



HOUSE OF HOTELS | בית של מלונות

ESG REPORT 2024

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LEADING THE EXPERIENCE, COMMITTED TO THE FUTURE

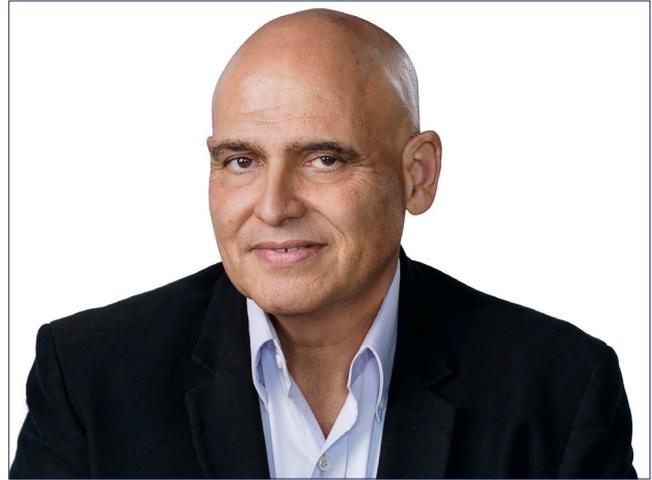
Message from the Group's founder and CEO

For us, 2024 marked a special chapter in the Fattal Group's journey – a journey of responsibility, growth and hope.

During a period of social and economic challenges in Israel and around the world, we continued to prove that the Group's resilience is measured not only by business growth, but also by its flexibility, responsibility and solidarity, and the Fattal community continued to demonstrate its strength – one large global family united by values of compassion, professionalism and a profound belief in the importance of hospitality. Notwithstanding the challenging times, Fattal seized the opportunity to show the world the true meaning of "Hosting with Love," not merely as a slogan, but as a way of life.

We believe that our role as a leading global hotel group is to lead responsibly and create positive impacts on our guests, our employees, the communities in which we operate and on the environment as a whole. Our hotels intertwine in the local fabric wherever they operate and contribute to communities through social initiatives, educational collaborations and unique projects promoting inclusion, equality and giving. As a hotel chain operating in more than 150 destinations across Israel, Europe and the Mediterranean, we consider corporate responsibility a central pillar of our corporate identity. Fattal continues to invest in sustainable development, environmental protection and community outreach. We believe that true business success is measured by the ability to integrate economic growth, operational excellence and lasting positive impacts.

Our human capital – thousands of dedicated employees worldwide – constitutes the core of Fattal's ethos. Cultural diversity, intergenerational knowledge-sharing and continuous investments in training and professional empowerment are the foundations of our organizational resilience. We consider our staffs ambassadors of excellence and responsibility – at the heart of all of our hospitality experience offerings.



Fattal continues to develop and implement innovative hospitality solutions adapted to the changing times and our diverse guests: families, business people, travelers and vacationers. Our hotels offer sophisticated, personalized hospitality experiences and reliable service in vibrant urban hubs and in spectacular vacation landscapes. At Fattal, service is our core value and the experience is everything.

As we look ahead, we are steadfast in our commitment to continue leading the Israeli and international hospitality sector while demonstrating responsibility, stability and vision. Fattal's journey of excellence also includes its steadfast commitment to future generations – to provide meaningful hospitality experiences today, while building a better, more responsible and sustainable tomorrow.

I invite you to join us on this journey of responsibility, learning and growth. We examine ourselves at every step along the way and strive to innovate and improve – for the benefit of our guests, our employees, the communities in which we operate and the world around us. We will continue to march forward with faith and commitment and lead the hospitality sector to a more responsible and meaningful future.

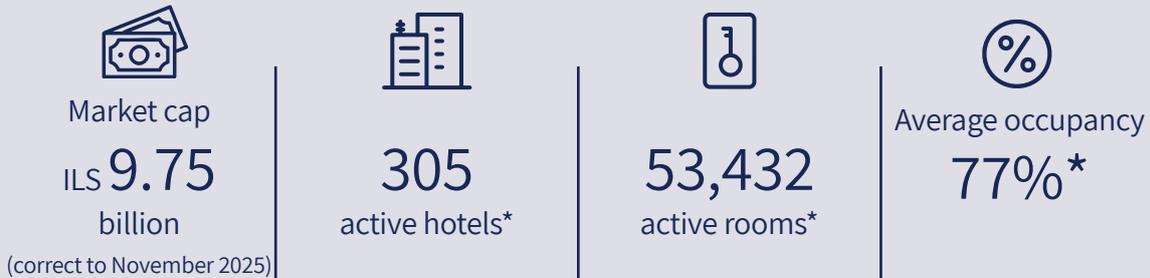
Yours faithfully,

David Fattal

Fattal Hotel Group

The Group, which was founded in 1998 by David Fattal, focuses on hotel holdings, operations and management and is traded on the Tel Aviv Stock Exchange. The Group's hotels cater to diverse target audiences and hospitality styles, including leisure and recreation, business tourism, cultural tourism and experiential tourism, and strive to offer diverse hospitality experiences tailored to the needs of different guests. In this report, the term "the Group" relates solely to the Group's hotels as defined for the purpose of this report, and does not relate to the Group's other holdings in other sectors

The Group operates under 6 brands



*Correct to May 2025. [Learn more](#) about the Group's activities.

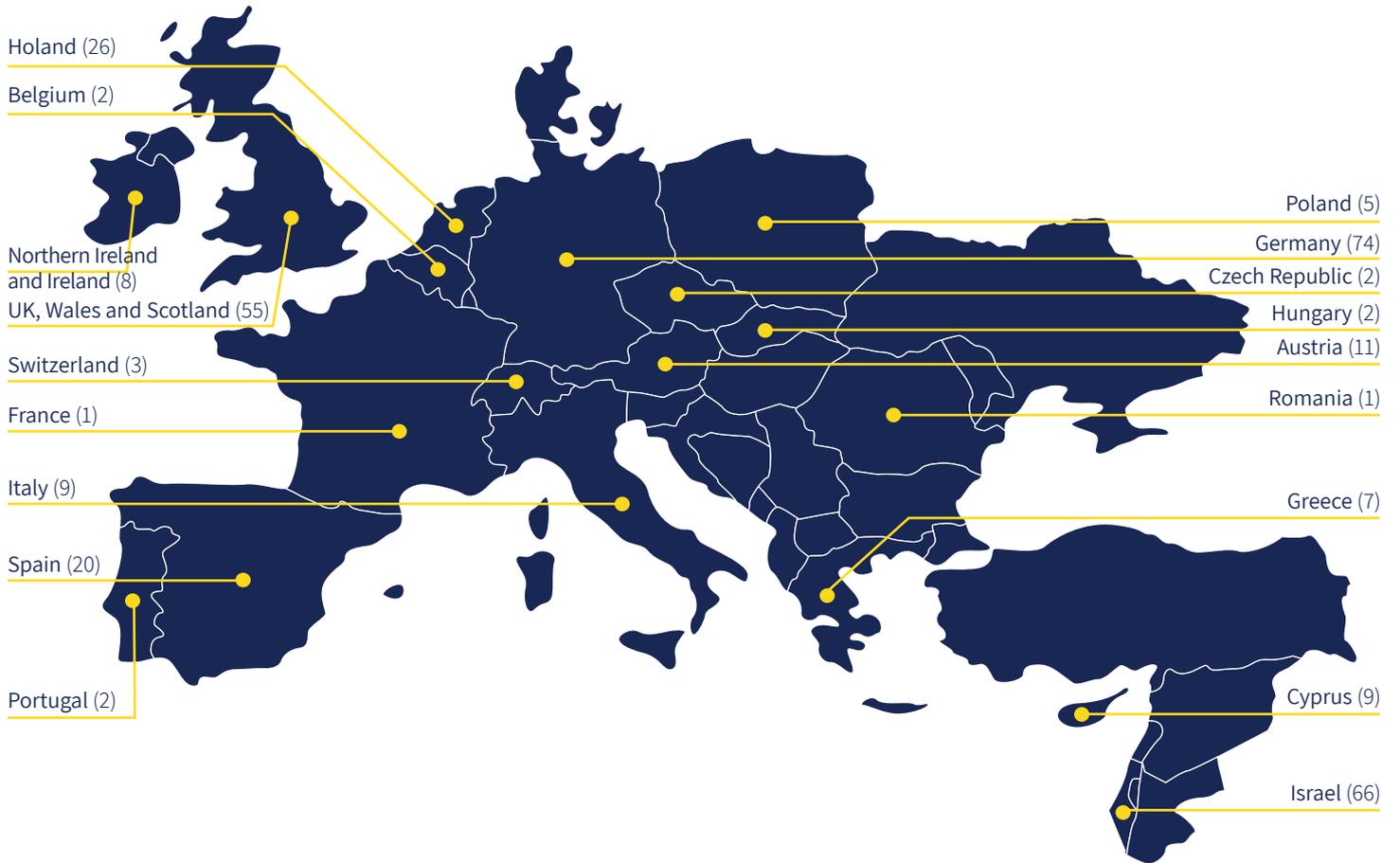
Vision and values

The Company strives to lead the tourism and hospitality sector, out of its steadfast commitment to core guiding values.

We believe in the power of innovation and creativity to create new and relevant experiences, and in the importance of personal and organizational initiatives to drive change and growth. The Company is committed to setting an example and leading responsibly while being socially involved and contributing to the community. Our efforts focus on **wholehearted hospitality** and our desire to provide meaningful experiences for guests, partners and employees alike.



Global presence



HOUSE OF HOTELS | RESPONSIBLE HOSPITALITY

For us, responsible hospitality means diligence in providing experiences reflecting our concern for people, communities and the environment. By adhering to the Group's principles of ethics, sustainability and respect for social and cultural diversity, we strive to offer a hospitality experience that is not only professional and enjoyable, but also responsible and with positive impacts.

Fattal's approach towards responsibility considers all of its hotels part of a single hotel united under a shared commitment to sustainability. This approach encompasses personalized hospitality experiences – warmth, comfort and meticulous service – and shared global responsibility that transcends geographic and cultural boundaries. Under Fattal's roof, each hotel expresses its local uniqueness, but operates according to uniform values and standards of sustainability and responsibility.

Our operations are based on fundamental guiding principles governing the Group's global operations:

- **Shared roof** | every hotel is treated like a room in Fattal's mansion, each committed to quality of service, sustainability and the Group's global values.
- **Local within the global** | every hotel reflects the local culture and community, while maintaining uniform standards of social and environmental responsibility.
- **Efficiency and innovation** | the Group strives to implement uniform processes for optimal environmental management and improvements in operating efficiency.
- **A home that nurtures people** | the Group treats employees and guests like part of the family, and promotes well-being, fairness and equal opportunities.
- **Responsibility for future generations** | Fattal's House of Hotels is not a temporary place, but an asset for generations to come. The Group is also committed to creating long-term, sustainable positive environmental impacts

ESG and material topics at Fattal

The Company considers corporate responsibility an integral part of its identity. The Company has been publishing corporate responsibility reports since 2019 and constantly exerts efforts to improve its systems and processes and deepen its ESG activities in conformity with its stakeholders' changing expectations.

The Group's CFO is responsible for our ESG activities, and manages a dedicated team tasked with formulating the overall ESG strategy and focusing on needed actions. We appointed ESG officers in some of our regional clusters and, in each division, a representative coordinates activities such as collecting information, implementing controls and providing data whenever necessary. These representatives have diverse backgrounds – in law, human resources, operations, etc. – and reflect the multidisciplinary collaboration we deem essential to optimal management of our ESG activities. The Company is currently formulating Group-wide organizational infrastructure that will regulate and unify all ESG management and reporting processes for the purposes of ensuring uniform work in all of our operating regions.

The Company implements an ongoing process to identify and define those topics that are the most material to its operations, in conformity with international methodological requirements and accepted practices in the field. As part of the Company's preparations for this ESG report, we re-validated the

material topics and our principal stakeholders in order to ensure alignment with their expectations and optimal responses to the challenges and opportunities in the hospitality sector.

As part of this process, we performed a sectoral review and analyzed accepted practices and activities of leading companies in the hospitality sector, identified challenges in the sector, examined data from rating agencies and data analytics firms, reviewed reporting standards and accepted methodologies, identified key stakeholders, held dialogues with intraorganizational stakeholders, and ranked and prioritized potential topics based on their impact on the Company and their importance to our stakeholders. This process is designed to ensure that the material topics reflect both the stakeholders' needs and the Company's strategic priorities, while incorporating additional considerations identified during our assessment.

Fattal's material topics:

Environment

- Operating efficiency
- Green hospitality
- Climate resilience

Social

- Human rights
- Occupational health and safety
- Safe work environments
- Employee training, enrichment and development
- Diversity and belonging
- Community relations

Corporate governance

- Compliance
- Ethics
- Dialogues with stakeholders
- Customer experience
- Information security and privacy protection
- Business continuity in times of emergency
- Responsible supply chain



Dialogues with our stakeholders

Dialogues with stakeholders enable us to incorporate input from guests, employees, investors and communities into our plans for shaping the Company's future. Dialogues are not only a foundation for building trust, for continuous improvement and for creating hospitality experiences having long-term positive impacts, but also constitute a key component of our responsible management approach.

The Company's principal stakeholders reflect our operating environment and include guests, employees, investors, suppliers, regulatory authorities and local communities. We maintain continuous dialogues with guests through post-stay surveys, online rating systems, customer service centers, customer clubs and loyalty programs, as well as through our active presence on booking websites and social networks. We hold dialogues with our employees through intraorganizational portals (including through the LEAPP system in central Europe), satisfaction surveys, training sessions, internal communication channels and anonymous reporting tools, with the aim of maintaining safe and supportive work environments. We communicate with investors and financial institutions through regular reports, reports to the capital market, financial statements, ESG reports and periodic conversations. Our communications channels with suppliers and service-providers are based on contracts, supplier portals and professional training to ensure a responsible supply chain. We hold dialogues with regulatory, government and local authorities through company reports, reports to the capital market, direct meetings and professional collaborations. Finally, we maintain dialogues and engage in activities with local communities and civil society through joint projects, support for non-profit organizations and through social initiatives.

All of these channels of dialogue provide us with a solid foundation for understanding stakeholder expectations, for managing the Company's operations responsibly and for our continuing creation of shared value with all of our stakeholders.

Memberships in organizations



Hospitality with positive impacts

The Company uses the UN's Sustainable Development Goals (SDGs) as a global compass for responsible and sustainable operations. As the leader of the hotel and hospitality sector in dozens of countries, we demonstrate the importance of the SDGs by setting uniform standards for the Company's business activities having broad impacts on people, communities and the environment. The Group takes action to contribute to achievements in key topics that are especially relevant to the hotel, tourism and hospitality sector, including:



Ensure safe and healthy environments for guests and employees, and promote well-being in the community.



Save water and use advanced systems for water purification, recycling and management.



Create diverse and fair jobs, promote employee development and support local growth.



Strengthen ties with local communities, promote local procurement, and support social and environmental initiatives.



Promote energy efficiency, waste treatment and management and responsible food management, and reduce use of resources.



Reduce carbon emissions, transition to renewable energy and prepare for climate change.

The Company is continuing to regularly monitor and examine how it can create beneficial environmental and social impacts on these global challenges and fulfill its responsibility as a leader of the tourism and hospitality sector.

About this report

This report reviews the activities and performance of Fattal Hotels only and does not relate to any other activities by Fattal Holdings or Fattal Hotels not explicitly defined in unspecified regions. This report reviews the Company's activities and performance pertaining to corporate responsibility, particularly social and environmental responsibility, and the corporation's proper management, in four principal operating regions:

Israel	Central Europe	UK and Ireland	Benelux
The Company's operations in Israel	Germany, Spain, Austria, Italy, Switzerland, Poland, Hungary, Czech Republic, Romania	England, Scotland, Ireland, Northern Ireland and Wales	Belgium and Netherlands
IL	CE	UK	BN

- Outside the scope of this report | The Company's activities in the Mediterranean Basin (Cyprus and Greece) and the Company's activities in Europe in countries not explicitly listed above under the various clusters. This report also does not review other activities included under the Group's holdings: inter alia, the activities of Master Collection, Fattal Terminal, SwitchUp, ROOMS and Journey Venture.
- This report reviews the Group's activities between January and December 2024.
- This report was written in conformity with the accepted GRI methodology at the core level.
- The current report relates to the Company's volume of activities as defined and examined during the process of collecting data and information for the reporting year. Unless explicitly stated, some activities are not included in the report.
- This report was written after completing an orderly process of collecting information and performance data through designated questionnaires, intraorganizational interviews, data from the Company's systems and, in relevant instances and to the extent possible, also after the accompanying consulting firm performed controls over the quality of the information and data provided.

During 2024, the Company took action to improve the data collection infrastructure to align it with the types of information collected and the indicators being monitored on an ongoing basis, in preparation for this report and future reports. Naturally, the performance included in this report does not encompass all of the Company's ESG activities, but rather is intended to present a general picture of its ESG activities and performance in the various regions. The Company is also currently keeping abreast of emerging regulatory requirements and is preparing to implement them insofar as necessary, including improving and optimizing the quality control processes for future reports as needed.

To the extent that this report includes statements or references to future intentions, they are subject to various economic, regulatory, sectoral and other exogenous factors not under the Company's control. The Company is not obligated to update such statements, but will take action, to the extent possible, according to the changing conditions. In any instance of inconsistency, the Company's official reports prevail and are binding.

The report is intended for both genders; numbers have been rounded up or down for reading convenience.

If you have any questions about this report, please contact Shahar Aka: ShaharAK@fattal.co.il.

This report was written with the assistance of MirrorESG, a company specializing in ESG and impact management and reporting. For additional information, please contact:

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MIRROR



COMMUNITY MEMBER

2025



GREEN TOURISM AND HOSPITALITY

In the modern hospitality sector, guest experience is no longer just about room comfort or quality of service – it also encompasses the values and responsibilities behind the experience. Global sectoral trends emphasize guests' desires for enjoyable vacations that also have positive contributions by combining values of sustainability and meticulous, personalized service.

The Company considers green hospitality as a central pillar of its sustainability approach. The Company effectuates this approach by implementing practices that reduce hotel operations' environmental impact, while maintaining high-quality hospitality experiences. Thus, our hotels are taking action to increase energy efficiency, increase their use of renewable energies, reduce energy consumption, control water consumption, manage waste and use environmentally-friendly cleaning products. The Company also encourages guests to take an active part in sustainable conduct, and implements a supportive organizational culture that includes sustainability training for employees.

The Company regularly examines those spheres of activity in each operating region having the highest environmental impact and develops unique organizational, operational and process solutions for each region according to the local challenges. This course of action includes examining advanced management practices, using innovative technologies and taking necessary actions to continuously improve the Company's performance. The Company considers its customers as partners in this process and is committed to providing them with holistic hospitality experiences that integrate quality, comfort and safety with environmental and social considerations. As a global corporation, we see this responsibility as a strategic value that strengthens guests' trust, sets new standards for the sector and supports not only our leadership position in hospitality experience, but also our positioning as a significant driver of future sustainable tourism on a global scale

Guest well-being, health and safety

Guest well-being is the heart of the Company's hospitality approach. High-quality, healthy and safe hospitality experiences are not only essential to guest satisfaction, but also reflect our broader responsibility towards people and communities. Creating environments promoting health, comfort, accessibility and safety contributes to guests directly and concurrently sets high standards of social responsibility. This correlation between guest well-being and sustainability reflects our recognition that we create long-term positive guest experiences by combining service excellence with concern for guests well-being, since guest health and safety are essential components of any hotel chain's corporate responsibility and are key to building trust and maintaining an esteemed reputation.

The Group implements stringent cleaning and hygiene procedures and provides ongoing training to employees in topics such as fire safety, first aid and emergency evacuation. We regularly inspect our safety systems and infrastructures and conduct guest satisfaction surveys to ensure continuous improvement. We also disseminate protocols to our employees designed to ensure strict hygiene, including frequent disinfection, hand sanitizer stations and innovative technologies such as contactless solutions, while also emphasizing privacy, accessibility and safe personal service. Fattal has built an organizational culture of responsibility, transparency and risk management, led by our local managements, which operates in compliance with relevant laws and regulations and is adapted to the unique needs of each operating region.

Guest experience and satisfaction

Fattal Group's mission is to ensure that our guests are satisfied and receive full responses throughout their stays. We strive to provide an optimal hospitality experience that ensures complete comfort and personalized service. Since collecting feedback from guests helps us to understand their experiences and continuously improve our services, the Company regularly collects feedback from internal and leading external channels in the hospitality sector.

TRUSTYOU  8.8

Booking.com 8.6

Customer relations management | The Company exerts efforts to cultivate long-term relations with its guests by maintaining diverse, accessible communication channels enabling every guest at any of our hotels to contact our service teams conveniently and directly. To this end, we installed CRM systems at key points of interface – reservation centers, online portals and reception desks, which provide customized responses to guests' needs throughout their stays. We also use supplementary digital tools that generate a holistic picture of our guests' experiences and enable us to continuously improve satisfaction according to the feedback and information we receive from guests.

Responsible marketing and advertising

The Company's policy is to maintain responsible marketing and advertising activities based on transparency, reliability and respect for diverse audiences. The Company also operates in compliance with relevant laws and regulations in our various operating regions and diligently adapts the marketing and advertising language to various audiences' cultural, social and generational norms, while ensuring respectful, equitable and accessible communications

Accessibility

Providing accessible service is essential for hospitality experiences enabling every guest – including people with disabilities and special needs – to enjoy completely safe, respectful, independent and comfortable hospitality experiences to the extent possible. The Company's websites conform to international accessibility guidelines, and the Company's properties themselves are accessible and equipped with dedicated facilities and infrastructures designed to provide high-quality service to all populations in compliance with local regulatory requirements and the community's needs. These accessibility measures reflect the Company's commitment to creating inclusive, respectful and equitable environments. Wherever required according to local law, we appoint an accessibility officer, provide employee training to advance accessible service and provide our staffs with practical tools for providing accessible service and in order to increase awareness of the subject. Learn more about accessibility in [Israel](#) and in our properties [abroad](#).

ENVIRONMENTAL RESPONSIBILITY

The hospitality sector is resource-intensive and significantly impacts the environment and climate. Hotel operations involve extensive energy consumption (mainly for heating, cooling and lighting), high water consumption (mainly in guest rooms, kitchens, laundry facilities and pools), waste generation (inter alia, food waste, single-use plastics, textiles and packaging), and other impacts deriving from guests' and employees' mobility and transportation. The World Tourism Organization estimates that the tourism and travel sector is responsible for about 8% of global greenhouse gas emissions, with hotels constituting a significant component of this ratio.

As a leading global hotel group, we see ourselves responsible for addressing environmental impacts deriving from our activities – the operation and maintenance of sites, physical assets and hospitality facilities throughout the world – in the best possible way. We are aware that responsible management of natural resources is essential to both environmental protection and the creation of innovative hospitality experiences, in order to balance the need for savings and efficiency with our commitment to provide guests with high-quality, value-added hospitality experiences.

Environmental management at Fattal

For the purposes of reporting the Group's performance in environmental management, we selected "occupied room" as the unit of measurement for purposes of comparison and consolidation. This selection ensures uniformity among all of the Company's operating regions, enables comparison, consolidation and coherent reporting, while taking into account the sector's unique characteristics and activities under diverse market conditions. We made this selection in conformity with the principles of the Global Reporting Initiative and according to dedicated sectoral methodologies, such as the Hotel Carbon Measurement Initiative.

In Israel, our energy officer is also responsible for the overall management of the Company's environmental and climate issues. As part of this responsibility, our energy officer supervises ongoing control and monitoring of material environmental aspects, including energy consumption, carbon footprint measurements, water use and waste management, with the objectives of improving operating efficiency, mitigating environmental impacts and strengthening the Company's compliance with accepted standards in the field. We appointed a dedicated environmental management officer in our CE cluster and, in 2023, the Company launched an ESG strategy in our CE cluster. [Learn more](#). Similarly, our Benelux cluster operates according to a designated environmental policy and a focused environmental efficiency program.

Our UK cluster has adopted an environmental efficiency plan as an integral part of the Group's ESG program in the region, which includes policies, goals and actions to continuously improve environmental performance. Within this framework, each hotel undergoes an annual inspection by Green Tourism according to defined criteria that support the defined efficiency goals. Several hotels in the Group also operate under the Green Key standard, a leading international sustainable tourism initiative attesting to compliance with stringent standards of environmental management in hotels.

Energy

The hospitality sector is characterized by high energy consumption deriving from 24/7 operation of heating, cooling, lighting and other routine operating systems. This consumption is necessary in order to maintain high standards of service and guest comfort, but also constitutes a major source of greenhouse gas emissions. Consequently, energy management is a material topic. The Company takes action to reduce its environmental impacts by increasing energy efficiency, transitioning to renewable energies, installing smart management systems, upgrading of air conditioning and lighting systems, renovating properties in conformity with green standards and by encouraging guests to develop responsible consumption habits.

Energy consumption	Total consumption 433,567,165 kWh
	Average consumption per occupied room 45.14 kWh (Group-wide) average reduction of about 4.47% in consumption per occupied room compared to 2023 

The Company is striving to continue reducing the environmental impacts deriving from energy consumption by reducing demands and increasing energy efficiency, and has set **reduction targets for 2030¹** while continuing to increase its use of clean and renewable energy sources.

Renewable energy

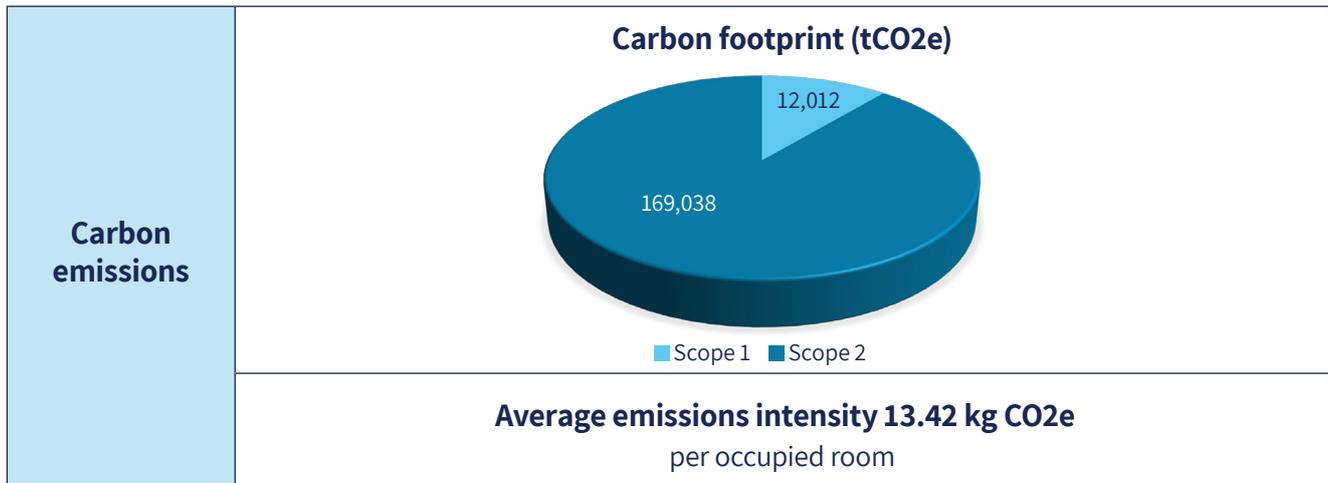
The Company is continuing to expand its activities relating to renewable energy:

- During the report period, about 23 million kWh of electricity consumption in the Group were from renewable energy sources.
- Energy consumption from renewable sources increased dramatically compared to 2023 
- During the report period, all electricity consumed by the Company in our Benelux cluster was purchased or generated from renewable wind energy sources, which significantly reduced our carbon footprint compared to 2023, when electricity consumption was based on a regular mix from the grid, while in 2024, the Company switched to purchasing or using 100% of its electricity needs from wind sources (green power).
- During 2024, our HH Altona Hotel in Germany purchased about 50% of its electricity consumption from renewable wind sources from Scholt Energy, which demonstrates the Company’s commitment to reduce emissions and encourage the use of clean energy alongside electricity supplied from the local grid.
- In our UK and Ireland cluster, the Company is continuing to upgrade and repair air conditioning systems in its hotels to improve energy efficiency and reduce electricity consumption

¹ Learn more about the Company’s goals in Appendix 1

Managing our carbon footprint

The carbon footprint is a material topic for the hospitality sector due to energy, water and resource consumption when operating hotel systems, kitchens and laundries, as well as due to indirect emissions from the value chain, including procurement, waste and transportation. The Company is taking action to reduce its environmental impacts by increasing energy efficiency, upgrading systems and responsible resource management. With reference to mobility, the Company manages its small fleet of 259 vehicles responsibly and its efforts include a gradual transition to electric and hybrid vehicles, installations of charging stations and examinations of green transportation solutions for guests and employees. The Company's responsible management efforts enable it to reduce its environmental impacts, improve operating efficiency and increase its contribution to tackling climate change.



Hotel Carbon Measurement Initiative (HCMI)

The Group adopts the principles of the HCMI, an international standard enabling hotels to perform uniform, transparent and comparable measurements of their carbon footprints using relevant units of measurement, such as occupied rooms, guests and events. Implementing the HCMI standard enables the Company to improve its measurement accuracy, to compare its performance to other players in the sector, and to meet stakeholder expectations and advanced international standards.

The Group is striving to reduce its environmental impacts deriving from carbon emissions from its operations, and has set emissions reduction targets for 2030 in its various operating regions.

* The data presented are based on the information available at the time the report was being prepared and do not fully reflect the Company's overall consumption and emissions data, including scope 3 emissions that have not yet been collected in a Group-wide manner. The Company is currently advancing a methodical process to improve the quality of the data, to improve measurement and collection mechanisms and to establish a consistent Group-wide methodology for calculating the carbon footprint in the coming years. Correct to 2024, the carbon footprints in Israel and in our Benelux cluster were measured internally, while in our UK and CE clusters, a third party external to the Company accompanied the measurement process.



In our Benelux cluster, we use Hanos electric trucks to deliver daily shipments of fresh food, beverages, cleaning products, kitchen supplies, etc. and we restricted shipments to once per day.

Waste treatment and management

Responsible waste management is a material topic for the hospitality sector due to the volumes of consumption and operations. The Company is taking action to reduce waste at source, to reduce the use of disposable materials, to sort and recycle, and through initiatives, such as donating surplus food, using biodegradable packaging and installing water-bottle filling stations for guests. These measures reduce transfers to landfills, improve operating efficiency and contribute to promoting the principles of a circular economy as part of the Company’s sustainability approach.

Main types of waste:



We manage our low volumes of electronic waste and hazardous waste (mainly chemicals used for cleaning and maintenance) in compliance with the requirements of local laws and standards through dedicated disposal mechanisms and licensed contractors in order to ensure responsible and safe handling



The Group is considering a waste management and treatment project based on the needs and characteristics of local operations, as part of its efforts to continuously improve its environmental performance. This project includes analyzing and implementing optimal waste management processes, practices and solutions and striving to reduce waste and increase the volumes of waste being transferred for recycling or reuse



All of our hotels operate in compliance with local procedures and statutory requirements, including waste sorting and employee training in carrying out the waste management processes. In 2024, we launched a project to formulate a uniform waste management policy and to transition to a single standard contract for all of our hotels, which will enable us to launch a central data monitoring, measurement and analysis portal. This project is expected to be completed by August 2026 and will contribute to improving uniformity in processes and will augment the Company’s waste management control and reporting capabilities.



In our Benelux cluster, we transferred 100% of food waste and 35% of all solid waste for recycling during the report period, **reflecting a 4% increase compared to 2023.**

We also launched a pilot of using recyclable glass wine bottles in several properties as part of our efforts to reduce waste and promote a circular economy.

Circular economy and transitioning to reusable and recyclable products

As part of the Company's circular economy policy in our Benelux cluster focusing on reducing waste, we transfer all replaced beds and mattresses for professional recycling and transfer all old furniture for reuse through dedicated disposal and recycling services. We also implemented various measures to encourage use of reusable and recyclable products, including installing rolls of washable towels in all bathrooms instead of disposable towelettes, discontinuing the use of disposable soap bottles in bathrooms, replacing disposable packaging for personal breakfast meals with reusable tableware, replacing plastic water bottles with Made Blue reusable bottles, launching a coffee capsule recycling program in hotel rooms and switching to using only key cards made of recycled PVC or bamboo.

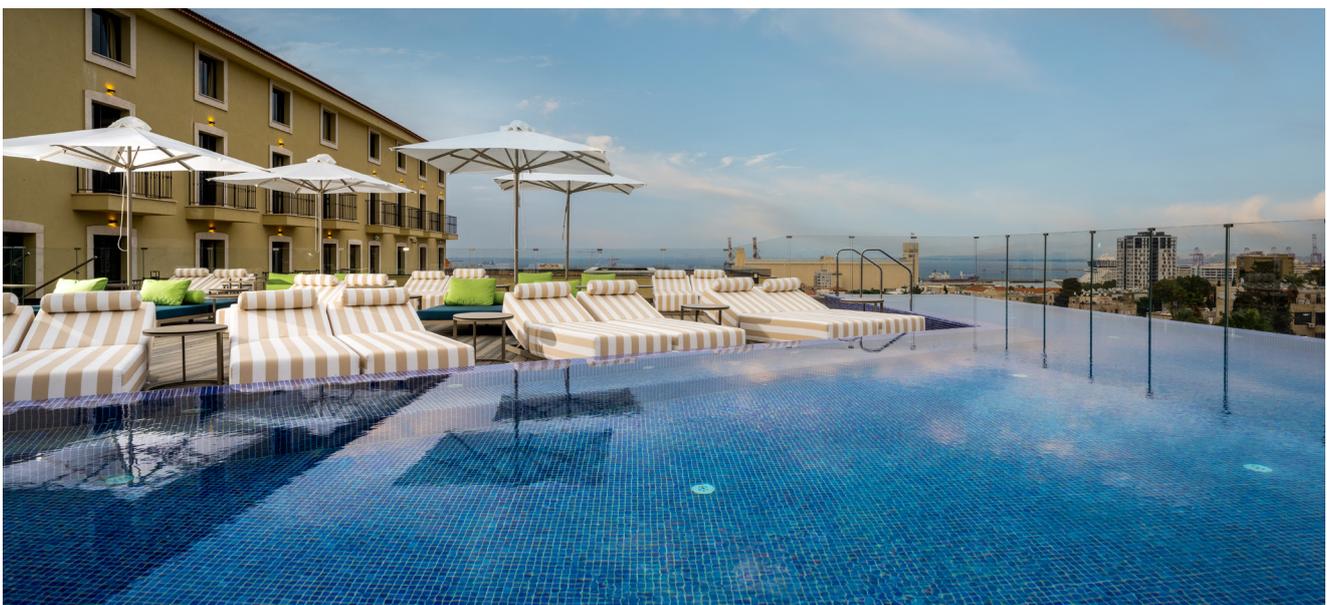
Water use

The hospitality sector is characterized by particularly high water consumption deriving from the operation of guest rooms, pool and spa facilities, kitchens, restaurants and laundries. Therefore, responsible management of this vital resource constitutes a material topic to the sector and to its environmental impacts. Inefficient use of water could unduly burden local resources and adversely impact nearby communities and natural environments, especially in regions with limited water availability. The Company recognizes the importance of this issue and includes this major responsibility in its sustainability policy. Accordingly, the Company takes action to implement processes to use water efficiently, reduce water waste, implement water saving and recycling solutions and constantly monitor water consumption. This approach is designed to ensure that guests' needs are adequately met while preserving water resources for the benefit of future generations

Total water consumption | 9,360,644 m³

Average water consumption per occupied room | 0.75 m³ (Group-wide)

The Company has set goals for reducing water consumption and implementing measures to ensure efficient and wise use of water in all of its operating regions ².

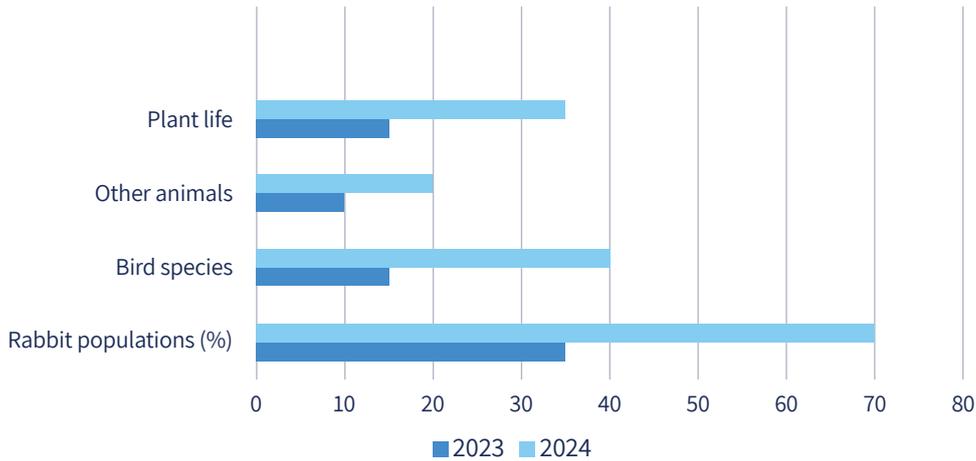


² Learn more about the Company's goals in Appendix 1

Biodiversity

Being cognizant of the fact that hotel operations may affect local ecosystems, the Group implements a policy for minimizing harm to biodiversity and engages in conservation initiatives in collaboration with local bodies and environmental organizations. The Group carries out these activities in compliance with regulatory requirements and international standards and thus, demonstrates its commitment to responsible tourism.

Biodiversity | UK cluster



We added planters and “insect hotels” to enrich green spaces and prompt increases in local animal species, including rabbits, ducks and birds.

We installed bird nesting boxes and bee watering stations, planted wildflowers and gifted seed packets to guests and employees for planting in homes or businesses.

Some of our hotels also implement tracking technologies, such as eBird and iNaturalist, enabling us to monitor species diversity and identify future care and conservation needs.

Leonardo Hotel Swindon in the UK raised its biodiversity score by 25% during the report period.

Although no ecologically-sensitive protected areas have been identified to date in Central Europe, the Company recognizes the importance of environmental protection and, should it become necessary, will consider taking measures to methodically assess the situation, identify potential negative impacts and formulate advanced management and conservation plans.

The Group takes action in all of its operating regions to set goals for improving environmental performance in various fields by reducing consumption of resources, using resources efficiently and wisely, implementing systemic and process solutions that contribute to achieving the goals set in each region, and continuing its leadership in this regard. We set some goals for 2027 as part of our interim plan and other goals for 2030 as part of our long-term vision. We measure goal achievements using defined quantitative indicators³.

³ Learn more about the Company’s goals in Appendix 1

SOCIAL RESPONSIBILITY

Our employees are the human heart of the Group and the driving force behind the hospitality experience. Their professionalism, commitment and attentiveness to guests' needs make them a key factor in ensuring the quality of our service and providing memorable positive experiences. The Group deems its employees as essential strategic assets for continuing growth and invests in their well-being, professional development and empowerment as an integral part of the Group's culture and commitment to sustainability.



Fattal’s human heart

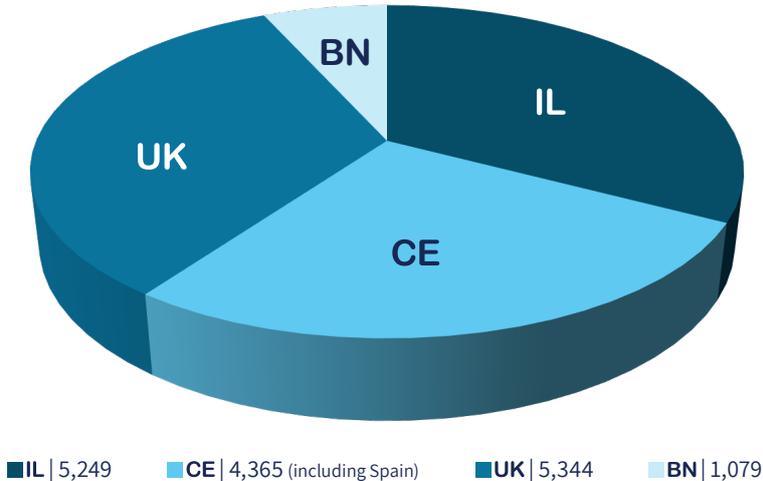
16,039
employees

43%
women

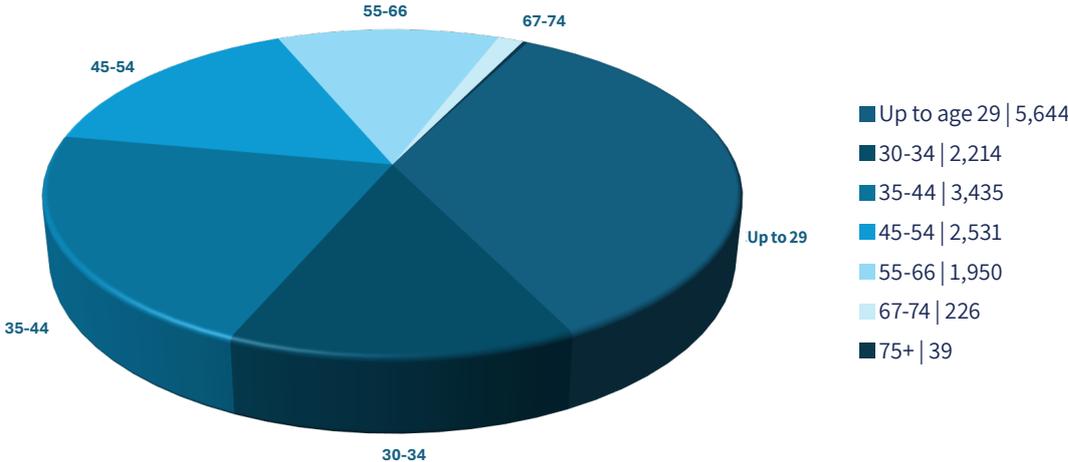
1,249
women in
management roles

1,198
contractors’ employees
(Benelux, Spain and Israel)

Employee segmentation by geographic cluster



Group-wide employee segmentation by age



In Israel, the Company allows employees to continue working even after the official retirement age, if they so desire and as necessary and suitable.

Human rights

The Company considers the safeguarding of human rights an integral part of its social and business commitment and treats the issue as a fundamental element of its global operations. As a hotel chain operating in dozens of countries and having direct contact with multitudes of people – employees, guests, customers and suppliers – we are committed to ensuring the safeguarding of fundamental rights, such as the right to equality and non-discrimination, the right to fair and safe working conditions, the right to health and security, the right to privacy and the right to freedom of expression and association. As an international hotel chain with a broad value chain and a multitude of engagements with suppliers and contractors, the Company is meticulous about implementing globally-accepted principles for safeguarding human rights, including compliance with accepted international standards and full compliance with provisions of local laws in each operating region.

As enshrined in our Code of Ethics, the Company is committed to operating with integrity, transparency and accountability, to implementing effective preventive and control mechanisms against any form of modern slavery or human trafficking in its business operations and supply chain and to encouraging open and good-faith whistleblowing without fear of harassment or retaliation. Our UK cluster has a human rights policy, our Benelux cluster also adopted a human rights policy in 2024 defining intraorganizational mechanisms for implementing and enforcing the Company's policy and, in our Central Europe cluster, a human rights officer is responsible for implementing and enforcing the Company's policy.

Gender equality and equal opportunities

The Company deems the advancement of equal opportunities as a fundamental component of its organizational culture. As part of this approach, the Company allows both women and men to take parental leave, thereby enabling all of our employees to achieve work-family balance and meaningful participation in childraising. Providing this opportunity to both parents demonstrates the Company's commitments to gender equality, to reducing disparities in the labor market and to creating fair and inclusive work environments. This course of action contributes to the well-being of employees and their families and reflects the Company's social values.

262 employees took parental leave during the report period; 43% increase compared to 2023

For the Company, ensuring equal opportunities and fair pay to all of its employees is of utmost importance. Therefore, the Company regularly performs examinations to detect any wage disparities and to ensure that no gender or other disparities exist that are not based solely on relevant considerations, such as seniority, experience, relevant skills and role. The Company also offers a wide variety of training programs at all levels – from strengthening basic skills in core roles to graduate and management programs training the next generation of managers, which are publicized and open to all employees, regardless of gender or background. The Company's activities promoting equal opportunities include:

- During the report period, our UK cluster published a Diversity, Equity and Inclusion Policy and a DEI pact, which include practical measures to ensure equal opportunities at all career stages – from the use of gender-neutral language in job ads to equal access to training and promotions.

- The Company allows all of its employees to choose nine leave days according to their various religious holidays. Our hiring and onboarding processes include gender, age and cultural adjustments and our advertisements incorporate messages of multicultural, safe and accepting environments, including reference to the variety of family units.
- The Company provides dedicated training to all managers and employees on diversity and multicultural environments, and 100% of our relevant employees undergo such training.
- During 2024, the Company in Israel prepared to hire about 300 employees from the Philippines, which included culturally appropriate programs and training.
- In our Benelux cluster, the Company is receiving assistance from a firm specializing in training women for management roles and is currently expanding its program in this regard.

Labor relations

Although labor unions and collective bargaining agreements exist in only some of the regional clusters in which we operate, the Company recognizes the right to unionize and acts transparently and fairly in all of its operating regions. All of the Company's employees in our CE cluster are employed under personal contracts in compliance with the local labor laws in each country and, in countries requiring collective bargaining agreements, the Company is diligent about full compliance with the statutory requirements. In countries such as Spain, Hungary and Germany, where collective bargaining agreements are not compulsory, the terms of such agreements are reflected in our alternative pay systems. **In Israel, 100% of our employees are employed under collective bargaining agreements.** In compliance with local laws in the Netherlands, our employees elect internal labor committees to represent them before corporate managements in relation to various issues. The Company enables employment flexibility in coordination with direct managers.

Safe work environments

The Company considers its human capital as its most essential resource for its continued growth and success. Our employees are mainstays of the hospitality experience and ambassadors who represent the Company's values to guests at every point of contact. In recognition of their value, the Company meticulously maintains a supportive and safe organizational climate for all of its employees, and proper, equitable, fair, respectful, safe and protective work environments, devoid of all forms of discrimination. The Company also takes action to prevent any kind of harassment, including sexual harassment and workplace bullying, and fosters friendly and pleasant work environments so that all of our employees can come to work each day with a sense of belonging and security and be able to realize their personal and professional potential. The Company recognizes that personal relationships may arise in workplaces and its Code of Ethics anchors and regulates the issue under orderly procedures enabling adjustments in order to maintain professionalism, if necessary.

During the report period, 23 instances of harassment allegations were raised in the entire Company, which were investigated and handled according to procedure. The Company strives for all of its employees to enjoy their period of employment, but recognizes that various issues may arise in work environments and therefore, maintains an open-door policy and encourages its employees to submit grievances if any arise.

Employee hiring and onboarding

The Company is committed to an equitable hiring policy that ensures that every candidate is given an equal opportunity. Our hiring processes focus solely on relevant skills, abilities and experience, in order to ensure relevant appropriate selections of new employees. Similarly, the Company's promotion processes ensure equal opportunities and are based solely on professional and relevant considerations, such as suitability for the role, competencies, seniority and proven achievements..

- **We hired 6,240 new employees during the report period**
- **The company employed 569 people with disabilities during the report period, who were employed in various roles in our operations**
- **Employees with disabilities account for 3.6% of our human capital, reflecting a 0.6% increase compared to 2023 .**

The Company believes that efficient and effective onboarding processes are of considerable importance, since the onboarding experience directly affects employee engagement and the quality of the hospitality experience. In a hotel chain providing service in real time and through direct interactions with diverse guests, it is essential that we ensure that employees swiftly internalize the Company's values, organizational culture and accepted procedures and processes. Our employee onboarding process includes imparting knowledge about the Group's vision and values, professional training, instruction in service and hospitality standards, employee responsibilities and employment terms (including wages, benefits and performance review processes), providing practical tools, as well as training in various topics, including our Code of Ethics, attire and hygiene procedures, safety and security procedures, use of digital systems and our social media use policy.

In this way, the Company ensures that its employees are ambassadors of its values and excellence, and that the hospitality experience is maintained at the highest standards from employees' first day in their roles, while developing a sense of belonging.

Employee turnover

Employee turnover is a key indicator of the stability of human capital and the degree of employee engagement with the Company. The tourism and hospitality sector is naturally characterized by higher turnover ratios than in other sectors, due to its unique characteristics, such as seasonality, employment of temporary employees, shift work and intensive provision of services. The Group regularly monitors the turnover data, strives to maintain controlled levels relative to other companies in the sector, and invests in employee welfare, professional development and employee retention programs, with the aim of strengthening employee engagement and reducing turnover ratios over time.

- 34.7% employee turnover on average during the report period (Group-wide).

Our employee turnover ratio is lower than the sectoral average and attests to organizational stability, high employee satisfaction and the Company's ability to retain high-caliber human capital over time.

Employee health and safety

In our Benelux cluster, the Company operates a comprehensive program for managing occupational health and safety, based on the principles of prevention, cooperation, transparency and continuous improvement. The program sets goals and includes an annual occupational health management

plan with communication and control cycles. Responsibilities are divided between management, direct managers, employees, internal safety officers and external providers of expertise, each with a defined role in implementing the policy. Within this framework, we perform methodical processes of managing absences and reintegration into the workforce, identifying and assessing risks, providing preventive medical examinations, providing training, including in fire safety, emergency preparedness, and generally raising employee awareness. The program also addresses special groups of employees, investigations of accidents, preventive measures and the formulation of improvement plans as needed, and especially addresses the main risks that characterize the sector.

In the Netherlands, the Company performs a methodical occupational risk mapping and assessment process in compliance with the local statutory requirements (called Risk Inventory and Evaluation – RIE) during which we identify and examine all potential risks in our work environments, including safety, health and operational risks. We formulate a dedicated action plan based on the findings to minimize exposures, prevent accidents and safeguard employee well-being. We carry out this process on an ongoing basis and revise it according to changes in activities or in statutory requirements.

In our Central Europe cluster, the Company’s health and safety program includes three main components: occupational health and safety mechanisms for risk management and maintaining safe work environments; occupational healthcare services through company physicians or external specialists; and protective measures and emergency preparedness. This program ensures that we comply with the requirements of relevant laws and standards, safeguard the well-being of employees and guests and implement a culture of responsibility and safety in the Company’s operations.



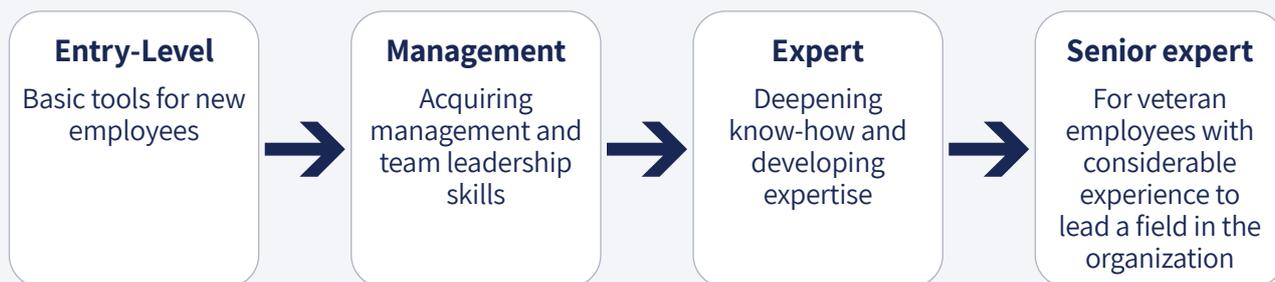
In our UK cluster, the Company’s health and safety program is comprehensive and multi-systemic and addresses key aspects of its routine operations. This program encompasses risk assessments and management, health and safety audits and compliance audits, information security, food safety, hotel safety signage and guidelines, fire safety and inspection processes by competent authorities. Furthermore, we prioritize emergency incident management within the framework of our business continuity plan, crisis management protocols and incident logs, documentation and incident reporting. The Company also provides its employees with “Aviva”, an advanced digital platform enabling direct and convenient access to 24/7 online medical consultations, health and fitness programs, psychological and nutritional support and other welfare services. We provide these services as part of the Company’s commitment to promoting employee health, work-life balance and providing simple and accessible tools to our employees to help them maintain quality of life and personal well-being



Employee training, enrichment and development

The hospitality sector is dynamic, constantly evolving and influenced by global trends, technological innovations and changing guest expectations. Therefore, the Company considers employee training, enrichment, professional development and upskilling as essential to its success and leadership of the sector, and enables its employees to develop rich and diverse career paths. The Group's activities in this regard include:

LeoDo Academy | the Group's training and development model, structured as a gradual career path:



In addition to our academy, we also provide an innovation center to employees that offers conferences, workshops and digital learning, a personal mentoring and professional guidance program and a continuing education center offering intracompany training and courseware.

In **Spain**, we offer employees the Turiscool application, an online training platform designed for companies in the tourism and hospitality sector. The content includes short courses and the platform enables us to centrally manage all training needs in the organization.



In our Central Europe cluster, we offer our employees continuing education programs through the GROW system for learning and development, which includes a rich online learning platform ensuring professional uniformity and high standards in core hotel functions – reception, housekeeping, IT and food and beverages. These programs strengthen employee knowledge and skills, create a network of professional connections among program participants and enable our employees to benefit from learning, mentoring and enrichment as part of our organizational culture of continuous excellence.



In our Benelux cluster, the Company operates a diverse training program for employees, which includes practical professional courses, as well as courses to acquire management and soft service skills. The program encompasses core functions in the hospitality sector, such as hospitality and sales, upskilling, handling conflict situations and online reviews, and also offers technical and economics courses at various levels, financial management courses for managers who are not financial professionals, basic courses in marketing and dedicated work tools, and a unique course in human resources. This diverse training program enables our employees to deepen their professional knowledge, improve performance and develop diverse career paths.



In Israel, Fattal Academy provides training, enrichment and professional development tracks to our employees, which include professional tours, management training at all levels and practical development in Israel and abroad. In addition to implementing a point system to help them track their progress, we operate an initiative called “On-the-Job Learning,” enabling employees to share insights for constant improvement. As part of our investment in culinary arts, the Group advances projects with international chefs, develops connections for future collaborations and contributes to the training of the next generation of chefs.

The Company’s onboarding program for new employees includes comprehensive professional training of at least 57 hours, customized for each department and role, with the aim of ensuring optimal integration, professional development and the acquisition of practical tools and skills for high-quality performance in the Group’s dynamic service environments.

The  Academy

In our UK cluster, the Company has adopted the Academy program, which provides professional academies for various departments, including reception, food, conferences, events, etc., which are designed to empower employees, enhance the guest experience and enable our employees to improve their skills and acquire knowledge under the guidance of managers. The training is provided in a variety of formats: peer learning, webinars, courseware, classroom workshops and professional training programs in collaboration with external entities, such as Lifetime Training. With its Academy program, the Company provides comprehensive, flexible personal and professional development tracks to its employees, adapted to the changing market needs.



193,245 hours of training, enrichment and development to our employees during the report period

Average of 12.1 hours of training per employee

The Company also encourages excellence and shows appreciation to its employees by granting awards and official commendations, and operates a variety of outstanding employee programs, including “Employee of the Month,” “Manager of the Quarter” and an “Employee of the Year Award.” These initiatives strengthen our employees’ sense of belonging, stimulate motivation and inculcate an organizational culture that values achievements and the unique contributions of employees and managers alike.

Employee performance reviews and feedback

The Company considers regularly scheduled employee performance reviews and feedback processes to be highly important, since these processes enable employees to receive positive reinforcement for their achievements, to understand areas needing improvement and to set goals for personal and professional development. For the Company, performance reviews and feedback are critical management tools for employee retention. Through periodic feedback, one-on-one conversations and the setting of measurable targets, the Company is able to correlate employee performance with its overall success, while fostering mutual commitment and long-term employment stability. The Company conducted employee performance reviews and feedback processes during the report period, with the exception of the Israel cluster, due to the war. On average, 71% of the Company's employees completed performance review and feedback processes in those regional clusters that conduct these processes.

During our feedback process, we ask employees for their insights about achievements, challenges, their sense of belonging and appreciation in their teams, their workloads, about other needs and tools they require, and about their future goals.

Employee retention, satisfaction and welfare

Since the Company believes that attentiveness to its employees is essential to creating supportive and advanced work environments, it disseminates periodic employee satisfaction surveys enabling it to identify needs, areas needing improvement and opportunities for strengthening employee engagement. We use the survey findings to design focused work plans containing measures to improve work processes, employment conditions and work-life balance, and actions to advance our inclusive and equitable organizational culture. **During the report period, 74% of our employees in our Israel, UK and CE clusters participated in the Company's employee satisfaction survey.**

These measures strengthen our employees' sense of being heard and belonging, which directly contributes to our efforts to retain our human capital and reduce turnover ratios (which is a major challenge in the hospitality sector), to strengthen employee engagement and dedication to our organization, and thus, achieve positive impacts on both the employee experience and the guest experience.

 In our CE cluster, the Company uses Business Beat to measure employee satisfaction and engagement. This tool enables us to receive ongoing direct feedback from our employees on various topics, and provides our management with the latest overall picture for the purposes of decision-making and continuous improvement of our work environments.

LEO CARES Within the framework of our Leo Cares program, the Company launched an orderly organizational guidebook addressing three key components of employee well-being – physical health, mental health and financial health – which offers tips, recommendations, mechanisms and practical tools.

Our welfare and benefits policy offers employees a wide variety of programs, including holiday vouchers, gifts for personal occasions, gym memberships, team-building events, company events, birthday bonuses according to seniority, etc. The Company also provides additional meaningful tools to employees to help them prepare for retirement and accumulate savings, as well as health benefits, including medical examinations and screening, loans at convenient terms, discounted health insurance policies, leave to care for a sick relative and support or assistance in the event of a personal crisis. Each regional cluster manages its own welfare program and dedicated budget, which enables us to make adjustments according to local employees' needs and strengthen employees' engagement with the Company.

Community outreach at Fattal

Since it was founded, the Company has been committed not only to its business success, but also to the resilience and prosperity of the communities in which it operates. The Company understands that its success goes hand in hand with its responsibility to give back to communities by supporting populations in need, by sharing its amassed knowledge, experience and abilities in order to promote social initiatives and strengthen the local communities. The Company's contributions to community outreach efforts are an integral part of its identity, and it strives to create long-term shared value that combines business growth and social contributions. The Company's community outreach activities include:

Donations | ILS 2,238,826 and about ILS 2 million in additional cash-equivalent donations in Israel (Israel – 52%; UK – 27% and CE – 21%).

The focus of our donations



Health



Welfare services



Higher education and research

Our LeoDo program is the social responsibility program of the Fattal Group's Leonardo Hotel Chain whose vision is to integrate people, the environment and the economy. This program is designed to encourage community involvement, strengthen our employees' sense of belonging and create real social contributions in every community in which the Leonardo Hotel Chain operates. The program includes annual local initiatives at Leonardo hotels throughout Europe and Israel, including collaborations with charitable organizations, providing support for people with disabilities, environmental activities and volunteering in the community. This program is an integral part of the Group's sustainability strategy and demonstrates Fattal's commitment to promoting responsibility, inclusion, sustainability and positive impacts all along its value chain.

The Group's Annual Charity Challenge in our UK cluster is an annual volunteering and fundraising event, in which the Group's employees and HQ staff across the UK and Ireland participate. As part of this initiative, we raise funds for select NPOs, and select a different social theme each year.

• **2,991 hours of volunteering in the Company during the report period**

(not including hours of volunteering in Israel, since monitoring of hours of volunteering began in 2025)



Correct to the publication date of this report, the Company does not yet have a mechanism for monitoring and fully documenting all hours of its employees' volunteering in all of its operating regions. However, the Company is taking action to examine organizational solutions that will enable better control over the volumes of volunteering and improve its measurement and reporting capabilities in this regard. The Company is also continuing to encourage its employees to take part in a variety of community activities, based on its belief that community involvement and volunteering are important components of the Group's social responsibility.

The Company promotes various social collaborations and, inter alia, opened unique courses in Israel, such as a course in the art of cooking for people with disabilities. We are also building a special program for the next generation of maintenance professionals at Fattal Academy in collaboration with Mishlav College, which offers further internal development within the academy and official state accreditation



Auara

Social enterprise focusing on safe drinking water



Israel state lottery

Everything is reinvested in the community



Shavim

NPO focusing on occupational rehabilitation



Mishlav College

For logical thinking

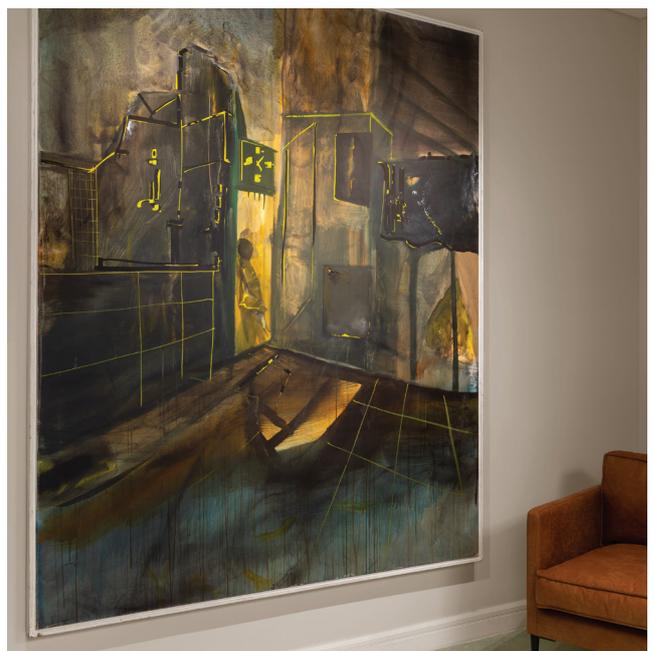
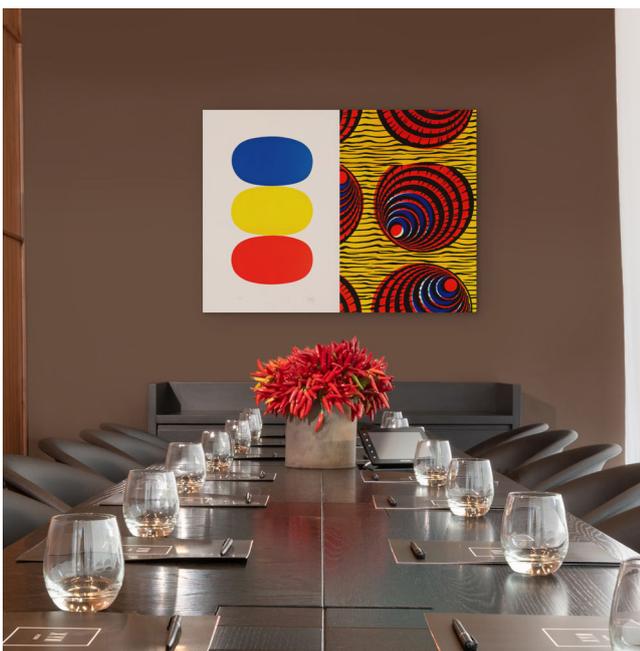
Solidarity and resilience in times of emergency | The Group was in a unique position in Israel, which enabled it to provide immediate, extensive professional solutions for families who were evacuated upon the outbreak of the Swords of Iron War – not only as temporary accommodations, but as a substitute for real homes. Thanks to its nationwide deployment, advanced hospitality infrastructure and vast experience managing complex services, the Group succeeded in providing suitable housing alternatives swiftly to citizens who were uprooted from their homes.

Our high-quality hotel standards, coupled with compassion and sensitivity to unique needs, enabled us to provide a sense of security, dignity and belonging, as well as holistic assistance, including clothing, medicines, toys for children and emotional and community support. The staffs of our hotels initiated activities for children, helped families manage daily life, coordinated donations and established learning spaces for evacuees.

At the same time, the Company demonstrated its deep responsibility towards its employees who were called up for reserve duty and their families. The Company organized events honoring reservists and their families, kept in touch regularly with employees during their reserve duty, and sent packages of food and other products to reservists' families and to military units. We also allowed families to use the Company's meal cards and company cars to make routine life easier during periods of reserve duty.

Art at Fattal | The Group amassed a large diverse art collection in recent years, including sculptures, paintings, photographs and contemporary installations. The renowned curator Iris Barak meticulously curates our collection, which includes both emerging and well-known artists. The works of art, which are selected according to each hotel's unique character, are displayed in the public areas of our hotels, so that both guests and visitors can enjoy them.

The uniqueness of our collection is also achieved through extensive collaborations with local curators and artists from each country's art community. Our collection is curated in collaboration with leading figures in the local art scenes, so that each of our hotels becomes a unique art gallery reflecting the local culture and environment. The Group maintains its commitment to display Israeli art in all of its hotels, with the goal of bridging between cultures and presenting diverse voices in the contemporary art world.



MANAGERIAL RESPONSIBILITY AND CORPORATE GOVERNANCE

Responsible and transparent management has been one of the core pillars of the Group's operations since its founding and throughout its years of growth and expansion. We consistently adhere to these principles, even in times of organizational changes and broad geographical expansion, since they constitute a foundation for stakeholder trust, for our financial robustness and for the Company's positioning as a leader in the hospitality sector.

Fattal's board of directors

Fattal Group's board of directors is responsible for the overarching supervision of the Company's management, for defining our long-range strategy and for ensuring compliance with high standards of corporate governance, ethics and transparency. Our board of directors oversees the implementation of our organization's business, financial, social and environmental policies, and is responsible for ensuring compliance with relevant laws and regulations in each operating region. Our board of directors also helps the Company's management examine key risks, strategic opportunities and reach material growth decisions.



Directors' name	Role on the board	Years as a board member	Financial Expertise	Possessing relevant education or experience	Membership on board committees
David Fattal	Director & CEO	26		Yes	
Shahar Aka	Regular director and CFO	6		Yes	Audit, balance sheet, remuneration
Yuval Bronstein	Chairman of the Board	3		Yes	
Shimshon Harel	Regular director	6		Yes	Audit, balance sheet, remuneration
Gideon Altman	Independent director	1		Yes	Audit, balance sheet, remuneration
Tamar Yassur	Independent director	1		Yes	Audit, balance sheet, remuneration

- Ms. Tamar Yassur and Mr. Gideon Altman joined the Company's board of directors in 2024.
- Separation exists between the chairman of the board's role and the CEO's role, and they are not related.
- The board members are not subordinate to the CEO, with the exception of Mr. Shahar Aka, the Company's CFO, who also holds office as a director.

The Company has an orderly work procedure for the board of directors, which was approved by the audit committee and the board of directors in 2024, which reflects its broad responsibilities towards the Company, its management, its employees, customers and shareholders. This procedure defines the board's roles and authorities and regulates how board meetings are conducted, the board's work, the passing of resolutions and overseeing the management's activities. This board procedure ensures that the board of directors maintains proper management processes, transparency with stakeholders and compliance with high standards of corporate governance.

Fattal's management

The Group's management is comprised of an experienced team tasked with formulating our business strategy and ensuring its implementation in all regions of our global operations. Our management possesses both broad professional expertise and profound knowledge of the hotel, tourism and financial sectors, and leads the Group's operations out of a commitment to its values and organizational compass that transcend geographic and continental borders. Thanks to its vast experience and active involvement, the Group's management ensures managerial continuity, adaptability to changing markets and the ability to generate sustainable growth while maintaining a responsible and value-based organizational culture.

13 management members	23% women	13.6 years on average serving in our management
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Name	Role	Years in the Company
David Fattal	Owner and CEO	26
Shahar Aka	CFO and Director	21
Nadav Fattal	Co-CEO, Israel	18
Asaf Fattal	Co-CEO, Israel	21
Ronen Nissenbaum	CEO, Fattal UK, Ireland, Netherlands, Belgium, Spain and Portugal	3
Yoram Biton	Managing Director, Fattal Central Europe	18
Molly Katz	CFO, Fattal Central Europe	3
Jason Carruthers	Managing Director, UK and Ireland	7
Darren Guy	CFO, UK & Ireland	7
Alexander Kluit	Managing Director, Leonardo Netherlands and Belgium	7
Roni Aloni	Managing Director, Mediterranean Basin	14
Anat Fabrikant	CFO, Fattal Properties (Europe)	16
Lital Bargig	CFO, Benelux	16

Nadav Fattal and Asaf Fattal were appointed as co-CEOs of the Company's operations in Israel in 2025. In 2024, Ms. Avia Mizrahi-Magen held office as the Company's CEO and held various roles for 22 years. [Learn more](#) about the Company's senior management structure.

Compliance

As a public company traded on the Tel Aviv Stock Exchange, the Company views compliance with laws and regulations as a fundamental principle of its business operations, since full compliance with statutory requirements is an essential precondition to maintaining its financial robustness and its stakeholders' trust. The Company is meticulous about implementing relevant regulations in each of its operating regions in compliance with local laws and accepted standards. We prioritize compliance with local tax provisions, as part of our approach towards corporate responsibility and our commitment to transparency and proper management. The Company is meticulous about complete, accurate and timely financial and tax reporting, in conformity with accepted accounting and regulatory standards. Our reports faithfully reflect the Company's situation, and the Company implements internal controls to ensure transparency, reliability, and full accountability. The Company also operates in compliance with antitrust laws and free competition laws, which are a core foundation for responsible and fair business activities.

Securities law internal enforcement program

The Company operates a dedicated internal enforcement program that was approved by the Company's audit committee and board of directors in 2024 and is designed to ensure compliance with Israeli securities laws and associated statutory provisions. This enforcement program presents clear guidelines regarding the statutory provisions in order to ensure implementation by all of the Company's employees and parties acting on its behalf. The program addresses key aspects, such as proper and transparent reporting to the capital market, prohibition of the use of insider information, management and control of transactions with interested parties and supervision of the implementation of strict compliance rules in all spheres of activity. Within this framework, we established orderly procedures, appointed enforcement officers and designed internal supervision and control mechanisms to prevent potential violations and identify and rectify deficiencies. This program applies to all employees of the Company and any violation of provisions of securities laws or of the program itself is considered a disciplinary offense enabling the Company to implement disciplinary measures accordingly.

Executive remuneration

The Company has an orderly executive remuneration policy that was approved by the Company's remuneration committee, board of directors and general meeting of shareholders in 2023. This policy defines fair, transparent and competitive remuneration mechanisms that strengthen our management's commitment to the Company's values, and reflects the Company's belief that its incentive system creates correlation between our managers' responsibilities and performance and the Company's short- and long-term success. The policy specifies a combination of fixed salary components, additional terms and performance-based bonuses and incentives customized according to the Company's strategic goals and business results. Within this framework, we examine both financial and operational success indicators and qualitative indicators of managerial responsibility and corporate governance. This policy also serves to maintain our esteemed reputation and our stakeholders' trust.

Business integrity and ethics

The Company has a binding Code of Ethics, which reflects its commitment to high standards of integrity, fairness and business ethics in all spheres of its operations. The Code of Ethics is displayed on

the [Company's website](#) and applies to all employees of the Company – regardless of their geographic location, occupation or rank – and reflects our expectation of responsible and transparent conduct at all echelons in the organization. The Company believes that ethical conduct is not limited solely to statutory compliance, but is a central pillar of its organizational culture, and it applies these principles throughout the value chain – to employees, suppliers, guests and other stakeholders.

- **All new employees read and sign our Code of Ethics (not including the operations in Spain)**

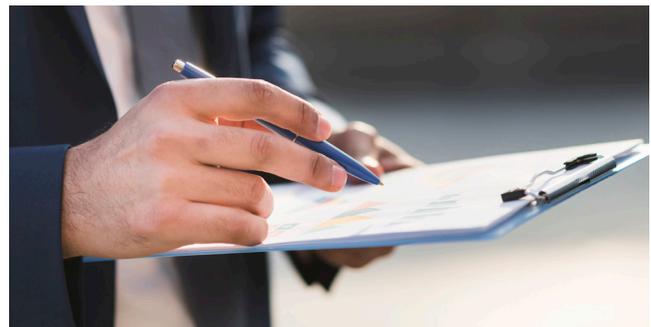
During the report period, about 65% of our employees (on average in the UK, CE and Israel clusters) completed a refresher course in our Code of Ethics

Our Code of Ethics defines the expected rules of conduct relating to various topics, including conflicts of interest, prevention of bribery and corruption, prevention of money laundering and fair use of the Company's assets. All employees are responsible for complying with our Code of Ethics. In any instance of concerns or questions in this regard, we ask employees to first refer to their direct supervisors. Alternatively, they can contact the authorized officers specified in the Company's procedures for each region. This mechanism ensures prompt reporting, responsible handling and full transparency, while protecting whistleblowers against harm or harassment.

Irregularities

The Company believes that a basic precondition to responsible and transparent management is augmenting good corporate governance and, to this end, it operates a dedicated mechanism for reporting irregularities. This mechanism enables all stakeholders to contact the Company confidentially in any instance of concerns of a violation or improper conduct. A designated ethics officer has also been appointed in each of the Company's operating regions, who is tasked with handling reports and conducting a responsible and orderly investigative process. During the report period, 23 complaints were received through the mechanism in the various regions or by referring to the relevant ethics officer. Complaints received through the reporting mechanism are handled in an orderly process that includes receipt and documentation, maintaining confidentiality and protecting the whistleblower, classifying the type of complaint and conducting an initial examination, conducting a professional examination or investigation if necessary, compiling the findings and recommendations, and taking corrective measures accordingly. Upon concluding the process, we perform internal controls to assimilate conclusions.

In our Benelux cluster, the Company operates an intraorganizational application (Speak App) as an accessible means enabling employees to express opinions, raise concerns or report ethics incidents. This application constitutes an integral part of the Company's accountability and compliance mechanisms and ensures a discreet, fair and safe process for handling reports. The use of this system is based on the shared responsibility of both management and employees, in order to maintain a responsible organizational culture.



Risk management and internal auditing

The Company conducts periodic risk surveys to identify, assess and map the main risk exposures in its spheres of activity. The findings of these surveys are essential to the internal audit department, which develops annual and multi-year audit plans based on the most material categories of risks. The internal audit department submits its plans to the Company's board of directors for approval, thereby creating synergies between the risk management processes and the internal audit mechanisms and ensuring effective supervision, continuous improvement of control processes, higher transparency and stakeholder trust.

- **13,850 hours of internal auditing during the report period**

Information security and privacy protection

For companies in the hotel and tourism sector, responsible management of privacy protection and information security is of utmost importance, since it is essential for them to collect and retain a wide variety of personal information about their guests in order to create personalized hospitality experiences. The Company also considers information security and privacy protection as material components of corporate governance.

We appointed an information security and privacy protection officer in each of our regional clusters. These officers possess the requisite expertise and know-how, report to a senior management member (to the relevant CFO, in most regions) and work according to an orderly organizational plan and work procedures designed to ensure the confidentiality, integrity and availability of information, whether guests' details, internal communications or strategic plans. This policy includes clear guidelines for proper conduct, compliance with statutory and regulatory requirements and for implementing defense mechanisms against changing threats, whether hostile cyber activities or accidental loss of information.

The Company's information security and privacy protection activities include compliance with international standards, such as the GDPR, routine tests, including penetration tests, continuous consideration of new solutions and tools to improve protection, frequent updating of our information systems and implementing advanced technological solutions. The Company also provides periodic training and instruction to employees to raise their awareness of the importance of information security and privacy protection, and practical tools for implementing the Company's policy and minimizing exposures and risks.

- In Israel, all new employees complete training in information security and privacy protection.
- During the report period, about 68% of employees on average completed this training
- During the report period, we handled 5 information security incidents, **reflecting a 41% decrease compared to 2023.** (↓)
- During the report period, we detected 7 incidents of leaks, thefts or loss of customer data, **reflecting a 22% decrease compared to 2023.** (↓)

Business continuity and emergency routine

The Company has proven that, when necessary, it has all of the infrastructure, tools and capabilities needed to swiftly activate an emergency routine. During extreme situations, the Company maintained its organizational and financial stability, ensured operational continuity and continued providing essential services to guests while maintaining the safety and health of its employees. This ability derives from advance preparations, accumulated experience and operational flexibility that enables it to swiftly

adapt to changing conditions. The Company considers continual strengthening of emergency readiness as critical to maintaining organizational resilience and our stakeholders' trust.

Sustainable procurement and responsible supply chain

The Company deems responsible management of the supply chain an integral part of its commitment to sustainability and good corporate governance. The Company appointed procurement managers in all of its operating regions, who are responsible for ongoing examination and supervision of engagements with suppliers and contractors and implementing orderly procurement procedures. Inter alia, our procurement managers analyze the environmental and social aspects of each engagement, including verifying that suppliers and contractors hold valid licenses, comply with relevant local laws and regulations, adhere to fair labor practices and safeguard their employees' rights.

The Company takes action, to the extent possible, to promote local procurement as part of its contribution to regional economies, and to strengthen its relations with the communities in which it operates. The Company is also committed to managing fair and transparent relations with its business partners, inter alia, by ensuring the fulfillment of obligations and by striving to maintain optimal business relations over time, especially since suppliers in the hospitality sector, such as cleaning contractors, food and beverage suppliers, maintenance companies, etc., directly impact the guest experience and the Company's ability to comply with environmental and social standards, The Company's efforts in its various operating regions include:

In our CE cluster, 80% of trade payables are to local suppliers.

CE

In our UK and CE clusters, suppliers sign the Company's Code of Ethics and adopt a dedicated Suppliers' Code of Ethics.

UK

CE

Our Benelux cluster has paid EUR 35 million to principal local suppliers. This cluster is taking action to establish a Code of Ethics.

BN

During tenders for laundry service-providers in our Benelux cluster, we selected industrial laundries that operate according to principles of sustainability, use water and energy efficiently, use environmentally-friendly cleaning products and comply with strict environmental standards.

BN

Our Benelux cluster purchases coffee beans from suppliers or farms certified by the Rainforest Alliance (international organization promoting sustainable agriculture, environmental protection and employees' rights), or certified under a similar sustainability standard.

BN

Our Benelux cluster uses only Diversey-brand sustainable detergents and soaps, in conformity with the Company's responsible consumption policy. We selected Diversey brand products considering their ecologically-friendly composition, their biodegradability and their low environmental impact, which contributes to safeguarding the health of our employees and guests and to minimizing environmental contamination.

BN

COMMITTED TO RESPONSIBLE GROWTH

This is a journey of people, values and impact – a journey during which we lead the experience and are committed to the future. The Company considers responsible growth an endless journey that depends on constant attentiveness to our stakeholders' changing expectations and on responding to emerging needs in the sector. Being cognizant of this endless and constantly evolving journey and the fact that real responsibility is an ongoing process, we continue to learn, improve and take action for a better future for society, communities and the environment.

The Company is currently revising its Group-wide organizational infrastructure for advanced uniform management and reporting of its activities in this regard – both in light of our stakeholders' changing expectations, our monitoring of relevant emerging regulations and our recognition of the importance of effective orderly infrastructure going forward.

We believe that corporate responsibility is not merely a declaration, but rather, the proper way to run a business, which requires us to examine ourselves, improve processes and set new standards of excellence and responsibility in the hospitality sector.



APPENDICES – ENVIRONMENTAL PERFORMANCE AND GRI INDEX

APPENDIX 1 | Segmentation of environmental performance by operating region

Basis for calculation: occupied rooms (2024)	Israel	Central Europe (excluding Spain and Portugal; partial information about activities in Italy)	UK and Ireland	Benelux
		1,947,475	4,267,862	3,641,339
ENERGY				
Total regional consumption	154,457,296 kWh	110,932,676 kWh	149,623,485 kWh	18,553,134 kWh
Regional average per occupied room	79.31 kWh Reflects a 0.14% decrease compared to 2023. This decrease may be negligible, but the average number of guests per room in 2024, was 5.5% higher than in 2023.	25.95 kWh Reflects a decrease in kWh of about 0.25% per occupied room compared to 2023.	41.9 kWh Reflects a decrease in consumption of about 0.5% per occupied room compared to 2023.	33.4 kWh Reflects a decrease in consumption of about 17% per occupied room compared to 2023.
CARBON FOOTPRINT				
	Israel	Central Europe	UK and Ireland	Benelux
Scope 1	3,039 tCO ₂ e	NA	14,299 tCO ₂ e	3,674 tCO ₂ e
Scope 2	67,404 tCO ₂ e	59,560 tCO ₂ e	21,062 tCO ₂ e	0 (100% wind energy)
Total tons of CO ₂	70,443 tCO ₂ e	59,560 tCO ₂ e	35,361 tCO ₂ e	3,674 tCO ₂ e Reflects a decrease in total emissions of about 51% compared to 2023.
Emissions intensity by ratio of kg CO ₂ e per occupied room	26.64 kg CO ₂ e (normalized by number of people per occupied room, which was 5.5% higher in 2024).	13.6 kg CO ₂ e	9.7 kg CO ₂ e	3.4 kg CO ₂ e
Total	Scope 1 21,012 tCO ₂ e Scope 2 169,038 tCO ₂ e			

WATER				
	Israel	Central Europe	UK and Ireland	Benelux
Total regional consumption	2,206,835 m ³	5,856,281 m ³	1,035,252 m ³	262,276 m ³
Regional average per occupied room	1.13 m ³ No material change since 2023, although the average number of guests per room in 2024 was 5.5% higher than in 2023. -	1.37 m ³	0.29 m ³ Reflects a decrease in consumption of about 34% per occupied room compared to 2023.	0.22 m ³ Reflects a decrease in consumption of 11.7% per occupied room compared to 2023.
GOALS				
Per occupied room	Israel (2030)	Central Europe (2027)	UK and Ireland (2030)	Benelux (2030)
Decrease energy consumption	10%	10%	The team in charge of environmental performance is currently formulating an orderly action plan, including definition of realistic goals.	25%
Decrease GHG emissions	12%	10%		25%
Decrease water consumption	10%	Not yet defined		15%
Waste Management	Not yet defined	50% decrease in waste for landfill 50% increase in recycling of solid waste		50% decrease in waste for landfill 50% increase in recycling of solid waste

APPENDIX 2 | GRI Index

GENERAL DISCLOSURES

Indicator number	Indicator	Pages
About the organization and the reporting process		
2-1	The organization's details	4,5
2-2	The entities appearing in the company's sustainability reporting	10
2-3	Reporting period and frequency, company contact	10
2-4	Restatements of information	6,7
2-5	External assurance of the report	10
2-6	Activities and products in the company, the value chain and other business relationships	8
2-7	Employee force	21
2-8	Employees who are not directly employed	21
Good corporate governance and ethics		
2-9	Corporate governance structure and composition	32,33
2-10	Nomination and composition of the board of directors	32,33
2-11	Chairman of the board of directors	32
2-12	The board of directors' role in overseeing ESG management	32
2-13	Delegation of responsibilities for managing ESG impacts	6,32
2-14	The board of directors' role in sustainability reporting	32
2-15	Conflicts of interest	34,35
2-16	Communication of critical concerns to the board of directors	32,34,35
2-17	The board of directors' collective knowledge	32
2-18	Evaluation of the board of directors' performance	32
2-19	The remuneration policy	34
2-20	The process determining the executive remuneration policy	34
Corporate governance strategy, policy and practices		
2-22	Statement on a sustainable development strategy	6,9
2-23	Statement on responsible business conduct and company policy	6,7,34,36
2-24	Modes of implementation of the statement on responsible business conduct	6,7
2-25	Processes to remediate negative impacts	9
2-26	Mechanisms for receiving advice and raising concerns on ethics or compliance issues	34,35

2-27	Compliance with laws and regulations	34
2-28	The company's membership in industrial and other organizations and associations	9
Dialogues with stakeholders		
2-29	The approach to stakeholder engagement	8
2-30	Collective bargaining agreements	23

MATERIAL TOPICS

Indicator number	Indicator	Pages
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3-2	List of material topics	7
3-3	Management of material topics	6,7

SPECIFIC TOPICS

Indicator number	Indicator	Pages
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201-1	Direct economic value generated and distributed	4
201-2	Financial implications and other risks and opportunities due to climate change	12,14
201-3	Retirement benefits plans	21,28
202	Presence in the market	
203	Indirect economic impacts	29,37
203-2	Significant indirect economic impacts	29,30,37
204	Responsible procurement	
204-1	Ratio of expenditure on local suppliers	37
205	Bribery and corruption	
205-1	Evaluation of procedures and practices to manage corruption risks	34,35
205-2	Communication and training in anti-corruption policies and procedures	34,35
205-3	Incidents of corruption and actions taken by the company	34,35
206	Anti-competitive behavior	
206-1	Legal actions against the company in respect of anti-competitive behavior, antitrust and monopoly	34
207	Taxation	
207-1	The company's approach to taxation	34
207-2	Tax governance, control and risk management	34,35, 36
207-4	Country-by-country reporting	34

302	Energy	
302-1	Energy consumption within the organization	15,40
302-2	Energy consumption outside the organization	15,40
302-3	Energy intensity	15,40
302-4	Reduction of energy consumption	14,15,40
302-5	Reduction of the energy requirements of products and services	14-16,18
303	Water and effluents	
303-1	Interactions with water as a shared resource	18,41
303-2	Management of water discharge-related impacts	18,41
303-5	Water consumption	18,41
304	Biodiversity	
304-1	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas	19,41
304-2	Significant impacts of activities, products and services on biodiversity	19,41
304-3	Habitats protected or restored	19,41
305	Greenhouse gas emissions	
305-1	Direct (Scope 1) GHG emissions	16,40
305-2	Indirect (Scope 2) GHG emissions	16,40
305-4	GHG emissions intensity	16,40
305-5	Reduction of GHG emissions	14-16,40
306	Waste	
306-1	Waste generation, handling and significant waste-related impacts	17
306-2	Management of significant waste-related impacts	17,41
308	Assessment of suppliers' environmental aspects	
308-1	New suppliers screened according to environmental criteria	37
308-2	Negative environmental impacts in the supply chain and actions taken	36,37
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401-3	Parental leave	22
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403-2	Hazard identification, risk assessment and incident investigations	36
403-3	Occupational health and safety services	24,25
403-4	Employee engagement, counseling and communication on occupational health and safety issues	24,25
403-5	Employee training in occupational health and safety	12,13,24,26
403-6	Promotion of employee health	24,25
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404	Employee training and development	
404-1	Average hours of training per year per employee	27
404-2	Employee upskilling programs and career transition assistance programs	26-27
404-3	Ratio of employees receiving regular feedback on performance and career development	28
405	Diversity and inclusion	
405-1	Diversity among management and employees	21
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406	Prevention of discrimination	
406-1	Incidents of discrimination and corrective actions taken	23
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413-2	Significant actions taken to prevent negative impacts on local communities	29,30
414	Assessing suppliers according to social parameters	
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416	Customer health & safety	
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