

Haifa

Motti Levin, International CEO

Q: Haifa is an Israeli-owned company: what is Israel's role in global agriculture and how does Haifa contribute to this?

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A: To tackle today's global agricultural challenges, we can learn a lot from the state of Israel's experience in the 1960s. Facing severe water shortages, limited arable land, and the challenging task of transforming desert landscapes into fertile farmland, Israel confronted significant obstacles. In response, by turning its constraints into opportunities, Israel pioneered groundbreaking solutions such as drip irrigation, which revolutionized water efficiency and allowed crops to flourish in arid conditions and other advanced agricultural techniques to maximize crop yields on its limited land.

These innovations not only ensured food security for Israel but also enhanced its national resilience. Israel's success story serves as a valuable model for the global community, demonstrating that with a focus on research, development, and advanced agriculture techniques, even the most challenging environments can be transformed, and food security can be achieved.

Haifa is an Israeli company established in the 1960s, utilizing the country's natural resources to develop a process for producing potassium nitrate. Haifa introduced potassium nitrate fertilizer to the agricultural sector, which had not been widely used before due to its high costs. The company's fertilizers are fully soluble and can reach plant roots directly through irrigation systems by using fertigation technologies. Utilizing drip irrigation technology, Haifa was the first company to introduce water-soluble fertilizer.

Established 60 years ago as an innovative and pioneering enterprise, Haifa continues to lead the way in advanced agricultural solutions.

Q: What has made Haifa different from other companies in its sector throughout the years, and also today?

A: Haifa has always believed in sharing knowledge.

In addition to our special products, we have consistently provided professional services grounded in deep agronomic expertise. Our agronomists are often out in the field, assisting growers to achieve the best results for their crops. It is not uncommon to find our agronomists suggesting a reduction in fertilizer use.

During the "Green Revolution", which was implemented starting the 40s till the 60s of the 20th centuries, over-fertilization was common practice, which did not produce more crops and damaged soil and water quality.

In Haifa, we advocate using just the right amount of fertilizer, and it is evident that with 30% less fertilizer, grower can achieve up to 30% more yield. Haifa's specialty fertilizers are designed to boost crop yields while minimizing environmental impact, saving 25-50 grams of CO2 equivalent per kilogram of yield produced.

Our website is accessible to everyone and offers free tools to help growers worldwide determine the best fertilization method based on location, season, and type of crop.

We play a critical role in ensuring food security for both the present and future generations. By providing high-quality, efficient fertilizers, we help maximize crop yields to meet the growing global demand for food. At the same time, Haifa prioritizes sustainable practices, developing solutions that minimize environmental impact, promote soil health, and conserve natural resources. Through innovation and a commitment to sustainability, we support growers in producing more with less, securing the planet's future while feeding its people

Q: What are the new company values?

A: Haifa Group is committed to promoting a better future for humanity and planet. We aim to enable the world to grow more food, using less resources, to achieve food security for generations to come. We have defined our three growth engines that also serve as our core values: INNOVATION, IMPACT, and COMPASSion.

INNOVATION – As the world deals with increasing population and climate change challenges, we use innovation to enhance the agricultural sector. The focus is on developing advanced

solutions using the latest technologies, particularly in nutrient use efficiency and precision agriculture. The company's products help provide optimal nutrition tailored to plants' needs.

Haifa emphasizes innovation within the organization, supported by a dedicated R&D department, agricultural research and development farms, and collaborations with various institutions. Employees are encouraged to contribute ideas through cross-company Task Force groups.

IMPACT - Haifa's IMPACT strategy is designed to enhance the Group's positive contributions to the environment and the society throughout its entire value chain. The company views its plant nutrition solutions and services as key elements in leading and accelerating the global transition to sustainable agriculture.

Furthermore, the Group prioritizes diversity, equity, and inclusion, along with the wellbeing and safety of its employees and suppliers, and active community engagement

COMPASSion - Serving as the Group's compass, the value of COMPASSion is rooted in the internal culture and discourse within the company and expands from there to all engagements with our external stakeholders - customers, suppliers, and growth partners.

Q: What are the main challenges that Haifa faces today and how do you anticipate what the future will bring?

A: As we approach 2050, global agriculture faces critical challenges that demand urgent action. With population growth and rising food consumption putting immense pressure on our food systems, traditional farming methods are no longer sufficient. Shrinking arable land, escalating water scarcity, and the increasing impact of climate change further complicate the situation. These challenges highlight the critical need to rethink our approach to food security.

Addressing these challenges requires advanced fertilization methods and precise nutrient management through technology. Supporting farmers with knowledge, government aid, and inspiring tech-oriented youth to join agriculture can combat agriculture issues and enhance food security. Research, innovation, and collaboration across sectors are essential for driving sustainable solutions.

Q: How is the construction of the ammonia production plant in Haifa Negev progressing?

A: The construction of our Blue Ammonia plant (Blumonia™) is nearing completion.

This facility, the first of its kind in Israel, is intended to meet the ammonia needs of both the Israeli industry and Haifa's production requirements. By producing locally, we aim to reduce the carbon footprint associated with extended supply chains and enhance industrial independence during crises and global supply disruptions.

Consistent with Haifa's commitment to a circular economy, the plant will be operate using photovoltaic solar energy field, providing renewable power for its operations. Furthermore, Haifa plans to integrate a carbon capture system, which will capture the CO₂ emitted from the process, sell or use it to create innovative new products from this raw material.

With an investment of approximately 300 million USD, this facility represents one of Haifa's most substantial business and sustainability investments in recent years.

Environmental considerations have driven Haifa to develop the facility to produce ammonia with a significantly reduced environmental impact compared to alternative methods. The facility adheres to the highest energy efficiency standards, achieving up to 60% efficiency than existing ammonia production facilities that utilize traditional manufacturing methods. Additionally, it minimizes air emissions and operates without discharging effluents.

Q: What other investments is Haifa currently undertaking?

A: Haifa Group is investing \$700 million in its main production site in Israel, Haifa Negev Technologies. These investments include the construction of new production facilities for new products, as well as efforts to meet regulatory requirements and increase production capacity.

Last July, Haifa, in collaboration with Israel Railway Company, launched a new railway extension and cargo terminal. This initiative enhances the site's logistic capabilities, improves the performance of the supply chain, and support sustainable development.

The new terminal is planned to deliver thousands of tons of products daily, which will reduce road traffic and lower the carbon footprint related to product shipping by 50%.

Q: What are Haifa's growth expectations in the coming years?

A: Haifa is committed to expanding its global presence by establishing additional subsidiaries, complementing the 19 currently in operation. Each subsidiary serves as a regional hub, enhancing our ability to reach over 100 countries worldwide.

Last year, we established a new subsidiary in India with the objective of broadening our market presence in both India and the Far East, alongside our existing East Asia and Pacific subsidiary.

We are also setting up manufacturing and blending facilities globally to provide each market with uniquely tailored products.

Our marketing and R&D departments are focused on developing new products and expanding our product range, as demonstrated three years ago with the introduction of our Microelements and Bio Stimulants product family.

Innovation drives our organization's growth, and we are dedicated to identifying and investing in new technologies that enable growers to make real-time farm management decisions for optimal outcomes. For example, two years ago, Haifa acquired the Croptune app, which uses AI to detect nitrogen deficiencies in plants through smartphone images. This helps farmers optimize fertilizer use, cut costs, and boost yields while preventing over-fertilization. It can save up to 30% on nitrogen and increase yields by up to 20%. This year, Croptune received ISO 17025 certification, becoming the first certified AI lab globally.

Q: What lines of R&D are you currently working on with an eye to the future?

A: R&D efforts are driven by diverse forces impacting Haifa Group and the agriculture industry – improving environmental performance of products, forward looking regulatory trends, changes in the markets and clients' requirements, and more.

One of the main R&D project Haifa is leading in recent years is the development of a new biodegradable coating for the CRF products portfolio. CRF fertilizers have significant environmental impact, eliminating the pollution of soil and waters from residual chemicals, not absorbed by the plants. In order to enhance this impact, and in line with future regulatory trends, Haifa strives to develop biodegradable coating, as an alternative to the polymer currently being used.

Q: How has Haifa's plans been affected by the new European fertilizer regulation and what actions has the company taken to adapt to the new regulations?

A: As a global company operating in the European market, the new regulations are relevant to our operations. Haifa has consistently met regulatory requirements and was prepared for these changes. Haifa has six subsidiaries in Europe, which is our main market. We closely monitor European regulations and adjust our operations accordingly.

We have appointed a VP of Regulation, Environment, and Sustainability who leads our group's IMPACT strategy. We have published IMPACT goals for 2030 and created work plans across all departments, including our subsidiaries. We monitor emissions, wastewater, and waste in our operational facilities and implement advanced technologies to reduce them.

Last year, we reported to CBAM for the first time, and we are preparing for CSRD. We are also working on incorporating recycled materials into our packaging, as required by regulations and of course the biodegradable CRF coating.

This year, we introduced a supplier Code of Conduct to ensure that all suppliers adhere to environmental and social responsibility standards similar to ours.

Additionally, we completed a climate risk assessment this year, which will help us develop actions to consider and prepare for these risks in our operations.

We meet all regulatory requirements and report to all accordingly.

Q: What actions is Haifa taking towards the sustainability of its activities and products?

A: Haifa is dedicated to sustainability and leading sustainable agricultural practices. The company invests in research and development to create more eco-friendly agricultural solutions and production processes to enhance the environmental performance of our products and operations.

We are working to optimize transportation processes and our entire supply chain, select suppliers that meet our ESG and ethics requirements.

At the main plant, Haifa Negev Technologies, we are striving for energy and sustainability efficiency. Between the years 2022-2023, there was a 28% reduction in carbon footprint in scopes 1 and 2 and 100% reuse of industrial sludge as raw material was achieved.

Every product or process in our R&D department is also evaluated through the lens of impact and environmental effects. We conduct innovation Task Forces where one of the criteria for implementing new technology or solution is sustainability.

We are considering investments in technologies in these areas.

It can be said that every action we take considers sustainability factors.

Q: In what ways does Haifa give back to society its vision and mission within the framework of its activity?

A:

The COMPASSion value guides the group's conduct in all business endeavors and in its relationships with stakeholders. Since its inception, this value has become an integral part of the group's business approach.

As a strategy, Haifa identifies potential social partners, usually NGOs, and collaborates with them through various channels. For each partnership, Haifa provides two types of resources: monetary donations and employee volunteering hours.

Increasing the level of community impact and contribution is a top priority for Haifa and an important aspect of its operations. This effort is managed and overseen by the CEO and VP Global HR, who lead the selection of social targets and build the dedicated donation budget.

Each subsidiary is required to develop an annual community impact program as part of Haifa's global initiative to increase its community impact.

Long-term goals have been set to increase the percentage of employees participating in volunteering activities. Consequently, in 2023, there was a 120% increase in employee volunteer hours compared to 2022.

In 2023, additional resources were allocated to community impact in Israel, supporting the public and Haifa's local partners during the October 7th war.

Q: Haifa has once again confirmed its presence at the Infoagro Exhibition. In the previous edition Haifa was awarded the Infoagro prize in the category of Plant Nutrition. During the award ceremony, its commercial director Pedro Alcudia

highlighted the important role that Almeria has in the focus of new product developments and in general in its strategy. Does Haifa continue in this line?

A: As Pedro said at the time, agriculture in Almeria is very similar to that of Israel, since in both territories, despite the harsh weather conditions and lack of rainfall, they have managed to establish a successful precision agriculture, to become pioneers in new technologies and cultivation methodologies and to be a reference at international level and all this, in addition, doing it in a sustainable and profitable way for the farmer.

In Haifa we feel very close to the farmers of Almeria because of our similar conditions and because we feel supported by the trust they have placed in us for so many years and that leads us to think about the positive impact that our new products and solutions can have in both areas.

Therefore, for our new developments we always think about the needs that at nutritional level may have farmers as professional and dedicated as those of Almeria and satisfy them with products of the highest quality and the best customer service.”

Thank you very much for your attention.

Please send the answers to this questionnaire to the e-mail address below, attaching a [photograph](#) of the interviewee.

