



NOGA
Israel
Independent
System
Operator

2025 ESG Report

Table of contents



04

Opening remarks

- 04** Message from the Chairman of the Board of Directors
- 06** Message from the CEO
- 08** Message from the Director of ESG, Sustainability and Environment

10

About the Company

- 18** The electricity sector in Israel
- 28** Noga's spheres of activity
- 48** Corporate Responsibility management strategy

60

Environmental quality and climate

- 63** Compliance with environmental regulations
- 64** Resource management and impacts on internal operations

70

Human capital

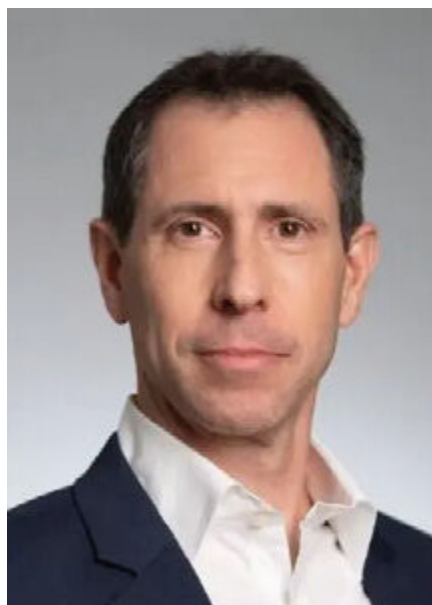
- 72** Our human capital
- 83** Community involvement
- 84** Occupational health and safety
- 84** Smart information management: innovation and technology

90

Ethics and corporate governance

- 92** Ethics
- 96** Risk management
- 102** Corporate governance
- 105** About this report
- 106** GRI Index

Message from the Chairman of the Board of Directors



Adv. Tal Basechess

Noga is responsible for the stable, reliable and responsible management of Israel's electricity sector in routine times and during emergencies. The Company's second sustainability report reflects how we understand this responsibility: as a professional, civic and moral commitment to the economy, to the environment and to the future of the State of Israel.

This responsibility requires us to maintain functional continuity and energy security and concurrently, to promote a more advanced, more efficient and cleaner electricity sector. For us, sustainability is not a separate objective, but rather, is an integral part of the responsible management of critical national infrastructure.

These courses of action also rely on solid ethical and managerial infrastructure – good corporate governance, transparency, integrity and a commitment to high standards. This report reflects this commitment and our desire to continue improving and fulfilling the profound responsibilities entrusted to us.

Above all, this report is a testament to Noga's people – professional, dedicated and ethical employees who come to work every day with a sense of mission and deep commitment. Thanks to them, Noga is continuing to manage the electricity sector responsibly and to work tirelessly for a sustainable future for the State of Israel and its citizens.

Sincerely,

Adv. Tal Basechess
Chairman of the Board of Directors

The Company's second sustainability report reflects how we understand this responsibility: as a professional, civic and moral commitment to the economy, to the environment and to the future of the State of Israel

Message from the CEO



Shiki Fischer

I am proud to present Noga's second Corporate Responsibility Report to you, for the year 2025. The publication of this report, which continues the tradition of transparency that we began last year, is a testament to our deep commitment to managing a sustainable electricity sector while balancing between short-term needs and a long-range vision. For us, Corporate Responsibility is not merely an objective – it serves as our ethical compass that guides our routine professional activities.

2025 will be remembered as a significant milestone – a year of challenges and breakthroughs for the Israeli energy sector and for Noga. During a period of both complex security challenges and extreme climate changes, we proved that the resilience of Israel's electricity system is the outcome of meticulous planning, technological innovation and an uncompromising commitment to ensuring reliable electricity supply.

As a young company still in the midst of development and organizational growth processes, we invest considerable resources in building stable management infrastructure and shaping our identity as the professional entity leading the electricity sector in Israel. As a developing company, we can leverage flexible thinking and dynamism, which are critical in the face of the accelerated changes in the energy sector.

This organizational development goes hand in hand with progress towards achieving Israel's renewable energy goals. For the first time last year, we recorded an historic achievement: more than 15% of Israel's electricity was generated from renewable sources. Crossing this threshold is a testament to joint efforts but, for us, it is only the beginning. The goal of achieving 30% renewable energy by 2030 requires us to launch innovative initiatives and, to this end, we are now implementing measures

to expand both energy storage infrastructure and the power grid – the real key to reducing Israel's greenhouse gas emissions.

Alongside transitioning to renewable energy, our primary responsibility is to maintain energy security as a supreme value. The functioning of the electricity sector under conditions of uncertainty and ongoing pressure is a national success story. We maintained continuous electricity supply even in times of peak demand and security threats. We also maintained full stable electricity supply during 2025, when Israel broke its all-time record for electricity consumption and while extreme weather events became more prevalent.

We harness technologies to overcome these operational and environmental challenges and serve consumers. Our vision is to become a leading data- and AI-based technological entity. This year, we also implemented AI systems enabling us to manage power grid loads and support competition in the electricity market.

However, beyond our technologies and infrastructures, Noga's beating heart is its human capital. As Israel's electricity system administrator, we rely on unique

expertise and the highest standards of professionalism. Therefore, we prioritize employee development, well-being and safety and invest in providing advanced training programs and supportive and inclusive work environments. We are cognizant of the fact that Noga's strength derives from our dedicated professionals who operate our advanced technologies.

In conclusion, this report elaborates on our commitment and activities pertaining to Corporate Responsibility, which form a central pillar of our organizational identity. We will continue to take action to maintain the delicate balance between supply reliability, environmental protection and fair costs to consumers, while maintaining full transparency and good corporate governance.

I extend my heartfelt gratitude to Noga's dedicated employees, who work around the clock to ensure the continuity of energy supply to all residents of Israel. Together, we will continue to lead Israel's electricity sector towards a more advanced, reliable and sustainable future.

Sincerely,

During a period of both complex security challenges and extreme climate changes, we proved that the resilience of Israel's electricity system is the outcome of meticulous planning, technological innovation and an uncompromising commitment to ensuring reliable electricity supply

Shiki Fischer, Acting CEO and Chief Operating Officer

Message from the Director of ESG, Sustainability and Environment



Dr. Eidit Handelsman Benory

Dear partners,

The publication of Noga's second Corporate Responsibility Report is a moment of professional pride and a tangible expression of our perseverance on the road to sustainability. Our first report laid the foundations and presented our ESG policy, while this report already presents our actual progress and specifies our sustainability strategy and objectives.

In this report, we decided to focus on two core strategic pillars of our national responsibility: accelerating the integration of renewable energies and smart climate risk management.

We see the integration of renewable energies not merely as a government goal, but also as our environmental and social mission. Our ability to manage the electricity system based on decentralized and variable sources is today's big challenge. This year, in addition to achieving our performance targets, we invested in developing tools to manage system flexibility and in removing infrastructural obstacles, out of the understanding that transitioning to

clean energy is the main driver for reducing the carbon footprint of the entire State of Israel.

Concurrently, we deepened our climate risk management strategy in 2025. As an entity responsible for critical national infrastructure, we must prepare not only for normal operating scenarios, but also for the physical and economic impacts of the climate crisis, and take measures to ensure that our system management remains steadfast and resilient even in the face of extreme weather conditions and global climate changes.

Our ongoing commitment to sustainability is also demonstrated by our continuous improvement in data collection, by our expanded dialogues with stakeholders and by our organizational culture that deems ESG values as opportunities for growth and higher energy efficiency.

I invite you to read this status report of our strenuous efforts and genuine commitment to a sustainable future.

Sincerely,

Our first report laid the foundations and presented our ESG policy, while this report already presents our actual progress and specifies our sustainability strategy and objectives

Dr. Eidit Handelsman Benory
Director of ESG, Sustainability and Environment

About the Company



Noga – Israel Independent System Operator Ltd.

is a government company established in June 2018 as part of the reform of Israel's electricity sector. The reform stipulated that the activities of the system management unit, the technology planning and development unit and the statistics and market research unit will be transferred from the Israel Electric Corporation Ltd. to Noga – Israel Independent System Operator.

Noga operates as the electricity system administrator and as the Power Authority by virtue of a system management license issued to it by the Minister of Energy and the Electricity Authority. The license specifies the Company's various roles, powers and spheres of responsibility.

Noga operates, inter alia, in compliance with the Electricity Sector Law, the Electricity Sector Regulations, the Electricity Authority's decisions and criteria, the Ministry of Energy's directives, the Ministry of Environmental Protection's restrictions and the Natural Gas Authority's decisions regarding distribution in instances of shortages in the gas sector.

Noga's spheres of activity



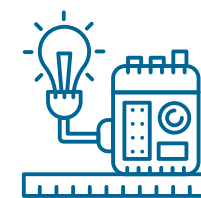
Management and operation

managing and maintaining the electricity system's resilience and stability and planning and managing fuel use in the electricity sector



Emergency Power Authority

preparing the electricity sector for emergencies and operating the emergency electricity system



Design

of the high voltage (161 kV) and extra-high voltage (400 kV) power lines, substations and switching stations, and designing the fossil fuel and renewable energy generation and energy storage systems



Trade

promoting efficient and competitive electricity trade in Israel among all electricity generators and suppliers, including the Israel Electric Corporation



Formulating electricity demand forecasts

short-term (a few days), medium-term (weeks to months), and long-term (years)



Information

managing and publicizing information about the electricity system and electricity trading.

Noga's vision

To lead the development and management of the electricity sector in routine times and during emergencies and to drive competition and fair and equitable trade in the electricity sector.

To serve as an expert authority with an integrative perspective that operates with transparency, integrity and commitment to the environment.

To be a company that cultivates its people, enables them to grow and progress and requires their expertise.

To be a company that ensures reliable and efficient electricity supply and works for the benefit of the economy and for the welfare of the public, using some of the most advanced innovative tools in the world.

Our core values

National mission – Noga's managers and employees will work with dedication, responsibility and commitment to their roles, being cognizant of the Company's unique spheres of activity and their importance to Israel's functioning in routine times and during emergencies.

Initiative – Noga's managers and employees will proactively promote new and innovative ideas for developing the electricity system during their interactions with government agencies and the business environment to drive the transformation of the electricity sector.

Fairness – Noga's managers and employees will act fairly and equitably towards all players in the electricity sector and will adhere to the rules of fair competition and fair and equitable electricity trade.

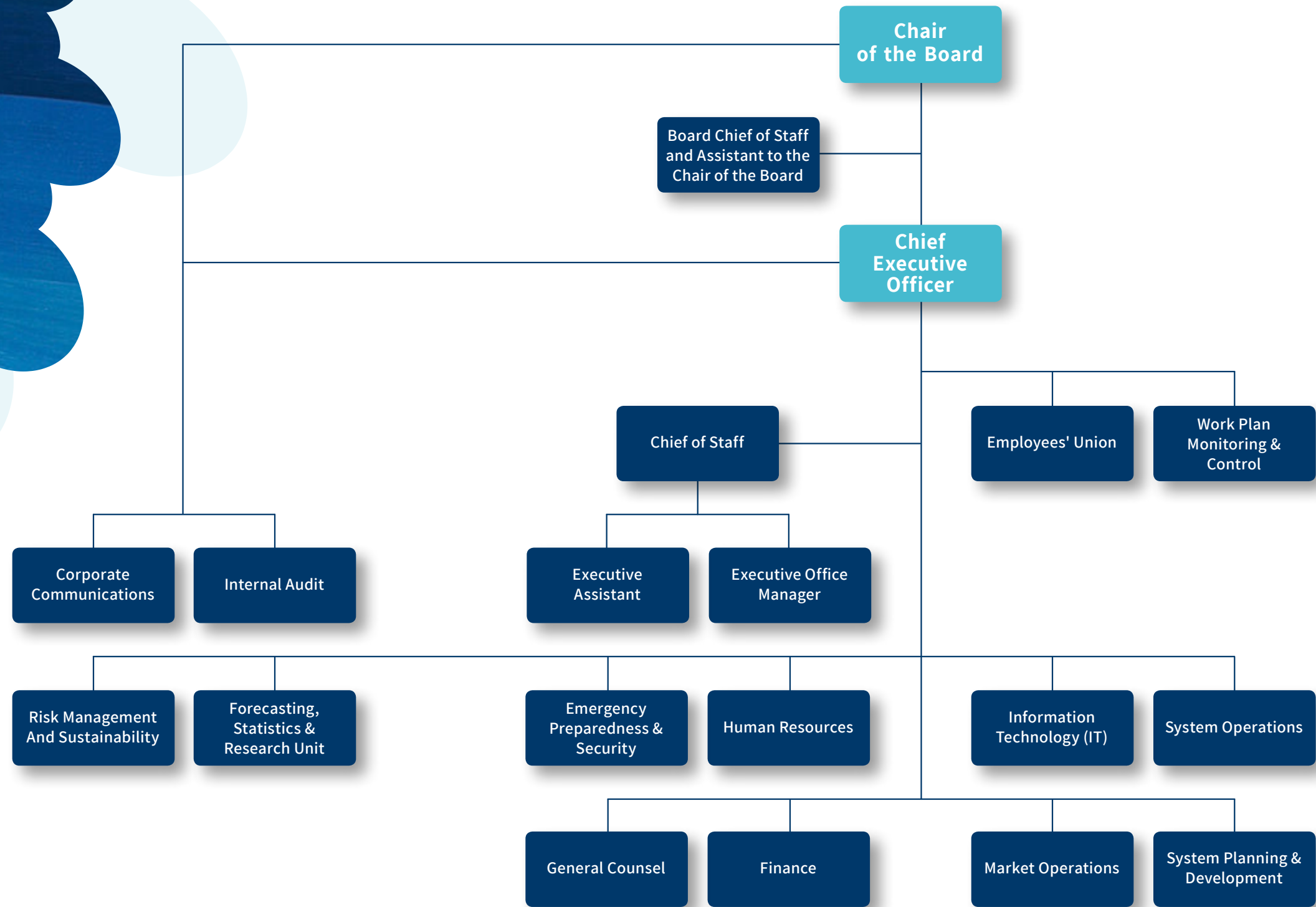
Professionalism – Noga's managers and employees will strive to be at the vanguard of professional knowledge in their respective fields, reach decisions based on relevant professional criteria and take action to continuously streamline and improve work processes to maximize value to the public over time.

Transparency – for the purposes of promoting transparency and the accessibility of information about the electricity system to stakeholders and the public, Noga will publicize information needed by other licensees for their activities in the electricity sector and relevant data to the public, to the extent possible, subject to the law and any other restriction or limitation.

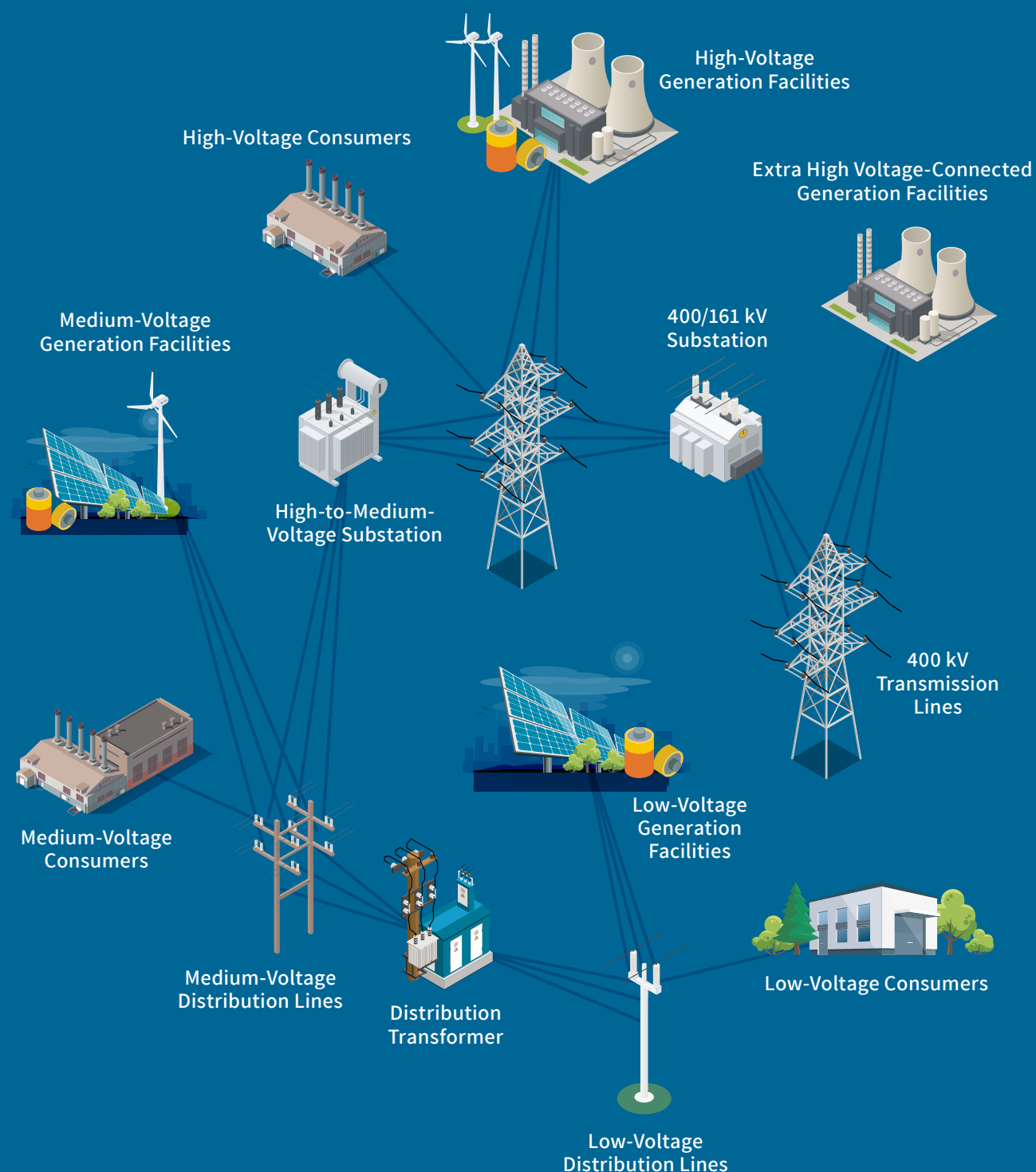
Partnership – Noga's managers and employees will work openly and transparently within and between the Company's units, with the electricity sector's stakeholders and with the public.



Company structure



Israel's Electricity Sector



Structure, activities and value chain of the Israeli electricity sector

Electricity is a critical component of modern life. Israel's electricity sector operates as a continuous value chain that constantly strives to develop a more reliable, efficient, sustainable and affordable system. The reform of the electricity sector restructured the sector so that it is decentralized and competitive.

1. Electricity generation segment:

converting natural energy sources into readily available electricity by transitioning to clean technologies.

Alongside classic traditional electricity generation, the electricity generation segment has profoundly changed over the past thirty years with the entry of independent power producers and the construction of modern power plants powered by natural gas, which is considered significantly cleaner than coal and fuel oil. The segment is also advancing extensive development of renewable energies, particularly photovoltaics, which are a key component of achieving the national targets for reducing greenhouse gas emissions. The integration of renewable energy sources poses operational challenges for managing the system and maintaining its stability, which require the development of energy storage solutions and upgrading of distribution systems that are far from consumption hubs. In addition to centralized power generation, the segment is expanding its use of decentralized power generation to optimize electricity management.

2. Transmission segment:

transmitting enormous volumes of electricity from power plants to national demand hubs.

The generated electricity is transmitted through a nationwide power grid of 161 kV high-voltage and 400 kV extra-high voltage power lines to switching stations and substations, where voltages are lowered to levels suitable for consumption.

The distribution network connects substations directly to end-consumers through high- and low-voltage lines and additional transformer stations, thereby ensuring power supply at the appropriate voltage for each type of use.

3. Distribution segment:

service, choice and competition

The reform of the electricity sector also opened the sector to full competition in 2024 for the benefit of end-consumers. A competitive market is developing that enables consumers to choose their electricity supplier from among licensees. This course of action promotes transparency, efficiency and innovation in service, alongside the Israel Electric Corporation's operations as a central supplier.

4. System management:

Noga synchronizes and streamlines the supply chain – through holistic coordination among all segments to ensure the sector's stability in routine times and during emergencies.

Noga serves as the central management authority in the electricity sector. Its role includes, inter alia: forecasting of electricity demands, long-, medium- and short-range planning of the sector, managing and operating the system in real time and managing trade and payments. As the Emergency Power Authority, Noga ensures that all segments operate in full coordination to achieve maximum systemic reliability.

Regulatory framework and environmental obligations

The electricity sector in Israel operates under the regulatory supervision of the Ministry of Energy and the Electricity Authority. Noga operates in compliance with the Electricity Sector Law, the Electricity Sector Regulations, the Electricity Authority's decisions and criteria, the Ministry of Energy's directives and the Ministry of Environmental Protection's restrictions. As the system administrator, Noga operates in compliance with the applicable statutory provisions, the Ministry of Energy's policies and guidelines and various other statutory provisions, including provisions of the Clean Air Law, and while considering the restrictions imposed on operators of various power plants by the Ministry of Environmental Protection or other government agencies.

Israel's Electricity Sector: Data and Trends

Israel's electricity sector faces significant challenges and opportunities. Understanding generation and consumption trends is essential for long-term planning, maintaining system reliability, and advancing sustainability goals.

Noga's Forecasting and Statistical Research Unit continuously collects, processes, and analyzes data on Israel's electricity sector. These analyses provide essential insights into key trends and support the effective and responsible management of the power system.

In the following article, Dr. Moshe Kelner, Head of the unit, and his team present an overview of electricity consumption and peak demand in Israel in 2025..

Annual Summary Report: Electricity Consumption and Peak Demand in Israel, 2025

By: **Dr. Moshe Kelner and Idan Maoz**
Forecasting and Statistical Research Unit

This report presents a comparative analysis of electricity consumption in 2024 and 2025 which examines consumption trends, and compares the results with the previous five years. The purpose of the review is to describe changes in demand and the effects of seasonal variability on the electricity system.

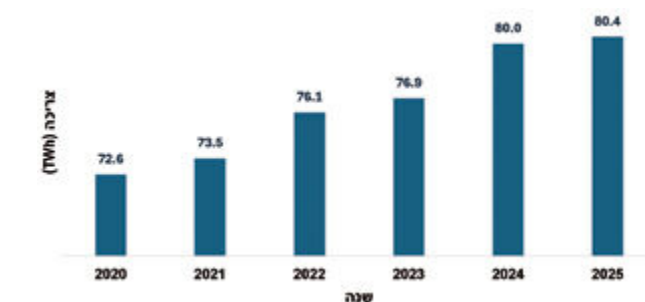
The year 2025 was marked by a gradual transition out of the wartime period and a return to routine activity in the Israeli economy. Extreme weather events affected consumption patterns, including a particularly severe heat wave in August and a winter cold spell ("Coral Storm").

Annual Electricity Consumption

Total consumption, excluding pumped-storage consumption, reached 80.4 TWh in 2025, compared with 80.0 TWh in 2024, an increase of 0.5%. Gross consumption, including pumped storage, totaled 82.1 TWh in 2025, compared with 81.0 TWh in 2024.

The average annual growth rate in 2023-2025 was approximately 2.2%, in line with the trend over the past decade.

Figure 1: Total Annual Electricity Consumption (TWh), 2020-2025



Over the five-year period from 2020 to 2025, electricity consumption increased consistently, from 72.6 TWh in 2020 to 80.4 TWh in 2025, an average annual increase of approximately 2.1%.

Consumption grew faster than the population, which increased by an average of approximately 1.8% per year, from 9.3 million residents in 2020 to 10.2 million in 2025. The trend is also consistent with average real GDP growth of

approximately 3.3% per year over the same period. The increase in demand was driven partly by hotter summers, which led to greater use of cooling systems, and partly by the gradual growth in the number of electric vehicles, including an increase of approximately 60,000 private electric vehicles, from about 154,000 in 2024 to about 227,000 in 2025. These data indicate an economy in which energy demand is growing faster than the population, as is commonly observed in developed countries.

Changes in Electricity Consumption from 2024 to 2025

Between 2024 and 2025, total system consumption, excluding pumped storage, increased by 0.5%. The low growth rate is explained by unusually high demand in June and July 2024, when consumption rose by more than 16% and 7%, respectively, compared with the same months in 2023, due to high temperatures throughout both months. Total system consumption in 2024 was 4.1% higher than in the previous year; therefore, given the high comparison base, overall growth in 2025 was moderate.

Figure 2: Total Monthly Consumption, 2023-2025

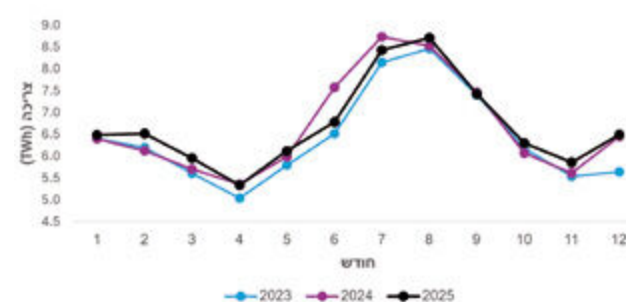


Figure 2 presents total monthly electricity consumption. Comparing the three years highlights several key patterns:

1. In June and July 2024, the purple line is above the black line for 2025, indicating that these months were exceptionally intense. Consumption in these months was substantially lower in 2025, while consumption during the rest of the year was similar to 2024. This explains why total annual consumption increased by only 0.5%.
2. Despite the relative decline in total demand at the beginning of summer 2025, particularly in June and July, a new system-wide peak demand was recorded in August 2025. This demonstrates that extreme loads can increase even in a year of low annual growth.

In most other months, including winter and the transition seasons, system demand in 2025 was higher than in 2024 and 2023. Comparing demand from 2023 to 2025 shows a stable two-year pattern of monthly growth. The increase in electricity demand over this period reflects the natural growth of the economy.

Daily Peak Demand: Summer and Winter

Despite moderate annual growth, 2025 set new daily peak-demand records in both summer and winter:

Summer Peak Demand

In 2025, a new peak of 17,245 MW was recorded, compared with the previous record of 15,638 MW in 2023. This represents an average annual increase of approximately 5% over the period.

Figure 3: Summer Peak Demand, 2020-2025

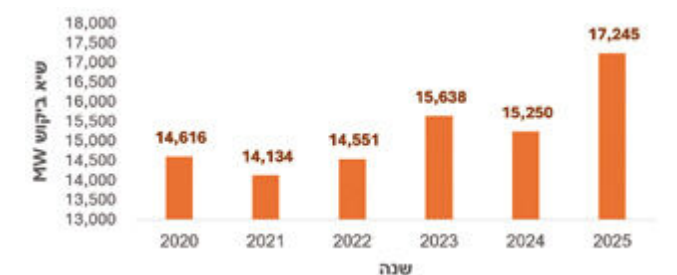


Figure 4: Average Daily Maximum Temperature vs. Monthly Peak Demand in Summer

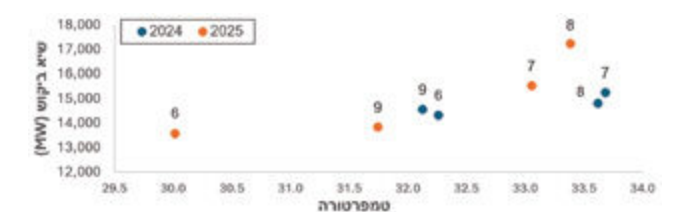


Figure 4 compares monthly peak demand and average monthly maximum temperatures. The orange points represent monthly peak demand in 2025, while the blue points represent 2024. The Y-axis shows peak demand, and the X-axis shows average monthly maximum temperature. In June, both peak demand and the average maximum temperature were lower in 2025 than in 2024.

In July, the average temperature was higher in 2024 than in 2025, while peak demand was nearly identical. Research conducted by the unit indicates that once temperatures exceed 32°C, demand becomes less sensitive to additional cooling needs because most households are already using cooling systems; therefore, further increases in peak demand are marginal. In August and September, differences in average maximum temperatures between the two years were not statistically significant. Nevertheless, peak demand in August 2025 was substantially higher than in August 2024. This may be explained by an exceptional heat wave that lasted several days in August 2025 which significantly affected electricity consumption across the system.

Figure 5: Distribution of Normalized Peak Demand (MW), 2019-2025

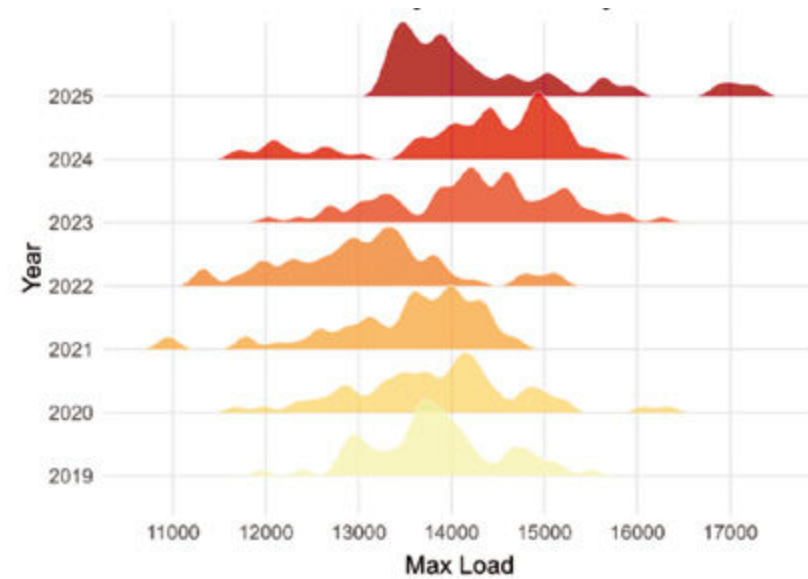


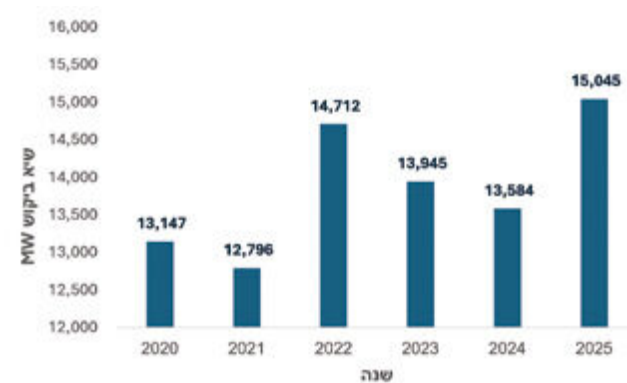
Figure 5 presents the distribution of normalized peak demand, expressed in 2025 demand terms to neutralize external effects, for 2019-2025. Before the heat-wave events, peak demand levels in 2023 and 2024 were higher than those observed in 2025. Nevertheless, a new demand record was set in 2025. One possible explanation, also observed in historical events, is the substantial temperature difference between the heat-wave week and the preceding week, which caused consumption to rise sharply and contributed to the new peak.

Winter Peak Demand

In recent decades, Israel has experienced a trend of warmer winters, reflected in a decline in the frequency and intensity of frost events and storms. An exceptional storm in 2022 resulted in a peak demand of 14,712 MW.

In 2025, another short winter weather event produced a new peak demand of 15,045 MW, equivalent to an average annual increase of approximately 0.8%, as shown in Figure 6.

Figure 6: Winter Peak Demand, 2020-2025



Analysis of winter peak-demand trends from 2020 to 2025 shows growth culminating in a new historical record of 15,045 MW in 2025. This was a sharp increase of approximately 10.7% compared with the previous year, highlighting the year-to-year variability in peak demand. The dramatic increase in 2025 did not result solely from the natural growth of the economy. It was directly associated with an extreme weather event: an exceptional two-day cold wave. This event, unlike any observed in the preceding years, exposed the electricity system's high sensitivity to exceptionally low temperatures, as shown in Figure 7.

The direct correlation between the cold wave and peak demand illustrates how the combined use of electric heating systems, including heat pumps and air conditioners, affects demand once a specific temperature threshold is crossed. Internal studies by Noga's Forecasting and Statistical Research Unit indicate that this threshold is between 5°C and 7°C.

Figure 7: Average Daily Minimum Temperature vs. Monthly Peak Demand in Winter

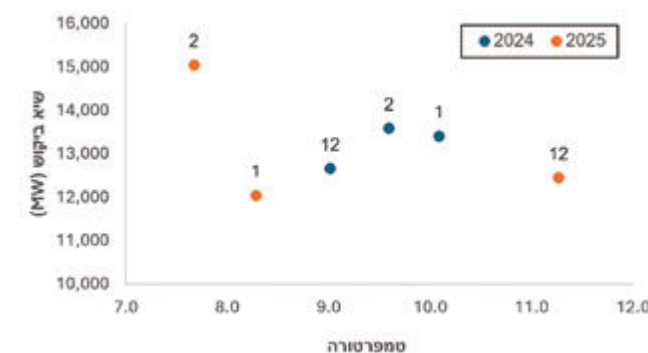
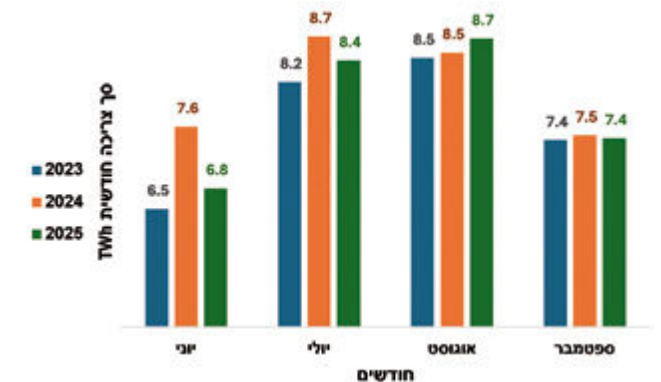


Figure 7 shows the relationship between peak electricity-system demand and the average minimum temperature recorded at the Beit Dagan station during the winter months of December through February in 2024 and 2025. While peak demand remained relatively stable between the two years in December and January, February 2025 is a clear outlier. When the average minimum temperature fell toward 7.5°C, as it did in February 2025, electricity demand rose sharply compared with the same month in the previous year. The large distance between the orange point for

February 2025 and the blue point for February 2024 illustrates the system's extreme sensitivity to low temperature thresholds.

Total Monthly Consumption: Summer

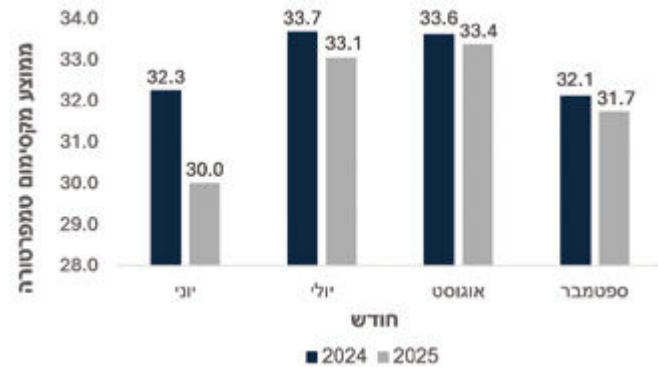
Figure 8: Total Monthly Consumption (TWh) in Summer, 2023-2025



An examination of consumption data for 2023-2025 demonstrates the effect of weather conditions on energy demand, with 2024 standing out as particularly unusual at the beginning of the summer. In June 2024, consumption surged to 7.6 TWh, a sharp increase compared with June 2023. This rise was driven mainly by an early and severe heat load, reflected in an average maximum temperature of 32.3°C. In June 2025, by contrast, consumption declined under considerably milder weather conditions, with an average temperature of only 30°C.

The dominance of 2024 continued into July, when consumption reached a peak of 8.7 TWh. In July 2025, consumption declined slightly to approximately 8.4 TWh, but remained higher than in 2023. This indicates that, beyond temperature fluctuations, there is an underlying upward trend in demand over time. In 2024, peak consumption was concentrated in June and July, meaning that the year was characterized by a rapid start to summer and an exceptional increase in consumption early in the season. In 2025, peak demand shifted later, with August becoming the seasonal high point and consumption distributed more evenly across the summer.

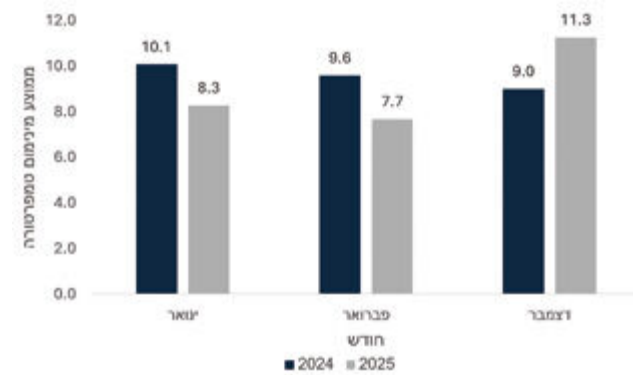
Figure 9: Average Daily Maximum Temperature in the Summer Months



accompanied the highest winter peak demand recorded during the period reviewed.

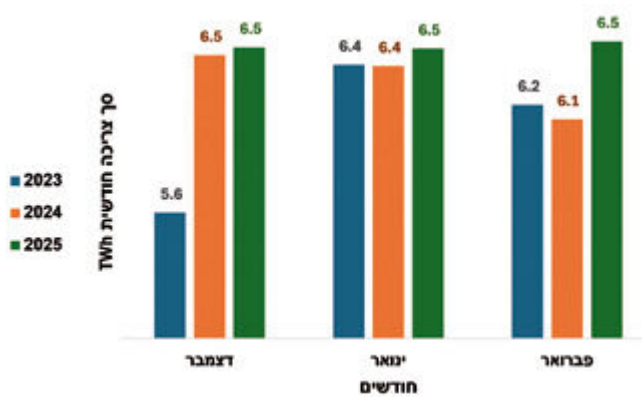
The effect of the 2025 cold wave is particularly evident when February is compared with the other months of the same winter. Consumption in January 2025 was identical to that recorded in December 2024, while February, which generally has lower demand because it is shorter, maintained this peak level.

Figure 11: Average Daily Minimum Temperature in the Winter Months



Total Monthly Consumption: Winter

Figure 10: Total Monthly Consumption in Winter, 2023-2025



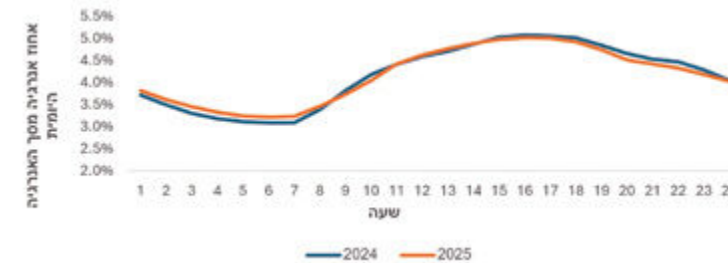
Electricity-consumption data for the winter months in 2023-2025 show that December and January maintained relatively high and stable consumption levels across all three years, while February 2025 stands out as a significant turning point. An exceptional cold wave affected the region during the month and caused demand to surge. Consumption was not only substantially higher than in February 2024 and February 2023, but also

Hourly Consumption Profile on the Peak-Demand Day

Summer Profile: Summer Peak-Demand Day (Share of Total Daily Consumption)

The daily demand profile remained almost unchanged from 2024 to 2025, and the demand curve retained nearly the same shape. The maximum hour, 15:00, accounted for approximately 5% of daily consumption in both years. This stability indicates that electricity-use patterns on extreme-demand days remained consistent and balanced, with no significant shift in load to other hours of the day.

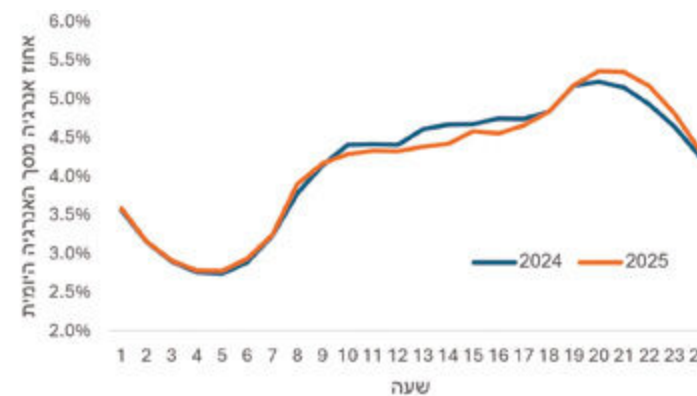
Figure 13: Hourly Share of Daily Energy Consumption on the Summer Peak-Demand Day



Winter Profile: Winter Peak-Demand Day (Share of Total Daily Consumption)

On the winter peak-demand day, the load distribution changed compared with the previous year, primarily through a decline in the relative share of the afternoon hours. This share shifted toward the evening and nighttime. The pattern indicates that on the 2025 peak day, demand was more heavily concentrated during the hours of darkness and extreme cold, and was less evenly distributed across daylight and afternoon hours than in the previous year.

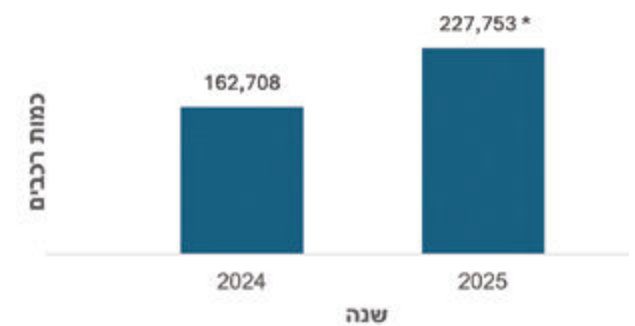
Figure 14: Hourly Share of Daily Energy Consumption on the Winter Peak-Demand Day



Electric Vehicles

The transition to electric transportation presents a new challenge for electricity-system management because it fundamentally changes traditional demand patterns. Electric vehicle penetration affects not only total energy consumption, but more importantly the cumulative shape of the load curve. Unmanaged charging, which often occurs in the evening when commuters return home, may intensify peak demand.

Figure 15: Total Number of Electric Vehicles at Year-End, 2024-2025



As shown in the figure, the number of electric vehicles increased by approximately 40% between 2024 and 2025, from 162,708 to 227,753 vehicles. This addition of more than 65,000 vehicles in a single year translates into additional power requirements on the grid. If many vehicles charge simultaneously, the additional load affects demand during peak hours.

* The 2025 estimate of the annual number of vehicles assumes that the growth rate in the fourth quarter of 2025 was identical to the rate in the previous year.

Analysis of Trends in Weather-Driven Electricity Consumption in Israel (2000-2025)

The analysis of weather-driven electricity consumption focuses on the direct effect of cooling in summer and heating in winter on system demand, measured as the share of this component in total consumption. The analysis points to several parallel processes, primarily worsening climatic conditions that require increasing energy use for temperature control, together with improved economic capacity to finance this additional use. As shown in Figure 16, these trends reached a peak in 2025, when the share of weather-driven electricity consumption was among the highest recorded in the past 25 years.

Figure 16: Share of Weather-Driven Electricity Consumption in Total System Consumption

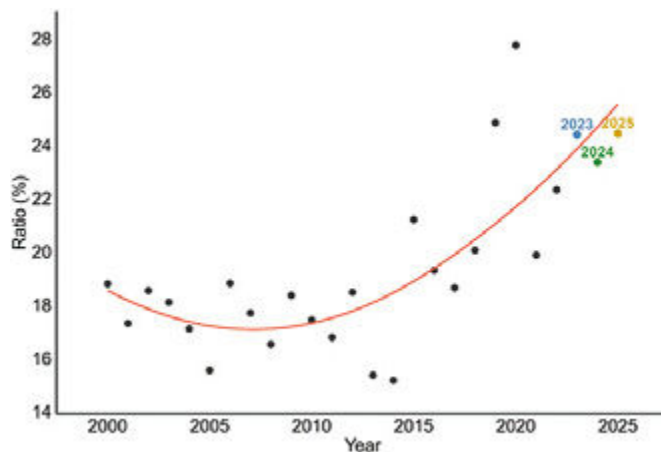


Figure 16 presents the share of weather-driven electricity consumption in total system consumption in Israel over a 25-year period and reveals a clear strategic shift. Between 2000 and 2010, the share remained relatively stable and even declined slightly. From 2012 onward, however, it followed a continuous and steep upward trend with an exponential pattern. This trend reflects the economy's growing sensitivity to extreme weather events, as indicated by the dispersion of data points in recent years, particularly in 2020, when substantial increases in demand demonstrated the close relationship between climate change, weather-driven electricity loads, and increased time spent at home during the COVID-19 pandemic.

Summary

This report presented the changes in electricity demand in 2025 compared with previous years.

Analysis of consumption trends over the past 25 years points to a profound structural change in the Israeli economy, from relative stability during the first decade of the century to an exponential upward trend beginning in 2012. Climatic changes affecting weather-driven consumption culminated in 2025, when the weather-driven share of total electricity consumption was among the highest ever recorded. This strategic trend was fully evident in August 2025, when an extreme heat wave produced a new system-wide peak demand of 17,245 MW. The event illustrates how rising living standards and climate change combine to make the system highly sensitive to temperature thresholds, even though annual growth in 2025 appeared moderate at only approximately 0.5%. This growth rate is explained largely by the high comparison base in 2024, when electricity consumption was unusually high in June and July due to severe weather conditions. In contrast with the early summer of 2024, consumption in 2025 was more evenly distributed at the beginning of the season, shifting the most extreme loads later into August and highlighting the effect of short-term climatic fluctuations on system consumption.

Alongside the climatic effects, the number of electric vehicles in the economy continued to grow. More than 65,000 vehicles were added in 2025, increasing the power required from the grid, including during peak hours. The significant effect of data centers on the electricity system's energy balance was not yet evident in 2025. While consumption during the year was driven mainly by climatic factors and transport electrification, the planned construction and operation of large-scale data centers are expected to become a major driver of electricity-demand growth in the coming years. This will require comprehensive structural and infrastructure preparation by the electricity system.





Noga's spheres of activity

Operation of the electricity sector

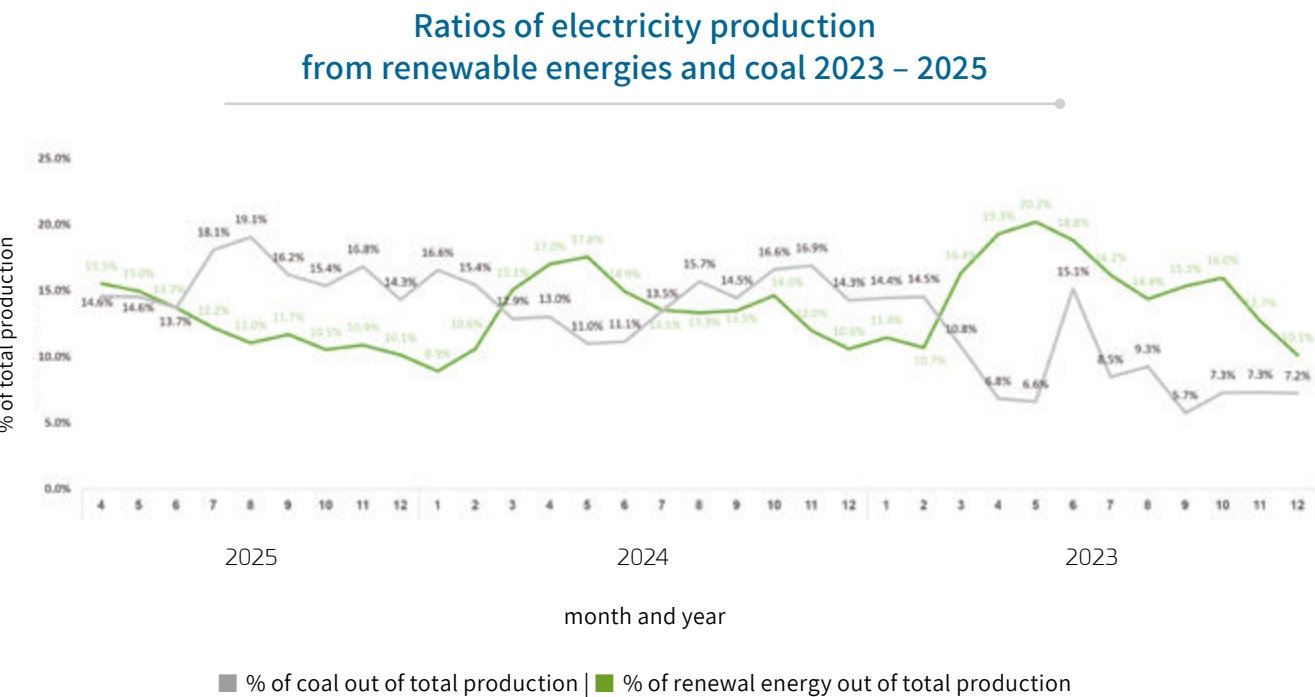
The operation of the electricity sector includes managing the electricity generation and transmission segments of the electricity system in real time and performing all requisite actions to maintain a constant balance between electricity supply and demand:

- Operating and ensuring the survivability of the electricity generation and transmission segments.
- Planning and managing the use of fuels in the electricity sector and allocating the fuels used by the electricity sector to power production licensees.
- Managing transmissions of energy from power plants through the power grid to substations with the required reliability and quality.
- Scheduling maintenance work in the generation and transmission segments, including coordinating work in the natural gas system with Israel Natural Gas Lines and in gas reservoirs with the Ministry of Energy to ensure availability.
- Managing the operation of energy storage facilities.
- Ensuring that the electricity system is prepared for emergencies and managing emergency situations in the electricity sector.

Noga carries out a variety of actions to reduce greenhouse gas emissions within the framework of its operations and as part of the routine management of the electricity sector, including expanding the use of energy from renewable sources (subject to operational limitations) expanding operations of natural gas production units in highly efficient power plants. The toolbox and mix of fuels used to generate electricity have expanded significantly since 2023-2024. This diverse mix enables a steady decrease in polluting emissions and efficient, stable, and optimal management of the electrical system. However, Noga enables the operation of polluting energy generation units in compliance with a special permit when situations arise that endanger the functional continuity of the electricity sector. A report on exceptional operations can be viewed on the Company's website.

Leading the transition to renewable energy

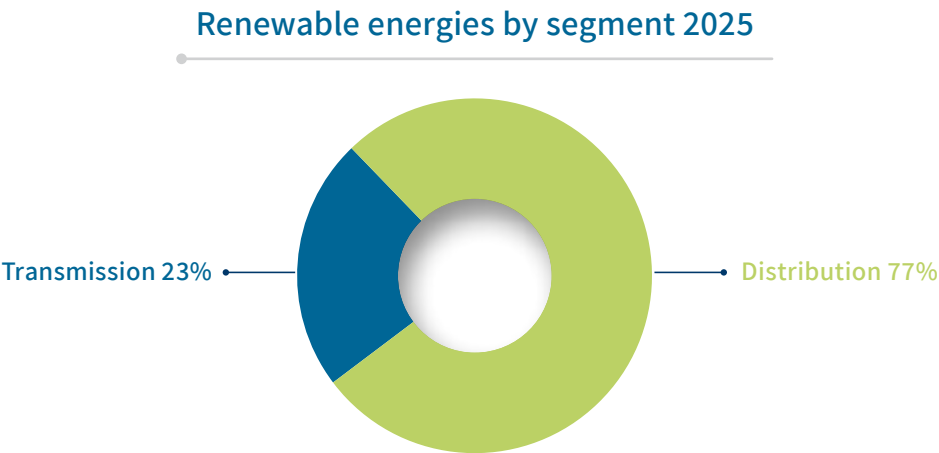
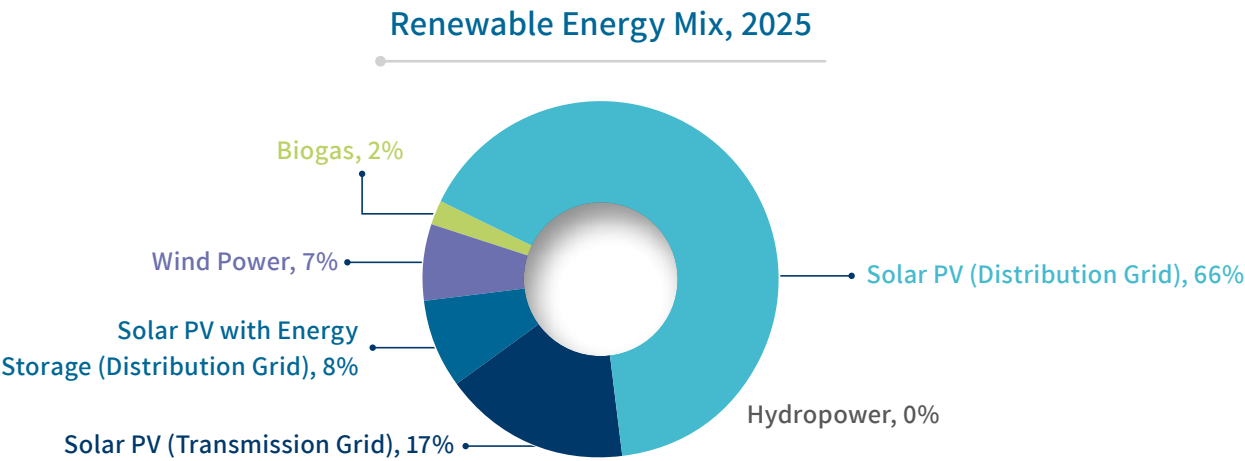
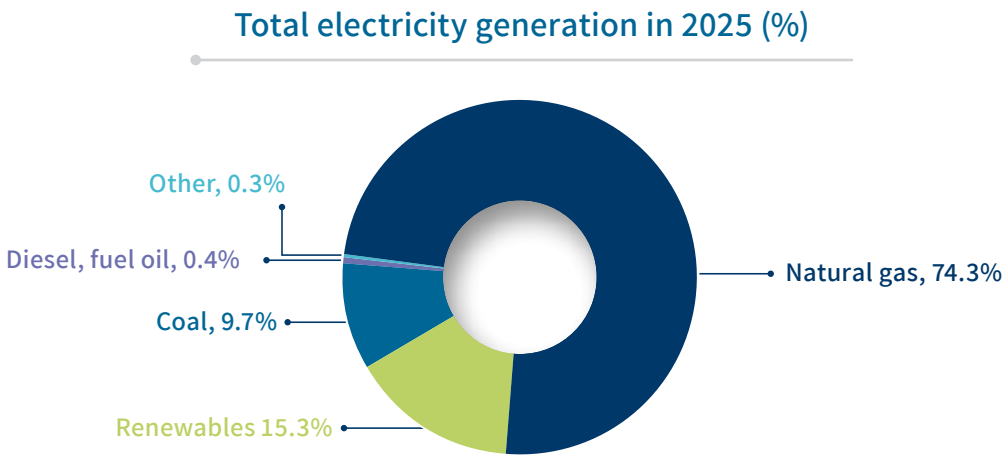
Noga, in its capacity as the manager of the electricity system, stands at the forefront of the State of Israel’s efforts to change the fuel mix and reduce greenhouse gas emissions. We consider efforts to achieve the government’s goals – primarily, the goal of achieving 30% electricity generation from renewable energies by 2030 – as a core strategic and environmental mission. Therefore, Noga is actually leading the transition to an advanced and sustainable electricity economy, while overcoming the complex challenge of maintaining continuity of supply and system reliability. The accelerated transition to renewable energies in 2025 constituted a turning point in the Israeli electricity sector. For the first time, coal use was reduced below 10%.



The above graph shows the inverse ratio between electricity production from renewable energies and coal in 2023-2025, whereby the more that renewable energy is used to generate electricity, the less coal is needed throughout the year. Total electricity production from renewable energy is the highest during the summer, but so is the total electricity consumption, and therefore, the ratio of electricity production from renewable energy out of total electricity production is lower than during the winter. At the beginning of 2025, electricity production from renewable energies rose significantly, while use of coal dropped significantly, except during Operation Roaring Lion (the 12-day war) when the supply of natural gas was under blockade.

The following statistics indicate two complementary trends attesting to the success of Noga’s policy:

- **Increase in renewable energies:** the volume of electricity generated from renewable energies in 2025 crossed the 15% threshold for the first time and reached 15.3%, representing a consistent increase over 2024, when the ratio was about 13%.
- **Decrease in the use of coal:** use of polluting coal declined concurrently. In 2024, the ratio of coal use was about 14%, while in 2025, coal use dropped to only 9.7% – the first time in the history of the Israeli economy that coal use has dropped below the 10% threshold.





CO₂ emissions from the electricity sector

As part of raising awareness about emissions reductions, and as a service to the public, a system was developed that computes and displays the real-time impact of using renewable energies instead of coal and other fossil fuels on CO₂ emissions from the electricity sector. The system also enables the investigation of historic data by selected dates, including the downloading of the data.

A unique calculator was also developed that shows the volume of CO₂ emissions reductions and the emissions savings when electricity generation from fossil fuels decreases, and the use of renewable energies increases throughout the day (the green line). The calculator displays the contribution of renewable energies to the reduction of CO₂ emissions at any given moment.

In 2025, the total savings in CO₂ emissions by using renewable energies in lieu of fossil fuels is about 5 mTCO₂/h; i.e., about 15% reduction in total annual emissions.

Looking ahead – balancing sustainability and energy security

The main challenge facing us in the coming years is maintaining the delicate balance between environmental sustainability and energy security. Increasing electricity generation from renewable energies (which fluctuate by nature) requires smarter and more flexible system management than in the past. Noga is committed to continuing to operate professionally and responsibly to ensure a more stable, reliable, and environmentally-friendly electricity supply to further improve the quality of life of the citizens of the State of Israel today and in the future.

Notwithstanding our significant achievements in reducing the use of coal, Noga maintains a realist perspective on risk management and energy security. Coal plants are no longer intended for routine use, but preserving them as an

emergency reserve is essential. Their purpose is to ensure full back-up under extreme scenarios, such as wide-scale system malfunctions, extreme weather events, or disruptions in the supply of natural gas, thereby ensuring the continuity of power supply to the public and the economy under any scenario. In the event of extreme scenarios, units 1-4 at the Orot Rabin Power Plant in Hadera will be operated in compliance with the units' new emissions permit (of February 2026), in compliance with section 25A of the Clean Air Law, and in compliance with the Minister of Energy and Infrastructures' policy principles document (dated 23.11.2025) for the operation of these units.

Operations Conference

Noga held its Operations Conference at the end of 2025 to continue its dialogue with stakeholders and strengthen partnerships in the economy, which focused on the Company's key role in Israel's electricity sector. Conference attendees included: the Minister of Energy and Infrastructures, the chairman of the Electricity Authority, and numerous representatives from the Ministry of Energy, the Electricity Authority, the Israel Electric Corporation, Israel Natural Gas Lines, private producers, entrepreneurs in the energy market, and members of academia.

Noga presented its vision for operating the electricity sector in Israel in the coming years, which focused on reliability, innovation and preparing for future challenges. The conference's main objectives: to present the employees and work processes in Noga's Operations Division, to improve the work interfaces with entities in the sector, to present the challenges facing the Operations Division when managing the system, and to provide professional enrichment.

During the day, Noga employees presented numerous lectures addressing diverse topics, including operational challenges, the professionalism that drives the system, and routine activities.



Managing the electricity sector in times of crisis and emergency

The electricity sector is one of the three facilitators of the functional continuity of the State of Israel and the national economy. Noga is licensed to operate as the designated Power Authority and is responsible for managing and operating the electricity sector in times of crisis and emergency. As part of complying with the license granted to Noga, our Emergency, Security, and Safety Division and our Information Security Division are tasked with protecting the Company's infrastructure and personnel. These divisions prepare the electricity sector for crisis and emergency scenarios (security incidents, war, extreme weather events, and natural disasters), and are responsible for holding drills and monitoring the electricity sector in routine times.

Noga's Emergency, Security, and Safety Division operates in an orderly and comprehensive manner in conformity with the clear policy defined by the Minister of Energy in Noga's license, detailed multi-year and annual plans, detailed procedures, and ongoing control processes, all with the aim of ensuring effective activities and the achievement of objectives in routine times and during emergencies.

Emergency preparedness

As part of the responsibility for ensuring a readily available and reliable supply of electricity to the citizens of the State of Israel and to the national infrastructure, functional continuity must be ensured under all conditions and circumstances. Previous emergencies, including the Swords of Iron War, have underscored the need for high preparedness for diverse scenarios, including rocket fire, cyberattacks, earthquakes, and extreme weather events. Accordingly, Noga invests considerable resources in preparations based on reference scenarios in the civil space, which are determined by the competent authorities.

Noga's preparedness for emergency situations encompasses a wide range of operational aspects, and includes meticulous planning, close supervision, ongoing control, and comprehensive training activities. Noga also conducts dedicated emergency drills in the electricity sector with stakeholders' active participation

Noga is licensed to operate as the designated Power Authority and is responsible for managing and operating the electricity sector in times of crisis and emergency

and participates in national drills. Noga is also prepared to contend with extreme climate scenarios as an integral part of its routine risk management processes. The Company meticulously analyzes security considerations during the planning and construction of new infrastructures and pays special attention to the issues of redundancy and backup systems as essential components of emergency preparedness, including the supply of replacement parts and mobile station equipment. Noga performs in-

depth analyses of the fuel levels required for emergency situations and ensures the steady supply of other essential materials required for electricity systems.

As the company responsible for managing the electricity sector, Noga's role is to integrate all sectors that support ensuring full functional continuity (various types of fuel, natural gas and other required materials) in routine times and in emergencies, including providing effective solutions for contending with climate change.



Managing electricity trade

Noga's Trade Division was established within the framework of the reform in the electricity sector and as part of the future vision of efficient and competitive electricity trade among all electricity producers and suppliers, including the Israel Electric Corporation. The division's vision is to drive innovation in regulations, to develop computerized tools and advanced trade processes that will ultimately lead to competitive trade and lower prices for end-consumers, and to integrate renewable energies according to the government's goal of achieving 30% electricity generation from renewable energies by 2030.

Advancing and promoting the development of electricity production

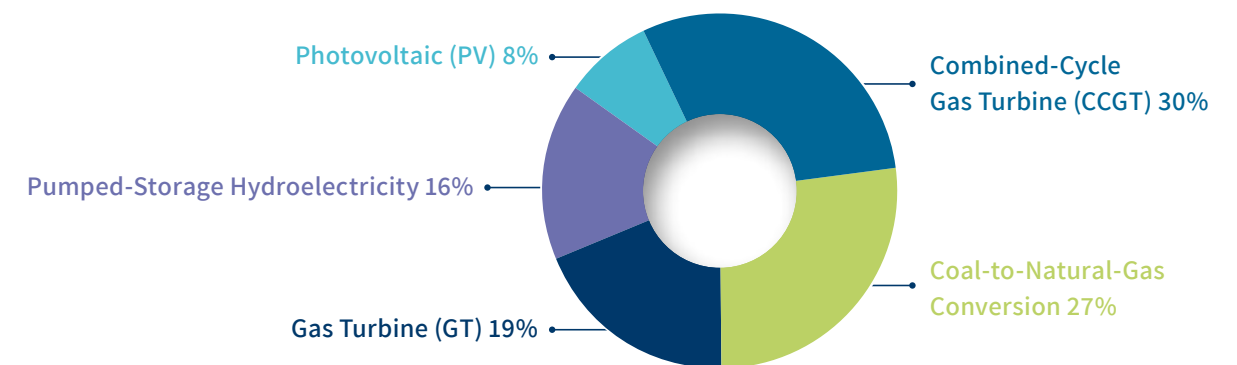
As part of promoting and developing electricity trade in Israel, Noga's Trade Division promotes the construction of conventional power plants, as well as renewable energy power plants, photovoltaic power plants, integrated storage photovoltaic power plants, wind turbine farms, and energy storage facilities.

Noga's Trade Division collaborates with our Planning and Operations Divisions on technical coordination with electricity producers from the concept stage, through construction of a power plant, and until its commercial operation, and oversees all integration processes, commissioning tests prior to commercial operation, acceptance tests, setting up operational and commercial communication systems, etc. In 2025, the Trade Division began promoting the future construction of 32 power plants with a total output of about 6,000 MW, including 24 renewable energy generation and storage facilities with a total output of about 1,405 MW. The Trade Division also conducted the tests and actions required to convert two coal-fired power plants to natural gas with a total output of 1,150 MW.

By the end of 2025, **19** renewable energy power plants have been connected to the high-voltage grid, with a total output of about **1,075 MW**.

In addition, the Trade Division led the completion and integration into the system of six new power plants, with a total capacity of approximately **1,592 MW**. These included two photovoltaic power plants and a **575 MW** coal-fired power plant that was converted to natural gas generation.

Generation Mix on the High-Voltage Grid, 2025



Noga's Trade Division plays a significant role in advancing the electricity sector's ESG goals, particularly the transition to a low-carbon economy. The division provides assistance and promotes the construction of renewable energy power plants in order to enable maximum integration of renewable energy without compromising the reliability of supply. The Trade Division implements the policy of Noga's Operations Division of planning controlled curtailments in high-voltage facilities. The purpose of curtailments is to limit production in PV systems during peak radiation hours in order to maintain the stability of the electrical system. The Trade Division also promotes the construction of energy storage systems

according to the development plan, which enable curtailment and storage of the generated energy (solar, wind) and releasing it into the power grid during peak hours or at night, without losing energy. Beyond the environmental aspect of reducing emissions, this course of action strengthens energy resilience, enhances transparency through smart data management and publishing data on Noga's website, and ensures distributive justice by making cleaner and more affordable energy accessible to all segments of the population in the long range.



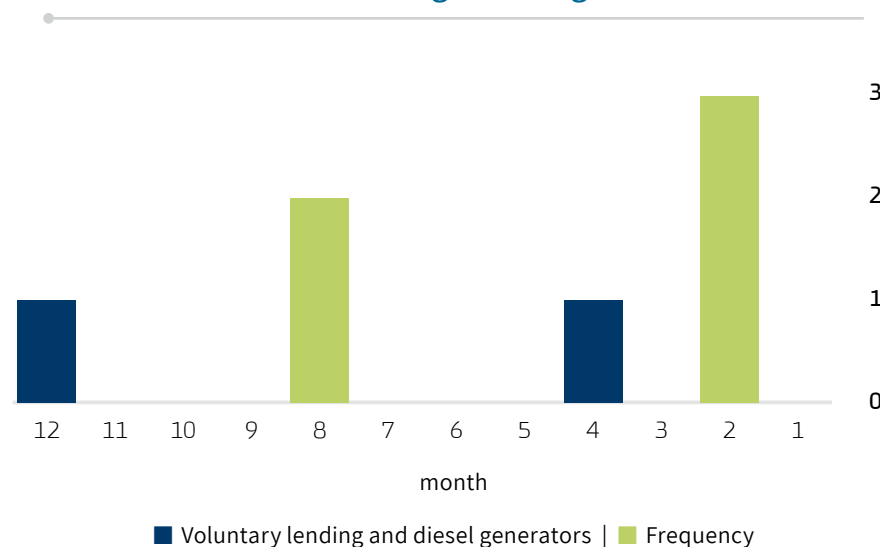
PPA (Power Purchase Agreement)

As part of developing trade in the electricity sector, Noga's Trade Division drafts PPAs in collaboration with Noga's Legal Division for engagements with electricity producers and suppliers. Although the principal commercial terms of engagements with electricity producers (such as consideration, payment terms, etc.) are prescribed in regulations, PPAs contain contractual obligations between Noga (the system administrator) and power producers. Entities financing projects require entrepreneurs to sign PPAs as a precondition for financial closing. PPAs also regulate and/or stipulate issues not addressed in regulations and/or that are regulated in principle but not explicitly.

Load management agreements

Noga (the system administrator) activates load management agreements (demand management) whenever a shortage is expected in order to maintain the system's survivability and ensure the steady supply of electricity. Noga developed a new system to streamline the handling of load management agreements.¹ The system enables more efficient management in instances of shortages, and centralizes operational and commercial aspects deriving from the operation of load management agreements on a single platform. The new system also enables accurate forecasting of consumer reactions to the agreements, and enables operational data to be displayed that approximate real-time data, which will result in lower expenditures on more expensive fuels when there is higher certainty about consumer reactions to the relevant agreements. The following graph shows the number of activations of these agreements in 2025.

Activations of load management agreements in 2025



¹ [Noga - Israel Independent System Operator | voluntary lending and diesel generator agreements](#) (in Hebrew)

² For more information, click on the link to Noga's website [noga_mcp_approach_dec2025.pdf](#) (in Hebrew)

Developing and implementing a future trade system in the wholesale market

Wholesale market and the market management system (MMS)

The electricity sector is developing rapidly, including massive integration of renewable energy power plants, quick-start units that provide flexibility to the system administrator, pumped storage units, evolving regulatory requirements and changes in standards. Noga is advancing the development of an innovative system enabling daily real-time electricity trading, which includes trade rules and advanced optimization models.

This system will also provide a load management plan for different timeframes, will calculate the wholesale market price and will launch an ancillary services market parallel to the energy market. The system will constitute one of the key tools for managing electricity trade, under operational constraints, while minimizing costs to the economy, and is expected to save the public tens of millions of shekels.

Noga generates competition by driving a competitive and dynamic electricity sector

As the electricity system administrator, Noga bears the complex responsibility of ensuring high-quality, readily available and reliable supply of electricity to all residents of Israel. However, Noga's role is not limited to physically managing the flow of electricity; it is also responsible for creating economic infrastructure enabling an efficient and competitive electricity sector. In 2025, Noga achieved a major milestone towards realizing this vision when it announced the outline for its competitive Market Clearing Price (MCP) model, a course of action that is at the heart of Israel's electricity reform.

The wholesale price revolution²

Up until now, the wholesale electricity price was calculated using the System Marginal Price (SMP) method. The SMP method calculates the price according to the marginal production cost of the production unit that is capable of providing additional kWh by neutralizing predefined constraints. The switch to the Market Clearing Price (MCP) model is a game-changer: the price is now calculated according to supply and demand in a "day-ahead market" that already incorporates sectoral constraints, rather than using a theoretical scenario and neutralizing constraints.

The key advantages of the new MCP model in the context of sustainability:

- **Advances energy storage technologies:** the new model creates clear "price signals." During hours of surplus supply of PV energy, the price will be ILS 0 per MWh, while during peak hours, both the demand and price increase. This volatility makes the construction of energy storage facilities economically viable and market-based (profits can be generated by purchasing electricity cheaply during surplus hours and selling it during hours of shortage).
- **Drives higher use of renewable energy:** thanks to the MCP model, energy storage facilities wanting to operate economically will encourage the construction of renewable energy facilities adjacent to their storage facilities, thereby enabling them to purchase energy at a low price and sell it at a higher price. This strategy will also reduce the use of polluting power plants, thereby reducing greenhouse gas emissions in the economy.
- **Benefits end-consumers:** the transition to a competitive wholesale model enables private electricity suppliers to build customized service packages and offer significant discounts during particular hours, and it encourages smart and efficient consumption.
- **Incorporates sectoral constraints:** when the market price reflects all sectoral constraints, (such as natural gas supply restrictions, tests, etc.), it provides the transparency needed in order to reach informed decisions, such as tendering bids for energy, investing in the electricity sector, etc.

To ensure fairness and transparency, Noga regularly publishes information about MCP prices on its website, which enables all market players and consumers to monitor price fluctuations, and to optimize their energy consumption according to the changing market conditions.

The MCP model reflects Noga's commitment to corporate social and economic responsibility. By creating a transparent and competitive market, it is not only streamlining the electricity sector, but is also laying the foundations for long-range energy security and a greener society. Noga will continue to lead the necessary structural courses of action to ensure that the Israeli electricity sector remains one of the most advanced in the world, for the benefit of both the public and the environment.

Private suppliers

As part of the electricity sector reform, the distribution segment, which interfaces with end- consumers, was opened to full competition in 2021. Initially, only household consumers with smart meters migrated to private suppliers but, over the last two years, households with all types of meters have migrated. Within this framework, private suppliers licensed by the Electricity Authority purchase electricity from producers in the distribution segment (largely from renewable energy producers) or from Noga and sell it to consumers at competitive prices. Noga's Trade Division is responsible for implementing this reform. By the end of 2025, 48 virtual suppliers have received licenses, 21 of which are active suppliers that acquire consumers. In addition to them, 12 bilateral suppliers produce electricity and also sell it to consumers. The reform enables consumers to purchase electricity from any private supplier in the sector, and Noga is responsible for migrating consumers from one supplier to another.

Correct to December 2025, **251,450** consumers have migrated to bilateral suppliers and **92,730** consumers have migrated to virtual suppliers (without production means). The total consumption by all customers of virtual suppliers is **5,690,114 MWh**.

Additional information is displayed on Noga's website.³

Developing future electricity trading models and markets

Noga is promoting an ancillary service in Israel, which it announced to the public in 2025 for the first time – the Fast Frequency Response (FFR) service. This service is designed to provide a response to the growth in renewable energy facilities' production volume, which indirectly causes a decrease in systemic inertia. The service is based on battery-powered storage facilities that are capable of providing an initial response in less than 1 second.

This service will enable competitive trading of surplus energy in storage facilities that are integrated with photovoltaic systems operating under various regulations, inter alia, the market model in the distribution segment. As the system administrator, Noga will also be capable of reacting quickly (which is necessary due to the multitude of renewable energies and their naturally fluctuating supply capabilities), as part of promoting renewable energies and maintaining the stability of the electricity system at competitive prices. Noga promoted regulation of the issue with the Electricity Authority.

Furthermore, the FFR service will signal to market players to construct facilities capable of providing ancillary services and will create a market price for immediate reserves in Israel, alongside the market price for energy.

Noga's Trade Division is also responsible for additional activities:

- Account-settling between suppliers and producers in the electricity sector with annual turnovers (buying and selling in the clearing house model) of about ILS 50 billion.
- Formulating commercial forecasts and cash-flow forecasts from trading activities in the electricity sector, for the purpose of supporting Noga's financial robustness model.
- Making commercial information accessible to the general public.

³ For more information, see Noga's website [Noga – Israel Independent System Operator / Consumer Migration Status](#) (in Hebrew).



Planning and development

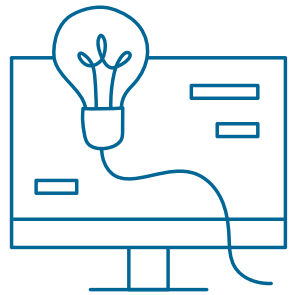
When managing the electricity system, it is highly important to plan and develop the electricity sector towards a sustainable future according to Israel's sustainable development goals and while taking into account numerous variables, including demographics, climate change, emerging technologies, and other variables impacting the generation, supply, and consumption of electricity in Israel. Noga's Planning and Development Division is responsible for these efforts and its spheres of responsibility include:

- **Information management, data collection, and dissemination** – collection, receipt, retention, and management of information and data about production and transmission systems and technological monitoring of developments.
- **Long-range planning** – preparing an integrative development plan for electricity generation according to the economy's future needs, including forecasting power plants' operating regimes and fuel consumption at each plant and developing planning models and optimizing the development of the electricity generation sector.
- **Planning the electricity generation segment's development** – including recommending the required production and storage capacities, the optimal mix, location and timing for integrating production and storage means, and setting criteria for planning the development of the electricity generation segment.

In managing the power grid, the planning and development of the electricity sector is crucial for a sustainable future

- **Planning the transmission segment's development** – including processing of forecast data, planning the transformer system, systemic engineering characterization of the transformer facilities and main equipment and formulating the transmission segment's multi-year development plan.
- **Engineering and statutory planning** – statutory planning and promoting outline plans (including environmental impact assessments) for the generation, transformer and transmission project (subject to the Electricity Authority's request) relating to the development plan.
- **Formulating power grid regulations and systems requirements** – formulating and publishing power grid regulations and systems requirements from production units using various technologies and coordinating technical issues.
- **Conducting surveys and undertaking to connect facilities** – conducting planning and connection surveys and undertaking to connect facilities and coordinating technical issues.
- **Inspecting transmission segment facilities and generation facilities that connect to the transmission segment** – determining the requisite tests and coordinating technical issues for the facilities prior to their commercial operation, as part of the series of tests of various aspects being performed by Noga's other divisions.
- **Providing guidance on the development of the distribution segment and conducting surveys in the distribution network and research and development of the electricity sector** – providing guidance to distribution licensees in relation to all aspects pertaining to connection points and reciprocal impacts between the transmission segment and the distribution segment, and on systemic requirements relating to the receipt of decentralized energy generation and storage in the distribution segment.
- **Research and development of the electricity sector** – preparing energy production and environmental quality technology baskets, ongoing monitoring of innovations in the field of energy generation and transmission technologies, managing a database of electricity generation and storage technologies in the system and examining the impact of renewable energy technologies on the system.

Key aspects of our Planning Division's activities



Statutory Planning and Environment Department conducts dialogue with local communities and environmental organizations in line with public participation requirements, recognizing that public consensus is key to the success of complex national infrastructure projects.

Integrative development plan

During 2024-2025, Noga prepared an integrative development plan for the generation and transmission segments in compliance with its system administration license. Accordingly, in July 2025, Noga submitted a draft of the Integrative Development Plan 2035 to the Minister of Energy and Infrastructure. This plan calls for developing electricity generation (including storage), transmission, and transformation in an integrative manner, including all components, in order to maintain the reliability and survivability of the electricity system and achieve the government's goals promoting renewable energies.

Statutory and environmental planning

The Statutory and Environmental Planning Department of Noga's Planning Division performs a key role in developing and planning national electricity infrastructures, particularly statutory planning of 161 kV high-voltage lines and 400 kV extra-high-voltage lines, substations and switching stations. The department's activities encompass all stages of statutory planning, including receiving the system's needs, formulating planning alternatives, finalizing planning and completing approval procedures with the Planning Administration. As part of its work, the department contends with complex challenges of integrating critical electricity infrastructures into the national fabric, while taking into account environmental, social and economic considerations. The department's professional team, which includes planners, engineers and environmentalists, collaborates closely with national and local planning and regulatory bodies to ensure that the distribution segment's

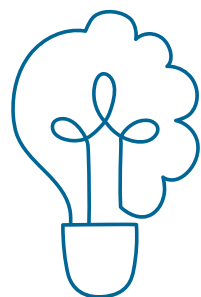
development plans meet the highest standards of sustainable design.

One of the department's most important activities is promoting the outline plans needed in order to implement the development plan, while striking a balance between the development needs of the electricity sector and the need to preserve the values of nature, landscape, and heritage. To this end, the department is leading an integrative approach to environmental planning, which incorporates environmental quality and sustainability considerations during all planning and execution stages. This approach includes conducting comprehensive environmental impact assessments, recommending advanced technologies to minimize environmental impacts, and providing solutions, such as underground

lines, according to the government's policy in this regard. The outline plans being promoted prescribe provisions on environmental topics, such as ecology, landscape, etc., customized for each type of region, in order to minimize projects' environmental impacts.

Noga's Statutory and Environmental Planning Department also maintains dialogues with local communities and environmental organizations as needed, based on the understanding that public consent is key to the success of complex national infrastructure projects. The department also holds in-depth public participation events to present plans and receive feedback from the public. This activity contributes to the transparency of the planning process and to increasing public confidence in our Planning Division's development projects.





Research and development

Noga carries out research and development on subjects under its responsibility as defined in its license. Our R&D activities strive to position Noga at the vanguard of technology, to enable the Company and the electricity sector to contend with the expected challenges and to develop innovative tools that are among the most advanced in the world, as defined in the Company's vision. R&D activities are carried out by Noga's employees and in collaboration with academic institutions, research institutes, and private entrepreneurs. The R&D activities focus on different fields according to the needs and challenges defined by the Company's management.

The following are research studies relating to ESG aspects that were completed in 2025:⁴

- "A systemic approach to evaluating and supporting decision-making to promote a strategy for a sustainable electricity system for the State of Israel," Ben-Gurion University.
- "Hourly PV generation forecast for 24 hours ahead," Areva Ltd.
- "Development of a new combined cycle start-up procedure," Technion Institute of Technology.

Noga also promotes research studies in the fields of environmental protection, sustainability, and interactions with electrical systems. As part of this, Noga publishes an annual RFP to research and development entities to apply for funding for select studies that are relevant to Noga's activities and the electricity system.

In 2025, after publishing its RFP, Noga received 29 research proposals from academia, research institutes, private companies, and government agencies, which

focused on planning and managing the electricity sector, electricity generation and transmission technologies, and the environment and sustainability. After reviewing and evaluating the proposals, Noga accepted three proposals in the fields of demand forecasting, electricity generation development models, and sustainability and the environment.

The following are the approved studies in the field of ESG for 2026:

- "Predicting weather-induced changes in power generation in smart power grids using data from photovoltaic energy sources," Tel Aviv University.
- Establishing a long-term research system to examine the effectiveness and resilience of measures to reduce bird collisions with power lines," Tel Aviv University.

Monitoring of electricity quality

As part of technological monitoring of the electricity generation and distribution segments, Noga regularly monitors electricity quality at high-voltage producers and consumers and at high-voltage producers with an output exceeding 5 megawatts, and publishes periodic reports on the Company's website.

These reports are based on data from its monitoring system that continuously monitors the electricity quality characteristics at points of common coupling (PCC) to the power grid.

The data are compared to the values stated in Standard 41 and in Israeli standards 50160 and 519 and, if deviations are discovered, the consumer/producer is obligated to rectify the deviation and prevent its recurrence.

Forecasting and statistical research

Noga's Forecasting and Statistical Research Unit is responsible for forecasting electricity demands for the purpose of planning and developing the electricity sector, for implementing statistical methodologies in various fields in the Company and for characterizing and managing databases from various sources for the purposes of intraorganizational research. The unit participates in processes requiring analytical analyses of diverse organizational needs, including building models relating to trade, planning and operations and, inter alia, also presents them transparently to the public.

The unit's main function is to develop predictive capabilities for electricity demand in the short, medium and long term using innovative models, while taking into account the emergence of new future uses and their impact on demand (such as electric vehicles, water desalination, energy storage, climate change, etc.). The unit arrives at predictions using advanced computing tools, and constantly keeps abreast of the latest accepted statistical methodologies.

As a unit specializing in data and machine learning, it uses AI tools coupled with human knowledge amassed in the organization to examine the quality of data, perform

data analyses and generate business value from the information and then presents insights to policy-makers.

The unit also centralizes all organizational information needs and employs analytical tools to provide solutions to Noga's various divisions.

The unit also engages in research and analyzes changes in electricity consumer behavior by investigating national electricity consumption data. Since Noga is a government company that is also defined as a research entity, it has access to data from the Central Bureau of Statistics.

Other goals of the unit are to be at the vanguard of research in the fields of forecasting and research on electricity behavior, to serve as an international knowledge hub and to contribute to the development of innovative forecasting models for the electricity sector.

As a leading research body, the unit maintains close relations with academic ecosystems in Israel and abroad for the purposes of mutual advancement of research in relevant fields. To this end, an inter-ministerial community of experts has been formed that meets with representatives of academia in Israel and abroad with the objective of creating joint research teams.



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⁴ Research topics and abstracts can be viewed via [this link](#) (in Hebrew)

Corporate Responsibility management strategy

Corporate Responsibility Management Strategy

for transforming the electricity sector into a sustainable, low-carbon, competitive, reliable and affordable sector for the benefit of the public



These spheres of action, our performance and our sustainability goals are presented throughout this report as part of our continuing process of enhancing Corporate Responsibility in the Company.





Advancing the UN's Sustainable Development Goals (SDGs)

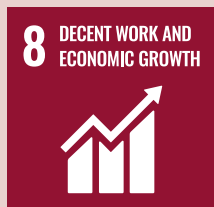
In 2015, the United Nations formulated a plan containing 17 SDGs and 169 targets, which are designed to advance sustainable development worldwide. The plan was adopted by all UN member states, including Israel. Our strategic activities in the

fields of Corporate Responsibility correspond to some of the SDGs. During the compilation of Noga's ESG report, we identified seven SDGs that are relevant to the Company's business activities and that we take action to advance.



SDG 7: Affordable and clean energy

Noga ensures the readily available supply of reliable electricity to all citizens of Israel, while striking a balance between system survivability, environmental protection and optimal price to consumers. Noga is striving to achieve the government's goal of 30% renewable energy by 2030 by advancing research, technologies and investments in renewable energy technologies.



SDG 8: Decent work and economic growth

electricity drives many basic services in the Israeli economy. Noga's activities managing an efficient and advanced electricity system drive economic development. Noga advances diversity and innovation that enhances economic efficiency and prioritizes providing fair, safe and healthy working conditions.



SDG 9: Industry, innovation and infrastructure

Noga is responsible for long-range planning of reliable and sustainable electricity infrastructure in Israel and advances technologies and innovative thinking in the development and management of the electricity sector.



SDG 10: Reduced inequalities

Noga takes action to ensure equal opportunities and fair wages for all segments of Israeli society and adheres to the Companies Authority's guidelines regarding fair representation of diverse populations and gender equality among the Company's employees.



SDG 13: Climate action

Noga takes action to achieve Israel's climate action objectives by increasing use of renewable energies and reducing greenhouse gas emissions in the electricity system for a more sustainable future.



SDG 16: Peace, justice and strong institutions

Noga takes action to prevent corruption and bribery in the Company's internal activities. Noga also acts with transparency and makes information about the electricity sector accessible to the public.

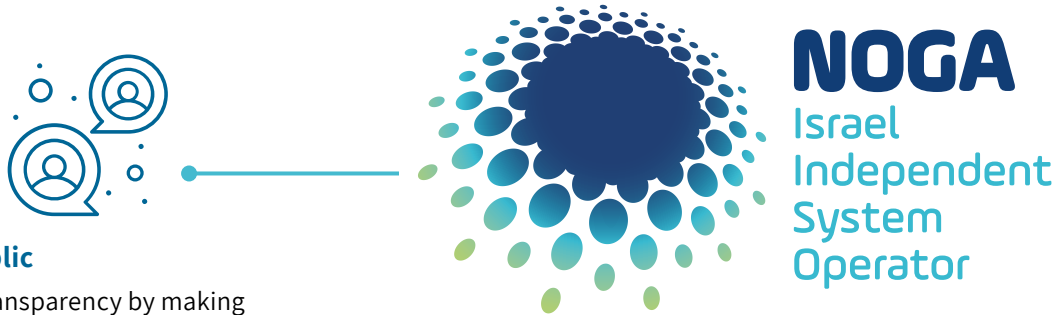


SDG 17 Partnership for the goals

Noga takes part in the global efforts to achieve sustainable development.

Stakeholder engagement

Noga believes in dialogue and collaboration with the Company's diverse stakeholders. As a government company managing the electricity system in Israel, Noga works for the benefit of the public. We hold dialogues as part of our routine activities.



The general public

Noga promotes transparency by making important information about the electricity sector accessible on its website, publishes information to inform the public and, in some instances, invites public feedback. Noga also facilitates public participation in major planning initiatives.

The Company's employees

as a young and developing company, Noga deems it highly important to be attentive to its employees and care for their personal development in order to ensure long-term employee retention. Noga encourages employees to contact their managers or the human resources department whenever necessary, and periodically holds roundtable discussions and focus groups in order to hear our employees and respond to their needs in today's evolving workplace.



Regulatory authorities

such as the Ministry of Energy, the Electricity Authority, the Ministry of Finance, the Ministry of Environmental Protection, the Government Companies Authority, local governments, the Association of Cities for Environmental Quality, etc. Noga operates in an extensive regulatory environment. The Company's management and relevant officials in the Company maintain routine work relations with the various regulatory authorities and comply with their regulations and the Company's license.



Companies in the electricity supply chain

the electricity system includes many players enabling the generation and transmission of electricity to consumers' homes - the Israel Electric Corporation, private producers, suppliers, etc. Noga maintains dialogues with the various companies in the supply chain for the purposes of professional and high-quality management of the electricity system's various aspects.



Fuel suppliers

including Israel Natural Gas Lines, Petroleum and Energy Infrastructures Ltd. and suppliers of natural gas and diesel fuel. Noga is diligent about maintaining long-term good relationships with fuel suppliers and develops collaborations in routine times and especially during emergencies.



The banking system and the capital market

Noga maintains long-term relationships based on mutual trust and transparency, since we deem our financing entities as partners in our efforts.



Community, social and environmental organizations

as a government company operating for the benefit of the Israeli public - and particularly in the electricity sector, which contains significant environmental and social aspects - our relations with the community are highly important to us. Therefore, Noga advocates transparency, readily accessible information and public participation.



Suppliers

Noga is diligent about maintaining long-term good work relations with its suppliers and fair payment terms.



Specified hereunder is the Company's Corporate Responsibility policy, which we formulated after identifying and prioritizing Noga's material topics through comprehensive dialogues with relevant stakeholders. We are also publishing Noga's Corporate Responsibility goals for the first time this year, as part of integrating our ESG policy into the Company's core processes.

Corporate Responsibility (ESG) Policy Noga Israel Independent System Operator

Noga Israel Independent System Operator is a government company incorporated in Israel in 2008 pursuant to Government Resolution 3704 and operating pursuant to Government Resolution 3859 of 2018 for the reform of the electricity sector. The Company functions as the system administrator in the electricity sector and as the Power Authority pursuant to a system administrator license granted to it by the Electricity Authority with the approval of the Minister of Energy by virtue of the Electricity Sector Law and the regulations enacted by virtue thereof.

Our corporate social responsibilities

We lead the development and management of the electricity sector in routine times and during emergencies and the transformation of the electricity sector into a competitive sector with fair and equitable trade. As a leading government company fulfilling a key role in the economy, we are committed to promoting Corporate Responsibility (ESG – environment, social, governance) according to leading professional standards for the benefit of all stakeholders and for a better and sustainable future for the State of Israel.

Ensuring reliable and efficient electricity supply in routine times and during emergencies

- We work for the benefit of the economy and for public welfare and are committed to ensuring a stable, high-quality electricity supply at all

times, including during emergencies (war, extreme weather events, earthquakes, etc.), and to promoting competition and competitive pricing using some of the most advanced innovative tools in the world.

- We plan the electricity sector years in advance and foster research and development for the benefit of the electricity sector in fields such as: renewable energies, energy storage, energy efficiency, reducing energy consumption, sustainability and the environment.
- We create and strengthen relations with our stakeholders in the fields of operations, trade and development plans, and share information about the electricity system with the public, while striking a balance between transparency on the one hand and privacy protection and data security on the other, in compliance with the statutory and regulatory restrictions.
- We regularly manage risks in all of the Company's activities in order to maintain functional continuity and achieve the Company's objectives.

Environmental quality and climate

- We integrate environmental considerations and aspects of sustainability and innovation in all of Noga's spheres of activity, including in the planning, development and operation of the electricity system and in electricity trade, while adopting advanced environmental standards and the best economically proven technologies.

- We take action to achieve the government's goals of reducing greenhouse gas emissions from the electricity sector and increasing use of renewable energies in the Israeli electricity sector.
- We are committed to inculcating values of environmental protection and sustainability in Noga's organizational culture and to increasing our employees' environmental awareness and commitment to these values.
- We are committed to reducing the Company's carbon footprint.

Human capital and work environments

- As a young company, we are inculcating an organizational culture based on expertise and professionalism, strategic, innovative and integrative thinking, a results-oriented approach, and the development and cultivation of our human capital.
- We enable all of our employees to develop professional and managerial skills and advance their careers and attend to the well-being of our employees and their families.
- We ensure that we provide healthy and safe work environments.
- We recognize our employees' rights to unionize and receive fair representation on our board of directors.
- We safeguard human rights and employee rights and take action to advance gender equality, diversity, inclusion, and egalitarianism and to prevent discrimination, harassment, and workplace bullying.

Ethics and proper management

- We conduct our activities with integrity, transparency and responsibility in conformity with Noga's Code of Ethics.
- We maintain good corporate governance in compliance with the statutory and regulatory provisions and are diligent about proper management of our relationships with all of our stakeholders.

Community outreach and volunteering

- We encourage our employees to participate in diverse volunteering activities for the benefit of Israeli society.

All of the Company's managers and employees are obligated to act in compliance with this policy, which helps us achieve our objectives and success as a company, and for Israel's economic, environmental and social development and prosperity

Corporate Responsibility goals

As part of our commitment to transparency and continuous development, we are proud to present Noga's Corporate Responsibility goals this year for the first time. Last year, we published our first Corporate Responsibility Report, in which we outlined our policy principles, and publishing our ESG targets marks another milestone in the long-term process of incorporating the values of sustainability in all of our activities

As a company in establishment and growth stages, we decided to focus on process goals and qualitative goals that lay the necessary foundation for responsible and ethical management. We are cognizant of the fact that our most significant impacts do not derive from our office activities' direct environmental footprint, which is limited by its nature, but rather, derive from our strategic role as the manager of the electricity sector. Therefore, we defined goals that relate to our national mission – leading the transition to renewable energies and advancing an efficient, clean, and sustainable energy sector for the benefit of the general public. The goals presented hereunder are the next chapter in our journey, which will serve as a compass during the processes of building and developing the Company in the coming years.

Noga's Corporate Responsibility goals for 2026

E

Environmental quality

Update our 2035 development plan
continue planning an integrative development plan for the electricity system with a long- and medium-range perspective.

Achieve the government's goals for the electricity sector's transition to renewable energies

monitor and report on the implementation of the generation and transmission segments' development plans, and advance distribution projects.

Manage climate and ESG risks
conduct a new corporate risk survey that includes, inter alia, an examination of the climate change and ESG risk factors for Noga – Israel Independent System Operator.

Improve data measurement and collection
including water, electricity and fuel consumption.

Raise awareness
and provide training in waste sorting and recycling and in wise consumption.



S

Society

Improve electricity trade management
improve suppliers' purchasing process from Noga (the system administrator) using certificates of availability for the benefit of customers of only virtual suppliers up to a quota of 1,000 MW.

Promote competition in the electricity sector using the wholesale price model
switch from SMP (system marginal price) to MCP (Market Clearing Price).

Workplace diversity goals

- 6% of new hires should be from underrepresented populations
- Women should hold 25.5% of the management roles at the level of department or higher
- Hire disabled IDF veterans (particularly veterans who were wounded during the Swords of Iron War)

Streamline tender and procurement processes

improve procurement processes to shorten work times and ensure payments without deviations

Enhance safety measures

so that there are fewer occupational accidents than last year.

Initiate Safety Excellence Awards

launch an annual safety conference attended by safety trustees and employees with outstanding safety achievements to raise awareness and encourage employees to work safely.

G

Corporate governance

Improve preparedness for functional continuity and emergencies
upgrade operations systems, including completion of the data center, replacing generators and improving infrastructure readiness to connect producers to new computer systems. As part of emergency preparedness, conduct drills and simulations at national and internal levels, including extreme scenarios.

Improve knowledge retention

ensure knowledge continuity and managerial continuity in the Company by hiring a knowledge manager and appointing divisional knowledge trustees, identifying key roles, and identifying and appointing professional and managerial reserves from within the organization, including preparation for early retirement and knowledge transfers.

Improve Noga's SOPs

update existing procedures or draft new procedures (about 30 procedures).

Improve privacy protection

continue monitoring compliance with the statutory requirements, provide training to key personnel in the Company and develop and implement courseware for all employees.

Continue focusing on data security and cybersecurity

to ensure full protection of the Company's and the energy sector's assets.

Noga's material topics

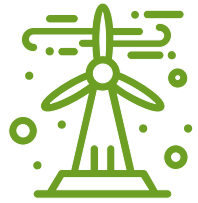
During the compilation of this report, we validated our material topics in conformity with the process required by the Global Reporting Initiative's Universal Standards 2021. During the validation process, we reviewed the leading standards in this field and performed a comparative review of similar international companies in our operating sector.

Material topics:



Society and community

- Employee health, safety and rights
- Employee well-being and development
- Maintaining readily available, reliable and affordable electricity
- Transparency, information accessibility and public participation
- Data management and innovation in the electricity sector



Environment

- Achieving the State's goal for the electricity sector's transition to renewable energy
- Preventing hazards and reducing environmental impacts during management of the electricity sector



Corporate governance and ethics

- The electricity system's survivability, security and resilience
- Ethics and good corporate governance
- Compliance and regulations
- Data security
- Financial robustness

In addition to these material topics, this report also covers other topics relevant to the Company's operations.

Transparency and expanded reporting

This Corporate Responsibility Report for 2025 is the second report we are publishing in conformity with the leading international Corporate Responsibility standard (the Global Reporting Initiative) to present Noga's commitment to transparency and continuous improvement. This report constitutes the continuation of an in-depth process of action and continuous reporting. Last year, we identified our material topics and formulated Noga's Corporate Responsibility Policy. This year, we expanded the scope of the report and present the trends in sustainability data since last year and Noga's ESG goals for 2026.

This process reflects our deepening commitment to ESG and enables the Company's stakeholders to receive a fuller and more accurate picture of Noga's commitment to sustainability and its impacts in these fields.

Environmental quality and climate



In today's world, the correlation between the electricity sector and environmental quality and climate change is an established fact. Noga is at the vanguard of the national effort to reduce Israel's carbon footprint, while ensuring energy continuity in a world of changing climate. As the electricity system administrator, Noga deems environmental protection and preparedness for climate change as key values in the Company's vision, and these values focus Noga's environmental activities on two strategic axes:

- **Leading the transition to renewable energies:** we are working diligently to turn the vision of renewable energies into a reality. Through smart planning and integrating energy storage technologies and advanced trade management, Noga enables the electricity sector to achieve the government's goals of reducing greenhouse gas emissions and incorporating environmental considerations at every decision-making juncture – from ongoing operations to long-range research and development.
- **Resilience and climate-induced adaptations:** we thoroughly analyze the implications of the climate crisis on electricity generation and the power grid. Our analyses of scenarios enable the electricity sector to prepare for changes in demand and for extreme weather conditions, while also maintaining the system's stability during emergencies.

Compliance with environmental regulations

In addition to our national environmental impacts, we are also committed to environmental excellence within the Company. Noga inculcates a culture of wise resource management and of reducing GHG emissions, and ESG and sustainability aspects are an integral part of the Company's risk management system. We are determined to continue leading the way to a clean, safe and sustainable future.

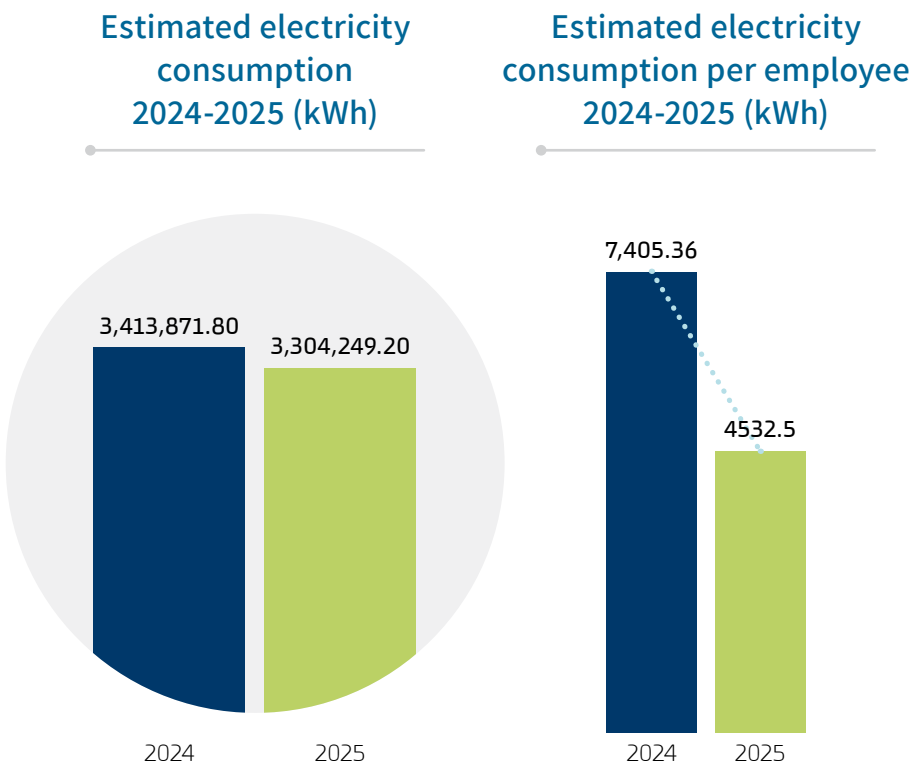
The Company operates in an extensive regulatory environment, including relevant environmental regulations such as the Electricity Sector Law and Regulations, the Clean Air Law, the policies and decisions of the government and its relevant ministries (such as the Ministry of Energy and the Ministry of Environmental Protection), and provisions relating to business licensing and environmental quality that apply to the Company's operating sites.

Noga strives to ensure full and ongoing compliance with all statutory provisions and environmental regulations applying to its operations. When the Company was established, we conducted a comprehensive survey to map all environmental obligations and, since then, we have been continuously monitoring regulatory developments and amendments and ensuring their implementation. We analyze the implications of new environmental laws and regulations, prepare for their operational, legal and economic repercussions and take action to prevent or mitigate environmental risks that could derive from the Company's operations. We also keep abreast of developments in environmental legislation in Israel and around the world, examine their potential impacts on its spheres of systemic responsibility and take all necessary actions at the relevant levels.

Resource management and impacts on internal operations

Noga takes action to reduce the direct environmental impacts deriving from its internal operations in its various offices and sites, mainly by streamlining resource consumption and sorting and recycling waste.⁵

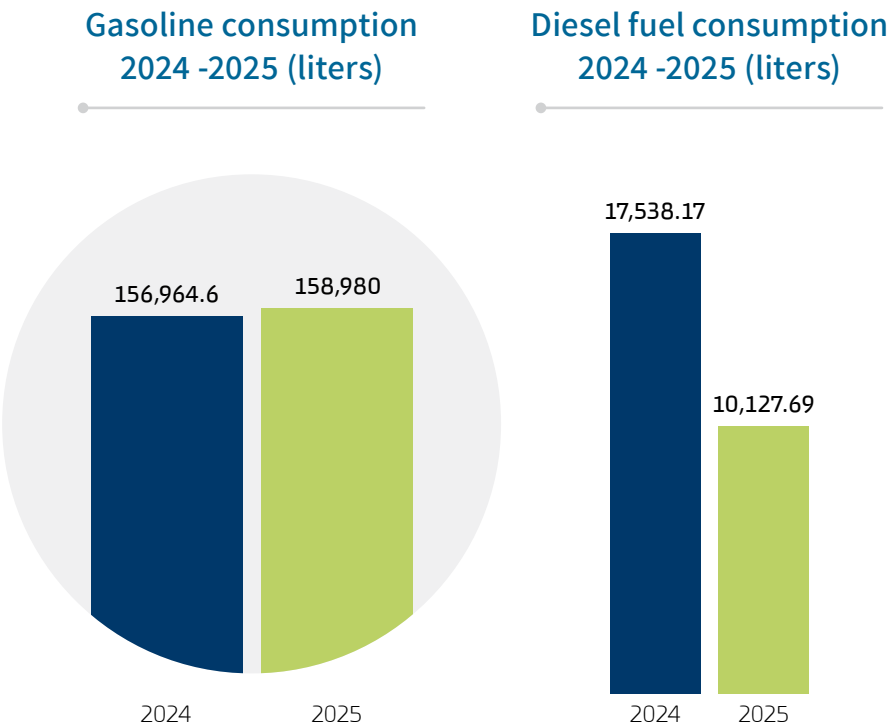
Electricity consumption



Between 2024 and 2025, electricity consumption decreased by **3.21%**

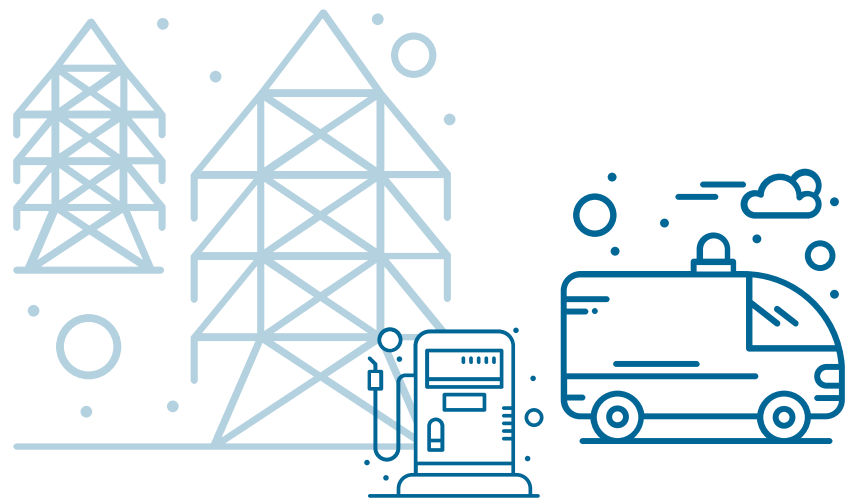
Between 2024 and 2025, electricity consumption per employee decreased by **38.79%**, due to the increase in the number of the Company's employees in 2025

Fuel consumption



Between 2024-2025, gasoline consumption increased slightly by **1.28%**

Between 2024 and 2025, diesel fuel consumption decreased considerably by **42.25%**. This decrease derived from work vehicles not being used due to the state of emergency



⁵ When calculating electricity and water consumption in 2025, we improved work procedures and fine-tuned the accuracy of consumption calculations. We also updated data on greenhouse gas emissions.

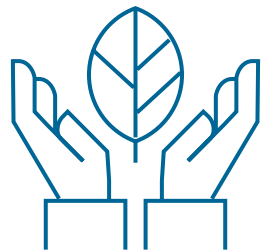
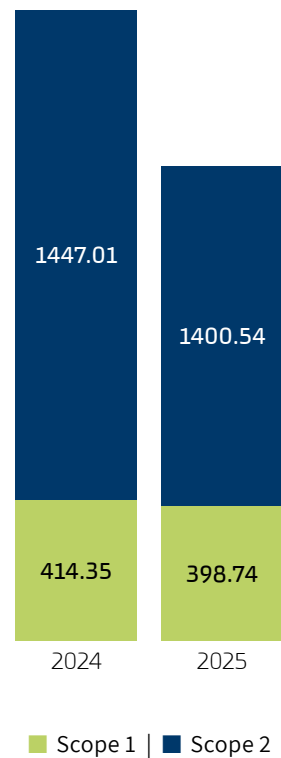
Carbon footprint

We calculate the Company's total greenhouse gas emissions and its carbon footprint deriving from its business operations according to the principles of the Greenhouse Gas Protocol. The calculation is in tons of carbon dioxide equivalent (tCO₂eq) and relate to direct (scope 1) and indirect (scope 2) emissions:

Direct emissions (scope 1) – emissions under the Company's direct responsibility deriving from fuel consumption for transportation.

Indirect emissions (scope 2) – emissions under the Company's indirect responsibility deriving from electricity consumption.

Carbon footprint
2024 -2025 (tCO₂eq)



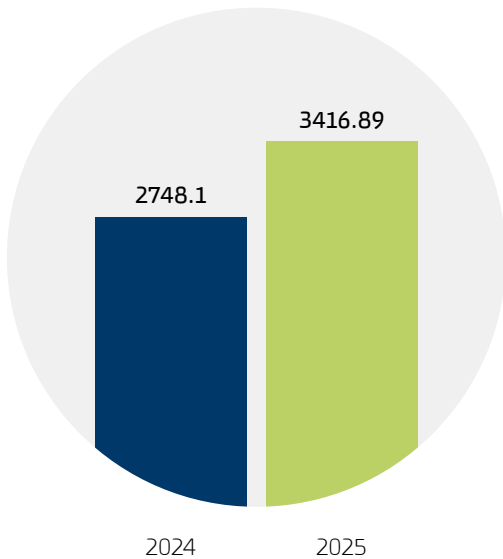
Total estimated carbon footprint for 2025:
1,799.28 tCO₂eq. Estimated carbon footprint per employee:
2.47 tCO₂eq

Between 2024 and 2025, the Company's estimated carbon footprint decreased by **3.33%**

Between 2024 and 2025, the estimated carbon footprint per employee decreased by **38.86%**, due to the increase in the number of the Company's employees in 2025

Water consumption

Estimated water consumption
2024 -2025 (m³)



Estimated water consumption per employee
2024 -2025 (m³)



Between 2024 and 2025, the estimated total water consumption increased by **24.34%**

Between 2024 and 2025, the estimated water consumption per employee decreased by **21.48%**, due to the increase in the number of the Company's employees in 2025

Waste sorting and reduction

Noga is committed to reducing, sorting and recycling the waste generated by its internal operations. We sort waste by category at all of the Company's sites: paper, cardboard and electronic waste through "Ecology" (a social corporation that employs people with disabilities). We also sort packaging waste (orange bin) and beverage containers through "Socially Green – People Create the Environment" (a socio-economic organization that employs people with disabilities).

Electronic waste

Computer and communication equipment no longer in use are collected by "Ecology" (social corporation that employs people with disabilities). We also distributed battery collection boxes in central locations at the Company's sites and instructed our employees to separate electronic waste and batteries from general waste.

Recycling of electronic waste 2024-2025 (tons)

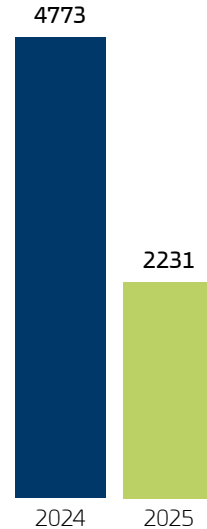


Recycling of electronic waste increased dramatically from **2.37 tons** in 2024 to **13.57 tons** in 2025. This increase derived from the recycling of old electronic equipment from the Company's old sites

Paper and cardboard waste

Most cardboard waste is collected by local authorities (apart from one small site in central Israel, where collection is handled separately and therefore most of the cardboard disposal is not measured at that site). Paper waste is collected by KMM Ltd.

Paper and cardboard recycling 2024-2025 (kg)

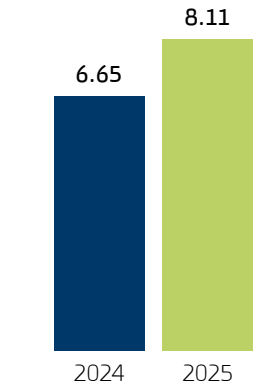


Packaging and beverage container waste

At the end of 2023, Noga signed an agreement with Socially Green – People Create the Environment (a socio-economic organization that employs people with disabilities) for the collection of packaging and beverage container waste. We purchased and distributed designated bins in order to sort waste by packaging (orange bins) and beverage containers (yellow bins). During 2025, representatives of "Socially Green" held meetings with our employees at all of the Company's sites to increase awareness of waste separation at source. In mid-2025, we added another Company site to the waste collection list.

As a result, packaging waste recycling increased from **6.65 tons** in 2024 to **8.11 tons** in 2025

Recycling of packaging waste 024-2025 (tons)



Switching to reusable utensils

Noga is taking action to significantly reduce the use of disposable utensils in the organization. In the summer of 2022, the Company launched an initiative to switch to reusable utensils in kitchenettes, dining halls and coffee corners at the Company's sites, inter alia, by purchasing reusable glass cups, pitchers, plates and cutlery. To ensure hygiene and convenience, dishwashers were installed in main kitchenettes. We conducted a survey and found that this initiative won broad support among our employees and reflects our common aspiration for personal and collective environmental responsibility. This initiative was approved by our Board of Directors and aligns with the Government Companies Authority's recommendation to adopt Government Resolution 1418 to reduce the use of disposable utensils. Noga is continuing to implement and adapt internal procedures to advance the use of reusable utensils and to steadily reduce uses of disposable utensils.



Vehicle use

Noga recognizes the potential environmental impact of the Company's fleet of vehicles and of its employees' mobility needs. We monitor relevant data relating to the composition of our fleet of vehicles and to alternative means of mobility with lower greenhouse gas emissions, within the current vehicle leasing restrictions imposed on government companies.

252 of the Company's employees use shuttles

5 of the **74** company vehicles are hybrid vehicles

We installed **2** EV charging stations for employee use

Human capital

Our human capital

The Company has been in the midst of a growth process since its establishment as part of the reform in the electricity sector. Noga has grown in recent years and invests considerable resources in developing organizational infrastructures to support this expansion and ensure long-range stability. Noga's Human Resources Division leads the Company's human capital activities and its expansion process.

As of the reporting year Noga employs 415 employees, most of whom have advanced academic degrees in the fields of electrical engineering, mechanical engineering, the sciences, industry and management, business administration, urban planning and environmental protection. More than 20 employees hold PhDs.

Our employees lead our efforts in managing Israel's electricity sector with a deep sense of purpose, since managing this critical national infrastructure contributes to a sustainable future for the State of Israel and its citizens.

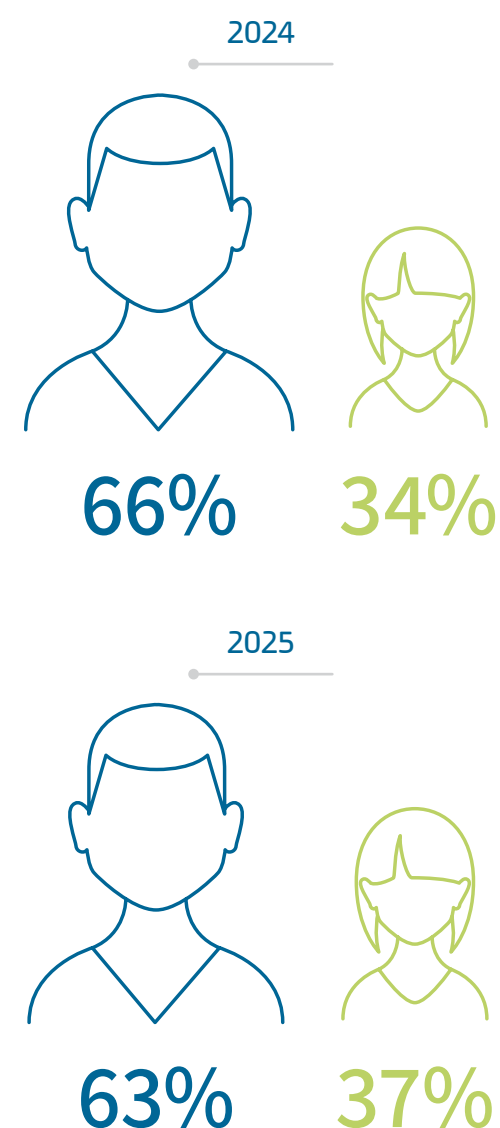
Advanced process of organizational restructuring

As part of our preparations for the challenges of the future, we are in the midst of a comprehensive process of organizational restructuring with the assistance of external professional advisors. This process is based on an advanced O&M (organization and methods) methodology, which comprehensively examines the organization's outputs against its changing needs. As a result, we formulated a plan to ensure that we have strong management and operations infrastructure that supports the Company's growth, including increasing our workforce, which is expected to expand the volume of our activities. These recommendations are currently in the process of being approved by the Company's Board of Directors.

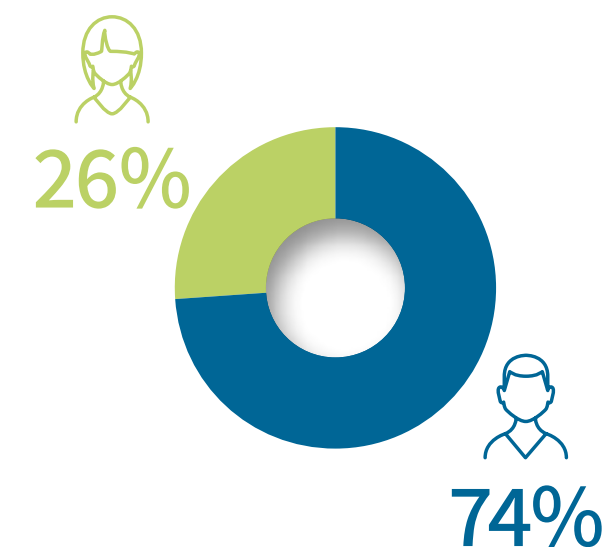
Gender equality

We believe that gender equality is a foundation for a stronger and more just society. Notwithstanding the relatively low participation rate of women in the field of engineering in Israel, the Company advocates fair representation and encourages the hiring of women. The data for 2025 show a slight increase in the hiring of women compared to 2024, which attests to a positive uptrend. The Company is continuing to advance the recruitment and hiring of women.

Fair employment and gender equality



Ratios of men and women in management roles 2024-2025





Fair employment and gender equality

Noga deems the advancement of equal opportunities and fair employment as a key pillar of its organizational robustness and as one of its obligations as a government company to proper management.

Correct to 2025, the wage disparity between the highest and lowest wage in the organization is 5.75 times.⁶

An organization-wide analysis also found that the overall average gender wage disparity in the Company is about 12% in favor of men, which derives from heterogeneity of roles in the Company. Noga hired employees of the Israel Electric Corporation with the considerable experience that they possess and with the existing gender disparities.

In order to deepen the examination, Noga divided its workforce into several reference groups (according to seniority, management echelon and occupation):

- **Senior management:** 10% disparity in favor of men.
- **Department managers:** 2% disparity in favor of men.
- **Non-managerial employees:** 12.4% disparity in favor of men.

The gender wage disparities shown in the various management echelons are influenced by professional variables and regulatory circumstances that characterize the Company's activities as a government company:

At the senior management echelon, the gender wage

disparity derives from changes in the Company's ranking by the Government Companies Authority, which affects the Company's wage levels. In the past, when the Company was assigned a higher ranking that enabled higher wage levels, men held most roles. When the Company hired women to management roles, the Company's ranking had been downwardly revised (which dictates lower wage levels), and therefore, their wages were determined according to the Company's current ranking. Consequently, the gender wage disparity is technical in nature deriving from the application of government wage rules in different periods and not from gender bias.

The analysis of several reference groups in all other echelons in the Company found that the existing gender wage disparities are due to objective variables that affect wage and remuneration components, including previously accumulated professional seniority, the number of overtime hours actually performed and assignments to specific managerial tasks within the professional echelon.

Noga is committed to continue reducing specific gender disparities in the various echelons. As part of our work plan for the coming years, we will continue to regularly monitor wage data and take action to increase gender equality by encouraging women to integrate into management roles and core professions in the Company.

⁶ The data are based on employees who completed a full and continuous year of employment during 2025. To ensure a reliable basis of comparison, the calculation does not include employees whose employment continuity was interrupted during the year (such as due to unpaid leave, maternity leave or extended military reserve duty) or employees who were hired during the report year.

Prevention of sexual harassment

Noga deems the prevention of sexual harassment a fundamental value in the Company, and takes action to ensure safe, respectful and equitable work environments. The Company operates in compliance with the Prevention of Sexual Harassment Law and implements a clear and manifest policy for the prevention of sexual harassment, which includes a Code of Ethics, mandatory procedures and periodic training to all employees and managers.

We appointed a prevention of sexual harassment officer as required by law. The officer's role is to handle complaints and perform sensitive investigations with complete

discretion. All employees have access to information in this regard on the Company's website and from placards permanently affixed in our work spaces. During the year, we provided training in the prevention of sexual harassment to all employees through organizational courseware. Noga is committed to continuing to inculcate an organizational culture of respect and to responding promptly and decisively to any complaint or incident.

No sexual harassment complaints were received in 2024 or in 2025.

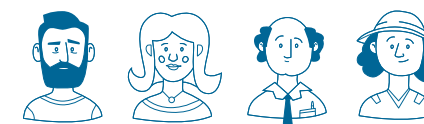
No complaints of discrimination were reported in 2025.

Recruiting and hiring from diverse populations

As a government company working for the benefit of the Israeli public, we attribute considerable importance to fair representation of the diverse populations in Israeli society, subject to security directives. Noga sees great value in the uniqueness that each employee brings to the job and in the synergies created when working together.

Noga advances diversity hiring in the Company and collaborates with numerous organizations engaging in advancing the recruitment and hiring of diverse populations, such as people with disabilities, disabled IDF veterans, people from the Druze community, the ultra-Orthodox Jewish community, etc.

For reasons of privacy protection, we do not retain information about the number of employees with disabilities. According to data from the Equal Rights for People with Disabilities Commission in the Ministry of Justice, which were published in July 2025, we achieved the hiring target of people with significant disabilities of 3.5-5% of the Company's total employees in 2024.



⁷ The Equal Rights for People with Disabilities Commission began publishing data on government companies' achievement of hiring targets as of 2025. The data found that Noga achieved the target in 2024 (ranging from 3.5% to 5%), which attests that we hired at least 14 people with significant disabilities. This figure is higher than in previous reports, which were based solely on employee statements.

Diversity data for 2025:

9 employees from the ultra-Orthodox Jewish community

8 employees from the Druze community

1 employee from the Arab community

5 employees from the Ethiopian Jewish community

About **14**⁷ employees with disabilities

Labor relations with our employees' labor union

A representative labor union operates in the Company in close cooperation with the Company's management. Our working relations with the union are characterized by open practical dialogues with the shared goal of advancing the best interests of our employees and the Company.

In 2025, **95.6%** of the Company's employees were members of the labor union

New collective bargaining agreement

We work consistently to adapt our employment model to the leading standards in the market. At the beginning of 2026, after lengthy negotiations, Noga signed a new collective bargaining agreement with the Histadrut General Federation of Labor and the Wage Commissioner. The agreement addresses the Company's managerial and operational challenges and focuses on improving our employees' welfare,

professional development and working conditions. This agreement is a key component of our hiring and retention strategy for providing a modern and competitive remuneration package to our employees and ensuring the Company's resilience as a leading organization possessing market awareness. We will forward the agreement to relevant employees and implement the agreement in 2026.

Optimal onboarding processes

We hired 44 new employees during 2025 for a variety of key roles as part of Noga's growth and expansion momentum. Since successful onboarding is key to optimal integration in an organization, we provide dedicated orientation days to new employees enabling them to acquire in-depth familiarity with the Company's spheres of activities, core values and vision. These meetings enable direct interactions with our senior management and create a platform for team-building and a sense of belonging from day one. The orientation days are a cornerstone of the employee experience and reflect our commitment to cultivate supportive, enriching and professional work environments.

Since we strive for innovation and improving the employee experience, we digitized new employees' onboarding process. This digital platform improves the registration process and makes important information accessible to ensure pleasant and friendly onboarding. To ensure a successful onboarding process, Noga's HR managers also personally accompany new employees closely during their initial period to ensure optimal integration and to provide support for every need. This approach reflects Noga's values as a leading company that combines personal attention and a technological approach to ensure employee well-being.

Employee hiring, turnover and retention indicators

	Women	Men	Total
New employee hires (number)	22	20	42
New employee hiring ratios	5.3%	4.8%	10.1%
Employee turnover (number)	10	28	38
Employee turnover ratio	2.4%	6.7%	9.2%
Ratio of employees returning to work after parental leave	100%	-	100%
Ratio of employee retention after parental leave	100%	-	100%

New organizational portal

Noga launched a new and advanced employee portal as part of our processes of digitization and deepening our organizational transparency. The portal serves as an information center that makes all relevant information accessible to employees: from regular updates and professional guidelines to the publicizing of internal tenders, opportunities for occupational mobility and professional development and documentation of the Company's activities.

Employee conferences

Noga believes that in order to ensure successful routine operations, it is highly important that we share our vision and strategic objectives with our employees. Therefore, Noga holds biannual employee conferences, which serve as a platform for the Company to increase transparency and inform employees of its future work plans. As part of our approach towards strengthening our organizational culture, we expanded our team-building toolbox this year and held a Company event in the format of "Road to a Million." This experiential event fostered close collaborations between our various departments and contributed to building cohesive team spirit and pride that drives the Company's success.

Employee training and development

Developing our human capital is essential for a professional company like ours that manages Israel's electricity sector. We provide extensive training to our employees to advance their careers in the Company. As a relatively young company, we invest considerable resources in improving organizational knowledge management and long-term retention.

Our training program focuses on two main objectives:

- to enable employees to acquire management capabilities
- to enable employees to develop their careers, particularly by acquiring proficiencies in demand in Israel's innovative labor market.

Professional development program for section and unit managers

During 2025, Noga provided a unique and comprehensive training program to section and unit managers at the first management echelon in the Company. We developed this program to strengthen managerial skills and empower managers, and it is another example of our investment in our human capital.

The program provided a series of experiential workshops in small groups of about 15 participants, with each training cycle including five sessions of about four hours each.

This program constitutes a component of Noga's strategic efforts to continue cultivating its human capital, and especially to develop intraorganizational leadership and further enhance managerial excellence.

The managers who participated in the program are expected to apply the insights and tools they acquired during their training and become valuable leaders of the Company in the coming years.

In 2025, we provided **22,215** hours of training, averaging about **30.5** hours of training per employee



Employee development

Value – employee development program

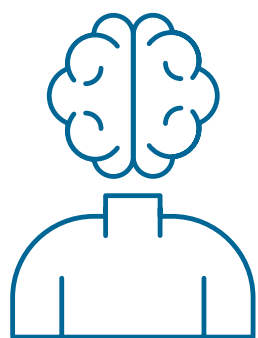
Noga designed this program to provide employees with the knowledge, skills and tools that we all need in today's labor market. The program included five workshops on topics relating to the Company's core values, including effective interpersonal communications, time management, the secrets of outlook, storytelling and effective messaging and next-level AI. The program received rave reviews from our employees.

Course for developing management potential

For the first time in 2025, Noga provided a course developing managerial potential to rank-and-file employees. After an in-depth screening process, 13 employees were selected to participate in the course from all Company divisions, who were identified as possessing potential for a future managerial position. The participants completed the course of eight sessions, which also included tours of renewable energy facilities. The goal of this course is to cultivate and create a high-quality managerial reserve possessing dynamic management styles.

In 2025, we provided an average of about **48.8** hours of professional training per employee, including **3.2** hours on topics of sustainability

כנס נגה
3.3.25
משלבים כוחות
מניעים אנרגיה



Graduate programs

Noga considers its human capital a strategic asset and consistently invests in its employees' professional development. As part of this commitment, employees are offered master's degree programs enabling them to deepen their expertise in the Company's core disciplines: electrical engineering, business administration and other fields of expertise. We invite employees to submit applications to become candidates and a professional committee examines and selects candidates based on criteria of excellence and compatibility with the Company's needs. This investment ensures that we further enhance Noga's capabilities and position it at the vanguard of professionalism and innovation.

Noga is committed to providing our employees with the latest know-how and tools, focusing on constant development and strengthening of professional skills

Professional upskilling

Noga is committed to providing our employees with the latest know-how and tools, focusing on constant development and strengthening of professional skills. We regularly provide professional upskilling days, which are organized by our Human Resources Division and by the labor union. These training courses not only provide professional enrichment, but also serve to deepen employees' identification with Noga's values and unique organizational culture, enhance social cohesion, expand acquaintances and networking among employees and foster an atmosphere of teamwork and friendship. This investment in continuous learning, which combines professional development with strengthening of organizational values and social cohesion, directly contributes to the personal growth of our employees and the robustness of our entire organization.

Employee development processes are a strategic and long-term investment and therefore, Noga is continuing to design and offer training courses on an ongoing basis, while adapting them to the changing needs of the Company and its employees.

Collaborations with academia

As a company responsible for managing the State of Israel's electricity system, with most of its employees holding professional degrees in electrical engineering and related fields, maintaining relations with electrical and electronics engineering faculties at universities and colleges and with professional organizations in this field are highly important in order for Noga to recruit and hire the most professional and high-caliber human capital.

As part of its collaborations with academia and professional organizations, Noga holds annual meetings with students and graduates of the faculties of electrical and electronic engineering in the various institutions, during which we present the Company's activities and employment opportunities, and one of our employees presents a professional lecture. In addition, Noga participated once again this year in the annual Electrical and Energy Conference of the Association of Electrical and Electronics Engineers, during which some of the Company's employees presented lectures and also moderated some of the professional panels.



Promoting employee health

Noga encourages its employees to maintain healthy lifestyles and to participate in Noga's diverse teams: table tennis, volleyball, bowling, futsal, basketball, swimming, cycling, tennis, running, gym and chess. The labor union manages the sports teams.

Noga's teams have proven that employees can include sports and hobbies in their busy routines and even during such a complex period and that, with hard work and perseverance, they can attain impressive achievements.





Dialogues with employees

Noga is attentive to its employees' needs and takes action to constantly improve the employee experience in the Company. This year, we held two roundtable discussions with employees from a variety of divisions and Company sites in order to gain insights about the current employee experience in the organization and obtain the broadest picture possible.

We held the discussions with guidance from an external consultant, in order to encourage open and frank discussions. The dynamics during the roundtable discussions were very positive with employees voicing their opinions and contributing insights and experiences.

Employees raise numerous diverse topics during these discussions, which are included in the Company's multi-year action plan. The outcomes of the discussions were presented to the CEO, to the management and to employee representatives.

Our human capital during the Swords of Iron War

Many of the Company's employees have been called up for military reserve duty since the outbreak of the war. Correct to 2025, 17 male and 25 female employees were called up for reserve duty. In order to maintain full functional continuity, we reinforced our manpower. We stayed in touch with our reservists during their tours of duty and with their families. During the war, we also allowed employees to work from home, whenever necessary.

Promoting employee well-being

We consider employee well-being to be highly important. Our welfare activities enable us to express our appreciation for our employees' contributions and strengthen the sense of community and social involvement. During the report year, Noga held, inter alia, an event honoring the Company's retirees, held celebrations on the major holidays, and events commemorating Memorial Day and Breast Cancer Awareness Day.



Community involvement

Due to the restrictions imposed on government companies, the Company does not make direct financial donations. However, the labor union acts on behalf of the Company's employees and contributes annually to community organizations, welfare associations and various social initiatives, out of a sense of mission and social partnership. Donations are made on an

equitable and transparent basis, in conformity with the Company's values and reflect our employees' personal commitments to society and the environment in which they operate.

In 2025, one volunteer activity was carried out at the beginning of the year, at an average of about 0.12 hours of volunteering per employee.

Occupational health and safety

Occupational health and safety is a supreme value and an integral part of the Company's commitment to its employees and to all stakeholders. Noga strives to maintain safe and healthy work environments and to promote the well-being of all employees.

Safety management at Noga

At Noga, safety is a core value in our organizational culture and in all aspects of our operations. We appointed a safety manager to be responsible for safety issues and we operate according to comprehensive safety policy that clearly defines the basic principles and the delegation of responsibilities among all management echelons, employees and contractors. Our safety policy is backed up by a set of detailed operating procedures encompassing all work scenarios – from working with electrical equipment and working at height to managing hazardous materials and emergency preparedness.

Safety committee

Noga's safety committee is responsible for safety management, which operates by virtue of the Work Safety Ordinance, the regional supervisor's directives and safety regulations. This committee convenes eight times a year. The safety committee serves as an advisory and supervisory body comprised of management and employee representatives whose objectives are to promote a strong safety culture and improve safety performance in the Company.

Safety risk management

We carry out safety risk assessments using a systematic methodology for identifying and analyzing potential risks in workplaces and in work processes. We use the results of risk assessments as a basis for developing and implementing appropriate control measures.

We also regularly monitor harmful noise levels in our work environments to minimize risks to our employees' hearing and we provide periodic medical examinations to employees exposed to noise in order to ensure their health, in compliance with the requirements of the law and standards.

Safety training

Since employee conduct is critical to preventing safety incidents, we provide comprehensive and continuous training to our employees on safety issues in order to raise awareness and give them the knowledge and tools they need to minimize safety incidents. The training is tailored to their specific roles and to the risks their roles entail and includes theoretical and practical content conveyed using a variety of teaching methods to ensure that they understand and implement all safety procedures.

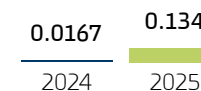
Safety performance

We measure and control safety performance so that we can identify trends, evaluate the effectiveness of our safety systems and ensure constant improvement. A regional supervisor conducted a safety audit in the Company during the report year and found that Noga is fully complying with the statutory and regulatory safety requirements.



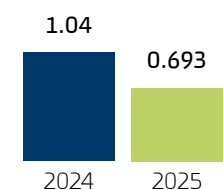
Number of occupational accidents 2024-2025

During 2025, six work accidents were recorded (slightly higher than in 2024), but they were of relatively low severity and frequency. It should be noted that the increase largely derived from two accidents that occurred on the way to work. Noga constantly takes action to



Severity rate of occupational accidents Severity 2024-2025

improve safety indicators and allocates extensive resources to accident prevention and information programs with the aim of minimizing accidents to the extent possible and maintaining our employees' personal safety.



Frequency rate of occupational accidents 2024-2025

Advanced & innovative information management

Data security and cybersecurity

Cyber defense is critical to the functional continuity of digital infrastructures. For Noga, data security is far more than an intraorganizational need – it is one of its major responsibilities towards every citizen of the State of Israel. Since electricity is core infrastructure for essential services, we take an active approach to cyber risk management. Noga invests in state-of-the-art technologies and in developing highly-skilled human capital in order to fortify its IT systems and ensure that every data-based decision is made in protected and safe environments. This commitment underpins our vision for ensuring the continuous reliable supply of electricity in routine times and during emergencies.

Rimon certification for Noga's cyber defense of critical national infrastructure

As a company defined as critical national infrastructure, the National Cyber Directorate provides close guidance to Noga to ensure maximum cyber defense. Accordingly, Noga is certified as fulfilling the stringent standards of the Rimon Cyber Defense Program, which includes cyber defense management controls and technologies to ensure the security of critical information systems. Our continuous fulfillment of these stringent standards and compliance with the Rimon Program ensure Noga's operational resilience and the functional continuity of the electricity sector in routine times and during emergencies.

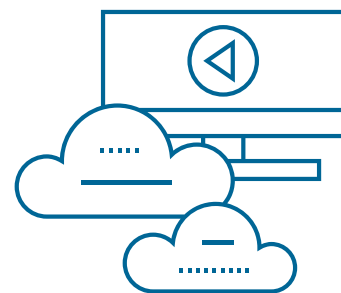
The Swords of Iron War's impact on cyber defense

In the wake of the Swords of Iron War and its repercussions, the number of cyberattack attempts against Israel has sharply increased, including a significant increase in the number and severity of cyber incidents. These incidents could disrupt operational processes, damage critical IT systems and even jeopardize the electricity supply chain in Israel.

Noga takes action to mitigate these risks and prepares for various scenarios of damage to critical networks, while preventing failures in the operational, IT and ICT systems. The Company's cyber defense preparations encompass several tiers of defense:

- Operating a 24/7 cybersecurity center to monitor, detect and handle incidents in real time
- Hardening networks and critical components of operating and control systems
- Ensuring secure connectivity between the administrative network and critical networks and strategic facilities
- Fortifying redundancy and backup infrastructure for terminal systems and material databases
- Maintaining high availability of information systems and business data
- Protecting control sites and the Company's facilities.

These efforts are integrated into our overall policy for maintaining functional continuity, which are adapted for the evolving reality of the proliferation of cyberattacks.



Information accessibility and transparency

Information accessibility and transparency are cornerstones in strengthening public and stakeholder confidence in Noga. As a government company operating for the benefit of all citizens of Israel and by virtue of its key role in the electricity sector, Noga is committed to making relevant and up-to-date information readily accessible in a responsible manner.

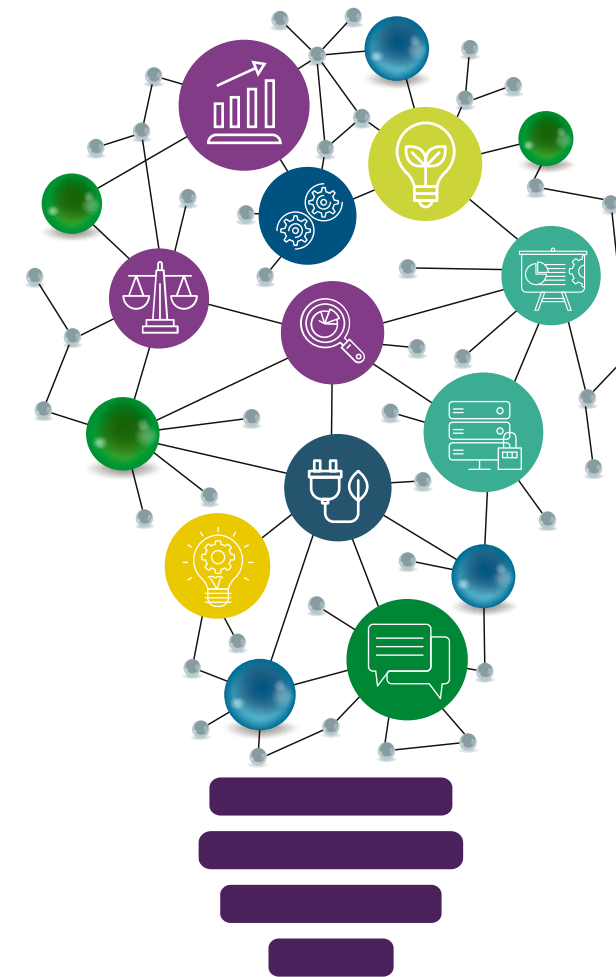
Noga strives to create fruitful dialogues with the public while striking a balance between its duty of transparency and considerations of security, data security, privacy protection and commercial confidentiality. Noga sees value in making information accessible that is not only technical in nature but also of public value, since it enables the public to gain an understanding of the challenges of the electricity sector, of growth trends and of the environmental and social impacts of its operations.

Noga's activities to advance transparency (subject to operational and security restrictions) include, inter alia:

- Regularly publishing real-time data on the Company's website, including demand forecasts, electricity generation data by source, the sectoral load management plan, the wholesale market price and the electricity sector's CO₂ emissions data.
- Enabling access to strategic documents, such as development plans, emergency scenarios and various public partnerships relating to the wholesale market price, trade in ancillary services, etc..
- Engaging in public partnerships when constructing new infrastructures or high-impact projects.
- Using diverse communication channels to ensure broad access to information, including Noga's website, social networks and reports.
- Holding conferences on various topics.

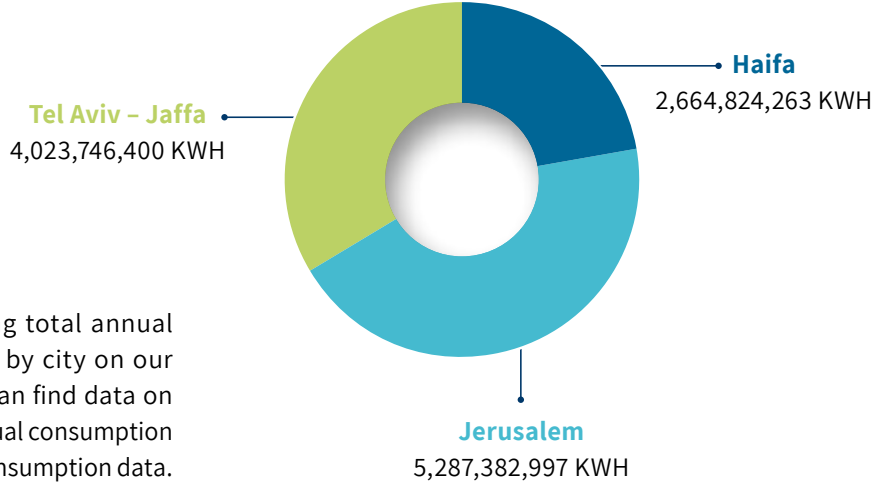
Noga considers public information a resource that must be managed responsibly to ensure informed decision-making processes and to promote broad public understanding of the energy transformation processes underway in Israel.

As a government company operating for the benefit of all citizens of Israel and by virtue of its key role in the electricity sector, Noga is committed to making relevant and up-to-date information readily accessible in a responsible manner



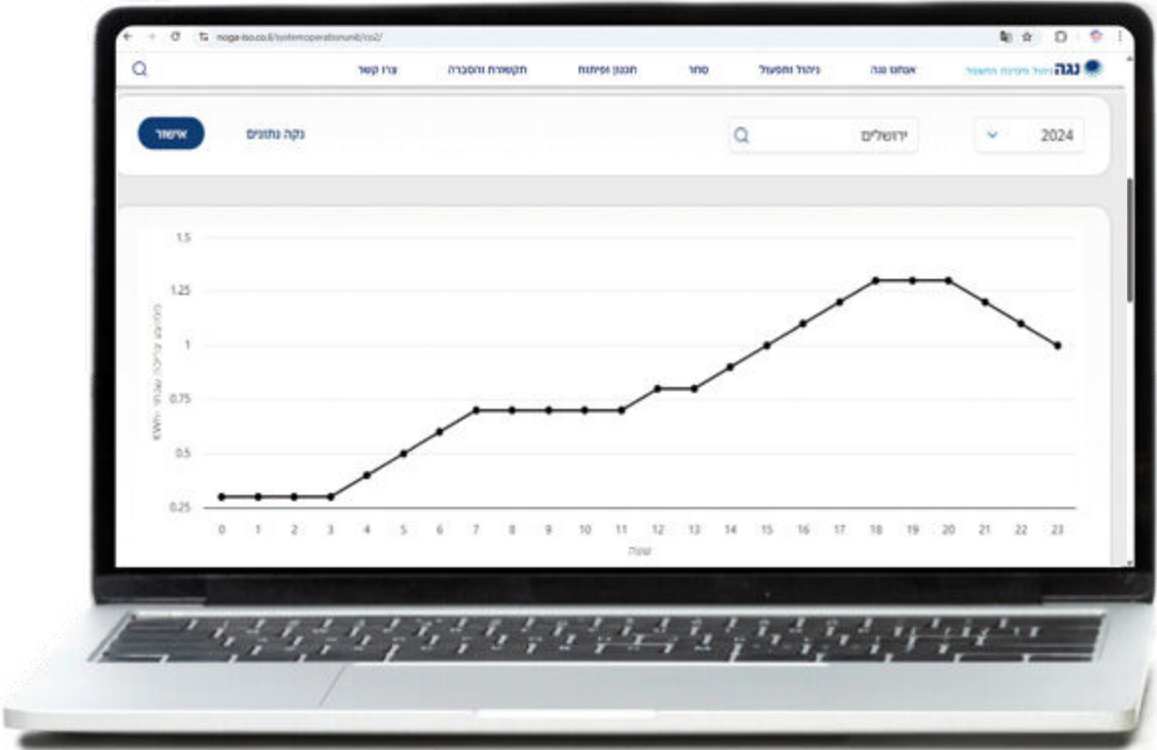
Increasing transparency: examples of new information we made accessible to the public this year

Cities with the highest annual electricity consumption 2024



This year we began displaying total annual electricity consumption data by city on our website. On our website you can find data on large cities with the highest annual consumption as well every city’s electricity consumption data.

We also display the average hourly household consumption on weekdays by city.



We also display the hourly data on energy storage facilities to the public on our website:



We also began displaying the wholesale market price (Market Clearing Price) on our website (see above in the sections on Noga’s Trade Division and the wholesale

price revolution on pages 36-41). In the coming years, we will strive to make more information accessible for the benefit of the Israeli public.

Smart information management: innovation and technology

As Noga is responsible for guiding decision-making processes in the national electricity sector, information is one of its main resources. The ability to collect, analyze, manage and utilize information smartly and securely is a prerequisite for ensuring the stability, efficiency and sustainability of the electricity sector in today’s dynamic digital era. Investing in innovative technologies, digital solutions and advanced analytical capabilities enables Noga to streamline intraorganizational and interorganizational processes, improve the quality of decision-making and provide accurate and reliable service to the sector’s stakeholders. Smart information management includes not only storing and retrieving data, but also designing architectures,

creating user-friendly interfaces and using advanced tools for analyzing trends, forecasting and continuous organizational learning. Alongside all of these, Noga is diligent about maintaining data security and privacy protection mechanisms as an integral part of its investments in technology. Every digital process is accompanied by a stringent security policy including encryption, backup, management of authorizations and periodic security audits. Noga will continue to invest in deepening its capabilities, contending with evolving threats and creating a knowledge system to ensure the future of the electricity sector in a safe, professional and transparent manner.

Ethics and corporate governance

Ethics

As a relatively young government company, Noga strives to build an ethical, transparent and responsible organizational culture, and considers ethics and proper management as the key foundation for its activities. Our VP Human Resources manages ethics in the Company and chairs our interdisciplinary Ethics Committee.

Noga's Ethics Committee, which includes representatives from the risk management, legal counsel, human resources, finance and internal audit divisions, convenes quarterly to discuss ethical issues, examine queries and advance related cross-organizational actions. Noga also set up a hotline for employees wanting to report improper conduct, while safeguarding their anonymity and privacy.

Noga's Code of Ethics

The Company's Code of Ethics serves as the roadmap for all Noga employees. This Code of Ethics has been customized for Noga, as the national electricity system administrator, considering the uniqueness of the electricity sector, its national impact and the need for objectivity, professionalism, integrity, fairness, responsibility and transparency. The Code of Ethics was drafted by a team of employees and managers that was formed during the initial months of Noga's operations and underwent revisions until it was approved and published in 2023.

Noga's Code of Ethics guides employees' and managers' daily intraorganizational conduct and their conduct towards business partners, suppliers, customers, authorities and the community. The Code of Ethics addresses key aspects of Noga's operations:

- Preserving human dignity
- Cultivating human capital
- Advancing equal opportunities
- Advancing diversity and inclusion
- Safeguarding privacy.

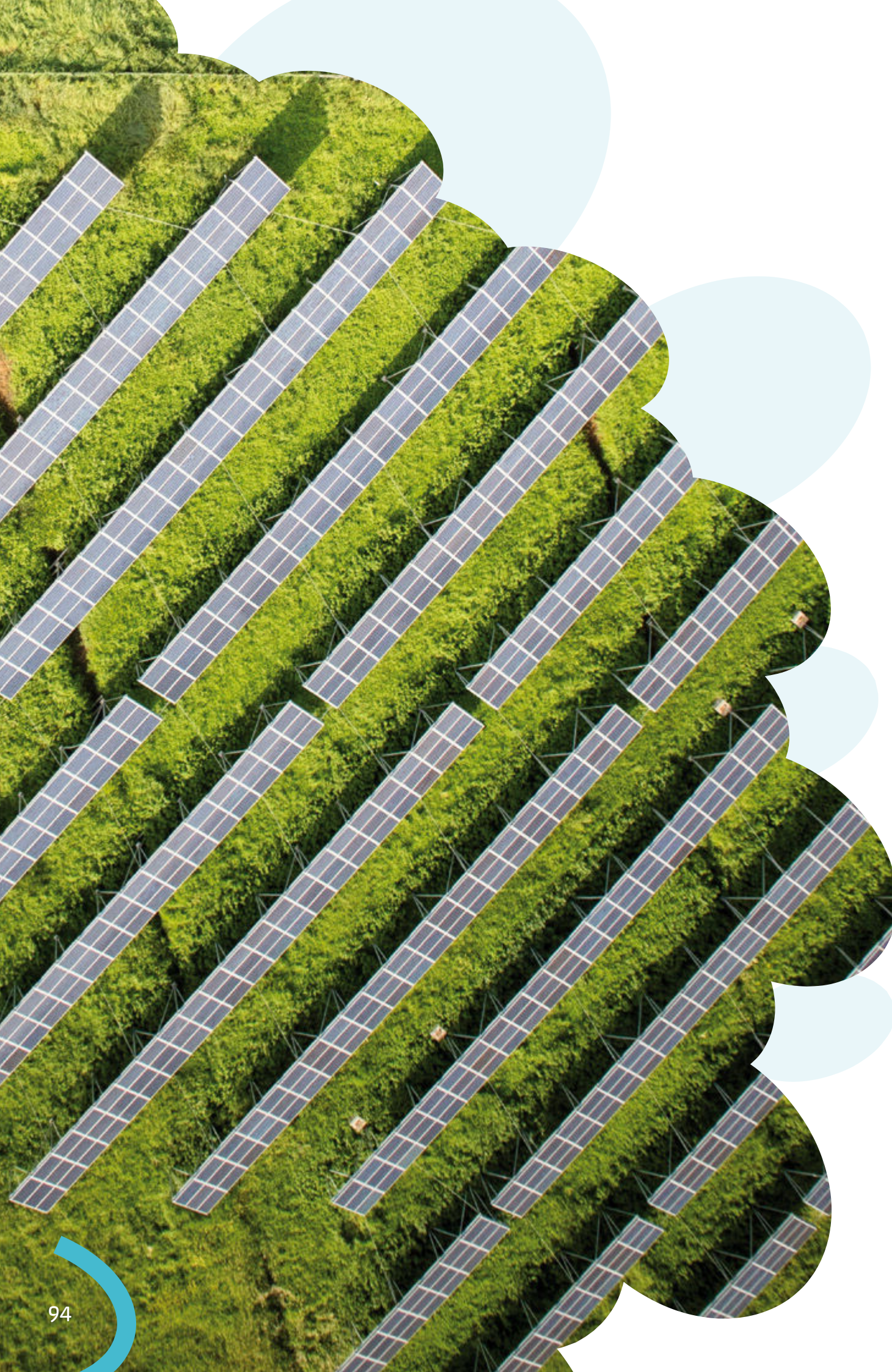
Noga's Code of Ethics focuses on maintaining integrity, preventing conflicts of interest, complying with statutory and regulatory requirements and honest and accurate reporting. It also includes detailed guidelines for obtaining advice and reporting to encourage transparency and personal responsibility.

See the full version of Noga's Code of Ethics (in Hebrew)



Noga's Code of Ethics focuses on maintaining integrity, preventing conflicts of interest, complying with statutory and regulatory requirements and honest and accurate reporting

Considering the significant trends and changes that transpired in the business and social environment in recent years, and a new chairman of the board of directors taking office in the Company, Noga intends to review its Code of Ethics and update it as needed. This review will ensure that our guiding values remain relevant and accurate when facing today's challenges and continue to be the moral compass for our responsible and transparent activities with all stakeholders.



Preventing bribery, corruption, fraud and embezzlement

Noga attributes utmost importance to compliance with all laws and maintaining proper management and zero tolerance for bribery, corruption, fraud or embezzlement. We provided ethics courseware to all of the Company's employees in 2025 to help them internalize Noga's Code of Ethics.

During the report year, no incidents of violations of the Code of Ethics were reported.

Preventing conflicts of interest

Since preventing conflicts of interest in the Company is an integral component of good governance, Noga is currently drafting a procedure in this regard. This procedure will obligate employees holding sensitive roles to complete a questionnaire to identify any conflicts of interest, which will be examined by Noga's legal counsel. Furthermore, senior employees and employees holding sensitive roles will be obligated to complete a questionnaire once every two years to identify any conflicts of interest, which will be examined by the attorney-general.

With regard to preventing conflicts of interest among directors, the Company's secretariat asks directors to sign an annual questionnaire that also refers to conflicts of interest.

Compliance and regulations

As a government company, Noga is obligated to fully comply with all laws, regulations and regulatory provisions relevant to its operations. Compliance is a material obligation and a cornerstone of the Company's corporate governance. Noga takes action to ensure compliance with all applicable statutory provisions and administrative directives, to formulate a compliance policy encompassing all spheres of activity and to ensure responsible and transparent activities and effective internal enforcement of laws, regulations and directives.

As part of its commitment to transparency and meticulous risk management, Noga has implemented company-wide compliance and law enforcement control processes. These processes focus on examining the Company's compliance with aspects of electricity sector regulations, labor laws, accessibility laws, corporate governance and additional regulations relevant to its operations. These controls are designed to ensure that Noga carries out its activities in compliance with the statutory provisions and the most stringent standards of proper management. To augment its efforts, the Company intends to formulate and implement a comprehensive compliance program in 2026 that will regulate internal enforcement and the prevention of deficiencies in all of the Company's spheres of activity.

Implementation of the amendment to the Privacy Protection Law

The amendment to the Privacy Protection Law is a significant legislative reform designed to align privacy protection in Israel with the digital age and with international standards such as the EU's GDPR (General Data Protection Regulation). The amendment delegates very broad supervisory and enforcement powers to the Privacy Protection Authority, including the authority to impose heavy pecuniary sanctions on organizations that violate provisions of the law. The amendment also updates basic definitions, eases bureaucratic registration obligations and imposes enhanced responsibilities on organizations by obligating them to appoint a Data Protection Officer (DPO) and adopt risk-based management, with the objectives of increasing transparency and public trust in personal information management.

As part of our preparations for this new amendment, we conducted a survey of our readiness to implement the legislative amendment and performed specific actions in the Company to minimize and close disparities and ensure that the Company will fully comply with the requirements of the new amendment, in collaboration with Noga's legal counsel, CISO, the Human Resources Division and other relevant parties.

Risk management

Risk management in the Company is not only a regulatory requirement, but also an operational necessity for the functional continuity of the electricity sector. As a company managing critical national infrastructure, risks are an integral part of the business environment and of Noga's operating and management processes, which are influenced by both external and internal factors.

In 2025, Noga completed material organizational restructuring to reinforce its risk management strategy, during which the responsibilities for risk management, the Company's procedures, Corporate Responsibility, sustainability and ESG were consolidated under the Risk Management Division. This restructuring is designed to create a holistic and integrative perspective on risks, to strengthen the correlation between risk management, corporate governance and Corporate Responsibility and to ensure that decision-making processes rely on comprehensive risk management. Noga's appointment of the Director of the Risk Management Division as chairman of Noga's Safety Committee also strengthens the inclusion of safety aspects as integral components of our risk management system.

Status of Noga's risk management

29 active risks

117 active risk factors

258 active risk mitigation plans

Main risk categories:

Noga contends with two main risk categories:

- Risks relating to system survivability and the continuous and stable supply of electricity according to the needs of the economy
- Risks relating to planning of the electricity sector and electricity trade.

The first risk category relating to functional continuity and regular electricity supply includes threats of damage to electricity supply as a result of physical attacks on grid infrastructure or on command and control facilities (including security emergencies), cyberattacks on communications infrastructures and systems relevant to



managing the electricity sector, extreme weather in winter and summer, natural disasters (earthquakes, tsunamis, etc.), errors in the long-range planning of the electricity sector, as well as threats to the continuity of the supply of fuels to the electricity sector.

The second risk category relates to threats to maintaining optimal electricity trade processes in conformity with the principles and standards of the electricity sector reform, including cyber threats that could damage business processes, delays in long-range planning and development processes (such as delays in statutory proceedings and in the construction of projects), and threats to the ability to strike a balance between the stability of the electricity system, the price of electricity and environmental quality considerations.

Noga is also exposed to sectoral risks and other associated risks, including safety risks, regulatory risks, reputational risks and risks deriving from technical failures in equipment and systems.

The main risks to which Noga is exposed are material and have the potential for wide-scale impact. Therefore, we allocate considerable resources to developing and implementing a robust and effective risk management system that is ready to prevent and mitigate these risks.

We implement an orderly and comprehensive risk management process. Noga is committed to identifying, assessing and effectively handling risks in all of its spheres of activity to ensure its stability, reliable electricity supply and the achievement of its objectives. Our risk management activities are diverse and include: conducting drills to contend with unique risks arising in extreme periods; annual risk reviews to maintain the relevance and effectiveness of our risk management system; and actions to prevent embezzlement and fraud and mitigate related risks. The Company also implements controls, including SOX controls, and submits periodic reports as part of its commitment to effective internal control.



Climate risk management and energy resilience

As the company responsible for managing the national electricity system, climate change directly affects the system's survivability, the continuity of supply and the ability to steadily increase the use of renewable energies. This reality requires systemic preparations to manage the risks of extreme weather events and changes in demand patterns.

Therefore, Noga includes climate considerations in its decision-making processes, develops advanced operational tools and defines measurable goals for reducing greenhouse gas emissions, and increases the system's flexibility to ensure stable electricity supply over time.

Climate risk management mechanisms

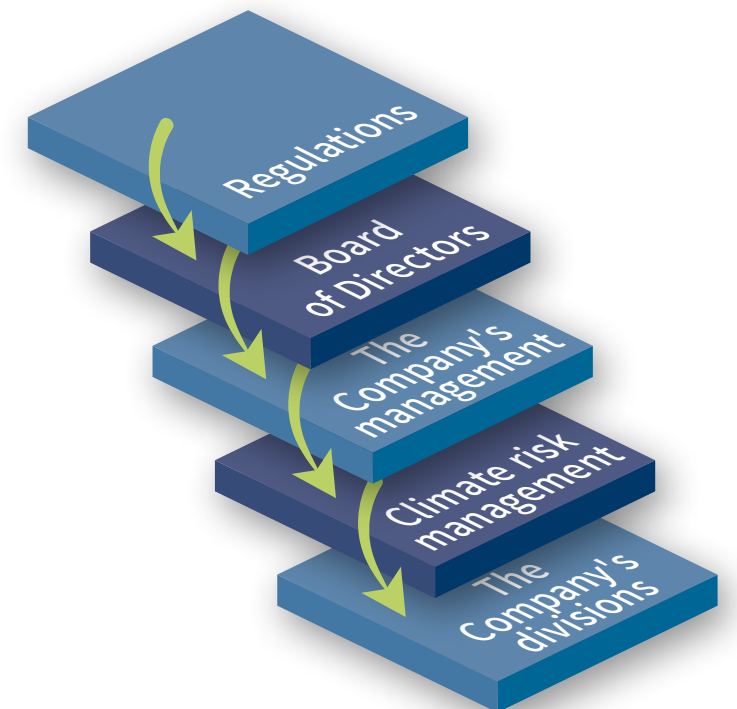
We carry out climate risk management through multi-layered organizational infrastructure that ensures synchronization between policy and implementation:

- **Regulations:** Our climate risk management activities derive from decisions of the government, the Ministry of Energy, the Ministry of Environmental Protection and the Electricity Authority, which outline the national climate strategy.
- **The Board of Directors:** The board oversees the integration of climate considerations into the Company's vision and approves the solutions that ensure energy resilience.
- **The Company's management:** The Company's CEO and management oversee the implementation of the climate risk management policy. Our chief risk manager identifies risks and oversees the readiness plans.
- **Implementation:** Management of climate risks and sustainability is implemented using a systemic approach in which every division integrates climate aspects as an integral part of its spheres of expertise:

The Planning Division and the Forecasting and Statistics Unit are responsible for analyzing climate trends and their impact on the electricity generation capacity and consumption in the short, medium and long term. Their professional knowledge enables accurate forecasting that provides the foundation for planning a resilient energy sector and for effective risk mitigation measures.

The Operations Division is responsible for the system's operational readiness for extreme climate events. The division uses the risk analyses to formulate adaptation actions to be taken out in the field to ensure the power grid's stability.

The Risk Management and Sustainability Division coordinates the corporate risk management and reporting management processes according to accepted standards.



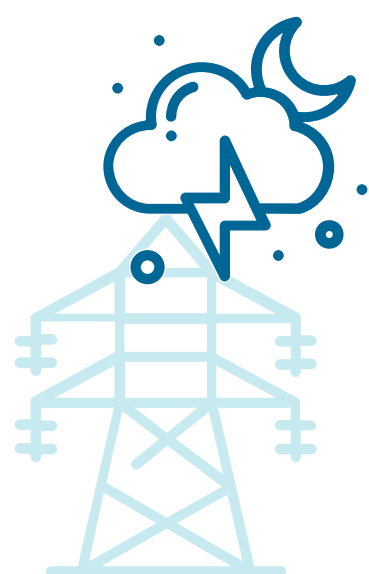
Noga takes a holistic approach to climate risk management, comprised of two channels of action implemented by all of its core divisions:

- **Mitigation** – by advancing the integration of renewable energies to reduce GHG emissions and Israel's carbon footprint. Noga carries out numerous activities in this regard, such as: updating development plans, promoting projects and monitoring power grid infrastructure with the objective of including renewable energies and energy storage, monitoring electricity generation projects, such as projects to convert coal-fired power plants to natural gas and natural gas and renewable energy power plant construction projects.
- **Adaptation** – by strengthening the system's resilience and preparing for extreme events to ensure continuity of supply.

Noga strives for continuous improvement and as a direct continuation of including climate considerations in all Company divisions, Noga conducted a climate risk review in 2025, which provided a professional comprehensive status report on the degree of organizational readiness and identified aspects needing improvement. Noga is using the findings of the climate risk review as a foundation for formulating its objectives for 2026, including the development of a comprehensive corporate strategic plan for climate risk management, as part of strengthening risk management and deepening the integration of ESG considerations into Noga's core operations.



For Noga, maintaining the functional continuity of the electricity sector is a mission of national importance, which also requires in-depth consideration of environmental and climate risks



Preparing for natural disasters and climate events

The electricity sector's activities are impacted by natural disasters, such as unusual or particularly extreme weather conditions, floods and flooding, tsunamis or a severe earthquake in the region, which could damage the electricity sector's facilities. Noga's professionals analyze the literature and prior climate events around the world to gain insights on the effects of extreme events and their potential impact on the electricity sector. Noga also conducts annual readiness drills for summer and winter and, in preparation for these drills, examines all IT and control systems supporting the Company and the electricity sector. These drills enable higher and better readiness, including for the functional continuity of critical processes as required during overall risk management. Noga also participates in national drills and drills of government ministries and various infrastructure entities.

Environmental risks

Noga's activities are subject to environment protection laws and regulations governing various issues, such as air, soil, water and noise pollution, non-ionizing (electromagnetic) radiation, hazardous materials, etc. In recent years, environmental standards and their enforcement and controls over environmental quality have generally become far more stringent.

According to the Company's assessment, this trend is expected to continue and even intensify in the coming years. Failure to comply with environmental protection laws, regulations and standards could expose the Company and its managers to various proceedings, including the imposition of fines and sanctions. Although Noga's direct activities have

limited environmental implications, we analyze the implications of proposed environmental quality laws and regulations and take action to prevent or mitigate any environmental risks that might arise during the Company's operations.

For Noga, maintaining the functional continuity of the electricity sector is a mission of national importance, which also requires in-depth consideration of environmental and climate risks. We will continue to work vigorously to develop and implement comprehensive risk management processes in close collaboration with government agencies and relevant infrastructure entities in order to ensure the stability of the electricity sector now and in the future.

Corporate governance

Good corporate governance and proper management are fundamental principles of Noga's activities as a government company and constitute the foundation for responsible, transparent and effective management, which strengthens public trust and the Company's resilience over time. The Company operates in compliance with the directives of the Government Companies Authority and advanced corporate governance principles in order to maintain and strengthen supervisory and control mechanisms, risk management and high standards of organizational ethics.

The Company's Board of Directors operates within the scope of the authorities vested in the Companies Law and in the Government Companies Law and in compliance with mandatory procedures. Our Board of Directors considers itself as bearing the ultimate responsibility for ensuring proper and responsible management, and acts professionally, transparently and independently. Its main functions include formulating a strategic policy that will ensure the Company's long-range resilience and prosperity, overseeing the management's performance and the implementation of the Company's policies and ensuring that adequate management systems, internal auditing and controls are maintained. Our Board of Directors is also responsible for approving the financial statements and for examining the Company's financial position on an ongoing basis.

During 2025, the Government Companies Authority published an audit report that examined aspects of corporate governance at Noga. All of the report's findings and conclusions were presented to the Company's Board of Directors, which discussed it extensively during its meetings. As a result, the Board of Directors, in conjunction with the Company's Secretariat, are taking action to improve the Company's work procedures and aspects of corporate governance. The report's conclusions were then implemented in our work plans in order to ensure compliance with the required professional standards and improve the interface between the management and supervisory echelons.

As an integral part of its ultimate oversight responsibilities, the Board of Directors actively oversees the management of risks and opportunities that are material to the Company, including risks and opportunities in ESG fields. As part of its responsibilities, the Board of Directors instructed the Company's management to compile an ESG report in conformity with the leading standards.

The Board of Directors convenes regularly scheduled meetings to discuss topics that are material to the Company's activities, including work plans, budgetary controls, all aspects of risk management, human capital management and ensuring lawful ethical conduct.

The Board of Directors' oversight ensures that sustainability and corporate social responsibility considerations are included in Noga's decision-making processes at the highest level.

The Company's Board of Directors

Correct to the report year, the Board of Directors has 7 members:

- Chairman of the Board of Directors – Tal Basechess (who took office in December 2025).
- Samy Bakalash
- Adi Gueta Koren
- Idan Mualem
- Naomi Sagiv
- Mymon Shmila
- Yair Arieli

Two out of our seven board members are women **(28.5%)**

One of our directors is an employee⁸



Board committees

- Audit Committee
- Financial Statements Review Committee
- Emergency Subcommittee

In 2025, **22** board meetings, **11** audit committee meetings, **4** financial statements review committee meetings and **5** CEO search committee meetings were convened

During 2025, there was about **90%** participation in board meetings, about **90%** participation in audit committee meetings, **100%** participation in financial statements review committee meetings and **100%** participation in CEO search committee meetings

Directors possessing accounting and financial expertise

One director of the Company, Mr. Samy Bakalash, possesses accounting and financial expertise.

⁸ At the beginning of the report year, two employees served on the board, but director David Carmon announced that he was stepping down from office.

Board of Directors' supervision of ESG management

Noga recognizes the importance of integrating ESG considerations into its core operations and its strategic management. In addition to overseeing the Company's routine operations and the efforts to achieve the Company's annual targets, the Board of Directors holds dedicated discussions of Corporate Responsibility topics that have been identified as material to our operations and to the challenges of the sector in which we operate. These discussions reflect the board's commitment to overseeing the implementation of the Company's policies relating to key spheres of Corporate Responsibility.

In addition, in order to ensure that the board has the latest relevant knowledge needed to oversee the material ESG topics, the Company provides professional training and related courses to board members. These training courses contribute to expanding the board's knowledge and enable more informed and effective supervision of the management of sustainability topics in the Company.

Remuneration policy

In 2025, a discussion was held on the subject of setting personal targets for remunerating and incentivizing the senior management. Our Board of Directors approved the indicators of personal target achievement in conformity with Government Companies Authority Circular 2023-7-1 – "Principles of the Model for Remunerating and Incentivizing Senior Employees of Government Companies."

Internal auditing

The Company's internal auditor and staff have free, unrestricted and direct access to any document, database or information, including financial data, whether printed or computerized, for the purpose of performing their roles, and are authorized by law to enter any property and inspect it.

The Company's internal auditor fulfills the requirements of section 3(a) of the Internal Audit Law and works in conformity with the professional standards published by the Institute of Internal Auditors (IIA).

The internal auditor is employed full-time under a personal employment agreement, in conformity with the statutory provisions and with the approval of the Government Companies Authority.

The audit plan for 2025 was based on the updated risk review of 2024, which was used to formulate a four-year work plan. The work plan was discussed and approved by the Company's Audit Committee and Board of Directors.

The internal auditor submits written reports on findings of internal audits on an ongoing basis to the Company's CEO and to members of management whose divisions have been audited. After discussions of the audit reports, and with the CEO's authorization, the audit reports are submitted in writing to the members of the Audit Committee and to the Chairman of the Board.

About this report

This report reviews the Company's ESG activities in 2025. This is the Company's second public report, which reflects our continuous commitment to responsible conduct towards all of our stakeholders. This report was compiled in conformity with the Global Reporting Initiative's Universal Standards 2021 and contains references to the United Nations' Sustainable Development Goals (SDGs), trends in Corporate Responsibility and the Company's Corporate Responsibility objectives. This report presents the Company's performance at all of its sites and operating regions unless otherwise specified.

The purpose of the report is to present the most relevant information about the Company's impacts on its various stakeholders and how it manages these impacts. We are committed to continuing to report on our performance relating to Corporate Responsibility and to maintaining transparency and dialogues with our stakeholders also through these reports.

The data and analyses in this report are based on information collected and managed in Noga's relevant divisions and from analyses of additional reports and documents of the Company.

This report was written with the assistance of Good Vision – Corporate Responsibility Consultants, of the Grant Thornton Fahn Kanne Group, a GRI community member.



If you have any questions about this report, please contact:

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GRI Index

GRI 2: General Disclosures 2021

Source	Disclosure Title	Page(s)	Omissions / Notes
1. The Organization and Its Reporting Practices			
2-1	Organizational details	12-17, 28-47	
2-2	Entities included in the organization's sustainability reporting	12-17	
2-3	Reporting period, frequency and contact point	105	
2-4	Restatements of information		No restatement of information was made
2-5	External assurance		No external assurance was performed
2. Activities and Workers			
2-6	Activities, value chain and other business relationships	12-17, 28-47	
2-7	Employees	72-85	
3. Governance			
2-9	Governance structure and composition	102-104	
2-10	Nomination and selection of the highest governance body	102	
2-11	Chair of the highest governance body	103	
2-12	Role of the highest governance body in overseeing the management of impacts	102-104	
2-13	Delegation of responsibility for managing impacts	102-104	
2-14	Role of the highest governance body in sustainability reporting	104	
2-19	Remuneration policies	104	
2-20	Process to determine remuneration	104	
4. Strategy, Policies and Practices			
2-22	Statement on sustainable development strategy	4-9, 48-59	
2-23	Policy commitments	48-59	
2-24	Embedding policy commitments	48-59	
5. Stakeholder Engagement			
2-29	Approach to stakeholder engagement	52-53	
2-30	Collective bargaining agreements	76	

	Source	Disclosure Title	Page(s)	Omissions / Notes
GRI 3: Material Topics	Material Topics			
	3-1	Process to determine material topics	58	
	3-2	List of material topics	58	
	3-3	Management of material topics	58	



	Source	Disclosure Title	Page(s)	Omissions / Notes
Economic Standards (200)	205 Anti-corruption			
	205-1	Operations assessed for risks related to corruption	95	
	205-2	Communication and training about anti-corruption policies and procedures	94-95	
	205-3	Confirmed incidents of corruption and actions taken	95	
	207 Tax			
	207-1	The organization's approach to tax, the involvement of the Board of Directors, its approach to regulatory compliance, and how these relate to sustainable development		The Company is a government company operating in accordance with applicable law and regulation

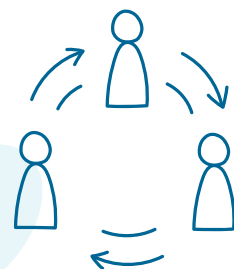
Environmental Standards (300)	301 Materials			
	301-1	Materials used by weight or volume	68-69	
	301-3	Reclaimed products and their packaging materials	68-69	
	302 Energy			
	302-1	Energy consumption within the organization	64-66	
	302-3	Energy intensity	64-66	
	303-5	Water consumption	67	

	Source	Disclosure Title	Page(s)	Omissions / Notes
Environmental Standards (300)	305 Emissions			
	305-1	Direct (Scope 1) GHG emissions	66	
	305-2	Energy indirect (Scope 2) GHG emissions	66	
	305-3	Other indirect (Scope 3) GHG emissions	66	
	305-4	GHG emissions intensity	66	
	305-5	Reduction of GHG emissions	66	
	306 Waste			
	306-1	Waste generation and significant waste-related impacts	68-69	
	306-2	Management of significant waste-related impacts	68-69	
	306-3	Waste generated	68-69	
	306-4	Waste diverted from disposal	68-69	
	306-5	Waste directed to disposal	68-69	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	82	

Social Standards (400)	403 Occupational Health and Safety			
	403-1	Occupational health and safety management system	84-85	
	403-2	Hazard identification, risk assessment, and incident investigation	84-85	
	403-3	Occupational health services	84-85	
	403-4	Worker participation, consultation, and communication on occupational health and safety	84-85	
	403-5	Worker training on occupational health and safety	84-85	
	403-6	Promotion of worker health	81	
	403-8	Workers covered by an occupational health and safety management system	81	
	403-9	Work-related injuries	84-85	
	403-10	Work-related ill health	84-85	
	404-2	Programs for upgrading employee skills and transition assistance programs	79-80	

Social
Standards
(400)

Source	Disclosure Title	Page(s)	Omissions / Notes
405	Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	72-75	
405-2	Ratio of basic salary and remuneration of women to men	74	
406	Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	75	
407	Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	76	
408	Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor		The Company is a government company and does not employ children
409	Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		The Company is a government company operating in accordance with applicable law and regulation, and there is no forced labor in the Company
413	Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	83	





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If you have any questions about this report, please contact:
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