



# SARINE TECHNOLOGIES LTD.

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Environmental, Social and Governance (ESG) Report

2023

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Note: As our objective is to provide readers with pertinent information in a concise non-  
tedious manner, we have referenced, where applicable, specific information already  
publicly available in Sarine's Annual Report and on its website.

## CONTENTS

Board of directors statement .....	3
About this report.....	4
About Sarine .....	5
Group Structure .....	5
Key Management.....	6
Our Vision.....	6
Materiality Analysis .....	7
Transparency and Stakeholder Dialogue .....	9
The United Nations Sustainable Development Goals (SDGs).....	11
Sarine at a Glance.....	12
Business.....	16
ESG Management .....	19
Board of Directors.....	20
Business Development.....	22
Governance and Risk Management .....	23
Intellectual Property .....	24
Cyber and Data Security.....	25
External Influences on the Group.....	26
Economic Performance .....	27
Our People .....	29
Social Responsibility.....	37
Technology and Innovation .....	42
Customer Trust and Success .....	44
Supply Chain and Production .....	47
Environmental Responsibility.....	48
Responding to the Task Force on Climate-related Financial Disclosures.....	51
GRI Content Index.....	52

## BOARD OF DIRECTORS STATEMENT

On behalf of the Board of Directors, it is my pleasure to present our seventh ESG Report for Sarine Technologies Ltd. ("Sarine" or the "Group" and along with its subsidiaries the "Group"), for the year ended 31 December 2023.

This report sets forth our insights relating to Environmental, Social and Governance (ESG) issues and the relevant implementation efforts that we make for continuous improvement of our impact on customers, employees and the community around us. We encourage all stakeholders to share their ideas and concerns with us regarding these issues and hope to continue our endeavors over time to further enhance ESG issues in our business.

Daniel Benjamin Glinert  
Executive Chairman of the Board

## ABOUT THIS REPORT

This is the Group's seventh Environmental, Social and Governance (ESG) report. This report follows the requirements of the SGX Listing Rules 711A and 711B and in accordance with the GRI Universal Standards. The GRI framework was chosen by Sarine due to its widespread use and recognition as a global sustainability reporting standard. This choice ensures that the Company's disclosures are more comparable with those of its peers. The Company's report adheres to GRI's Reporting Principles that defines report quality, such as: accuracy, transparency, balance, clarity, comparability, completeness, forward-looking, timeliness and verifiability.

In defining the scope of the data disclosed in this report, we focused on the ESG performance of entities and assets over which we have financial and operational control. All data contained in this report, unless specifically stated otherwise, refers to the Sarine Group, including its operations at sites in Israel, India, Hong-Kong and North America and does not apply to any independent service or sales representative locations or activities outside the Sarine Group.

This report reflects Sarine's performance for the calendar year 2023 and the data is updated as of its reference date 31 December 2023 (note: as for financial information included in this report, the information is as published in Sarine's Annual Report for 2023).

Relevant targets and goals of the Group are addressed below including the status of their respective achievements.

The material issues covered in this report were identified in the recent methodology materiality analysis that Sarine conducted, as further detailed herein. The relative effect of each material issue is subject to its significance to the Group's various internal and external stakeholders.

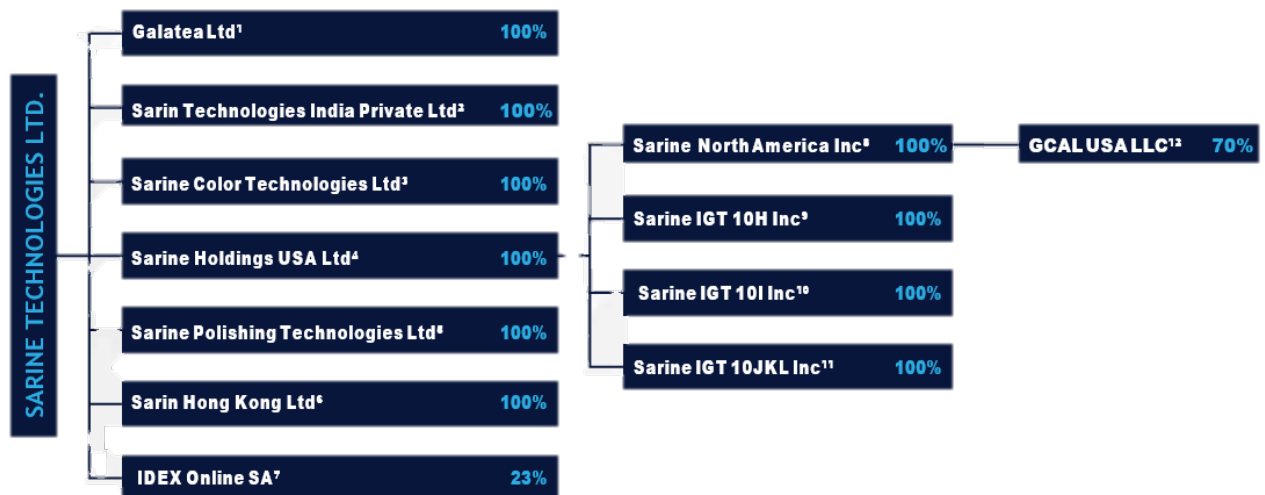
We welcome all feedback to help us improve our ESG practices. Please send your comments or feedback by e-mail to [sustainability@sarine.com](mailto:sustainability@sarine.com)

## ABOUT SARINE

Sarine is a world leader in the development and manufacturing of advanced modelling, analysis, evaluation, planning, processing, finishing, grading and trading systems for diamonds. Sarine products include the Galaxy® family of inclusion and tension mapping systems, rough diamond planning and optimisation technologies, laser cutting and shaping tools, laser-marking, inscription and fingerprinting equipment, automated (AI-derived) Clarity, Color, Cut and light performance grading systems, mine to consumer traceability technologies and retailing (visualisation) services. Sarine systems have become standard tools in every modern manufacturing plant, properly equipped gemmology lab and diamond appraisal business and are essential aids for diamond polishers, dealers and retailers.

## GROUP STRUCTURE

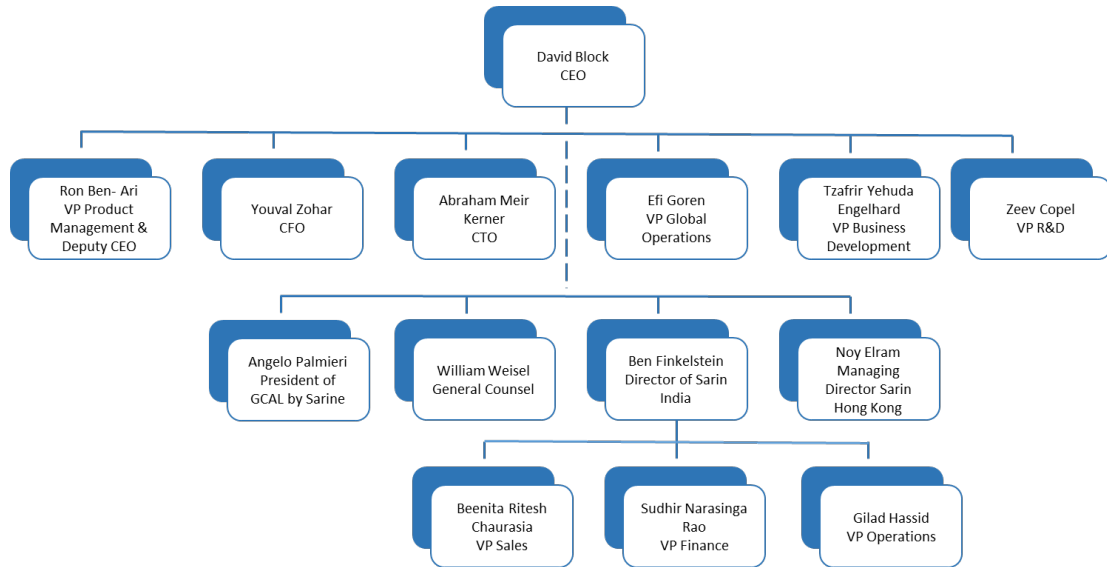
Headquartered in Hod Hasharon Israel, Sarine's structure as of December 31, 2023, is:



For further details regarding the Sarine Group's entities and operations, we invite readers to refer to our 2023 Annual Report "Group Structure" section.

## KEY MANAGEMENT

Below is a diagram of Sarine Group's key management as of December 31, 2023.

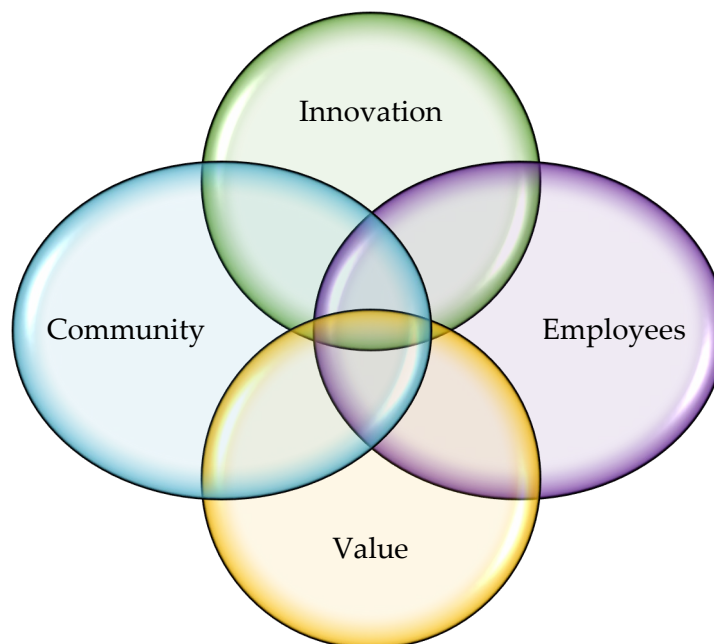


Further information about key management and remuneration is detailed in the "Key Management" and "Corporate Governance" sections of the 2023 Annual Report.

*\*As of 31 December 2023, the percentage of senior management hired from the relevant local communities is as follows: 100% in Israel and USA and 50% in India.*

## OUR VISION

Sarine's ESG efforts are aligned with our Group's vision and strive to nurture success through long-term sustainable growth.



- 1. Innovation** — Most diamonds over 0.1 carat in weight are touched by our innovative technologies at different stages of their processing. Sarine sees its mission as participating in setting the industry standards, optimising the utilisation of rough diamond material, enhancing the beauty and value of polished diamonds and providing confidence-building 21st century solutions for polished diamond grading and their trade, in order to benefit the industry and the public. We are committed to leadership through an ongoing passion for innovation and excellence.
- 2. Employees** — We view our employees as the major factor enabling our success. We strive to nurture our employees and provide them with a supportive working environment that will motivate them to excel individually and as a team. Our employees share, through various bonus and options schemes, in the Group's success.
- 3. Value** — We endeavour to create value for our stakeholders, the communities in which we operate, the economy and the environment, by creating innovative solutions across the entire eco-system value chain in which we operate.
- 4. Community** — We are involved in and contribute to the communities in which we operate.

These four key pillars are the basis of our ESG efforts as discussed throughout this report. Sarine's vision served as the basis for our Materiality Analysis as described in the next chapter.

## MATERIALITY ANALYSIS

Sarine conducted its second materiality analysis in 2023 for its 2022 ESG report. For the purpose of this report, Sarine considered whether the material issues defined in the materiality analysis remained relevant for this report and concluded that the material issues remain the same. The scope of this report covers Sarine's global efforts, in relation to the material issues identified in the analysis and which Sarine considers material to its business, stakeholders and operations.

These are the ESG issues material to the Group's communities, the economy and the environment. Sarine has considered issues that it believes its stakeholders would consider to be most relevant, such as ESG practices and processes throughout the organisation, regulatory requirements, the diamond industry in general and sector comparables, the Group's industry partnerships and the market in general.

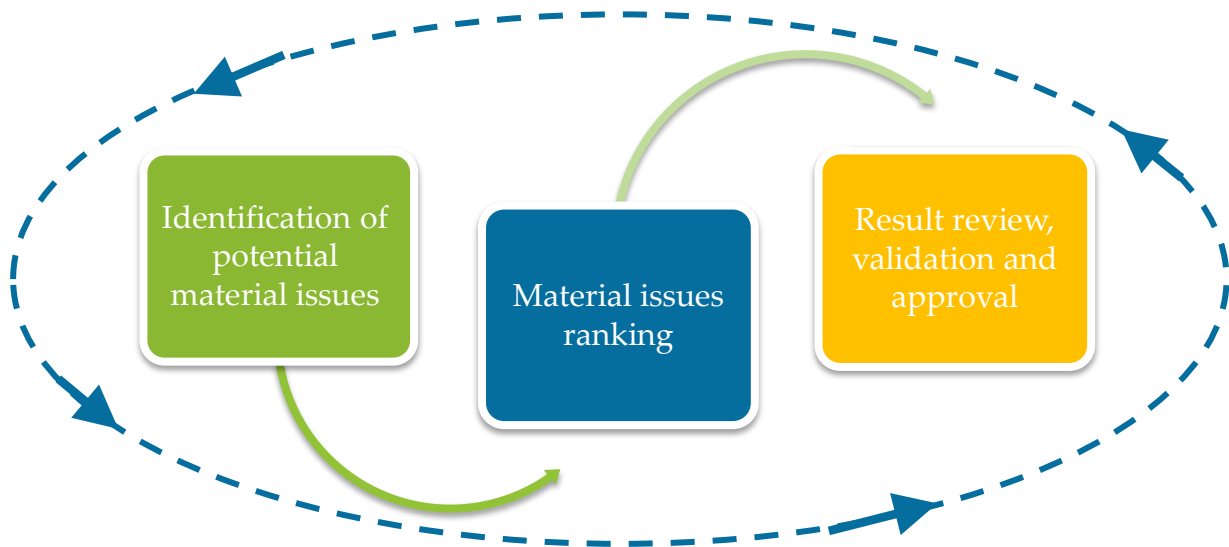
The outcome of this assessment enabled the Group to define the report's content, in alignment with the Global Reporting Initiative (GRI) Universal Standards. As Sarine further develops its stakeholder dialogue, Sarine will conduct periodic reviews to re-assess and re-validate these issues for materiality.

## THE PROCESS

Our materiality analysis was conducted by our key Management through a methodological three step process. Further review, evaluation and approval were executed in consultation with the Group's Board of Directors (the "Board").

The process also considered the SGX's 27 Core ESG Metrics, with which Sarine's ESG report is aligned, based on availability of data and relevance to Sarine's operations.

Below is a presentation of the three stages we conducted:



For further information regarding our three-step materiality analysis, please see our 2022 ESG Report page 8.

The results of the materiality analysis are used as a basis for current and future activities and procedures that are put in place. We will continue to evaluate our material issues while taking into consideration global developments.



## MATERIAL ISSUES

The material issues identified, form the basis of the Group's ESG activities and targets in this report.

Material Issues	
1	External Influences on the Group
2	Technology and Innovation
3	Business Development
4	Governance and Risk Management
5	Supply Chain and Production
6	Economic Performance
7	Intellectual Property
8	Cyber and Data Security
9	Recruitment and Retention of Skilled Employees
10	Customer Trust and Success

In addition to the above, this report also reviews our limited environmental footprint as well as the social impact we have on the local communities in which we operate.

## TRANSPARENCY AND STAKEHOLDER DIALOGUE

Sarine has a broad range of stakeholders that include the Board, Management, employees, investors, shareholders, business partners (e.g. suppliers and distributors) and customers, as well as consumers and governmental authorities.

Although many of the topics pertaining to ESG are global by nature, the expectations, interests and concerns for Sarine vary among the stakeholders. The Group recognises the importance of its stakeholders and their interests and we therefore invest significant resources to maintain transparent and open communications with them.

The Group has a whistleblowing policy. For further information, please see sections "Governance and Risk Management" and "Preventing Bribery, Corruption and Fraud" below.

Below is a list of methods and the frequency in which we communicate with our stakeholders:

## Investors

- Immediate publication of any material news relating to our business on the SGX network (SGXNet)
- Publication of semi-annual financial reports on the SGX network
- Publication on the SGX network (SGXNet) and on our website of information related to investor relations
- Ongoing communications with investors who have queries concerning various aspects of the Group
- Publication of an Annual Report
- Holding of Annual and Extraordinary General Meetings of Shareholders

## Employees

- Open door policy for employees with frank employee dialogue
- Career development and annual performance reviews
- Recreational and wellness activities
- Annual organisational approach survey
- Anonymous complaints box for our employees' working environment

## Business Partners

(Suppliers, Vendors, Sales Partners, etc.)

- Ongoing regular dialogue with key vendors and suppliers, including meetings with suppliers- Continuing relationship and ongoing communication with authorised sales representatives worldwide

## Customers

(Manufacturers, Retailers, Wholesalers, Laboratories, etc.)

- Regular communication with customers
- On-going feedback on our services and solutions
- Maintaining an open customer service platform
- Advertisements
- Marketing and sales promotion activities

## Local Communities

- Charitable activities
- Taking part in community projects and charity work
- Open feedback channels for the communities in which we operate

## Government


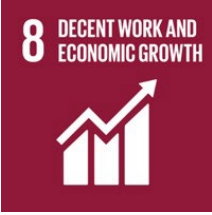
- Regular communication with governmental authorities
- Timely mandatory reporting and compliance requirements



## THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Sarine recognises the SDGs and understands the impact they are making on a global scale. With operations in various countries, we realise our activities might have impact on multiple goals.



We take the SDGs into consideration and adjust our ESG performance in the future as we continue to develop our ESG practice. As such, through our business and our products we contribute to the following goals:

Goal	Our activity
	<ul style="list-style-type: none"> <li>— We encourage female representation in the workplace in all positions and leadership roles.</li> <li>— We accommodate working mothers through flexible working hours thus providing equal opportunities at the workplace.</li> <li>— We comply with all applicable legal mandates regarding maternity leave.</li> </ul>
	<ul style="list-style-type: none"> <li>— We honour labour rights and promote safe and secure working environments.</li> <li>— We hire persons with disabilities and from minority groups.</li> <li>— We provide medical insurance options for employees in all our locations worldwide.</li> <li>— We recruit employees and engage suppliers from local communities, thus helping to drive the local economy.</li> </ul>

Goal	Our activity
	<ul style="list-style-type: none"> <li>— We invest significantly in research and develop solutions that enhance transparency and sustainability throughout the diamond industry.</li> </ul>
	<ul style="list-style-type: none"> <li>— We develop products and solutions that optimise the usage of rough material and have a potential to lower the impact on the environment caused by its extraction and which are also compatible with lab grown diamonds, which, if produced using renewable energy sources, have a lower environmental impact.</li> <li>— We promote environmentally friendly practices within the organisation such as recycling, switching to multi-purpose kitchenware, using recycled paper, enabling a hybrid-model of work, thus reducing employees' commute emissions and more.</li> </ul>

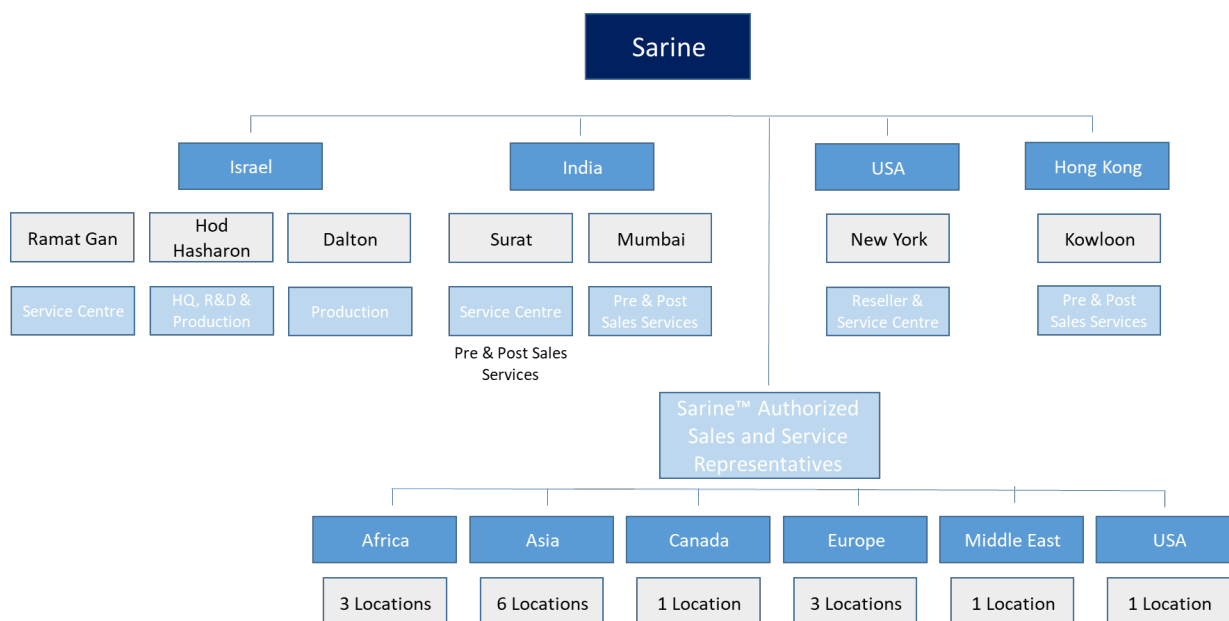
## SARINE AT A GLANCE

### Material organisational changes in 2023:

In May 2023, the Group completed its acquisition of the business and certain assets of the Gem Certification and Assurance Lab Inc. (“old GCAL”), pursuant to which the Group acquired a 70% stake in the gemmological lab of old GCAL, through GCAL USA LLC (“GCAL USA” and the “GCAL Acquisition”, as applicable). No further significant changes to the organisation were implemented in 2023 in regard to supply chain, locations or operations. All relevant changes with regards to employee base, financial performance and ESG figures are detailed elsewhere throughout the report. Full detail of our financial results can be found in our 2023 Annual Report.

## OUR NUMBERS

### Description of operations:



### Revenue, gross profit, profit from operations and net profit\*:

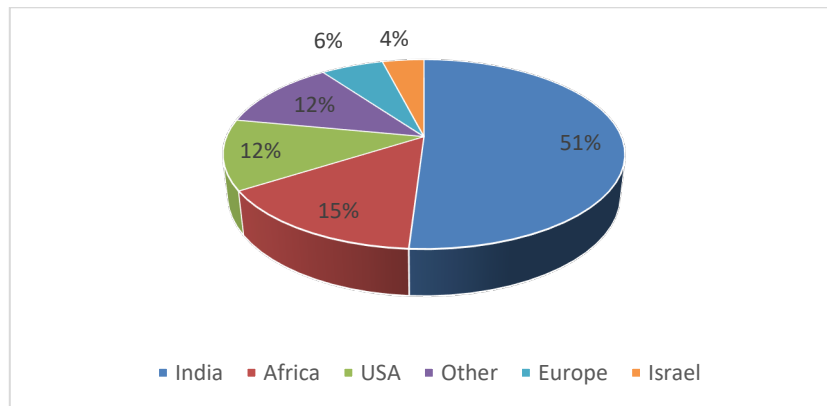
For the year ended 31 December 2022 and 2023

	2022	2023
	US\$'000	
<b>Revenues</b>	58,763	42,944
<b>Gross profit</b>	40,623	27,371
<b>Profit from operations</b>	10,998	(1,844)
<b>Net profit</b>	8,798	(2,802)

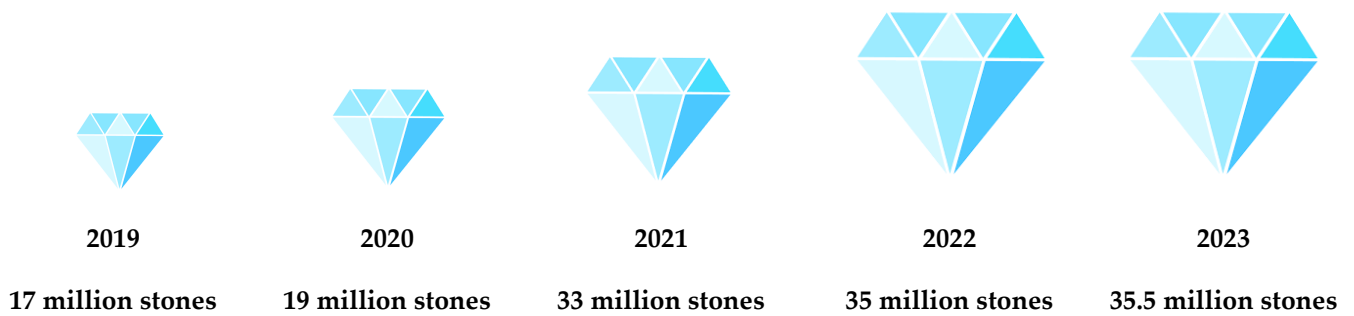
\* In 2023 the diamond industry faced significant macroeconomic headwinds from high interest rates and recession concerns in the US (the leading global market for diamond jewellery) and economic woes in China (normally the second largest market for diamond jewellery). More notably the rapid expansion of the Lab Grown Diamond market in 2022 and 2023 disrupted the industry value chain and also negatively impacted consumer demand for natural diamonds. These conditions had a direct impact on Sarine's ability to increase profitability in 2023.

For further information about our economic performance, please see the "Management's Business, Operation & Financial Review" and the "Financial Statements" sections in the 2023 Annual Report.

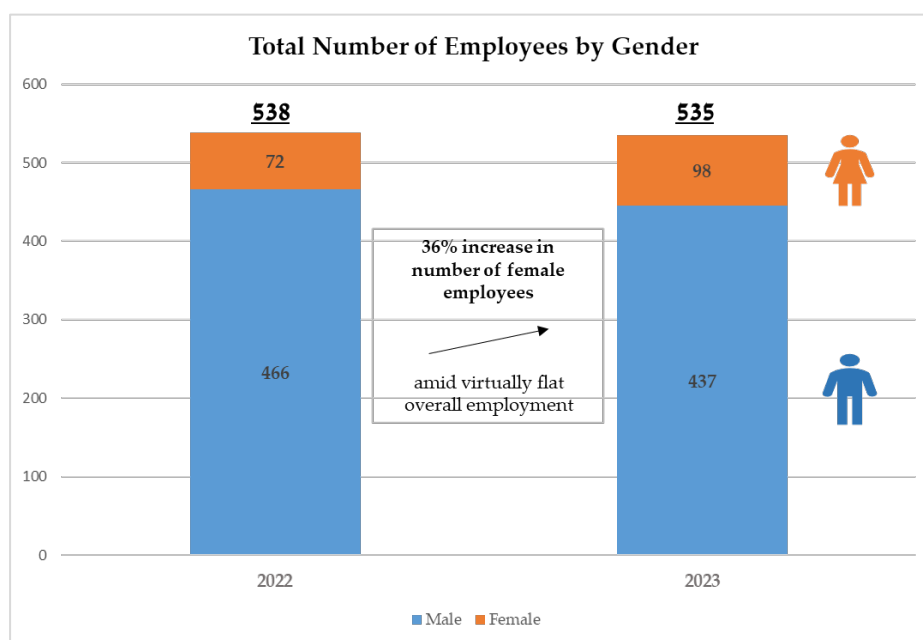
**Revenue by geographic segment:**



Over 35.5 million stones were scanned through Sarine's inclusion mapping products worldwide in 2023.



**Our employees:**



## OUR VALUES

Our Core Values have guided and shaped our Group over the years. We abide by these values continually and endeavour to implement them in our work and our relationships with our colleagues, customers and suppliers.



### **Innovation and Creativity**

We consistently strive to be at the forefront of technology and creativity, to produce cutting edge products and solutions with the highest standards of quality and workmanship.



### **Teamwork**

We share ideas, support and respect each other with a strong team ethos and a commitment to common goals.



### **Customer Orientation**

We believe that things should be made simple, but not simplistic. We produce technologically advanced products and solutions, which are customer oriented both from the perspective of their operational safety and simplicity of operation.



### **Honesty and Fairness**

We are honest and fair in our work and in our treatment of employees, suppliers and customers.



### **Commitment and Integrity**

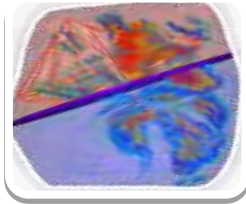
We are committed to our stakeholders' continuous satisfaction and provide worldwide support to ensure optimal usage of our products.

## BUSINESS

Sarine develops, manufactures, markets and sells precision technology products for the assessing, polishing, grading and the wholesale and retail of diamonds, utilised throughout the various segments of the diamond industry, as further detailed below.

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### Rough Stone Evaluation and Trade (The “Upstream”)

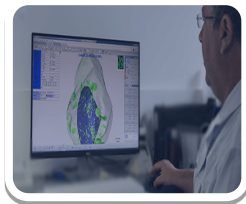


Sarine assists the diamond mining producers to evaluate high resolution mapping of a rough stone's external geometry and internal inclusions. In addition, diamond mining producers and wholesalers offer for sale through digital channels their rough stones as per their varied qualities using our revolutionary Galaxy® and DiaExpert® families of platforms as assessment tools.

In 2023 Sarine launched its Autoscan™ Plus that revolutionises the rough diamond source registration process by enabling extremely high-speed scanning and registration. It also assists producers and manufacturers alike in the control and analysis of their overall rough diamond inventory.

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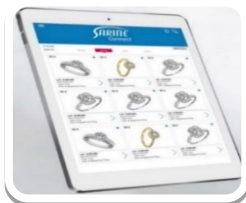
### Rough Stone Polishing (The “Midstream”)



Sarine has revolutionised this segment of the industry by introducing computer-based technologies and services to automate internal inspection, planning, sawing/cutting, shaping, polishing (faceting) and fine polishing in order to turn diamonds into retail-ready polished gems. Notably, Sarine's technologies are applicable to both natural and lab-grown diamonds (LGD).

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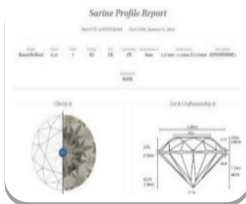
### Polished Diamond Trade (The “Downstream”)



A strategic decision taken in 2010 was to expand our product and service offerings into the wholesale and retail trade of polished diamonds, referred to as the “downstream”. We have launched the Sarine Profile™, Sarine Diamond Journey™ that was recognised in 2022 as the leading traceability solution by industry leading luxury brands and TruMatch™ to support branding and merchandising efforts.

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### Diamond Grading



Commencing 2018, Sarine offers comprehensive polished diamond 4Cs (Carat, Cut, Color and Clarity) grading utilising artificial intelligence (AI) based technology, along with light performance grading, which has become the most widely used system for light performance analysis and grading in the Asia Pacific market - in Japan it has all but become the fifth



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"C". In 2022, Sarine began the commercial rollout in India of its new revolution of polished diamond grading, e-Grading™, replacing the need to send stones off-site to third-party gemmological laboratories.

In May 2023, following the GCAL Acquisition, GCAL USA commenced operations of its New-York based gemmological lab under the brand "GCAL by Sarine". In January 2024, we launched a new LGD-focused GCAL by Sarine grading lab in India that integrates Sarine's e-Grading™ with GCAL's standards and quality control.

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### **Diamond Traceability**

Every diamond's journey from mine to consumer is unique and fascinating. At every stage of the rough diamond's transformation to polished gem – Sarine's innovative technologies are used to achieve the highest return. As 100 million rough diamonds pass through Sarine Diamond Journey™ traceability systems, we are uniquely positioned to provide an industry-wide traceability solution, with verifiable data at every stage of the stone's journey.



During 2023, Sarine and DeBeers subsidiary Tracr™ announced their intention to collaborate on a scalable, cost-effective solution for use in tracking diamonds from their source to the point of entry into G7 countries. The solution combines the complementary benefits of both the Tracr™ platform and Sarine's Diamond Journey™ traceability solution. The Tracr-Sarine solution is designed to facilitate the source verification and traceability of diamonds upon entry to the G7 and other countries, utilising a dedicated digital portal.

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In 2023 some 35.5 million rough diamonds were scanned using our Galaxy® systems and over 70 million were planned using our online Advisor® cloud-based software (including our older non-online versions of the Advisor® software we estimate some 100 million stones in total were planned on our systems in 2023). The online software can record the stone's actual polishing phases for the Sarine Diamond Journey™, thus generating a comprehensive factual testimonial.

Our offering of the refined Meteorite™ Plus, along with the adoption of our latest Advisor® 8.0 planning software, significantly bolstered our value proposition for polishers of very small (40 points and under) stones, as evidenced by the 27 million stones scanned in this segment alone. In 2024 we introduced our revolutionary cloud-computing MVP paradigm to radically enhance the value proposition of polishing very small rough diamonds, by adding significant value and introducing near-autonomous automation.

Further information about the Sarine Group's products is detailed in the "Management's Business, Operation & Financial Review" section of the 2023 Annual Report.

## CORPORATE GOVERNANCE

Sarine is committed to practicing proper corporate governance. This commitment includes the oversight of various aspects of our business such as strategy, fiscal accountability, ethical corporate behaviour, sustainability and fairness to our stakeholders.

We recognise and place strong emphasis on our corporate responsibility to our stakeholders and are committed to managing our business in ways that lead to sustainable growth, while balancing current and future needs. We are committed to doing this by fulfilling all regulatory dictates and adopting all relevant guidelines and ethical mores.

Sarine is incorporated in Israel. Sarine is listed on the Mainboard of the Singapore Exchange (primary listing) and on the Tel-Aviv Stock Exchange (secondary listing). Therefore, we comply with various corporate governance requirements under the Israeli Companies Law, 1999 and the SGX Listing Rules. Furthermore, the Group has adopted, and will continue to adopt as necessary, voluntary rules to ensure transparency towards all our stakeholders, as well as enforcement procedures that ensure strict compliance with both the law and internal control processes. We have internal controls, legal advisors, internal and external auditors and we consult with independent experts to evaluate economic, social and environmental issues to ensure compliance.

Embracing inclusive business practices is crucial for our success, promotes innovation, strengthens relationships within our supply chain, enhances our customers' trust in us and fosters an optimal work environment for our employees. Our Board of Directors is composed of members with wide-ranging skills, professional and industrial backgrounds, age, gender, ethnicity and diversity of perspectives and has a robust understanding of opportunities, issues and risks, resulting in an enriched decision-making process and dialogue, to the benefit of Sarine and our stakeholders.

In 2023, Sarine's Board Diversity Policy was approved by the Board, as part of Sarine's commitment to promote diversity and inclusiveness within the Board of Directors and to ensure that the Board reflects the communities it serves. In addition, the policy declares that the majority of the Board should be comprised of independent directors and should be gender, age and ethnically diversified. Thus, the Company promotes diversity among its Board, including just under 30% women. For more information, see "Board Diversity Policy" on the Company's website.

<b><u>2023-2024 Targets and Goals Status</u></b>	
<b><u>Target/Goal</u></b>	<b><u>Status</u></b>
• Examine the Company's ESG processes by internal auditor.	Completed
• Approval of Diversity Policy by the Board.	Completed

- |  |         |
|--|---------|
| <ul style="list-style-type: none"><li>• New directors (if appointed) shall be required to undergo ESG training (if they have not done so in the past).</li></ul> | Ongoing |
|--|---------|

To read more about the ongoing initiatives taken by the Board of Directors, please see the Corporate Governance section in our 2023 Annual Report.

## ESG MANAGEMENT

Sarine is aware of the ongoing need to properly address and manage ESG issues in our business. The Board's ESG Committee is comprised of three Board members and Sarine's General Counsel. The committee considers the Group's ESG practices and submits its recommendations to the Board of Directors. Furthermore, Sarine's internal auditor is qualified and tasked to review the Group's ESG report in accordance with SGX requirements.

Sarine's sustainability cannot solely be measured by the direct environmental impacts of our operations but should be considered in the context of our significant positive contributions to the industry and consumer community.

Our engagement in social activities, commitment to diversity and inclusion and the innovative nature of our products and services are central to our core principles and our efforts to achieve sustainable success. We believe that these aspects collectively reflect the true value and impact of our company, underscoring our commitment to being a responsible and sustainable business leader.

In 2023, Sarine's internal auditor performed a review on the Company's 2022 ESG Report. The audit focused on several topics, *inter alia*, issues such as: materiality assessment, policies, practices and performance, goals and sustainability report approval. The review concluded with no material findings. Nevertheless, recommendations regarding gaps that were raised will be implemented over the coming year.

Sarine currently does not hold any ESG related certifications since such certifications are immaterial to the Group's operations. Our ESG reports together with our materiality analyses are generated by our appointed Management team and have been reviewed and authorised by the Board accordingly.

## RISK MANAGEMENT

Sarine conducts ongoing Group-wide risk management activities that address strategic, financial and operational risks. The risk management system relates to strategic, operational, statutory and economic risks in all aspects of the organisation's operations, including potential impacts from the Group's activities. Through this structured process, which identifies risks, Sarine continued to implement precautionary procedures for relevant issues in 2023. The Board, with the assistance of the Audit Committee, reviews, on an ongoing basis, and at least annually,

the adequacy and effectiveness of the Group's risk management and internal control systems. The Group's internal auditor conducts in-depth analyses of key issues on a routine basis.

The primary areas that were audited in 2023 by the internal auditor, and the internal controls fine-tuned appropriately as per the findings of said audits, were PPC agreements, billing control and collection, customer support procedures, distributors management, customer training and customer satisfaction in Israel, the Galaxy® service centre, demo team operations, spare parts control and global customer care centre in Sarin India.

The internal auditor has also reviewed information control and integration between Sarin India and Sarine Israel. The Audit Committee of the Board, and the Board in its entirety, when applicable, has reviewed the findings of these audits, with appropriate enhancements to the internal controls agreed upon with Management. In many instances (e.g., service centres operations, purchasing, inventory, attendance and payroll and IT information security and integration), repeat audits have been executed to verify the necessary corrective actions' due implementation.

Further information regarding Sarine's risk factors and risk management process is detailed in the "Management's Business, Operation & Financial Review" section of the 2023 Annual Report.

## **BOARD OF DIRECTORS**

As of 31 December 2023, the Board is comprised of seven directors, the majority (four) of who are independent (two of those directors, namely Ms. Neta Zruya-Hashai and Mr. Sin Boon Ann, also qualify as "External Directors", under Israeli law) and six out of the seven are Non-Executive Directors. Thus, the Board is able to exercise independent and objective judgment and no individual or small group of individuals can dominate the decisions of the Board.

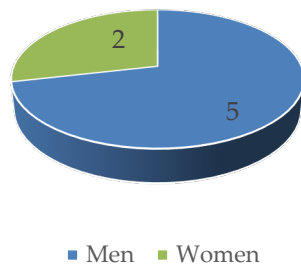
Mr. Daniel Benjamin Glinert is Sarine's sole Executive Director and Chairman of the Board.

Ms. Varda Shine is the Lead Independent Director.

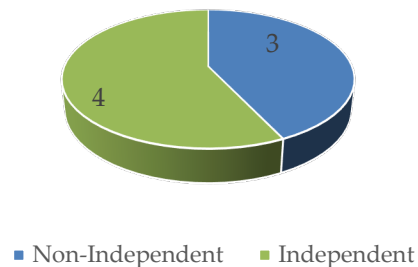
Our Board is comprised of individuals with extensive knowledge and skills and diverse expertise and experience in the various segments of the diamond and jewellery industry, computer science, engineering, accounting, audit, financial reporting and corporate governance.

The breakdown of our directors holding office as of the date of this report are:

**Director Breakdown - Gender**



**Director Breakdown - Independence**



Women comprise just under 30% of the Board. The Board meets regularly and in any event no less than five times each calendar year. The Board members have been instructed and undergo periodic training with regard to their roles, responsibilities, powers and duties. Such orientation includes dissemination of written materials prepared by the Company's counsels, periodic updates with regard to legal and corporate governance developments affecting the Board and the directors, personal communication with the Company Secretary and ongoing discussions at Board meetings. New Board members with no prior publicly listed company board experience also attend the Singapore Institute of Directors (SID) listed entity director programme.

All Board members underwent training on ESG matters in 2022, as prescribed by the SGX.

Details of the Board and its committees and number of meetings held in 2023, are shown below:

Board of Directors	Audit Committee	Remuneration Committee	Nominating Committee
6 meetings	5 meetings	3 meetings	2 meetings
100% attendance	100% attendance	100% attendance	100% attendance

The Independent and Non-Executive Directors actively participate in developing strategy and in reviewing the performance of the Group.

The Independent Directors may meet outside the presence of the Executive Directors and/or Management to the extent necessary or advisable.

The Board is involved and oversees the ESG activities as described in this report, including ESG strategy, annual review and approval of the materiality analysis process and Board ESG statement and it provides comments to and approval of our ESG report. Relevant market and other developments pertaining to ESG issues are shared with Board members and based upon the materiality of the matters, discussed at Board meetings. The Board is updated by the ESG Committee on relevant issues on a periodic basis.

Further key information about the Directors, including compensation, is detailed in the “Board of Directors” and “Corporate Governance” sections of the 2023 Annual Report.

## BUSINESS DEVELOPMENT

Sarine’s corporate culture rests on core values that include innovation and creativity, customer orientation, honesty and fairness, commitment and integrity and teamwork.

These values, together with the Group’s commitment to comply with all laws, regulations, compliance programmes and procedures, are vital for our sustainable growth and success.

As a responsible member of the modern business environment, Sarine complies with applicable regulations in all its domains of operations and maintains a Code of Ethics in order to guarantee that we create and maintain appropriate relationships with our business partners, customers and employees, based on all relevant legal statutes, mutual respect, fair play, transparency and sustainable long-term business practises.

## CODE OF ETHICS

Sarine's Code of Ethics is approved by the Board of Directors and is disseminated in our orientation process for new employees. When necessary, we conduct formal follow-up training on these matters. The Code of Ethics was last updated and re-approved in 2021 to accommodate the Group's current needs and with an emphasis on communications’ channels that are in line with global developments.

Following are the key tenets of our Code of Ethics, on which we base our everyday business execution:

- ❖ We treat our business partners, customers and employees with fairness and dignity.
- ❖ To the best of our ability, we create a safe and protective work environment for our employees and we offer our customers safe products, with which to similarly create a safe work environment for their employees.
- ❖ In order to ensure operator safety, our products and services undergo strict inspections which are constantly revisited by our own engineers and by third-party experts. Operating instructions and/or training are provided, as applicable, with regard to the proper and safe use of our products and, where necessary, built-in safeguards are provided to prevent inadvertent unsafe operation.
- ❖ Wherever applicable, we ourselves employ and we instruct our customers as to how to similarly employ, all necessary measures for the safe and environmentally friendly use

and disposal of even marginally hazardous materials, as per directions from appropriately authorised expert consultants.

- ❖ We believe our business does not impact the ecological balance of our environment and does not have any influence on the sustainability of the industry or the human/natural fabric in which we operate.

Additional aspects of our Code of Ethics relating to Sarine Group approach to our employees, can be seen in the 'Our People' chapter below. Further information may be found in the Corporate Social Responsibility section of our 2023 Annual Report.

## PROFESSIONAL AND INDUSTRY-RELATED INVOLVEMENT

Sarine is honoured to belong to industry-affiliated associations through which it can have a voice, exercise influence and have an impact on our industry, while creating shared value.

As of 2023, we are members of or have an ongoing discourse with numerous industry bodies, associations and organisations, including:

- Jewellers Vigilance Committee (JVC)
- Worldwide Federation of Diamond Bourses (WFDB)
- Kimberly Process (KP)
- Antwerp World Diamond Centre (AWDC)
- Jewelers Board of Trade (JBT)
- Jewelers Security Alliance (JSA)
- Accredited Gemologists Association (AGA)
- American Gem Society (AGS)
- 24K Club of NY
- Responsible Jewellery Council (RJC)
- Manufacturing Jewelers & Suppliers of America (MJSA)
- Diamond Federation of Hong Kong (DFHK)

At the beginning of 2024, Sarine entered ORIGINALLUXURY's transparency and traceability research initiative. This initiative serves as a hub for academic research that focuses on examining, evaluating and showcasing the latest digital innovations that can empower brands and customers with relevant and intuitive information, fostering responsible decision-making. The cooperation between Sarine and ORIGINALLUXURY is scheduled to take place during 2024.

## GOVERNANCE AND RISK MANAGEMENT

Diamonds possess a number of characteristics which make them vulnerable to utilisation for corruption, fraud and bribery including:

- High value
- Small size
- High durability with stable pricing and an ability to retain value over long periods of time
- Ability to go undetected (non-metallic and odourless)
- Untraceable and unmarked
- Easily bought and sold outside the formal banking system

Sarine is committed to running its business with integrity, fairness, reliability and professionalism.

We maintain a zero-tolerance approach to all forms of corruption, including bribery, theft and fraud. We also give special attention to preventing other forms of criminal activity, including conflicts of interest and extortion, as well as issues such as embezzlement and misuse of Group assets. Sarine has effective controls in place at every stage of its business.

Measures to prevent corruption within the organisation have been put in place, such as:

- Code of Ethics, which addresses corruption issues and is communicated to all Sarine employees.
- A policy that all payments are conducted through traceable transactions. Cash payments are strictly prohibited in this regard.
- We have a whistleblower policy that encourages employees and business partners to report on any illegal, improper or unfair practices that they encounter in their dealings with any member of the Group.

No claims or allegations of corruptive practices or actions, including bribery, were brought against any member of the Group or its employees during 2023 and no fines or non-monetary sanctions were imposed on the Group in 2023 in regard of non-compliance with anti-corruption legislation and regulations.

In 2023, no complaints were reported through the whistleblower mechanism regarding suspected fraudulent, wrong, or improper conduct of the management and personnel of Sarine.

## INTELLECTUAL PROPERTY

The products we develop are proprietary in nature. Hence, our ability to remain competitive in the market is also dependent on our ability to protect our intellectual property (IP) in both hardware and software. To facilitate the protection of our IP rights, we have registered and maintain numerous patents, copyrights and trademarks in countries key to our business and additional patent and trademark applications are pending in various phases in diverse jurisdictions.



In 2023 fifteen patent applications were filed on behalf of the Sarine Group in Israel, Europe, the United Arab Emirates, Botswana, India and the U.S. relating to the developments of new products in the fields of diamond traceability, provenance and grading.

The Sarine Group maintains a zero-tolerance policy towards the infringement of its intellectual property. We take proactive and aggressive actions aimed at protecting such rights, including taking legal action against those who are engaged in the offering and/or use of infringing products and services or any other fraudulent use of our technologies.

As a leading technology company in our field, the Group invests substantial resources to maintain such leadership and to patent, copyright, trademark and otherwise protect the Group's proprietary assets. Nonetheless, the Group is exposed to ongoing attempts to misappropriate its technology and products and to infringements of its intellectual property rights.

In addition to our IP copyright and patent applications and enforcement actions, we have designed and are continuing to design protective technological features into our systems, based on cloud computing technology and proprietary in-house developed cyber protection.

In 2023 we continued our zero-tolerance policy and pursued legal actions against several copyright and patent infringers, primarily in India, and we continued our enforcement activities regarding existing litigation.

<b><u>2023-2024 Targets and Goals Status</u></b>	
<b><u>Target/Goal</u></b>	<b><u>Status</u></b>
<ul style="list-style-type: none"> <li>Continue to expand and protect our intellectual property portfolio, including patent, copyright, trademark and trade secret protection.</li> </ul>	Completed
<ul style="list-style-type: none"> <li>Continue our aggressive campaigns against IP infringement.</li> </ul>	Completed

### **Targets and Goals 2024**

- Filing patent and copyright applications as needed to protect new technologies, software and product lines.

To read more about the ongoing efforts taken by us, please see our 2023 Annual Report "Management's Business, Operation & Financial Review" section.

## **CYBER AND DATA SECURITY**

Sarine protects its data and systems with the highest levels of security. As a leading technology company in the industry, we continuously verify that our proprietary information is secure. We invest extensively in cyber security and in creating our own proprietary in-house cyber protection. This creates a higher level of defence than that provided by using off-the-shelf commercially available protection, which is targeted per se by professional hackers.

We continually strive to provide the most efficient data security and cyber protection customised for our needs. During 2023, we continued to create tailored products and enhance our IT security. The Company’s Cyber Security Committee meets once a quarter to review the progress of implementing the annual work plan, to review new security threats that the Group may face and to determine vulnerability prioritisation.

In Q1 2023, a cyber security risk assessment was carried out to determine the risks that the Group may face, including IP infringement, data breaches and business continuity, which was the basis for the annual cyber work plan in 2023. There were no reported breaches in 2023.

During 2023 we continued to enhance our IT security by taking measures that also included:

- Further enhancement of the security of our products with assistance of a third-party expert, who in addition oversees the cyber security field in the Group.
- Implementing additional security measures to safeguard the internal network against external security threats.

<b><u>2023-2024 Targets and Goals Status</u></b>	
<b><u>Target/Goal</u></b>	<b><u>Status</u></b>
• Approve the cyber and data security risk map by the Board and create the 2023 annual work plan based on such cyber and data security risk map.	Completed
• Continue enhancing our network and IT systems’ security and improve the segmentation of our network.	Ongoing
• Update the Company's procedures and infrastructure in a methodical manner and in accordance with regulatory developments in the years to come.	Ongoing
• Continue to update Sarine’s privacy policies and procedures in accordance with evolving and new regulations on an ongoing basis.	Ongoing

**Targets and Goals for 2024**

- Finalize Sarine’s 2024 annual cyber work plan based on its cyber and data security risk map.

**EXTERNAL INFLUENCES ON THE GROUP**

During 2023 the diamond industry again faced significant macroeconomic headwinds, as well as disruption by the LGD segment. Interest rates negatively affected the key U.S. market for much of the year, until positive inflation reduction data emerged, pausing the rate increases, reducing prospects of a subsequent recession and raising expectations for eventual easing.

Indeed, consumer confidence was buoyed in the critical year-end holiday season, with overall holiday spending some 5% higher year over year.

In the second most important market for diamond jewellery, China, ongoing negative macroeconomic conditions, relating primarily to the real-estate market, ensued. Related fears of possible banking insolvencies did, in fact, drive Chinese consumers to prefer spending on gold, the historical safe haven, rather than on diamond jewellery.

The rapid growth of the LGD segment in the U.S. market, which began in 2022, continued throughout 2023. Towards year's end the upwards trend of LGD adoption slowed significantly. We attribute this to the sustained drop in LGD production costs and the propagation of same into the retail prices of LGD. We believe that new retail pricing and the dramatic drop from previously pricing in the span of a year, may have affected consumer appetite for LGD, especially in the key bridal jewellery and engagement rings market segment.

## ECONOMIC PERFORMANCE

		2022	2023
		US\$ '000	
<b>Direct economic value generated</b>	Revenues	58,763	42,944
<b>Economic value distributed</b>	Operating expenses*	(29,625)	(29,215)
	Income tax expense	(2,537)	(1,534)
	Dividends paid	(10,514)	(4,362)
<b>Economic value retained</b>		<b>16,087</b>	<b>7,833</b>

\* Includes research and development, sales and marketing and general and administrative expenses (including wages and benefits and other direct and indirect costs).

The Sarine Group is in compliance with all relevant taxation rules and regulations in the various jurisdictions in which it operates. As detailed in the Annual Report, the Company's basic export-oriented tax rate is a preferential 12%. Our key subsidiary, Galatea Ltd., pays a minimum 7.5% tax rate, being also in a national preferred development zone.

<b>2023-2024 Targets and Goals Status</b>	
<b>Target/Goal</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>Increase recurring revenue and profitability by preserving our competitive edge and increasing Galaxy® penetration and usage in industry midstream (manufacturing).</li> </ul>	Ongoing*
<ul style="list-style-type: none"> <li>Increase recurring revenue and profitability by increasing penetration and adoption of revolutionary services for the industry retail downstream — AI-derived technology-based 4Cs grading and provenance tracing.</li> </ul>	Ongoing*

## **Targets and Goals for 2024**

- Advance market penetration of Sarine's Most Valuable Planning (MVP) software that shall allow our customers to reduce levels of rough material waste and reduce overhead.
- Adapt our rough planning technologies to LGD that shall allow our customers to reduce levels of LGD rough material waste.
- Advance market penetration of Sarine's Diamond Journey™ traceability solution which offers tracking, registration and verification of diamond's journey, with the option of measuring the diamond's carbon footprint, ensuring responsible sourcing and enhancing consumer confidence.

For further information about our economic performance, please see the "Management's Business, Operation & Financial Review" and the "Financial Statements" sections in our Annual Report.

## **ECONOMIC IMPACT**

The cost of rough diamonds is high and are paid for upon receipt. Yet it often takes six to twelve months to sell the polished output, often on credit terms. The cost of financing this cycle, along with all the other complexities of the process and the errors and accidents incurred along the way, drive polishers' margins to be low. Hence, any yield increases, cost savings or cycle shortening benefits are critical and have significant impact on the manufacturers' profits.

As a leading developer of technologies for the diamond industry, we strive to develop and improve efficiency and productivity in the sector. Over the years, the Group has managed to revolutionise the diamond polishing/manufacturing industry. We introduced various reliable, efficient, yield-increasing, cost/risk-reducing and time-saving technologies.

The global diamond industry has adopted our innovative technologies, many of which have become de-facto industry standards, improving the optimally achieved yield of the polished stone(s) weight over time by over 33%.

Our introduction of technology to the industry also contributed to the transition of manufacturing from historic diamond polishing centres in developed countries (e.g., Belgium, Holland, Israel and the United States) to lower cost centres (such as India, Botswana, South Africa, China and others). Today, the diamond industry midstream is concentrated in India.

Over the past few years, we have seen exponential growth in the adaptation of scanning, planning and manufacturing technologies to smaller sized rough diamonds. This has had and will continue to have a direct impact on the penetration of our products and solutions into the diamond market.

## OUR PEOPLE

Our people are our greatest asset and are at the heart of everything we do. We believe and pursue continuous investment in and development of our personnel, so that they can realise their full potential and help the organisation achieve the highest levels of excellence.

Sarine believes that offering an inclusive workplace is essential for the long-term success and sustainability of our business. We are committed to creating a culture where all employees feel valued and respected, regardless of sex, age, religion, ethnicity, disability or other personal traits or beliefs. Sarine invests time and effort in recruiting, developing and retaining the best people by, among other things, providing opportunities for career growth and development, providing access to professional training and encouraging employees to voice their opinions, ideas and satisfaction. We also create a safe and protective work environment for our employees.

Our human resource policies protect the rights and interests of the Group's employees, as dictated by all applicable laws in all the jurisdictions in which we have an established presence. Moreover, we go beyond statutory requirements to ensure a beneficial employment environment for our employees. In India, for example, the Group's Indian subsidiary actively ensures that all its employees and their immediate families receive an annual expanded medical checkup on the Group's premises and at its expense, during work hours, with a view to promote their health. We provide health and wellness programmes, including free annual flu vaccines, weekly sports activities and nutrition programmes, free of charge, to our employees in Israel.

We maintain strict policies with regard to equality in the workplace, regardless of sex, sexual orientation, age, religion, ethnicity, disability or other personal traits or beliefs, including the strict and swift handling of any sexual harassment incidents, so as to provide a fair, safe and amicable workplace. We actively seek to employ individuals living with various disabilities to promote equal opportunity in the workplace.

We strive to offer our employees engaging career paths, advancing them professionally with appropriate training, seminars, professional courses, etc.

We maintain open communication lines between all our employees and the various levels of management, encouraging our employees to comment on, improve and critique the Group's activities. We have put in place a formal whistleblower policy, encouraging employees and business partners to report on any illegal, improper or unfair practices they may encounter in their dealings with the Group.

We reward our employees for their contribution to the Group's success, either with cash bonuses, grants of stock options or otherwise.

The Group organises leisure activities for the employees and their families, to strengthen Group culture and reward them for their performance. This past year, Sarine provided a variety of

leisure activities, including a circus-themed event for the employees in Israel and their families and an outdoor water park trip for Sarine India employees. These activities are another means to acknowledge the hard work and dedication of our employees and their contribution to the Group's success.

Sarine's employees are employed under personal employment agreements. None of the employees are under collective bargaining agreements. The Group's employees are hired with salaries exceeding minimum wage requirements. All our employees are remunerated and enjoy benefits according to the applicable labour laws of each jurisdiction in which we engage employees.

Over 99% of our employees are employed on a full-time basis. Several employees are employed on a part-time basis, including university students. All significant activity of the Group is either conducted by or supervised by employees who are directly employed by the Group.

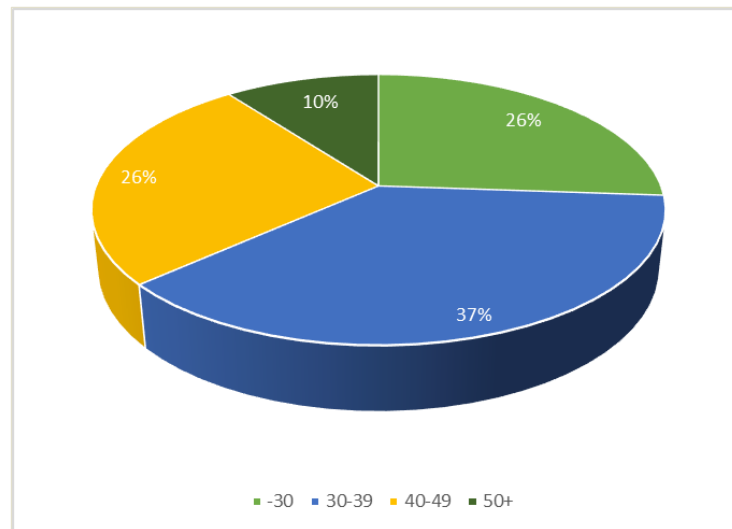
Following the GCAL Acquisition, the employees from old GCAL were transferred to GCAL USA and three employees from Sarine North America also joined GCAL USA. The data presented below for the US relates to all employees in 2023 that were: (a) employed by Sarine North America but did not transfer to GCAL USA; (b) transferred from old GCAL to GCAL USA; (c) transferred from Sarine North America to GCAL USA; and (d) initially hired by GCAL USA.

**Breakdown of employees by region and gender for 2022-2023:**

	2023		2022	
	Female	Male	Female	Male
Israel	50	92	47	92
India	25	328	23	365
USA*	21	13	2	4
HK	2	4	0	5
Total	<b>98</b>	<b>437</b>	<b>72</b>	<b>466</b>

*\*In 2023 USA employee data was calculated as detailed above.*

**Breakdown of employees by age for 2023:**



**Breakdown of employee turnover by region and age for 2022-2023:**

		2023		2022	
		Added	Subtracted	Added	Subtracted
Israel	-30	2	10	7	2
	30-39	7	15	11	2
	40-49	8	4	7	7
	50+	3	6	4	3
India	-30	62	81	102	33
	30-39	9	21	18	13
	40-49	4	7	3	3
	50+	0	1	1	0
USA*	-30	13	2	0	0
	30-39	13	0	0	0
	40-49	5	0	0	0
	50+	11	6	0	2
HK	-30	0	0	0	0
	30-39	1	0	1	1
	40-49	0	1	0	0
	50+	0	0	0	0
Total	-30	77	93	109	35
	30-39	30	36	30	16
	40-49	17	12	10	10
	50+	14	13	5	5

*\*In 2023 USA employee data was calculated as explained above.*

### Breakdown of employee turnover by region and gender for 2022-2023:

		2023*		2022	
		Added	Subtracted	Added	Subtracted
Israel	Male	14	27	16	10
	Female	6	8	13	4
India	Male	64	102	119	44
	Female	11	8	5	5
USA**	Male	16	5	0	1
	Female	26	3	0	1
HK	Male	0	1	1	1
	Female	1	0	0	0
Total	Male	94	135	136	56
	Female	44	19	18	10

*\*Due to the significant macroeconomic headwinds that had a direct impact on Sarine's ability to increase profitability in 2023, Sarine tightened operational expending, which included a readjustment of the workforce to Sarine's current challenges.*

*\*\*In 2023 USA employee data was calculated as explained above.*

### **EMPLOYEE EQUALITY AND DIVERSITY**

Sarine believes in the importance of employing personnel from all sectors of the community. We believe that a diverse body of employees improves the Group's operations, products and abilities to support various customers all over the world. We have set a goal to recruit more female employees and encourage women to join a very male-dominated industry, especially in India.

We also support the employment of individuals with various disabilities in order to promote equal opportunity in that regard. Sarine actively seeks to hire employees with disabilities and furthermore offers concessions and support, such as flexible working hours, to others with disabled family members.

Equal opportunity in employment is a fundamental principle in the Sarine Group. We maintain strict policies with regard to equality in the workplace regardless of sex, sexual orientation, age, religion, ethnicity, disability or other personal traits or beliefs, as well as strict and swift handling of any sexual harassment incidents, so as to provide a fair, safe and amicable workplace. All aspects of employment are based upon personal capabilities and qualifications without regard to gender, age, race or religion, as established by law.

We strive to recruit our senior management from our local communities. 50% of senior key management in Sarin India are from local communities. These employees are fully part of the Group's senior management and are vital to the Group's success. Senior management relates to



the key management personnel stated in the diagram in our 'Key Management' chapter while 'local' refers to employees whose domicile is from the geographical area of the entity. The Group's significant locations of operations are Israel and India.

Our engagement with our stakeholders has not highlighted diversity and inclusion as pressing concerns within the context of our business. This could be attributed to the largely male-dominated industry in which we operate. However, gender diversity, is a fundamental principle of the Sarine Group and has been addressed on an ongoing basis since 2019 with the aim of increasing the number of females in departments and positions where the female presence is relatively low. Thanks to the Group's efforts, there has been an upward trend in the number of females over the past few years. In 2023, there was a 36% increase among female employees, in comparison to 2022 (mostly due to the acquisition of GCAL).

Sarin India employs more than half of the Group's employees and is proud that 25% of its senior management is female. Notably, during 2023, 20% of Sarin India's new recruits were female.

While setting traditional quantitative diversity goals is not feasible for a company that faces industry-specific and regional challenges (in India cultural norms have historically influenced women's participation in the workforce), we will continue to empower female inclusion in the Sarine Group by taking the following actions:

- Encourage recruiting firms to send resumes of females for a variety of positions.
- Encourage managers to put an emphasis on the recruitment of females.
- Continue working with entities that encourage the employment of women, for instance the She Codes group in the technology field.

Our workforce is comprised of employees from diverse backgrounds, cultures, beliefs and religions and we pride ourselves on our ability to adapt our working environment to make our employees feel valued and respected. Furthermore, we proactively encourage the recruitment of employees with diverse skills and experience as a means to enhance our adaptability and ensure our long-term sustainable success. By way of example, in 2023 Sarine hired an executive vice president based on his business and managerial skills and experience although he did not have any prior experience in public listed companies, in high-tech companies nor in comparable companies in the industry. Sarine believes that sustainable success and innovation are driven by teams that bring a variety of perspectives and work experience to the table and therefore takes proactive steps towards fostering a more inclusive and diverse workforce.

To protect employees in general, and female employees explicitly, against sexual harassment or the abuse of power in the workplace, Sarine has implemented a prohibition against harassment in the entire Group and established a Sexual Harassment Prevention Policy. Furthermore, the Group conducts training on the prevention of sexual harassment for employees. In case of a sexual harassment event, an appointed supervisor in the Group examines the case and, if needed, it is transferred to the CEO for further examination and treatment.

No complaints were made towards employees in 2023.

## EMPLOYEE DEVELOPMENT

We believe that investing in our people and maintaining a skilled and passionate team is key to sustaining our competitive advantage and it is our goal to provide quality jobs with meaningful work and a supportive and healthy working environment. We believe that effective onboarding improves communication and contributes to greater job satisfaction, engagement and retention. Our onboarding policy includes a one-on-one meeting between the new employee and the CEO, as well as a follow-up HR meeting a few months later to discuss the employee's overall satisfaction. Sarine makes significant efforts on attracting the best professionals and providing them with the best work environment possible, with the aim of fostering their professional development. The Group strives to maintain a competitive advantage by strengthening its most important asset – our talented personnel.

Employees are sent for specialised training as needed, including professional courses to improve their knowledge and skills in areas relevant to the Group's activities and the employees' professional development. In 2023, 20 employees in India participated in a leadership training session, 30 employees in Israel participated in an English course and 13 employees in Israel participated in an advanced Excel course. During the reporting year Sarine provided a Service Excellence training programme for the benefit of 14 customer service employees. The programme's goal was to offer the employees skills, pointers and tools related to their field of work. Data regarding average hours of training per employee is currently not documented.

In 2023, Sarine focused on the successful integration of new senior managers that lead to improved organisational performance and to a more dynamic senior management team. Sarine also focused on the managers' forum that includes Sarine's mid to senior managers, by initiating more structured and frequent meetings over the course of the year as a platform for leadership exchange and development and as a means to drive forward Sarine's agenda and organisational goals.

We maintain open communication between all our employees and the various levels of management. We actively encourage our employees to comment on and voice their opinion on the Group's activities. Sarine encourages open communication through a number of channels, including ongoing team meetings of Group employees throughout the year, departmental meetings, Company-wide gatherings for various occasions, roundtable discussions between employees and management and a general open-door approach to management of all levels.

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## REWARDS AND BENEFITS

Sarine considers issues of employee remuneration and benefits an important aspect of recruitment, retention, motivation and performance. We determine employee remuneration and benefits after considering various factors such as qualifications, relevant work experience, individual performance, the relative value of each position to the Group and comparable positions in the Company and in the competitive environment in which the Company operates.

The Group reviews remuneration and benefits programmes regularly to ensure that we are on a par with the market. In 2023, Company managers provided individual rewards to employees based, among others, on their performance and contribution to the Company's business results. These incentives were in addition to the annual bonus that was granted in 2023 for the 2022 business results.

The Board of Directors has set guidelines concerning, among other things, eligibility to receive share options (based on performance and time of service with the Group), vesting periods (typically over three to four years from the date of grant) and the minimum and maximum amounts of share options to be granted (based on seniority and expertise). Executive Directors, senior officers and key employees are also granted performance-based options, to be vested over multiple years, based upon the achievement of business goals – as discussed in greater detail in the Remuneration Policy appended to the Annual Report for 2020. The Company's new remuneration policy and the proposed remuneration packages for the years 2024-2026 was approved by the shareholders' at the Company's Annual General Meeting on 24 April 2024.

Sarine complies with relevant pension laws by contributing to its employees' pension funds, as required under applicable law and country practice.

Further details with regard to employee share options granted by the Company are included in the "Directors Report" section of the Annual Report. Sarine employee benefit plans and pensions are reported in the 2023 Annual Report section "Financial Statements", Note 20.

## WELFARE AND WELL-BEING

Our business conduct emphasises the importance of employee wellbeing and work-life balance, underscoring the significance of occupational health and safety in the workplace and is committed to the safety of all employees at every site. We provide our employees with a safe, congenial and comfortable work environment, whether it be in our office facilities or our assembly floors.

In addition, our Human Resources policies protect the rights and interests of the Group's employees as required by applicable laws and regulations and often exceeds them.

During 2023 we continued our hybrid model of work, enabling employees to work both on-site at our facilities and offices and remotely from home. We have developed best practices for working remotely from home, which are based on various factors including input derived from roundtable discussions between employees and management. We conduct various programmes to foster and achieve work-life harmony for our employees.

In 2023 we continued our roundtable discussions on a variety of issues relating to all aspects of the employees' work experience at Sarine. These discussions are another forum in which employees can have a meaningful discussion and provide their input and insights.

In November 2022 we performed a third organisational survey in Israel, with an 84% response rate. The response rate and variety of responders allowed for a representative sample from the different departments. The main purpose of the survey was to gain better insight into the employees' assessment of their work environment and to measure their level of satisfaction. The survey comprised seven areas in relation to employee connectivity and organisational strength, such as management, team and personal role.

The results identified both the Group's strengths and areas that need improvement. The results of most parameters in the survey improved as compared to previous surveys and the main results were shared with all employees and managers. The aim of the survey was to enhance employee satisfaction and create a more productive and effective working environment.

During 2023, we implemented changes in response to the survey's findings, such as: opening vacancies to internal tenders, which led to two employees transitioning to new roles within the Company, and mapping of training and individual advancement needs by the managers for the purpose of implementing a tailored professional development plan.

In addition, Sarine continued in 2023 to conduct bi-annual salary surveys to ensure competitiveness with respective sectors. Furthermore, Sarine encouraged cooperations between departments, for example the Operations department and R&D department collaborated on NPI (New Product Introduction).

Further information of our efforts can be found under the "Employee Development" section in this report.

In 2023, we provided our employees a variety of different activities and gatherings, such as:

- Weekly happy hour gathering at our offices.
- Holiday celebrations at our offices, for example, the Jewish holiday Purim and Indian holiday Diwali.
- Enriching lectures on various topics such as nutrition and motivation.

## 2023-2024 Targets and Goals Status

<u>Target/Goal</u>	<u>Status</u>
• Reduce the percentage of voluntary staff turnover.	Ongoing
• Increase the percentage of internal promotions and recruitments to managerial positions.	Ongoing
• Continue employee development with fair and competitive remuneration based on merit.	Ongoing
• Strive for higher gender diversity.	Ongoing
• Implementation of key employee development programme.	Ongoing

### MEDICAL CARE AND COVERAGE

Sarine provides a number of medical insurance options, such as supplemental private insurance for employees and their families in Israel (national medical coverage is universal) and medical insurance for employees in North America. Sarin India contributes towards health-related insurance premiums for non-management employees (approximately 90% of employees).

Occupational health and safety are an important matter to Sarine. The Group is proud to confirm that in 2023 there were no fatalities or recordable work-related ill health cases.

### PARENTAL LEAVE

Sarine complies with all applicable legal mandates regarding maternity and parental leave as per country of operation. During 2023 seven employees in the Sarine Group (six mothers and one father) took parental leave. As part of our policy and recognition of the importance for work-life balance, we offer flexible working hours and conditions wherever feasible in order to support working mothers.

### SOCIAL RESPONSIBILITY

The Group and its employees see great importance in giving back to the community. As in recent years, in 2023 we continued to participate in local, national and international programmes for the support of the disadvantaged and less privileged segments of our society.

Sarin India, established in our most significant market, has an active Corporate Social Responsibility Committee comprised of 7 members (“CSR Committee”), which has adopted and implemented an active CSR policy. On Environment Day, the members of the CSR Committee together with approximately 50 Sarin India employees, in collaboration with the Nature Club Surat, participated in a bird nest project in which they prepared and hung 500 artificial bird nest boxes in various gardens in Surat.

The CSR Committee actively focuses on different initiatives and particularly helps children gain a better education. In 2023 we focused on encouraging extra-curricular activities on National Day and celebrated National Day festivities with students from several schools in Surat that Sarin India has adopted.

In 2023 Sarin India continued to focus on supporting underprivileged children from four schools in the Dang district, an economically distressed tribal district in Gujarat, and one school in the Bharuch district in Gujarat. Sarin India donated entire school kits, including sweaters, to some 600 students from these schools.

As part of our effort to make a positive impact on society, on our environment and to reinforce our ongoing commitment to helping local vulnerable communities, in 2023 employees in Israel:

- Came together at Passover to pack and distribute nourishing food baskets to at-risk youth, IDF lone soldiers and to an Akim group home that houses individuals with intellectual disabilities.
- Volunteered at a local nursing home, spending meaningful quality time with the residents and creating an atmosphere of companionship and fun through engaging activities and board games.
- Prepared sandwiches and distributed them to the homeless.
- Engaged in a cooking activity at a hostel for at-risk youth.
- Participated in an educational agricultural farm activity. Employees worked alongside children helping to develop and maintain the farm and thus fostering a deeper appreciation for our planet among the younger generation.
- Continued the ongoing support of the Mental Health Centre in Safed. Employees renovated the centre's day clinic and built a wooden deck.
- Sponsored the first Israeli women's Special Olympics football team at the Berlin Special Olympics World Games, by sponsoring the team's uniform and flight tickets. We also hosted the team for breakfast at our offices in Israel.



*Preparing and distributing food to the homeless*



*CSR team visiting Dang district school*



*Cooking activity at a hostel for at-risk youth*



*Participating in an educational agricultural farm activity*



*Hanging bird nests in Surat, India*



*Distributing Scholastic kits for children at school*



*Providing backpacks to school kids*

Further details may be found in the "Corporate Social Responsibility" section of the 2023 Annual Report.

<b><u>2023-2024 Targets and Goals Status</u></b>	
<b><u>Target/Goal</u></b>	<b><u>Status</u></b>
<ul style="list-style-type: none"> <li>Sarin India to continue supporting underprivileged school children by providing school supplies and donating funds for the continued maintenance of a school computer lab.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Sarine Israel employees to engage with the local community by initiating various activities.</li> </ul>	Ongoing

## **MARKETPLACE AND CUSTOMERS**

Sarine is attentive to the needs of its customers. We manage this commitment through our operations and sales departments, which address the ongoing challenges of today's diamond industry.

As the market evolves, whether due to social, environmental, or geopolitical developments, or due to technological advances, we continue to search for ways to expand our product offerings and services to new and existing global markets. The year of 2023 was rich with innovations, partnerships and social media achievements. Sarine received recognitions and Sarine's experts participated in influential panels, such as:

- Sarine's CEO was a keynote speaker at the 13th Annual Gold and Diamond Conference hosted by the IAC in New York.
- Sarine's APAC Managing Director was a keynote speaker at the TGJTA Press conference in the Thailand Gems & Jewellery Fair.
- Sarine's CEO presented at the CIBJO Technology Committee Seminar.
- Sarine's CEO delivered a compelling message to industry leaders at the 40th World Diamond Council (WDC) Congress emphasizing the critical role of technology in fostering trust and transparency within the diamond sector.

In addition, Sarine supported the following initiatives:

- Sarine sponsored and supported the AJS free educational initiative "Empowering Jewelers" for aspiring jewelers and professionals in the industry, thus investing in education and helping to strengthen the skills of individuals as well as the industry as a whole.



- In February 2023, we hosted 'The Young Diamantaires at Sarin House in Surat. With a membership comprising over 285 individuals from 18 diverse countries, 'The Young Diamantaires initiative epitomizes the fresh perspective and ambition of emerging diamond professionals.
- In March 2023, Sarine HQ welcomed a delegation from the Shanghai Diamond Exchange to Sarine's state-of-the-art AI-based Lab in Ramat Gan and presented our latest groundbreaking innovations, notably highlighting our AI-based grading process.



Furthermore, the Company received during the reporting year recognitions as follows:

- At the 40th anniversary celebration of Jewelry & Gem World Hong Kong (JGW) and JNA Informa's Jewelry World Awards, Sarine's CEO was recognized among the prestigious 'Extraordinary 40'.



- In 2023 Sarine launched the new Diamond Journey website, which was developed and launched to help retailers to engage modern consumers with a one-of-a-kind sales tool.
- Sarine won the “Gold” award at the prestigious The Lovie Awards, recognising European Internet excellence in the fields of culture, technology and business.
- In addition, Sarine received “The Site of The Day” award at the CSS Design Awards, 2023.



Additional significant company activities:

- Sarine strengthened its presence on social media platforms through continued successful collaborations with leading diamond industry influencers such as Katerina Perez (France), Bebe Bakhshi (from the USA) and established new collaborations with

Gen Z influencer – Julia Hackman (USA), Prerna Makhariaa (from India), Mio Harutaka and Reina World (Japan).

- Sarine continued its presence on social media platforms, gaining over 127,000 followers on its TikTok B2B2C account.
- Throughout 2023, Sarine was featured in leading media publications, including Rapaport Magazine, Instore (US) Professional Jeweller (UK), The New Jeweller (UAE), Precious magazine (Japan), JNA and Bazaar Jewellery China with live interviews regarding partnerships, technology breakthroughs and its developments in AI grading and traceability.
- The Group held several Webinars in multiple languages, about the future of the diamond industry and the Group’s technologies that play an important part in the evolving industry.
- Due to the current landscape of G7 regulations timeline, Sarine has participated in several webinars to promote the importance of diamond traceability on a global scale and to showcase Sarine’s first ever traceability solution that is based on verifiable data.
- During 2023, Sarine and Tracr™ announced their intention to collaborate on a scalable, cost-effective solution for use in tracking diamonds from their source to the point of entry into G7 countries. De Beers announced on March 1st, 2024, the signing of Head of Terms for the collaboration between Sarine and Tracr.

<b><u>2023-2024 Targets and Goals Status</u></b>	
<b><u>Target/Goal</u></b>	<b><u>Status</u></b>
• Leverage industry influencer marketing and collaborations with high-end brands to win relevance, recognition and trust.	Ongoing
• Create new initiatives that are aligned with latest trends, such as promoting sustainability as part of the Sarine™ brand.	Ongoing
• Increase the number of industry followers on Sarine’s social platforms: LinkedIn, TikTok, WeChat, Weibo, Instagram etc.	Ongoing
• Seek additional strategic alliances especially for downstream penetration.	Ongoing

## TECHNOLOGY AND INNOVATION

Over the years, our solutions have improved the utilisation of rough diamond material by some 33%, thus helping to reduce the waste and the environmental impact of the mining and polishing segments of the diamond industry value chain. Furthermore, Sarine offers comprehensive solutions that provide end-to-end diamond traceability from mine to consumer, for the documentation of the sustainability of the supply chain from rough stones to polished gems. These solutions provide the diamond industry with the means with which to improve

and promote its awareness of Environmental, Social and Governance (ESG) values and principles and enhance transparency throughout the diamond industry. We continually work to advance our technologies in order to contribute to the industry as a responsible and ethical Group.

In 2023, Sarine's Research and Development teams improved upon or rolled out several impressive and cutting-edge new products, all of which add value to diamonds across the industry. Our teams are continuously turning to Artificial Intelligence, cloud computing and other solutions for new and improved innovations in the field.

In the "Upstream" we assist diamond mining companies, also termed "producers", to evaluate in a more efficient, accurate and transparent manner their rough stones. The Group's relationships with these producers expanded over the past years with the expansion of digital tenders.

In 2023, Sarine initiated delivery of the Sarine AutoScan™ Plus, its refined highly productive rough diamond source registration system which, combined with Sarine Diamond Journey™, provides a cost-effective means to address the environmental, social and governance aspects of the pipeline that concern retailers, especially luxury brands. The new system is much more affordable, is compact enough to fit on any tabletop, offers lightning-fast productivity (~ 900 stones an hour) and requires no specialised operational expertise. Its versatility enables installation anywhere, allowing immediate operational production. Registering the rough diamonds at source, rather than at the producer's central sorting facility days later, following multiple handling and shipping stations, may significantly reduce inventory loss. The system's low cost, minimal footprint and high speed, enable its utilisation virtually anywhere, including customs gateways and government offices.

Sarine has developed a completely data-backed verifiable traceability solution for melee diamond parcels, the small yet precious stones used extensively in jewellery settings. A breakthrough supporting the expanding need for transparency in the diamond industry, developed and tested with the collaboration of Rubel & Ménasché a distinguished French maison for high-end jewellery, the melee traceability is yet another option available with Sarine's Diamond Journey™ traceability solution.

During the first quarter of 2024, we launched our new Most Valuable Plan™ (MVP) paradigm for the optimal planning of rough diamonds 40 points and under. MVP provides significant added value to this segment of very small rough stones as well as enhanced automation and will thus support our campaign against infringing parties' offerings and propel additional Meteorite™ Plus sales. MVP will be extended to the next segment of small diamonds of up to 90 points in the second half of 2024. Further details with regard to Sarine's products and innovation processes can be found in the "Management's Business, Operation & Financial Review" section of the Annual Report.

## 2023-2024 Targets and Goals Status

<u>Target/Goal</u>	<u>Status</u>
<ul style="list-style-type: none"> <li>To release the Sarine AutoScan™ that will automate and quicken the process of scanning diamonds at the mined source and during their sorting.</li> </ul>	Completed
<ul style="list-style-type: none"> <li>Further accelerate the Sarine AutoScan™ to improve the value proposition of the process of scanning diamonds at the mined source and during their sorting.</li> </ul>	Completed
<ul style="list-style-type: none"> <li>Enable broader penetration into the small diamond's market by furthering automation features of the Meteor™ and Meteorite™ systems.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Continue to refine and enhance the technologies and infrastructure for Sarine's traceability solutions and to reach a broader group of midstream entities to enable transparency and trust throughout the entire supply chain.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Further refine Sarine's e-Grading™ AI-based technologies that provide retailers a time-saving, cost-cutting automated 4Cs grading solution that will continue to reduce time-to-market and provide operational flexibility.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Further penetration of the LGD segment with all our technologies by making necessary refinements to reduce pricing points.</li> </ul>	Ongoing
<ul style="list-style-type: none"> <li>Continue to develop technologies and algorithms that will protect against illicit usage of our intellectual property.</li> </ul>	Ongoing

### Targets and Goals for 2024

- Implement an advanced rough diamond planning capability to optimize rough material utilisation and streamline the process through automation with our MVP service.
- Expand rough material utilisation in the small diamond segment by enhancing automation functionalities within the Meteor™ machine.
- Extend our DiaMension® HD solution to authenticate natural diamonds.
- Develop a real time monitoring centre for our machines at the customers' sites in order to reduce technician's travel.

## CUSTOMER TRUST AND SUCCESS

A long-term approach to business has always been part of Sarine's DNA. The Group's long-term success will be ensured by our creating value for both our shareholders and the industry as a whole. This approach, called Creating Shared Value (CSV), remains a fundamental guiding principle on how we do business by creating new shared value for our customers. It enables us to create customer satisfaction and to remain a leading innovative and sustainable force in our

industry. Sarine's innovative solutions provide customers with the safety and peace of mind that comes with highly reliable products.

Our technology enables the better use of raw materials, efficient production and increased output from a rough diamond. This also contributes to reducing environmental damage through proper utilisation of natural resources and minimising energy use. Furthermore, using our technology in third world countries, such as the southern African countries and India, adds to the economic development of diverse communities by contributing to increased employment and to the overall betterment of employees' conditions.

## **PRODUCT STEWARDSHIP AND LIFECYCLE**

We adhere to high standards to ensure proper and safe use of our products. This includes properly marking any relevant potentially-hazardous elements, such as lasers, and ensuring that all our customers receive proper guidance and training regarding the safe operation of the systems. We consider the safety of our products from their research and development through production and customer installation. We work continuously to ensure that our products are safe for people and the environment when they are used responsibly and in the manner intended.

Any machine sold as of 2020 is provided with a protocol that contains safety instructions for operation of the machine. The safety protocols are in conformity with Sarine's technical guidelines and instructions and are complementary with our online support.

Sarine's products are marked to show the Group's compliance with the European Union directive WEEE. The WEEE directive applies to recycling products and components and provides that no electrical or electronic equipment may be discarded into a city's normal waste disposal system. Sarine accepts requests for assistance from end users for the proper and safe disposal of any of our products or their components or consumable materials. Further to our on-site training and detailed user manuals, customers are encouraged to request help from Group technicians and support teams with the recycling of obsolete products.

All Sarine products meet European CE standards and our initiatives go beyond legal requirements as we monitor the compliance to guidelines and standards through regular audits and check-ups. Sarine's technical and safety support continued to be available during 2023.

Sarine did not have any incidents of non-compliance with regulations resulting in a fine, penalty or warning in 2023.

## CUSTOMER HEALTH AND SAFETY

Sarine continually seeks to enhance products by incorporating cutting-edge technologies and educating employees and customers about quality and safety. Product safety instructions are being conveyed to new customers in person by Sarine personnel during the installation of the equipment.

Sarine supports laser safety training for customer employees who work on or around any of our laser systems. Our machines have built-in safety mechanisms, which halt laser operation when the sensors detect a problem. Sarine-trained engineers are instructed to comply with all applicable safety requirements regarding the use of laser devices. None of our machines were reported to have any discharge of Rutherfordium (RF) radiation in their usage in 2023.

Sarine conducts safety risk surveys where needed and equips relevant employees with advanced protective equipment. The Group also conducted professional quality inspections of suppliers, examining areas of safety and working conditions. In 2023, Sarine performed 12 supplier inspections, assessing working conditions in terms of safety at the supplier's facilities and the use of proper protective equipment.

We require each new employee to complete a safety training program upon joining the Group. Furthermore, once a year all employees complete a general safety training session and employees who work with specific equipment are required to complete additional periodic training as needed (such as for work at height, production, use of different tools). In 2023, no injuries were reported regarding the Group's customers, clients, or suppliers as a result of using our products and no legal actions or complaints were made in this regard.

<b>2023-2024 Targets and Goals Status</b>	
<b><u>Target/Goal</u></b>	<b><u>Status</u></b>
• Complete connecting all company support channels to the worldwide customer support programme.	Completed
• Make on-site visits at our suppliers' facilities for health and safety inspections and surveys.	Ongoing
• Maintain the goal of zero safety incidents with bodily harm.	Ongoing

## CUSTOMER PRIVACY

Sarine complies with all applicable laws and regulations, along with taking the necessary precautions to protect customers' information.

The Group established a policy for the proper use of Group systems including privacy issues and rules for the protection of information. In accordance with this policy, the Group

established a system for protecting personal information in our repositories, that includes procedures in the event a security breach.

## SUPPLY CHAIN AND PRODUCTION

Sarine is committed to being a responsible and innovative leader in the diamond industry. Our strategy is also underpinned by embracing responsible business practices across our operations and supply chain. Our entire supply chain consists of approximately 400 suppliers and in 2023 we had approximately 200 active suppliers. In 2023 we successfully maintained open communications with our suppliers throughout our supply chain. Sarine discloses its Business Conduct Policy on the Group’s website.

In 2023 we continued the process of evaluating our key suppliers as part of our annual review, in which they were offered an opportunity to provide feedback based on our evaluation. These evaluations assist us in maintaining fruitful and productive relations with our key suppliers. Our “Know Your Supplier” questionnaires enable us to better familiarise ourselves with a supplier’s activities and in addition, by requesting suppliers to commit to all necessary regulatory requirements, it ensures that all products provided to us are of the required standards.

We also promote and foster relationships with suppliers who promote shared environmental and social values, such as employment of workers with disabilities.

<b><u>2023-2024 Targets and Goals Status</u></b>	
<b><u>Target/Goal</u></b>	<b><u>Status</u></b>
<ul style="list-style-type: none"> <li>Improve the work processes with the Company's worldwide distributors.</li> </ul>	Completed
<ul style="list-style-type: none"> <li>Continue to conduct monthly on-site audits of suppliers from different fields to inspect quality, capabilities and deliverables.</li> </ul>	Completed

### **Targets and Goals for 2024**

- Improve supplier quality and reduce material rejects, by implementing corrective actions with suppliers and conducting ongoing suppliers’ reviews (on site and remotely).
- Improve integration quality by measuring internal quality control rejects and implementing corrective action plans.

## ENVIRONMENTAL RESPONSIBILITY

Sarine's comprehensive technology-based solutions provide the diamond industry with the means with which to improve and promote Environmental, Social and Governance (ESG) values and principles. Most importantly, our solutions have, over the years, significantly, by an estimated 33%, improved the utilisation of the mined rough diamond material, thus helping to reduce the waste and the environmental impact of the mining and polishing segments of the diamond industry value chain.

We provide comprehensive end-to-end diamond traceability solutions from mine to consumer, documenting the sustainability of the supply chain from rough stones to polished gems and enhancing transparency throughout the industry. We continually work to advance our technologies in order to further contribute to the industry as a responsible and ethical company.

As a high-tech orientated company, our business and operations have not been impacted by nor do they have any significant impact on climate change. Nevertheless, we do not anticipate that future climate-related risks will have a significant impact on our operations, business model, or financial planning or pose a challenge to our business continuity. This position is reflective of our current understanding and will be updated as per regulatory guidelines or any significant changes in our operational environment.

We continue to uphold our office-sustainability initiatives, including:

- Energy saving - automatic shutdown of air conditioning and lighting
- Using recycled paper
- Using multi-use kitchenware
- Encouraging two-sided printing
- Battery recycling
- Encouraging employees to choose hybrid cars
- Company blog that promotes sustainability

### 2023-2024 Targets and Goals Status

<u>Target/Goal</u>	<u>Status</u>
• Where possible, utilise recycled paper.	Ongoing

### Targets and Goals for 2024

- Increase the integration of Sarine's e-grading™ solution at customers' premises that significantly reduces the need for shipping the diamonds to service centres and thus contributes to the reduction of carbon footprint that is associated with logistics and transportation.
- Enabling manufacturers to reduce the amount of waste generated per diamond by, among other things, adapting Sarine's rough planning technologies to LGD and



advancing market penetration of Sarine's recently launched MVP paradigm for the optimal planning of rough diamonds.

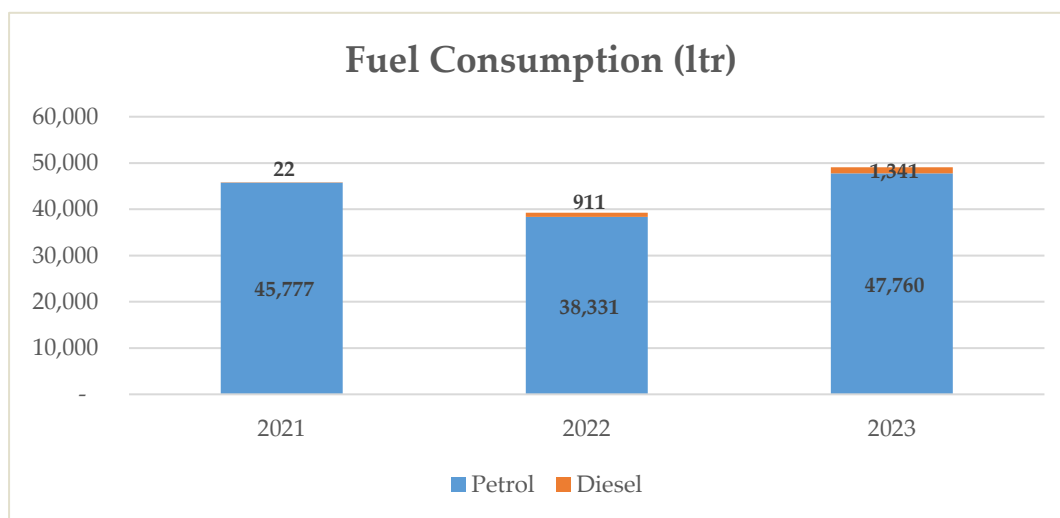
- Contribute to fostering responsible sourcing practices and driving consumer demand for sustainable products by further advancing Sarine's verifiable technology-based Diamond Journey™ solution.

## ENERGY

As part of our efforts to improve our performance and limit our environmental impact, we measure the energy consumed in performing our activities.

The Group's electricity consumption in 2023 was approximately 2,208 MWh, which includes all Sarine facilities in Israel, India and the US. Sarine did not sell any energy during 2023.

The Group's total fuel consumption during 2023 amounted to 49,101 litres and includes Group-issued employee cars and Group cars in Israel and India. The Group has neither Group cars nor participates in employees' car expenses in other locations. The increase in fuel consumption in 2023, in comparison to 2022, was mainly due to a temporary addition of vehicles that Sarine leased to support the turnover of senior managers as well as an increase in commute distances of a few employees for supporting structural changes that ended with the transition of our operations in Israel from Dalton to our headquarters in Hod-Hasharon.



## Water and Waste

Our operations are predominantly office-based; therefore, our activities do not require water usage beyond basic sanitation and employee needs. Similarly, we do not generate large amounts of waste-water. Regarding waste management, our generation of industrial waste is minimal. This is primarily due to our product assembly processes that generate minimal to no industrial waste.

To further reduce energy consumption and waste, we rely to a large degree on cloud-based solutions, including in our research and development efforts, that significantly reduce the need for physical computing infrastructure, which would alternatively require additional office space, direct and indirect power (e.g., A/C), etc.

## CARBON FOOTPRINT

Given the nature of our operations, which are largely centred around office-based activities and high-tech assembly environments, our environmental footprint is minimal compared to other industries. Our assessment is based on our energy and fuel consumption and waste outputs, which are lower than those associated with more resource-intensive industries. We further strive to minimise our carbon footprint by migrating our IT workloads from on-premises infrastructure to the cloud and by limiting our travel only to those occasions where inter-personal physical interaction is necessary, such as trade shows, legal testimony, etc.

In addition, towards the end of 2023, we transitioned our operations in Israel from Dalton, our northern facility, to our headquarters in Hod-Hasharon. To support employees now commuting from the north of Israel to our headquarters in the centre, we have implemented a carpool initiative. This measure has enabled us to further reduce fuel consumption and to minimise our overall impact on environmental resources.

Our Scope 1 emissions consist of transportation fuels only, including petrol and diesel, where the data is gathered from the Group cars' transport records.

The Group's Scope 2 emissions include electricity consumption within facilities and operations of the Group.

Source	Group total 2021-ton CO2 equivalent emissions	Group total 2022-ton CO2 equivalent emissions	Group total 2023-ton CO2 equivalent emissions	Change % 2022>2023
<b>Scope 1: Direct emissions</b>				
<b>Transportation fuels</b>	100.47	85.20	111.55	30.9%
<b>Scope 2: Indirect emissions</b>				
<b>Electricity consumption</b>	1,372.56	1,330.47	1,243.15	-6.6%
<b>Total emissions (scope 1 &amp; 2)</b>	<b>1,473.02</b>	<b>1,415.67</b>	<b>1,354.70</b>	<b>-4.3%</b>
<b>Total emissions intensity (scope 1 &amp; 2 per employee)</b>	<b>3.31</b>	<b>2.63</b>	<b>2.50</b>	<b>-4.8%</b>

Source used for data unit conversion:

- Israeli Ministry of Environmental Protection- Israel emissions.
- US Environmental Protection Agency- US emissions.

- Climate Transparency Report 2022- India emissions.
- DEFRA conversion factors for fuels- Transportation fuels.

## RESPONDING TO THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Sarine refers to climate-related disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, as set in SGX’s requirement, with the intention to promote reporting on climate-related risks and opportunities.

The TCFD was established by the G20 Financial Stability Board (FSB), which developed recommendations on the types of information that companies should disclose to support investors, lenders and insurance underwriters in appropriately assessing and pricing risks related to climate change. The recommendations include addressing topics of governance, strategy, risk management and targets.

The SGX determined a phased approach to mandatory climate reporting by industry. Sarine, as for 2023 calendar year, is considered part of an industry that climate reporting is on a 'comply or explain' basis, considering the following four items:

Items	Description of activities
<b>Description of the governance structures, including Board oversight and management’s role</b>	Sarine's ESG Committee will be responsible for assessing Group climate-related risks and providing recommendations on the subject to the Board of Directors.
<b>Identify the climate-related risks and opportunities</b>	Environmental topics, specifically climate, are taken into consideration as part of our ongoing risk management processes. To date, no climate-related risks have been identified with regards to the Group operations.  Sarine will continue to evaluate and analyse the potential impact of climate risks and opportunities, on its activities on a regular basis.
<b>Impacts in qualitative terms</b>	Sarine will assess the impacts of climate-related risks and opportunities in qualitative terms as part of its ongoing risk management processes, in the case that relevant risks will be identified.
<b>Scope 1 and Scope 2 GHG emissions</b>	Please see above in <i>CARBON FOOTPRINT</i> chapter.

Sarine will continue to follow the relevant regulations and development of reporting requirements, as well as will adjusting and broadening its reporting on climate-related risks and opportunities accordingly.

**GRI 1: Foundation 2021**

Disclosure	Page/Answer
Statement of use	Sarine Technologies has reported in accordance with the GRI Standards for the period 1 January 2023 – 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standards	Not currently available

**GRI 2: General Disclosures 2021**

Disclosure no.	Disclosure	Page/Answer
<b>The organization and its reporting practices</b>		
2-1	Organizational details	4-5
2-2	Entities included in the organization’s sustainability reporting	4-5
2-3	Reporting period, frequency and contact point	4-5
2-4	Restatements of information	None
2-5	External assurance	None
<b>Activities and workers</b>		
2-6	Activities, value chain and other business relationships	9-10, 12-13, 16-17, 47
2-7	Employees	30-32
2-8	Workers who are not employees	None
<b>Governance</b>		
2-9	Governance structure and composition	5-6
2-10	Nomination and selection of the highest governance body	18-19
2-11	Chair of the highest governance body	20-21
2-12	Role of the highest governance body in overseeing the management of impacts	18-21
2-13	Delegation of responsibility for managing impacts	18-21
2-14	Role of the highest governance body in sustainability reporting	19
2-15	Conflicts of interest	18-19
2-16	Communication of critical concerns	19-21
2-17	Collective knowledge of the highest governance body	20-21
2-18	Evaluation of the performance of the highest governance body	2023 Annual Report
2-19	Remuneration policies	2023 Annual Report
2-20	Process to determine remuneration	2023 Annual Report
2-21	Annual total compensation ratio	2023 Annual Report
<b>Strategy, policies and practices</b>		
2-22	Statement on sustainable development strategy	11-12, 19
2-23	Policy commitments	6-7, 15, 18-20, 22-23
2-24	Embedding policy commitments	6-7, 15, 18-20, 22-23
2-25	Processes to remediate negative impacts	23-24
2-26	Mechanisms for seeking advice and raising concerns	18-21
2-27	Compliance with laws and regulations	18-21
2-28	Membership associations	23
<b>Stakeholder engagement</b>		
2-29	Approach to stakeholder engagement	9-10
2-30	Collective bargaining agreements	30

## GRI 3: Material Topics 2021

Disclosure no.	Disclosure	Page/Answer
3-1	Process to determine material topics	7-9
3-2	List of material topics	8
3-3	Management of material topics	7-9

### Sarine's Material Topics

GRI material topic	Disclosure no.	Disclosure	Page/Answer
GRI 201: Economic Performance 2016	3-3	Management of material topics	27-28
	201-1	Direct economic value generated and distributed	13-14, 27-28
	201-2	Financial implications and other risks and opportunities due to climate change	51
GRI 202: Market Presence 2016	3-3	Management of material topics	5, 14, 16-17, 40-42
	202-2	Proportion of senior management hired from the local community	6
GRI 203: Indirect Economic Impact 2016	3-3	Management of material topics	26-28
	203-2	Significant indirect economic impacts	26-28
GRI 205: Anti-Corruption 2016	3-3	Management of material topics	18, 23-34
	205-1	Operations assessed for risks related to corruption	18, 23-34
	205-2	Communication and training about anti-corruption policies and procedures	18, 23-34
	205-3	Confirmed incidents of corruption and actions taken	24
GRI 206: Anti- Competitive Behavior 2016	3-3	Management of material topics	23-24
	206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	23-24
GRI 302: Energy 2016	3-3	Management of material topics	48, 49
	302-1	Energy consumption within the organisation	49
GRI 305: Emissions 2016	3-3	Management of material topics	48, 50
	305-1	Direct (Scope 1) GHG emissions	50
	305-2	Energy indirect (Scope 2) GHG emissions	50
	305-4	GHG emissions intensity	50
GRI 401: Employment 2016	3-3	Management of material topics	29-30
	401-1	New employee hires and employee turnover	31-32
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	35, 37
	401-3	Parental leave	37
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	29-30, 32-33
	405-1	Diversity of governance bodies and employees	18, 20-21, 30-32
GRI 413: Local Communities 2016	3-3	Management of material topics	37-39
	413-1	Operations with local community engagement, impact assessments and development programmes	37-39
GRI 416:	3-3	Management of material topics	46

Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	46
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	46
GRI 418: Customer Privacy 2016	3-3	Management of material topics	46-47
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	46-47