

SUSTAINABILITY REPORT 2022

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Introduction

As a leading global provider of satellite-based broadband communications, we recognize the increasing urgency and importance of protecting the environment and fighting climate change. We therefore take actions that may contribute to the sustainability of the world's resources and environment. At Gilat, we strive to act responsibly and minimize our environmental impact by considering the sustainability of our products, services, and facilities, and their impact on the community and the world in which we live. We aspire to increase our knowledge to act beyond compliance and become a leader in the environmental sustainability field.

Our daily operations and decision-making processes take into consideration environmental care and sustainability. Our commitment involves closely monitoring our compliance with local and international regulatory requirements in all our locations around the world.

Gilat is committed to reducing its environmental impact throughout the lifecycle of our solutions, starting with our suppliers, through our products, operations, and finally with our clients. Gilat has established an Environmental Sustainability Policy as part of its overall Corporate Responsibility - ESG Strategy. The policy includes the following measures, which reflect our commitment to a sustainable future for our generation and the generations to come:

- We support the conservation of natural resources in our offices, such as materials, energy, and water. As part of our sustainable approach, we aim to reduce the consumption of water, electricity, paper, and non-disposable utensils by using energy-efficient systems and/or tools, and we continuously seek other sustainable alternatives.
- We support a circular economy and adopt waste reduction, reuse, and recycling strategies. We have reduced the use of paper and plastic and switched to recycled or managed forest paper and reusable options wherever possible.
- We are committed to green office practices during the procurement process of office supplies and facility management.
- We participate in an industry zone administration, in collaboration with the municipality, in order to raise awareness for environmental-related issues in companies and/or industrial zones within the city's area.
- We are committed to reducing our carbon footprint by reducing our energy consumption, and we plan to seek renewable energy sources in order to reduce GHG emissions in the long run.

We aim to continuously improve our environmental sustainability efforts and to reduce our environmental footprint. Therefore, we set environmental sustainability goals and objectives, approved by management.

Transparency is a key contributing factor in environmental sustainability; therefore, we release our second yearly sustainability report followed by periodical releases shared with all our stakeholders. This report summarizes the key elements and achievements of our environmental activities at our headquarters in Petah Tikva - Israel in 2022.

Environmental Governance and Management at Gilat

We are committed to strengthening our corporate management system through the ongoing development of effective corporate governance that is both sound and transparent. We also work to continually upgrade and reinforce our compliance system in order to ensure that we conduct business in a manner that is legal and fair. Our environmental commitment involves closely monitoring our compliance with local and international regulatory requirements in all our locations around the world, as well as applicable standards. Our Environmental Management System is certified by ISO14001. We also comply with applicable product-related environmental and social regulations such as the EU regulation RoHS on the restriction of the use of hazardous substances in electrical and electronic equipment, and Conflict Minerals requirements according to Section 1502 of the Dodd-Frank Act. We encourage our suppliers and sub-contractors to comply with the foregoing as well.

Our ESG strategy is led by our legal department. Facility management sustainability matters are led by our Facilities & Administration Director, responsible for complying with Gilat's environmental policy, facility management, travel, procurement, and EHS (Environment, Health and Safety) issues. The Facilities & Administration Director overviews and manages all environment and climate-related issues as part of the ongoing activity. The COO is responsible for topics such as operations efficiency, compliance with ISO14001, reviewing and guiding strategy, major plans of action, annual budgets, setting and monitoring implementation, and performance of objectives addressing environmental issues.

Environmental topics are presented and updated to Management by the Facilities & Administration Director during quarterly business reviews (QBR). Additional meetings are set for specific topics as and if required.

Regarding public policy and external stakeholders' engagement, Gilat's EHS and facility management representatives are among the founders of a local Sustainability Forum, founded in 2021. The forum is a cooperation between the local authority (Petah Tikva Municipality) and environmental/sustainability representatives from local businesses (Intel, Migdal, Azrieli, Kodak, and more). The main project in 2022 was designed to separate organic waste at source from our dining operations and send it for the best environmental treatment possible and available. The treatment facility we plan to work with is an anaerobic digestion facility, that turns organic matter to renewable energy and soil conditioner.

Environmental Performance

1. Greenhouse gas (GHG) emissions

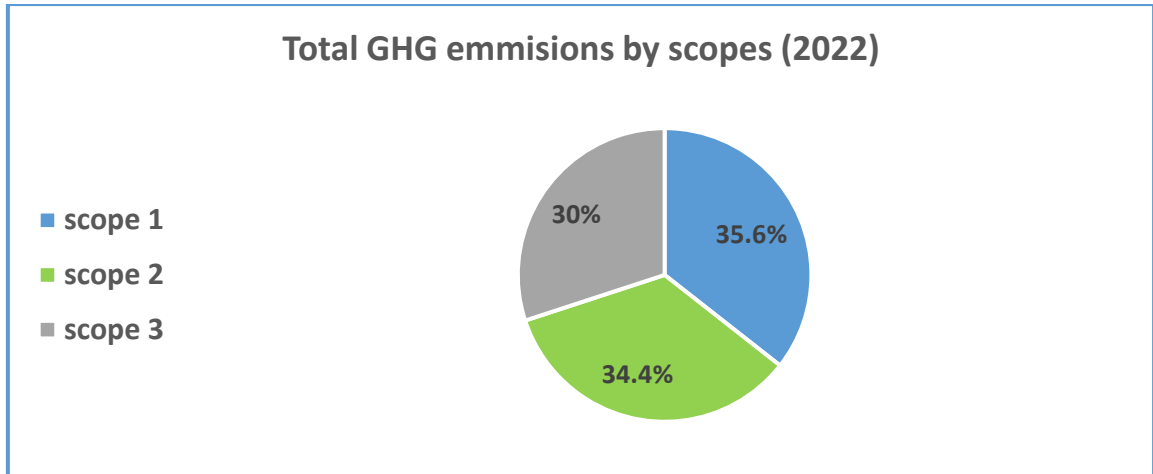
Our 2022 GHG report includes Scope 1, Scope 2 and Scope 3 emissions. Our activities are divided according to the following scope levels:

- Scope 1 (direct emissions) - emissions are those from activities owned or controlled by our organization:
 - Fuel consumption (for company cars)
 - Diesel consumption (for emergency generator)
 - Refrigeration operating emissions (AC systems for offices and communication rooms)
 - Fire suppression systems (electric panels and fire extinguishers)
 - Ozone Depleting Substances (ODS) for testing stoves
- Scope 2 (energy indirect) - emissions released into the atmosphere that are associated with our consumption of purchased electricity, heat, steam, and cooling:
 - Electricity (generation factor)
- Scope 3 (other indirect) - emissions that are a consequence of actions that occur at sources we do not own or control and are not classified as Scope 2 emissions:
 - Business Travel
 - Employee commuting
 - Water consumption
 - Paper consumption for printing
 - Single-use plastics consumption
 - Paper, e-waste, cardboard, packages, beverage can & bottle waste & recycling

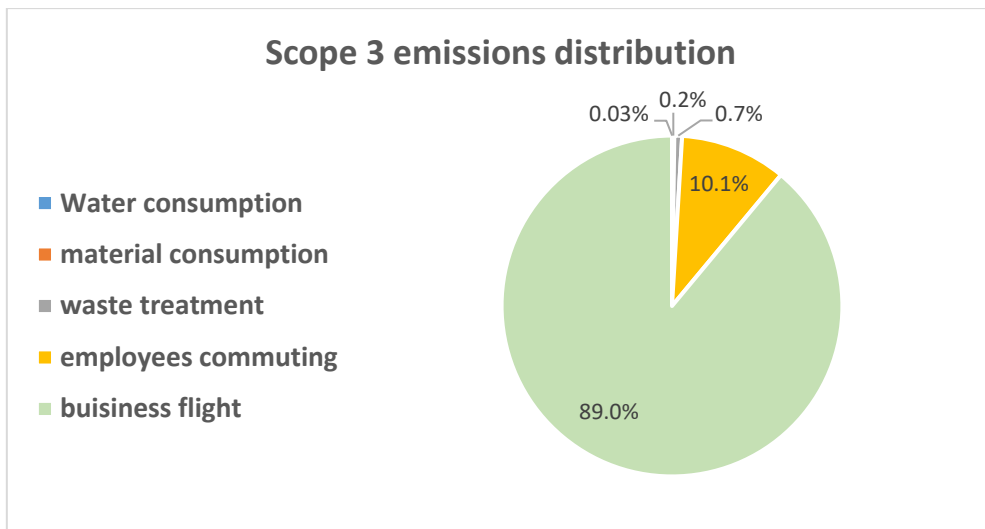
The calculation of GHG emissions was conducted according to the GHG Protocol. Scope 1 and 2 emissions were calculated based on the Israeli Ministry of Environmental Protection GHG emissions Voluntary Reporting (2022 file version 14.0). UK Government conversion factors for greenhouse gas (GHG) reporting were used in all Scope 3 calculations.

Our total emissions from our headquarters in Israel and local operations increased by 40% between the years 2021-2022, as seen in the table below. The big increase in emissions occurred only in Scope 3, and mainly explained by tripling our business flights during 2022 relative to the previous year. 2021 had a relatively low flight rate due to Covid-19 pandemic's prolonged effects; however, we returned to normal numbers during 2022.

Greenhouse gas emissions (tCO ₂ e)	2021	2022	% of change
Scope 1	1075	1391	129%
Scope 2	1450	1344	-7%
Scope 3	526	1174	123%
Total emissions	3051	3909	128%



Scope 1 (direct emissions) represents Gilat’s highest emissions. Not far behind is electricity consumption emissions - Scope 2, while Scope 3 (indirect emissions) is responsible for 30%.



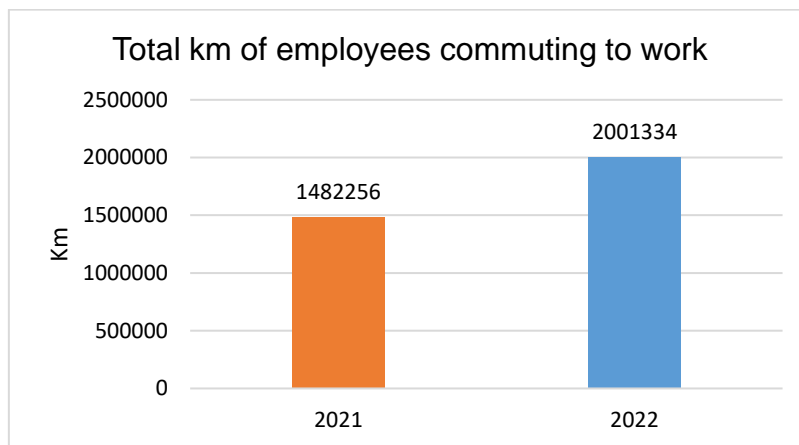
The combined emissions from water consumption, waste treatment, and material consumption account for less than 1% of Scope 3 emissions. This highlights the significant impact of travel and employee commuting on GHG emissions. Although we use more water for washing reusable cups, in normalized numbers of water consumption per employee on-site we see no change in water consumption relative to 2021, explained by the fact we renovated all toilets and installed smart water taps that reduce water consumption.

As part of employees benefit options, Gilat supports our employees with leasing agreements for their private vehicles, and encourages the choice of efficient, hybrid, plug in and electric cars. The encouragement derives from the free charging stations. As demand grows for these more sustainable cars, we continue to supply more charging stations for electrical and plug-in vehicles.

Year	2021	2022	2023*
charging stations	2	6	8
Employees owning leased plug-in/electric car	4	11	16

*Data updated to May 2023

Our employees' residences are spread all over Israel, and unfortunately, public transportation does not properly cover their needs. Nonetheless, we try to encourage them to take the train, by subsidizing a cab from the train station to our offices.



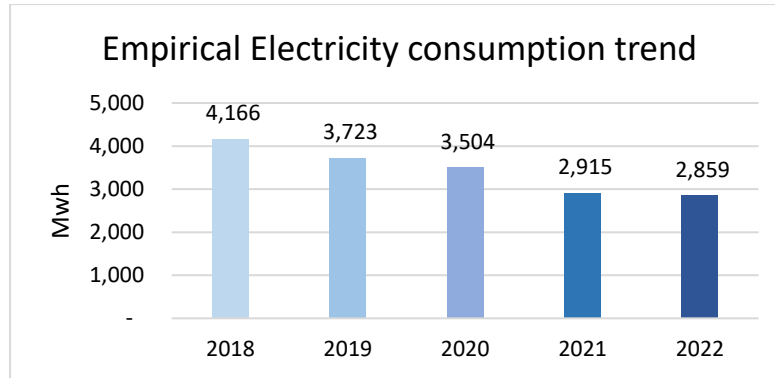
Commuting distance to/from work increased by 35% during 2022. Although we implemented a 4/1 day work from office/work from home policy, we had 11.5% more employees in 2022 compared to 2021, and an increase of more than 11% in occupancy on site.

In 2022, our flight kilometers travelled multiplied by 4.4 compared to 2021, reflecting Gilat's usual numbers after major decreases in the previous years due to the COVID-19 outbreak, as business travels is an intrinsic part of our business.

2. Energy efficiency

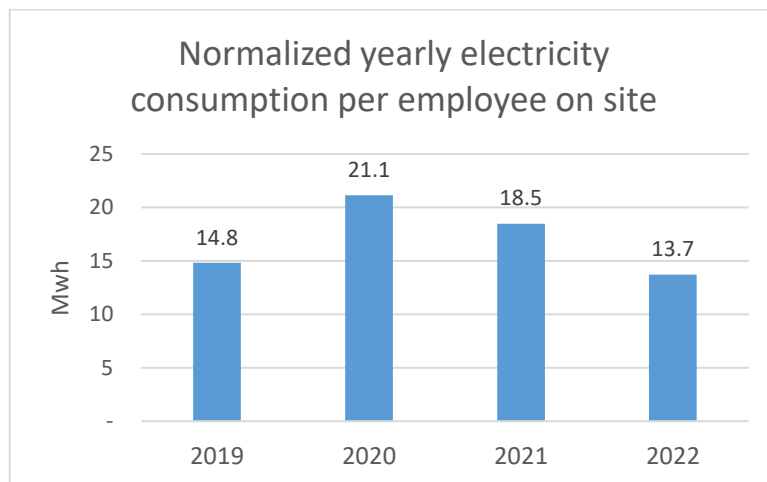
As a leading technology company, Gilat relies on energy resources, primarily electricity consumption, for powering our operations and in the deployment of our solutions. Our company-wide commitment to supporting the conservation of natural resources, reducing energy consumption, seeking sustainable alternatives and creating energy efficient products is outlined in our Environmental Sustainability Policy.

We measure and closely monitor our electricity consumption on a regular basis. Each year, we set an organizational goal for reducing our electricity consumption, and set a goal to reduce our electricity usage by promoting even greater efficiency.



The graph above shows that in 2022 we managed to reduce 56 MWh relatively to 2021.

In 2020, our total electricity consumption fell by approximately 6% as a result of our temporary work-from-home policy implemented due to the global COVID-19 pandemic and its restrictions. The 20% electricity consumption reduction shown in 2021 is mainly due to the replacement of two chillers.



Looking at the normalized yearly electricity consumption per employee on site, we can evaluate our electricity efficiency better. The increase in 2020 is explained by the sudden decrease in employees on site, due to Covid-19 pandemic, while operational adjustments weren't fully implemented. Nonetheless, we see that 2022 had the lowest yearly electricity consumption in the last 4 years, with an astonishing 29.3% decrease from 2021. In 2022 we had 11.5% more employees; thus, we see a major decrease of electricity consumption per employee.

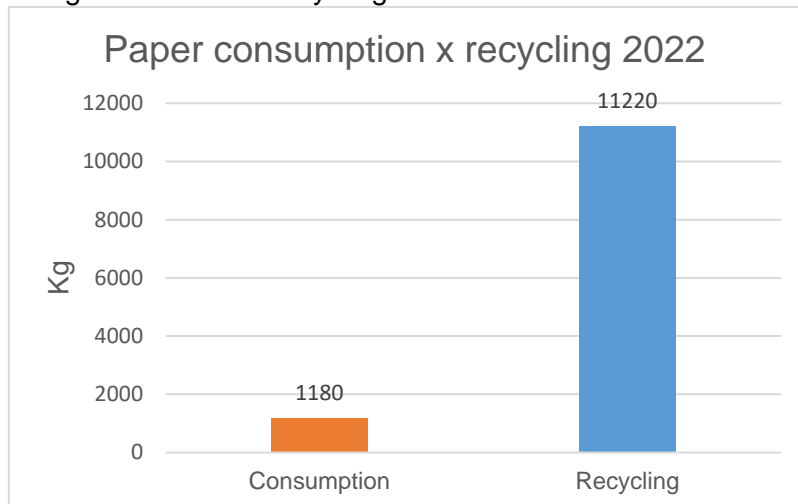
We continue to evaluate opportunities to reduce annual energy usage by improving efficiency and consolidating or eliminating redundant or underutilized office space. We plan to continue to reduce electricity use at all our facilities. For 2023, our goal is to attain a 2% reduction in overall electricity consumption.

3. Material consumption and waste disposal

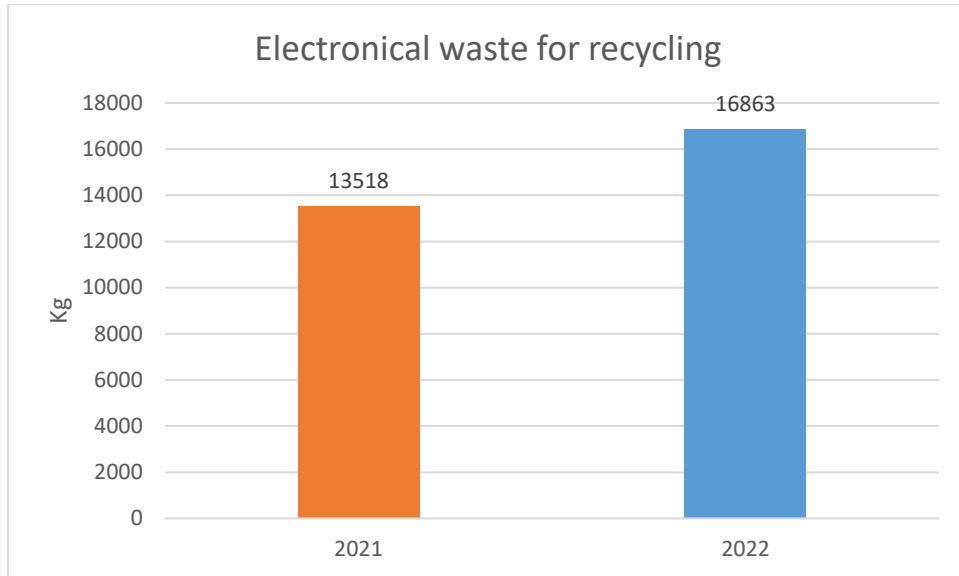
As part of our environmental management efforts, we closely monitor and track the use of materials to ensure that they are correctly disposed of or recycled, where possible. At our headquarters, we do not engage in manufacturing, and thus most of the data we track regarding materials usage pertains to office supplies such as paper, single-use plastics and beverage containers.

We increased our total paper consumption in the past year, but we have maintained the trend from 2021 and continued the switch to recycled brands of paper. In 2022, more than 92% of the printing paper was fully recycled, while the rest was 50% recycled paper. Since 2021 we have implemented systems to default printing on both sides of the paper and installed printer management systems that reduce paper usage and waste by requiring an employee ID card to be scanned. This also allows for more secure printing.

We support a circular economy and adopt waste reduction strategies, reuse, and recycling. Our recycling vs. purchased paper rate reached almost 1000%, as seen in the graph below. This is explained by the yearly elimination of unnecessary archives, along with our continuous efforts to promote paper recycling awareness, measures to transfer hard copy information into digital media and recycling activities at our offices.



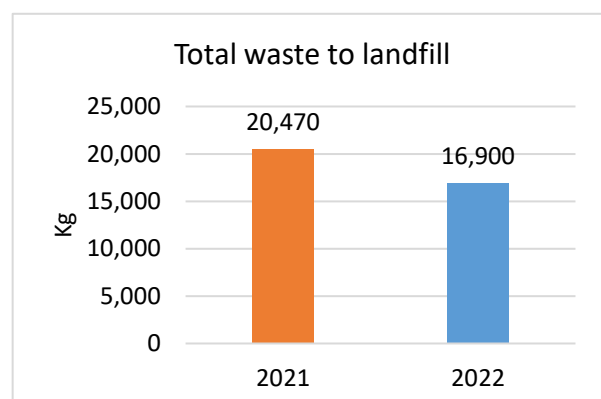
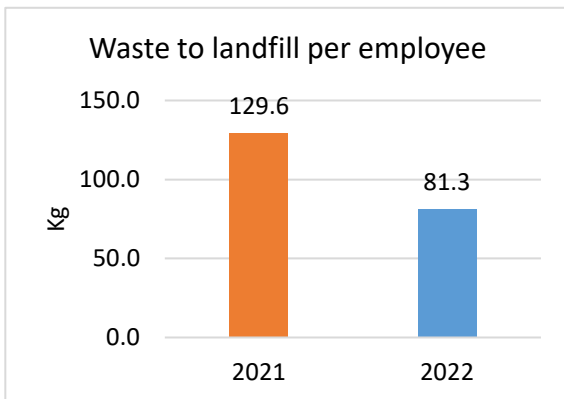
Proper disposal of electronic waste (e-waste) is a priority for our environmental management system. Our goal is to have 100% of our e-waste disposed of according to local regulations, preferably for reuse and recycling. Internally at Gilat's headquarters, we recycle all electronics and computers used in our offices, including e-waste from offices that were decommissioned and old IT equipment. We encourage the increase of e-waste recycling since our employees have wide access to e-waste recycling bins in our offices, where they can throw electronic products and batteries.



Since the 17th of January, we started working with a small supplier who employs people with disabilities, that manages our recycling waste (paper, packages, cans, and plastic beverages). In our first year working together, our total packages and empty beverage cans and plastic containers collected for recycling were 6870 and 2130 Kg accordingly.

Going forward, we intend to improve our ability to collect, recycle, track and report on data related to our recycling efforts.

As mentioned before, we are highly dedicated and determined to divert our waste from being landfilled. This year we see an impressive 17.5% reduction in our total waste to landfill and 37% reduction when we normalize it per employee on site.



4. Employee Engagement – Gilat Goes Green

According to our Environmental Sustainability Policy, we expect all employees at all levels to be engaged in environmental issues and make careful use of resources. We address environmental challenges in our operations through various responsible means and ask our employees to take part in using them. We support employees' awareness regarding the environment and collect and promote their ideas and suggestions for improvements.



Our COO declaring on the project

To enhance our employees' environmental awareness and engagement, we initiated the planning process in 2021 and launched our internal campaign, "Gilat Goes Green - the implementation of a Greener Office," in February 2022.

After having an environmental survey among our key internal stakeholders, we addressed the following issues at our headquarters in Israel:

Waste separation for recycling: we have placed new and more waste bins for the separation of waste at source, such as: packaging, batteries, beverage containers, and paper. By doing that we reduced our general waste which was disposed at landfills and increased the rate of waste sent to recycling. This activity is in addition to our ongoing recycling of printer toners, and electrical and electronic waste. The waste disposal is done by a third-party company that employs people with disabilities.



Source separation bins



In Hebrew: I'm also 100% recycled

Increasing sustainable material sources: All paper towels in the dispensers and printing paper for photocopying at Gilat are now made from 100% recycled material, except for specific departments that are legally or accounting-wise required to use 50% recycled paper. We use dining room placements made of 100% recycled paper and branded "Gilat Goes Green". We have also replaced our cleaning products with biodegradable and more sustainable material options.



Single-use reduction: we reduced almost completely the use of plastic and paper disposables cups. Each employee received a personalized reusable water bottle, coffee mug and utensil set.

New employees receive personal water bottles. Reusable glasses for guests are available in large conference rooms and all kitchenettes. During morning refreshments, we use reusable plates and utensils, and biodegradable bowls for yogurt/cereal.

We encourage our employees to have lunch in our dining room and we upgraded the dining experience. Most of the employees prefer this option. We also provided each employee a reusable cooler bag to use when taking Take-away meals, to reduce the use of plastic bags.

Environmental awareness communication: The Gilat Goes Green campaign started in January 2022 with a launch email explaining the project, the steps we took in 2021, and what is expected to change and happen during 2022. In February 2022 we invited all employees to a special webinar about climate change and sustainability, from worldwide and local perspectives, and how each one of us can contribute to this mutual and important environmental effort. We placed bins for separating waste, branded and coloured, with explanations and signs, to make it easy for each one of us to separate waste correctly. We placed signs in all toilets and hand-washing areas, encouraging employees to save water as well as signs near exit doors at all conference rooms to turn off lights and unplug electric devices. Similarly, we posted signs in all elevator doors that encourage using the stairs. The day we launched the project, we had a fun and energetic activity, where employees could make their own fresh fruit shakes made by bicycle pedalling energy. The feedback was great.



Switching to reusable

Activities and communication during 2022:

- March – published quarterly recycling report, encouraging source separation and reusable dishes use
- May – published tips for an “environmental picnic” – providing tips for sustainable family outdoor activities
- July – mid-year activities - published quarterly recycling report, declaring the launch of the ongoing collection of unnecessary medicines, clothes, e-waste, and school bags from home, for reuse and recycling purposes
- August - purchased children’s books with a sustainable agenda for the employee’s library located in the office
- During Q4 2022, we ran a pilot in cooperation with “Leket Israel” (NGO) for donating leftover meals. The pilot was very successful, during which we donated 1680 meals (1000 kg approx.). We are thrilled to be able to provide food security to more citizens and avoid food waste generation.

We upgraded our NEO (new employee orientation) presentation, so it would include Gilat’s environmental responsibility, our sustainable culture at the company and the responsibility accompanying to it.

About this report

This report contains an overview of Gilat's headquarters' environmental projects and activities in Petah Tikva - Israel. This is our second report and we intend to present our performance, providing clear and easily comparable data, in future annual reports. The report was written with the assistance of Green Target – EHS and Sustainability Consulting Firm.

We wish to thank all the people involved in the collection of data, writing, and production of this report.