

# SONOVIA ESG

Environmental, Social & Governance Report  
2022

## Contents Page

- 3** Statements from the Chairman of the Board and CEO
- 4** Sonovia at a Glance
- 7** Materiality Map
- 9** Environmental
- 16** Social
- 21** Governance
- 25** Future

## About this Report

This is Sonovia's first ESG report that reflects our continued commitment to prioritizing Environmental, Social and Governance issues throughout the company's activities. To the best of our knowledge, all data and information presented in this report is correct as of June 30, 2022, and represents an overview of Sonovia's performance up to that date, in the context of various applicable indicators, as well as the company's sustainability-related goals for the future. This report is inspired by the Global Reporting Initiative (GRI): Core Option. We intend to continue to publish these reports on a biannual basis.

This report is not part of the financial statements of the Company or the Immediate Reports or Periodic Reports of Sonovia, and in the unlikely event of any discrepancy, the version in the financial statements is binding.

Disclosures are made to enhance broader stakeholder awareness of ESG challenges, and all interested parties are encouraged to visit [www.sonoviatech.com](http://www.sonoviatech.com) for further information on specific products and activities.

It will be clarified that the information contained in this corporate responsibility report is released to the public by the company on a voluntary basis and is not subject to the application of the Securities Law, 1968, and the regulations established pursuant to it.



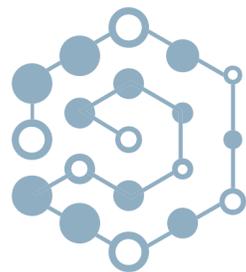
## Statement from the Chairman of the Board

On behalf of the Board of Directors, it is my pleasure to present Sonovia's first ESG Report, as of June 2022. In this report, we present our current ESG data to our suppliers, employees, shareholders and other interested parties.

This report lays out our perceptions of sustainability issues and how they are integrated with Sonovia's values, activities, and plans.

Sonovia, as a company, is working and will continue to work on improvements in terms of our environmental impact, social relations, and corporate governance compliance. We encourage all stakeholders to share their ideas and concerns with us regarding these issues and hope to continue our efforts over time to further enhance sustainability in our business.

Best wishes,  
Shuki



**Yehoshua (Shuki) Hershcovich**  
Founder and Chairman

Sustainability

## Letter from the CEO

Dear Stakeholders,

Integrity matters. It matters to our future customers, partners, colleagues, and communities, both present and future, and it matters greatly to me.

I am proud to say that this, the first Sonovia ESG report, is a document that equally stems from and expresses the integrity of this company and its vision. Environmental issues in particular are absolutely central to the story of Sonovia: where we have come from and where we are going.

Sonovia was created with a mission in mind: a mission to disrupt the textile industry, transforming it from one of the world's most polluting industries (second only to the oil industry) to a much more environmentally friendly sector. By disrupting the textile industry, we mean delivering solutions to textile finishers and dyers that are simultaneously less polluting and highly efficient, while also being cost-effective and hence presenting a win-win solution even for this very conservative, price-driven industry.

Of course, our vision is not solely about the end product – overcoming our challenges and achieving our goals. How we get there is equally important.

Pioneering the necessary evolutionary processes and becoming a leading player in the textile finishing industry requires more than science and technology. It requires good, transparent, and sustainable practices at every level, including a well-defined management system, structured corporate governance, and values-based interactions with all stakeholders.

We view ESG as a reliable compass that has guided our journey from the beginning and continues to keep us on the right path – as an employer, as a customer, and as a supplier.

Through this report, I invite you to explore how we integrate ESG into Sonovia's vision, values, and daily activities.

Best regards,  
Igal



**Igal Zeitun**  
Chief Executive Officer

Integrity matters

# Sonovia at a Glance

The Textile Industry's Natural Evolution

## Background

Sonovia was established with a clear vision: disrupting the textile industry by breaking the paradigm that durability + performance = pollution.

Every person on this planet wears, uses, and interacts with textiles around the clock. Textiles are essential to our individual wellbeing and collective activities, as well as the raw materials contributing to countless more industries. However, this core industry has long been seeking an escape route from the outdated dyeing and finishing practices that contribute to significant pollution.

Textile applications are endless, requiring different chemistries in preparation, dyeing, and finishing. The textile supply chain is also extensive, with most issues stemming from the pre-treatment, dyeing, and finishing stages. Most of the processes widely used during these stages are highly polluting and potentially toxic. They also consume vast amounts of time, energy, and water. Furthermore, they are not durable and are specific to certain fiber compositions, out of endless possibilities, therefore representing a wide range of processes.

Growing public awareness, alongside steps taken by industry leaders and regulatory authorities, has been forcing a shift to sustainable processes – processes that, until now, were either ineffective, prohibitively costly, or both.

## Enter Sonovia

Sonovia's initial concept evolved from a research and development project carried out between 2009 and 2013, led by a research team from Bar-Ilan University in Israel. The R&D project, funded in the amount of €8.3 million by the SONO Project, an EU FP7 grant initiative, aimed to significantly reduce or eliminate HAI (hospital-acquired infections) by using a sustainable technology. Sonovia in its present form has taken the initial concept much further, upscaling and improving the technology while remaining focused on the same central goal: protecting users and the environment.

The main motive behind EU support for the SONO Project was the assumption that textiles treated with ultrasonic technology would retain antibacterial properties, even after the industrial washes used to clean and disinfect textile products in most

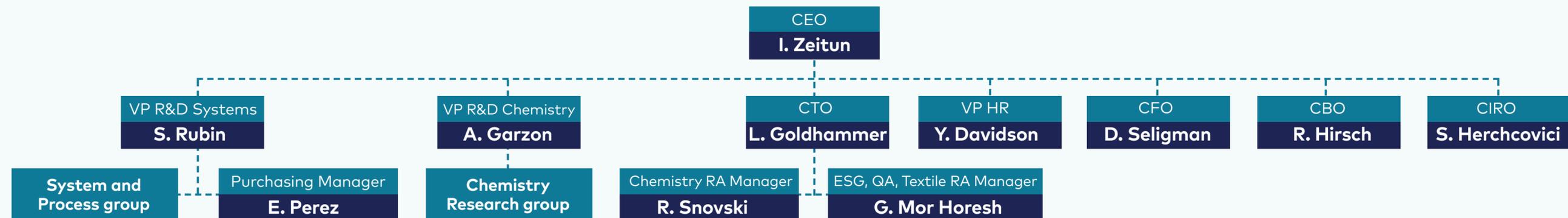
hospitals around the world. This durability through industrial washes was a threshold condition for penetration to the medical textiles market. The SONO Project achieved its goals, and the commercialization of this knowledge served as the foundation for the establishment of Sonovia.

## Business Model

Sonovia's business model, subject to required objectives during the research and development phase, is analogous to the HP printer-ink model (involving the sale of machines and consumables). Specifically, this entails a one-time capital sale of a textile treatment machine, including ultrasonic components, followed by a recurring revenue stream from various consumables (chemicals) over time, in line with the desired applications.

Leveraging novel ultrasonic technology, we are on the path to make the most significant mark on the textile industry for two centuries, while enabling humanity to benefit from textiles in a more sustainable, eco-friendly manner, with a clearer conscience and at a lower cost of production.

## Company Structure



## Primary Goal

**Engaging in research, development, and commercialization in the use of our ultrasonic technology for various applications.**

Sonovia’s strategic goal is to meet the need that has been identified within the textile industry: replacing the technologies currently available on the market, which are highly pollutant and lack in durability, with a revolutionary new technology for finishing and dyeing treatments that exhibit improved performance and reduced environmental impact. These treatments may include anti-odor, antimicrobial, antiviral, water repellent, denim dyeing, fire retardant, and other applications

## Core Values



Our core values, **Innovation**, **Sustainability**, and **Mutual Respect**, are not vague aspirations. They are the very cornerstones of Sonovia.

Sonovia is committed to promoting a culture of integrity and ethical conduct that expresses who we are as people, as well as the way we do business, to become not only a technological leader in the textile industry but a model for accountability and strong corporate values.

## Code of Conduct: Doing business in an ethical manner

The Sonovia Code of Conduct serves as a global “how we do business” guide for Sonovia team members in all positions and at all levels. It clearly outlines the ways in which all Sonovia employees must conduct themselves with integrity, responsibility, and respect for others.

As a company that aims to improve people’s quality of life and protect the environment, we must champion those same values in our everyday interactions. This encourages us to cultivate a safe, healthy work environment where everyone can speak up, voice opinions, suggest ideas, and raise concerns.

Sonovia has a zero-tolerance policy regarding any form of violence, implied violence, retaliation, harassment, bullying, humiliation, intimidation, offensive behavior, or shaming. Equality and respect are fundamental to our corporate culture and, despite our growth from a small startup, we view a supportive, family-like environment to be of the utmost importance.

The full Sonovia Code of Conduct is available [here](#).



# UN Sustainable Development Goals (SDG)

As a leader in the new international textile finishing technologies arena, Sonovia is dedicated to working towards the United Nations' Sustainable Development Goals (SDGs) and to joining global efforts to achieve a more sustainable world.

Our current activity aims to align with the following SDGs:



**Good Health & Well-being:** Sonovia's technology will reduce the high rate of aquatic chemical spills that is currently typical of the textile industry. Existing textile finishing technologies consume large quantities of water, contaminating this water with a high concentration of chemicals. Sonovia's ultrasonic technology enables the industry to achieve comparable and better performance with substantially reduced water quantities and chemical concentrations. In addition, the added value treatments of our technology are long lasting and resist numerous laundry and use cycles with minimal to no leaching of chemicals into the environment. The result – improved water conservation and reduced chemical impact on groundwater.



**Gender Equality:** Sonovia is committed to inclusive hiring practices and does not discriminate against candidates or employees in terms of gender (neither does it discriminate on religion, nationality, race, or any other basis). Women are active in every department at Sonovia, including in middle and senior management roles, and we seek to empower female professionals across the board.



**Clean Water & Sanitation / Life Below Water:** The textile industry demands large amounts of water for production purposes. At the same time, it uses highly concentrated potentially harmful chemicals that may contribute to water pollution and leach into the surrounding environment. Sonovia's innovative eco-friendly technology enables the chemical burden of aquatic waste to be significantly reduced, lessening the impact on groundwater and marine environments.



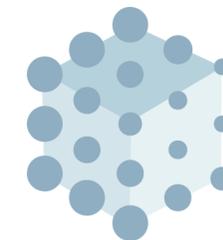
**Decent Work & Economic Growth:** Sonovia is actively engaged in employees' health, wellbeing, and personal development, at a level significantly above that required by local law, including the voluntary provision of company-funded health insurance. This is in line with the company's deeply held belief in equal opportunities and employment diversity, as well as the understanding that inclusive, productive work environments pave the most direct and worthwhile path to greater economic growth.



**Industry, Innovation & Infrastructure:** Innovation is at the very heart of Sonovia's being. It is the basis upon which the company was founded and is one of our three core operating values. As we bring innovation into the textile industry with a view to kickstarting a new, more sustainable era, we also promote new ways of thinking and a creative approach throughout all our activities.



**Responsible Consumption & Production:** Acknowledging and respecting the limited resources of our planet is an essential starting point for any company envisaging a prosperous, productive future. Sonovia develops products and forthcoming production processes with this understanding in mind, considering the potential impacts and effects on both our immediate surroundings and the global environment. This primarily involves reducing the number of components required in chemical formulations, including eliminating or substantially reducing the need for chemical binders.



# Materiality Map

During Sonovia's first ESG analysis cycle, we considered the material impacts of the company. This process identified a number of key ESG topics to be addressed. These topics are explained below and associated with one of three umbrellas: Environment, Social, and Governance.

Sonovia is planning to conduct a materiality assessment in the near future that will rank ESG topics by importance to our stakeholders and business.

Our current activity aims to align with the following SDGs:



## Greener Chemistry and Chemical Wastes

(GRI 303 - Materials)

Sonovia aims to reduce the number of components in its chemical formulations and uses only regulated and environmentally friendly ingredients. Sonovia's sono-based finishing process requires lower chemical concentrations than the competition and enables the reuse of the working solution, thereby generating minimal to zero waste and reducing overall chemical waste for our customers.

## Water Consumption

(GRI 303 - Water)

Sonovia aims to minimize water consumption for its internal needs, but, more importantly, to reduce water consumption for our future customers by commercializing the unique sono-based finishing process.

## Energy + Waste + Wastewater

(GRI 306 - Waste & GRI 302-5 - Reductions in Energy Requirements of Products and Services)

Fabrics treated with Sonovia's process are more sustainable and have longer lasting functionality than those treated with conventional finishing processes. This contributes to less waste, fewer required wash cycles, and reduced demand for new products, lowering wastewater quantities and lessening the amount of chemical waste in the water. Overall, these factors lead to reduced energy consumption.



## Health & Safety

(GRI 416 - Customer Health and Safety)

Thanks to our innovative technology, Sonovia is able to reduce the use of chemicals harmful to human health and the environment in end-use products and also lessen the environmental impact on groundwater, which is relevant to the general population and wildlife.

## Labor Management

(GRI 402 - Employer-Employee Relationship)

Sonovia is a fair and considerate employer, striving for equal opportunities and a pleasant, productive work environment.

## Diversity & Inclusion

(GRI 405 - Diversity and Equal Opportunity)

Diversity and inclusion remain at the forefront of our decision-making in all matters related to our employees, our activities, and our third-party interactions.

## Community Relations

(GRI 413 - Local Communities)

Sonovia is actively engaged in its community, including through employment, volunteer activities, and donations.



## Ethics, Values & Culture

(GRI 102-16 - Values, Principles, Standards, and Norms of Behavior)

Sonovia does not compromise on ethics, both within the company as well as in our engagement with third parties. Everything we do is based on our values and cultivates the integrity-driven culture in which we operate.

## Innovation & Technology

(GRI 103-2 - Management Approach)

Innovation and technology are at the core of our doing and being. These are our "reasons to be," which make all our activities possible.

## Governance & Accountability

(GRI 102 - Governance)

Sonovia is a publicly traded company, listed on the TASE, which complies with all laws and required regulations. We are currently in the process of implementing ISO 9001 (to be completed during 2022).

## Customer Orientation & Quality

(GRI 103-2 - Management Approach)

We believe that our customers are the key to our success. Everything we do is oriented towards the needs of our future customers and thus, inherently, based on quality.





Environmental

# Sustainable Solutions

The environmental sphere is intrinsic to Sonovia's activities and the driving force behind the company's innovative technology.

Since its inception, the company has been engaged in research and development, for the benefit of future commercialization, of an ultrasound technology to perform textile finishing and dyeing treatments, as well as various consumables including patents and knowledge in the field of antimicrobial finishing. Most of Sonovia's resources, in terms of manpower and funding, are invested in the development of eco-friendly technology, whether related to chemistry, machinery, or applications. To date, this has led to five patents – two granted to Bar-Ilan University (licensed to Sonovia) and three provisional (under Sonovia).

The company has also progressed in the development of a formulation designed to imbue textiles with water-repellent features. Sonovia's ultrasonic textile treatment alone can provide the highest-grade water repellency (according to international test standard AATCC 22) without making use of the polluting PFOA and PFOS. Sonovia's formulation also requires significantly lower levels of active ingredients and lasts longer relative to conventional water-repellent treatments, while offering simple industrial implementation and competitive costs.

## Our Technology – The SONOfix™ *Harnessing the Power of Sound*

Sonovia's technology centers on the SONOfix™ – a dedicated fabric roll-to-roll impregnation machine with components that produce ultrasound waves and dedicated chemical compounds.



Exceptional durability



100% compatible with all fiber types



Clean & safe chemistry



Cost-competitive



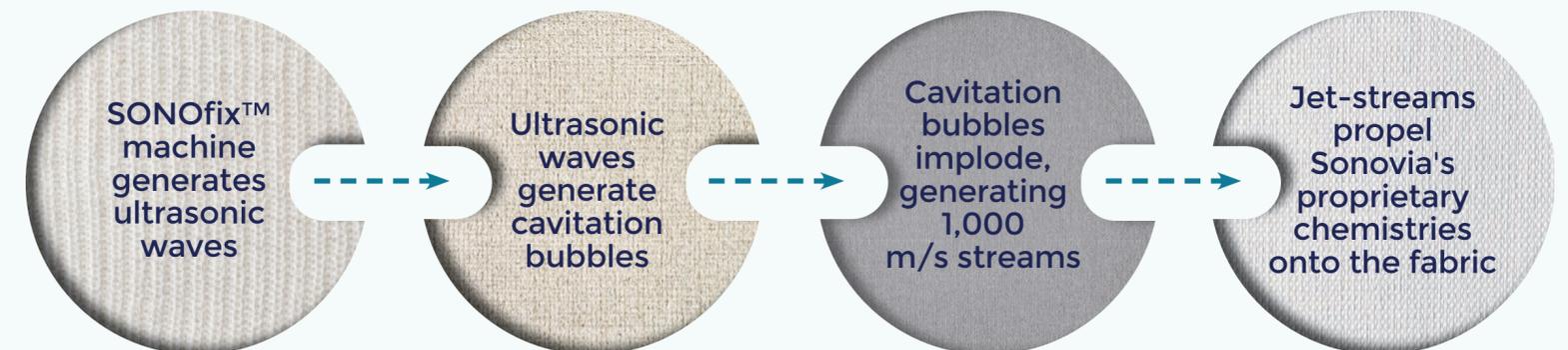
Simple integration & operation

Ultrasound waves significantly improve application and adhesion of chemicals to various types of textile surfaces and leather goods through ultrasonic irradiation and/or ultrasonic cavitation. The use of ultrasound waves significantly reduces the need for chemical binders to bond chemicals with the textiles, as is currently required in traditional impregnation treatments.

Sonovia has mastered the use of ultrasonic cavitation jet-streams created in the impregnation solution to effectively impregnate textiles with desired chemistries. Essentially, the jet-streams act as "chemistry guns," firing chemical compounds onto the targeted textile surface.

The company intends to turn this process into a substitute for traditional industrial impregnation, as used in conventional textile application techniques. The SONOfix™ can be very easily installed and integrated in any existing textile finishing production line. It is suitable for processing all textile types (wovens, knits, and non-wovens) and all fiber compositions (natural, synthetic, manmade, and combinations).

### The Process





# Environmental Impact

## Advantages

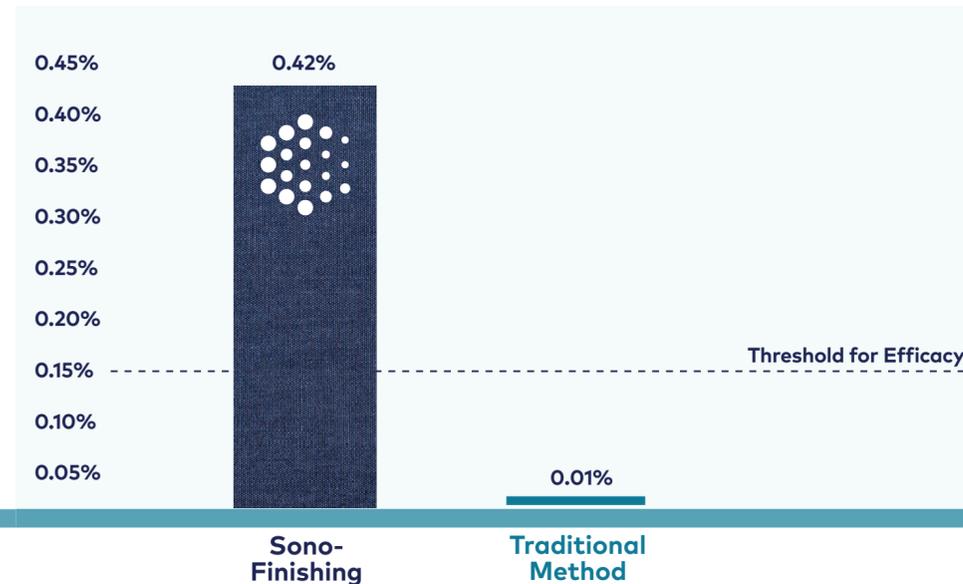
	Traditional Padding	Sono-Finishing
Treatment during last textile finishing stages	+	+
Affordability	HIGH	HIGH
Easy integration with an existing production line	+	+
Operational complexity	LOW	LOW
Water use	MEDIUM	MEDIUM
Required chemical concentration vs. efficacy and durability	HIGH	LOW
Chemical consumption	HIGH	LOW
Chemical content	MEDIUM TO LOW SUSTAINABILITY	SUSTAINABLE
Washing durability	LOW	HIGH
Applicable to any fiber content & fabric type without a need to alter the chemistry	-	+

## Environmental Impact

Sonovia's technology improves textile production sustainability in several significant ways:

**1.** Products produced using our chemicals and process are more durable; they are more wash-resistant and will last longer.

>X10 more durable  
Anti-microbial content in fabric, %, after 50 laundry cycles. Same initial concentration was used | home laundries | 40°C | with Tide detergent.



**2.** Our denim dyeing process requires lower water quantities relative to traditional methods. Based on preliminary R&D results, we aim to achieve a 60% reduction in water consumption. Thus, wastewater from our process is lower and its impact on groundwater is minimal or none.

**3.** Our chemistry is greener and lighter, requiring a lower number of ingredients at lower working concentrations, with few or no binders. This results in a lower toxicological burden on wastewater. The manufacturing process of chemicals that involves binders also requires curing/fixation at high temperatures. Energy is therefore saved by eliminating this requirement.

**4.** Sonovia's ultrasonic finishing process is based on the physical adhesion of chemicals onto the textile surface and therefore is fiber and textile agnostic. This means that the same chemical formulation can be used for all textile types, resulting in lower chemical inventories and fewer logistics requirements. As it is applied in the very last steps of the fabric manufacturing process, it also results in shorter supply chain demands.

As we advance in the research and development process of our product, we will continue to closely monitor not only the environmental impacts of our product usage but also the impacts of our manufacturing processes and daily operations.

# Chemistry Products in Development

**BIOdome™** – A range of elite pathogen killers for the harshest environments, with impressive efficacy that does not wear off after 75 washes at 60°C even after only 2-hour exposure (very short exposure time vs. 18 or 24 hours, as defined by test performance standards).

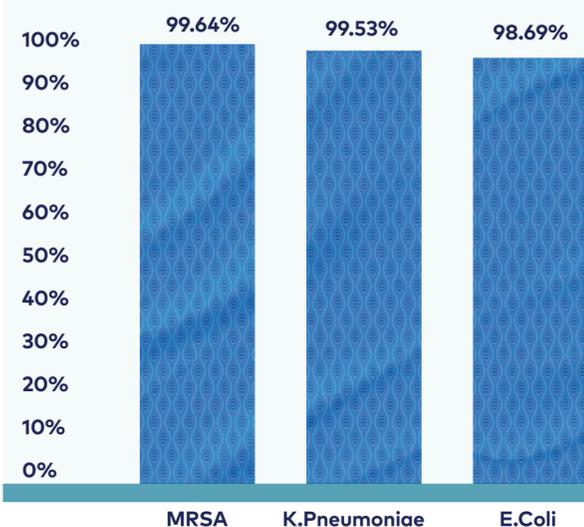
**BIOfresh™** – We guarantee to keep you fresh no matter how hard you trained and how old your active wear is! Tested on actual humans, not just in lab simulations.

**D(y)ENIM™** – A revolution in sustainable, eco-friendly indigo dyeing efficacy and durability.

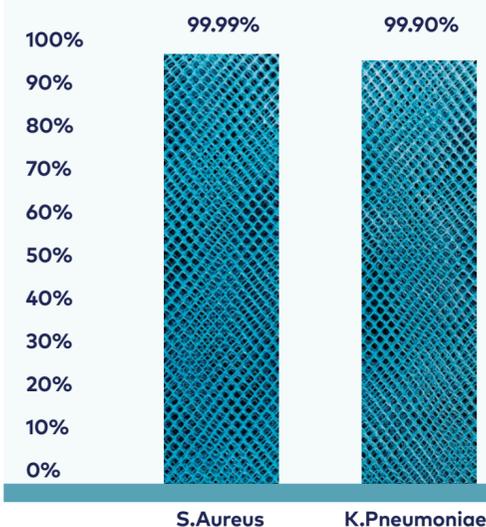
**Coming Soon** – Dyeing, wicking, softening, and more.

**everDRY™** – You'll never worry about washing your outdoor gear and clothes anymore. We guarantee elite water repellent performance for the long run.

Efficacy after 75 washes, 60°C, at 2-hour exposure  
ZnO sono-finished fabric



Efficacy after 100 washes, 40°C, at 18-hour exposure  
ZnO sono-finished fabric



# Applicable Industries

Sonovia's technology is compatible with all textile types (wovens, knits, and nonwovens) as well as all fiber compositions (natural, synthetic, manmade fibers and all their compositions) as used in multiple industries:

**Apparel:** Day wear, elite fashion, underwear, sportswear, outdoor wear, etc.

**Home Textiles:** Linens, towels, curtains, bedding, upholstery, etc.

**Automotive/Rail/Aerospace/Maritime:** Upholstery, artificial leather, panels, inner infrastructure, piping coverage, ceiling coverage, etc.

**Institutional Textiles:** Hospitality, hospitals/healthcare, workwear, tactical gear, etc.

**Technical Textiles:** Filters, composites, layers, etc.

**Outdoor Textiles:** Accessories, bags, shoes, covers, upholstery, tactical gear, etc.



# Strategic Partners

Sonovia maintains relationships with the world's leading companies throughout its major target markets: North, Central and South America, Europe, Middle East and Asia. We are currently conducting pilots with leading companies and expect to carry out pilots with others in the near future. As an R&D company, Sonovia is still working to identify key suppliers, and is fully committed to purchasing from suppliers approved under relevant regulations.

## Bruckner Textile Machinery

A 70-year veteran of the textile machinery industry, Bruckner is based in Leonberg, Germany, and holds 20% of the global market share in textile finishing lines for various industry sectors. It is also Sonovia's strategic partner for worldwide development, manufacturing, distribution, and technical support for the SONOfix™ machine.

The machine development agreement was signed in 2019 and a commercial agreement between the companies is expected to be finalized by Q4 2022.

## Delta Galil Industries

In June 2021, Sonovia entered into a binding agreement with Delta Galil for the installation of the Sonovia SONOfix™, an industrial ultrasonic textile finishing machine, at the Delta Innovation Center in Israel. Under the agreement, the machine will be used by the parties to carry out pilots to integrate the company's technology into leading international sportswear, lingerie, and fashion brands.

A commercial agreement is expected to be signed between Sonovia and Delta following the successful completion of customer pilots. The SONOfix™ machine is being installed during Q3, 2022 and its full operation is expected by End 2022.

## Pure Denim

An agreement was signed in April 2022 with Pure Denim, a leading Italian tier one manufacturer of denim fabrics, for the development of an ultrasonic indigo cotton yarn dyeing chemical formulation and process. Once development is completed, Pure Denim will implement this greener, more sustainable process in their facility in Milan, Italy, saving on water, chemicals, and energy.

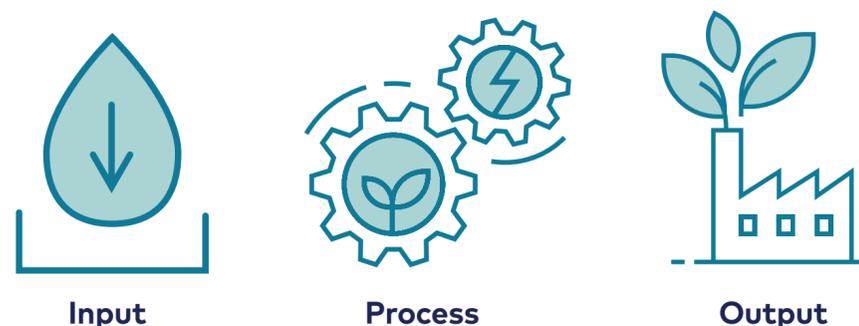


# Human Impact

Sonovia always carefully considers the impact of its technology on the health and wellbeing of end-users.

All chemicals are managed in accordance with ZDHC (Zero Discharge of Hazardous Chemicals) guidelines. ZDHC is a multi-stakeholder organization comprising more than 170 contributors from across the industry, including brands, suppliers, chemical suppliers, and solution providers. Its "Roadmap to Zero" program encourages the textile industry to eliminate harmful chemicals from its global supply chain by building the foundation for more sustainable manufacturing, and thereby protecting workers, consumers, and ecosystems.

Relevant Sonovia personnel have successfully completed a ZDHC chemical management course and now apply this knowhow to the company's daily work procedures. This includes a proper chemical management system that oversees every step from planning to final products, including the raw materials we purchase, storage and usage methods, waste management, and overall impact on the environment. We foster these principles even now, during the R&D stages, so they will serve us well when we reach commercial production.



Our chemical products are designed to be compliant with all regulatory requirements (EPA, ECHA) to ensure user safety and wellbeing.



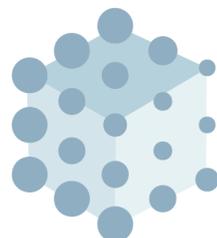


Social

# Equality and Diversity

Sonovia recognizes the significance of Diversity, Equity & Inclusion (DEI), and puts these principles into practice throughout its activities. We understand the importance of these practices to our stakeholders and underline that the growth of our company, as well as its ability to lead in a competitive marketplace, relies on the diverse skills and insights of every employee and the promotion of human rights.

Our fundamental assumption in this area is that all people are equal. However, we also appreciate the challenges faced within the workforce, particularly among women, minorities,



## Employees

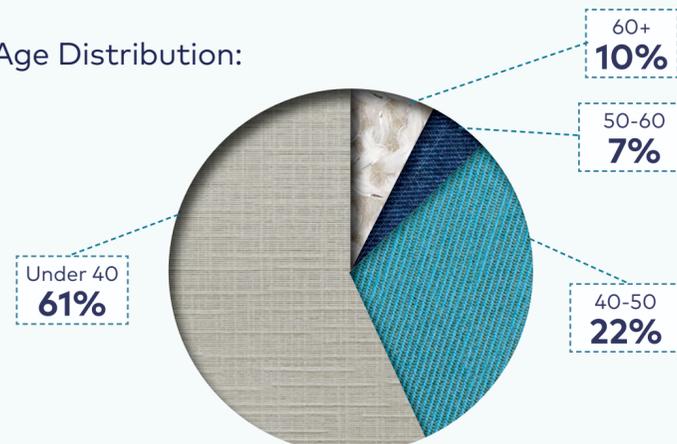
older people, and people with disabilities.  
Current employee overview, correct as of June 16, 2022:

Total employees: 41

Gender Distribution:



Age Distribution:



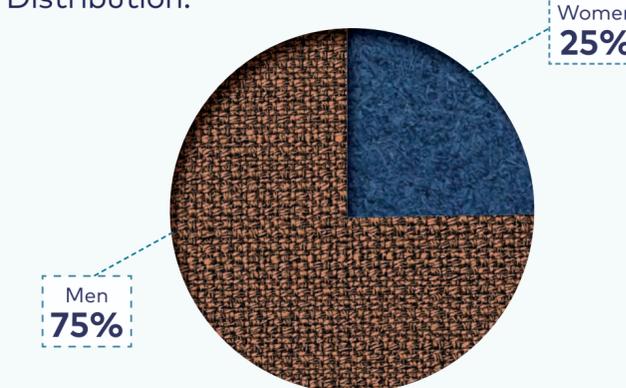
## Management

Beyond diversity in the workplace as a whole, Sonovia has a strategic focus on promoting diversity in leadership roles, which includes empowering those who traditionally have not been given the opportunity to become managers.

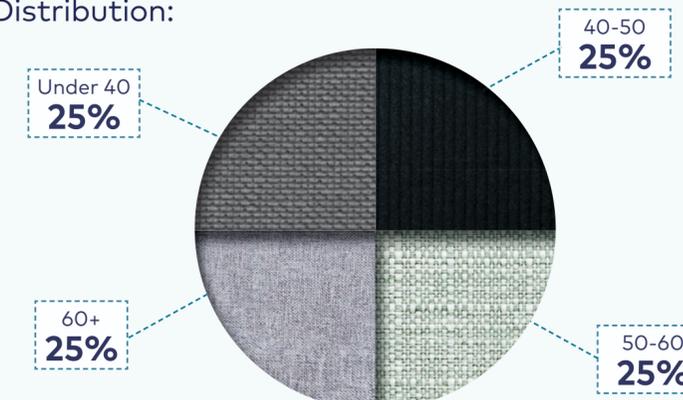
Current management overview, correct as of June 16, 2022:

Total managers: 8

Gender Distribution:



Age Distribution:



# Employee Wellbeing

**Health and safety** are of the utmost importance in any workplace and we devote considerable resources to ensure the wellbeing of every employee, across departments and roles. This includes all necessary training in health and safety procedures, as well as regular refresher courses.

Sonovia offers all employees the option of receiving company-funded **health insurance**, starting on their very first day on the job.

**Refreshments** are made available to all employees throughout the day, including fruits, vegetables and other healthy options.

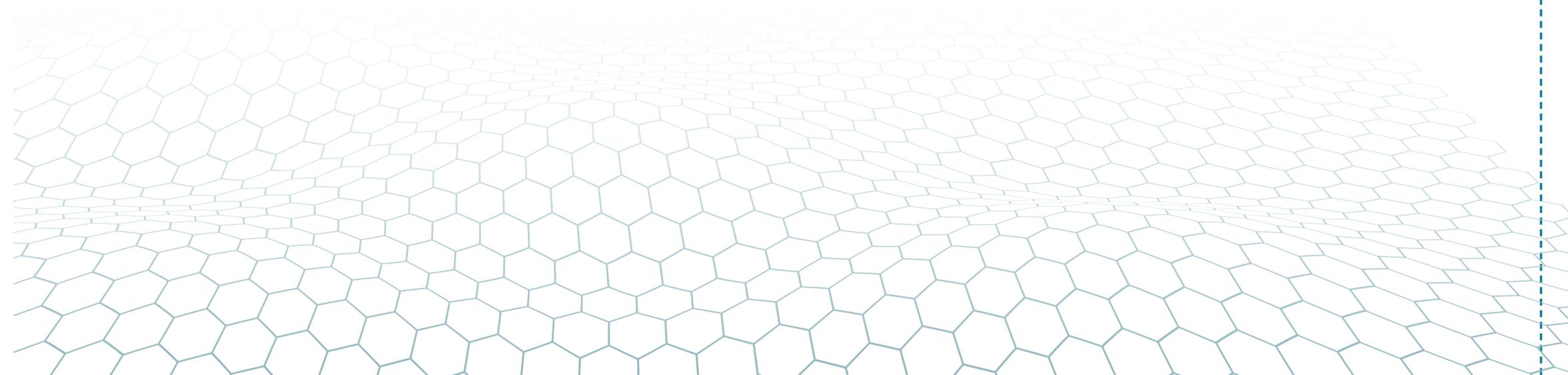
In prioritizing the overall wellbeing of employees, Sonovia strives to enable a high degree of work-life balance. Sonovia is sensitive to the needs of parents with young children and makes every effort to offer flexible accommodations. It goes without saying that the company complies with all legal requirements regarding parental leave.

## Rewards and Benefits

- **Competitive Salary** – Periodically compared with industry standards (as determined by reputable surveys, such as Zviran).
- **Meal Allowance** – At industry standards.
- **Sick Leave** – Paid in full from the first day (far beyond legal requirements).
- **Pension Benefits** – Contribution at the upper end of the standard scale.
- **Study Fund** – Contribution up to the maximum allowable by tax.
- **Severance Fund** – Contribution at the upper end of the standard scale.
- **Vacations** – Competitive annual quota.
- **Volunteering** – Opportunity to volunteer while “on the clock” at Sonovia.



**Future Target**  
Conduct annual employee satisfaction surveys



# Social Responsibility

Sonovia actively participates in the Masa Israel Journey program, which brings young Jews from all over the world to Israel for career development experiences. The company has already taken on interns from countries around the globe – USA, Canada, UK, Brazil, Mexico, Argentina, Russia, Ukraine and more – for internships that typically last 2-4 months.

Sonovia interns serve in various roles, including marketing, R&D, logistics, engineering, regulations, and data analysis. Following their decision to stay in Israel for longer periods, or make Aliyah and move to Israel permanently, several Masa interns have gone on to become full-time Sonovia employees after completing their internships and after receiving the relevant work permit.

## Volunteering

In September 2022, Sonovia intends to launch a partnership with the Shiur Aher (“Another Lesson”) association.

Shiur Aher promotes equality of opportunity among children throughout Israel by encouraging professionals from all fields to volunteer in schools. Every year, the association trains and supports more than 4,000 of these volunteers, who work to help youngsters from disadvantaged backgrounds.

Volunteers will have the opportunity to mentor and inspire the children, imparting practical life skills and helping them to acquire vital tools for 21st century life. In addition, they help the students believe in themselves, develop self-confidence and resilience, adopt new learning methods, and start working toward dreams for the future.



### Future Target

At least 10 hours of volunteering per year per employee by 2023

## Donations

Sonovia donated its share of the 2020 Genesis Prize to the ELEM Digital project. The company received this prize through the generosity of the winner, Natan Sharansky, who wished to pay tribute to organizations working to protect vulnerable people from the COVID-19 pandemic. This included Sonovia’s contribution to mask production during a very challenging period. The Sonovia board elected to pass this donation forward to ELEM Digital, a volunteer project that does vital work helping teens and young people struggling with mental health in the digital age.

During 2021 alone, Sonovia has donated face masks with a market value of \$125,000 to several different groups, helping to reduce the transmission of COVID-19.

### Masks were donated to:

**Several Israeli hospitals: Meir Medical Center in Kfar Saba, Laniado Hospital in Netanya, and Sheba Tal HaShomer Medical Center in Ramat Gan**  
**Nefesh B’Nefesh NGO**

**Kisharon – Jewish foundation providing services for children and adults with physical and learning disabilities in the UK**

**Dominican Republic communities, via the Israeli embassy in the Dominican Republic**

**B’nai B’rith, Malmo, Sweden**

**National Scientific Cardiac Surgery Center, Nur-Sultan, Kazakhstan**

**Carl Gustav Carus Hospital, Dresden, Germany**

**Hatzolah Medical Rescue, Johannesburg, South Africa**

**Israel Cycling Academy**

**Israel medical care delegations sent to support anti-COVID activities in Italy, at the request of the Italian ambassador to Israel and the Israeli ambassador to Italy**

**A delegation of eye doctors to Africa**

# Social Responsibility



National Scientific Cardiac Surgery Center, Nur-Sultan, Kazakhstan



Nefesh B'Nefesh NGO



Israel Cycling Academy

# Governance



# Social - Governance

Sonovia is committed to practicing responsible and transparent corporate governance that accurately reflects our intention to promote a better, more sustainable world. This commitment includes oversight of various aspects of our business, including company strategy, fiscal accountability, and ethical corporate behavior. Crucially, it also directs us to protect the best interests of all our stakeholders, from employees and shareholders to customers and partners.

We define ourselves as a customer-oriented company. Our future customers are our main consideration throughout the development process, as we aim to fulfill unmet needs in textile finishing by harnessing our innovative technology in the best, most sustainable way. This people-first approach is a principle that we endeavor to apply consistently to every aspect of our activities, and at every level.

## Board of Directors



**Yehoshua (Shuki) Hershcovich**

Founder and Board Chair

**Ohad Cohen**

Board Member

**Rami Sasson**

Board Member

**Vered Porat**

Board Member

**Arie Zamir**

Board Member

The Sonovia board is responsible for guiding and overseeing the company's evolution. This includes complying with all regulatory and statutory requirements, fulfilling all obligations as a publicly-traded company, and upholding Sonovia's core values. Simultaneously, the board seeks to promote openness and innovation at every level.

The Sonovia board is headed by the company's founder, Shuki Hershcovich, who has served as chairman since December 2013. Shuki has extensive business development experience, with specialist expertise in mergers and acquisitions, as well as the development and growth of both private and public companies. Similarly, the remaining four board members were selected due to their invaluable perspectives from the hi-tech and industry worlds.

As of March 2022, the board is comprised of five directors, three of whom are considered independent. Two of these also qualify as "External Directors" under Israeli law – Ms. Vered Porat and Mr. Arie Zamir, who were elected to the board at the GM in January 2021 and are serving a three-year term. Mr. Rami Sasson and Mr. Ohad Cohn were nominated as board members in March 2022 and will serve in such a capacity until the next AGM. All board members hold vast experience in relevant fields, such as the capital market and large organizations.

**Two committees operate within Sonovia's BoD:**  
**Compensation Committee**  
**Audit Committee**



Corporate Secretary:  
 Eldar Abras, Adv.  
 Victor Tshuva & Co. Law Firm  
 40 Toval Street (Sapir Tower, 6th Floor)  
 Ramat Gan, 5252247, Israel  
 Tel: +972-3-6138686  
 Fax: +972-3-6138585  
 EMail: eldar@vtlaw.co.il

# Governance

Sonovia has a wide range of stakeholders, including investors, employees, business partners, and board members, as well as governmental authorities. As a company publicly traded on the Tel Aviv Stock Exchange, we are committed to transparency in all of our activities. This includes clear, ongoing communication with different stakeholders via various appropriate channels.

Sonovia's management has quarterly conference calls with investors. All calls and presentations are logged and presented on Sonovia's website. This takes place in addition to the Annual Shareholders' Meeting and, as the need arises, the Extraordinary Shareholders' Meeting.

Internal Auditor:  
 Daniel Spira, C.P.A (Isr.) , CRMA | Partner  
 7 Jabotinsky St., Ramat Gan, 5252007, Israel  
 Moshe Aviv Tower – 50th Floor  
 Tel: +972-3-6114505  
 Email: daniels@spira-cpa.com  
 Website: www.spira-cpa.com



## Investors & Shareholders

- Board meetings
- Annual reports
- Website updates



## Employees

- Open door policy (all managers + HR)
- Company meetings
- Suggestion box
- Whistleblower process
- Performance review
- Wellness activities



## Strategic Partners

- Regular dialogue



## Suppliers

- Ongoing communication

# Additional Governance Matters

## Data Protection and Cyber Security

Sonovia protects its data and information systems with the highest levels of security. All electronic data is stored on the cloud and maintained by reputable service providers. Backups are made on a regular basis, enabling tracing back of up to 30 days, and all necessary precautions are taken to safeguard all types of information.

## Economic Performance

Sonovia is currently in its research and development phase, and as such has no revenue from its main line of business.

It should be noted that the company did market suitable products (masks) during the COVID-19 pandemic. However, Sonovia recently announced the decision to focus on the development of its main technology and, consequently, the discontinuation of this activity.

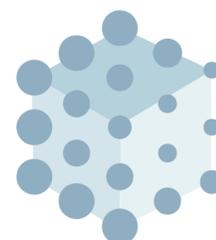
As of 12/2021, Sonovia held \$20M in cash, and its plans show that this amount shall be sufficient to fund its activities through early 2024.

## Product Quality and Safety

Our products, of both a chemical and machine nature, are all about quality. We will provide our customers with the most reliable machines using the highest quality chemicals.

In order to achieve this goal, we are currently in the process of implementing ISO 9001:2015, a quality management system that will enable us to shape the most effective management processes in line with international standards.

Sonovia also intends to implement ISO 14001 for Environmental Management, as well as ZDHC, ECO PASSPORT by OEKO-Cert® and bluesign® for our chemical products. These voluntary regulations are intended to ensure that the products have minimal negative environmental and health impact.



## 2022 Maala ESG Rating

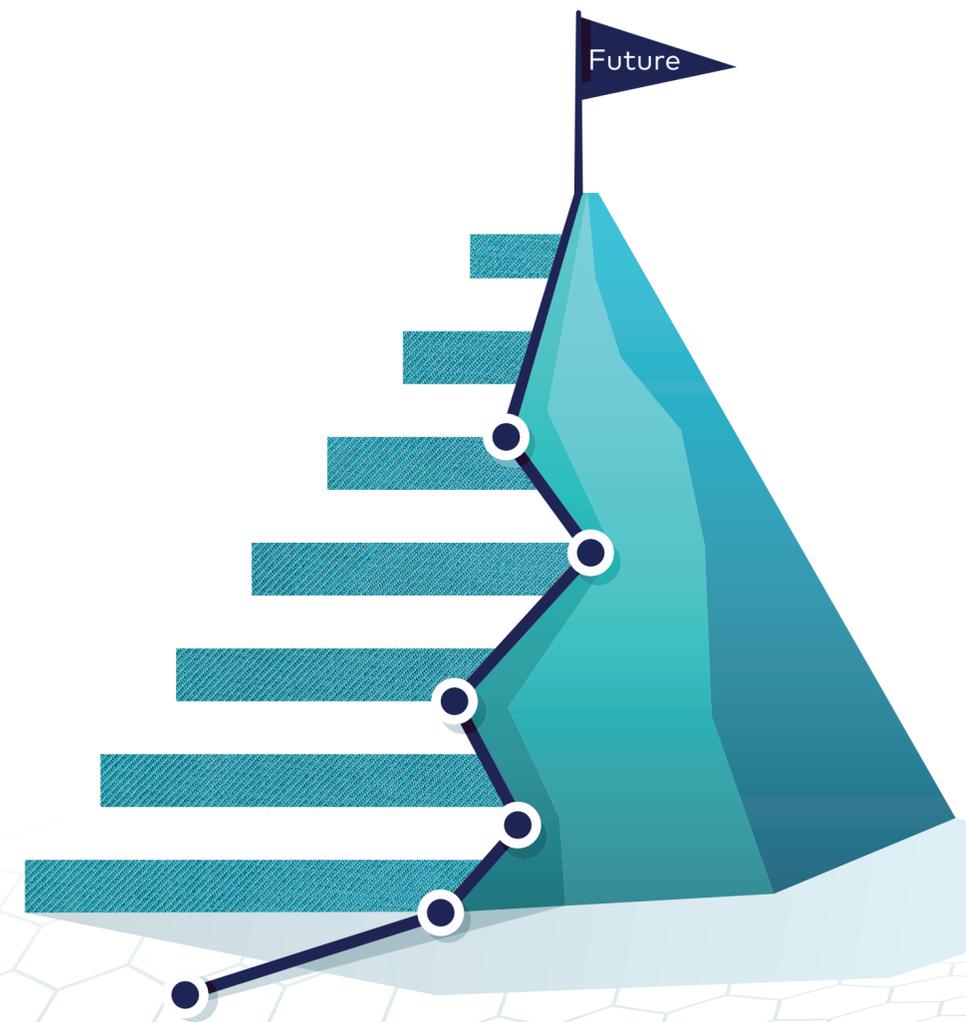
Sonovia is very proud to have been included in Maala's inaugural "Emerging" rating for growth companies traded on the Tel Aviv Stock Exchange.

Maala was launched in 2005 to raise awareness and encourage Israeli businesses to aim higher in terms of many important ESG issues. Similar to the Dow Jones Sustainability and FTSE4Good indices, Maala enables ethical investment that considers not only a company's financial performance, but also its ESG credentials. The index currently includes some 160 companies from various industries, selected under stringent criteria for environmental impact, gender equality, accessibility, inclusive hiring, and contribution to the community, among others.

Sonovia's inclusion in this new rating, alongside 10 other companies that offer significant environmental and social value, indicates Maala's confidence in the company and its growth potential. Sonovia is widely seen as a pioneer in its field that will positively impact the environment through current and future developments. The Maala rating, together with our first ESG report, serves as a crucial, solid foundation for our continued path towards greater achievement in the ESG sphere.



# Future Goals

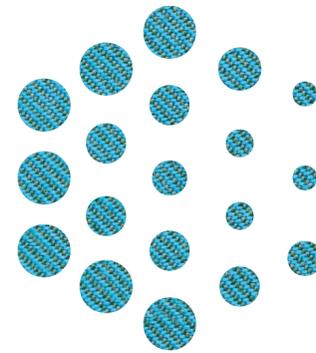


**Environmental**

- Compliance with environmental standard ISO 14001 by 2023
- Compliance with ZDHC chemical management system and ECO PASSPORT for all chemical formulations
- Reduce overall waste by 25% by 2025

**Social**

- Conduct annual employee satisfaction surveys
- At least 10 hours of volunteering per year per employee by 2023



Sonoviatech ESG

### Further Information

For further information on any of the topics raised in this report, please visit [www.sonoviatech.com](http://www.sonoviatech.com)  
For any ESG inquiry, please contact Mrs. Gilat Mor Horesh: [gilat@sonoviatech.com](mailto:gilat@sonoviatech.com)