

AL Group's 2024-2025 Sustainability Report

Sustainable Filtering for a better world



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A Message from AL Group CEO

Dear reader,

I am proud to present AL Group's first sustainability report, reflecting our commitment to building a healthier, more sustainable world. This report highlights our efforts to establish a sustainability-focused framework that aligns with stakeholder expectations and addresses the priority areas we have identified.

At AL Group, we combine **innovation, quality, and long-term partnerships** to deliver advanced filtration solutions. Central to our approach is a continuous dialogue with our stakeholders, ensuring that every decision we make drives shared value - because our customers' success is our success. Sustainability guides our strategy, shapes our operations, and reinforces our commitment to ethical, responsible, and forward-looking growth.

From our advanced filtration products that improve efficiency, extend equipment lifespan, and reduce environmental impact on peoples' health, to our comprehensive services - including research, technical support, logistics, and sustainable packaging solutions - we are committed to delivering solutions that create value for our customers while promoting responsible resource use and environmental stewardship. As climate change drives increasing demand for solutions that protect public health, we continue to innovate and collaborate to meet these evolving needs. Through continuous innovation and collaboration, we strive to align our business growth with a positive impact on the world around us.

Our Climate Change Management Plan, aligned with **CDP guidelines**, includes renewable energy adoption, sustainable material transitions, fleet electrification, waste reduction, and energy efficiency measures - designed to minimize our environmental footprint and support long-term sustainability. We actively participate in the **EcoVadis rating** to identify opportunities for improvement and advance our sustainability performance. Additionally, we maintain **ISO 14001 and ISO 45001 certification at our leading sites** in China and Bulgaria, which together account for more than 90% of our production, ensuring the highest standards of environmental, health and safety, and quality management across all production lines.

I would like to extend my sincere appreciation to all our internal partners who advance and embed sustainability in their daily work. Their dedication and collaboration are what turn our commitments into meaningful action.

I hope you enjoy reading this report and gain a clear view of how AL Group continues to drive innovation, operational excellence, and environmental responsibility across everything we do.



Yours,

Boaz Roseman
Chief Executive Officer

About AL Group

A.L. Group Ltd. (also referred to as "AL Group") designs, manufactures and supplies advanced filtration solutions mainly to the automotive industry and After Market.

Founded in 1965, we've spent the last five decades working closely with our customers and combining the latest designs, technology and manufacturing processes to bring innovative products to the market.

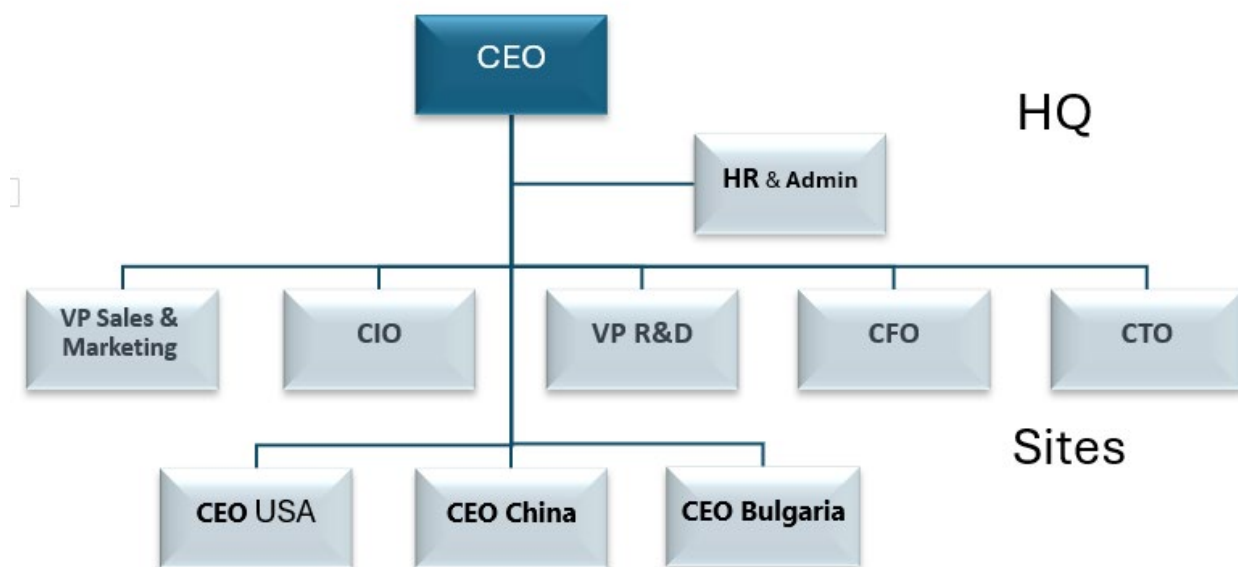
We believe in long-term strategic partnerships with our customers. As a result, we are today recognized as a leading global filtration solution provider trusted by all the major international brands in the automotive filter industry.

Our dedicated team of professionals is personally committed to going the extra mile and striving for full customer satisfaction.

A.L. Group is a privately owned company.

- Corporate Functions (**HQ – Israel**),
- Regional / Subsidiary Companies:
 - America (manufacturing, sales and distribution at **Greer, South Carolina, USA**)
 - Asia (manufacturing, sales and distribution at **Shanghai China**)
 - Europe (manufacturing, sales and distribution **Ruse Bulgaria**)
 - Japan (Commercial office at **Tokyo**)

Organizational Structure:



Linking Products to Sustainability:

At AL Group, sustainability is closely connected to the performance and reliability of our products. Through advanced filtration technologies, we help customers operate more efficiently, reduce environmental impact, and extend the lifespan of engines and equipment. Our filters play a critical role in protecting systems from contaminants, improving energy and fuel efficiency, and supporting compliance with environmental and safety standards. By continuously improving product quality, durability, and performance, we contribute to responsible resource use, reduced waste generation, and long-term operational sustainability.

Our Product Families and Their Contribution to Sustainability:

Fuel Filters



Our fuel filters ensure fuel purity by removing impurities and protecting sensitive fuel injection systems. This improves engine efficiency, reduces maintenance needs, and supports consistent performance throughout the product lifecycle.

Oil Filters



Our oil filters remove contaminants from engine lubrication systems, preventing premature wear and supporting reliable operation. By extending equipment lifespan and maintaining optimal performance, these filters contribute to reduced resource consumption and responsible asset management.

Air Filters



Our air filters remove dust and harmful particles from intake air, helping ensure efficient combustion and stable engine performance. By maintaining clean air flow, these filters support fuel efficiency, reduce emissions, and contribute to longer engine life.

Cabin Filters



Our cabin filters improve air quality by removing dust, pollutants, and allergens from incoming air. These filters support healthier indoor environments and enhance comfort and safety for drivers and passengers.

Specialized and Industrial Filtration Solutions



In addition to automotive applications, AL Group develops filtration solutions for industrial and specialized uses. These products support operational reliability, resource efficiency, and compliance with environmental and performance requirements across diverse sectors.

Through continuous innovation and responsible product design, we strive to deliver filtration solutions that support both customer performance and environmental sustainability.

Services and Solutions Supporting Sustainability

At AL Group, our array of services and solutions complements our product portfolio and reinforces our sustainability commitment. By integrating technical expertise, customer collaboration, and operational excellence, we support responsible performance throughout the product lifecycle. These services help optimize supply chains, improve product usability, and drive innovation - all contributing to environmental stewardship, quality outcomes, and long-term value creation.

Research & Development

We drive innovation through dedicated research and development, enhancing filtration technologies to improve performance, durability, and environmental efficiency. Our R&D efforts support compliance with regulatory requirements and strengthen our contribution to responsible and sustainable solutions.

Marketing & Cataloguing

We develop clear and comprehensive marketing and product cataloguing resources to help customers access accurate, relevant information. Well-structured product data increases transparency, reduces errors in ordering, and supports informed decision-making that aligns with customer and environmental expectations.

Logistics

Our logistics operations are designed to optimize the movement, storage, and delivery of products efficiently and responsibly. By improving supply chain coordination and reducing unnecessary transport impacts, we contribute to lower emissions, on-time delivery, and enhanced customer satisfaction.

Packaging Design

Through sustainable packaging design, we minimize environmental impact while preserving product integrity. Packaging optimization focuses on reduced material use, recyclability, and efficient transport, contributing to lower waste and resource consumption.

Laboratory Services

Our laboratory services ensure rigorous testing, quality assurance, and performance validation for our products. Accurate testing supports reliability, reduces field failure risk, and enhances product lifecycle performance — ultimately enabling responsible product use and customer confidence.

By integrating advanced services with sustainability-oriented practices, we strengthen operational reliability, reduce environmental impact, and support our stakeholders with trusted solutions across the value chain.

Innovation and Advanced Technologies

At AL Group, innovation is a core driver of our sustainability and performance strategy. With over 50 years of experience in advanced technologies and manufacturing techniques, our global Innovation Division is dedicated to continuously improving filtration solutions that enhance air quality, cleanliness, and overall system safety.

Our Innovation team operates with access to state-of-the-art equipment and multiple in-house laboratories, enabling rigorous development and validation across product lines. We also actively collaborate with leading research and development departments at universities both in Israel and abroad, strengthening our capabilities and fostering knowledge exchange.

With deep domain expertise in industry standards, regulatory requirements, and emerging trends, our innovation efforts focus on creating cutting-edge filtration technologies that deliver enhanced performance, durability, and environmental benefits. Through patent research, product optimization, and applied research, we continually advance the way the world manages air and fluid quality - reinforcing both customer value and broader sustainability outcomes.



Innovation in Action – ZENCE and IN-EX

Our innovation strategy translates advanced technology into solutions that combine high-performance filtration, enhanced wellbeing, and environmental responsibility.



ZENCE, a patented innovation, extends our cabin air filtration expertise into the field of passenger wellbeing through a unique essential-oil capsule diffusion system designed to create a distinctive sensory experience. Each capsule delivers a carefully defined sensory profile, allowing passengers to personalize their experience and easily choose between four different sensory modes through a dedicated application. Designed with wellbeing in mind and formulated without CMR ingredients, ZENCE transforms the vehicle environment into a more personalized and engaging sensory space.



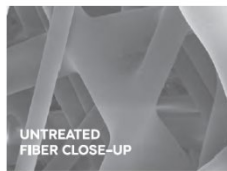
OPEN
POROSITY



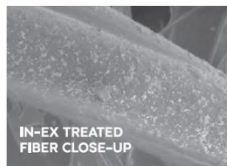
UNRESTRICTED
FLOW



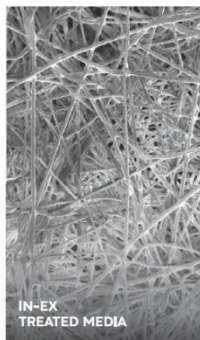
LOWER ΔP
LOWER ENERGY



UNTREATED
FIBER CLOSE-UP



IN-EX TREATED
FIBER CLOSE-UP



IN-EX
TREATED MEDIA

IN-EX is a clean sono-chemical impregnation platform that enables functional particles to be embedded directly into filter media, without binders, glues, or pore-blocking coatings. By preserving airflow and permeability while enabling advanced filter functionality, IN-EX provides a versatile foundation for the development of a broad range of next-generation filtration solutions. The technology is binder-free, involves no PFAS processes, and is designed with a low air-pollution impact, supporting more sustainable and environmentally conscious manufacturing. Importantly, IN-EX is not limited to a single application: its platform technology can enable future products across multiple markets and applications, including

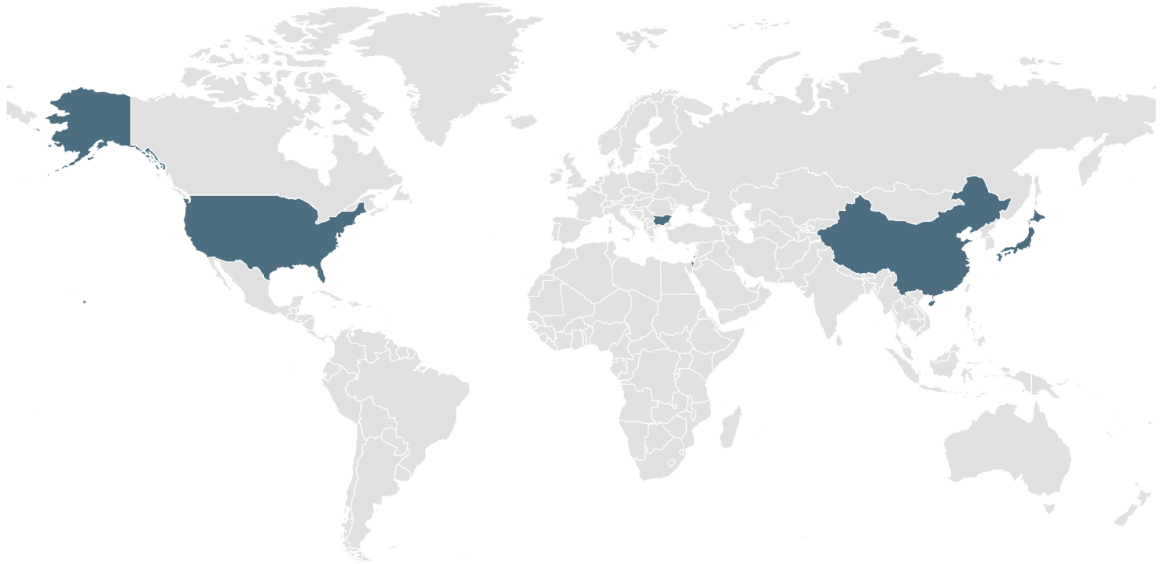
home air purification, HVAC, automotive, and beyond.



.. IN-EX ..

Global Market Presence:

A truly global company, we have facilities in the US, China, Europe, Japan and the Middle East. This enables us to rapidly deliver shipments of any size to wherever our customers are in the world.



Activity in Israel – AL Group HQ:

The AL Group Headquarters is located in Israel at 2 Sderot Nim, Azrieli Towers, Rishon Lezion. We are providing guidance to our independent companies to maximize performance and provide customers worldwide with the most advanced products and services.

Our local companies in Bulgaria, China, and the United States are fully responsible for all activities, including purchasing, logistics and operations, sales, marketing, and customer service. Our goal is to ensure a consistently exceptional customer experience in all our companies around the world. With a truly global mindset, our teams search the globe for new technologies and filtration innovations to sustain our reputation as a leading filtration solution provider in the world.

AL Group USA:

Established in 1977, our trading company in the US is an industry leader in the distribution of filtration products for Automotive, Agricultural, Marine, Heavy Duty and other applications.

Our “youngest” production site in South Carolina is dedicated to the manufacturing of air filters for the heavy-duty industry, providing us with the ability to supply our American customers with best quality HD filters for this growing segment as well as highly automated production lines for Oil, Air and Cabin filters.

We strictly adhere to an extensive Total Quality Management program so we can supply you with tailored products that conform to your exact specifications and standards, are delivered on time and at a competitive price. We have invested and will continue to do so in all the customer service elements of our business and in our employees and working environment.

AL Group China:

AL Group has been operating in China since 1997 and now owns two companies that manufacture our filters for customers around the world and serve the Asia Pacific market. Our Chinese operation has become a powerhouse in the automotive filtration world. Since 1997, we have been perfecting our model in China to provide high-quality automotive filters at value-for-money prices that enable our customers to be competitive around the world, including the local market as we now provide OE filters for Chinese passenger cars and light duty vehicles.

We offer fast development of tailor-made fuel, oil, air and cabin filters with OEM/AM performance levels, as well as custom-made packaging design and branding services. Our rigorous quality policy includes our R&D engineers being involved in all aspects of product design, design validation and laboratory testing, as well as our QA specialists who provide constant quality monitoring in compliance with ISO 9000-series and ISO/TS16949. We provide an extensive after-sales service that gives our customers the peace of mind that they are in safe hands and that we care as much about their business and success as we do our own.

AL Group Bulgaria:

Our facility in Bulgaria, A.L. FILTER BULGARIA, plays a crucial role in our distribution network due to its strategic location and attractive operational costs. Bulgaria is a transportation crossroads between Western Europe, Eastern Europe, the Middle East, and the Mediterranean, and four international land transport corridors pass through its territory. The highly automated advanced manufacturing hub in Bulgaria gives us the ability to offer the high-quality filtration products we are well-known for to our European customers. We offer fast development of fuel, oil, air, cabin and other filters with best-of-breed performance, as-well-as bespoke packaging design and branding services.

AL Group Japan:

We opened our facility in Tokyo, Japan to meet the requirements of our valued Japanese customers. We offer our full range of products and services with all of the group's advantages.

Being present in Japan opens a window for fruitful, long-lasting and mutually beneficial cooperation for us and our customers. Our local office is focused on serving our customers in Japan and provides us with a deep understanding of the local Japanese automotive market.

Approximately 90% of AL Group's operations are concentrated in Europe (Bulgaria) and Asia (China), reflecting the Company's key production and market presence in these regions.

Our Vision, Mission & Values

Our vision is to offer **innovative and quality filtration solutions mainly for the automotive and HD industries.**

We believe in fulfilling this vision by partnering for our customers' success, and using our extensive experience in the After Market automotive filters industry to design and manufacture advanced filtration systems based on a deep understanding of our customers' needs.

With the capability to offer patent solutions, we deliver custom-made, turnkey solutions from a global network of manufacturing sites – to wherever our customers are in the world.

We strive to go the extra mile for our customers, to operate with excellence throughout the entire value chain and with all stakeholders, and to create an inspiring workplace for our employees.

Our company values are at the core of everything we do and stand for. We see these values as the foundation of our corporate culture, and expect our employees to fully embrace them to further our success and that of our customers.



PERSONAL



PROFESSIONAL



GLOBAL

We believe in partnering with our customers to build long-lasting relationships, honor our commitments, and go beyond expectations. As a result, we continue to provide innovation solutions that help our customers succeed in the global automotive industry.

We continue to learn, improve and strive to exceed the highest industry standards. It is our duty to perform according to the highest standard of professionalism and deliver outstanding results.

With a global mindset, we have facilities in the US, China, Europe and the Middle East. This enables us to rapidly deliver shipments of any size to wherever our customers are in the world.

Our Business Journey

We've been providing tailor-made, high-quality automotive filters for over 50 years.

AL FILTER Israel

- AL Group's first production site • Production site for fuel and diesel filters • Main & global laboratories for all filter types

1965

1965

EMEA Sales Unit

- Managed from the HQ by the EMEA Sales, Marketing and Service team • Local sales representatives in Italy and Poland • Responsible for AL Group's biggest market

AL Group U.S.

- Trading company and distribution center for the North and South American markets • Warehouse with stock to ensure delivery within 14 days

1977

1997

AL Group China

- Major production site for the American and Asia Pacific markets • Manufactures all filter types and metal assembly parts for the Bulgarian factory

AL Group Bulgaria

- Main production site for the European market • Strategic location for fast and easy distribution to EU customers

2001

2007

AL Group Japan

- We opened our facility in Tokyo, Japan, to meet the requirements of our valued Japanese customers. • We offer our full range of products and services with all the Group's advantages.

AL Group U.S

- Production site for heavy duty air filters in South Carolina • AL Group's 'youngest' production facility • Manufactures air HD and PP filters for the American market • Plans to grow in HD area.

2013

2018

AL Group China

- Responsible for sales to customers in Asia Pacific (including Japan) • Located in Shanghai city • Offers AP customers Chinese products at EU standards of quality and service • Our most dynamic market

Our Sustainability Approach

Stakeholder Dialogue

Our company values direct dialogue with stakeholders as a cornerstone of our success. By fostering open communication, we gain valuable insights, build trust, and ensure that our decisions align with the expectations and needs of those we serve. This collaborative approach strengthens relationships and drives sustainable, responsible growth.

Mapping the dialogue channels and discussion topics with key stakeholder groups:

Stakeholders Group	Regular Dialogue Mechanisms	Key Topics for Discussion
Employees	• Internal survey • Performance review • Manager-employee meeting	• Personal development • Career management
Customers and strategic partners	• Meetings • Periodic satisfaction surveys • Brainstorming sessions on the future of the industry and emerging developments • Requests sent to customer relation contacts	• Climate change • Innovation
Suppliers	• Meetings • Brainstorming sessions on the future of the industry and emerging developments • Periodic assessments	• Climate change • Plastics/innovative alternatives / Transition to environmentally friendly materials • Quality
Consumers/ End users	• Regular scheduled meetings • Mutual site visits • Meetings at industry exhibitions and trade shows	• Current and future needs • Development of new business areas
Regulatory bodies	• Publication	• Periodic audits • Training on new standards and their implementation

Sustainability Materiality Assessment

In 2023, we conducted an impact materiality analysis for AL Group. This process included:

- Conducting benchmark research to analyze ESG approaches among competitors, rating agencies, and reporting frameworks.
- Integrating focus areas from two leading ESG ranking agencies – MorningStar and CDP.
- Mapping insights from key AL Group executives responsible for various ESG domains.
- Identifying the Company's material ESG issues based on insights gathered during the previous stages.

The material topics identified in the process are:

Filtering for a Better Planet	Filtering for People and Communities	Filtering for Integrity and Trust
• Materials and chemicals • Carbon footprint and Energy • Waste management	• Employee Health and Safety • Diversity and inclusion • Employee empowerment and engagement • Community contribution • Consumers' Health and Safety	• Corporate governance – BOD and Leadership Team • Ethics and compliance (incl. ABAC) • Data and cyber security • Responsible supply chain

Our ESG Governance Structure

Sustainability governance at AL Group is designed to ensure strong strategic direction alongside effective day-to-day management of ESG priorities. Clear roles and responsibilities across leadership levels support accountability, transparency, and the integration of sustainability into our business operations and long-term growth.

Key Roles and Responsibilities

- **Board of Directors**
Provides oversight of ESG matters through dedicated annual discussions to review performance, monitor progress, and approve the Company's ESG report.
- **Senior Management**
Lead the development, review, and implementation of the Company's long-term sustainability strategy, targets, and priorities, ensuring alignment with business objectives.
- **Legal Team and Senior Leaders**
Guide the day-to-day governance and supervision of ESG-related policies, compliance requirements, and risk management processes.
- **Chief Executive Officer (CEO)**
Demonstrates leadership commitment to sustainability by embedding ESG considerations into the Company's core strategy and decision-making processes, reinforcing accountability and a culture of responsible growth.
- **Chief Technology Officer (CTO)**

Leads the technological and operational aspects of ESG implementation, driving innovation, process improvements, and the integration of sustainable technologies into the Company's products and operations.

Overall Governance Approach

Together, this governance framework strengthens transparency, supports continuous improvement in ESG performance, and reinforces the Company's role as a responsible and forward-looking organization, while contributing to sustainable business success.

Supporting the UN Sustainable Development Goals (SDGs)

AL Group is committed to advancing sustainable development and contributing to the achievement of the United Nations Sustainable Development Goals (SDGs). We recognize the SDGs as a global framework for addressing environmental, social, and economic challenges, and we strive to align our operations, products, and partnerships with these priorities.

Through responsible business practices, continuous improvement, and collaboration with our stakeholders, we actively promote initiatives that support sustainable growth, environmental stewardship, and positive social impact. The following SDGs were identified as most relevant to our activities and areas of influence.

The selected SDGs reflect the areas where the Company can create the most meaningful impact through its operations, products, and stakeholder engagement.



SDG 12 – Responsible consumption and production:

We work to minimize our environmental impact by:

- Sourcing raw materials and chemicals responsibly, with consideration for environmental and safety standards
- Managing waste with a focus on recycling, resource recovery, and reduction of landfill disposal
- Optimizing product packaging to reduce material use and improve environmental performance
- Encouraging suppliers to adopt responsible environmental and sustainability practices

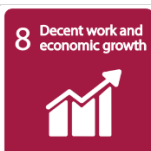
In addition, our innovative filters designed to enhance efficiency, reduce waste, and promote responsible resource use.



SDG 13 – Climate action:

We are committed to reducing our environmental footprint through:

- Monitoring energy consumption and greenhouse gas (GHG) emissions
- Implementing energy-efficiency initiatives across our manufacturing operations
- Promoting continuous improvement in climate-related performance



SDG 8 – Decent Work and Economic Growth

We promote a safe, respectful, and responsible workplace by:

- Ensuring fair employment practices throughout our operations and value chain

-
- Continuously strengthening occupational health and safety training and procedures
 - Requiring suppliers to uphold human rights and responsible labor practices
 - Maintaining high standards of ethical business conduct
-



SDG 5 – Gender equality:

We support diversity, inclusion, and equal opportunity by:

- Implementing policies that promote equal opportunity and non-discrimination
- Advancing diversity and inclusion initiatives across the organization
- Supporting community programs that empower women and underrepresented groups



SDG 9 – Industry, Innovation & Infrastructure

We support resilient infrastructure, sustainable industrialization, and innovation by:

- Implementing advanced production systems and technologies to improve operational efficiency and optimize resource use
 - Enhancing energy efficiency across manufacturing processes and reducing environmental footprint
 - Reducing material losses and waste generation through process optimization and improved production control
 - Driving continuous improvement through automation, innovation, and smart manufacturing solutions
-



Filtering for a Better Planet

Environmental Sustainability Commitment and Management

At AL Group, we recognize our responsibility to minimize our environmental impact and contribute to a more sustainable future. We are committed to conducting our operations in an environmentally responsible manner, continuously improving our environmental performance, and integrating sustainability considerations into our business strategy and decision-making processes.

The Company manages its environmental aspects in compliance with applicable legal requirements and in accordance with the principles of the ISO 14001 standard, guided by its Environmental Policy published in March 2024. As part of its commitment to responsible management of raw materials and chemicals, the Company complies with the requirements of the REACH and RoHS regulations with respect to the use of polymers, metals, and filtration materials, and does not use materials included in conflict minerals lists. The Company's products contribute to the reduction of environmental pollution and support the improvement of public health through the effective filtration of contaminants and the enhancement of air and fluid quality.

The Company continuously monitors greenhouse gas (GHG) emissions arising from its operations and participates annually in internationally recognized sustainability reporting frameworks, including disclosures to CDP and environmental performance assessments through EcoVadis. The Company is committed to reducing its emissions through the implementation of energy efficiency initiatives and the gradual transition to renewable energy sources. In addition, the Company manages waste responsibly by promoting the reuse of plastic and metal materials and advancing recycling solutions for its products throughout their lifecycle.

In line with its long-term commitment to addressing climate change, the Company has established a **Net Zero target for 2050 across its entire value chain**.

Our Environmental material topics and targets:

Material Topic	Targets
Materials and Chemicals	Achieve at least 30% recycled raw materials in all Company products by 2030.
Carbon Footprint and Energy Use	Net Zero by 2050 across the Company's entire value chain. <i>The Company is in the process of preparing for the adoption of the Science Based Targets initiative (SBTi), which will serve as a robust foundation for reducing its environmental impact.</i>
Waste Management	Achieve at least a 95% waste diversion from landfill rate across operations by 2030.
Product Design for Energy Efficiency	Apply energy-efficiency criteria to 100% of new product development projects by 2035.

Total Environmental Investments and Expenditures (\$):

Total	2024	2025	% change
Estimated environmental investments and expenditures	9,600	25,000	160%

AL GROUP Environmental Sustainability Policy

At AL GROUP, we recognize the importance of being an environmentally responsible corporation. We are committed to reducing our environmental impact and promoting sustainability in all aspects of our operations. We believe that by taking proactive steps to reduce our environmental footprint, we can create a better future for our employees, our customers, our business partners, suppliers and our planet. Our [Environmental Sustainability policy](#), first published in March 2024 and updated in July 2026, outlines our commitment to reducing our environmental impact and defines the actions and principles that guide our efforts to achieve our environmental objectives.

Environmental sustainability matters are discussed by management twice a year and reviewed by the Board of Directors annually as part of the Company's governance and oversight processes.

The Chief Technology Officer (CTO) oversees the Company's environmental management, including assessing and managing environmental dependencies, impacts, risks, and opportunities, monitoring compliance with corporate environmental policies and commitments, implementing environmental aspects of the business strategy, and managing acquisitions, mergers, and divestitures with environmental considerations, reporting to the CEO as important matters arise.

The company's management has decided that the CEO and CTO receive financial incentives for meeting the climate goals that the company has defined. These managers were chosen due to the link between their field of profession and the climate challenge.

Environmental Compliance

AL Group is committed to full compliance with all applicable environmental laws and regulations. We regularly review our environmental policies and practices to ensure alignment with our environmental objectives. Any potential violations are promptly investigated, and corrective actions are taken as necessary. Our operations are continuously monitored to ensure adherence to environmental standards, and we collaborate proactively with local authorities to maintain compliance and promote responsible environmental stewardship.

Employee Awareness

AL Group is committed to fostering a culture of environmental responsibility across the organization and encouraging employees to actively engage in sustainability initiatives. We promote environmental awareness by educating employees on the importance of environmental stewardship and ensuring they understand applicable environmental laws and regulations in each country where we operate.

To support and motivate employee participation, we provide resources, guidance, and incentives for engaging in initiatives such as recycling, energy conservation, carpooling, and the use of public transportation.

100% of employees receive training on environmental topics, which are included as part of the mandatory ISO-aligned training sessions provided across all sites.

Spotlight: Promoting Employee Engagement Through Local Sustainability Actions – Bulgaria Site



As part of our commitment to fostering a culture of sustainability, our Bulgaria site implemented a local employee engagement initiative to encourage responsible waste management practices. A dedicated recycling box was introduced for the collection of used pens and markers, enabling employees to actively participate in a simple yet meaningful environmental action. The initiative supports employee awareness of recycling and resource efficiency while demonstrating the value of embedding sustainability into daily workplace practices. Through locally driven actions such as this, we continue to empower employees to contribute to our broader ESG objectives and strengthen sustainability awareness across our sites.

Materials and Chemicals Sourcing

At AL Group, responsible sourcing and management of materials and chemicals are fundamental to our commitment to environmental stewardship, product safety, and regulatory compliance. We carefully select raw materials and suppliers in accordance with internationally recognized standards and applicable regulations, including the requirements of the **RoHS and REACH directives**, to ensure the safe use of polymers, metals, and filtration materials throughout our operations and products' lifecycle. In addition, the Company **does not use materials included in recognized conflict minerals lists** and promotes responsible sourcing practices across its supply chain.

We are committed to continuously improving the environmental performance of our materials and production processes, including the adoption of energy-efficient technologies, reducing the use of hazardous substances, responsibly disposing of them, and increasing the use of environmentally preferable, low-toxicity, recyclable, or biodegradable materials. Through responsible sourcing, innovation, and operational efficiency, we aim to deliver high-quality filtration products that support environmental protection and public health. Process efficiency projects reduce material use, including packaging reduction (at AL USA) and lower plastic consumption per 1,000 filters (at AL Bulgaria).

The company ensures that approximately **30%** of its plastic raw materials are sourced from recycled content. (GRI 301-2)

Furthermore, our ECO products are designed for full recyclability (100%), whereas outer packaging is recyclable at an estimated rate of approximately 80%.

AL Group works closely with its suppliers to advance innovative packaging solutions designed to reduce material consumption and enhance overall resource efficiency. All packaging materials are paper- or cardboard-based, and the Group has committed to eliminating the use of plastic in its packaging to further reduce environmental impact. For plastic components used in its products, the Group seeks to ensure recyclability, supporting its objective to reduce waste and promote circular economy practices.

Main Raw Materials Used in Production (in kg) GRI-301-1:

Material	2023	2024	2025	% change
Plastic (ton)	59,209	65,773	71,467	8.7%
Metal (tom)	26,175	28,678	28,983	1.1%
Paper Media (ton)	1,893	1,816	2,092	15.2%

The increase in raw material quantities is mainly attributable to filter paper media, resulting from a change in the production mix toward products that contain a higher proportion of filter paper.

Greenhouse Gas Emissions & Climate Change

AL Group actively monitors and manages its carbon footprint across all operations to reduce greenhouse gas emissions and environmental impact. We apply manufacturing practices that minimize air emissions and other environmental pollutants, supporting our commitment to a more sustainable future.

AL Group maintains an annual GHG emissions inventory at the corporate level in accordance with the GHG Protocol Corporate Standard. The Company monitors Scope 1 and Scope 2 GHG emissions (location-based) across all operational sites. In addition, Scope 3 data is collected for selected categories including 1 (partly), 4, 5, 6 and 9 (e.g., business travel, waste, water, transport). The calculation is conducted annually by an external consulting firm in accordance, ensuring accuracy, consistency, and comparability of emissions data.

GHG emissions calculation are conducted using industry-average emission factors from DEFRA, IEA, EPA, IPCC and the Water Footprint Network. Environmental data is derived from site-level reports, including utility billing, and supplemented with informed estimates where necessary.

AL Group uses the operational control approach to consolidate and calculate environmental performance data. This means that we account for 100% of the greenhouse gas (GHG) emissions, water withdrawals, and other environmental impacts from operations over which we have the authority to introduce and implement operating policies. Under this approach, we include emissions and environmental impacts from facilities and activities where we have the ability to direct the financial and operating policies, ensuring that the environmental performance data is reflective of the operations we actively manage. This method provides a clear and consistent framework for tracking and managing our environmental impacts, aligning with our organizational structure and operational responsibilities.

The Company does not yet have a formal recalculation policy in place. However, recalculations of base year and past years' emissions are performed when improvements in data collection methodologies are implemented. This process of refining data collection enhances data quality and enables greater accuracy in setting and tracking emission reduction targets. In addition, consistent with the GHG Protocol, recalculations are also considered in cases of significant structural, methodological, or boundary changes (e.g., addition of new Scope 3 categories or new facilities). This GHG methodology and process supports the Company's efforts to monitor and manage greenhouse gas emissions and to identify opportunities for reducing its environmental impact across operations.

Energy and GHG emissions - GRI 102-5,6,8

Topic	MU	2023	2024	2025
Scope 1 GHG Emissions	Ton CO ₂ e	1,307,563	1,305,738	1,320,060
Scope 2 GHG Emissions	Ton CO ₂ e	3,811,002	4,060,731	3,449,370
Scope 3 GHG Emissions	Ton CO ₂ e	3,694,110	4,352,876	4,521,352
Of which downstream	Ton CO ₂ e	318,674	410,007	447,049
<i>category 9: Downstream transportation and distribution</i>	Ton CO ₂ e	318,674	410,007	447,049
Of which upstream	Ton CO ₂ e	3,459,836	3,873,208	4,074,303
<i>category 4: Upstream transportation and distribution</i>	Ton CO ₂ e	3,189	3,724	3,846
<i>category 5: Waste generated in operations</i>	Ton CO ₂ e	22,377	27,738	23,210
<i>category 6: Business travel</i>	Ton CO ₂ e	164,339	191,084	204,652
Total Scope 1,2&3 GHG Emissions	Ton CO₂e	8,812,675	9,719,345	9,290,781
Scope 1 and 2 Carbon intensity	Ton CO ₂ e/ton production	0.336	0.345	0.366
	Ton CO ₂ e/# of employees	7.06	7.3	6.7

Note: The total weight of products is calculated based on the average weight of all products.

Although total emissions have increased over the years, the Company has maintained **relative stability in its carbon intensity per ton of production**. This was achieved despite a significant change in the product mix, which resulted in a substantial increase in the total number of units produced, while the overall product weight remained relatively stable due to product characteristics. Specifically, the products increasingly consist of a higher proportion of filter media compared to metal and plastic components. It is important to highlight that, in parallel, the Company successfully reduced its carbon intensity per employee, demonstrating improved production efficiency relative to workforce size.

Scope 1, 2 and 3 GHG emissions by country (in ton CO₂e)

Site	Scope 1 emissions			Scope 2, location-based			Scope 3		
	2024	2025	% change	2024	2025	% change	2024	2025	% change
Bulgaria	145,241	144,645	-0.4%	1,564,500	1,464,614	-6.4%	3,075,186	3,231,290	5.1%
China	951,404	950,319	-0.1%	2,058,333	1,493,083	-27.5%	936,972	884,130	-5.6%
USA	117,213	116,470	-0.6%	402,990	460,954	14.4%	198,152	274,231	38.4%
Israel	89,856	106,601	18.6%	34,908	30,720	-12.0%	142,566	131,701	-7.6%

The increase in fuel consumption is primarily attributable to the relocation of the Group's headquarters, which resulted in increased employee commuting distances. This increase occurred despite a 50% reduction in office space following the relocation and the move to a modern, more energy-efficient facility, which led to significant energy consumption savings. In the U.S., two new production lines were introduced in 2025, resulting in a significant increase in manufacturing output and a corresponding increase in energy and fuel consumption.

Decarbonization Plan and Net Zero Commitment

Understanding the urgency of climate change, AL Group is committed to achieving Net Zero across its entire value chain by 2050, in alignment with CDP guidelines and global climate targets. The roadmap to achieving Net Zero by 2050 includes key interim milestones for greenhouse gas emissions reduction. Accordingly, AL Group aims to reduce its total Scope 1 and Scope 2 emissions by 10% by 2026, 30% by 2030, and 60% by 2040, compared to a 2020 base year.

Our publicly available [decarbonization strategy](#) focuses on several key initiatives:



Sustainable Materials: Replacing fossil-based resins with lignin-based filter media, a renewable by-product of the paper and pulp industry, to create a greener supply chain.

Renewable Energy: Transitioning to solar, wind, and hydro energy, including installing solar panels on our facilities to reduce reliance on conventional power grids.

Electric Vehicles: Gradually replacing the company fleet with electric vehicles to lower transportation emissions.

Transportation Efficiency: Optimizing logistics and supply chain strategies to reduce unnecessary travel and maximize load capacity.

Energy Efficiency: Enhancing building insulation to reduce energy losses and overall consumption.

Waste Reduction: Implementing digital solutions to minimize packaging and office paper use, and switching to tie raps to replace shrink wrap in packaging.

Remote Work: Encouraging employees to work from home one day per week to reduce commuting-related emissions. Through these initiatives, AL Group seeks to reduce its carbon footprint, promote sustainable practices, and foster collaboration with employees, partners, and customers to transform environmental goals into measurable impact.

The Company's plan to achieve its GHG emissions reduction target is implemented through energy efficiency measures, renewable energy adoption, material efficiency, waste reduction, and process improvements across sites. Presented below are selected environmental initiatives implemented or continued during 2024–2025, together with their associated environmental impacts:

- In Bulgaria, the site continued to increase the recycled plastic content used in production. In 2024, approximately 3 tonnes of plastic waste were avoided, (corresponding to 4.6 tCO₂e), and in 2025, the avoided plastic waste increased to approximately 5.5 tonnes (corresponding to 8.3 t CO₂e).
The site also continued working toward its electricity-efficiency target of 0.24 kWh per filter. A slight negative deviation from the target was recorded in 2025, and further efficiency measures are being examined.
In addition, the site maintained a target of keeping hazardous waste below 10% of total waste. In 2025, hazardous waste represented 4.66% of total waste, following a reported reduction of 2.34%.
- In China, a solar power field (1,200 kWh capacity) was installed, targeting 70% renewable energy use with significant cost savings (\$40,000 annually in the first year, \$70,000 from year five).
In addition, a new blower and condenser units were installed which filter Volatile Organic Compounds (VOCs). These blowers operate with variable power, adjusting speed

based on operational needs to save electricity.

Additionally, we have invested in electric shuttle buses for worker transportation, installed reflective "one-way" window sun shading for thermal insulation, and upgraded our external street lighting to energy-efficient LED technology.

- In the USA, initiatives included electricity reduction (52,000 kWh saved), water efficiency (40 m³ saved), improved metal recycling (3 tons avoided), and packaging redesign to replace plastic wrap (0.4 tons eliminated).

At Group level, AL Group continues to promote additional initiatives, including the use of more sustainable materials, such as lignin-based filter media, renewable electricity procurement and on-site generation, gradual electrification of the vehicle fleet, logistics and transportation optimization, building insulation improvements, digital solutions to reduce paper and packaging consumption, and remote-working practices. These initiatives support the Group's long-term Net Zero pathway. Quantified emissions reductions are reported where sufficient supporting data and documentation are available.



Air Emissions (GRI 102)

AL Group does not have significant environmental impacts related to the emissions of VOCs, SO₂, NO_x, or heavy metals from its operations.

Energy Use

AL Group actively promotes energy efficiency initiatives and is exploring the transition to renewable energy sources across its operations. In recent years, the Company has been systematically monitoring electricity, fuel, and gas consumption at its production sites. As part of its efforts, solar panels have been installed at the manufacturing facility in China, and energy efficiency projects, including insulation and HVAC improvements, have been

implemented at facilities in China, Bulgaria and USA. These measures reflect the Company's commitment to reducing energy consumption, lowering greenhouse gas emissions, and enhancing operational sustainability.

We are proud that AL China site generates renewable energy through a **1,200-kWp** solar system, supplying **~70%** of its electricity use. In addition, we have a PPA allocating **100,000-kWh** solar electricity in the USA. Our renewable energy consumption is equal to 1.15% of total electricity consumption.

Energy Consumption (Scope 1&2) – GRI 103-2,3

Topic	MU	2023	2024	2025	% change
Scope 1 energy source: Fuels and Natural gas and Refrigerants					
Gasoline Fuel	Liters	51,992	47,592	53,087	11.5%
Diesel Fuel	Liters	20,023	20,864	19,855	-4.8%
Natural gas	m ³	98,096	93,048	104,150	11.9%
LPG	Liters	7,524	6,966	6,804	-2.3%
Refrigerants	kg	521	521	528	1.3%

Emissions of ozone-depleting substances ("ODS") – GRI 205

Topic	MU	2023	2024	2025	% change
Scope 1 Refrigerants (used at US site)					
R-134A	kg	334	333	334	0.3%
R-404A	kg	0.5	0.5	0.5	0.0%
R-410A	kg	187	195	187	-4.1%
Total Emissions of ODS	kg CO ₂ e	934,033	950,551	934,033	-1.7%

Topic	MU	2023	2024	2025	% change
Scope 2 energy source: Electricity					
Electricity Purchased from Grid - Bulgaria	kWh	3,949,000	4,470,000	4,526,000	1.3%
Electricity Purchased from Grid - China	kWh	3,470,808	3,742,424	2,714,696	-27.5%
Electricity Purchased from Grid - US	kWh	1,567,754	1,414,000	1,704,080	20.5%
Electricity Purchased from Grid - Israel	kWh	163,897	82,525	72,623	-12%
Electricity from renewable source- PPA in USA	kWh	-	100,000	100,000	0%
Electricity from renewable source- solar panels in China	kWh	-	-	881,514	100%
Total	kWh	9,151,459	9,808,949	9,998,913	1.9%

Energy & Electricity Intensity – GRI 103-4

Topic	MoU	2023	2024	2025	% change
Total Scope 1 energy consumption	GJ	6,524	6,196	6,769	21.5%
Total Scope 2 energy consumption	GJ	32,945	35,312	35,996	5.6%
Energy Intensity (Scope 1)	GJ/ ton production	0.00025	0.00022	0.00027	13.4%
	GJ/ #of employees	0.00522	0.00466	0.00492	-1.5%
Energy Intensity (Scope 2)	GJ/ ton production	0.00288	0.00290	0.00287	-1.1%
	GJ/ #of employees	0.02638	0.02655	0.02616	-1.5%
Scope 1 & 2 Energy Intensity	GJ/ ton production	0.00151	0.00147	0.00169	14.6%
	GJ/ #of employees	0.03160	0.03121	0.03108	-0.4%

Waste Management

AL Group promotes comprehensive waste management solutions focused on recycling and reusing production residues and operational waste. This includes the reuse of plastic and metal materials and initiatives aimed at minimizing landfill disposal, reflecting the Company's commitment to resource efficiency and sustainable operations.

We make conscious efforts to reduce waste and disposal costs while significantly increasing the proportion of materials that are recycled. Strong measures are implemented to prevent any potential environmental contamination, including spills of oil or hazardous substances.

Internal waste is sorted at the source into designated waste streams (paper, plastic, metals, organic, hazardous waste) and disposed of through approved waste contractors as part of the site's ISO-based waste management procedures.

In addition, we prioritize the design and development of products with minimal environmental impact, ensuring that they can be **efficiently recycled** at the end of their lifecycle, including the packaging materials. These initiatives collectively support the Company's commitment to circular economy principles and sustainable resource management. (Read more in our '[Consumers' Health and Safety](#)' sub-chapter)

AL Group's Environmental Sustainability policy outlines requirements for proper handling, storage, and disposal of hazardous waste, including use of licensed waste contractors and compliance with environmental regulations. Hazardous waste is handled and disposed of only through licensed providers, with tracking in annual environmental reporting and

compliance with local regulations. Training on safe handling of hazardous materials is provided annually as part of the ISO Health and Safety system.

Employee training on waste reduction and proper waste sorting is conducted as part of the company's ISO-based environmental and safety training program.

Waste Management – GRI 306

Topic	MU	2023	2024	2025	% change
Total Waste generated	kg	170,014	160,718	201,552	25.4%
Waste diverted from disposal	kg	149,330	137,398	178,948	30.2%
Waste directed to disposal	kg	20,684	23,320	22,604	-3.1%
% recycled	%	88%	85%	89%	

Management of significant waste-related impacts - 306-2,4,5

Topic	MU	2023	2024	2025	% change
Hazardous waste by disposal type	Ton	24.7	33.8	31.6	-6.6%
Incineration: Toxic waste	Ton	20.1	21.9	22.0	
Recovery: Solvents	Ton	4.6	11.9	9.6	
Non-hazardous waste by disposal type	Ton	477.1	597.5	623.4	4.3%
Landfill disposal: Organic waste	Ton	0.5	0.5	0.5	
Recycling: Wood, Plastic, paper and metal	Ton	476.6	597	622.9	

The above figures provide quantitative evidence of internal hazardous waste reduction actions, including annual tracking of total waste, recycled fractions (metal, cardboard, plastics), and reuse of materials such as wooden pallets.

Approximately **90%** of our operational waste is diverted from landfill.

Water Consumption and Wastewater Treatment

Water is not considered a material topic for AL Group, as the Company does not use water in its production processes. Water consumption is limited primarily to employee hygiene and basic facility needs.

Nonetheless, AL Group implements water-efficient technologies and processes to minimize consumption across its operations. The Company actively pursues water conservation measures, including the use of water-efficient fixtures and recycling where feasible, to reduce environmental impact and support sustainable resource management.

All production facilities are located in areas classified as low to medium water stress according to WWF water risk filter. While withdrawals are relatively low (~21.4 ML/year) and primarily from municipal sources.

AL Group identify and classify its potential water pollutants, mainly by monitoring of wastewater discharges. For example, at our China site, regular Wastewater Test Reports are conducted to verify pollutants and ensure compliance with local regulations. Preventive

measures such as spill containment, chemical storage in designated areas, and compliance with regulatory discharge limits ensure that potential pollutants do not adversely affect human health or local ecosystems.

Wastewater from all sites is discharged to municipal authorities, except at the China site, where priority substances are monitored.

In the reporting year, the organization was not subject to any fines, enforcement orders, or penalties related to water. Wastewater test results (e.g., China site, March 2024) were significantly below regulatory discharge limits, demonstrating full compliance.

Water Management – GRI 303

GRI	Topic	MU	2023	2024	2025	% change
303-4	Water discharge	m ³	5,490	7,205	6,725	-6.7%
303-5	Water withdrawn from municipal water utilities - Israel	m ³	98.5	300	115	
303-5	Water withdrawn from municipal water utilities - US	m ³	279	308	449	
303-5	Water withdrawn from municipal water utilities - China	m ³	9,244	10,196	8,528	
303-5	Water withdrawn from municipal water utilities - Bulgaria	m ³	4,966	9,706	4,517	
303-3	Total water withdrawn from wastewater	m ³	10,211	14,357	9,527	-33.6%

Water is discharged to the municipal sewage system.

Biodiversity

AL Group operates its facilities in established industrial zones and is not located adjacent to sensitive natural ecosystems. The Company is committed to minimizing any potential impacts on local biodiversity through responsible site management, careful planning of operations, and compliance with all applicable environmental regulations.

Biodiversity is not considered a material topic for AL Group.

Climate and Environmental Risk Management

The Company manages environmental and climate-related risks in accordance with applicable regulatory requirements and recognized environmental management practices. Key environmental performance indicators are regularly monitored to identify potential risks, ensure compliance, and guide mitigation actions.

In addition, the Company participates annually in CDP reporting, using the insights gained to assess gaps, track progress, and continuously improve its environmental and climate-related performance, supporting both operational resilience and long-term sustainability.

The Company conducts climate change risk and opportunity assessments based on qualitative parameters and as significant issues arise.

We focus on medium- to long-term assessments (3–6 years and beyond) that are integrated into a multidisciplinary, organization-wide risk management process. The assessment is not location-specific and is based on the Company's internal methodologies including quantification of the potential financial effects.

The Company continuously monitors new environmental regulations across selected geographic regions and implements necessary adjustments accordingly, including ensuring that its suppliers comply with applicable regulatory requirements. The Company also closely tracks evolving and increasingly stringent regulatory requirements in the regions where it manufactures and exports, as well as the potential impact of such changes on raw material prices.

This monitoring and compliance process is conducted on an ongoing basis and constitutes an integral part of the Company's routine business operations.

Interconnections are evaluated as part of the annual risk management process. One example is the impact of Electric Vehicles (EVs) on AL Group. The Company currently relies on the sale of fuel, oil, and air filters, which are primarily used in internal combustion engine (ICE) vehicles. The increasing adoption of EVs, which do not require many traditional filters, presents a potential risk to our sales volumes and market position alongside an opportunity for the development of new products tailored to the EV market, including specialized filtration solutions for battery cooling systems and advanced cabin air filtration technologies. This process led to a strategic action of **diversification** - expanding the product portfolio to include filtration solutions for EV-specific components, while entering adjacent markets such as HVAC systems and air purification to mitigate risks and capture emerging opportunities. In addition, the Company is investing in research and development (R&D) to create advanced filtration solutions that address evolving environmental challenges and changing market demands.

AL Group identified growing business opportunities driven by rising levels of air pollution, increased awareness of indoor air quality (IAQ), and stricter air quality regulations in Europe, the United States, and China. The Company has developed proprietary sonochemical technology intended to support the filtration and reduction of viruses and bacteria while delivering effective air filtration solutions.

Following the climate and environmental risk assessment, the company aligned its budget planning accordingly and incorporated risk and opportunity considerations into core areas such as products and services, investment in research and development (R&D), and operational activities.

The Company's internal assessments and management discussions regarding environmental and climate-related risks identified potential adaptation measures; however, these risks were not determined to be material.

Filtering for People and Communities

At AL Group, our commitment to people is at the core of our business. As a global manufacturer, we leverage advanced technologies to produce automotive filters that contribute to cleaner and safer air in vehicles and public transportation, protecting the health and wellbeing of passengers, road users, and communities. Guided by our mission to provide Sustainable Filtering for a healthier world, we strive to ensure that our operations, products, and practices promote safety, health, and positive social impact across our value chain.

Our Social Material Topics and Global Targets are:

Material Topic	Targets
Fair and Respectful Employment	Maintain a competitive living wage that consistently exceeds the applicable minimum wage
Employee Health and Safety	Maintain an LTIR severity rate below 15
Employee empowerment and engagement	Achieve over 90% participation in the annual performance review and employee satisfaction survey
Diversity and inclusion	Maintain representation of minority/special-needs groups at above 3% of the workforce
Community contribution	Contribute more than 2,000 employee volunteering hours annually to community initiatives
Consumers' Health and Safety (and Quality)	Achieve zero justified customer complaints related to safety issues

The global targets were established based on a site-specific target framework, tailored to the characteristics, needs, and performance of each company site, as outlined in the table below:

Material Topic	Israel (ALF)	China (ALSA)	Bulgaria (ALB)	USA (ALU)
Fair and Respectful Employment	-20% above applicable minimum wage	Base salary meets living wage in the facilities' area	~10% above minimum wage after 6 months of employment	100% of employees' compensation at or above competitive local manufacturing wage level through regular wage reviews
Employee Health and Safety	Maintain an LTIR severity rate = 0	Maintain an LTIR severity rate – lower than 20	Maintain an LTIR severity rate - lower than 15	Maintain an LTIR severity rate - lower than 10
Employee empowerment and engagement	Achieve over 90% participation in the annual performance review and employee satisfaction survey			

Diversity and inclusion	Maintain representation of minority/special-needs groups at above 3% of the workforce			Maintain representation of minority/special-needs groups at above 5% of the workforce
Community contribution	Contribute more than 240 employee volunteering hours	Contribute more than 600 employee volunteering hours	Contribute more than 1,200 employee volunteering hours	Contribute more than 400 employee volunteering hours
Consumers' Health and Safety (and Quality)	Achieve zero justified customer complaints related to safety issues			

Fair and Respectful Employment

At AL Group, we are committed to providing all our employees with a safe, respectful, and inclusive work environment. AL Group recently published its [Human Rights and Working Conditions policy](#) to ensure the protection of employees' rights.

All AL Group facilities maintain a comprehensive **Employee Handbook** that details the Company's Working Conditions policy, including working hours, attendance, leave entitlements, labor protections, workplace conduct, and disciplinary rules. In accordance with its employment procedures, the Company ensures that no employees under the age of 18 are employed. This handbook ensures that all employees understand their rights and responsibilities, promoting a fair and structured work environment.

We conduct mandatory onboarding training covering workplace conduct, ethics, safety, and prohibited behaviors

We do not tolerate any form of harassment, discrimination, or abuse in the workplace. We uphold the human rights of all workers and ensure they are treated with dignity and respect. Forced labor, or any form of involuntary work is strictly prohibited in all Company operations and throughout our supply chain.

We are committed to providing equal opportunities for all employees, regardless of gender, race, religion, or sexual orientation. We strive to create a workplace that is free from discrimination, harassment, abuse or exploitation. Our recruitment process is completely gender and ethnicity-neutral, promoting diversity and inclusion in the workplace. We are providing fair wages and benefits to all our workers regardless of gender, ethnicity or affiliation to any minority or protected class.

The company provides training on human rights, ethics and ensures that employees have a way to report any violations of the Ethical Policy.

All employees participate in periodic sexual harassment seminars designed to refresh procedures and ensure their full implementation. Each of our sites maintains clear protocols and processes for handling harassment complaints. A designated supervisor oversees

sexual harassment matters, and employees have a clearly identified contact person to report any concerns or incidents.

We encourage all employees to report any incidents of sexual harassment to their supervisor or the Human Resources representative responsible for these issues. All reports are treated seriously, investigated promptly and thoroughly, and any employee found engaging in such behavior is subject to disciplinary action, up to and including termination.

No incidents of discrimination have been recorded in the past two years.

Living Wage and Fair Compensation

AL Group is committed to always providing fair and adequate compensation to all employees. As part of its HR and Compensation guidelines, the Company implements a [Living Wage Policy](#), ensures compliance with local labor laws, monitors payroll, and tracks HR data to guarantee timely and equitable remuneration. Policies explicitly prohibit underpayment, and an annual review compares the lowest salary levels with the national living wage in each country, ensuring all employees receive fair compensation.

AL Group is committed to full compliance with applicable labor laws and employment regulations in all countries in which it operates, ensuring fair working conditions, protection of employee rights, and adherence to recognized standards for employment, social security, and occupational health and safety. We will continue to monitor our operations and take corrective action when necessary to ensure that we are in compliance with all applicable laws and regulations.

Social Dialogue

AL Group fosters ongoing social dialogue through multiple channels. Periodically, employees are invited to provide feedback via surveys, and the Company maintains an HR open-door communication culture. In addition, a structured grievance process and routine internal updates ensure that employee concerns are addressed promptly and transparently, supporting continuous engagement and collaboration across the organization.

Average score from employee engagement surveys	2023	2024	2025
China	94%	94%	94%
USA	69%	89%	89%

Participation rate in employee engagement surveys	2023	2024	2025
China	63%	58%	72%
USA	95%	86%	84%

Freedom of Association and Collective Bargaining (407-1)

AL Group respects and supports the rights of employees to freely associate and engage in collective bargaining where permitted by law. About one third of our operation located in China, where all permanent employees are covered by collective bargaining agreements in accordance with applicable local regulations. We maintain regular dialogues with employees to ensure open communication. The Company does not have formal collective

bargaining agreements, but continues to provide alternative channels for employee feedback, maintaining a respectful and inclusive work environment. Labor relations are overseen by the Human Resources Manager at the Company's sites.

Number of permanent employees covered by collective bargaining agreement in China	336	347	338
Women	233	238	234
Men	103	109	104
Collective bargaining coverage - Percentage of employees covered by collective agreements (out of total permanent contract employee)	100%	100%	100%

Employment Data - GRI 2-7, 2-8, 102-8, 102-41, 401-1

Topic	2023	2024	2025
Number of employees hired on a <u>permanent contract</u>	1,176	1,249	1,301
Women	820	869	898
Men	356	380	403
Number of employees hired on a <u>temporary contract</u>	73	81	75
Women	41	42	39
Men	32	39	36
Number of employees working full time	1234	1317	1369
Women	853	904	937
Men	381	413	432
Number of employees working part time	3	3	7
Women	0	1	0
Men	3	2	7

Note: The Company does not employ subcontracted workers at its production sites. All employees working at manufacturing facilities are directly employed by the Company, both full-time and temporary employees, ensuring consistent working conditions, oversight, and compliance with applicable labor standards and company policies.

Turnover rate - GRI 401-1	2023	2024	2025
Turnover rate	15.14	33.89	11.28
Voluntary turnover rate	9.13	16.30	4.74
Involuntary turnover rate	6.01	17.60	6.53
Bulgaria	2.5	2.8	2
China	15.2	7.8	8.1
USA	14.9	33.8	11.1
Israel	3	0	6.6

Note: the above tables do not include temporary employees

Parental Leave – GRI 401-3

Parental leave	2022	2023	2024
Total number of employees that were entitled to parental leave, by gender	29	29	28
Women	21	20	15
Men	8	9	13
Total number of employees that took parental leave, by gender	29	29	28
Women	21	20	15
Men	8	9	13
Total number of employees that returned to work in the reporting period after parental leave ended, by gender	17	20	21
Women	9	11	9
Men	8	9	12

Employee Health and Safety

AL Group is committed to safeguarding the health, safety, and wellbeing of its employees and maintaining a safe working environment across all operations. The Company operates in accordance with the **ISO 45001 standard** and OSHA in the USA site for occupational health and safety management at our leading sites and views the protection of employees as a core organizational responsibility. We continuously monitor workplace conditions, with particular attention to production lines, provide regular safety training to employees, and implement preventive measures aimed at reducing risks and preventing workplace accidents. In addition, employees at our leading sites undergo comprehensive occupational health examinations as part of the Company's commitment to safeguarding employee well-being and ensuring fitness for work.

Health examinations are conducted to assess employees' health status, identify potential risk factors, and enable early intervention aimed at preventing the progression of chronic conditions. As many chronic health processes develop gradually over time, timely detection and preventive care play an important role in supporting long-term employee well-being. For example, at our China site, the occupational health examinations include gender-specific screening programs. For women, screenings include areas such as thyroid health, breast health, gynecological conditions, vision, blood lipid levels, weight management, and urinary tract conditions. For men, screenings include areas such as liver health, prostate health, blood pressure, blood lipid levels, thyroid health, vision, weight management, and urinary tract conditions. These examinations support early detection, preventive care, and the promotion of long-term employee well-being.

All AL Group facilities maintain a comprehensive **Employee Handbook** that outlines safety rules and conduct requirements. The handbook includes mandatory compliance with safety protocols and specifies disciplinary measures for any violations, ensuring a safe and responsible work environment for all employees.

Work-related injuries – GRI 403-9

Topic	2023	2024	2025	% change
Total number of occupational accidents	11	10	13	30%
Men	7	6	8	33%
Women	4	4	5	25%
Total number of work-related travel accidents	2	2	0	-100%
Men	1	1	0	-100%
Women	1	1	0	-100%
Total number of days missed	226	430	285	-34%
Men	174	383	241	-37%
Women	52	47	44	-6%
Lost Time Incident Rate (LTIR)	4	4	5	30%
Lost Time Injury Rate (LTIR) - severity rate	0.09	0.15	0.1	-34%
Total Recordable Incident Rate (TRIR)	17	31	20	-34%
Lost time injury (LTI) severity rate - Bulgaria	0.14	0.11	0.12	
Lost time injury (LTI) severity rate - China	0	0.25	0.12	
Lost time injury (LTI) severity rate - USA	0.02	0	0	
Lost time injury (LTI) severity rate - Israel	0.2	0	0	
Near miss incidents	0	1	0	-100%
Total hours invested in safety employees training (GRI 302-5)	11,302	11,302	12,339	9%
Number of hours worked	2,622,795	2,786,390	2,795,743	0%

Note: the above table do not include temporary employees

Note: There were no known cases of work-related ill health reported in the Company's operations during the reporting period (GRI 403-10).

Occupational Safety Risk Assessment

Sixty-seven percent (67%) of our operational sites have certified safety risk assessments for the positions performed at each location. Additionally, 100% of our employees undergo safety risk assessments to ensure they are aware of potential hazards and equipped to work safely.

Employee Well-being and benefits

AL Group is committed to promoting the wellbeing of its employees and fostering a supportive and positive work environment. The Company implements work-life balance programs designed to support employees' personal and professional needs, including

flexible working arrangements such as flexible working hours and extended parental leave beyond legal requirements.

AL Group provides a wide range of benefits and support initiatives to promote employee well-being and engagement. These include transportation for workers (buses and taxis), vouchers, access to water, coffee, and medicines, as well as financial support to the families of deceased employees. Similar support is extended in the event of the death of a spouse or child of an employee.

The Company also organizes cultural and social events, such as Company Day and the New Year Party, provides school-year gifts for employees' children and university students, and recognizes outstanding contributions through annual awards for the best worker, as well as service awards for 10 and 20 years of employment.

Fostering Employee Engagement and Workplace Wellbeing in Bulgaria

At the Company's Bulgaria site, ongoing employee engagement and wellbeing initiatives are an integral part of the workplace culture, aimed at strengthening team spirit, recognition, and a sense of belonging.

Throughout the year, employees participate in a variety of cultural and celebratory activities, including recognition of international and local holidays. These initiatives include traditional celebrations such as the 1st of March holiday, International Women's Day, Valentine's Day, Chocolate Day, and Christmas, during which employees receive symbolic gifts such as bracelets, flowers, personalized items, and seasonal presents.

In addition, the site hosts annual company events, including a summer team-building day with games and shared activities, as well as a Christmas gathering featuring employee recognition awards for outstanding performance and long-term service milestones (10 and 20 years).

These activities reflect the Company's commitment to fostering a positive, inclusive, and appreciative workplace environment that strengthens employee engagement and reinforces long-term organizational culture.

Below are selected photos from various employee engagement events held throughout the year.







Health & Safety Culture and Continuous Improvement at Our U.S. Site

A.L. Industries prioritizes employee health and safety through a comprehensive safety management system. Regular training, refresher courses, workplace inspections, and hazard assessments are conducted across all facilities.

All incidents, near misses, and safety concerns are investigated to identify root causes and implement corrective actions. Safety communication is reinforced through toolbox talks, department meetings, and ongoing awareness initiatives.

The Company maintains robust PPE programs, machine safety protocols, and preventive maintenance systems to reduce workplace risks. Employees are encouraged to actively participate in identifying hazards and recommending safety improvements.

Safety performance is monitored through key indicators, including incident rates, lost-time incidents, corrective actions, and training completion. External safety consultants and insurance partners support ongoing risk management and improvement efforts.

The Company sets measurable safety and workforce development objectives, which are regularly reviewed by management. Employee feedback is also systematically evaluated to identify opportunities for further improvement.

A.L. Industries remains fully compliant with applicable labor, health, safety, and environmental regulations and promotes a culture of accountability, respect, and continuous improvement.

Through these efforts, the Company is committed to reducing workplace injuries, enhancing employee well-being, and fostering a culture where safety and continuous improvement are shared responsibilities.

Employee Development and Retention

AL Group recognizes that continuous learning and professional development are essential to employee wellbeing, operational excellence, and long-term organizational success. We are committed to providing our employees with opportunities to enhance their professional skills and broaden their knowledge beyond their immediate roles.

All our employees are provided with the necessary training and resources to ensure that they are able to perform their jobs safely and effectively. In addition, we support employees who wish to develop their skills, pursue general professional training, and participate in seminars and conferences that contribute to their personal and professional growth. In 2025, the Company invested an average of **5 training hours per employee**.

We conduct regular formal **performance reviews** for all permanent employees, aligned with **career development and professional growth**. Employee compensation is performance-based and reflects individual contributions and achievements.

AL Group provides all employees across its global sites with 100% access to training programs, mentoring opportunities, **on-the-job learning, managerial coaching**, and structured career development **and growth planning**. These initiatives are designed to enhance skills, support career progression, and facilitate smooth transitions within the organization. Employee engagement is regularly monitored through key performance indicators (KPIs) to ensure the effectiveness of training and development programs and to continuously improve workforce capabilities.

In addition, the Company organizes team-building events that strengthen employee engagement, enhance workplace culture, and contribute to a sense of belonging and collaboration across the organization.

Training and Education – GRI 404

Number of training hours by level and gender	2023	2024	2025
Women senior managers	178	216	229
Women middle managers	583	661	572
Women non-managers	13,274	15,724	14,912
Total number of training hours for women	14,322	17,044	16,321
Men senior managers	317	414	453
Men middle managers	801	755	795
Men non-managers	4,865	5,476	5,295
Total number of training hours for men	6,160	6,950	6,982
Total number of training hours for all employees	20,482	23,994	23,303
Average hours of training per year per employee (GRI 404-1)	17	19	18

Average hours of training per year per employee (GRI 404-1)	2023	2024	2025
Bulgaria	20	20	20
China	12	16	13
USA	8	11	11
Israel	10	12	12

Employees receive an average of **18** training hours per year.

Employee Performance Reviews - Number of employees that received a formal performance review during the year, by level and gender			
Women senior managers	9	9	10
Women middle managers	43	46	44
Women non-managers	765	816	838
Men senior managers	19	20	20
Men middle managers	53	56	58
Men non-managers	291	319	334
Percentage of employees receiving regular performance and career development reviews (GRI 404-3)	100%	100%	100%

Note: The U.S. data includes temporary workers; therefore, the reported coverage exceeds 100%

All employees across all sites undergo a performance review process.

People Spotlight: Investing in Employee Growth and Development in China

At the Company's site in China, employee development is viewed as a key driver of both individual success and organizational performance. Through a combination of training, career development, and employee engagement initiatives, the site fosters a culture of continuous learning and professional growth.

During the year, employees participated in a wide range of training programs, including onboarding sessions for new hires, quality and compliance training, first aid courses, and other role-specific development opportunities. In addition, annual team-building activities help strengthen collaboration, engagement, and a shared sense of purpose across the workforce.

The Company invested more than **5,000 training hours** during the year, supporting employees in developing the skills and capabilities needed to succeed in their current and future roles. All employees participate in regular **performance and career development reviews**, ensuring ongoing dialogue regarding performance, development opportunities, and career aspirations.

Recognizing employee contributions is an important part of the site's culture. During the annual employee event, outstanding employees are recognized for their achievements, dedication, and commitment to excellence, celebrating the individuals who make a meaningful contribution to the Company's success.

These efforts contribute to a highly engaged workforce, reflected in a **94% employee satisfaction rate** in the annual employee survey. Together, these initiatives demonstrate the Company's commitment to creating a supportive, inclusive, and empowering workplace where employees can learn, grow, and thrive.



In the photos: Team building activities



In the photos: First aid and quality training



In the photo: Onboarding training for new employees



In the photo: Recognizing employee contributions during the annual employee event

Diversity and Inclusion

AL Group is committed to fostering a diverse, inclusive, and respectful workplace, while upholding the highest standards of economic, social, and environmental responsibility through strong business ethics and sound corporate governance practices. We believe that promoting diversity and equal opportunities supports the expectations of our stakeholders, addresses the needs of our customers, contributes positively to the communities in which we operate, and protects the rights and wellbeing of our employees.

In 2025, **women represent 69%** of the Company's total workforce, reflecting our commitment to equal employment opportunities and an inclusive organizational culture. (GRI 405-1)

In addition, Women hold **33% of top management positions** across the Group's subsidiaries, reflecting the Company's commitment to diversity and inclusive leadership.

No gender pay gaps have been identified across the Company based on average salaries for men and women, except for a minor gap observed at our U.S. site. (GRI 405-2)

Gender and Age Diversity – GRI 405

Gender and Age Diversity	2023	2024	2025
Total employee senior managers	28	28	30
Total employee middle managers	88	93	98
Total employee non-managers	1,059	1,127	1,172
Women senior managers	9	9	10
Women middle managers	39	42	45
Women non-managers	767	827	841
Total senior managers - under age 30	0	0	0
Total senior managers - age 30-50	19	19	21
Total senior managers age - age 50 and up	9	9	9
Total middle managers - under age 30	4	4	4
Total middle managers - age 30-50	63	67	68
Total middle managers - age 50 and up	21	22	23
Total non-managers - under age 30	97	102	129
Total non-managers age 30-50	526	574	596
Total non-managers - age 50 and up	433	448	453
Total employees - under age 30	104	109	133
Total employees age 30-50	607	659	682
Total employees - age 50 and up	464	480	485

Number of employees from minority groups, by level and gender	2023	2024	2025
Women senior managers	0	2	2
Women middle managers	4	2	2
Women non-managers	17	26	36
Men senior managers	2	2	2
Men middle managers	1	1	3
Men non-managers	18	21	18
Total	42	54	63

Number of employees with disabilities, by level and gender			
Women senior managers	0	0	0
Women middle managers	0	0	0
Women non-managers	16	19	28
Men senior managers	0	0	0
Men middle managers	2	2	2
Men non-managers	15	15	14
Total	33	36	44

	2023	2024	2025
Percentage of workers from minority groups and/or vulnerable workers from total workforce	6%	7%	8%

Minority Employment

AL Group promotes the employment of individuals from minority populations, in line with the specific demographic characteristics of each country in which it operates. The majority of employees from minority groups are based in the United States. The Group also employs individuals with disabilities, who are primarily based at the Company's Bulgaria site. Overall, approximately **8%** of its total workforce consists of individuals from minority groups and people with disabilities.

Workforce Development & Employee Empowerment at Our U.S. Site

A.L. Industries is committed to strengthening its workforce through continuous development, inclusion, and employee support initiatives. The Company has implemented a formal mentorship program to support leadership development and career growth, alongside expanded training programs covering safety, quality, ethics, and leadership skills. To support a diverse workforce, English as a Second Language (ESL) resources are provided to enhance communication and professional development. The Company also

maintains strong partnerships with workforce reintegration, rehabilitation, and diversion programs, offering employment opportunities to individuals reentering the workforce. Employee engagement is further strengthened through town halls, recognition programs, attendance incentives, and ongoing communication with management. In addition, the Employee Assistance Program (EAP) and community-based support initiatives provide employees and their families with access to childcare, financial guidance, back-to-school programs, and other essential resources.

Positive impacts on Local Communities

AL Group is committed to contributing positively to the communities in which it operates. We support community outreach initiatives and provide donations to social causes, recognizing our responsibility to give back and promote social wellbeing. The Company regularly supports local charities and organizations dedicated to improving the lives of individuals and families in need. In addition, we encourage our employees to participate in volunteer activities, strengthening community engagement and fostering a culture of social responsibility.

We maintain open communication and positive relationships with the communities surrounding our facilities and remain committed to responsible operations that support community wellbeing.

Community Spotlight: Turning Employee Engagement into Community Impact

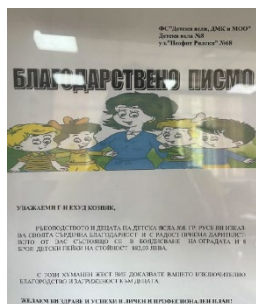


At the Company's site in China, employees have been leading an annual charity sale initiative that demonstrates the power of collective action and community engagement. Each year, the Company contributes products to the event, while employees volunteer their time and effort to organize and run the sale.

The initiative has become a valued tradition, bringing employees together around a shared purpose and strengthening ties with the local community. All proceeds from the sale are directed to charitable and community-focused causes, helping to generate a lasting positive impact where it is needed most.

By combining corporate support with employee volunteerism, the initiative reflects the Company's commitment to contributing to the communities in which it operates and creating value beyond the workplace.

Community Spotlight: on AL Bulgaria's Community Engagement



As part of AL Group's social responsibility initiatives, employees volunteered their time and effort to support a local childcare facility (Детска ясла №8, гр. Русе). Their contributions included painting and restoring outdoor areas and providing eight children's benches. This initiative was entirely employee-driven and conducted outside of regular work duties, demonstrating the Company's commitment to community wellbeing and employee engagement.

In the photo: An appreciation letter acknowledging the positive impact of the volunteer efforts on the children and the local community.

Community Spotlight: Strengthening Local Communities in Israel

At the Company's site in Israel, community engagement is an integral part of the site's culture, with employees actively participating in a range of initiatives that support local communities, youth development, and agricultural resilience.

Employees take part in collecting and donating clothing and toys to those in need, supporting local distribution centers and ensuring essential items reach vulnerable populations.

In support of youth empowerment and education, the Company contributed a donation of **\$6,000** to a local youth education and empowerment association, helping to advance programs that promote learning opportunities and social inclusion. In addition, employees engage with children at enrichment centers, participating in educational and recreational activities that foster learning, creativity, and social connection, including support for children with special needs.

The site also promotes hands-on community involvement through agricultural volunteering activities in local kibbutzim, where employees assist farmers with seasonal planting activities. These initiatives reflect the Company's commitment to supporting local agriculture and strengthening community ties.

Together, these initiatives demonstrate a strong and consistent commitment to community support, combining financial contributions, employee volunteerism, and hands-on engagement to create meaningful local impact.



In the photo: members of the Customer Relations team volunteered at a clothing distribution center, assisting with sorting and distribution activities



In the photo: the Company's COO volunteered at a local youth education and empowerment association



In the photo: the Company's CEO and CTO participating in agricultural volunteering activities

Community Spotlight: Strengthening Local Communities Around Our U.S. Site

AL Group's community engagement is focused on the local communities surrounding its U.S. site, where employees actively participate in a range of social impact initiatives. Over the years, employees have been recognized with awards for outstanding community service, highlighting the Company's culture of engagement and volunteerism. Team-building activities such as potluck lunches further strengthen internal connections while promoting a sense of shared community.

The Company actively supports disaster relief efforts, including a dedicated hurricane relief program, providing both financial assistance and hands-on support to affected communities. Employees also participate in regular street clean-up initiatives, contributing to the improvement and well-being of local neighborhoods.

In addition, AL Group organizes employee engagement events such as toy drives, helping to bring joy and support to children and families in need during the holiday season.



Community Investment	2023	2024	2025
Total donations (in \$)	7,639	14,523	17,412
Total employee volunteering (in hours)	324	1,136	1,410

The Company's community contributions have steadily increased in recent years, reflecting a growing commitment to social impact. Between 2023 and 2025, financial donations increased by **128%**, while employee volunteer hours grew by **335%**.

Consumers' Health and Safety

AL Group is committed to producing and marketing high-quality, safe, and reliable products. We operate in accordance with **the ISO 9001 quality management standard, ISO 14001 and ISO 45001**, ensuring consistent quality and continuous improvement across all processes. We strive to ensure that our products meet the highest standards of quality and safety while delivering excellent customer service. Product liability is managed through individual contracts with our customers and **intellectual property declarations for each product**. We are dedicated to providing timely, accurate, and professional responses to all customer inquiries.

In designing and manufacturing our filters, we prioritize **durability, recyclability, and minimization of environmental impact throughout their lifecycle**, including the use of sustainable packaging materials. In addition, we actively optimize our filter packaging to **reduce shipping volume** and associated carbon emissions across the global supply chain. These initiatives support our commitment to circular economy principles and sustainable resource management.

AL Group also provides clear information regarding the environmental attributes of its products and collaborates with customers to promote proper disposal and recycling of filters, ensuring both consumer safety and environmental responsibility. The Company's products are covered by an IMDS Material Data Sheet (MDS). (GRI 417-1)

AL Group designs filtration products with extended lifetime and provides detailed instructions for efficient use, storage and maintenance to reduce replacement frequency and waste. We ensure material compliance with REACH regulations and select raw materials that minimize hazardous substances, thereby reducing environmental and health impacts during product use.

Filtering for Integrity and Trust

Our Governance Material Topics and Targets:

Material Topic	Target
Corporate governance – BOD and Leadership Team	ESG matters will be discussed at least annually by the Board of Directors and twice annually by the Leadership Team.
Ethics and compliance (ABAC)	100% of relevant employees will receive annual Anti-Bribery and Anti-Corruption (ABAC) training.
Data and cyber security	100% of critical suppliers will undergo a cybersecurity risk assessment.
Responsible supply chain	By 2030, 100% of high-risk suppliers will undergo periodic ESG assessment and/or audit.

Ethics & Integrity in Business Practices

At AL Group, we recognize that sustainable and profitable business operations go hand in hand with our responsibility to act ethically, protect the environment, promote public health, and ensure safety. We are committed to fostering trust with our customers, partners, employees, and the broader community through a comprehensive ethical framework, robust governance structures, and vigilant policies that guide responsible decision-making across all levels of the organization.

AL Group operates in accordance with a [Code of Ethics](#), which is embedded across the organization through employee training and a formal acknowledgment and signature process. New employees receive training on the Code of Ethics as part of their onboarding process, and all employees receive annual refresher training to reinforce awareness and understanding of its principles.

Whistleblowing Mechanism

The Company maintains an operational whistleblowing mechanism, including a publicly available policy and an [online reporting form](#) accessible to all stakeholders. During the reporting period, no whistleblower reports were submitted.

AL Group had **no legal proceedings** associated with anti-competitive behavior, anti-trust, false marketing communications or labeling claims (GRI 206-1, 407-2,3)

Prevention of Bribery and Corruption

AL Group maintains a strict zero-tolerance approach to bribery and corruption. This commitment is embedded in the Company's [Anti-Bribery and Anti-Corruption Policy](#) and supporting procedures governing gifts and hospitality, charitable contributions, interactions with third parties, and standards of employee conduct.

The Company is committed to upholding the highest standards of integrity and ethical business practices. Bribery or corruption of any form is strictly prohibited in all jurisdictions in which the Company operates, regardless of local customs, practices, or business norms. **AL Group does not provide donations to private individuals, political parties, political or religious organizations, or sports organizations, and ensures that all permitted contributions are made in accordance with applicable laws and internal approval processes.**

To effectively manage bribery and corruption risks, the Company conducts periodic risk assessments to identify potential exposure areas and implements appropriate mitigation measures. The policy is communicated to employees and relevant business partners, and expectations for ethical conduct are clearly defined.

Oversight of the Anti-Bribery and Anti-Corruption framework is led by the Company's Compliance Officer. Employees and stakeholders are encouraged to raise concerns through multiple reporting channels, including direct communication with their manager, the Compliance Officer, or through the Company's whistleblowing procedure and [reporting form](#) available on the Company's website.

Engagement in bribery or corruption, including indirect facilitation or support, may result in disciplinary action, termination of employment or business relationships, and may expose individuals and entities to significant legal penalties, including fines and imprisonment.

During 2024–2025, no confirmed corruption incidents were recorded across the Company's operations. (GRI 205-3)

In 2025, the majority of employees completed Anti-Bribery and Anti-Corruption (ABAC) training.

Conflicts of Interest Prevention

AL Group has established clear policies and procedures to prevent and manage conflicts of interest across all levels of the organization. Employees and executives are required to disclose any potential conflicts, ensuring transparency and integrity in decision-making and safeguarding the Company's ethical standards.

As part of the employee onboarding process, all sites provide training on the Company's policies and procedures, including ethics, anti-corruption, and conflict of interest prevention.

AL Group's Directors and Senior Management

At AL Group, the highest governance body oversees the management of environmental, social, and economic impacts across the organization, ensuring alignment with corporate strategy, policies, and ESG commitments. Responsibility for managing specific impacts is delegated to dedicated management teams and operational leaders, who implement relevant policies, monitor performance, and report progress to the governance body on a regular basis.

50% of board members are women (GRI 405-1)

Executive/Senior Management

AL Group's executive management team comprises eight members, including one woman (12.5%).

The majority of AL Group's senior management, including management teams at its various operating sites, are members of the local communities in which the Company operates.

Overall, **93% of senior management are locally based**, including **100% in Israel, 67% in the United States, and 89% in Bulgaria and China.**

Name	Age	Position	Experience
Boaz Roseman	64	Chief Executive Officer	Boaz holds an EMBA in Business Management specializing in Strategy from the Hebrew University of Jerusalem. Boaz brings over 15 years of experience in industrial global management and held several high level positions the most recent of which as Director of the fiber division at Nilit Ltd. He specializes in operational excellence, introducing innovation and streamlining the supply chain to balance the needs of customers with the capacity and ability of the company.
Sivan Levy Shamir	45	VP Sales & Marketing	Sivan holds a bachelor's degree in economics and an Executive MBA from Ben-Gurion University. Sivan joined AL Group in 2006, and since then, she has successfully led multiple aspects of the organization, including the Sales and Marketing department of the EMEA region. Her tenure has been marked by substantial contributions, leveraging invaluable experience to perfectly prepare her for the role of Vice President of Sales & Marketing.
Asaf Britchner	47	Chief Financial Officer	Asaf serves as Chief Financial Officer, since 2018. Prior to this position, Asaf has successfully filled the role of Corporate Financial Controller for 6 years, he has an extensive hands-on experience in the finance field and in global enterprises. Asaf holds a B.A. in Business Management from the College of Management and is a Certified Public Accountant.
Avi Pollak	69	Chief Technology Officer	Avi is AL Group's CTO. He has extensive experience in product and production equipment development for the semiconductor, medical and automation industries. Avi holds a B.Sc. degree in Mechanical Engineering as well as a M.Sc. degree in System Engineering from the Technion, the Israeli Institute of Technology

Roe Hamtzany	43	Chief Information Officer	Roe joined AL Group in 2019 and is responsible for developing, upgrading, and maintaining all group's ERP, information and cataloging systems. He holds a BA in Economics from Haifa University and has over 15 years of experience in IT management and applications integration in various industrial companies.
Yanni Gingihashvili	43	COO "Avvir" & Operational Excellence	Yanni joined AL Group in 2014 with 14 years of experience in operations and product management, he brings a unique blend of technical and business knowledge to the table. Yanni holds a BA in Industrial Management and Practical Engineering in Biotechnology.
Itsik Levy	48	VP of Research and Development	Itsik has B.Sc. in Mechanical Engineering from Ben Gurion University. He joined AL Group in 2010 and holds 20 years of experience in the automotive industry. Before working at AL Group, Itsik worked in a startup company developing a solution for Hydrogen engines.
Maor Beerli	44	VP Engineering	Maor is the V.P. of Engineering and has been working for AL Group since 2014. He holds a B.Sc. in Mechanical Engineering. With over 12 years of experience in diverse industries, Maor brings best-practice experience in implementing new technologies.

Compensation Policy

AL Group maintains a transparent and performance-based compensation policy designed to attract, retain, and motivate employees while aligning their incentives with the Company's strategic objectives. The Company maintains an incentive program that provides bonuses based on the achievement of individual, departmental, and organizational performance targets. Remuneration policy is regularly reviewed to ensure fairness, competitiveness, and compliance with applicable laws and regulations, supporting both individual and organizational performance.

Risk Management

AL Group maintains a robust risk management framework to identify, assess, and mitigate operational, financial, environmental, and social risks. Regular monitoring and reporting ensure that risks are effectively managed and that the Company remains resilient and compliant with applicable laws and regulations.

As part of its risk management process, AL Group conducts risk assessments covering key financial and business-related risks, including changes in international trade requirements, taxation, and supply chain security. The Company also assesses the potential impacts of

emerging technologies and evolving market trends on its business, including the growing adoption of electric vehicles and increasing demand for solutions addressing indoor air quality. These assessments support the identification of potential risks and opportunities and inform the Company's business planning and strategic decision-making.

Privacy Protection and Information Security

We are committed to managing information security in alignment with our comprehensive policy that covers key areas such as roles and responsibilities, information management within the company, physical security, data protection and access control, human resources security, communication and operational protection, network security, and safeguards against cybercrime. Additionally, the policy includes business continuity measures. Information security at AL Group is overseen by a dedicated Information Systems Manager, supported by external consultants with specialized expertise in the field. It plays a pivotal role in driving these efforts and ensuring their alignment with organizational goals.

Our approach to information security, embraced by the entire information systems team and senior management, is rooted in full commitment and investment in industry standards and budgets. We also recognize the importance of integrating innovative tools and monitoring systems to protect organizational assets and ensure business continuity.

AL Group implements a comprehensive information security framework designed to protect Company and third-party data from unauthorized access, disclosure, or loss. Internal IT security risk assessments are conducted regularly to identify and address potential vulnerabilities.

The Company has implemented multiple security controls across its operations, including multi-factor authentication, secure device management through Microsoft Intune and Entra, endpoint detection and response (EDR) protection, secure access controls, and daily data backups with off-site replication. These measures are documented and monitored by the IT department and form an integral part of the Company's internal information security management system.

In addition, employees receive regular training on data protection and information security topics to promote awareness and ensure responsible handling of sensitive information.

During 2024–2025, no confirmed information security incidents were recorded across the Company's operations. (GRI 418-1)

Intellectual Property Management

AL Group manages intellectual property through two complementary approaches: protecting the intellectual property rights of others and safeguarding the Company's own intellectual property. As part of its product development process, the Company assesses new products and technologies to identify and mitigate potential patent infringement risks. At the same time, the Company protects its proprietary innovations through appropriate intellectual property registrations, including patents and trademarks covering its products, technologies, and brands.

Responsible Supply Chain and Procurement Management

AL Group recognizes that sustainable procurement is essential for both a healthy planet and a thriving business. We follow our [Responsible Procurement Policy](#), published in March 2024, to guide our sourcing practices and supplier engagement.

AL Group communicates its Procurement Policy to suppliers and encourages them to acknowledge and adhere to its principles. **More than 50% of the Company's suppliers have formally acknowledged the Policy.**

We encourage our suppliers to join us in our environmental commitment and to implement initiatives that reduce their environmental impacts. AL Group collaborates closely with suppliers to identify more sustainable materials and improved work methods. Additionally, we invest in research and development to promote innovative and sustainable sourcing solutions, while supporting our suppliers in adopting these practices.

AL Group's due diligence process for suppliers include environmental and ethical requirements, supplier performance evaluations, and annual monitoring.

AL Group aspires to evaluate 100% of its material suppliers on their performance and commitment to environmental sustainability. Comprehensive environmental self-assessments are conducted at the site level for all potential suppliers, and we will continue to diversify our supplier base to mitigate supply chain risks. Special emphasis is placed on selecting certified suppliers who ensure the safe handling, treatment, and disposal of hazardous materials throughout the supply chain. This is in addition to ensuring that supplied materials comply with REACH, SVHC limits, Annex XVII restrictions, POPs requirements, and the RoHS Directive, supporting AL Group's ongoing efforts to reduce hazardous substances.

Contracts with our suppliers clearly define AL Group's environmental expectations and requirements and include specific environmental performance targets that suppliers are asked to meet.

Key suppliers provide ESG-related information and reporting, and the Company collects emissions data from its filter media suppliers, which provide the primary component used in the Company's products. This information supports the Company's efforts to assess and manage sustainability impacts across its supply chain.

In addition to environmental considerations, the Company evaluates its suppliers to ensure compliance with fundamental labor and human rights standards, including the prohibition of child labor and the protection of workers' rights throughout its supply chain.

Proportion of spending on local suppliers (GRI 204-1)

AL Group is committed to supporting local and regional procurement where feasible.

Approximately **80% of procurement in China is sourced locally, approximately 70% of procurement in Bulgaria is sourced from suppliers within Europe, and approximately 50% of procurement in the United States is sourced locally.** The Company seeks to maintain and strengthen local and regional sourcing as part of its responsible procurement approach.

About this report

This is the first sustainability report of AL Group, reflecting our commitment to responsible business practices and creating a positive impact on people and the environment.

This report covers the period from January 1, 2024, to December 31, 2025, with reference to GRI Standards 2021. Over 90% of our production takes place in our own factories in Bulgaria and China; however, we report on all our production sites and the Group's headquarters. We plan to expand our reporting scope, indicators, and policies in the future.

This ESG Report was prepared with the professional assistance of Sher Consulting & Training Ltd., a member of the Mérieux NutriSciences Group, and Orit Braverman of ArioZ Ltd.

Although it has not been externally verified, we conducted internal and third-party reviews to ensure the accuracy and reliability of the data to the best of our knowledge. Still, as with any document, there may be estimates, inaccuracies, or omissions.

AL Group is not liable for unknown inaccuracies, and no party may rely on this document as a sole reference. In case of discrepancies, the company's official public reports shall prevail by law.

This report includes forward-looking statements and estimates based on current assessments, which may differ due to uncertainties beyond the company's control. Forward-looking information is not definitive, and the company is not obligated to update it post-publication.

We value feedback from our stakeholders and encourage you to share insights or suggestions regarding this report. Please direct your feedback to Avi Pollak:

avip@algroup.com



GRI Index Table

GRI Standard	Disclosure	Location in the report
GRI 2: General Disclosures 2021	2-1 Organizational details	'About AL Group' chapter
	2-2 Entities included in the organization's sustainability reporting	'About AL Group' chapter
	2-3 Reporting period, frequency and contact point	This is AL Group's first sustainability report for 2024-2025 (January 1, 2024 to December 31, 2025).
	2-4 Restatements of information	N/A - as this is AL Group's first report
	2-5 External assurance	N/A
	2-6 Activities, value chain and other business relationships	'About AL Group' chapter
	2-7 Employees	'Filtering for People and Communities' chapter
	2-8 Workers who are not employees	'Filtering for People and Communities' chapter
	2-9 Governance structure and composition	'Filtering for Integrity and Trust' chapter
	2-10 Nomination and selection of the highest governance body	'Filtering for Integrity and Trust' chapter
	2-11 Chair of the highest governance body	'Filtering for Integrity and Trust' chapter
	2-12 Role of the highest governance body in overseeing the management of impacts	'Filtering for Integrity and Trust' chapter
	2-13 Delegation of responsibility for managing impacts	'Filtering for Integrity and Trust' chapter
	2-14 Role of the highest governance body in sustainability reporting	'Filtering for Integrity and Trust' chapter
	2-15 Conflicts of interest	'Filtering for Integrity and Trust' chapter
	2-16 Communication of critical concerns	'Filtering for Integrity and Trust' chapter
	2-17 Collective knowledge of the highest governance body	'Filtering for Integrity and Trust' chapter
	2-18 Evaluation of the performance of the highest governance body	'Filtering for Integrity and Trust' chapter
	2-19 Remuneration policies	'Filtering for Integrity and Trust' chapter

GRI Standard	Disclosure	Location in the report
	2-20 Process to determine remuneration	'Filtering for Integrity and Trust' chapter
	2-21 Annual total compensation ratio	'Filtering for Integrity and Trust' chapter
	2-22 Statement on sustainable development strategy	'About AL Group' chapter > Our Sustainability Approach
	2-23 Policy commitments	'Filtering for Integrity and Trust' chapter
	2-24 Embedding policy commitments	'Filtering for Integrity and Trust' chapter
	2-25 Processes to remediate negative impacts	'Filtering for Integrity and Trust' chapter
	2-26 Mechanisms for seeking advice and raising concerns	'Filtering for Integrity and Trust' chapter
	2-27 Compliance with laws and regulations	'Filtering for Integrity and Trust' chapter
	2-29 Approach to stakeholder engagement	'About AL Group' chapter > Stakeholder Dialogue
	2-30 Collective bargaining agreements	'Filtering for People and Communities' chapter > Social dialogue
GRI 3: Material Topics 2021	3-1 Process to determine material topics	'About AL Group' chapter > Our Sustainability Approach
	3-2 List of material topics	'About AL Group' chapter > Our Sustainability Approach
	3-3 Management of material topics	Detailed in the introduction to each material topic in the report itself
GRI 102: Emissions 2025	102-1 Transition plan for climate change mitigation	'Filtering for a Better Planet' chapter
	102-4 GHG emissions reduction targets and progress	'Filtering for a Better Planet' chapter
	102-5 Scope 1 GHG emissions	'Filtering for a Better Planet' chapter
	102-6 Scope 2 GHG emissions	'Filtering for a Better Planet' chapter
	102-7 Scope 3 GHG emissions	'Filtering for a Better Planet' chapter
	102-8 GHG emissions intensity	'Filtering for a Better Planet' chapter
GRI 103: Energy 2025	103-1 Energy policies and commitments	'Filtering for a Better Planet' chapter
	103-2 Energy consumption and self-generation within the organization	'Filtering for a Better Planet' chapter
	103-3 Upstream and downstream energy consumption	'Filtering for a Better Planet' chapter
	103-4 Energy intensity	'Filtering for a Better Planet'

GRI Standard	Disclosure	Location in the report
		chapter
	103-5 Reduction in energy consumption	'Filtering for a Better Planet' chapter
GRI 301: Materials 2016	301-1 Materials used by weight or volume	'Filtering for a Better Planet' chapter
	301-2 Recycled input materials used	'Filtering for a Better Planet' chapter
	301-3 Reclaimed products and their packaging materials	'Filtering for a Better Planet' chapter
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	'Filtering for a Better Planet' chapter
	303-2 Management of water discharge-related impacts	'Filtering for a Better Planet' chapter
	303-3 Water withdrawal	'Filtering for a Better Planet' chapter
	303-4 Water discharge	'Filtering for a Better Planet' chapter
	303-5 Water consumption	'Filtering for a Better Planet' chapter
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	'Filtering for a Better Planet' chapter
	306-2 Management of significant waste-related impacts	'Filtering for a Better Planet' chapter
	306-3 Waste generated	'Filtering for a Better Planet' chapter
	306-4 Waste diverted from disposal	'Filtering for a Better Planet' chapter
	306-5 Waste directed to disposal	'Filtering for a Better Planet' chapter
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	'Filtering for Integrity and Trust' chapter
	308-2 Negative environmental impacts in the supply chain and actions taken	'Filtering for Integrity and Trust' chapter
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	'Filtering for People and Communities' chapter
	202-2 Proportion of senior management hired from the local community	'Filtering for Integrity and Trust' chapter
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	'Filtering for Integrity and Trust' chapter
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	'Filtering for Integrity and Trust' chapter

GRI Standard	Disclosure	Location in the report
	205-2 Communication and training about anti-corruption policies and procedures	'Filtering for Integrity and Trust' chapter
	205-3 Confirmed incidents of corruption and actions taken	'Filtering for Integrity and Trust' chapter
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	'Filtering for Integrity and Trust' chapter
GRI 206: Anti-competitive Behavior 2016		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	'Filtering for People and Communities' chapter
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	'Filtering for People and Communities' chapter
	401-3 Parental leave	'Filtering for People and Communities' chapter
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	'Filtering for People and Communities' chapter
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	'Filtering for People and Communities' chapter
	403-2 Hazard identification, risk assessment, and incident investigation	'Filtering for People and Communities' chapter
	403-3 Occupational health services	'Filtering for People and Communities' chapter
	403-4 Worker participation, consultation, and communication on occupational health and safety	'Filtering for People and Communities' chapter
	403-5 Worker training on occupational health and safety	'Filtering for People and Communities' chapter
	403-6 Promotion of worker health	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	'Filtering for People and Communities' chapter
	403-8 Workers covered by an occupational health and safety management system	'Filtering for People and Communities' chapter
	403-9 Work-related injuries	'Filtering for People and Communities' chapter
	403-10 Work-related ill health	'Filtering for People and Communities' chapter
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	'Filtering for People and Communities' chapter
	404-2 Programs for upgrading employee skills and transition assistance programs	'Filtering for People and Communities' chapter

GRI Standard	Disclosure	Location in the report
	404-3 Percentage of employees receiving regular performance and career development reviews	'Filtering for People and Communities' chapter
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	'Filtering for People and Communities' chapter
	405-2 Ratio of basic salary and remuneration of women to men	'Filtering for People and Communities' chapter
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	'Filtering for People and Communities' chapter
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	'Filtering for People and Communities' chapter
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	'Filtering for People and Communities' chapter
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	'Filtering for People and Communities' chapter
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	N/A
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	'Filtering for People and Communities' chapter
	413-2 Operations with significant actual and potential negative impacts on local communities	'Filtering for People and Communities' chapter
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	'Filtering for Integrity and Trust' chapter
	414-2 Negative social impacts in the supply chain and actions taken	'Filtering for Integrity and Trust' chapter
GRI 415: Public Policy 2016	415-1 Political contributions	'Filtering for Integrity and Trust' chapter
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	'Filtering for People and Communities' chapter
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	'Filtering for People and Communities' chapter

GRI Standard	Disclosure	Location in the report
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	'Filtering for Integrity and Trust' chapter
	417-2 Incidents of non-compliance concerning product and service information and labeling	'Filtering for Integrity and Trust' chapter
	417-3 Incidents of non-compliance concerning marketing communications	'Filtering for Integrity and Trust' chapter
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	'Filtering for Integrity and Trust' chapter