mekorot operates an intra-organizational female mentoring program for the advancement of women to management positions, which includes personal and professional guidance by senior managers, professional enrichment. During 2025, 22 women participated in the program. - Providing scholarships for women's studies, as part of the activities of the Committee for the Promotion of Gender Equity.



Goal 6

Clean Water and Sanitation

The United Nations Objectives for Mekorot's Activity

- **6.1** By 2030, achieve equitable global access to safe and affordable drinking water for all.
- **6.3** By 2030, improve water quality by reducing pollution, eradicating waste spillage and minimizing the release of chemicals and hazardous substances, thereby halving the percentage of untreated wastewater and ultimately increasing the recycling and reuse of water globally.
- **6.4** By 2030, significantly increase water use efficiency in all sectors, ensure sustainable wastewater and clean water to cope with droughts, thereby reducing the number of people suffering from water scarcity.
- **6.6** Protection and conservation of water-related ecosystems, including mountains, forests, swamps, rivers, aquifers, and lakes.

Mekorot's activities to achieve these goals

- Continued development and connection of water infrastructure to remote and disconnected areas, along with the implementation of water supply agreements with the Kingdom of Jordan and the Palestinian Authority. In addition, promoting technological collaborations and providing professional consulting services in the field of water in other countries, including India, Argentina, Kazakhstan and Morocco.
- Reducing the use of chemicals for water purification, through a gradual transition to electrolytic chlorination. A target has been set to reduce the use of chemicals by 50% by 2030.
- Conducting environmental surveys and water samples throughout the supply chain to ensure safe, contaminant-free water of the highest quality.
- Introduction of desalinated water and flood water for the purpose of rehabilitating water sources and aquifers, and planning for the efficient utilization of the water resource.
- Mekorot has promoted a national infrastructure plan – National Infrastructure Plan 100, to preserve the production reserves from aquifers for the coming years.



Goal 7

Clean Energy

The United Nations Objectives for Mekorot's Activity

- **7.2** Significantly increasing the renewable energy component of the global energy mix by 2030.
- **7.4** By 2030, strengthen international cooperation to enable access to clean energy research and technologies, including renewable energy, energy efficiency, and more advanced, cleaner fossil fuel technologies, and promote investments in energy infrastructure and clean energy technologies.

Mekorot's activities to achieve these goals

- Expanding the scope of renewable energy generation projects (solar and hydroelectric) at the company's sites.
- Promoting tenders to increase the use of solar energy in the company's infrastructure.





Goal 9

Industry, Innovation, and Infrastructure

The United Nations Objectives for Mekorot's Activity

- **9.1** Developing high-quality, reliable, sustainable and resilient infrastructure, including local and cross-border infrastructure, to support economic growth and welfare, with an emphasis on an accessible and equitable approach for all.
- **9.4** By 2030, upgrading infrastructures and improving industries to make them more sustainable, along with increasing the efficiency of resource use and widespread adoption of clean and environmentally friendly technologies and industrial procedures. All countries take part according to their capabilities.
- **9.5** Improving scientific research, upgrading the technological capabilities of the industrial sector in all countries, especially in developing countries, and by 2030 encouraging innovative R&D and increasing the number of R&D employees and R&D expenses of the private and public sectors.
- **9.a** Assisting in the development of sustainable and resilient infrastructure in developing countries through enhanced economic, technological, and technical support to African countries.

Mekorot's activities to achieve these goals

- Investing in high-quality, efficient and long-lasting infrastructure, along with upgrading water infrastructures and streamlining excavation processes for laying water pipes.
- Conducting R&D and implementing innovation in the fields of water and infrastructure to examine ways to improve existing technologies.
- Collaborations and agreements with various countries to improve water infrastructures and facilities in their countries.
- Technological collaborations to promote environmental issues: environmental treatment in the desalination and wastewater center, sustainable treatment of wastewater and reuse for agriculture.
- Investing in "Blue and White" startups with the aim of implementing innovative technologies and optimizing water supply and quality in terms of efficiency and energy savings, cyber protection, and more.



Goal 12

Responsible Consumption and Production

The United Nations Objectives for Mekorot's Activity

- **12.2** By 2030, achieving sustainable management and efficient use of natural resources.

Mekorot's activities to achieve these goals

- Ongoing activity to optimize water infrastructure, maintain a low water depreciation rate, and invest in advanced technologies.
- Developing effective water technologies in order to sustain sustainable management of natural water resources.
- Reducing the use of chemicals in water treatment by electrolytic chlorination.
- Reducing the use of natural resources and operational efficiency in laying water pipes.
- Promoting research and implementing new technologies for the treatment of wastewater and sludge generated in wastewater treatment processes, with the aim of ensuring their quality and directing them to agriculture and energy production purposes.



Goal 13

Dealing with climate change

The United Nations Objectives for Mekorot's Activity

- **13.1** Strengthening resilience and adaptation of capacity to climate-related hazards and natural disasters in all countries.
- **13.2** Assimilation of climate change indicators into national policy, strategies and planning.

Mekorot's activities to achieve these goals

- Setting defined targets for reducing emissions from the company's operations.
- Reducing the carbon footprint by investing in energy-efficient systems and expanding the use of renewable energy sources that do not involve greenhouse gas emissions, such as solar and hydroelectric energy.
- Climate risk management in the company, led by the Risk Management Unit, conducting a climate risk survey for mapping and risk assessment.
- In 2025, a survey was conducted to prepare for the consequences of climate change on the company's facilities and operations.



Goal 15

Life on Earth

The United Nations Objectives for Mekorot's Activity

- **15.4** By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to strengthen their ability to provide vital benefits for sustainable development.
- **15.a** Significantly mobilize and increase financial resources from all sources in order to conserve and use biodiversity and ecosystems sustainably.

Mekorot's activities to achieve these goals

- Cooperation with the Nature and Parks Authority and the JNF during infrastructure and maintenance work.
- Integrating environmental aspects when building infrastructures.
- Taking measures to prevent the spread of invasive species on the company's sites when carrying out development and maintenance work.
- Carrying out work in accordance with environmental surveys and preserving the existing biodiversity in the work areas.
- Reducing light pollution in facilities in areas with high ecological sensitivity



ENVIRONMENT



Water Supply Process Management

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Mekorot leads the Israeli water sector and is responsible for the overall management of water production, transmission and treatment processes. The company plays a central role in ensuring a reliable and high-quality water supply to all residents of Israel and for a variety of different water use needs, including households, agriculture and industry. To this end, Mekorot takes care of water production, control and maintain water quality on an ongoing basis, while implementing actions to reduce water depreciation and reduce the potential risk of contamination of water sources and soil.

In light of the shortage of natural water resources in the country, Mekorot strives for systemic management of the water sector by emphasizing water resource management and preventing overexploitation, while carrying out ongoing controls and finding alternatives to the conventional water supply. Accordingly, and as part of Mekorot's strategic plan, the company is working to produce water through a variety of different channels in order to meet the needs of households, agriculture and industry in Israel. To this end, Mekorot is working with the Government Water and Sewage Authority and in accordance with its approvals and instructions.

Mekorot produces, purchases and supplies drinking water from a number of sources:

- **Groundwater:** Extraction of water through drilling from the various aquifers⁵ – the Yarkon Taninim, the Coastal Aquifer, the Sea of Galilee, the Western Galilee, the Carmel, the Eastern Mountains, the Negev and the Arava. The pumping of water from the aquifers is carried out in accordance with the quantities determined by the Operations Committee of the Government Water and Sewage Authority, while monitoring the water levels, to prevent overexploitation.
- **Surface water:** Production from the Sea of Galilee and springs, mainly in the northern region.
- **Desalinated Water:** Desalinated seawater and brackish water production facilities, including the purchase of desalinated water from private producers. Mekorot is working to increase the scope of desalination and reduce the production of water from natural sources.
- **Flood water:** Catching flood water downstream, which is treated in factories intended for supplying water for domestic consumption and in factories intended for irrigation.



Water Supply Management

(Water Supply (mcm))	2023	2024	2025
Fresh water	1,411	1,502	1,457
Brackish water	129	130	132
Effluent Water and Shafdan	239	237	309
Total water supplied	1,780	1,869	1,899
The amount of desalinated water purchased	584	542	707

⁵) An underground rock layer that contains water and serves as a source of groundwater.

Water Supply

Regular supply of high-quality drinking water is the main indicator of the company's success. Mekorot is required to deal with a gradual and continuous increase in demand for water, which stems from two main factors: the first – natural growth among the population, the second – the effects of climate change and global warming, along with a decrease in the availability of natural water sources. Recognizing that water is a perishable resource, Mekorot is careful to manage it in a balanced and sustainable manner, in order to meet current demand and to provide the long-term needs of all the various water consumers. Among them are households, factories and agricultural fields. In Israel, where desertification is expected as a result of climate change, the best solution for drinking water consumption from natural sources is based on desalinated seawater. This alternative requires a change in water supply systems, strengthening the transmission system and production facilities, and reducing reliance on drinking water from natural sources.

Maintaining the resilience of the water supply in times of crisis

As the national water infrastructure company, Mekorot is committed to maintaining high operational continuity and preparing for complex emergency situations. The company's management system is backed by designated procedures for crisis management, including scenarios of damage to infrastructure, power outages, water shortages, and security situations. In emergency situations, Mekorot serves as the executive arm of the Water Authority and is committed to ensuring a regular water supply to all consumers, including essential institutions and the economy. Mekorot operates according to defined procedures and makes adjustments to ensure the continued water supply, water security, and quality, while ensuring communication and ongoing operation, in accordance with regulatory guidelines. The company operates on three main levels: connecting consumers to an additional water system, reducing areas fed by a single water source, and connecting disconnected areas to the national

system. In addition, the company is preparing to exploit surplus water and back up supplies in crisis situations, including preparing in advance to put a load on the national electricity system that could shut down desalination plants.

The year 2025 presented challenges regarding water supply. The Soreq 2 desalination plant, which was expected to become operational in early 2024, began operating in March 2025 and at half of the planned output due to various circumstances. The water supply plan for 2025, which was formulated by the Water and Sewage Authority's Operations Committee, relied on the integration of various water sources, including desalinated water⁶. Due to the aforementioned constraints, the actual supply of desalinated water was lower than planned, which necessitated ongoing operational adjustments to ensure the continuity of the water supply.

The winter of 2025 was a dry winter, with the cumulative amounts of rainfall significantly less than the average for the corresponding period in most parts of the country, which led to a decline in the level of the Sea of Galilee. In relation to the approved production plan of the private desalination plants for which the water operation and flow plan was built, in practice, 682 million cubic meters were supplied from January to December inclusive, instead of 748 cubic meters according to plan. The company's ability to transport water from various sources through the national system was a critical component in maintaining the stability of the supply and adapting it to its needs The customers. Despite the challenges posed by these circumstances, the water supply to customers was fully maintained.

Integrative water management, operational flexibility, optimization of transmission systems, and the work of field personnel in cooperation with regulators enabled Mekorot to ensure a full response to the national demand. Proper preparation and intelligent operation in times of unforeseen constraints enabled Mekorot to maintain the resilience of the water supply at the national level.



⁶) Desalinated water is purchased and supplied as part of the fresh water supply.

Control and control to maintain continuity in the water supply

In order to ensure a continuous water supply, Mekorot operates nine command and control centers, which remotely and in real time control about 2,700 water facilities, including wells, pumping stations, and water lines. The command and control centers receive hundreds of thousands of data from the field every day, reflecting a picture of the status of water quality, safety, and supply, both at the level of the individual facility and at the level of all facilities. In addition, the company uses local systems that enable automatic operation. Without the intervention of the command center. When necessary, the systems allow the control center to remotely "intervene" in the day-to-day operations by connecting securely and online to the control center. In addition, Mekorot operates a system for remote reading of water meters, which enables remote reading of meters as well as warnings of sabotage, damage and failure in water meters.

During 2025, Mekorot established a national command and control center, designed to improve coordination and synchronization between regional control rooms and ensure optimal management of the national water sector. The National Control Center will integrate five main complexes: a national operation and control complex for water supply and quality, a national security center, a monitoring and cyber control center, a monitoring and control center for communication networks, and a main situation room for command and control. The center will enable a broad and comprehensive view of all water sources and consumption requirements, both routinely and in emergencies, and will provide a tailored response to the changing needs of water consumers. The control centers for security and water supply are still in the process of being established, both technologically and operationally.



7) A technological system for filtering and separating unwanted substances from water, used in water desalination and wastewater treatment processes.

Connecting the disconnected areas to the national transmission system

In 2025, Mekorot continued to carry out projects in response to the development of settlement and agriculture in Israel, with the aim of continuing to ensure the quality of life of residents in disconnected areas. The company promotes the connection of disconnected areas to the national system in order to increase the reliability of the water supply and create full continuity in the supply of drinking water, water for agriculture, nature and tourism in these areas, the main of which are Ma'ale Kinneret, the Golan Heights, the Eastern Valleys, The Jordan Valley, the Western Galilee and the Arava region. To this end, Mekorot is working with the Government Water and Sewage Authority and in accordance with its approvals and instructions.

Desalinated Water

In light of the trend of climate change, population growth, and the constant increase in water consumption, there is a growing need for innovative solutions that will ensure a high-quality, continuous and stable water supply. To this end, desalination plants are being built and expanded in Israel, with the aim of strengthening the reliability of the supply and reducing dependence on natural water sources. Mekorot operates desalination plants and membrane systems⁷ for the production of drinking water and water for agriculture, while at the same time absorbing desalinated water from private concessionaires as an alternative water source.

Mekorot's Development Plan for the Absorption and Transmission of Water from Desalination Plants

Mekorot's development plan includes strategic mega-projects for the absorption and delivery of water from new and expanded desalination plants, which are spread along the coastal strip and in the Gulf of Eilat. Some of the projects are in the planning stages and some are already in the execution stages.

As part of the activity, large-scale engineering infrastructures are being built, including large diameter transmission lines, reservoirs and operating pools with volumes of hundreds of thousands of cubic meters, and pumping stations dedicated to high flow rates.

As part of Mekorot's current three-year development plan for 2026–2028, reception and transmission systems are being built for the Western Galilee desalination plant, the expanded Sorek desalination plant, and the Sabha Eilat desalination plant, which is slated for expansion. As part of the development plan for the coming years, the construction of additional infrastructures is planned for the future Emek Hefer desalination plant and the expanded Ashkelon desalination plant. In order to promote the projects, the company is promoting a number of national infrastructure plans designed to regulate the required licensing procedures.

Managing the Environmental Impacts of Desalination Processes

The desalination process, despite its main contribution to Israel's water security, involves environmental challenges, foremost among them the flow⁸ of concentrated brine that is created in the desalination process into the sea. In light of this, Mekorot operates its facilities in accordance with the regulations of the Ministry of Health and the Ministry of Environmental Protection.

Mekorot works to reduce the impact of brine on the marine environment by developing technologies to reduce nitrates in brine and reduce the amount of brine discharged into the sea, in accordance with flow permits. In addition, the company frequently examines new technologies and conducts studies to locate environmentally friendly chemicals, alongside actions and initiatives to reduce the use of chemicals and promote energy efficiency in facilities.

In the field of sedimentation inhibitors, Mekorot continues its research as part of the discharge permits into the sea, while at the same time expanding the list of authorized suppliers. In 2025, the use of sedimentation inhibitors with low phosphorus content and reduced cost will be implemented in the Sabha and Granot desalination plants, and in 2026 the list of authorized suppliers is expected to be expanded to additional of the company's desalination plants.

In the field of energy efficiency, Mekorot takes advantage of the pressure of the hub to recover energy through the Turbocharger and PX systems at the Zion Cohen Lahat desalination plant, and through turbines in Sabha facilities, while in the Sabha C facility, it is planned to replace the turbine with a more efficient PX system. In addition, periodic tests are carried out for the efficiency of the pumps, and in cases where efficiency is low and economic feasibility is observed, a replacement is carried out with pumps with higher efficiency. Thus, In Sabha B, a first-class pump was recently replaced with an improved pump. In the field of membranes, Mekorot incorporates advanced membranes with high energy efficiency, and in the Granot 2 facility, an engineering solution has been implemented that combines brackish water membranes with water membranes, in order to improve the hydraulic and energy performance of the facility.

Mekorot's constant investment in desalination enables desalination and membrane filtration of water from a variety of sources, including wastewater and river water, and leads to maximum utilization of water resources alongside the rehabilitation of natural water sources in Israel. In addition, the investment in desalination makes it possible to use desalination plants as an emergency reservoir when shutting down seawater desalination plants produced by private suppliers.

In 2025, the percentage of desalinated water⁹ out of the total water supplied by Mekorot to its customers was about 37%.



⁸) A byproduct of the desalination process, which consists of salts and minerals.

⁹) The desalinated water includes the purchase of water from private desalination plants as well as the desalination of water at Mekorot's desalination plants for drinking water and agricultural water

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Transmission System

The "National Water Carrier" and the "New National Water Carrier" are the pillars of Mekorot's national water supply system. The National Water Carrier, which was established in the 1960s, is designed to transfer water from the north of the country to the center and south, and currently transports more than half of Israel's drinking water for about 13,000 kilometers. while changing the direction of the water supply from west to east. In addition, the "New National Water Carrier" supplies desalinated water to the Jerusalem area and the surrounding area through the "Fifth Jerusalem System", which is designed to meet the expected increase in water consumption in the coming decades in this area.

Water Supply Efficiency

Water resource management and the efficiency of the transmission system are the core of Mekorot's operations, and therefore the company works to optimize water use, invest in technologies to increase infrastructure efficiency, and prevent leaks. These make it possible to reduce energy consumption, operating costs, and the need to expand infrastructure. The transmission system is a major component of the company's ability to supply water to the entire economy, and the company takes care to maintain proper transmission lines, in order to reduce water depreciation in the transmission processes. At the same time, The company is working to improve the efficiency of pumping units in water sources and pumping stations, in order to reduce energy consumption. Mekorot is responsible for the proper operation of the transmission systems and performs monthly control on the issue of efficiency in the water supply by the engineering departments and managers of the operating areas, with the issues of efficiency and depreciation being regularly monitored and presented to the management and the board of directors.

Energy Efficiency in Water Systems

Mekorot operates initiatives to increase energy efficiency and reduce operating costs, while implementing automation systems in control rooms to monitor the levels of pools and reservoirs and operate pumping equipment in an optimal manner, along with the use of computerized models for forecasting consumption and optimizing energy consumption in water systems. The company regularly monitors and manages the performance of the pumps while analyzing real-time data and adapting the pumps' activity to consumption needs and network conditions, in order to maximize energy efficiency. In addition, Mekorot works to make efficient use of the energy rates that change throughout the day. The company shifts pumping times from peak to low hours, while optimally using water storage volumes, while increasing them. The company replaces motors and transformers at low efficiency and monitors water balances in abnormal pressure areas on a monthly basis for detection Leaks or other malfunctions. In addition, the company maintains the efficiency of pumping equipment by ongoing control in accordance with the regulations of the Ministry of Energy and in accordance with the guidelines of the Engineering Division, and replaces dozens of pumps per year in accordance with economic feasibility tests in order to improve energy efficiency. Mekorot reports annually to the Ministry of Energy about the results of the efficiency of pumping equipment, including irregular pumping units, which do not meet the requirements of the installation.

Mekorot has about 1,020 wells, of which about 750 are active, and about 2,050 boosters (pressure-increasing pumps) of different structures. According to the regulations of the Ministry of Energy, a minimum efficiency level of 55% has been defined for drilling and 65% for pressure amplifiers. At Mekorot, pumping units are replaced from time to time, even when their level of efficiency does not exceed the minimum set out in the regulations. These replacements are carried out when it is found that investing in new pumping units, with a higher level of efficiency, is economically and operationally worthwhile. The existing pumping units at Mekorot exceed the required efficiency levels in accordance with the Ministry of Energy's guidelines.



Depreciation Management and Water Measurement Monitoring

Mekorot is constantly working to reduce depreciation in water systems through integrated activities to detect, treat and prevent leaks. The transmission system is continuously monitored in terms of flow and pressure, thus enabling immediate identification in the event of a leak. The company is constantly examining new technological means that will help keep depreciation low and even reduce it as much as possible.

Mekorot's water depreciation rate for 2025 is 4.1%, similar to 2024 (also 4.1%), compared to the¹⁰ reported depreciation percentage calculated as the ratio between total water depreciation and total water use.

Quality Standards and Laboratories for Water Management and Control

In order to provide quality drinking water, Mekorot performs continuous controls and monitoring, including by operating 24/7 manned control rooms, to examine the quality and find contaminants throughout the supply chain – from the source of the water to the final supply point. The annual water quality tests are carried out in accordance with a sampling plan that meets the requirements of the Drinking Water Regulations and is approved by the Ministry of Health. The sampling plan is implemented both in the production facilities and in the water supply system. When each sampling is tested for a number of factors (microbial or chemical) in an accredited laboratory and/or in the field.

The water quality control activities at the sources include, among other things, the conduct of preventive sanitary surveys, routine water quality checks at the production, purchasing, treatment and supply facilities, and controlled disinfection of the water at the exit of the production and purchase facilities, in accordance with the requirements of the Ministry of Health. In addition, continuous measurements are made for the turbidity of the water.

As part of the supervision of water systems, data and alerts are received from water quality measurement devices, including in cases of crossing measurement thresholds or concern about a malfunction in the systems. Any warning of a suspected malfunction is dealt with immediately through corrective actions, and if necessary, is reported in real time to the Ministry of Health. Corrective actions may include: correction of the level of disinfection, diversion of water that exceeds turbidity values to reservoirs to settle turbidity, Changing drinking water sources to alternative sources, washing and draining lines and repeating tests of the water in order to monitor the efficiency of the actions performed.

As part of its commitment to transparency towards the public and stakeholders, every year Mekorot publishes the "Drinking Water Quality Report"¹¹, in accordance with the Drinking Water Regulations, which is accessible to the public and describes the quality of water in the past year, including a description of unusual incidents.

- In 2025, 144,560 microbial and chemical tests were performed, in accordance with the regulations and guidelines of the Ministry of Health.
- In 2025, over 99.8% of the total microbial and chemical tests conducted were found to be normal.



¹⁰) There has been an update to the water depreciation figure for 2023.

¹¹) For details and expansion, see [the 2025 Drinking Water Quality Report](#)

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Conservation of water sources

Mekorot works to prevent and minimize the pollution of water sources, as part of its commitment to preserving natural resources. With some 2,700 facilities spread across the country, water sources and transmission systems are exposed to various pollutions, including groundwater pollution due to the penetration of pollutants into the soil, especially in facilities located near factories, sewage lines, and waste sites. Mekorot works to reduce discharges into the environment as much as possible and to reduce the use of materials that pose an environmental risk. This includes replacing the use of lubricating oil with water in drilling processes and switching to electrolytic chlorination, as an alternative to transporting hazardous materials. In addition, in cases where Mekorot is not authorized to deal with and regulate hazards in a statutory manner, the company turns to the regulators to exercise their powers to regulate potential hazards.

The activity to protect water sources is anchored in the Public Health Regulations (Sanitary Quality of Drinking Water), 5773-2013. In addition, Mekorot has an orderly work procedure aimed at establishing uniform guidelines for locating, reporting, monitoring and treating environmental hazards in areas of supply systems and drinking water sources.

Removing PFAS from Drinking Water Drilling

PFAS (per-and polyfluorinated alkyl substances) are a family of organic chemical compounds used in industrial products that are known for their high stability, tendency to migrate over long distances, and have the potential for health effects. PFAS compounds can be found in water sources from wastewater from factories where the compounds are used, waste sites with products containing the compounds, and other processes. For this reason, the Ministry of Health has decided to adopt the threshold values of the European Directive, which were set at 0.1 milligrams per liter for 20 key PFAS substances. Mekorot has begun a survey of its water sources, and as of this writing, it has carried out tests in half of its drinking water production facilities, in some of the wells the concentration is above the standard recommended by the European Union.

Similar to Europe, the requirement came into effect as of January 1, 2026, and the Ministry of Health ordered the shutdown (by virtue of Regulation 7 of the Public Health Regulations for Drinking Water) drinking water production facilities whose concentrations of PFAS compounds exceeded 0.1 milligrams per liter.

In order to meet the new regulatory requirements, Mekorot recently completed the purchase of dedicated equipment, based on technology that enables the identification and quantification of PFAS compounds in extremely low concentrations, as required in advanced testing of drinking water. Recently, Mekorot's central laboratory was accredited by the National Authority for Accreditation of Laboratories to Perform Tests for PFAS Substances, and received official recognition from the Ministry of Health to perform these tests.

The company conducted a series of laboratory experiments and a pilot in the field in one of the company's drillings, with the aim

of examining and comparing different technologies for removing PFAS from groundwater. Through the pilot, various operational issues that affect the ongoing work of the PFAS treatment facilities in the drilling are studied.

The company is in advanced planning processes for several facilities for the removal of PFAS compounds based on adsorption substrates.



Wastewater and Wastewater Management

Untreated wastewater poses an environmental and sanitary risk and can contaminate natural water sources. Mekorot has developed unique capabilities for recycling wastewater and returning it to the needs of farmers throughout the country and in the Negev in particular, and strives to continue developing these advanced technological capabilities. To this end, the company incorporates the most advanced mechanical, biological and technological processes in the world when treating wastewater, thus turning wastewater from an environmental nuisance into a water resource that is supplied as effluent for agricultural irrigation, and even allows the fresh water to be diverted for domestic use. With the help of the only technology of its kind in the world, the wastewater undergoes another biological upgrade in the depths of the earth, which brings the recovered water to the highest quality.

Wastewater recovery includes all actions that complement the secondary and tertiary treatment of wastewater in wastewater treatment facilities, with the aim of enabling the reuse of wastewater for agricultural irrigation. These actions include performing the necessary treatments to maintain the engineering stability and water quality stability in the reservoirs, taking measures to prevent algae blooms and zooplankton that cause blockages in the irrigation systems, and installing pumping stations and filtration systems at the exits of the reservoirs to remove clogging factors. In addition, monitoring of the water quality in the reservoirs is also carried out, to examine its suitability for the qualities required for agriculture in accordance with the existing standards. Finally, the wastewater is disinfected in accordance with the regulations and is supplied to consumers.

Climate Change

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Mekorot, being the national water company, is characterized by the deployment of infrastructure throughout the length and breadth of the State of Israel, and thus is increasingly exposed to the various effects of climate change – one of the most significant challenges of today. Climate change may affect the availability and quality of water, harm critical infrastructure, and affect the overall well-being of life. At the same time, climate change also presents opportunities for the development of advanced technologies and improved operational efficiency. A global trend is expanding in terms of managing climate risks and identifying the opportunities stemming from them. raises the importance of the issue among many companies, including Mekorot. In light of this, examining the risks and opportunities arising from climate change has become an integral part of the company's preparations to deal with future changes, as part of the concept of organizational readiness and responsibility. In light of the high level of uncertainty and the changing nature of climate risks, the company has adopted a dynamic approach to managing these risks.

Climate Risk Survey

Climate change and global warming have the potential to affect the company's infrastructure and operations, both through extreme weather events and through gradual long-term changes. These effects are divided into two main risk families:

- **Physical Risks:** This family includes the direct risks arising from climate change. Physical hazards are characterized by extreme climatic events and gradual changes in the weather and environment, which can cause damage to infrastructure, social resources, and day-to-day operations.

In the family of physical hazards, it is possible to distinguish between the main types of risk:

- **Acute Hazards:** A group of risks resulting from the occurrence of extreme weather events, such as heat waves, flooding, and widespread fires. These events may cause sudden disruptions and economic damage.
- **Chronic risks:** A group of risks resulting from long-term changes in weather patterns, such as a gradual increase in temperatures, a change in precipitation patterns, an increase in sea level, and an increase in unusual weather events. These events may affect the availability and quality of water, the functioning of infrastructure, and lead to increased maintenance and operating costs.
- **Transition risks:** This family includes the risks arising from the transition to a low-carbon economy, in which changes and adjustments are required to deal with climate risks, along with attempts to reduce them. These risks include changes in government and regulatory policies, including the imposition of a carbon tax, setting greenhouse gas emission reduction targets, and stringent environmental standards. In addition, transition risks are related to uncertainty about technological maturity that may affect the company's operations, as well as changes in consumer preferences and climate-related public norms.

As mentioned, events such as fires, floods, ongoing droughts or sea level rise may affect its ongoing operations and harm the water supply and infrastructure. In light of these challenges, Mekorot is working to prepare ahead and minimize risks by formulating mitigation plans and long-term adjustments.

In 2022, the company began an orderly process for managing climate risks. During the years 2024-2025, the company carried out a comprehensive validation and expansion of the climate risk survey, as part of a systematic process to strengthen risk management and prepare for the effects of climate change, inter alia, against the background of the publication of climate risk scenarios by the Meteorological Service. As part of the process, dedicated work teams were established in key areas relevant to Mekorot's operational and business activities. With the participation of professionals and managers from a variety of fields in the company. In addition, professional workshops were held to examine the risk scenarios, their possible implications for the company's activity, and to identify directions for coping.

The findings of the survey and the insights from the workshops served as the basis for formulating an internal operational climate risk dashboard, which is a dedicated management tool developed for Mekorot. The dashboard is designed to support the integration of climate risk management into organizational decision-making processes and work routines. In addition, and in accordance with the survey findings, Mekorot decided to implement a continuous in-depth process, in which key areas for dealing with potential climate scenarios to which the company may be exposed in the coming years and until 2100 will be identified.

Resource preparedness was done on the basis of the National Climate Change Preparedness Plan, which defined four potential scenarios for climate impacts:

- **Warmer:** an increase in temperatures that will lead to heavy and prolonged heat loads in various parts of Israel.
- **Drier:** a decrease in the amount of precipitation, an increase in the frequency of droughts, and worsening of extreme dry conditions.
- **More Extreme:** an increase in the frequency and intensity of unusual weather events such as storms, hail, and large-scale floods.
- **Higher:** sea level rise and damage to infrastructure near the shoreline.

As part of the Climate Risks Survey, the following risk issues were identified, among others:

- **Reducing precipitation and increasing the scope of desertification** – may lead to a reduction in natural water sources, an increase in the frequency of droughts, and an increase in pressure on natural water reservoirs such as the Jordan River.
- **An increase in the number of days of dust and sand** – may lead to a decrease in air quality, extreme dry conditions, and an increased risk of fires, especially in areas where facilities are located near groves and forests.
- **Sea level rise** is likely to affect coastal areas in Israel and lead to soil erosion, increased flooding, salinization of freshwater sources and damage to infrastructure.
- **Extreme heat** may overload the electrical, control and pumping systems, impair the functioning of essential facilities and infrastructures, and disrupt the treatment and supply processes. These disruptions may lead to a decline in water quality, water pollution, a change in the stability of the chemicals used in water treatment, and a decrease in the continuity of the water supply, especially when working in extreme conditions.
- In addition, in 2025, Mekorot established a dedicated administration to reduce Mekorot's **carbon footprint**, in which work teams were established in various disciplines such as: procurement, energy, waste, etc.

Multi-year work plan to address climate risks

During 2024, the company's management formulated and approved a multi-year work plan to deal with climate risks. In 2025, the company carried out a comprehensive validation and expansion of the climate risk survey, as part of a systematic process to strengthen risk management and preparedness for the effects of climate change. The program is based on an analysis of the four reference scenarios, in accordance with climate trends in Israel. The company conducted an in-depth examination of the effects of climate scenarios on the operational and financial aspects, conducted a risk mapping and formulated recommendations for managing climate risks, while mapping the necessary steps in the event of the realization of the scenarios.

The work plan includes, among other things, tailored engineering and financial preparations, development and implementation of preparedness plans for human capital resources, development of a system for ongoing management of climate risks, intensification and completion of the work plan according to issues raised in the professional workshops.

Energy efficiency

Mekorot is one of the largest consumers of electricity in the country. The company's strategic plan focuses on sustainable development, with the company striving to continue promoting energy efficiency. To this end, Mekorot has established the Energy Unit, which pays full attention to achieving the goals and meeting accepted standards. Every year, Mekorot compiles an energy summary report, which presents the results of the goals, new initiatives, performance status, and measurement results, which serve as a basis for decision-making for continued energy efficiency.



Strategic Initiatives for Energy Efficiency

- **ISO 50001 Energy Standard Certification** – During 2024, the company was certified to the ISO 50001 standard, which is a significant milestone in the company's energy management. Adoption of the standard includes the implementation of orderly procedures for energy management, the definition of regulated responsibilities, and the continuous improvement of energy performance in accordance with international guidelines. During 2025, an ISO test was carried out to check implementation and compliance with the standard.
- **The use of an online optimal water management system** – Mekorot operates an advanced system for smart operational management, which improves the efficiency of water systems operation and reduces energy costs. In this framework, the "Tracking-Control-Operation" (Mabat) system has been implemented in the third line, which enables dynamic updating of operational plans in accordance with changes in consumption. In addition, the company operates a model for optimal management of pumps, which ranks their operation according to the level of energy efficiency, with priority given to economical pumps. The system focuses on the 60 large pumping stations, which are responsible for about 60% of the company's electricity consumption, and enables maximum efficiency and significant energy savings.
- **Pumping Equipment Efficiency** – Mekorot regularly monitors the efficiency of pumps and works to repair and replace pumps that are not energy efficient, while determining the optimal operating order to achieve optimal energy savings. In 2025, 30 pumps were renovated and replaced.
- **Obtaining a Virtual Power Supplier License** – As of the end of 2023, Mekorot holds a Virtual Power Supplier License, which allows it to purchase discounted electricity from the system supplier and optimize energy costs. In addition, the license allows the purchase of electricity from renewable energy producers to operate the company's facilities. As part of the implementation of the move, Mekorot has established a database of electricity suppliers in order to supply discounted electricity to its facilities, while prioritizing suppliers that produce electricity from renewable energy.
- **Purchasing Certificates of Availability from the System Administrator** – At the end of 2025, Mekorot submitted a proposal to purchase a subsidized Certificate of Availability, as part of a competitive process by the System Administrator – Noga. Mekorot won availability certificates with a capacity of 25 MW, with the uniform winning rate being 9.32 agorot per kWh.
- **Renewable Energy** – In order to lead the transition to renewable energy and reduce the carbon footprint, Mekorot is promoting additional projects for the construction of hydroelectric turbines and solar systems for domestic use. As part of its efforts to reduce carbon emissions and replace diesel-powered generators, Mekorot is promoting an innovative pilot for the production of electricity from green hydrogen.
- **Promoting a project to upgrade solar systems** – During 2025, Mekorot completed the upgrade of a solar system at the Sabha facility near Sderot, which was established about a decade ago. The move was carried out with the aim of improving their efficiency due to the natural decline in equipment performance and incorporating innovative technologies that streamline the facility's operations, production and energy consumption.



- **Construction of solar energy production facilities** – As part of a process published by the Israel Electric Authority, in cooperation with the Israel Electric Corporation, to increase the grid's capacity and integrate solar energy production facilities, Mekorot won a lottery for the construction of nine production facilities at the company's sites. In 2024, the tender stage was completed. In 2025, the construction of 8 photovoltaic installations with an aggregate capacity of 930 kW began, and in addition, a survey was carried out to examine the potential for the construction of additional production facilities on rooftops and reservoirs, including the integration of storage systems, using the company's water supply infrastructure.
- **Promoting the initiation and construction of photovoltaic installations adjacent to the fence for self-use** – a call has been issued for entrepreneurs to build production facilities adjacent to Mekorot facilities, in order to provide direct electricity to the company's facilities.
- **Construction of a photovoltaic production facility for self-consumption** – In 2025, a fence-adjacent photovoltaic production facility was installed and connected at the Granot Shafdan site. The facility, with a capacity of 10 MW, is connected directly to the Granot Shafdan facility and is used for self-consumption only, with no sale to the electricity grid.
- **Promotion of floating photovoltaic installations** – The company promotes the construction of floating photovoltaic installations on top of water reservoirs, including on the walls of reservoirs and in combination with storage facilities. In addition, a pilot is being promoted to examine the feasibility of establishing a floating facility on a raw drinking water reservoir.
- **Promoting charging infrastructures for electric vehicles** – An agreement was signed for the establishment of fast charging stations for electric vehicles, as part of encouraging the transition of the company's employees to electric vehicles and reducing carbon emissions.
- **Promoting Alternative Energy Innovation** – Mekorot continues to promote pilots to examine the use of hydrogen as an alternative energy source.
- **Development of hydroelectric energy** – During 2025, two additional hydroelectric turbines were built, along with the examination of additional sites for the construction of additional turbines.

Using Diesel Generators

Mekorot owns diesel generators as part of its emergency preparedness, especially in times of electricity shortages. Mekorot uses these generators as part of a voluntary payment arrangement for large electricity consumers with the Israel Electric Company. According to this arrangement, at times when the demand for electricity is high, the IEC cuts off the electricity supply to Mekorot, which relies on the production of electricity itself through the generators. As part of the instructions of the Government Water and Sewage Authority and the mandatory rules for the economy in times of emergency, Some of Mekorot's facilities are equipped with a diesel generator, which is kept in an available condition to ensure the supply of water in an emergency. In 2025, the company continued to install emergency diesel generators according to a plan approved by the Water Authority and began the procurement of about 60 more new diesel generators. designed to ensure continuous operation even in emergency situations. In addition, a mega diesel generator has been installed at the National Carrier's Eshkol station, which enables the supply of electricity on a large scale when needed.

Refresh Diesel

Mekorot refreshes diesel periodically once every five years, in order to ensure the integrity and availability of the diesel generator system used by the company. The process is carried out by an external contractor under the supervision of the non-profit supervisors in the regions.

As part of the process, the diesel is pumped from the storage tanks, thoroughly filtered on site, and then returned to the tank free of sediment and dirt. This reduces the risk of contaminants accumulating, which can compromise the proper operation of diesel generators and affect their availability when needed.

Refreshing diesel contributes to the company's efficiency and operational continuity, while reducing the risk of malfunctions resulting from poor fuel quality. In doing so, the process helps ensure the reliability of Mekorot's energy backup systems and maintain their readiness in emergency situations.



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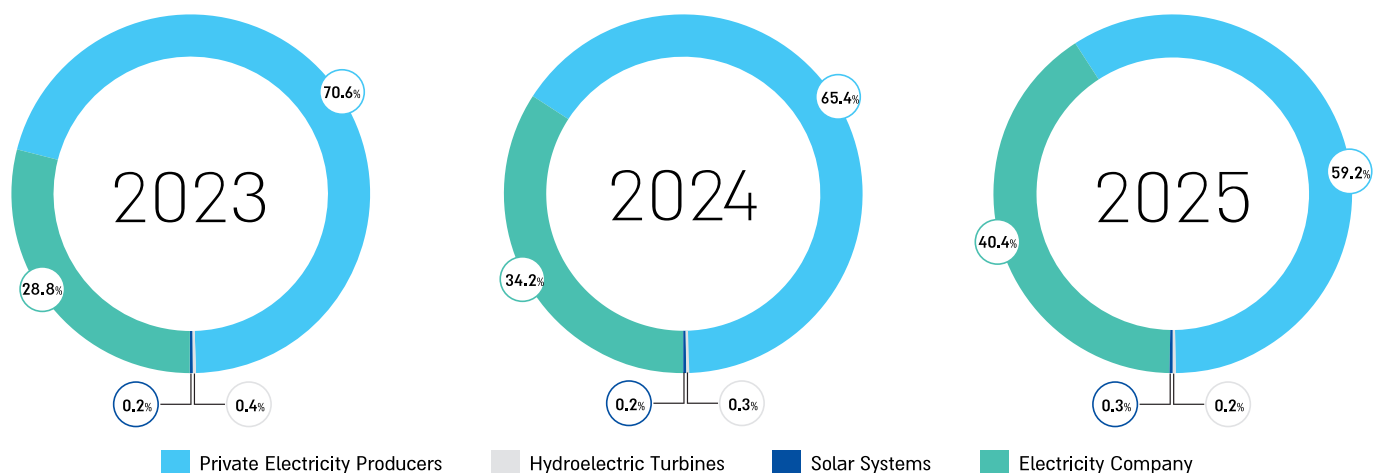
Energy and Fuel Consumption:

Component	Unit of Measure	2023	2024	2025
Renewable energy consumption from self-production	MWh	14,083	12,098	12,466
Electricity Consumption from Private Electricity Producers	MWh	1,682,800	1,677,600	1,443,200
Power consumption from an electric company	MWh	686,900	877,200	985,100
Mekorot's total power consumption	MWh	2,383,783	2,566,898	2,440,766
Ratio of power consumption to water supplied	MWh/ML	1.34	1.37	1.28
Gasoline consumption for transportation	Liters	801,456	502,375	880,092
Diesel Consumption for Transportation	Liters	1,356,252	1,041,451	1,371,585
Diesel Consumption for Generators	Liters	436,500	472,500	502,000
Mekorot's Total Fuel Consumption	Liters	2,594,208	2,016,326	2,753,677

In 2025, Mekorot's energy consumption amounted to 2.44 billion kWh, a decrease of about 4.5% compared to 2024 figures.



Segmentation of energy consumption by sources



Volume of electricity generation from renewable sources (MWh)

Component	2023	2024	2025
Hydroelectric Turbines	8,516	6,972	7,464
Solar systems for self-consumption	5,567	5,126	12,743
Total Electricity Generation from Renewable Sources	14,083	12,098	20,207

During 2025, there will be an increase in the volume of electricity production from renewable sources at the company's sites.

Distribution of the company's vehicle fleet By Engine Type

Engine Type	2023	2024	2025
Electric	17	28	32
Hybrid	203	183	253
Plug-in (gasoline/diesel)	687	723	691
Total	907	934	976



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Carbon footprint

Greenhouse gas emissions are considered one of the main factors influencing climate change, and their impact is carefully measured in light of the concern about their repercussions on ecosystems, public health, and the global economy. Mekorot sees the reduction of greenhouse gas emissions as an integral part of its environmental responsibility. To this end, the company invests in efficient management of energy consumption and in improving production and transmission processes, with the aim of contributing to reducing emissions and reducing the overall environmental impact of its operations. Over the past few years, Mekorot has chosen to participate in the Ministry of Environmental Protection's voluntary mechanism for registering and reporting greenhouse gas emissions.

Mekorot measures its carbon footprint according to an accepted methodology in the field, as part of an internal analysis conducted to examine the company's overall environmental impact. The data regarding Mekorot's greenhouse gas emissions relate to direct and indirect emissions and along the value chain:

- **Scope 1:** Mekorot's direct emissions stem mainly from the burning of fuels by the company's vehicle fleet, the burning of fuels in generators as part of the agreements with the IEC, and the company's emergency preparedness.
- **Scope 2:** Mekorot's indirect emissions stem from electricity consumption and depend on the composition of fuels and water supply requirements.
- **Scope 3:** Mekorot's additional indirect emissions derive from activities in the company's supply chain and operations, including the production, transportation and services of materials and components necessary for its operations.

Segmentation of the carbon footprint of sources by assemblies (tCO₂e)¹²:

Assemblies	2023	2024	2025
Scope 1	6,913	5,476	5,613
Scope 2	959,552	1,027,753	1,022,973
Total emissions (scopes 1+2)	966,465	1,033,229	1,028,586

In Cluster 1, during 2025 there was an increase of about 2.5% in the volume of emissions compared to 2024. This increase is due to an increase in annual travel. In Cluster 2, there was a decline of about 0.5% in the volume of emissions during 2025, compared to the 2024 data. This decline is due to a change in the supplier mix.

A plan to reduce greenhouse gas emissions

During 2024, Mekorot formulated a strategic plan to examine the reduction of greenhouse gas emissions from its operations until 2050. The plan included mapping, examining and measuring¹³ the company's activities along the entire value chain, while identifying the main sources of emissions and reviewing possible alternatives for realizing emissions reductions from the company's operations. As part of the company's strategic vision for reducing emissions, the company's management¹⁴ approved an absolute emissions reduction target of 40% of the company's total activity¹⁵ by 2050, in relation to the emissions data from the base year 2023.

In addition, during 2024, the company formulated a work plan for 2025, which derives from the company's strategic plan, in order to examine practical actions to reduce greenhouse gas emissions from the company's operations in the short term.

In 2025, teams were established according to the different disciplines defined. For example, in the energy team, a work plan was established in which all emissions in the various processes were mapped. Also, ideas for mitigation programs have come up. The processes are accompanied by the administration and by a committee of an external consulting firm.

Steering Committee on Carbon Emissions Reduction

Another move formulated in 2024 and continued in 2025 included the establishment of a dedicated steering committee to lead the process of reducing carbon emissions in the company. The committee meets monthly and works to formulate and implement a multi-year plan to reduce emissions, develop indicators to monitor and monitor the progress of the program, examine innovative technologies and existing solutions, promote internal organizational policies in the field of sustainability, and collaborate with external-governmental, private and environmental organizations.

The committee's powers include:

- Establishing sub-teams to promote the committee's areas of activity.
- Making recommendations to management on policy and investment issues related to reducing carbon emissions.
- Ongoing reporting to the company's management on progress, actions and achievements, along with the publication of an annual progress report.

The committee is headed by Mekorot's VP of Engineering and its members include representatives from a variety of core areas of the company, such as engineering, energy, quality management, water security, planning, procurement, transportation, and more.

Following the committee's activities, dedicated teams were established: among others, in the areas of electricity consumption and energy efficiency, green procurement and reduction in fuels, organizational culture, waste, and a regulatory financing team.

¹² Calculated according to the GHG Protocol methodology.

¹³ Complex 3 data for the years 2023-2024 will be presented aspirationally in the ESG 2025 report, for the purpose of presenting comparison figures.

¹⁴ The target was approved subject to economic feasibility.

¹⁵ Assemblies 2, 1 and 3

Environmental Management and Resource Efficiency

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Mekorot emphasizes the responsible use of natural resources and the integration of environmental considerations into all work processes. The company works to develop and adopt advanced technologies and environmental innovation, with the aim of reducing environmental impacts and providing the highest quality water, while striving for maximum efficiency.

Conducting environmental surveys

Environmental risks to water sources are an issue of national importance, as they can cause damage to water quality and endanger public health. In order to ensure the quality of drinking water and prevent the realization of environmental risks, Mekorot conducts preventive sanitary environmental surveys. The surveys are carried out in accordance with the Public Health Regulations for the Sanitary Quality of Drinking Water, 5773-2013, and the Ministry of Health's guidelines regarding the conduct and submission of an engineering-sanitary survey for water installations in accordance with the law. These surveys are intended to identify potential sources of pollution that may harm or contaminate the groundwater in all of the company's drinking water wells.

As part of the surveys, a comprehensive mapping of all components of the water supply system is carried out, including production, transmission, storage, treatment, monitoring and control processes. The surveys enable the identification of weak points and the identification of possible threats to water quality, along with the formulation of a corrective action plan to deal with potential risks. The surveys are carried out in accordance with the frequency required by the drinking water regulations. According to the regulations, a preventive survey must be conducted for a water treatment facility once a year, a survey for a drinking water production facility once every five years, and a survey for a drinking water supply system once every ten years.

In 2025, all of the systems tested were found to be in good condition. The findings of the surveys in Mekorot's area of responsibility are handled within the framework of an organized work plan and are coordinated with the Ministry of Health.



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Reducing excavation volumes and importing fillers – environmental efficiency in laying pipes

Since 2013, Mekorot has led a cross-company project to streamline excavation and line laying processes, with the aim of reducing the environmental impact of pipe infrastructure laying work. The project focuses on reducing excavation volumes and significantly reducing the need for importing fillers, through narrow excavation methods and the use of fillers based on local soil, including clayey soil.

Over the past two years, another significant stage has been implemented, in which a flowable material (CLSM) is used, and has led to a saving of about 75% in the volume of imported filler per kilometer of the pipe. Today, the project is in a broad implementation stage in all relevant projects, and this method is expected to lead to an estimated reduction of about 45,000 transports per year. In addition to reducing pollutant emissions, air and noise pollution, and saving natural resources.

The project includes engineering innovation that is reflected in the development of a unique round shovel, which is currently in the process of being patented by Mekorot. The bucket allows for precise and controlled excavation, in full accordance with the diameter of the pipe, while maximizing excavation surpluses. Thanks to this, Mekorot achieves environmental-economic optimization.

During 2025, significant progress was made in the project, which included expanding the use of narrow excavation methods, developing and implementing environmental filling mixtures based on local materials, and leading moves to significantly save excavation volumes, material costs, and environmental impacts. In 2025, 23 km were laid using the new method, for each kilogram 75% of excavation surplus is saved. 5 local materials were tested, 2 materials were successfully tested in the field, and 3 additional materials were tested in the detection and testing stage.

- Formulations have been prepared for most of the existing soil materials.
- Proof of feasibility for the use of both vehicles based on local materials. The compositions were prepared in external concrete plants to which the local materials were transferred.
- After the feasibility was proven, equipment was ordered that would enable the production of the material on site in an economical manner. Upon receipt and adaptation, the exam and implementation phase in the field will begin.

Reducing the use of chemicals in water disinfection processes

Mekorot is working to significantly reduce the use of chemicals in water disinfection processes, as part of its policy to improve safety, environmental and operational efficiency. The company implements an advanced technological solution for disinfecting water using electrolytic chlorination — a process in which an electric current is transferred through water containing chlorides, to create a hypochlorite solution that is used for disinfection. Mekorot, with the approval of the Water Authority, is expected to chlorinate about 50% of the amount of fresh water (about 1 billion cubic meters per year) by 2030 through electrolysis instead of a commercial sodium hypochlorite solution. The transition to electrolytic chlorination will be carried out at desalinated water absorption stations and in wells nationwide, in accordance with water supply reliability considerations.

The electrolytic chlorination is carried out without the use of external chemicals, with the natural chloride concentration in the water being sufficient (over 100 mg/L).

In cases where the concentration of natural chlorides in the water is insufficient, or when it is necessary to disinfect a water source at high flows (such as desalinated water treatment plants), cooking salt is added to the electrolysis system (not a hazardous substance), and thus it is possible to continue to produce the required disinfectant at the site itself, without the use of hazardous substances. This method reduces the need to transport and store hazardous materials near population centers. While minimizing the environmental and logistical risks involved.

Thanks to the completion of the goal of self-chlorination of about 50% of fresh water by 2030, the transportation on Israel's roads, of sodium hypochlorite, is expected to be reduced by about 3.3 million kilograms per year.



Waste Treatment

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As the national water infrastructure company, Mekorot works to provide water with maximum availability, reliability and quality, while carrying out water improvement and testing processes. These processes involve the production of waste, and from time to time waste is created that contains hazardous substances. The Company takes care of the disposal of this waste in accordance with the regulations and subject to the guidelines defined in the Company's Toxic Permit Terms Document. As part of its commitment to environmental responsibility, Mekorot invests significant efforts in improving waste treatment and management processes and directing resources and actions to promote recycling and reuse processes instead of landfills.

Implementing waste reporting and documentation processes in sources

As part of the quality and environmental protection policy and in accordance with the company's environmental vision, it was decided to build a process for reporting and documenting waste. As part of this process, a waste collection policy and procedure were formulated, which were adapted to the company's structure and activities. The policy and procedure documents include the definition of the various types of waste, along with a regulatory review of the treatment requirements that apply to them. In addition, the documents detail an orderly process for documenting and reporting the types of waste at all of the company's sites, internal reporting appendices, the division of responsibility for reporting in the areas and water supply units, and best ways to improve efficiency in the transfer of waste for recycling and reuse. As of the date of publication of the report, the policy and procedure documents are in the process of being approved by the company's management, for their final validation as part of the company's managers.

In 2025, the implementation phase of the reporting and documentation process continued, which includes data collection in accordance with the mapping carried out in 2023. At the same time, various regularization actions were carried out, including the addition of missing cardboard facilities in the company's facilities, the orderly disposal of electronic waste, and the improvement of the company's recycling processes.

Waste Data

As a company responsible for the construction and maintenance of water infrastructures, the scope of Mekorot's activities varies from year to year according to the number of projects, the scope of malfunctions and repairs, as well as external factors that affect the amount and types of waste reported each year.

Waste Type (Ton)	2023	2024	2025
Total Hazardous Waste	442	204	153
Hazardous waste transported to landfill	442	153	13
Hazardous Waste Transferred for Recycling	0	51	139
Total Solid Waste	7,506	7,635	1,874
Solid waste transferred to landfill	6,638	7,163	981
Solid waste that has been recycled	868	472	893

*The change in the waste data in Mekorot reflects the implementation of corrective actions initiated by the company as part of the internal control and management processes. Accordingly, this is a significant improvement resulting from the implementation of effective mechanisms to strengthen the quality of data and reduce failures.



Management and conservation of ecosystems and biological systems

Mekorot holds a sustainable management concept for the conservation of ecosystems and biodiversity. The company attaches great importance to the preservation of nature and landscape values, and in this framework has formulated a broad guidelines document that serves as a basis for individual planning for facility engineers and landscape architects in complex engineering projects.

In accordance with these guidelines, Mekorot works to reduce the occupancy of its facilities and integrate them into the natural environment, by planting trees, environmental development, painting installations to integrate into the landscape's route, and burying them. In some cases, depending on the nature of the work, Mekorot provides "environmental compensation", through the construction of lookouts, bicycle paths, and more.

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Biodiversity activity in Mekorot

Biodiversity refers to the entirety of life systems on Earth, including species, habitats, and ecosystems on land, in the sea, and in the airspace. As an entity entrusted with the supply of high-quality water, Mekorot works to promote its environmental vision and reduce the environmental impacts resulting from its activities. During 2025, Mekorot continued to promote initiatives and actions to reduce damage to natural habitats and help curb biodiversity loss. Among other things, through the formation of a dedicated internal team, collaborations, the development of an orderly methodology for measurement and monitoring, and the implementation of principles for the preservation of biodiversity in its activities.

Mekorot's Biodiversity Team

As part of the activities of the Biodiversity Team, a needs mapping was carried out in the field, which included, among other things, the development of guidelines for the treatment of invasive species in existing infrastructures. Subsequently, in 2025, a dedicated inter-organizational forum for infrastructure companies was established, with the aim of formulating a unified concept for the management, monitoring and mitigation of the effects of invasive species, while sharing knowledge and creating inter-sectoral collaborations. The forum includes leading entities in the economy, including infrastructure companies and environmental bodies. It serves as a professional platform for coordinating the needs of infrastructure development and the preservation of nature values. During 2025, about 5 meetings were held within the framework of the Forum.

Prevention of invasive species

Invasive species pose a significant threat to biodiversity and the ecosystem. As part of its commitment to preserving Israel's biodiversity, Mekorot has drawn up an agreement with the Society for the Protection of Nature in Israel, the Nature and Parks Authority, the Ministry of Environmental Protection, and the Government

Water and Sewage Authority, a document detailing guidelines for preventing the establishment and treatment of invasive plant species as part of the construction and development of the company's facilities and infrastructure.

Invasive Species Forum

Invasive species, which have been introduced into new environments as a result of intentional or unintentional human activity, pose a significant threat to biodiversity and the natural environment. These species spread rapidly, compete with local species, and sometimes act as predators or parasites, causing the displacement and even extinction of native species. In addition, invasive species can directly affect critical infrastructure, including water systems, power lines, roads and buildings, and damage the functional continuity of the company's facilities.

In view of the complexity of dealing with the phenomenon and the gaps that have arisen between regulatory requirements and various work procedures that apply in close proximity to the company's facilities, joint work was promoted during the year with relevant parties, including the Nature and Parks Authority (INPA), the Israel Electric Corporation, and other professional bodies. In this framework, the need was identified to create a uniform and coordinated approach to the treatment of invasive species, adapted to the nature of Mekorot's operational activity.

Subsequently, it was decided to establish a dedicated inter-organizational forum, with the aim of formulating uniform, updated and applicable guidelines for the treatment of invasive species in the vicinity of the company's facilities. The forum works to determine agreed principles of action ("rules of thumb"), to regulate the division of responsibility between the various parties, to improve existing guidelines and to develop new guidelines if necessary, while balancing considerations of nature conservation with ensuring operational continuity and safety.



The purpose of the forum

- Creating professional guidelines and rules of thumb for dealing with invasive species in infrastructure facilities.
- Definition of liability outside of the various infrastructure facilities.
- Define the sensitive places that are required for continuous monitoring.
- Building a common measurement model for monitoring in the field.
- Unifying the required standards that will enable planning and economic certainty and continuity of work.
- Adapting requirements and guidelines to the nature of the facilities and the conditions of the area.
- Creating good work interfaces and collaborations that will be arranged in transparent and clear work processes that can be monitored and controlled.

Joint Pilot

- Two options were examined for carrying out a joint pilot that will be managed by the INPA and the JNF in cooperation with the infrastructure companies: Mekorot, the Israel Electric Corporation, Netivei Israel, and the Railways.
- Mapping was carried out in cooperation with the JNF and the INPA, and the division of responsibility and costs between the infrastructure companies according to the location of the infrastructures.
- Each infrastructure entity will present the model to its management for approval to participate in the pilot.
- The infrastructure companies will prepare for assistance in terms of mapping the infrastructure, if necessary.
- During 2025, about four joint meetings were held between representatives of Mekorot and representatives of the JNF, and a number of initiatives were brought up for discussion.
- During 2026, after approval by all entities, the pilot will be carried out, which will be the first milestone for cooperation in the field between the various entities

- Appointment of a team to promote joint ventures of Mekorot and KKL-JNF Promotion of joint ventures with the JNF will strengthen the work interface between the two companies, promote social and environmental benefits, and improve the branding and positioning of Mekorot. The team's roles are:

- Examining the needs of Mekorot and the JNF.
- Proposing joint ventures with an emphasis on safety, public safety and regulatory aspects.
- Mapping the appropriate water sources to promote the various projects.
- Proposing practical solutions and actions to promote the ventures.
- Conducting tours of the project sites to accompany the execution and control the progress of the project in the field.

Restoration and conservation of natural water sources

Mekorot sees great importance in preserving the environment and the values of nature and landscape, and sees the rehabilitation and conservation of natural water sources as a central part of the sustainable management of the water sector. The existence of natural water reservoirs and aquatic habitats, their long-term conservation and rehabilitation, poses a significant challenge. These reservoirs provide natural water of high quality and at a low cost, and their geographical distribution throughout the country reduces the risk of major damage, allows for operational flexibility and reduces transportation distances. In addition, the volume of reservoirs enables seasonal and perennial storage and regulation of water on a national scale, which also contributes to the preservation of the biodiversity on which they are based.

As part of its efforts to rehabilitate water sources, Mekorot proactively introduces water into the aquifers, with the aim of improving their quality and rehabilitation, and operates wells to rehabilitate and purify contaminated or salted water. In addition, the company serves as the state's representative in aquifer rehabilitation projects¹⁶, responsible for the construction and operation of pumping facilities for the treatment of pollutants. As part of its commitment to the preservation of biodiversity and the restoration of aquatic habitats, Mekorot promotes the return of water to nature.



¹⁶ This rehabilitation process requires a state budget and a regulator's directive to carry it out.

In 2025, the company returned about 42 million cubic meters of water to nature and injected an additional 13.5 million cubic meters, with an emphasis on the rehabilitation of streams and marine habitats.

Reducing the environmental impact of water flows into the environment

Mekorot's ongoing operational activity sometimes requires discharges to the environment for the purpose of necessary maintenance activities, compliance with public health regulations and ensuring the quality of the water supplied in the network.

Mekorot operates in accordance with an annual authorization order, in cooperation with the Government Water and Sewage Authority and the Ministry of Environmental Protection, and makes sure to carry out discharges only in accordance with the requirements, orders and permits received. In cases where inflows that are not included in the annual order are required, the company applies for a designated authorization order.

In addition, the company holds the permits for discharge into the sea, which it is obligated to hold in accordance with the provisions of the Prevention of Marine Pollution from Land Sources Law and its regulations for the purpose of its operation. Mekorot has received approval for the granting of a permit for the discharge of brine into the sea for the Sabha desalination plant, and also holds a permit for the discharge of brine from regional desalination plants: Gat, Granot and Lahat that include various conditions, including reducing the nitrate load discharged into the sea, etc., as well as a permit for the discharge of reclaimed water after its introduction into the Hafdan fields through the relief channel to Nahal Sorek and the sea.

The issue of discharges is managed and controlled by the company's headquarters, under the supervision of the VP of Engineering and the VP of Operations, and most of the discharges are carried out from drinking water wells, which do not pose a risk of soil contamination. All discharges are reported directly from the area to the distribution of all the parties required by the company's annual authorization order and in accordance with the conditions in the discharge permits. In 2025, 1,775 discharges into the environment were reported.

Plan to reduce light pollution

For more than five years, Mekorot has been implementing a transition program to environmentally friendly and nature-friendly lighting in the company's facilities, in cooperation with the Nature and Parks Authority, the Society for the Protection of Nature in Israel, the Ministry of Environmental Protection and the Water Authority. The plan focuses on reducing night lighting in Mekorot facilities, so that they operate only when necessary, with the aim of reducing the negative effects of artificial lighting on the ecosystem.

The lighting design in the company's facilities has been adapted to operational needs, while minimizing light leakage. In facilities where permanent lighting is required, the lights have been replaced with soft LED lighting. As of today, the lighting has been reduced at night, with the exception of installations that remain illuminated when necessary due to security constraints and in coordination with relevant parties.

Currently, designated procedures are being implemented in ongoing projects as well as in those planned for the future, in accordance with the light pollution reduction plan, including a lighting planning procedure, a procedure for examining the lighting design in the facility, adjusting the intensity of illumination to the types of uses, and a procedure for examining the photometric design. Mekorot plans to continue the process in 2026 in a number of facilities selected according to a defined list.

Biological pest control using owls

Mekorot continues to expand its activity in the field of biological pest control using owls, as part of the national initiative for the use of owls and falcons in agricultural areas. The company has installed dozens of nesting boxes in water reservoirs, with the aim of helping to reduce rodents and reduce the need for the use of harmful toxins, since the main food of owls is rodents. The project contributes to the preservation of the batteries of the water reservoirs and the electricity and communications infrastructures, thus supporting a regular water supply and the conservation of groundwater. As of the date of publication of the report, there are about 220 boxes nationwide, and during 2025, additional boxes are planned to be placed in various Mekorot projects.

Using environmentally friendly pesticides

Mekorot examines technological solutions for the prevention and treatment of rodent damage in the company's facilities, with a focus on environmentally friendly solutions. During 2025, the company continued to operate pilots at three sites that suffer significant damage from rodents, while examining a number of alternatives:

- **Real-time monitoring** – installation of cameras and detectors in the cabinets at the site, combined with means of capture in the trenches and access roads to the stay areas. When traffic is detected indicating the presence of rodents or in the event of a capture, an alert is received to the service center for further treatment.
- **Ultrasonic wave deterrence system** – the use of electronic components that transmit sounds at unique frequencies, which cause rodents to avoid staying in the area.
- **Removal by means of dedicated lighting** – installation of lighting in control cabinets, which acts as a natural deterrent to rodents.

The pilots are in the process and at the end of them, conclusions will be drawn and the most effective alternatives for implementation on the company's relevant sites will be selected.

COMPANY



Human Capital Management

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Mekorot employed

1,588

employees in 2025



About

99%

of Mekorot's employees are unionized in collective agreements



About

86%

of employees are permanent employees (including local permanent employees)



97%

of employees have undergone evaluation and feedback processes



17.6%

of the workers hired in 2025 are underrepresented populations in the labor market



Mekorot was ranked **second** among infrastructure companies and **14th** in the overall ranking of the **"100 Best Companies to Work For"** according to the code BDI ranking for 2025.

The company's employees are the company's main asset, and Mekorot sees them as the basis for its success. To this end, the company makes sure to create a safe and respectful work environment for them. The values that guide Mekorot in general and the company's management in particular are cooperation, mutual respect, transparency and good communication. Mekorot attaches great importance to maintaining the health and safety of its employees and creating a work space that promotes equal opportunities and the personal and professional development of its employees. The relationship between the company's employees and management is led by the company's VP of Human Resources and the company's chairman, and the company sees its employees and the company's employees as partners in the path and action.

Over the past few years, Mekorot has implemented large-scale digital transformation, both at the business and organizational levels, which included replacing old core systems and automating manual processes into advanced technologies. The digital transformation is designed to upgrade the human resources system, from a body that manages personnel and focuses on administration and payroll, to an advanced and leading human resources system.



Human Resource Management in Wartime and Emergency

As of October 7, 2023, Mekorot is working to ensure full functional continuity, while maintaining the safety, well-being, and physical and mental health of all employees nationwide. The Human Resources Division formulated and led a dedicated emergency action concept, which was based on personal management that provides a personalized response for each and every employee, with a deep understanding that people are the company's source of strength. The concept of action focused on three main dimensions of resilience: personal and economic security, support for the individual, and emotional support. The process included the establishment of adapted infrastructures, the formulation of procedures and processes designated for emergencies, strengthening a sense of community and meaning, providing individual responses in personal circles, and creating tailored management routines in cooperation with the managers. Among other things, a 24/7 mental health assistance line was operated for workers and their families, support grants were granted to workers who were evacuated from their homes, personal protective equipment was provided, and armored vehicles were provided to workers in the field. In addition, full wages were maintained for all employees throughout the period, regular conversations were held with employees by managers to identify needs and provide a quick response, and resilience activities were held for the employees' children alongside community volunteer initiatives that strengthened the sense of mission and partnership.

The implementation enabled Mekorot to continue its vital activity even during the fighting: there were no casualties among the workers, the water supply continued as usual throughout the country 24/7, and the workers maintained a sense of belonging, security and high involvement.



מימדי החוסן הארגוני

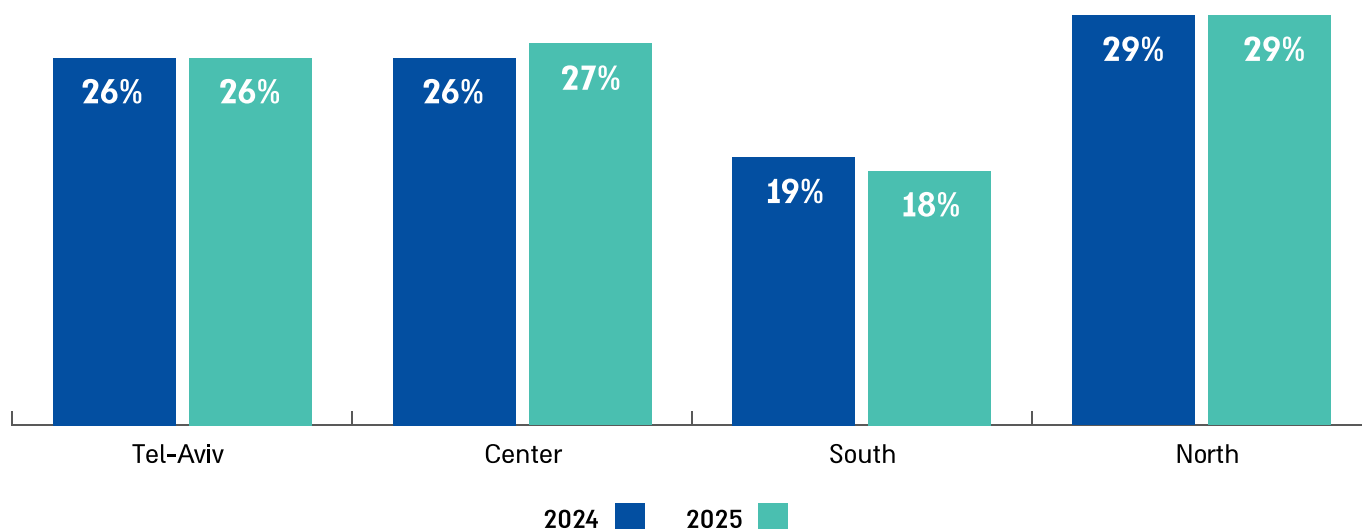


Employee Portfolio¹⁷

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	2023			2024			2025		
	Male	Female	Overall	Male	Female	Overall	Male	Female	Overall
Senior Management	9	4	13	8	5	13	8	5	13
Between 30-50	2	3	5	2	3	5	2	3	5
Over 50	7	1	8	6	2	8	6	2	8
Intermediate Management	34	15	49	36	15	51	40	16	56
Between 30-50	13	6	19	12	6	18	10	4	14
Over 50	21	9	30	24	9	33	30	12	42
First-level Management	223	56	279	225	57	282	224	59	283
Under 30	–	–	–	–	–	–	3	–	3
Between 30-50	74	34	108	75	35	110	66	33	99
Over 50	149	22	171	150	22	172	155	26	181
Employees	877	342	1,219	880	339	1,219	894	342	1,236
Under 30	42	21	63	57	20	77	65	22	87
Between 30-50	455	210	665	461	212	673	462	206	668
Over 50	380	111	491	362	107	469	367	114	481
Overall	1,143	417	1,560	1,149	416	1,565	1,166	422	1,588

Geographical Distribution of Mekorot Employees



¹⁷ Employee status data is correct as of December 31, 2025, from Mekorot's internal information systems.

Employee Turnover¹⁸

	2023			2024			2025		
	Male	Female	Overall	Male	Female	Overall	Male	Female	Overall
Onboarding	67	29	96	68	21	89	83	31	114
Under 30	20	9	29	27	9	36	36	12	48
Between 30-50	42	19	61	38	11	49	43	19	62
Over 50	5	1	6	3	1	4	4	–	4
Employee departure¹⁹	35	20	55	41	19	60	44	16	60
Under 30	9	8	17	7	6	13	12	3	15
Between 30-50	21	11	32	31	9	40	28	10	38
Over 50	5	1	6	3	4	7	4	3	7



¹⁸ Employee turnover data includes daily (temporary) employees, who end their position with the company after a period of employment of two years, except in exceptional cases where they become permanent employees.

¹⁹ Employee departure data includes only employees who have resigned or been fired, excluding employees who have retired.

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Employee Retention and Internal Communication

The company sees the organizational culture and climate as a central strategic pillar of its overall policy, and has a direct impact on employee retention. In light of this, the company's diverse activities span many levels, including the implementation of the company's values, strengthening the managerial backbones, and developing processes and tools to enhance transparency and sharing, with an emphasis on internal organizational communication. In addition, the company invests in the personal and professional development of its employees, the empowerment of roles, the adjustment of the organizational structure, and the provision of rewards and benefits.

Mekorot promotes multi-way communication channels between the various units. The company believes in the value of mutual fertilization and encourages dialogue between professionals who are experts in their fields, based on the perception that systemic thinking and cooperation between the units are of great value to both employees and the company. In addition, there is an open dialogue between the company's management, including the CEO, and the employees and managers through various channels, such as "CEO's Coffee", roundtable meetings, the 100th forum, an application for internal organizational communication, human resources activities in the field of employee experience, An innovation platform, and professional forums in a variety of fields.

Feedback and Evaluation Processes

We are currently conducting an evaluation and feedback process for 2025. As part of the process, a personal conversation was held between the manager and the employee, which included the degree of meeting the goals and observing the past year, as well as setting goals for the coming year, and referring to personal feelings and the work experience. This is the fifth year in a row that the process has been implemented, as part of the company's management and learning culture.

Employee Services

Mekorot has an online platform for gathering information and tools for the employee's conduct in the company. The system includes information on entitlements, employment data, a digital tender box, forms, a service box for employee inquiries, questions and answers, and a social newsletter. In addition, there is a service box for the individual – a dedicated email box that serves as a central address for employees and provides official responses for them on a variety of issues. This box is intended to provide an orderly response to employees, including in cases where they are not clear where to direct their questions or inquiries. We are currently working on a new organizational portal that will continue to centralize the relevant information in an innovative way under the Human Resources Unit page, such as a booklet for the new employee, a booklet for retirement, rights and benefits, and more.

Employee Welfare & Benefits

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Mekorot is committed to providing its employees with optimal conditions that enable a balance between personal and family needs and work requirements. As part of this commitment, the company offers a wide range of benefits and conditions, including flexible working hours, parent positions with adjusted working hours, and the option to work from home, subject to the approval of management and the regulator. The recruitment and onboarding process at the company is structured and regulated, and includes personal guidance from the recruitment stage to retirement, along with tailored mentoring processes, determining employment terms, handling employees' entitlements in accordance with the collective agreement, and promoting them in ranks and positions over time.

Beyond that, Mekorot provides vacation days beyond what is required by law, subsidizes medical examinations and health insurance, and promotes a healthy lifestyle through activities such as Health Month and disseminating supportive messages. The company also provides support in life events and crisis situations for employees and their families, assists employees in financial distress, and provides reimbursement for daycare expenses. In addition, Mekorot participates in academic tuition for the children of eligible employees, and conducts lectures and enrichment workshops for employees and their families.

As part of its commitment to employee well-being, the company holds regular events to mark important moments in the lives of employees and their families, such as the transition to first grade, Bnei and Bat Mitzvahs, and the recognition of outstanding employees. In addition, Mekorot organizes team-building days, new employee conferences, tenure conferences and social gatherings, all with the aim of fostering a sense of belonging among the employees.

Preparing for retirement

404-2

As part of its obligation to work fairly and create a safe and respectful work environment, Mekorot also takes care to develop knowledge and prepare its employees for retirement, inter alia through a "retirement seminar" that takes place about a year to six months before the retirement date, in which the employee receives tools to cope with the expected change. In 2025, a two-day retirement seminar was held, in which retirees received tools to cope with the change in preparation for retirement.

In addition, retirees are provided with useful knowledge and information on all aspects relevant to the employee's life during the retirement period, such as: financial sources and budgeting during retirement, rights in the National Insurance Institute, pension rights and taxation aspects, and more; and leisure activities and other activities for the company's retirees.

Mekorot is meticulous about fair retirement conditions for all of the company's employees, and the rights of retirees are anchored in the collective agreements. Most of the company's employees retire under pension conditions, as part of an early retirement plan or for age reasons, and receive a benefits and bonus program, in addition to the retirement preparation plan detailed above.

Diverse, equal and respectful employment

Mekorot is meticulous about equal opportunities and fairness in the processes of recruiting, screening, and promoting employees in the company, and avoids discrimination on the basis of background, religion, race, gender, or nationality. All of the company's employees are entitled to equal rights. The company believes that diverse human capital contributes to the strength of the company and the creation of an inclusive and pleasant work environment. As a government company, Mekorot attaches great importance to promoting employment diversity, and emphasizes the integration of underrepresented populations in the labor market. Employment diversity expands the potential of human capital. Enables high-quality recruitment from all segments of the population, promotes the potential for innovation and creativity, and creates shared value for employees and society. In the past, Mekorot defined a work plan in the field of diversity and set employment diversity goals, and the company is currently working to update this plan, among other things, in light of the amendment to the Law for the Employment of Employees with Disabilities. This issue is managed by the Human Resources Division and the Division's VP and is reported on an ongoing basis to the management and the Board of Directors. In addition, the company is in regular contact with associations and organizations that specialize in the recruitment and placement of workers from underemployed populations, including "Equal Employment", "IDF Disabled Persons Society" and OPS, Danel, and the Employment Bureau. Mekorot regularly examines and monitors regulatory updates on the subject of employment diversity, in order to meet the regulatory requirements on the subject.

Workers from underemployed populations:

Mekorot is committed to promoting diversity and inclusion in the workplace, based on the perception that each person brings unique value. The company works to encourage and employ employees with disabilities, while creating a supportive and accessible environment that allows every employee to integrate and advance.

The company promotes the recruitment of employees with disabilities through a designated supervisor on behalf of the Human Resources Unit, who is responsible for accompanying employees and responding to their needs throughout all stages of employment.



	2023			2024			2025		
	Male	Female	Overall	Male	Female	Overall	Male	Female	Overall
Arab Population ²⁰	21	8	29	21	7	28	25	6	31
Ultra-Orthodox Sector	5	3	8	4	2	6	4	1	5
Ethiopian Community	28	6	34	28	7	35	31	9	40
Employees with Disabilities ²¹	37	9	46	30	10	40	43	13	56
Overall	91	26	117	83	26	109	103	29	132

²⁰ Including Druze and Circassian

²¹ Data for employees with disabilities is based on the company's data collection system and contains the levels of mild to very severe disability, according to an intra-systemic classification.

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Promoting gender equality

Mekorot is committed to creating an inclusive and diverse work environment where every employee, regardless of gender, feels valued and respected. Mekorot has a comprehensive gender equality policy, which includes zero tolerance for discrimination or harassment on the basis of gender, and provides opportunities for professional development and personal and professional advancement based on talent. The company advocates equal employment and is meticulous about protecting women's rights at work.

As part of the promotion of gender equality, Mekorot conducts various activities that include setting quantitative and measurable goals for the professional and personal development of all employees. In addition, each year the company holds a number of lectures, meetings, publications in the company's internal media, and dedicated activities to empower women on topics such as racism and gender equality, leadership, empowerment, excellence development and branding. In addition, dedicated lectures are held on topics related to women's health and well-being, while providing professional knowledge. Practical tools and a safe space for open discourse and personal sharing. The activities receive a high response from the employees and contribute to strengthening the sense of belonging, connection and female empowerment in the company.

In addition, for the fourth year, Mekorot has been operating an intra-organizational mentoring program to promote gender equality and provide practical tools for personal and professional development for the company's employees. The goal of the program is to develop and nurture women for management positions through personal guidance, professional mentoring and group enrichment.

As part of the program, each participant is accompanied by a personal mentor (a senior manager in the company) over a period of about six months to a year. During 2025, 22 women participated in the program: 11 senior managers in the company who served as mentors and 11 employees who were selected to participate in the program as having managerial potential.

Mekorot provides an additional scholarship beyond the formal learning, mentoring and development processes of the Organizational Development and Training Unit to support employees who are interested in advancing and developing professionally and realizing their personal potential. In addition, some of the program's graduates are in the process of being promoted to mid-level management positions. As of the end of 2025, about 30% of the company's managerial positions are staffed by women.

Gender Equality and Fairness in Wages

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In accordance with the collective agreement, there is no distinction in remuneration between women and men, and the company's employees are hired and promoted based on their skills and in accordance with the company's needs only. In addition, a comprehensive internal examination conducted in 2025 revealed that Mekorot does not have significant wage gaps between women and men in similar positions. Mekorot continues to constantly monitor the issue of gender wages, while constantly striving for balance and equal opportunities, in order to ensure a fair and respectful work environment.

Prevention of harassment and abuse

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Mekorot takes any case of abuse, discrimination, or harm to its employees seriously, and takes care to deal with any case immediately. The company strives to promote a work environment free of violence and harassment, both physical and verbal, and provides comprehensive training and information to prevent these phenomena. Filing complaints about harassment and bullying is done through an organized contact mechanism, with a supervisor in charge of these issues. When a complaint is filed, The Director-General operates according to an orderly procedure for handling complaints accompanied by legal experts in the field. Employees have additional channels for submitting complaints, including email, an employee portal and a physical letter box, which allow anonymous filing of complaints, if the employee chooses to do so. These complaints are coordinated by the company's secretary and forwarded to the relevant parties for handling if necessary.

- In 2025, one complaint of sexual harassment was filed, which was fully addressed.
- In 2025, five complaints of workplace bullying were filed, following which an in-depth investigation was conducted, which led to reports whose conclusions were fully implemented, with the exception of one, the conclusions of which are currently being formulated.

Employee development and training

404-2

Mekorot sees its human capital as the key to its success and invests heavily in the development and training of its employees and managers. The company believes that it is skilled and professional personnel that will lead to its prosperity and the achievement of its goals. To this end, a comprehensive training program has been developed based on a number of parallel learning axes: learning by virtue of law and regulation, professional development, managerial development, organizational and personal development. The Human Resources Division leads the learning and development processes in a cross-company manner. At the end of each learning activity, the Organizational Development and Training Unit provides participants with qualitative feedback alongside anonymous feedback, with the aim of learning lessons and improving training programs in the future.

Mekorot's activities for employee development & training

- **Learning by virtue of law and regulation:** Each year a detailed learning program is built that is determined in accordance with the requirements of the various regulators and in differential adaptation to the occupations required for learning legal subjects .
- **Professional development:** Every year, a structured process is held to identify needs among all of the company's divisions, with the aim of formulating an annual work plan that provides a professional response to the needs raised by the internal organizational knowledge centers.
- **Managerial development:** A comprehensive training infrastructure has been built, which includes imparting basic managerial skills, advanced managerial skills, conducting assimilation sessions for program graduates, and more. In addition, various management forums have been established designed in accordance with the company's various management avenues. In 2025, the "Ogen" program was launched for the first time at Mekorot – a program for the development of a senior management reserve. As part of a rigorous screening process, 18 department managers were identified who took an active part in the program, which lasted 10 months. It included two main training tracks – a group track and a personal accompaniment and coaching track, tailored to the need. The project was accompanied from start to finish by a steering committee, led by the VP of Human Resources and Administration.
- **Organizational and personal development:** Mekorot offers a variety of initiatives for the personal and organizational development of employees, based on a concept that sees investment in human capital as an engine for growth and excellence. One of them is the "Nachshon" program, which is designed to develop and empower employees who have been identified as having high potential to contribute to society. The program provides tools to strengthen personal and professional skills and skills, and every year a cycle is opened with the participation of about 25 employees who are not part of the managerial backbone. Mekorot sees the "Nachshon" program as an opportunity to strengthen the value of excellence. Increasing organizational engagement and improving employee performance, while maintaining and developing the company's human capital. In addition, the program provides employees with tools for personal development and increased contribution in their current and future roles.
- **Employee training courses:** Company employees are entitled to submit a request to participate in individual professional training, to the extent that it is relevant to their position.

- **Supporting Academic Education:** Mekorot encourages its employees to expand their academic education and acquire additional knowledge in their field of practice. As part of this, the company assists in financing the tuition fees of eligible employees, subject to the approval of their studies within the framework of the annual training committee.
- **Scholarships for Mekorot Employees:** As part of the activities of the Committee for the Promotion of Gender Equity and in cooperation with the company's management, Mekorot provides scholarships to women every year, as part of its commitment to promoting gender equality and professional development. Any permanent employee may apply for a scholarship for a field of study relevant to her occupation or a field with potential for professional or managerial advancement. This initiative expresses Mekorot's commitment to fostering excellence and self-fulfillment among its employees, while providing tools for career development and realizing personal potential.
- **Implementation of digital transformation:** The company conducts training for the relevant employees in cooperation with the Technologies Division, as part of the implementation of information systems, new applications and applications, or updated versions of existing systems. The training includes aspects of change management, learning business work processes, operating the systems, and implementing them in the company. In addition, ongoing support is provided to the end users to ensure the successful implementation of the new systems.



Resources for the Community and the Environment

Community Involvement

Empowering the community is a central pillar of Mekorot's core values, as well as the way it operates in each of its core areas. According to the company's perception, the community is a central partner in promoting a sustainable reality, and the general public is a significant factor in helping to deal with environmental challenges. The Customer Relations and Corporate Responsibility Unit and the Human Resources Department, which bear joint responsibility for the issue, have set themselves the goal of strengthening and developing the relationship with stakeholders by increasing involvement in the community. The company promotes its social activities in areas that are tangential to its core activities, thus It creates value for the community and the environment, as well as promotes awareness and preservation of environmental values in general and in the field of water in particular. Mekorot works to realize this by harnessing the company's resources, collaborating with a variety of parties in the community, and through long-term projects, annual projects, and occasional projects.

Environmental Education

In light of the national challenges facing the water sector in Israel, constant forward thinking is required, including in the field of education. Over the years, Mekorot has been conducting many activities to increase awareness and knowledge in the field of environment and water with various academic and community entities, including:

- **Professional Conferences:** Participation in local and international conferences while presenting the company's activities in water management, sustainable development, and exposure to a variety of advanced technologies in the field of water.
- **Raising awareness through the use of social networks:** Mekorot operates professional pages on the social networks Facebook, Instagram, LinkedIn and X (formerly Twitter), in order to raise awareness of environmental and water issues. At the end of 2024, the company launched a digital campaign on social networks, which showcased its activities, employees, and innovation initiatives. In the last quarter of 2025, the digital presence was expanded with a three-week online campaign that emphasized the company's activity with an emphasis on innovation.
- **Operating Visitor Centers:** Our visitor centers serve as a means of connecting with the community and the general public, and provide exposure to Mekorot's unique and advanced activities. Mekorot's largest visitor center has been operating at the Eshkol site since 2009, alongside the Sapir site adjacent to the Sea of Galilee. On Passover 2025, the Eshkol site was opened to visitors, and by the end of the year, about 19,000 people were hosted there. The Sapir website hosted about 4,000 visitors, so that in 2025 about 23,000 visitors were registered at both sites. In addition, the company operates virtual tours of Mekorot websites on various topics in the field of water, which are available to the public on social networks.
- **Cooperation with educational institutions and the promotion of academic research:** Mekorot collaborates with various academic institutions and educational programs, including "ORT Braude", "Atidim LaInfrastructure", "Atidim LaIndustry", Kinneret College and Bar Ilan University, and in this framework, its employees provide personal and professional guidance to students, with most of these programs taking place in the periphery. In addition, together with research bodies and universities, Mekorot works to promote research in the field of water.
- **Cooperation with the Rishon LeZion Municipality:** In 2023, a water engineering program was opened at the Amit School in Rishon LeZion, intended for students in grades 7 to 12, with the aim of building the next generation of water engineers in Israel. The program focuses on the Israeli water sector, the issue of the climate crisis, and sustainable solutions to deal with global warming, while understanding the concept of "water" and the importance of water in the human body and nature. The program continued throughout 2024 and 2025, and the possibility of expanding it to other schools in the city is being examined. At the same time, at the end of 2025, an agreement was signed with the "Ta'ida" association with the aim of hosting various schools from the north at Mekorot's visitor centers.



- **Project Acoustics:** A European program for knowledge sharing between different countries Creating methodologies for sustainability education, in which Mekorot began to take part during 2023. As part of the project, Mekorot led a mentoring process for ninth-grade students from the Holtz Technological High School, with a focus on identifying challenges in the field of water, conducting pilots and experimenting with practical projects. The students were privileged to present Mekorot's water challenges at the hackathon, received guidance at the various stages of work, visited Mekorot's facilities in Granot and Shafdan, and even participated in the company's innovation conference. Mekorot will continue to take part in the mentoring process as part of the program over the next few years.
- **Scholarship Awarding to Students:** Providing scholarships to outstanding students in the field of engineering at the Technion and Ariel College.
- **Advocacy activities on Shavuot:** An information campaign in schools and kindergartens on the importance of water conservation and within the framework of a festival known as the "Water Festival".
- **Internal Organizational Information:** In order to raise awareness among all Mekorot employees, the company holds online study and dialogue meetings (webinars), sends communications, tutorials, lectures and instructional videos related to sustainability and environmental issues, and distributes information to the relevant employees about content and conferences on environmental and water issues, in accordance with their professional role in the company.

Contributing to the Employee Community

In 2025, Mekorot employees took part in social activities in various fields: education in the periphery and academia, assistance to the needy, cooperation with the "Or for Families" association in visiting bereaved families and distributing packages for Purim and Independence Day, cooperation with various associations in hospitals, assistance to the elderly and people with special needs, and more. In addition, in the wake of the "Iron Swords" War, Mekorot workers were mobilized en masse, mainly in assisting agriculture and preparing food for soldiers. As a government company, Mekorot is prohibited from making donations in money and the equivalent of money, and is limited in volunteering for employees at the expense of working hours. The company promotes activities in the field of community involvement as part of work plans and employee initiatives.

- Approximately **8,687** hours dedicated to contributing to the community among Mekorot employees for 2025.
- Employees who took part in regular community activities – **3.46%** of all Mekorot employees, with an average of about **135** hours per person among the participants.
- Employees who took part in one-time community activities – **13.6%** of all Mekorot employees.



Occupational Safety and Health

Mekorot is committed to maintaining the safety and health of its employees, suppliers, customers, and the community, and does so in accordance with strict safety policies. The Occupational Safety and Health Policy, which refers to the promotion of the physical and mental health of its employees, is an integral part of the company's strategy. The management of the safety field is carried out within the framework of a dedicated organizational structure, which includes professionals who are responsible for accompanying, advising and assisting managers on issues of safety, health and occupational health in all units of the company.

Promoting safety and health in employment

Mekorot has safety and health committees that are joint with management and employees, with half of the members of the safety committees representing employees and half representing management. The committees operate geographically according to areas of operation, and there is also a committee of the headquarters and a central committee that coordinates the issues at the national level. Mekorot conducts internal and external safety tests to maintain and certify the following standards: ISO 45001 for occupational safety and health, ISO14001 for environmental protection and ISO9001 for quality. In accordance with the findings of the tests, Mekorot performs corrective actions and updates work procedures as needed. The safety concept and policy were communicated in a cross-company process to all Mekorot employees and were even made transparent and publicly accessible to the general public on the Mekorot website²².

Mekorot's safety concept includes four main components:



Continued Improvement



Proactivity



Accountability



Professionalism

In order to ensure that all employees of the company are aware of updates to the safety policy, safety policy training is provided to each new employee, and when necessary, changes are posted on the bulletin boards in the spaces. In addition, the field workers undergo annual basic training that lasts eight hours, as well as dedicated training according to their role.

In order to protect the health of employees and minimize the potential risks in work processes, Mekorot performs monitoring and medical examinations in the workplace for employees in positions exposed to higher risk, and takes care of equipment that protects the health and safety of employees at a strict level of safety.

As part of the company's efforts to improve its safety culture, Mekorot tracks measurable goals in the field of work accidents and hazardous events. In addition, once every five years, a comprehensive risk management process is carried out in the field of occupational health and safety, covering a wide range of areas, including exposure to hazardous materials, exposure to noise, working at heights, and the risk of electric shock. To improve safety awareness, Mekorot implements various initiatives, such as institutionalizing the safety trustee system, enforcement tests, training for employees and contractors, investigating and publishing the findings of safety incidents, publishing a monthly safety report, conducting management controls, and more. In addition, Mekorot has published an enforcement plan for safety, managers' involvement in safety, and even awards for outstanding employees in the field of safety.

²²) [Mekorot Safety Policy](#)

Traffic Safety

In light of the wide spread of the company's sites throughout the country and the need to make many trips between the facilities and infrastructures, traffic safety is an issue of utmost importance at Mekorot. In order to maintain the safety of employees, the company takes a series of steps, including publishing guidelines from time to time and as needed for all employees on the subject of road safety, monitoring and ongoing care of vehicles in importer garages, using original spare parts in accordance with the manufacturer's instructions, and conducting dedicated training for all of the company's drivers, tow trucks and forklift drivers. In addition, Mekorot initiates safety inspections of vehicles, engineering equipment, and trailers by safety officers in the areas, and conducts sample inspections through the National Transportation Commissioner. The company conducts committees to investigate serious road accidents and learn lessons, as well as conducts training for the families of employees who drive the company's leasing vehicles and vehicles, in order to ensure the safety and well-being of all users of the company's vehicles.

403-9 Segmentation of accident data²³

	2023	2024	2025
Work accidents ²⁴	28	15	15
Near-miss Incidents ²⁵	73	39	39
Hazardous Incidents ²⁶	44	50	85
Work Accident Frequency ²⁷	1.13	0.68	0.54
Days of absence from work accidents	337	166	351
Total days of absence from all accidents	745	768	1,070

403-1 Keeping your employees healthy

403-3
403-6

Mekorot sees great importance in promoting a healthy lifestyle among its employees and treats the field of employee health from a holistic perspective, which includes both the mental health and the physical health of the employees. Accordingly, employees are entitled to screening tests once every two years as part of Mekorot's health policy, and the company provides employees with psychological and social services, as part of an agreement with an external company. The services include a 24/7 telephone consultation center and subsidized personal meetings. In addition, the company's human resources unit makes sure to distribute relevant communications from time to time to all employees, in order to draw their attention to the availability of the services that the company makes available to them. In addition, the company holds social events that help strengthen the health, mental and social resilience of the employees.

As part of its efforts to encourage an active and healthy lifestyle, Mekorot also promotes extensive sports activities as part of the Workplace League. In 2025, sports teams will operate in a variety of sports: soccer, basketball, soccer, basketball, running, bowling and mountain biking, with 13% of the company's employees taking an active part in the league's activities and even participating in the league's summary event at the Sportsiad in Eilat. In addition, The company's headquarters employees have a fully equipped gym at their disposal, and at the company's sites measures are placed to encourage movement during the day – for example, treadmills are placed in the control rooms of the operations division for the use of the employees.



²³ All of the data presented is the updated data in Mekorot's safety system, as of February 26, 2026. It should be noted that these data may be updated over time for a variety of reasons, including the National Insurance Institute's recognition/non-recognition of accidents as work accidents and the like.

²⁴ Incident where an employee was injured, sought medical treatment at a clinic, and was granted at least one sick day due to the injury.

²⁵ Incident where an employee was injured, sought medical treatment at a clinic, but was not granted any sick days.

²⁶ Incident where an employee was injured but did not seek medical treatment at a clinic.

²⁷ Work accident frequency rate normalized to 100,000 employees.

Customer Service

3-3

Mekorot works to adapt itself to the changing market conditions and customers' expectations for professionalism and fast, efficient and high-quality service. During 2025, the company continued to emphasize managing the relationship with its customers and deepening the dialogue with them, and began to establish a computerized system for customer management. As part of the project, the company carried out mapping and in-depth learning through a combination of focus groups, analysis of satisfaction surveys, meetings with internal parties, and more.

Customer Management System

Mekorot works to provide a comprehensive solution that combines human, technological and professional aspects, with the aim of improving the service experience for its customers. To this end, a customer relations system, a dedicated customer portal and a smart call router are being established. The company's goal is To provide a single, synchronized and accessible address, offering a variety of channels of inquiry according to the customer's preferences, while maintaining availability even beyond official business hours. In addition, the system enables continuity and continuity in communication with customers by sending updates and reminders, and provides advanced capabilities for tracking and controlling inquiries and the service provided. The establishment of the system is carried out in accordance with the customer-oriented management policy, which was approved by the company's management in 2023.



CORPORATE GOVERNANCE

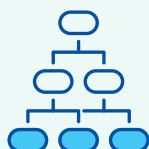


Corporate Governance

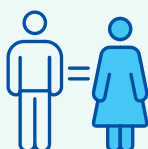
2-9
405-1

Proper corporate governance is a fundamental principle of Mekorot's organizational culture and a necessary condition for any field of its activity, as it serves not only as a tool for risk management, but also as a central means of achieving the company's strategic goals and improving organizational efficiency. As a government company operating under the responsibility of the Ministry of Energy and Infrastructure, the Ministry of Finance, the Government Water and Sewage Authority and the Government Companies Authority, Mekorot is obligated to act in accordance with the laws and regulations that apply to government companies in Israel. While ensuring transparency, responsibility and integrity in all of its activities.

Mekorot Board of Directors²⁸



9 Board Members



3 Women on the Board of Directors



5 Board Committees



45 meetings of the Board of Directors and its committees during 2025

Board of Directors Structure

At Mekorot, there is a separation between the identity and roles of the chairman of the board of directors and the CEO, as well as between the roles of the board of directors and the roles of the company's officers. By virtue of being a government company, the process of locating the members of the board of directors is the responsibility of the ministers in charge, with Mekorot not involved in the selection process. In addition, the Government Companies Authority has established an equal board of directors, the entrance to which is open to the public who meets the predetermined threshold conditions and criteria. The company has a management core that ensures that the appointed directors will provide an appropriate response to the company's needs. They examine the required skills, experience, and occupational diversity of the population types.

Board Committees

- **Audit Committee** – Regularly discusses the company's audit reports. Its functions include: approval of the annual audit plan, approval of transactions with interested parties, the company's engagement with a director regarding the terms of his tenure, including the granting of an exemption, insurance, an undertaking to indemnify or indemnify according to a permit for indemnification, as well as the company's engagement with a director regarding the terms of his employment in other positions, a decision on the internal audit quality check process (an external procedure) and approval of the termination of the internal auditor's term.
- **Finance and Risk Management Committee²⁹** – discusses and monitors the various financial issues including the company's budget, debt write-off, credit policy, and fundraising.
- **The Planning and Development Committee (Planning, Development and Operations) Technology and Risk Management** – performs ongoing monitoring of the company's development plan, the status of the execution of projects and the company's assets. In addition, the committee deals with planning, operational and technological issues, including investment in technological ventures and start-ups, and monitors the promotion and implementation of technological systems and developments in the company, as well as serves as a designated committee to monitor the activity of the company's risk management system.
- **Balance Sheet Committee (Committee for the Examination of Financial Statements)** – The Balance Sheet Committee serves as a subcommittee of the Board of Directors, which examines the financial statements and formulates its recommendation to the Board of Directors regarding their approval.
- **Remuneration Committee** – A committee that discusses salary, social benefits, benefits and grants of senior officials in the company, subject to the remuneration policy approved by the board of directors. The committee's recommendations and conclusions are submitted for approval by the board of directors.

²⁸) As of December 31, 2025.

²⁹) The committee recommends to the board of directors that its purpose is to streamline the board's deliberations and to hold in-depth discussions on the issues of examining the skills and experience required for employment and on the subject of employment diversity. The committee's conclusions or recommendations are submitted for approval by the board of directors.

2-10

2-11

Composition and Appointment of Board Members³⁰

The company's organizational structure is headed by the company's board of directors and the chairman of the board of directors, who are responsible for outlining policy, setting the basic guidelines for the company's activities and setting guidelines accordingly, as well as supervising and implementing the policy. The company's activities are implemented under the leadership of the company's CEO. Due to Mekorot being a government company, the ministers in charge (the minister in charge of the Companies Authority, and the Minister of Energy and Infrastructure) must select candidates who meet the requirements of the Companies Law, which defines threshold conditions and are in the pool of directors set by the Companies Authority. In addition, they must adapt to the nature of the managerial core set for the company by the Companies Authority, according to which a representative with financial skills and a representative with an infrastructure management background are required. The directors must pass the committee to examine appointments, which examines their experience, education, and political affiliation.

The process of onboarding a director at Mekorot is an orderly process derived from the Companies Authority's circular and allows a new director appointed to the board of directors to become familiar with what is happening in the company as quickly as possible. In accordance with the circular, Mekorot ensures that members of the board of directors and senior management members will receive the information and tools required regarding all of the company's activities upon appointment, through a series of meetings with relevant parties in the company and the distribution of a director's file, which contains all the basic information and data they need in order to enter the position in a professional and optimal manner. In addition, the board of directors selects the committee members according to their skills and skills required for each committee.

As of the end of 2025, the company's board of directors has nine members, three of whom are women. In addition, three members of the board of directors have accounting and financial skills:

Full Name	Role	Committees
Andrei Uzan	Director	Planning, Development, Operations and Technology Committee
Eti Mansharov Champion	Director	Planning, Development, Operations, and Technology Committee
Dmitry Brook	Director	Planning, Development, Operations, and Technology Committee
Chaim Perluk	Director	Audit Committee, Finance and Risk Management Committee, and Planning, Development, Operations, and Technology Committee
Itzhak Lax	Independent Director	Balance Sheet Committee, Finance Committee, Audit Committee
Yaron Klein	Director	Audit Committee, Planning, Development, and Operations and Technology Committee, Finance and Risk Management Committee
Dafna Biran	External and Independent Director	Remuneration Committee, Audit Committee
Shoshana Noah Zaig	External and Independent Director	Audit Committee, Balance Committee, Compensation Committee, Finance and Risk Management Committee
Saeed Samour	Director	Audit Committee, Compensation Committee, Planning, Development, and Operations and Technology Committee

30) The composition of the board of directors is as of December 31, 2024. As of this date, a permanent chairman of the company's board of directors has not yet been appointed.

	Introduction	Substantive Issues	Environment	Company	Governance	Index
2-18 2-19 2-20	Remuneration Policy As a government company, Mekorot operates in accordance with the relevant regulations regarding the salary and employment conditions of CEOs and senior executives. The company's remuneration policy is determined in accordance with the provisions of the Companies Law, the Government Companies Law and the relevant regulations, with the aim of ensuring that the remuneration of officers is tailored to the company's performance and strategic goals. The policy is designed to compensate officers in accordance with the company's objectives, with an emphasis on retaining quality employees. Encouraging excellence and coping with challenges. During 2020, an updated remuneration policy was formulated regarding the terms of tenure and employment of officers in the company. As of the date of publication of this report, the decision of the General Assembly to approve the policy has not yet been made. As a rule, according to the Government Companies Authority's circulars, the agreement for the employment of senior executives in government companies is anchored in a uniform contract for senior executives. On the issue of senior executives' salaries, the Ministerial Committee for Wages has determined that the terms of employment of senior employees will be on a contractual basis that will be determined in coordination with the Companies Authority. This policy regulates the possibility of returning a claw-back that was received under certain conditions. At the same time, at Mekorot there are senior executives who are employed under a collective agreement. The remuneration policy will apply to company officers who are employed under personal employment agreements. Except for the provisions specified in the policy, which apply to officers employed under a collective agreement, and all with the exception of clauses in which it is determined that they apply to certain officers as specified therein. As part of the remuneration policy, there is a remuneration model anchored in the Companies Authority's circular regarding principles for the remuneration model and the incentive of senior employees in government companies, as of 2015. The compensation model is approved annually by the board of directors, and is based on employee compensation based on the company's performance and personal performance. Retirement arrangements and severance pay are regulated in accordance with the provisions of the law.					
2-21	The salary ratio between the highest salary recipient and the median salary in the company³¹ In 2025, the ratio of the annual remuneration of the highest salary recipient in the company to the median remuneration cost of the rest of the employees (excluding the salary of the COO and Deputy CEO) was 3.16, compared to 3.35 in 2024.					
	ESG aspects of management and board of directors The field of ESG is under the managerial responsibility of the Customer Relations and Corporate Responsibility (ESG) Unit. The Director of the Unit is subordinate to the VP of Development and Clients and reports periodically on the activities of the Unit to management. In its work, the Board of Directors addresses environmental and social issues as part of the company's ongoing work and annual goals. Exceptional events, including events and hazards with environmental impacts, safety incidents, and more, are reported immediately to the Board of Directors. In addition, As part of its committees, the Board of Directors deals with processes relating to the company's ESG aspects, including: refreshing the Code of Ethics from time to time, energy efficiency processes, preparing for climate change, and in particular preparing for the supply of water in emergency situations, and more.					2-12 2-13 2-14 2-17
	Mechanisms for Contacting the Board of Directors A mechanism for receiving feedback and recommendations from employees to the board of directors is determined by regulatory instructions of the Companies Authority. Mekorot's sole shareholder is the state, and its control is carried out through the appointment of board members by the ministers in charge. Employees can contact the board of directors through the company's secretary or directly to the chairman of the board. Mekorot's management avenue, which grew out of the company itself, encourages direct communication and active employee involvement.					2-26
	Communicating critical concerns to the board of directors and the public In order to deal with critical concerns regarding the potential and negative effects of the company's activities on stakeholders, Mekorot works on several levels to communicate them. In this framework, there is a dedicated risk management committee in the board of directors (the Technology and Risk Management Committee), which meets quarterly, and presents the board members with the significant and critical risks facing the company. Material events are reported to the public in a transparent and immediate manner through TASE's Mayan system. During the reporting period, Mekorot reported a number of material events to the public through this system, in order to maintain full transparency with stakeholders. In addition, the company emphasizes the importance of prompt reporting in cases where there is a concern of harm to corporate governance, such as fraud, theft, or non-compliance with laws and regulations. In case of any doubt as to the completeness and accuracy of the information transmitted by the company, the employees are required to report this to their supervisors and the responsible parties.					2-16

31) This figure is based on gross salary for tax, and does not include retirement grants. In addition, the data is deducted from payments for reserve duty.

Business Strategy and Operational Resilience

Since 2011, Mekorot’s economic model has been based on the regulatory rules set by the Water Authority Council, which constitute secondary legislation and replace the contractual system that was in place in the past between the parties. In accordance with this model, and from 2008 onwards, the state budget ceased to serve as a source of covering gaps between the company’s recognized costs and recognized revenues. As a rule, any gap, positive or negative, is embodied in a future revision of water tariffs, so that full coverage of the recognized costs is ensured through revenues from the sale of water to consumers, in accordance with the principle of a “closed water economy”.

In this framework, Mekorot operates as a company that is not supported by the state budget and finances its activities independently, both from its own sources and through debt raising. Until 2019, capital raising was carried out mainly in the institutional market, and in the same year, the company expanded its sources of financing and issued bonds to the general public for the first time, which are traded on the Tel Aviv Stock Exchange.

Due to its status as a reporting company, the company and its employees are required to comply with the provisions of securities law. The company has a securities enforcement program that aims to ensure compliance with the provisions of the law and promote proper compliance at all levels of the company.

201-1

Financial Performance

Millions of NIS	2023	2024	2025
Revenue	5,245	5,359	5,772
The cost of sales and works	4,910	4,828	5,584
Additional Expenses*	175	124	1,638
Financing expenses, net	389	495	398
Taxes on Income	(44)	10	(443)
Total Economic Value Distributed	5,430	5,457	7,177

*Management and generality, early retirement plan, the company’s share of joint transaction losses and other net income/expenses.
For more information about the financial performance of Mekorot Water Company Ltd. – see its [2025 Annual Report](#).

Mekorot is constantly working to maintain and strengthen its financial strength. The company presents financial strength with an estimated annual revenue turnover of NIS 5.8 billion, equity of NIS 5.8 billion and total assets of approximately NIS 24 billion , and enables it to double the scope of development in the coming years in order to strengthen the water sector in the face of prolonged periods of drought.

On December 9, 2025, Maalot approved a rating for the issuance of bonds in the amount of up to NIS 1.5 billion. ilAAA through the expansion of bonds (Series II)³².



32) Mekorot – [Annual Report for 2025](#)

Business Continuity

Throughout 2025, and in light of the complex security reality of the Iron Sword War, Mekorot continued to work continuously to maintain functional continuity and business continuity. The company is prepared to provide a response in emergencies, with an emphasis on dealing with the security challenges stemming from the war, as well as other threats, in order to ensure a safe and continuous supply of water to all residents of Israel.

The company's management conducts situation assessments from time to time, in accordance with the security situation, and operates in accordance with four main goals: maintaining functional continuity and business continuity, ensuring the health and well-being of employees, maintaining organizational resilience through job security and concern for the individual, and continuing to implement the development plan. Mekorot is preparing for changes and opportunities due to the security situation, in the areas of water sector development, water and wastewater supply, security and emergency, renewable energy, and opportunities in the interface of activity vis-à-vis external entities.

Quality Management at Mekorot

The quality management concept at Mekorot focuses on understanding and improving organizational processes based on the required needs and inputs. The quality management unit in Mekorot's engineering division is responsible for planning, developing, and implementing advanced methods for quality control and assurance, while constantly improving cross-company processes.

Throughout 2025, Mekorot continued to develop and implement key metrics for monitoring and improving quality performance, with the aim of evaluating the effectiveness of processes, improving the company's responsiveness to identifying and correcting anomalies, and supporting continuous improvement. In addition, a project management system has been implemented, which enables ongoing monitoring of project status, analysis of discrepancies, supervision of handling times, and control of fines for contractors. The system works in cooperation with the Supervision Unit, with the aim of improving the quality of performance in the field and streamlining the company's work processes.

During 2025, the company continued to realize its achievements in the field of quality, based on a plan that includes goals designed to guide the company's activities over the next few years:

Domain	Goals	Achievements in 2025
Measuring and controlling gaps and improvement processes in society	■ Formulation and implementation of quantitative indices to monitor gaps and improve processes	■ Management and formulation of indicators for quality requirements in various fields ■ Conducting quality surveys to monitor and improve the company's strategic suppliers
Improving quality gaps in society	■ Identify gaps, analyze them, and create an effective improvement plan	■ Leading radar opportunities arising from standardization testsImplementing the QA-QC methodology in strategic projects under construction ■ Constructing an orderly methodology for onboarding control and warehousing maintenance
Innovation and Technology in Quality Management	■ Promoting innovation and technological tools for optimal quality management	■ Promotion of a computerized system (QMS) to create a central platform for managing and analyzing the collected information
Implementing ISO standards in sources	■ Implementation of all ISO standards relevant to Mekorot, led by the Quality Management Unit	■ Holding a Platinum Mark from the Standards Institution of Israel for 6 Management Standards ■ Completion of the first certification cycle at Mekorot - Cross-Company

ISO Certification

The Management Committee on Quality Standardization, which is managed by the Quality Management Unit headed by the VP of Engineering, continued this year to examine, audit and validate the company's ISO standards procedures, in accordance with the organizational strategy. During 2025, Mekorot will continue to hold the Standards Institution of Israel Platinum Certificate, in recognition of its compliance with and management of the following management standards:

ISO Number	Domain	Certification Status
9001	Quality Management	At the level of society as a whole. Certified since 2023.
14001	Environmental Management	At the level of society as a whole. Certified since 2023.
17025:2017	Laboratory Certification	At the level of all the laboratories in the company. Certified since 2006.
24001	Functional Resilience Management	At the level of society as a whole. Certified during 2024.
27001	Information Security Management	At the level of an information systems unit. Agreed since 2021.
45001	Occupational Safety & Health Management	At the level of society as a whole. Certified since 2023.
50001	Energy Management	At the level of society as a whole. Certified during 2024.

During 2025, Mekorot successfully completed all the necessary adjustments, tests, and preparations, while providing a response to the handling of discrepancies that arose in the various standardization tests. In addition, Mekorot improves and streamlines processes by consolidating selected procedures.

During the year, the quality team continued to accompany five design & build (DB) development projects, in which advanced methodologies for quality assurance and control were incorporated. In projects of this type, where Mekorot requires the use of defined quality methodologies, the contractor is required to employ an external quality control company. In other cases, the company performs the quality controls itself by the inspection unit, in order to ensure compliance with the required standards and specifications.

In the coming years, Mekorot plans to expand the scope of projects in which advanced quality methodologies will be implemented, as their integration allows for continuous, technological and transparent support by the quality system at all stages of execution. This is in order to ensure that the process and its products meet all the requirements, standards and specifications that have been defined.

Implementation of a dedicated quality management system at Mekorot

During 2025, the Quality Management Unit completed the stages of examining alternatives and proof of feasibility (POC) for an Enterprise Quality Management System (QMS), and a solution based on the ServiceNow platform was selected to manage all quality processes in the company. The system will centralize in a unified interface the management of tests, effective management of nonconformities, corrective and preventive actions, audited documents, indicators, management surveys and procedures, while creating full traceability and improving control and management capabilities. The system will integrate artificial intelligence capabilities to identify anomalies in processes. Trend analysis and data-driven insights for informed decision-making and will also include calibration management, fines tracking, report generation, quality cost management, and periodic comparisons, while ensuring full transparency and tailored permissions for users. In addition, interfaces have been designed for the main organizational systems, including ERP, task management systems, operations systems, project systems, and management dashboards, in order to enable an overall quality picture and continuous improvement of the company's performance.

During the year, the Quality Management Unit and the Technology Division continued to promote the establishment of the organizational QMS system, while completing the main characterization stages and selecting the preferred solution. In the next stage, the detailed specifications will be completed and gradual implementation will begin in the Quality Management Unit and other units in the company, until the use of the entire company is expanded. The system is expected to serve as the central platform for the management, control and continuous improvement of the quality processes at Mekorot.



Mekorot contributes to Israel's geopolitical relations and international development

The geographical location of the State of Israel, combined with climatic processes and geopolitical complexity, requires Mekorot to constantly work to develop diverse and innovative solutions. Therefore, the company focuses on two main areas: continuous, reliable and safe water supply, and the development of groundbreaking knowledge and technology. The company assists in realizing the Israeli government's goals in the field of water in the region, works to create and maintain long-term international partnerships with its partner countries, and strives to leverage ties and strengthen Israel's global position in the field of water.

Regional and International Cooperation³³

- **The Kingdom of Jordan** – As part of the peace treaty between the State of Israel and the Kingdom of Jordan, the parties agreed on a water allocation arrangement. In accordance with this agreement, the company supplied the Kingdom of Jordan with about 110.2 million cubic meters in 2024, compared to about 105.6 million cubic meters in 2023. In 2025, the company met its commitments in the volume of water that passed into Jordan with about 103 million cubic meters on an annual basis.
- **The Palestinian Authority (PA) and the Gaza Strip** – Mekorot supplies water to the Palestinian Authority by virtue of the Water Costs Agreement and to the Gaza Strip, in accordance with the 2017 agreement with the Palestinian Authority. In 2025, 97 million cubic meters were supplied to the PA.
- **India, State of Maharashtra** – The company promotes cooperation with the Government of Maharashtra in India, in the framework of which a master plan for water management based on Israeli knowledge and technology is being implemented. The plan includes water depletion treatment, wastewater management, energy efficiency and control systems. Approval was received for the completion of the project during 2024, and its completion is expected during 2026.
- **Azerbaijan Desalination Project** – Mekorot provides technical consulting services to examine the detailed design of a desalination plant (RO) in the Caspian Sea. The work includes technical support during the financial closure phase with the Azerbaijan Water Authority and engineering support during the operational phase.
- **The Argentina-Mekorot project** serves as an advisor to the Federal Investment Council (CFI) in the implementation of master plans for water efficiency in seven provinces, the planning is carried out with a future and multi-year perspective, with periods of up to 25 years, about five projects have been completed, and two are expected to be completed during 2026.
- **The Kazakhstan-Mekorot project** serves as a technical advisor to the Central Asian Institute for Ecological Research (CAIER) in preparing a master plan for the water sector in Almaty, which includes analysis of supply and demand data, definition of system challenges, and formulation of engineering and organizational alternatives for reliable and efficient supply.



³³) Water supply data for 2023 to the Kingdom of Jordan and the Palestinian Authority and the Gaza Strip have been updated.

Risk Management

Risk management is an integral part of Mekorot's decision-making processes, and is intended to enable early identification of risks facing the company's activity, along with preparation for dealing with them in a systematic and controlled manner. Mekorot implements, among other things, the Government Companies Authority's circular on risk management in government companies.

Mekorot is working to implement an integrated and comprehensive risk management mechanism, based on the understanding that risk management is a management tool that supports decision-making processes and resource prioritization. The purpose of the mechanism is to integrate risk management as an integral part of the company's strategy and business activities. The organizational structure of the risk management system at Mekorot includes the board of directors and the board of directors committee for risk management, under which a senior management committee for risk management operates, followed by the head of the main risk management unit and a management company, which is responsible for the unit's departments: operational risk management, financial control and SOX. Project risk management and corporate risk management. This structure allows for proximity to ongoing activity in the field, for continuous signaling and the ability to make quick and accurate decisions.

The activities of senior management in strategic, operational, financial, environmental and social aspects are examined once a year, as part of a process of managing and identifying risks. The company works to implement a corporate risk management system by establishing a management committee for risk management, which meets once a quarter to discuss the company's overall risk management system, led by the Chief Risk Manager and headed by the CEO and the Board of Directors. The risk management system works to implement management norms. In addition, the management committee holds quarterly discussions on the subject. Risk and Technology, which constitutes a risk management committee on behalf of the Board of Directors.

During 2025, the implementation of an environmental enforcement program continued, while identifying corporate risks in the field of environmental protection and environmental flows, which are managed within the framework of an environmental risk management process. As part of this process, the substantial risks to the company's activity are identified and evaluated, in order to support the decision-making process, and to reduce risks. Improve performance and take advantage of opportunities that create shared value for the company and its stakeholders. In 2025, the company conducted a new corporate risk survey for the years 2025-2028, in which relevant risks in the fields of the environment, climate change, natural and emergency events, and energy efficiency were identified, among other things.



418-1 **Information Security**

As an infrastructure company, Mekorot operates nationwide information, command and control systems in its facilities and control centers, and also makes use of managerial information systems that support the company's day-to-day operations and the achievement of its goals. These systems may be at risk of damage to information security by hostile elements, and may even lead to damage to the company's day-to-day operations. In order to protect its systems from the threats that have been increasing in recent years, Mekorot performs protection operations and works to continuously improve and raise the level of protection and information security.

Mekorot operates in accordance with its information security policy and invests considerable resources in backup mechanisms, raising the level of information security of critical networks, and providing electronic and physical protection of websites. The company operates alternative systems (Disaster Recovery Plan (DRP) and backup systems that enable operational continuity even during downtime. In the reporting year, the company did not have any significant cyber and information security incidents.

In 2025, Mekorot has initiated a series of comprehensive actions to protect against information security threats and increase its cyber resilience. As part of its efforts, the company has worked to strengthen employees' awareness of cyber risks through training, professional training and training, lectures, management exercises, monthly phishing exercises, a dedicated newsletter and computerized alerts on the subject of information security. At the same time, Mekorot manages and updates information security procedures on the company's portal as well as internal procedures managed by members of management. In 2025, all of the company's employees will undergo cybersecurity training, along with strict password and permission management policies. In addition, the company replaced old information systems with advanced systems, in accordance with organizational needs and in accordance with the guidelines of the National Cyber Directorate.

Alongside these actions, Mekorot has invested in developing and upgrading its technological defense capabilities, while installing advanced systems to improve the detection, identification, and prevention capabilities of cyber attacks. The company has also expanded its capabilities by establishing a national cyber center for monitoring, controlling and handling events in its networks, which operates 24/7 to maintain operational continuity and a high level of security.

Following the defense efforts, Mekorot plans, subject to the approval of the regulator, to deepen its investments in the field of cyber defense and implement an annual information security plan of NIS 10 million for five years. In 2025, the company successfully passed the certification tests for the ISO27001 Information Security and Cyber Protection Standard. In addition, in December, a comprehensive management exercise was held to deal with cyber incidents, which was conducted successfully. The company is continuing a cross-company process to implement cyber risk management regulations in the supply chain, which will continue throughout 2026. In this framework, during 2025, an update was made to the Cyber Compliance and Privacy Protection Risk Survey, as an integral part of the organizational risk management process.

During 2025, Mekorot acted to reduce the risks of a cyber premature baby in the company's assets. Mekorot passed the ISO27001 information security standard tests, updates were made to information security procedures. Mekorot regularly checks the up-to-date nature of its systems and updates as needed. During 2025, an emergency protected compound was prepared that allows for safe functional continuity 24/7 for the SOC call center, as part of Operation with Kalvi, the protected area was used.

As part of the handling of privacy protection issues, the requirements of Amendment 13 to the Protection of Privacy Law were adjusted.

Mekorot handles the issue of information security in the supply chain and conducts inspections on critical suppliers in order to reduce the risk of this deliberate attack.



Innovation and Technological Leadership

Over the course of its decades of activity, Mekorot has accumulated knowledge, experience and capabilities in the world of water, which place it at the forefront of the global water industry. Today, the company works to develop advanced technologies in the field of water in four main areas: investments in start-ups, business collaborations, applied research, and the development of patents and internal innovation, all subject to government decisions.

Innovation is a central pillar in all aspects of Mekorot's activity, recognizing that advanced water management requires the adoption of new technologies, such as predictive supply, smart control room, "big data" analysis, and cybersecurity. The company's efforts in the field of innovation are primarily aimed at providing a response to the expanding needs of the economy, in parallel with natural population growth. These trends are expected to lead to water shortages, and Mekorot is constantly working to find solutions that will ensure future needs, while creating new water sources and maintaining water quality and health through advanced technologies.

Mekorot's innovation unit promotes entrepreneurship and creative thinking among all of the company's employees, and operates under the manager³⁴ of the WaTech unit, who is subordinate to the VP of the Engineering Division. If necessary, certain innovative issues are discussed by the company's board of directors in order to make strategic decisions.

Mekorot's innovation activity is integrated into all areas of activity, and enables the company to lead, develop and provide the best response to its customers:

Investing in start-ups

Since 2019, Mekorot has been investing in start-ups that operate in the company's core areas. In 2024, the company invested a record sum of NIS 3 million in various start-up companies. In addition to the financial investment, Mekorot provides an envelope for relevant entrepreneurs and allows them to conduct a pilot on the company's sites, use its resources, and finally also integrate the product into the company's various activities.

As part of the process of examining the investment technologies, a committee was established with the members of the CEO and the VP of Engineering, which is responsible for outlining the investment strategy and providing recommendations to the board of directors regarding engagement with potential companies.

Research and Development at Mekorot

The Center for Entrepreneurship and Collaborations – As part of the multi-year program, Mekorot initiates research and development (R&D) activities, with the aim of advancing knowledge and locating new water technologies. Every year, about 40 applied studies are conducted by the company's professional research teams, in cooperation with leading academic institutions in Israel and around the world, as well as with international research foundations and leading companies in their fields. The research integrates, among other things, undergraduate students, who are offered a scholarship to conduct research for a period of six months. The company sees mutual importance and synergy in the integration of students in the company's research. In 2025, three students from a college located in the north of Israel participated in the studies.



34) [WaTech By Mekorot](#)

Internal Innovation - Encouraging Employee Initiatives

Mekorot has an internal innovation manager, which includes representatives from all divisions, which enables all of the company's employees to come up with ideas for development in the various fields of activity. As part of the effort to promote internal innovation, the company operates a digital knowledge-sharing system, which enables the collection, filtering, and evaluation of ideas and bringing them into practice. In addition, the system tracks key performance indicators (KPI's) and provides an ongoing report on the progress status of projects.

During 2025:

- **58 new ideas** were submitted by employees.
- **23 ideas** advanced to development stages.
- **Eleven ideas** were approved and became actual projects.
- **10 projects** have been successfully implemented in the company's operations.



Integrity, Ethics, and the Prevention of Corruption

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Integrity, ethics, and the prevention of corruption are central values at Mekorot, which are rooted in all levels of the company, from the level of the board of directors to the last employee. Mekorot, as a government company that conducts extensive business activities, is committed to these values while maintaining proper management and compliance with the law.

In 2023, the company conducted a risk survey in the field of embezzlement and fraud, in order to identify and assess key risk factors. Based on the findings, a dedicated compliance plan was formulated to prevent embezzlement, fraud, bribery and corruption. The plan, which was approved by the company's board of directors, includes a set of procedures, guidelines and regulated work processes, and was distributed to all Mekorot employees. The goal of the plan is to ensure the active implementation of prevention mechanisms and to strengthen compliance with the provisions of the law by all the company's employees. This plan emphasizes the company's "zero tolerance" policy for violations in the field, and details the mechanism for implementing the guidelines and the control system on the subject. In addition, the Risk Management Unit performs financial control in various processes, including examining the separation of roles in access permissions to critical systems. In the event of suspicion of embezzlement and/or incidents of bribery and corruption, employees have a number of reporting channels available under the enforcement plan: an anonymous hotline to contact them via email, contact the personal manager, the internal auditor, or the supervisor of the program.

- **In 2025**, no applications to the Ethics Committee were received.
- **In 2025**, no incidents of embezzlement, bribery and/or corruption were discovered among Mekorot employees.

2-15

Prevention of Conflict of Interest

The company's CEO and the chairman of the board of directors are appointed in accordance with the law and in accordance with the guidelines of the Public Committee for the Examination of Appointments, whose role, inter alia, is to examine and prevent conflicts of interest. All officers of the company sign an affidavit of avoidance of conflict of interest. Mekorot is meticulous about integrity and cleanliness. The company's employees are required by the Code of Ethics to avoid situations of conflicts of interest or the appearance of conflicts of interest. It is forbidden to employ subordinates, suppliers, or any entity that has a working relationship with Mekorot privately in any job, beyond employing them as part of the work.

Implementing and communicating the Code of Ethics³⁵ 2-23

As the national company that works to ensure the water supply in Israel, Mekoer has the responsibility and responsibility to act in a moral and ethical manner in its business conduct, based on a code of ethics that presents the set of values, standards and principles that guide the company in all its activities.

The Code defines the vision, mission and behavior patterns expected of all of the company's employees, and its role is to direct Mekorot's employees and managers to appropriate ethical behavior in their relationship with all of the company's stakeholders. The guiding values of the Code of Ethics in Mekorot include: national mission, water supply of quality and availability, professionalism, reliability and transparency, learning and innovation, cooperation and mutual respect, and sustainable development. The company produced a training video and studied online as part of the training program on the Code of Ethics, for the purpose of implementing and communicating the Code to the Company's employees and relevant stakeholders.

Upon completion of the Code of Ethics, Mekorot carried out a comprehensive implementation program, which included launch meetings, the appointment of an organizational ethics officer, and the establishment of an ethics committee. Employees can contact the Ethics Officer, who heads the Ethics Committee, and the company's ethics trustees, which include the human resources managers at Merhavim and the director of the human resources department at the company's headquarters. The Ethics Committee works to promote and nurture ethics among managers and employees, while initiating and encouraging ethical discourse in the company. The committee discusses ethical dilemmas that come mainly from employees, and proposes solutions in accordance with the Code of Ethics, with the aim of assimilating and nurturing the values of ethics in the company.

Mekorot's Code of Ethics is available on the company's website and is also accessible to employees through the organizational portal. The company's employees periodically receive communications on the subject of the code, including ways to contact the Ethics Committee. In addition, every new employee who joins the company is required to read the Code of Ethics and sign his commitment to act in accordance with it. As part of the orientation process, the company's new employees undergo comprehensive training on ethics. Ethical issues that arise within the framework of the Ethics Committee are communicated to employees through newsletters.

- As of the end of 2025, over 90% of the company's employees have successfully passed the Code of Ethics training program.

³⁵) For more information, see [Mekorot's Code of Ethics](#).

2-26 Ethics Reporting and Handling Mechanisms

The VP of Government Relations, Regulation and Company Secretariat is in charge of the field of ethics, and she heads the Ethics Committee. Employees can contact the supervisor openly or anonymously, through a designated email box whose details are published on the website, the code of ethics and the organizational portal. In addition, there are physical mailboxes on the company's websites and headquarters through which you can submit an application as well. The handling of inquiries is carried out according to regulated action mechanisms, which correspond to the subject of the referral. In cases where there is no dedicated mechanism in place, a referral examination is conducted in cooperation with the company's internal auditor.

2-23 Mekorot Policy from the Perspective of Human Rights Protection³⁶

Mekorot is committed to responsible management and the protection of human rights, while safeguarding freedom, dignity, freedom of movement, property, security, and equality. The company adheres to fair employment, a respectful and equal work environment, safe working conditions, legal remuneration, and the health, safety and well-being of employees. Mekorot's policy includes zero tolerance for bullying and harassment, and the prevention of discrimination of any kind. In addition, Mekorot works to ensure the rights of its suppliers and contract workers, while controlling their employment conditions, in accordance with the requirements of the company's law and code of ethics.

2-6 Responsible Supply Chain

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As a government company, Mekorot executes the procurement processes in accordance with the requirements of the law and the tender regulations. The subject of procurement and tenders is mainly managed by the Goods Acquisition, Logistics and Inventory Unit, and the Services and Tenders Procurement Unit. Mekorot's main procurement is intended for the company's development activities and projects, as well as for the ongoing maintenance and operation activities: piping and drilling equipment, pumps and pumping equipment, motors, transformers and electrical equipment, valves and valves, electronics and computer equipment, software, as well as measurement equipment, filters, improvement materials and more.

Advancing a responsible supply chain

Mekorot's Code of Ethics is sent to service providers and suppliers in every engagement, and they undertake to act according to it and in accordance with the values that guide Mekorot – professionalism, reliability, transparency, fairness and mutual respect. Mekorot regularly performs controls to examine the quality of production, products and procurement received.

- **Preference for suppliers** – In accordance with the Tenders Duty Law, Mekorot gives preference to local procurement (made in Israel) and examines the prerequisites on an ongoing basis in order to allow small and medium-sized businesses to participate in them. In addition, Mekorot prioritizes businesses owned by women. In 2025, 96% of the company's procurement was classified as "blue and white" procurement, of which about 10% was made with small and medium-sized businesses.
- **"Green" procurement** – When conducting procurement and tenders, the procurement unit examines "green" parameters, with the aim of minimizing the environmental impact caused by the company's activities. Among the main parameters examined, the energy efficiency of electrical products, such as pumps or vehicles, is examined, in order to reduce the company's electricity and fuel consumption, and thus reduce emissions to the air. In 2025, 11% of all procurement was made from suppliers selected on the basis of preference for "green" parameters.
- **Control of the terms of employment** – As part of Mekorot's responsibility for responsible management of its supply chain, the company requires its suppliers and subcontractors to fully comply with the requirements of the law, including with regard to protecting workers' rights.
- **Prevention of Bribery and Corruption in the Supply Chain** – Mekorot requires the suppliers and entities with which it engages, as part of its tenders and engagements, to comply with all the provisions of the law. To this end, it performs due diligence in accordance with its procedures.



³⁶ For more information on Mekorot's human rights policy, please visit Mekorot's website: [Mekorot – Human Rights](#).

Compliance and Regulation

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Mekorot's policy is to comply with all provisions of the law, laws, guidelines, regulations, art, circulars, faculty positions and standards that are valid and relevant to it, and even to strive to meet (as much as possible) standards beyond what is obligatory. As a government company in the field of water and as a reporting corporation, Mekorot is committed to complying with the binding rules in all core areas of its activity, while taking into account its employees and stakeholders. The company operates on all levels to meet the ever-changing regulatory requirements.

During 2025, no legal or administrative proceedings were held that obligated or convicted Mekorot and/or its officers regarding non-compliance with the regulations. Emphasizing compliance and regulation in the field of environmental protection, no sanctions or fines were imposed on Mekorot for non-compliance with laws and regulations in this field during 2025.

Internal Enforcement at Mekorot

Mekorot has enforcement programs on various issues, which are updated on an ongoing basis to ensure compliance with regulation and the implementation of compliance norms in the company. The purpose of compliance programs is to reduce the exposure of the company, its managers and employees to risks. In order to implement and implement the various programs, enforcement officers were appointed who are responsible for implementing the programs and ensuring their compliance with standards and regulatory requirements. The Company maintains and maintains internal enforcement programs in various fields, such as securities, environmental protection, work safety, competition law, privacy protection and information security, embezzlement and fraud, bribery and corruption. The enforcement plans are designed to increase compliance with the regulatory requirements that apply to the company on various issues and mitigation mechanisms for managing them, including mapping the various actions to reduce the risk. In addition, as part of the enforcement programs, compliance surveys are conducted, which map the relevant regulatory requirements, including the activity of the company's existing sources and control mechanisms, as well as instructions and procedures for complying with the requirements of the law.

Environmental Enforcement Plan

The company has an environmental enforcement plan, according to which it operates and operates proactively and conducts a risk survey on the subject of environmental quality once every three years. The enforcement plan is designed to increase compliance with the regulatory requirements that apply to the company regarding environmental issues and mitigation mechanisms for their management, including mapping the various actions to reduce the risk.



About the Report

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2-5

Mekorot Water Company Ltd. is proud to present its Environment, Society and Corporate Governance (ESG) report, which reviews the company's main activities in 2025, as well as all the impacts of Mekorot's business activities on its stakeholders. The publication of the report reflects "Mekorot Water Company" Ltd ongoing commitment to promoting environmental, social and corporate governance issues as an integral part of its business activities.

Reporting Period and Cycle

This report represents Mekorot's activities on environmental, social and corporate governance issues as of January 1 to December 31, 2025. During this period, there were no material changes in the company's operations.

The report was prepared with reference to the GRI's sustainability reporting standards. The information presented in the report was collected through the company's information systems, various organizational sources, and with the guidance of external consultants.

Scope of Reporting

Mekorot operates from the State of Israel and is the Company's main area of activity. Relevant financial data appearing in this report are in line with the data of the financial statement for the year 2025. Together with the financial statement data, this report presents the Company's activity in Israel.

This report does not constitute part of Mekorot's financial statements, immediate reports, or periodic reports. In the event of any discrepancy or contradiction between the contents of this report and the Company's reports mentioned above, the wording in the periodic reports shall be binding.

Material changes in reporting

There were no material changes from previous reports.

Material Changes in Information

There have been no changes in the information that require a special declaration.

Ensuring the reliability of reporting

In respect of this report, no external reliability assurance was made. Mekorot performs internal control over all external reports and publications, in order to ensure the reliability of the reports, improve the process of collecting the required information and data, and maintain and strengthen the transparency of its internal activities.

If you have any questions, comments, or concerns regarding the report's content, sustainability and ESG issues in the sources, please contact:

Riki Mor, Director of Customer Relations and Corporate Responsibility (ESG): Rmor@Mekorot.co.il.

Mekorot Water Company Ltd. ("Mekorot" or the "Company") has made every effort to ensure that the information included in the report is accurate and up-to-date, as of the date of the report, however, despite the aforesaid, errors, defects and/or errors may have occurred in the report.

Mekorot does not undertake to adapt the information contained in the report for one purpose or another, and it does not undertake to update the report, to the extent that there have been changes/updates after the date it was edited. Taking into account the foregoing, Mekorot, its managers, employees and those acting on its behalf, on its behalf or on its behalf, shall not be liable to any third party for any loss, loss or damage caused as a result of the use of the information contained in the report.

It is clarified that this report is not a securities offering of Mekorot to the public and should not be interpreted as an offer of securities to the public. Information contained in this report does not constitute a basis for making investment decisions and does not constitute a recommendation or opinion of an investment advisor or tax advisor, nor a substitute for the judgment of a potential investor. The information contained in the report is only concise information and may be considered to be presented differently from the manner presented in the Company's reports, but it can be calculated from the data included in the said reports. This report and the information contained therein are not intended to replace the need to review the reports published by the Company to the public. Investing in securities in general and in the company's securities, in particular, carries risk. Keep in mind that past data does not necessarily indicate future performance. The purchase of the company's securities requires an in-depth review of the information published in the company's reports, as well as an analysis of the legal, accounting, economic, and tax aspects. The report may include additional data that was not presented in the Company's reports to the public and/or information presented in a manner different from the manner presented in the Company's publicly published reports. This report has been prepared for summary and convenience purposes only and is not intended to replace the need to review the reports published by the company to the public. In order to obtain comprehensive and complete information about the Company's situation, its business and its financial results, and in order to obtain a full picture of the Company's activities and the risks faced by the Company, it is necessary to review the periodic reports and reports published by the Company.

This report includes forward-looking information as defined in the Securities Law, 5728-1968 (the "Securities Law"), including goals and strategy for the coming years, both in the business and ESG fields. Such information includes, inter alia, forecasts, objectives, estimates and estimates, relating to future events and/or matters, the realization of which is uncertain and is not under the Company's control. Forward-looking information, as aforesaid, relies, inter alia, on the Company's subjective assessments and plans as of the date of the report. Forward-looking information is by its nature subject to risks of non-realization and is uncertain. The realization of the forward-looking information may be influenced by risk factors that characterize the Company's activities detailed in the Company's periodic reports published on the Magna website, as well as developments in the economic environment in which the Company operates, and external factors, including regulation, that may affect its operations. Therefore, it is hereby emphasized and clarified that the Company's actual results and achievements in the future may differ materially from those presented in this report. The Company does not undertake to update and/or change any such forecast and/or estimate in order to reflect events and/or circumstances that will prevail after the date of compilation of the report. It is also clarified that the Company's plans and strategies included in this presentation are correct as of the date of publication and may change in accordance with the decisions of the Company's management from time to time.

In addition, the report may include data and estimates based on external sources that have not been independently reviewed by the Company and for which the Company is not responsible for their accuracy.

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Statement of use	Mekorot Water Ltd. has prepared this report with reference to the GRI Standards for the reporting period from January 1, 2025, to December 31, 2025.
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