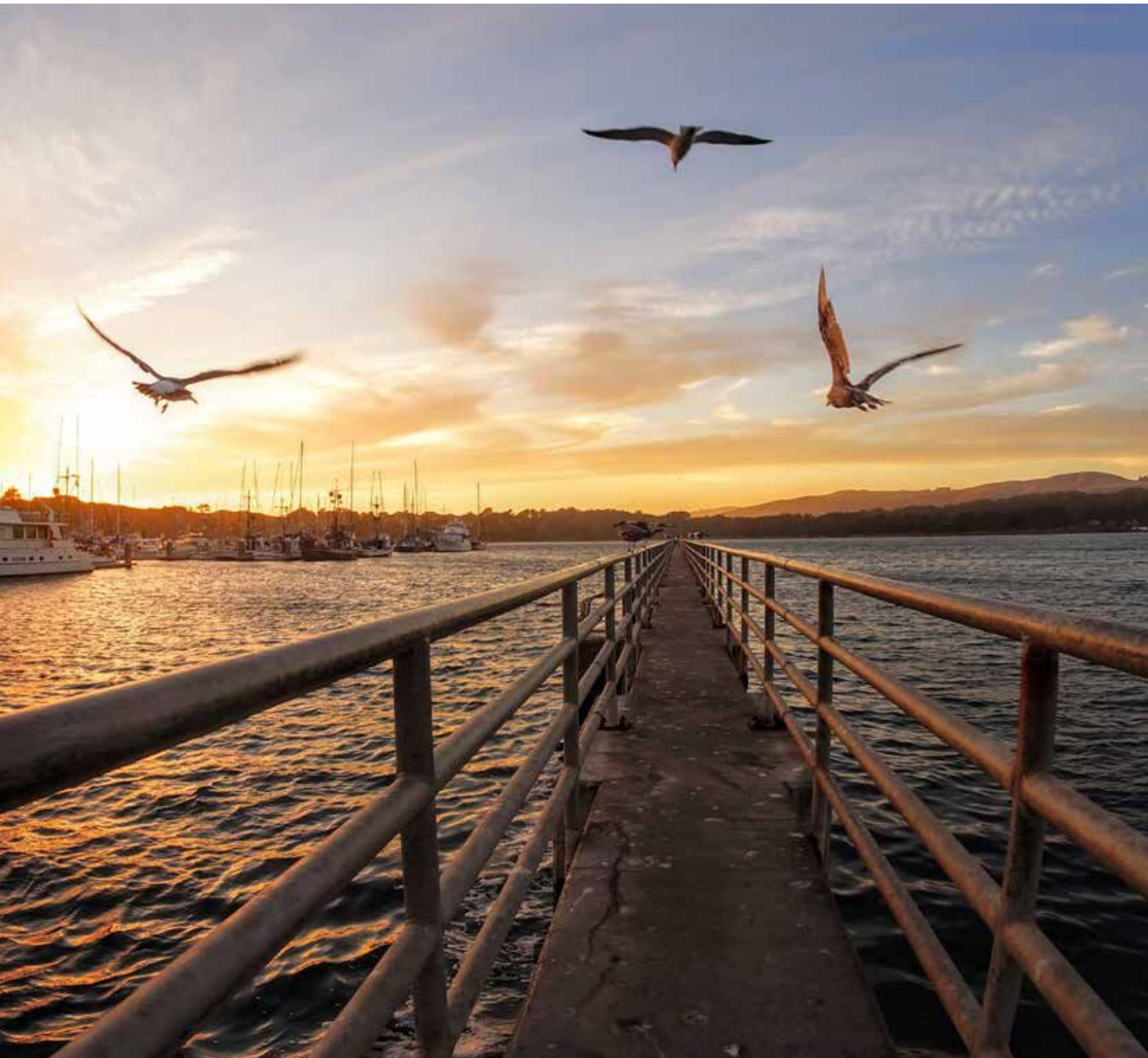




# 2022 ESG UPDATE - RATIO ENERGIES

## Energy Innovation Pioneers



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# SUSTAINABILITY AT RATIO ENERGIES

**We are proud to share with you Ratio Energies' second annual sustainability update, which details our environmental, social, and governance activities in 2022.**

This past year, as much of the world grapples with an energy crisis and the threat of a natural gas shortage, the Leviathan project has continued to provide Israel and the region with exceptional energy security and with it, economic stability. Thanks to this reality, in 2022 we have been able to focus on increasing our own environmental and social sustainability and deepening our contribution to environmental and social resilience in Israel and in the region.

In 2022, we revised our conception of Ratio's direct GHG emissions and limited it to entities we control to better reflect our own activities. In doing so we also maintained our commitment to transparently share information on our main project, Leviathan, despite being a non-operating minority shareholder (presented in scope 3, category 15 investments).

In the past year, we have taken steps towards reducing our scope 1 and 2 emissions while strengthening our economic position. Our greenhouse gas emissions to production ratio remains below 2 kg CO<sub>2</sub>e/boe while Ratio's revenues increased to US\$ 379 million in 2022, as did royalties of NIS 142.5 million collected by the State of Israel from natural gas reservoirs.

## NIS 142.5 million

Ratio's share in state royalties in 2022 was NIS 142.5 million, compared with NIS 82.2 million in 2021.

Since the issuance of our last ESG report, we have met our target of 38% female representation in the boardroom and raised our overall representation of women at the partnership and in management roles to 48.5% and 44% respectively, which includes the recent

appointment of Hila Levy as the CEO of our subsidiary Ratio Energies Finance LTD. In 2022, we have also expanded our contributions to Israeli communities in need and to the local environment, meeting our financial contribution targets of NIS 1.2 million and over 130 hours of volunteering performed by our team nearly double that of last year.

We are excited to share with you these activities, and to introduce the steps we will take in the coming years to implement Ratio's ESG strategy, thereby embracing our commitments to the Israeli public and our many stakeholders in the region.



**Ligad Rotlevy**

Co-founder and Chairman of the Board of Directors



**Yigal Landau**

Co-founder and CEO

# ABOUT THIS REPORT

This report represents the second annual sustainability publication from Ratio Energies, a publicly traded partnership headquartered in Israel, with securities listed on the Tel Aviv Stock Exchange (TASE) and highlights the main changes and processes that have taken place during 2022.

Ratio Energies has reported the information cited in this GRI content index for the period January 1st, 2022 to December 31st, 2022 with reference to the 2021 GRI Standards. The organizational boundaries of this report are the entirety of the partnership's operations and that of its subsidiaries.

The emissions data for the Leviathan project presented in this report is aligned with the GHG Protocol's Corporate Accounting and Reporting Standard and

the Pollutant Release and Transfer Register (PRTR) data submitted to the Israeli Ministry of Environmental Protection by the operator, Chevron Mediterranean Limited. In addition, the carbon footprint data from 2021 has been updated to adhere to the GHG Protocol's carbon accounting methodology, and specifically to the control approach.

Shibolet ESG provided support and consultancy services to prepare the report. The process was led by Navonel Glick ([N.Glick@Shibolet-esg.com](mailto:N.Glick@Shibolet-esg.com)) and Dr. Liad Ortar ([L.Ortar@Shibolet-esg.com](mailto:L.Ortar@Shibolet-esg.com)).

For questions regarding this report or Ratio Energies' environmental, social, and governance activities, please contact Mali Weis ([mali@ratioenergies.com](mailto:mali@ratioenergies.com)).



# ABOUT RATIO ENERGIES

## INTRODUCTION

Ratio Energies develops and invests in solutions for the supply of clean and low-carbon energy and is engaged in the exploration, development and production of a variety of energy sources, with an emphasis on natural gas.

Ratio's main asset is its 15% holding in the Leviathan reservoir. As part of its role as a partner in the asset, Ratio promotes additional projects for the production and commercialization of the natural gas produced from the Leviathan project. Following the recent amendment to the TASE regulations that allows oil and gas partnerships to integrate renewable energy projects into their activities, Ratio has begun to examine initiatives in this field, particularly renewable energies with activity characteristics similar to those of the oil and gas sector maximize Ratio's existing capabilities, knowledge and experience in geology and geophysics scenes.

Ratio is a public limited partnership, traded on the Tel Aviv Stock Exchange Ltd. (hereinafter: the "TASE") and operating under a limited partnership agreement between the general partner (Ratio Energies Management Ltd.) on the one hand and the trustee as

a limited partner on the other (Ratio Trusts Ltd.). The regulatory environment in which Ratio operates and the corporate governance mechanisms it has applied to its activities are described in detail in the Governance chapter.

Ratios' headquarters is located in Tel Aviv, Israel. The partnership operations are carried out in Israel, and mainly entail supplying gas to customers operating in the energy sector in Israel, Egypt and Jordan.

### VISION and VALUES

Ratio's vision is to lead the energy innovation needed for Israel to transition to clean energy, a low-carbon economy and environmental sustainability.

Ratio is committed to ethics and transparency, and to acting with respect and fairness.

The partnership aims to build strong partnerships and trusting relationships, to support community and environmental resilience, and to lead innovation and excellence.

### ORGANIZATIONAL STRUCTURE

Ratio Energies limited partnership is an arm of the Ratio Group, which includes among others Ratio Technologies and Ratio Petroleum Energy Limited Partnership. The partnership is headed by the CEO Yigal Landau, who oversees six management executives. For more details, see the 2022 Financial Report page 2-N.



# THE LEVIATHAN PROJECT



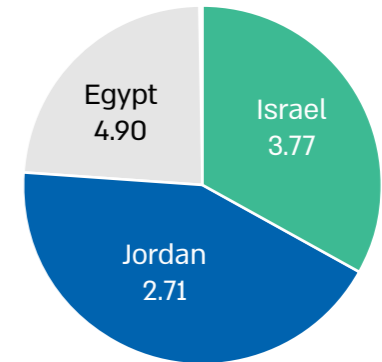
Leviathan  
The National Project

## ABOUT

With reserves of 631BCM and close to 49 million barrels of condensate at the time of discovery, Leviathan is the largest discovery of natural gas in the Mediterranean Sea, and one of the largest natural gas discoveries in the world in the first decade of the 21st century.

The partners in the Leviathan project are responsible for the production and processing of natural gas. Production is carried out from wells located in the Leviathan field. Natural gas is transported through the transmission system (under the responsibility of the Israel Natural Gas Lines Ltd.) to power plants for electricity generation and for industrial and private energy consumers.

Natural Gas Sales by Country (in BCM)



## HIGHLIGHTS<sup>1</sup>



**11.38 BCM**

natural gas (10.72 BCM in 2021)



**901,526**

barrels of condensate (837,700 barrels in 2021)



**53%**

of the total natural gas consumed in Israel

<sup>1</sup> Numbers refer to the entirety of the Leviathan project, irrespective of ownership.

## MANAGEMENT AND OVERSIGHT

The ownership structure of the Leviathan Project consists of: NewMed Energy (45.33%), Chevron Mediterranean Limited (39.67%) and Ratio Energies (15%). The project is operated by Chevron.

Leviathan's operator is committed to meeting strict standards in terms of employment, safety and the environment while complying with the requirements of the law. Chevron's activity is regulated vis-à-vis the Leviathan partners in the framework of a joint operation agreement which defines the roles and regulatory mechanisms between all the partners in Leviathan with the operating party.

As part of its duties as a co-owner, Ratio has appointed a monitoring and control officer on environmental, safety and hygiene issues. Ratio has also approved a monitoring and control procedure of Chevron's activities in the areas of the environment, safety and hygiene working conditions and workers' rights.

In this report, Ratio presents its share of the GHG emissions from the Leviathan project, according to the 'control' approach to GHG accounting, as defined by the GHG Protocol (See the Materiality Assessment below for more information). In addition, Ratio voluntarily reports the Leviathan project's basic injury rate data that it receives from Chevron.



# ESG at Ratio

## VISION AND STRATEGY

Ratio strives to promote Israel's community, energy, environmental and economic resilience in the transition to a low-carbon economy and in climate change mitigation, while being committed to managing its business with excellence, responsibility, fairness and innovation.

An essential part of Ratio's ESG strategy is the engagement of its stakeholders, as determined by a framework developed in 2021 (see [2021 ESG Report pp. 22-23](#)). The targets and materiality assessment below are the result of this dialogue, considered alongside an updated definition of the partnership's industry and reporting category, and the publication of the 2021 GRI oil and gas sector standard.

## MATERIALITY ASSESSMENT

In 2021, to evaluate the main material topics to be addressed by it, Ratio conducted an in-depth materiality assessment based on a dialogue with its key stakeholders. This year, two changes impacted the partnership's identification of material topics.

First, the partnership considered its wider identity as an energy sector innovator and investor whose most significant investment is the Leviathan project. However, Ratio has no financial or operational control of the operations. Thus, this annual ESG update focuses predominantly on Ratio's own environmental, social, and governance practices. Nonetheless, given the centrality of the Leviathan project to Ratio Energies' business, and in accordance with the control approach to carbon accounting established by the GHG Protocol<sup>2</sup>, the

relative share of the greenhouse gas (GHG) emissions of the Leviathan project equivalent to Ratio's ownership (15%) is included in this report but restated under the Scope 3 category 15, 'investments'<sup>3</sup>.

Second, the 2021 update of the GRI index revised the materiality assessment methodology and determined the reporting requirements material topics of the oil and gas industry. As a result, though Ratio Energies itself does not manage the Leviathan project, the centrality of the Leviathan project to its activities means that in its efforts to identify material topics with reference to the 2021 GRI index, the oil and gas sector standard was used as a primary source, and where relevant, applied.

The main material topics (categorized according to the 2021 GRI oil and sector standards topics) are:

1. 11.1 GHG emissions
2. 11.2 Climate adaptation, resilience, and transition
3. 11.9 Occupational health and safety
4. 11.10 Employment practices
5. 11.11 Non-discrimination and equal opportunity
6. 11.14 Economic impacts
7. 11.19 Anti-competitive practices
8. 11.20 Anti-corruption
9. 11.21 Payments to government

# SUSTAINABLE DEVELOPMENT GOALS

Ratio Energies contributes to the realization of the United Nations General Assembly's 17 sustainable development goals (SDGs) in Israel and in the region.

UN Destination	Indicators	Ratio's activities to achieve these goals
<p><b>Ensuring access to affordable, reliable, sustainable and modern energy for all</b></p>	<p><b>7.1.</b> By 2030, ensure universal access to affordable, reliable and modern energy services</p> <p><b>7.a.</b> By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology</p>	<p>The Leviathan project produces natural gas at the highest environmental standards and is a significant source of energy in Israel and the region. In addition, Ratio is leading international collaborations with the aim of reducing the use of fossil fuels and establishing Israel's status as a global player in the energy sector.</p> <p>In 2022, the Leviathan project ensured that despite the global energy crisis and rising prices, Israel, Egypt, and Jordan maintained stable energy prices.</p> <p>At the time of publication of this report, Ratio is in the midst of a move to enter the field of renewable energies, subject to regulation.</p>
<p><b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b></p>	<p><b>8.5.</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p><b>8.8.</b> Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<p>Although this indicator has been met in Israel, rising energy costs threaten this achievement. Ratio sees affordable energy as a lever for economic growth for Israel and the entire region, helping to lower costs for Israeli industry, and thus contributing economic growth to the entire economy.</p> <p>Ratio monitors and supervises the Operator's health and safety activities to ensure that it is at the highest standard and protects all workers operating in the Leviathan project.</p>
<p><b>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</b></p>	<p><b>9.2.</b> Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries</p>	<p>In neighboring countries, Ratio contributes to the development of industrialization by providing high-quality energy available for production and ensuring the stability of prices.</p> <p>Ratio Energies is examining a combination of renewable energy projects close to its areas of activity.</p>
<p><b>Take urgent action to combat climate change and its impacts</b></p>	<p><b>13.2</b> Integrate climate change measures into national policies, strategies and planning</p>	<p>Through the Leviathan project, Ratio contributes to completing the transition from coal and fuel oil to natural gas in accordance with government objectives and enables the reduction of use of substances that have a significant impact on environmental pollution and greenhouse gas emissions in the electricity generation process.</p> <p>In addition, Leviathan's activity enables the redundancy of the natural gas production system and the connection of additional plants in Israel to natural gas, leading to a further reduction in air pollution.</p>

<sup>2</sup> [https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf\\_p17](https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf_p17)

<sup>3</sup> [https://ghgprotocol.org/sites/default/files/standards\\_supporting/Chapter15.pdf](https://ghgprotocol.org/sites/default/files/standards_supporting/Chapter15.pdf)

# 2022 HIGHLIGHTS

## Economic Performance

## Leviathan Project

## Contributing to Resilience in Israel and the Region

## Environment

## Social

## Governance

**30+**  
Years of activity

Proportion of Leviathan data  
(according to 15% stake):

Proportion of Leviathan data  
(according to 15% stake):

**72 tCO<sub>2</sub>e**  
Scopes 1 and 2 carbon footprint

**21%**  
Above 50 years of age

**50%**  
Of board members with accounting and financial expertise

**15%**  
Of the rights in the Leviathan reservoir

**1.71 BCM**  
Of natural gas supplied to Israel, Egypt and Jordan (Total 11.38 BCM)

**NIS 142.5 million**  
Ratio's share in state royalties

**17,436 tCO<sub>2</sub>e**  
Scope 3 carbon footprint<sup>4</sup>

**48.5%**  
Women (46% in 2021) / 44% Women in Management (45%<sup>5</sup> in 2021)

**38%**  
Female directors

**US\$ 380 million**  
Revenue in 2022 (US 293 million in 2021)

**135,229**  
Barrels of condensate produced (Total 901,526 barrels)

**0.57 BCM**  
Natural gas supplied to Israel

**30%**  
Of leased vehicles are electric (0% in 2021)

**13**  
Hours average training for employees

**38%**  
External Directors

**US\$ 742 million**  
Market cap (as of December 31, 2022) (US\$ 609 million in 2021)

**Greenhouse gas**  
Emissions to production ratio under 2 kg CO<sub>2</sub>e/boe

**0.41 BCM**  
Natural gas supplied to Jordan

**0**  
Safety accidents in the operation of the Leviathan project by the Operator

**0**  
Reported business ethics violations

**Traded in the leading indices**  
TA 90, TA 125, TA - Oil & Gas

**0.73 BCM**  
Natural gas supplied to Egypt

**NIS 1.2 million**  
Donated to the community (NIS 961,000 in 2021)

**NIS 850 thousands**  
Donated to academia for research (NIS 500 thousands in 2021)

<sup>4</sup> Scope 3 calculations are limited to category 15, 'investments', covering Ratio's 15% share of the GHG emissions of the Leviathan project.

<sup>5</sup> The percentage is corrected from the 2021 ESG Report

# ESG TARGETS<sup>6</sup>



	2022 Status	2025 Goal	2030 Goal
<b>ENVIRONMENT</b>			
Investing in innovative technologies and renewable energies		Define a target	Meet defined target
<b>Reduction of emissions by 2050:</b>			
GHG Emissions (Scope 1 and 2) (tCO <sub>2</sub> e)	72	0	0
GHG Emissions (Scope 3) (tCO <sub>2</sub> e) <sup>8</sup>	17,436	Disclose fully	
GHG emissions to production ratio (kg CO <sub>2</sub> e/boe)	<2	<2	<2
<b>SOCIAL</b>			
Employment of people aged 50+	21%	30%	
A positive impact on people's lives – contribution to the community (number of beneficiaries)	4,500	15,000	20,000
Academic research support (million US Dollars)	US\$ 0.85M	US\$ 0.9M	US\$ 1.8M
Average hours of employee training	13	40	50
<b>GOVERNANCE</b>			
% Implementation of the code of ethics and business conduct among Ratio's employees	100%	100%	100%
Justified complaints of non-compliance with Ratio's code of ethics and business conduct	0	0	0
% Women on the Board	38%	38%	40%
% Independent Directors/DGs	38%	38%	40%

<sup>6</sup> Targets updated in 2022.

# CONTRIBUTING TO RESILIENCE IN ISRAEL AND THE REGION

## REDUCING GREENHOUSE GAS EMISSIONS AND IMPROVING AIR QUALITY

For many years, the electricity sector relied on coal and other polluting fuels (diesel and fuel oil), with 61% of electricity generated based on coal in 2012<sup>7</sup>. In contrast, in 2022, 76.7 terawatt-hours of electricity were generated in Israel, 68% of which was generated at natural gas-based power plants<sup>8</sup>, with the number forecasted to increase to 77% by 2025<sup>9</sup>. **Thanks to local natural gas producers such as the Leviathan project, the cost of generating electricity from natural gas in Israel is three times cheaper than it is from coal<sup>10</sup>.** This abundance of local natural gas has provided Israel and its neighbors—such as Egypt and Jordan to whom Leviathan exports gas—with energy security. **Ratio's share in the production of natural gas is equivalent to the generation of about 9.38 terawatts of electricity<sup>11</sup>.**

The transition to natural gas-based electricity generation—driven by the Leviathan project—has enabled a significant reduction in greenhouse gas emissions in Israel, with electricity generation from **natural gas emitting roughly 50% less greenhouse gases than using coal<sup>12</sup>.**

In addition, the generation of electricity through the burning of natural gas is significantly less polluting than that associated with burning coal. As a result, thanks in large part to the increase in natural gas-based electricity production—to which Leviathan contributes significantly, **as of 2021, there was an 84% decrease in sulfur oxide emissions and a 69% decrease in nitrogen oxide emissions in Israel<sup>13</sup>.** In this way, natural gas helps to improve air quality in Israel, thereby maintaining public health and reducing illness from air pollutants.

<sup>7</sup> <https://main.knesset.gov.il/Activity/Info/Research/Pages/incident.aspx?rid=7501&businessType=1>

<sup>8</sup> <https://main.knesset.gov.il/Activity/Info/Research/Pages/incident.aspx?rid=7501&businessType=1>

<sup>9</sup> <https://main.knesset.gov.il/Activity/Info/Research/Pages/incident.aspx?rid=7501&businessType=1>

<sup>10</sup> <https://main.knesset.gov.il/Activity/Info/Research/Pages/incident.aspx?rid=7501&businessType=1>

<sup>11</sup> This number reflects Ratio's share of the total amount of electricity produced

<sup>12</sup> <https://www.iea.org/reports/the-role-of-gas-in-todays-energy-transitions>

<sup>13</sup> [https://www.gov.il/BlobFolder/reports/prtr\\_report/he/prtr-prtr-book-2021.pdf](https://www.gov.il/BlobFolder/reports/prtr_report/he/prtr-prtr-book-2021.pdf)

## INCREASING PUBLIC INCOME

In 2022, there was a 37.9% increase in the amount of royalties collected by the State of Israel from natural gas reservoirs, reaching NIS 1.68 billion. **Ratio's total share in state royalties in 2022 was NIS 142.5 million, compared with NIS 82.2 million in 2021.**

## FOSTERING ENERGY SECURITY IN ISRAEL AND IN THE REGION


The development of natural gas reservoirs in Israel, the main one being Leviathan, created in 2020 the conditions for the long-term energy security of the State of Israel. The Leviathan reservoir has reserves equivalent to many decades of natural gas consumption in Israel. In this past year, the global uncertainty and instability of the natural gas market, and the resulting natural gas crisis has underscored the critical importance of the energy security provided by the Leviathan project. Since 2020, Ratio and its partners in the Leviathan project have been exporting significant amounts of natural gas to neighboring Egypt and Jordan, promoting political and economic stability throughout the region, as well as strengthening geopolitical relations.


## INVESTING IN THE FUTURE

Ratio recognizes that ultimately, to ensure sustainability and reach net zero, it will be necessary to transition away from fossil fuels. To this effect, and in light of the amendment to the TASE regulations that allows oil and gas partnerships to integrate renewable energy projects into their activities, Ratio has begun to examine initiatives in this field, particularly renewable energies with activity characteristics similar to those of the oil and gas sector maximize Ratio's existing capabilities, knowledge and experience including in geology and geophysics scenes.




# ENVIRONMENT






## 17,508

tCO<sub>2</sub>e Carbon footprint  
(Scopes 1, 2, and 3)<sup>14</sup>



## 72

Scope 1 and 2 GHG emissions



## 30%

increase in leased hybrid/  
electric vehicles

RATIO OF GREENHOUSE GAS EMISSIONS  
TO PRODUCTION OF <2 KG CO<sub>2</sub>E/BOE  
(2 KG CO<sub>2</sub>E/BOE IN 2021)

## CARBON FOOTPRINT

Ratio Energies is an innovator in the energy sector that is committed to measuring and reducing its own Scope 1, 2, and 3 GHG emissions. In this second ESG report, Ratio continues to primarily report its Scope 1 and 2 GHG emissions, which include direct emissions from the burning of fuel during travel and indirect emissions from the energy provided by the Electric Company and consumed by Ratio's corporate offices. However, given the significance of the Leviathan project—of which it is a minority owner (15%)—both in terms of its contribution to Ratio's business activities and to its Scope 3 emissions, Ratio has continued to report its share of the platform's footprint as the main Scope 3 emissions, in accordance with the GHG Protocol's equity share approach.

## RATIO ENERGIES' 2021-2022 CARBON FOOTPRINT

TABLE 1. RATIO 2021–2022 CARBON FOOTPRINT (TCO<sub>2</sub>E)

Scoop	2021 <sup>15</sup>	2022
Scope 1	47	33
Scope 2	25	39
Scope 3 <sup>17</sup>	17,358	17,436
<b>Total Footprint</b>	<b>17,430</b>	<b>17,508</b>

## REDUCING GREENHOUSE GAS EMISSIONS

Ratio is investing in the reduction of its Scope 1 and 2 emissions on its way to carbon neutrality, with for ultimate aim achieving net zero emissions. In addition, Ratio is engaged with the rest of the Leviathan project partners to improve on the already world leading efficiency of the project. **In 2022, the ratio of greenhouse gas emissions to production was under 2 kg CO<sub>2</sub>e/boe, as in 2021.**

To complement these efforts, Ratio committed to further mitigate its scope 1 and 2 emissions via accepted means, including the purchase of carbon credits and other established and credible means of balancing its footprint. This will be based on a strategy to invest in carbon avoidance projects that drive environmental sustainability and energy efficiency, and innovative carbon removal technologies and projects.

## ENERGY

Ratio's energetic needs are limited to the consumption of electricity from the national electric grid for its corporate offices in Tel Aviv. The partnership is planning to reduce the offices' energy consumption needs. **In 2022, Ratio consumed approximately 60,000 kWh.**

## TRANSPORTATION

Ratio leases a fleet of 10 vehicles which it controls and operates. In 2022, Ratio consumed 14,014 liters of benzene<sup>16</sup>. To reduce the footprint of its fleet, Ratio Energies is transitioning its vehicles away from fossil-fuel burning to electric. So far, 30% are electric or hybrid, and the partnership aims to increase this number in the coming years. **In addition, Ratio has set up dedicated bicycle parking and an office shower to encourage local employees to cycle to the office.**

## WATER AND EFFLUENTS

Ratio does not have any production facilities. The only water consumption is based on the needs of its

corporate offices which are connected to the main water network. Similarly, the only sewage Ratio creates is from the corporate office's sanitary facilities and it goes to the standard municipal sewage system. **In 2022, the total water consumption was 96 m3.**

## WASTE

Ratio produces no industrial waste. Mixed waste is disposed by municipal waste collection.

The partnership also endeavors to minimize and reduce the amount of waste it creates in its offices. Payroll data is sent electronically to reduce paper waste. To facilitate recycling, the partnership collaborates with the social enterprise Yarok Hevrati. Recycling bins are used throughout the corporate offices, resulting in the recycling of plastic bottles, coffee capsules, paper, and plastic boxes. Finally, electronic waste is sent for recycling as well. **In 2022, Yarok Hevrati collected 915 kg of paper, 1,420 kg of plastic packaging, 490 drink bottles, and 30 electronic products at their end of life.**

## BIODIVERSITY

Ratio is committed to protecting the biodiversity in the areas where it is operating. To this effect, prior to the initiation of projects, studies are conducted to examine the potential negative impacts of intended projects. In the case of the Leviathan project, studies of the platform's surroundings and along the pipeline route were conducted by the partners. The results of these studies can be found in the Leviathan Consolidated Habitat Report<sup>17</sup>.

Today, the Leviathan project is subject to strict regulation, including in the field of discharge to the sea.

<sup>14</sup> Scope 3 calculations are limited to category 15, 'investments', covering Ratio's 15% share of the GHG emissions of the Leviathan project.

<sup>15</sup> Data for 2021 was revised to match the requirements of the GHG Protocol's Corporate Accounting Standard.

<sup>16</sup> Retrospective estimation calculated based on average monthly costs of benzene in Israel available at [https://www.gov.il/he/Departments/general/fuel\\_price\\_historyca](https://www.gov.il/he/Departments/general/fuel_price_historyca)

<sup>17</sup> [https://www.gov.il/BlobFolder/generalpage/enviromental\\_info\\_file3/he/Lev.Pipeline.habitats.2018.pdf](https://www.gov.il/BlobFolder/generalpage/enviromental_info_file3/he/Lev.Pipeline.habitats.2018.pdf)



# FOSTERING SOCIAL RESILIENCE

## EMPLOYEES

**100%**

100% of the management team was local to Israel

**9**

new employees

**10.2**

Turnover rate

**2**

women that went on maternity leave

**100%**

paid above minimum wage

**64%**

full-time employees  
36% part-time employees

**21%**

above 50 years of age

**48.5%**

female representation /  
44% women in management

**52%**

of employees are not from the Center of Israel

**13**

average hours of training per employee (10 hours in 2021)

## OVERVIEW

Ratio believes in nurturing and investing in its employees and combines competitive salary and benefits packages with individually customized schedules designed to improve employee wellbeing.

## WORKING CONDITIONS

The terms of employment of all Ratio employees are regulated by personal contracts, which are determined for each employee according to their qualifications, education and position. The employees' personal agreements regulate the terms of wages, vacation, convalescence, notice period, severance pay, including section 14 of the Severance Pay Act, 5723-1963, sick days, contributions to relevant employee funds and additional benefits and a commitment to confidentiality. The pension rights of the employees reaching retirement age are covered by amounts accumulated in the pension funds and provident funds for annuity. Further details on the terms of employment of senior managers are set out in the 2022 Financial Report (<https://mayafiles.tase.co.il/rpdf/1514001-1515000/P1514244-00.pdf> p. 257)

## BENEFITS AND WELFARE

Ratio creates a pleasant and inclusive workplace and promotes employee welfare and work-life balance through the following benefits:

- One working day from home every week, along with the possibility of an additional short working day from the office (Ratio provides the necessary full computer equipment).
- Gifts for holidays, gifts for special events, and team building evenings and trips
- A personal treatment that includes, among other things, assistance for personal life events– both in exciting events such as weddings and births and in crisis situations
- Provision of performance-based bonuses and regular feedback (see Career Development section below)
- Office enrichment days
- Financing of personal courses for employees (see Career Development section below)

## DIVERSITY AND INCLUSION AT RATIO

The leadership of Ratio Energies advocates a respectful attitude and equal opportunities for all and believes in the power of a team where each individual can bring their unique perspective, skills, and experience. For that reason, there is a strong emphasis on building a workforce that is age-diverse and includes equal gender representation.

In 2022, women represented 48.5% of the workforce, an increase from 46% in 2021. One-third of new hires were

women, among them one in management position. Women also represented 44% of senior management, or 12% of all employees (25% of female employees), compared to 15% for men (29% of male employees). Female representation at the board level was 38% (for more details see Governance section). Ratio has an equal pay policy, and every year publishes an equal pay report on its website <https://maya.tase.co.il/reports/details/1423533/2/0>

TABLE 2. RATIO EMPLOYEES AS AT THE END OF 2022, BY GENDER AND AGE

Employees (by age group / gender)	2022		
	Men	Women	Total
<30	-	6%	6%
31-50	33%	39%	73%
50+	18%	3%	21%
<b>TOTAL</b>	<b>51.5%</b>	<b>48.5%</b>	<b>100%</b>

## PREVENTION OF DISCRIMINATION AND HARASSMENT IN THE WORK ENVIRONMENT

Ratio is committed to creating a fair and respectful work environment based on mutual communication between management and its employees. Ratio's management adopts an open-door policy, there is a regulation for the prevention of sexual harassment published in Ratio's offices, and a supervisor of sexual harassment has been appointed in the partnership. Ratio also has a whistleblowing policy in place that includes grievance reporting mechanisms. In addition, employees attend annual workshops on the code of ethics and the prevention of sexual harassment.

**In 2022, 91% of employees attended both workshops.** Ratio's management encourages its employees to report violations. In 2022 there were **no reported cases of discrimination, harassment, or any other violations of ethical behavior.**

## CAREER DEVELOPMENT

Ratio supports the professional development of employees, and supports their growth through regular performance reviews, training (both internally and externally facilitated), and internal promotion in accordance with employee strengths and weaknesses, and Ratio needs and goals. In addition, employees can receive funding for external training.

**In 2022, performance reviews were conducted for 55% of employees.**

**422 hours of training / 13 average hours of training per employee in 2022 91% of employees attended training workshops on:**

- **Prevention of sexual harassment**
- **Information security**
- **The Ratio Energies Code of Ethics**
- **Compliance with Israeli Securities regulations, including on ethical business conduct**

## HEALTH AND SAFETY

Ratio Energies is committed to ensuring a safe environment for the general public, Ratio's customers and employees. This extends to an ethical responsibility concerning the assets and projects that Ratio is engaged in, including those such as the Leviathan project where it has no operational control. For more details regarding the management and oversight of the Leviathan project, please see the 'Management and Oversight' section above.

### HEALTH AND SAFETY IN THE LEVIATHAN PROJECT

Ratio and its partners at Leviathan make every effort to reduce exposure to risk in the platform and in all related operations, and exercise caution in carrying out activities that pose a possible risk. This commitment is reflected in the implementation and operation of environmental management systems (EMS) and safety and meticulous risk management by Chevron to reduce the likelihood of adverse events and accidents, as well as the impact of such events.

Once a quarter, a meeting of the partners is held where updates are given to the partners on health and safety. **In 2022, there were no safety incidents at the Leviathan facility, marking the third successive such year.**

## SUPPLY CHAIN

Ratio is committed to promoting sustainability and a consideration of ESG topics throughout the entirety of its supply chain.

Upstream, 96% of Ratio's main suppliers are local, and refer predominantly to service providers on topics such as law or accounting, rendering the topic of lesser material significance. Nonetheless, Ratio will incrementally increase its ESG-related dialogues with its primary suppliers.

Correspondingly, Ratio's main customers downstream are the clients of the Leviathan project's natural gas output, namely electricity producers based on natural gas turbines, as well as industrial plants and natural gas marketing companies, alongside The National Electric Company of Jordan, and Blue Ocean Energy in Egypt. Ratio supports and promotes ESG topics with these actors, including through the transparent publication of relevant natural gas production data and other ESG metrics that customers can use for their own disclosures.



# COMMUNITY AND INNOVATION

## GIVING BACK TO THE COMMUNITY



**NIS 1.2 M**

Donated (NIS 961 thousands in 2021)



Additional

**NIS 334 thousands**

(NIS 111 thousands in 2021) donated as part of the Leviathan community initiatives



Of which employees directed

**NIS 135 thousands**

To 27 causes (NIS 115 thousands in 2021)

In 2022, supporting social and environmental causes continued to be an integral part of Ratio's operations, and was carried out through three pathways - direct donations, volunteer activities of the Ratio team, and donations as part of Leviathan activities together with the other project partners.

In 2022, Ratio has continued to support a range of populations in Israel. For the first time, this year, Ratio contributed NIS 420 thousands to environmental causes, among them:



### Supporting Renewable Energy and Lowering Israel's Emissions

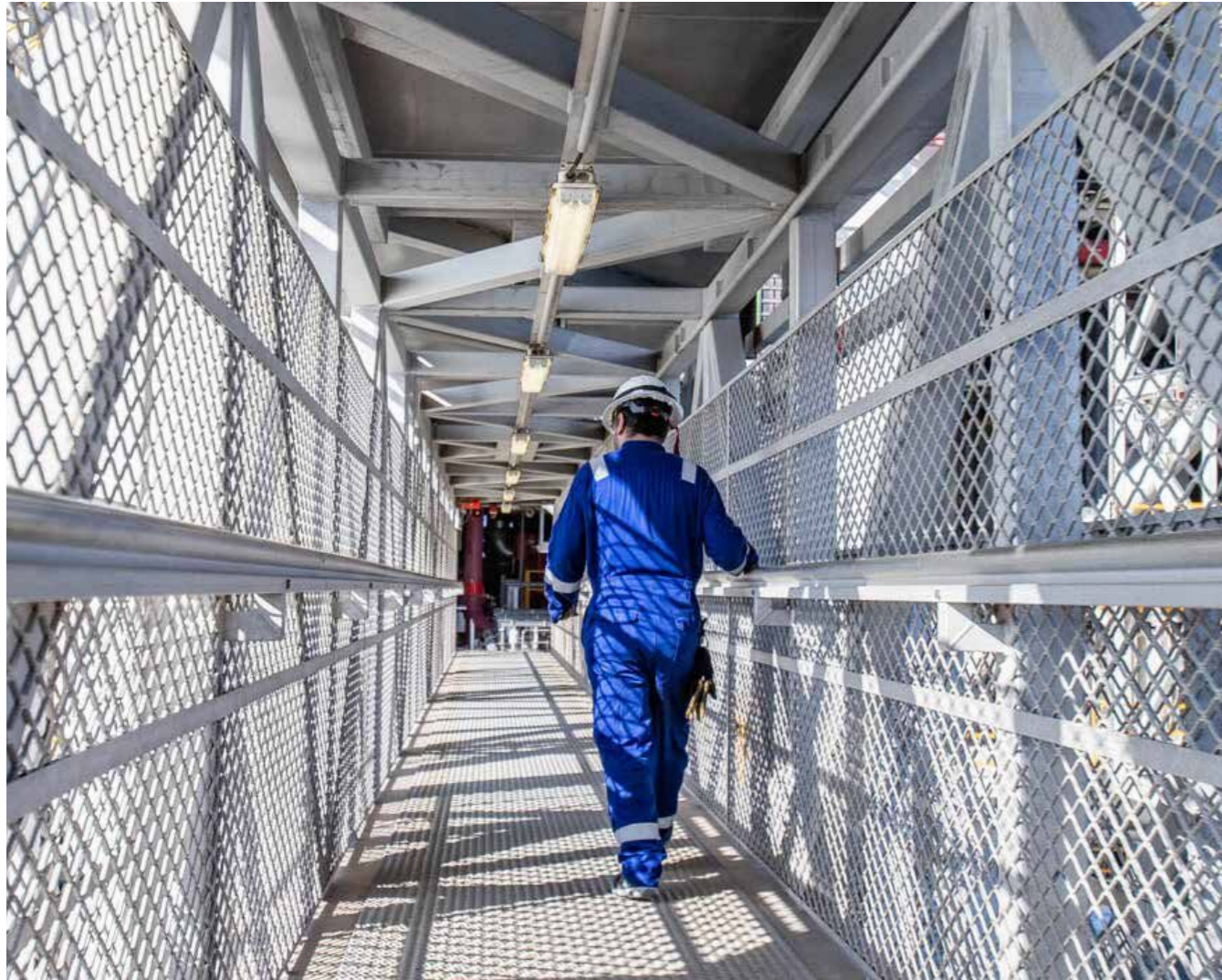
The NGO Good Energy Initiative's goal is to increase human commitment to preserving the environment. The initiative develops unique projects that demonstrate the social, economic and environmental viability of practical ecology. Ratio is collaborating with Good Energy on its 'Makat Shemesh' (Sunstroke) project to facilitate public and welfare institutions' switch to solar energy on their buildings' roofs.



### Planting Urban forests with the NGO Venatata

Venatata association's vision is to create cities where there is a connection between nature and the communities that live in it, where the ecological-biological, community, and economic system all prosper together. In 2022, Ratio employees and those of the wider Leviathan project dedicated 10 volunteer days which were open to the public to planting 1,240 plants and 40 trees in 100 gardens for communities at-risk. 91% of Ratio employees took part in this 2-day activity.





Ratio also joined Leviathan partner contributions to the local communities located near the Leviathan rig. In 2022, Ratio contributed US\$ 95 thousands to such activities, among them:

- **A project in the youth village 'Kfar Galim' to empower teenagers** in risk situations through surfing. The project is led by the 'HaGal Sheli' NGO.
- The **Leviathan Scholarship for higher education students** studying engineering subjects, environmental studies (including agriculture), energy, and technological subjects. The scholarship is for residents of the coastal communities nearest to the Leviathan rig, and at least 40% of the recipients will be women. As part of the scholarship, students will also commit to at least 100 hours of community volunteering.

### FUNDING RESEARCH AND INNOVATION



**NIS 850 thousands**

Donated for academic research (NIS 500 thousands in 2021)

Ratio maintains a fruitful collaboration with the Charney School of Marine Sciences at the University of Haifa. Ratio's contribution will enable six students to benefit from a four-year stipend, according to an Excellence Stipend that is allocated to two PhD students each year.

# GOVERNANCE



**38%**

women on the board (29% in 2021)

**38%**

independent directors (29% in 2021)

**100%**

above 50 years of age

**50%**

of the board have experience with finance and accounting expertise

**16**

board meetings with 95.4% attendance

**4**

board committees: Audit, Investment, Compensation, and Donation

**19**

board committee meetings with 100% attendance

**0**

justified complaints of non-compliance with Ratio's code of ethics and business conduct

**100%**

of Ratio employees and permanent consultants have read and committed to the code of ethics and business conduct under the employment agreement or engagement agreement

**0**

inquiries on ethical issues received during the year

**0**

reported violations and corruption cases in 2022

## COMPLIANCE

As part of its vision and values, Ratio believes in the proper, transparent and ethical management of its activities and therefore complies with the legal and regulatory frameworks in the jurisdictions where it operates. In addition, Ratio pays, directly or indirectly, taxes as required in the countries in which it operates. For more information, please refer to our 2022 Financial Report (<https://mayafiles.tase.co.il/rpdf/1514001-1515000/P1514244-00.pdf> p. 219).

Finally, to promote Ratio's business vision, the partnership is active in relevant trade associations, including the Association of Gas and Oil Exploration Industries and the East Mediterranean Gas Forum (EMGF), which includes many countries and leading energy companies in the region.

## BOARD OF DIRECTORS

To ensure professionalism, all Ratio directors have diverse knowledge in engineering, economics and management and are skilled and consultants with many years of experience. To ensure the independence of the board of directors, three external directors have been appointed (one is independent), one with professional qualifications and two with financial accounting expertise. In addition, Ratio's CEO, Yigal Landau, also serves as a member of the board of directors.

As of the end of 2022, the Board of Directors has four committees that deal with various aspects, namely the Audit, Investment, Compensation, and Donation committees. For a full list of board members, and more information on board committees, and the compensation policy, please refer to our 2022 Financial Report (<https://mayafiles.tase.co.il/rpdf/1514001-1515000/P1514244-00.pdf> p. 263)

**ESG OVERSIGHT**

To manage ESG-related risks and opportunities, in 2021, a Corporate Social Responsibility Manager (ESG) was appointed to coordinate the process of formulating Ratio's sustainability strategy, report to the Board of Directors, and be responsible for coordinating and managing the dialogue with Ratio's diverse stakeholders. In addition, in 2022 Ratio held two ESG information sessions for all board members.

**RISK MANAGEMENT AND BUSINESS CONTINUITY**

At Ratio, risk management is a key strategic tool that is integrated into the decision-making and operations process, and the board of directors is committed to ensuring that such procedures are strictly adhered to. As part of the risk management policy, Ratio decided to implement a voluntary internal securities enforcement program that specifies rules, guidelines and instructions in this regard. Training workshops were conducted on this topic in 2022. Ratio is also committed to conducting a climate risk assessment by 2025 and will report on its progress in future ESG reports. For more details regarding risk management at Ratio, please refer to the 2022 Financial Report (<https://mayafiles.tase.co.il/rpdf/1514001-1515000/P1514244-00.pdf> +page 127 ).

In addition, Ratio is in the process of updating a business continuity plan that will lay out the partnership's strategy to reduce and mitigate risks to its operations, define the division of responsibilities and actions required to support Ratio's continuous operation and to prevent or reduce damages in the event of a disruption or disaster, and identify the steps needed to recover as soon as possible.

**ETHICS AND HUMAN RIGHTS**

Ratio is committed to the highest standards of business ethics, as defined and elaborated in the code of ethics that was updated and signed by all of its directors, managers, and employees in 2022. The code refers to a wide range of behavioral norms and business procedures in the field of compliance, fair competition, prevention of corruption and avoidance of conflicts of interest. For more information, including related to grievance reporting mechanisms, see our Code of Ethics and Business Conduct <https://ratioenergies.com/>

<wp-content/uploads/2023/02/%D7%A7%D7%95%D7%93-%D7%90%D7%AA%D7%99.pdf>.

Ratio Energies is committed to upholding the human rights of all its stakeholders, as outlined in the 1948 United Nations Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, United Nations Sustainable Development Goals (SDGs), and the International Labor Organization's (ILO) Declaration on the Fundamental Principles and Rights at Work.

**INFORMATION SECURITY**

In 2021, Ratio adopted an information security policy that sets guiding principles for the proper conduct of employees, suppliers and business partners in terms of information security, cyber protection and privacy protection. Within the framework of the policy, controls and methods of action are established to reduce the probability of the realization of information security threats and/or cyber protection, as well as the areas of responsibility and authority for handling issues relating to this policy, including the handling of an information security incident.

Once a year, Ratio provides its employees with personal responsibility awareness training for information security and cyber protection. Cyber security was also a topic covered by the internal auditor. **In 2022, there were no confirmed cyber security incidents or data breaches.**

**GRI INDEX**

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GRI Standard	Disclosure	Location	GRI Sector Standard Ref. No.
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GRI Standard	Disclosure	Location	GRI Sector Standard Ref. No.
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**WITH REFERENCE TO OIL AND GAS SECTOR STANDARD DISCLOSURES:**

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<b>Additional sector disclosures</b>	List the organization's beneficial owners and explain how the organization identifies the beneficial owners of business partners, including joint ventures and suppliers	2022 Financial Report 4-10	11.20.6
Topic 11.21 Payments to government			
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