DAN HOTELS LTD.

ESG REPORT

2021

(ENVIRONMENTAL, SOCIAL AND GOVERNANCE)
A message from the CEO
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About this report
The decision of brothers Yekutiel (Xiel) and Samuel (Samo) Federmann to lease and reopen the Kaete Dan pension (The Predecessor of the Dan Tel Aviv) in 1947 reflected a commitment to values that transcended the purely commercial. Even before the establishment of the State of Israel, the founders’ pioneering Zionist spirit envisaged a modern economy that needed to offer world-class hospitality to overseas guests. In this same spirit of Zionist endeavor, the founders wanted to offer employment opportunities to new immigrants. Throughout the constant expansion of our hospitality and other value-based business activities, we have remained true to our core values of benefitting Dan Hotels employees, the wider community, and the environment.

Despite the upheavals of war and economic uncertainty, and despite the challenges posed by the recent coronavirus pandemic, our focus remains unchanged.

This ESG (Environmental, Social and Governance) report reflects how we impact on the environment; how we constantly improve our social impact, both within the Dan Hotels group and in the broader community; and how we interact with all our stakeholders: staff, guests, communities, shareholders and the environment. This ESG report covers the calendar year 2021, and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

Our ESG commitment reflects the values that we started embracing long before they became statutory. These values include our Code of Ethics, transparency, fair work relations, workplace diversity, ethical procurement, inclusiveness, and equal opportunities for employees. In addition, we remain committed to volunteering, contribution to the community, green environment, energy efficiency, waste reduction and sustainability.

We can be justifiably proud of our highly diverse staff, including employees with disabilities and long-serving employees, younger and older employees, and employees of different religions and ethnic backgrounds and genders.

This ESG report represents the commitment of our management and staff to constantly improve the development and advancement of our employees and our systems, and to maintaining our standards of excellence and leadership in the fields of governance, the environment, ethics and social responsibility.

I would like to thank Ronen Nissenbaum, the CEO from 2017 to 2021, for his significant role in spearheading the preparation of this ESG report.

Sincerely,

Shlomi Tachan, CEO
About Dan Hotels

With its head office in Tel Aviv, Israel, Dan Hotels operates 17 luxury hotels across the country’s most desirable locations, as well as a 226-room hotel in Bangalore, India. At the end of 2021, Dan Hotels operated a total of 4,597 rooms.

In addition to our hotels, we also manage and operate business lounges at Israel’s Ben Gurion International Airport; a hotel service and culinary school; and two food service catering companies serving the hi-tech and defense sectors.

Hotels remain our main field of activity, providing accommodation, food and beverage, leisure and other services, all designed to create an overall superior guest experience. A wide range of luxury guestrooms and suites meet the needs of our demanding business and leisure guests. We are guided by our commitment to our “Experience the Best” promise of warm hospitality and outstanding service throughout all our hotels.

Two of our hotels, the King David Jerusalem and the Dan Tel Aviv, are members of the highly prestigious “Leading Hotels of the World” organization.
1947
Xiel and Samo Federmann acquire the 21-room Kaete Dan guest house on the Tel Aviv beach promenade.

1953
Opening of the 120-room Dan Hotel, Tel Aviv’s first newly built modern luxury hotel.

1956
Acquisition and reopening of the 120-room Accadia Grand Hotel on the Herzliyah beachfront.

1957
Acquisition and reopening of the iconic 160-room King David Hotel in Jerusalem.

1963
Opening of own-built 220-room Dan Carmel hotel in Haifa, at the top of Mt Carmel.

1972
Acquisition and reopening of the 114-room Dan Caesarea Golf Hotel, originally built by Baron Edmond de Rothschild.

2007
2009
2010
Management of business lounges in Ben Gurion International Airport.

2001
Establishing Dan Gourmet, Israel’s leading fine culinary arts and cooking school.

2007
Acquisition and reopening of the Dan Boutique Hotel in Jerusalem.

2009

2019
Acquisition and reopening of three hotels:
- Neptune Hotel in Eilat
- Mary’s Well Hotel in Nazareth
- Ruth Hotel in Zefat

2018
Opening of a 226-room Den Hotel in Bangaluru, India. The Den Hotel is a LEED Gold certified building.

2018
Opening of the Link Hotel&Hub in Tel Aviv, our first hotel targeted at the millennial generation.

2019
Three new hospitality developments:
- Signing management agreement for the Mirabelle Plaza Hotel, Haifa
- Modani Hotel, Netanya — under construction
- Glamping site in Eilat — under construction

2021

1982
The Dan Hotels goes public with an IPO on the Tel Aviv Stock Exchange.

1986

1986
Opening of a 266-room Dan Panorama Haifa hotel.

1986

1995

1999
Acquisition and opening of three new hotels:
- Dan Panorama Jerusalem
- Dan Panorama Eilat
- Ganei Dan Ashkelon

1995
Opening a 372-room Dan Eilat Hotel, the most innovative hotel in this Red Sea resort.

2001

2021

2001
RESPONSE TO THE COVID-19 PANDEMIC

2020-2021

The Coronavirus (Covid-19) outbreak, which was first identified in December 2019 and started its global spread during the first quarter of 2020, continued to affect large parts of the world during 2021. The Israel government responded to the global pandemic with a series of sometimes draconian measures. The frequent short-notice closures and openings presented us with significant business challenges in a climate of economic uncertainty and instability.

For example:

- The King David was closed from 23.3.2020 to 2.7.2020; from 17.9.2020 to 30.10.2020, and from 1.1.2021 to 1.2.2021.

- The Dan Accadia was closed from 16.3.2020 to 25.6.2020, and from 17.9.2020 to 18.3.2021.

- The Dan Eilat was closed from 16.3.2020 to 27.5.2020, from 17.9.2020 to 18.11.2020, and from 27.12.2020 to 25.2.2021.

- The Dan Carmel was closed from 21.3.2020 to 1.7.2020. The hotel catered to small groups from October 2020 to February 2021, when the monthly capacity was between 1.5% and 2.5%.

- The Dan Boutique Jerusalem was closed from 17.3.2020 to 1.8.2021.

- The Dan Tel Aviv remained open throughout the pandemic, but with low occupancy. Most of the guests were airline crews and official visitors.

We rose to the challenge. During the early stages of the pandemic, we became the first hotel group in Israel to grasp the long-term nature of the crisis, and the first to offer our facilities as part of the national effort to combat Covid-19. Working closely with various government ministries, three of our properties were designated as “Corona Hotels”, accommodating Corona patients who were not sick enough to require hospitalization, or people who required compulsory quarantine. We provided the day-to-day hospitality services in these three Corona hotels, while the IDF handled the closures and tracked guests entering and leaving the corona hotels.

Operating under the strictest Ministry of Health guidelines, we rapidly reinvented ourselves in accordance with changing conditions and rules: — Frequent thorough cleaning and disinfection of all rooms and public areas inside and outside the hotel.

— Serving food and drink in a sterile manner.

— Seating arrangements according to strict distancing rules.

We could not have achieved our rapid adaptation to these challenges without a remarkable degree of cooperation from our staff, who worked tirelessly to meet the changing regulatory environment.

We were a prominent player in the government’s ‘Green Islands’ initiative, whereby hotels in Eilat and the Dead Sea were permitted to operate under special guidelines that facilitated the return of paying guests for several months. Working round the clock in accordance with the strict guidelines,
our three Eilat hotels succeeded in maintaining a work routine even during the most abnormal circumstances.

The post-pandemic return to normal has been a slow process. For all the decades prior to the pandemic, there was an equilibrium in Israel’s hospitality industry between foreign and domestic tourism. Since the pandemic started, most guests in our hotels have been domestic. In 2021, almost 100% of our hotel guests were local, with very few coming from overseas.

Currently, all of our hotels have returned to full operation.

The challenges posed by the corona pandemic, together with a management decision to seek innovative solutions in Israel’s hospitality sector, accelerated the development of the smartphone-based Dan App for use by guests.

The app allows guests to enjoy improved service, and includes features such as check-in/check-out, opening guestroom doors, payments, local sightseeing information, and more.
KEY MANAGEMENT

The Dan Hotels management team is headed by the CEO who reports to the Board of Directors, and who is assisted by the professional division heads (see chart).

Each hotel is managed as a separate profit center, with success measured quantitatively by financial results, and qualitatively by employee and guest satisfaction, physical condition, cleanliness, hygiene, and adherence to ESG targets. Management is backed by an effective supervisory network throughout the professional divisions, ensuring compliance with quality standards, HR and management standards, and a uniform high level of service.
Sustainability management
Since sustainability is an important value for us, we exam a sustainability activities across all our hotels. This includes monitoring and improving the use of resources, e.g. energy and water; replacing machinery; preparing the Annual ESG Report; and addressing internal and external inquiries on sustainability-related topics.

Board of directors
At the end of 2021, the Dan Hotels Board of Directors had eleven members: two women and nine men. To ensure that the group’s operational and strategic challenges are effectively addressed, the Board’s combined fields of expertise include accounting and economics, law, industrial engineering, security and defense, marketing, political and social sciences, philosophy, and more.

MEMBERSHIPS IN ASSOCIATIONS AND EXTERNAL INITIATIVES

We work in concert with several government ministries, state bodies such as the Population and Immigration Authority, public bodies such as trade unions, and organizations such as Hotel Associations and NGOs.

For further information on Dan Hotels Management and Board of Directors, see the 2021 Annual Report.
The King David Jerusalem and Dan Tel Aviv are both members of The Leading Hotels of the World, the most prestigious global luxury hotel organization.

Dan Hotels achieved Platinum Plus status in the 2020 “Ma’ala Index”, which rates organizations in Israel in terms of social, environmental, and corporate responsibility standards.

IT Award for 2021 – Dan Hotels won this award for excellence and innovation in the development of digitalization of guest hotel services.

Dan Hotels is the only hotel group in Israel to receive the Superbrands award for branding and marketing excellence for 7 consecutive years, since 2016.

For 9 consecutive years, Dan Hotels won the title of a leader in customer satisfaction and best service provider in Israel.

The King David Jerusalem, the Dan Tel Aviv and the Dan Boutique Jerusalem are all featured in Tablet Hotels, an independent organization that selects the world’s most exciting hotels.
The 17 UN Sustainable Development Goals (SDGs) adopted by world leaders in 2015 represent a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. The 17 SDGs and their 169 specific targets represent the key global challenges that the international community has identified as future priorities. These targets encourage governments, corporations, and non-profit organizations to collaborate on finding solutions. Topics addressed by the SDGs include gender equality, responsible consumption and production, climate action and education.
Below are some examples of how we are already supporting the SDGs most relevant to our business:

**SDG 5: GENDER EQUALITY**
We promote gender equality and provide all employees with equal opportunities.

**SDG 7: AFFORDABLE AND CLEAN ENERGY**
We invest significantly in affordable clean energy.

**SDG 8: DECENT WORK AND ECONOMIC GROWTH**
We foster inclusive and sustainable economic growth.

**SDG 10: DIVERSIFICATION**
We support, invest in and encourage the recruitment of employees from diverse populations, and provide them with the requisite specific work conditions and environment.

**SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION**
We include the potential climate change impact as part of the planning process for new hotels and facilities.

- **We promote gender equality and provide all employees with equal opportunities.**
- **We invest significantly in affordable clean energy.**
- **We foster inclusive and sustainable economic growth.**
- **We support, invest in and encourage the recruitment of employees from diverse populations, and provide them with the requisite specific work conditions and environment.**
- **We include the potential climate change impact as part of the planning process for new hotels and facilities.**

Our Den Hotel in India received the LEED Gold certification for green buildings.
Materiality covers those items that impact stakeholders’ decision-making. In order to identify and prioritize the ESG issues that impact most on our organization and on our stakeholders, we conducted a 3-step materiality analysis based on GRI (Global Reporting Initiative) Standards:

**Step 1**

*Preliminary identification of potential materiality issues*

- Peer benchmarking
- Review of relevant company documents, policies and procedures
- Review of sector-specific reporting initiatives and standards
- Interviews with employees and managers from various departments, Media review, and more

*Step 1 produced a list of potential ESG issues that were presented to management for consideration and discussion.*

**Step 2**

*Prioritization of materiality issues*

Prioritizing the most significant issues identified in stage 1, based on:

- Risk Management Methodologies
- Qualitative and quantitative criteria
- Financial implications
- Operational and reputational issues
- Potential effect of the materiality issues on the company’s stakeholders

**Step 3**

*Validation of materiality issues*

Reviewing, validating, discussing and approving the materiality issues prioritized in step 2. Validation and variation testing were performed for exceptional issues.
DAN HOTELS’ MATERIALITY ISSUES

The table and materiality matrix below present the Dan Hotels’ analysis of the 13 materiality issues that form the basis of our sustainability activities:

- Crisis management
- Food and beverage
- Cyber and information security
- Operational and economic performance
- Occupational health and safety
- Business growth and development
- Service quality
- Compliance
- Preparing for climate change impact
- Environmental impact
- Ethics and integrity
- Business continuity and resilience
- Human resource management

DAN HOTELS’ MATERIALITY MATRIX

<table>
<thead>
<tr>
<th>Importance to stakeholders</th>
<th>Importance to Dan Hotels</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.00</td>
<td>FOOD AND BEVERAGE</td>
</tr>
<tr>
<td>3.50</td>
<td>CRISIS MANAGEMENT/</td>
</tr>
<tr>
<td></td>
<td>BUSINESS CONTINUITY</td>
</tr>
<tr>
<td>4.50</td>
<td></td>
</tr>
<tr>
<td>5.00</td>
<td></td>
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</tbody>
</table>

| 3.00                        | ENVIRONMENTAL IMPACT     |
| 3.50                        | OCCUPATIONAL HEALTH AND SAFETY |
| 4.00                        | SERVICE QUALITY          |
| 4.50                        | BUSINESS GROWTH AND DEVELOPMENT |
| 5.00                        | BUSINESS CONTINUITY AND RESILIENCE |
| 5.50                        | CYBER AND INFORMATION SECURITY |
| 6.00                        | ETHICS AND INTEGRITY     |
| 6.50                        | OPERATIONAL AND ECONOMIC PERFORMANCE |
| 7.00                        |                           |

The table and materiality matrix below present the Dan Hotels’ analysis of the 13 materiality issues that form the basis of our sustainability activities:
Our stakeholders include employees, hotel guests and customers, shareholders, business partners, local communities, suppliers and vendors, industry support groups, and governmental entities. Understanding the priorities and needs of our stakeholders gives us a better view of the future development of our business and sustainability strategies and services. We plan to broaden stakeholders’ participation as we continue to improve sustainability across our operations.
Examples of how we communicate with our stakeholders:

- Employees
  - Maintaining open dialogue with employees
  - Ongoing training and education program, career development and periodic performance reviews
  - Leisure and wellness activities
  - Ongoing care and improvement of employees’ working environment
  - In 2021 we developed Dan Connect, a special application designed to improve connectivity among employees, as well as between employees and management. The pandemic made this application, which was introduced in mid-2022, even more urgent

- Investors and Business Partners
  - Ongoing communication and meetings with key suppliers
  - Publication of annual report
  - Investor presentations and financial press releases

- Hotel guests and customers
  - Ongoing customer satisfaction surveys
  - Real-time communication with hotel guests
  - Regular improvements in customer service platforms
  - Marketing, advertising and promotional activities
  - Development and enhancement of E-Dan Members Club

- Local Communities
  - Participation in community projects
  - Maintaining a relationship with local communities in which we operate
  - Philanthropic activities
  - Donating whatever furniture can be used when we renovate hotels
  - Donating surplus electronic goods (e.g. computer screens)
From the very earliest days, we have set high standards of ethics, integrity and compliance in all our hotels. We are regarded as pioneers of work practices and professional employee training in Israel’s hotel industry.

Our twin credo:
- To provide guests with service that exceeds their expectations
- To nurture our employees

Code of Ethics
We believe that we will gain the trust of all our stakeholders by managing our business with integrity, honesty and ethical values. In accordance with our Code of Ethics, we regard respect for employees and their work environment as key goals. This includes a strict enforcement of employee rights, prohibition against discrimination, prevention of sexual harassment, and adherence to workplace safety guidelines.

10-point Code of Ethics:

1. Honoring legal norms
2. Respect for employees and the work environment
3. Fair business practices
4. Avoiding conflict of interests
5. Avoiding misuse of company assets
6. Prohibition of insider information and maintaining trade confidentiality
7. Protecting the environment
8. Community relations — donations and employee volunteering
9. Solidarity and mutual assistance
10. Whistleblower protection for people who expose corruption or breaches of the Code

Every new employee undergoes mandatory training regarding the Code of Ethics. The updated Code of Ethics is distributed to all employees once a year in their preferred language – Hebrew, Arabic, Russian and English.

After the Code has undergone periodic management review and adjustment, it is passed to the Board of Directors for approval.

We expect our managers to set a personal example to employees in the spirit of the Code of Ethics, and to demonstrate credibility and integrity in all contacts with stakeholders and in all areas of practice.

For further information regarding our Code of Ethics, please see the full version on our website at https://www.danhotels.com/AboutDanhotels/EthicalCode.

Compliance
As part of our commitment to fair, transparent, ethical and honest business practices, management and employees are required to comply strictly with all laws and regulations across all hotels and business operations. To strengthen compliance, we have instituted ongoing reviews and training conducted by the Compliance Manager and legal advisors.
In order to find the right balance between the quality guest experience and added-value economic performance, we carefully calibrate the solutions, services and facilities offered to guests. These solutions go beyond accommodation alone and incorporate the total hospitality experience. Our hotels vary from resort hotels offering relaxing opportunities such as gyms and recreational facilities, to city hotels geared to the needs of the business guest. Many of our hotels offer executive lounges and conference rooms which allow guests to continue working during their stay.

During the school holidays, summer months and other high-occupancy periods, Daniland Clubs operate in many of our hotels. Families with children can enjoy nature and environment conservation, sports, animals, special activity days, and more.

Our E–Dan Members Club allows members to accumulate points with a monetary value for spending at any Dan Hotel. With over 650,000 members from Israel and overseas, E–Dan is the largest member club in Israel’s hotel industry. E–Dan offers exclusive benefits and rates, discounts when booking, special deals, special gifts during their stay, and more.
BUSINESS GROWTH AND DEVELOPMENT

Dan Hotels’ business growth and development are expressed in two main ways:

Inward Development
We constantly renew and optimize existing facilities, improve and expand existing business operations, and introduce innovation in our business practices. An example of this is the introduction of the DanApp, an application that will change guests’ interaction with us, and maximize the use of the hotels’ areas and assets.

New Development
We are constantly seeking opportunities for expanding our activities and for developing new hospitality concepts, both in Israel and overseas. For example, we have opened Link Hotel&Hub which is targeted at Millennials, and we are developing a glamping site in Eilat targeted at guests who seek nature and desert adventure.

Supply chain

Our centralized procurement department handles most of the purchasing for the different hotels, and signs purchasing agreements with national producers and suppliers. The procurement policies, procedures, processes and producer/supplier agreements are binding on each individual hotel.

Where possible, and without compromising on quality, we source local Israeli products, while taking account of price, service, delivery time, corporate responsibility procedures, and reduced environmental impact. Over 80% of our purchases are local.

We require all main suppliers to sign an Anti-Corruption statement.
The global hospitality industry is highly sensitive and susceptible to a variety of threats: downturns in the local/international economy, security issues, health issues, regulatory issues, exchange rates, social unrest, industrial action, and more. We have learned to respond rapidly to such threats and changes, and to adjust our operations accordingly.

- The global economy: A direct result of the Covid-19 crisis was reduced economic growth that affected the volume of tourism activity. During the year under review, 2021, foreign tourist traffic was severely impacted by restrictions on air travel, quarantine obligations, and restrictions on tourists entering the country.

- The security situation: We have a record of very quickly spotting potentially disruptive security situations, both in Israel and overseas, that pose a threat to our business.

- The Covid-19 pandemic: We responded rapidly to the challenges posed by the global pandemic, which started in the first quarter of 2020, and which significantly affected the entire tourism industry during 2021. We are still experiencing the effects of the pandemic, but we are rapidly returning to normal. At the end of 2021, most air travel restrictions were lifted.

As part of our response to risks and crises, the CEO and senior management meet frequently to monitor events, to prepare risk assessments, to review contingency plans and to monitor our readiness to respond, while taking account of safety, ethical conduct and other issues. We keep a record of work plans and measures taken to combat threats and risks for future reference.

Detailed information about our risk assessment processes is presented in our 2021 Annual Report.
In an increasingly digitalized world, we recognize the vital importance of data privacy and security. Our Data Privacy Policy clearly illustrates our commitment to handling personal data with utmost integrity, security and care. We have in place administrative, organizational, technical and security safeguards to protect personal information against unauthorized access, acquisition, disclosure, destruction or accidental loss, misuse, or damage. These safeguards and measures are regularly reviewed and monitored.

All employees undergo annual and periodic training on data privacy and security. Employees also receive monthly anti-phishing tutorials as part of our cyber awareness program. In the year under review, there were no material cyber incidents or complaints concerning breaches of customer privacy at Dan Hotels.

**FOOD AND BEVERAGE (F&B)**

*F&B is one of the key sectors within the hospitality industry, and a key component of the Dan Hotels excellent guest experience. We are known for the extremely large selection and variety of dishes served to hotel guests, to guests attending family functions such as weddings, and to people attending conferences and business events.*

The corporate F&B division oversees purchasing, menus, training of personnel, and selection of chefs, as well as PR activity in cooperation with the marketing department. We have in place protocols and policies for maintaining F&B health and safety measures, including food sampling procedures and frequent medical tests for kitchen workers.

To achieve and maintain a uniform standard across all our hotels, we provide professional F&B instruction via our training department and the Dan Gourmet Culinary Studies Institute.
ORT Dan Gourmet

ORT Dan Gourmet is a Culinary Studies Institute operated by Dan Hotels as a joint venture with ORT Israel. The Institute’s study programs meet the highest standards applied in professional cooking schools around the world, and include cooking, baking and pastry courses. With facilities and kitchens equipped with the most advanced technology, our cooking and baking school offers a selection of professional workshops, such as bread baking, meat cooking, holiday and festival menus, and more.

Students enjoy high-quality professional studies, practical training, and the knowledge and skills needed to launch culinary careers. The teaching faculty includes the best chefs, confectioners and prominent professionals in their field, with guest chefs from Israel and overseas.

At any given time, there are several hundred of students at Ort Dan Gourmet. On completing their studies, graduates go on to fill positions in Israel’s culinary sector in general and at Dan Hotels in particular.
Our employees represent a key resource that has helped position us as Israel’s most prestigious hotel group. We believe that by meeting employees’ needs, we will empower a happy and satisfied workforce that delivers superior guest service and an improved hospitality experience. We provide stable employment, and we are rewarded by our employees’ loyalty.

Pay equality
We strive to achieve significant levels of pay equality. Starting in 2021, Dan Hotels reports according to the Israeli Law of Equal Pay for Male and Female Employees, and we are proud to report that an analysis of our female and male employees showed no significant gap between the genders. In 2021 the average monthly pay gap between male and female employees was 2.8%.

(To read the full report on the company’s website, see the following link).
In 2021, 91% of employees were under collective agreements.
DIVERSITY IN DAN HOTELS IN 2021

Management is committed to fair and diverse employment. We provide equal opportunities to all employees, and constantly work towards increasing the diversity of our workforce to represent different segments of society. In order to achieve this, we work with specialised placement companies that target specific populations.

Jews account for 58% of our workforce, and Arabs account for 42%. Other indications of our diversity policies can be seen from the following:

<table>
<thead>
<tr>
<th>% from Ethiopian origin</th>
<th>% of employees with disabilities</th>
<th>% from the Ultra-Orthodox Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2%</td>
<td>5%</td>
<td>3%</td>
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</table>

Our diversity and integration policies impact positively both on our business practices and on the wider society. Different populations require different conditions, such as allowing employees not to work on their religious holidays. We encourage greater recruitment among the ultra-Orthodox community by making necessary adjustments, such as flexible working hours, working from home, and special food requirements. In hotels with a sizeable Muslim workforce, we provide a prayer room and related facilities.

SOCIAL BENEFITS AND EMPLOYEE WELLBEING

To encourage our employees to identify with the Dan hotels, we strive to create a pleasant and safe work environment that meets their needs and expectations. We maintain direct and open lines of communication between employees and management, and we encourage regular feedback.

Examples of social benefits and employee well-being:
- Full and extensive social benefits
- Staff dining rooms that provide three tasty and nutritious meals a day
- Advance payment of salaries before holidays
- Addressing employees’ private occasions and special needs in times of crisis, joy and sorrow
- Regular yoga and Pilates classes (at some hotels)
- Gift vouchers before major holidays
- Use of hotel gyms
- Outdoor activities
- Loans for special needs
- Special bonuses for outstanding performance
- Social activities such as outings and parties
Subsidizing comprehensive private health insurance for our employees

Educational scholarships for children of employees

Special rates and discounts for employees when staying at Dan Hotels

Celebration of an annual event, “Holiday of Holidays,” that reflects the different faiths and cultures, and supports the cultural diversity of our employees

As an expression of how we value our long-time employees, we have established a Veterans Club for employees who have worked 25 years or more at Dan Hotels. Club members enjoy special benefits, and an annual elegant event is organized in their honor.

We also greatly cherish our retirees, who continue to receive certain benefits and recognition after they retire.

TRAINING AND DEVELOPMENT

We constantly invest in our human resources. We prioritize the professional and personal development of our employees via annual training and educational programs, as well as professional training in specialist fields including: F&B, front of house, kitchen hygiene and cleaning, coffee and wine tutorials, safe use of hazardous materials, lifeguard training, and more, as appropriate to each hotel.

All employees undergo annual training regarding the Code of Ethics, security, accessibility, health and safety, fire drills, and prevention of sexual harassment. Training is delivered in four languages: Hebrew, English, Arabic and Russian.

Every new employee undergoes full orientation including mandatory training and tutorials, as well as familiarity training regarding Dan Hotels policies and work procedures.

Managers undergo various levels of management training, as well as certification courses in a variety of fields.

During 2021 (an untypical year because of the corona pandemic,) we conducted...
over 20,300 hours of formal training across all our hotels. This represents 14 training days per month for an average size hotel of 220 rooms. In addition, each hotel conducted countless hours of informal on-the-job training.

**ACCESSIBILITY**

We take great pride in our efforts to accommodate the accessibility needs of guests. Our rules of conduct provide tailor-made accessibility services to guests with disabilities. An Accessibility Coordinator is responsible for updating the hotels regarding the introduction and implementation of changes in legal obligations. In addition, Accessibility Trustees have been appointed in each hotel and in the service center.

Our accessibility rules are regularly updated to meet the requirements of associations and organizations such as the Commission for Equal Rights of Persons with Disabilities at the Israeli Ministry of Justice.

Our website includes detailed information on the accessibility facilities in each hotel. In addition, we are developing a special website with enhanced features for guests with impaired hearing or vision.

Accessibility measures include:

- Detailed and clear presentation of all accessibility arrangements in each hotel
- Wheelchair availability information
- Keeping doors and aisles obstacle-free
- Specially equipped guestrooms for wheelchair access
- Special audio kits for enhanced amplification
- Audio systems in elevators
- Adjusting poolside staircases
- Permitting access to recognized service animals
- Suitably adjusted furniture in public areas and function rooms
- Free accessible parking space, and reserved parking space upon request

Every new employee receives special accessibility instruction and guidelines which are refreshed and updated annually.
SOCIAL RESPONSIBILITY AND COMMUNITY GIVING

We aim to give back to the community in every locality where our hotels and employees are located. We encourage social involvement of our employees and hotels in developing warm relationships with the surrounding communities.

Our Volunteering and Community Engagement Policy defines procedures regarding community involvement, and we expect our managers to set a personal example in this respect. We encourage social involvement and responsibility, in accordance with the policies outlined by management and the Board of Directors. Contribution to the community is a factor in our executive compensation criteria.

As a part of our community volunteering activities, we provide groceries, meals, gift packages and hospitality services to families in need including lone soldiers. We donate redundant furniture and equipment to non-profit organizations.

In most hotels, we collect surplus food that is then donated to “Leket Israel”, the Israeli national food bank that collects and distributes surplus food to the needy.

As in previous years, we continue to sponsor Israel’s Paralympic athletes by hosting events, donors and press conferences; organizing tours; and other activities required by the Israel Paralympic Committee and the athletes.

As part of our commitment to the community, we hold an annual Dan Community Week, a cross-organization voluntary activity held in cooperation with representatives from each hotel, head office and the reservation center. Working with voluntary and non-profit organizations, we perform volunteer and fundraising activities in the locality of each hotel; we help children and youth at risk, the elderly, Holocaust survivors, and other populations in need; and we assist vulnerable sectors of society, such as the elderly, the sick and their families, and others.
CHALLENGE OF THE CORONA PANDEMIC

During 2021, the ongoing challenges of the coronavirus pandemic significantly affected all aspects of our operations. Some planned activities were postponed or even cancelled, and others had to be adjusted to the new restrictions.

In order to maintain contact with employees even when activity in most hotels ceased completely, we worked in various ways to maintain our employees’ sense of belonging. We complied with Ministry of Health measures, including social distancing, the wearing of masks, and the wearing of gloves (in food handling). Our enhanced health and safety measures included the enabling of remote working where possible, and the introduction of more flexible working hours. Some of these temporary measures have become permanent.

Throughout this challenging period, we maintained close and regular communication with our employees. We also established a support fund that provided loans to employees and their families who were most severely impacted by the pandemic.
Food hygiene

We make certain that guests enjoy a pleasant and clean hospitality environment. In order to ensure the highest hygiene standards, we apply the very strictest health, safety and hygiene procedures. For example, kitchen staff undergo statutory health inspections, and food samples are regularly sent to our food laboratories to ensure the freshness and quality of the food. Our kitchen work procedures include strict separation of different types of food. Each hotel has separate cold and hot kitchens, with everything under strict Ministry of Health supervision.

An added measure of control is provided by an outside independent food laboratory that publishes a report for each hotel detailing the findings of how well food hygiene regulations are being followed. Samples of all prepared food items are kept for 48 hours, and the monthly report also includes the results of microbiological tests that are carried out for randomly selected food items prepared and served in each hotel. As part of our central control system, any hotel that scores under 80 is required to institute immediate improvements, accompanied by training delivered by expert trainers.

Head Office is responsible for thoroughly examining and selecting food suppliers, with quality as well as price determining the choice of suppliers. The chefs of individual hotels who wish to purchase items from local suppliers require prior approval from Head Office. Our suppliers are required to meet very exacting standards. The chef of each hotel supervises all food delivered to the hotel, whether raw materials or finished items, including the way food is sorted and stored in the hotel.

There are strict regulations governing the way food is prepared and presented, with special emphasis on retaining freshness. These regulations are frequently updated according to the required quality and hygiene standards.
Health and Safety

The health and safety of our employees and guests is a top priority, as manifested in our Integrated Safety and Environmental Quality Policy. The Policy applies to all activities of Dan Hotels and is implemented by all employees, contractors and service providers. The Policy includes quality and work standards, supports updating of organizational processes, and adds innovative mechanisms for improving our activities. The Policy is distributed and explained to all employees and suppliers, and is reviewed annually by management for continuous improvement.

The Dan Hotels Safety Management Plan, which is aligned with state labor laws and regulations, reflects our commitment to maintaining high standards and procedures for protecting the health and safety of guests and employees in our hotels. Contractor workers and other service providers are covered by this plan. The Safety Management Plan for each hotel includes detailed occupational health and safety policies, targets and priorities, health and safety systems, analysis of risk factors and general risk assessment, safety training programs, list of controls to be performed, and more.

Our Group Safety Officer conducts a monthly safety risk and compliance analysis for each hotel, and meets with each hotel’s Safety Committee to discuss test results, findings of risk analysis surveys, and recommendations. The findings are reviewed and implemented by the CEO and management, which also receive a report on the correction of deficiencies identified in previous analyses.

In addition, there are separate procedures for maintaining the safety of employees in hazardous work settings — such as working at heights, working with hazardous materials, and working in a hot environment, food safety and firefighting. Inspection mechanisms are in place for employees exposed to harmful or dangerous risks such as noise, dust and radiation. The Safety Officer in each hotel delivers dedicated tutorials on a number of safety-related topics such as safety for maintenance workers, food safety, firefighting, and work safety at heights.

As part of our occupational health and safety management system, all employees receive mandatory annual health and safety training. Every new employee receives a safety rules training booklet available in five languages – Hebrew, Arabic, English, Russian and Spanish. Employees can read this booklet at home and share the contents with family members.

As part of the top priority we attach to the safety of our guests, emergency evacuation procedures and emergency exits are clearly marked throughout the hotels. We perform periodic inspections and drills in all hotel facilities to make sure that the procedures are fit for purpose and meet the strictest safety standards.

The Safety Officer regularly collects, documents and handles data on injuries and safety incidents involving employees and guests. Safety incidents are sorted by type of injury, department and hotel function. An annual health and safety report is prepared for management and the Board of Directors. In 2021, 189 cases of employee injuries were reported, and 199 cases of guest injuries. This is equivalent to an annual average of 10 injuries per hotel.
Most of the environmental challenges and issues facing the hospitality industry in general relate to resources, including energy consumption, water usage, food waste and waste management. At Dan Hotels, we fulfill our obligations as part of the national environmental effort, in accordance with government regulations and policy. We are constantly evaluating ways of reducing our carbon footprint, minimizing negative environmental impacts across all our hotels, and reducing Greenhouse Gas and other emissions.

Because the primary source of emissions is the operation of our hotels, we focus on energy-efficient ways of reducing greenhouse gas emissions. Our Safety and Environmental Quality Policy, which is available on our website, expresses the standards and work norms in these areas. We adopt principles of environmental protection and energy saving in our daily operations – for the benefit of employees and guests. We encourage our suppliers and service providers to adhere to the same principles. Management constantly reviews and updates the Safety and Environmental Quality Policy, and makes ongoing improvements and adaptations.

As part of our overall policy of improving waste reduction, we constantly review opportunities to divert more waste from landfill through recycling, composting, producing energy from waste incineration, and other opportunities.

ENVIRONMENTAL IMPACT AND PREPARING FOR CLIMATE CHANGE IMPACT

We are fully committed to preserving the environment and protecting our natural resources, and we encourage our employees, guests and suppliers to share this commitment. We make extreme efforts to minimize electricity, water and fuel use in different areas, including guestrooms, bars, restaurants, and public areas such as pools. We tightly monitor and measure energy use and water consumption in all our hotels, and invest significantly in integrating modern technology and automation solutions. Regular reports are sent to head office for comparison and analysis, and we are
constantly improving our data collection, analysis and reporting measures to ensure greater environmental efficiency.

Most of our hotels have thermally efficient insulated windows, thus reducing cooling and heating power consumption. We have drastically reduced the use of disposable plastics, and we have installed energy-saving lighting. To encourage guests to actively participate in our environmentally friendly efforts, we place recycling bins in public areas of the hotels, and we encourage guests not to change towels and bed linen every day during their stay. We promote bike rentals, and we encourage guests to enjoy activities close to the hotels.

**Energy consumption:**

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<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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<tbody>
<tr>
<td>Total Electricity (KWh)</td>
<td>79,226,472</td>
<td>53,114,105</td>
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<tr>
<td>Total Gas (KG)</td>
<td>395,587</td>
<td>243,775</td>
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<tr>
<td>Total Diesel Fuel (Liters)</td>
<td>512,170</td>
<td>299,385</td>
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<tr>
<td>Total water (m³)</td>
<td>1,006,220</td>
<td>604,087</td>
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Note: 7 of our 18 hotels in Israel already use natural gas as a main source of energy. The plan is to expand this to other hotels when feasible.

We go to great efforts to increase environmental awareness among our employees. They undergo training in how to minimize energy consumption, how to eliminate the use of disposable plastic utensils, how to prevent food waste, and how to close off areas in times of reduced occupancy.

We donate workable surplus electronic equipment to the community, and we send the rest for special recycling.

Our Den Hotel in India received the Leadership in Energy and Environmental Design (LEED) Gold certification for green buildings, for being environmentally responsible and the efficient use of resources.
CONTINUING OUR GREEN JOURNEY:

- During 2021, we started examining the installation of solar panels on the roofs of the hotels. This will increase the use of green energy and reduce dependency on the national electricity grid.

- We installed charging stations for electric cars for use of employees and guests at our head office and in six hotels. More hotels will be added during 2022.

- We are examining ways of producing bio-gas from waste, which will reduce the amount of waste sent to land-fill and reduce energy consumption for heating and cooking. Our bio-gas production project is planned to begin in 2022.

- We incorporate environmental impact issues during the planning stages of new hotels and facilities.

- We take into consideration the potential effects that climate change may have on our business, and we try to be even more energy-efficient than the statutory requirements for new hotels.

- Nearly all our hotels purchase electricity from a private supplier that produces electricity from natural gas.
This first ESG sustainability report from the Dan Hotels provides information about our ESG performance for the period 1 January – 31 December 2021. Under the supervision of KPMG, the report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The issues raised in this report are the result of a comprehensive materiality analysis conducted by corporate management including all division heads.

This report has not been externally certified. Our internal quality controls and processes guided and assisted us in ensuring the reliability and accuracy of the data and information provided. The financial data and information presented in this report are in accordance with our audited Financial Report. In the event of any discrepancy between this report and the Financial Report, the Financial Report takes priority.

We welcome all feedback that can help us improve our ESG practices. For questions and comments regarding this report, please contact Ms Meital Barnea, Manager of Operational Regulation, CSR and Manuals, meital.barnea@danhotels.com
## General Disclosures: Organizational Profile

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<td>Name of the organization</td>
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<tr>
<td>102-2</td>
<td>Activities, brands, products, and services</td>
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<td>102-3</td>
<td>Location of headquarters</td>
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<td>Location of operations</td>
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<td>102-5</td>
<td>Ownership and legal form</td>
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<td>Markets served</td>
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<td>Scale of the organization</td>
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<td>Information on employees and other workers</td>
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### Environment

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