

02

# Sustainability report 2023

Making hospitality sustainable for a better tomorrow

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Executive Statement

Arena Hospitality Group d.d. (collectively “Arena “or “we“ or “Company“) and our consolidated subsidiaries (“the Group”) remain committed to our purpose in hospitality and whilst we continue to grow and rebrand our customer offering, we are equally encouraged by the progress we have made in sustainability and remain positive about the future of our business and its impact on the environment.

Since the relaunch of our Responsible Business Programme (including operational plans, policies, business processes & standards) in 2022, we have made considerable leaps in holistically driving forward our sustainability strategy and have made positive changes within Arena in further enhancing our commitment to environmental responsibility, community development, ethical business, employee wellbeing and ongoing learning and adaptability from emerging risks and material issues in this dynamic field.

We have a clear sustainability strategy centred around people, our guests, our employees, and our local communities, along with our response to the present and future challenges around climate action.

Our Supervisory Board, Sustainability Committee, Management Board and sustainability Steering Group are proud to share our progress, initiatives and achievements during the year. Additionally, we are proud to set out the significant performance targets and our refreshed sustainability strategy.

In addition to the information presented in this report, associated information can also be found in our Annual Report for the financial year 2023 and on our corporate website (<https://www.arenahospitalitygroup.com/>)

Arena At a Glance

Arena is an international, dynamic hospitality company which owns, co-owns, leases, operates and develops full-service upscale, upper upscale and lifestyle hotels, self-catering holiday apartment complexes and campsites in Croatia, Germany, Hungary, Serbia and Austria. Since 2016 the Group has transformed from a Croatian domestic and locally focused company to an international dynamic hospitality group.

Our well-invested portfolio comprises 29 owned, co-owned, leased and managed properties with around 10,000 units located in selected resort destinations in Istria (Croatia) and Nassfeld (Austria), and major cities in the CEE and Germany region such as Belgrade, Berlin, Budapest, Cologne, Nuremberg and Zagreb.

Our primary objective is to further grow our profile in the upscale, upper upscale and lifestyle market segments in the CEE region and Germany, whilst striving to create and realise shareholder value [in a responsible manner].

We are confident in the power that the trusted and recognised brands we own and operate offer, delivered through a bespoke approach. Our four core brands, art'otel, Park Plaza, Arena Hotels & Apartments, and Arena Campsites are mutually complementary, vibrant, unique, and continually evolving. In addition, we secured an agreement to operate Grand Hotel Brioni Pula as a Radisson Collection property in 2022 and in 2024 we are further expanding our brand portfolio with two Radisson RED hotels.

Further information about Arena can be found on page 8 to 11 of the 2023 Annual Report & Financial Accounts.

Our Approach to Sustainability Reporting

The Group has further strengthened its ESG reporting to provide greater and more transparent information to all our stakeholders as it prepares for Compliance with the EU Corporate Sustainability Reporting Directive (CSRD), which came into force on 5 January 2023.

The 2023 Sustainability Report has been prepared with reference to the Global Reporting Initiative (GRI) Standard, however, as required by the CSRD, Arena's 2024 Sustainability Report will transition and align reporting to European Sustainability Reporting Standards (ESRS). Therefore, references to ESRS have been made in this year's GRI report to highlight forthcoming transformation and developments to the sustainability report for the year 2024. This report is consistent with our 2021 and 2022 Sustainability Reports, which were part of our Annual Report for the respective financial years, and they can be found on our corporate website (<https://www.arenahospitalitygroup.com/en/investors/reports>).

GRI Framework

The GRI framework is a globally accepted standard that can be used by any organization to report publicly on economic, environmental, and social impacts. This report has been prepared using "The Reporting Principles for defining report content" which embraces the following principles:

- Stakeholder Inclusiveness
- Sustainability Context
- Materiality
- Completeness

"The Reporting Principles for defining report quality" ensure the quality of information, including the best possible presentation that will enable stakeholders to make reasonable assessments of the disclosed information and to take appropriate actions. The principles are based on:

- Accuracy
- Balance
- Clarity
- Comparability
- Reliability
- Timeliness

Sustainability reporting to the GRI framework is important as it brings real transparency and credibility to our reports, allowing our stakeholders – both internal and external – to understand our progress against our target and form opinions and decisions on the disclosure we provide. This level of reporting is a cornerstone of our approach to sustainability and drives Arena Group to maintain its focus on our stated sustainability-related goals.

## Sustainability report 2023

## Sustainability strategy and highlights

### Sustainability Strategy

#### OUR VISION

As we strengthen and expand our hospitality portfolio, we know that the success of our business is intrinsically linked to our ability to change, evolve, and grow sustainably. We recognise the importance of looking after our people, local communities, and our planet.

We aim to establish Arena Hospitality Group d.d. as a leader in sustainable and responsible tourism across the CEE region, centred around quality, excellence, stakeholder engagement, local community inclusion and environmental, economic and social impact.

#### OUR PURPOSE

Our purpose as a Group is to create memories for our guests in premium destinations. We aim to exceed their expectations through excellent service in locations they will remember, and to which they will return. Within this, our sustainability purpose encompasses:

1. the **well-being of all our partners**, , essentially our employees, our guests, and our local communities.
2. the **Development of sustainable tourism** through aligned products, services, business operations and our supply chain.
3. a **healthy planet** which will be support by managing our resources sustainably and limiting our impact on the environment as we grow as a business.

Our sustainability strategy is an inextricable part of how we do business and is guided by our embedded principal values:

1. **Outstanding services and guest experience** where we continually strive to deliver service excellence and memorable experiences to all our guests.
2. **Zero impact** as we seek to operate with zero impact on the environment.
3. **Trust** established through the way we conduct business, focused on social, economic, and environmental sustainability goals, to build mutual trust between all parties and stakeholders.
4. **Sustainability and viability for the long term** with a high level of attention to reducing our consumption of natural resources through operating sustainably and environmental protection efforts.
5. **Confidence** with a focus on integration with our local community, as well as respect and promoting heritage and culture.
6. **Transparency and integrity** instilled across the business and corporate governance.
7. **Employee development and growth** to create a desirable and safe workplace, encourage a learning culture and positive employee engagement to support overall employee wellbeing.

### Sustainability Framework

The growing focus on sustainability is changing the definition of responsible business. Through engagement, we understand the priorities of our stakeholders, and this is helping us to develop our products, services, and investments in a more sustainable and social manner. Details of our materiality assessment to identify material risks is fully disclosed under the GRI Report GRI 3: Material Topics on page 82 of this report.

Our sustainability framework represents the Group's holistic approach to balance people, planet, and our long-term business strategy. As a responsible business, we prioritise environmental and social concerns and through policy we clearly define the methods and measures that we use to assess the Group's environmental and social impact, as well as its governance practices on the communities in which it operates.

Our Environmental, Social and Governance initiatives and goals are closely linked with the Arena's vision, values, and growth strategy. Whilst we can relate our activities to most of the 17 UN Sustainable Development Goals (SDGs), there are 13 SDGs which align with our sustainability goals These goals have been reviewed and approved by our Board.

In 2017 we established our Responsible Business Programme and since then we have continually evolved and adapted our Sustainability strategy to support the ever-changing landscape and ensure engagement at all levels of the Group's operations. We consider, measure and report against Environmental, Social and Governance (ESG) factors, the methodology of which is set out below. The Responsible Business Programme is an assimilation of our operational plans, policies, business processes and standards all of which support and reinforce our sustainability initiatives.

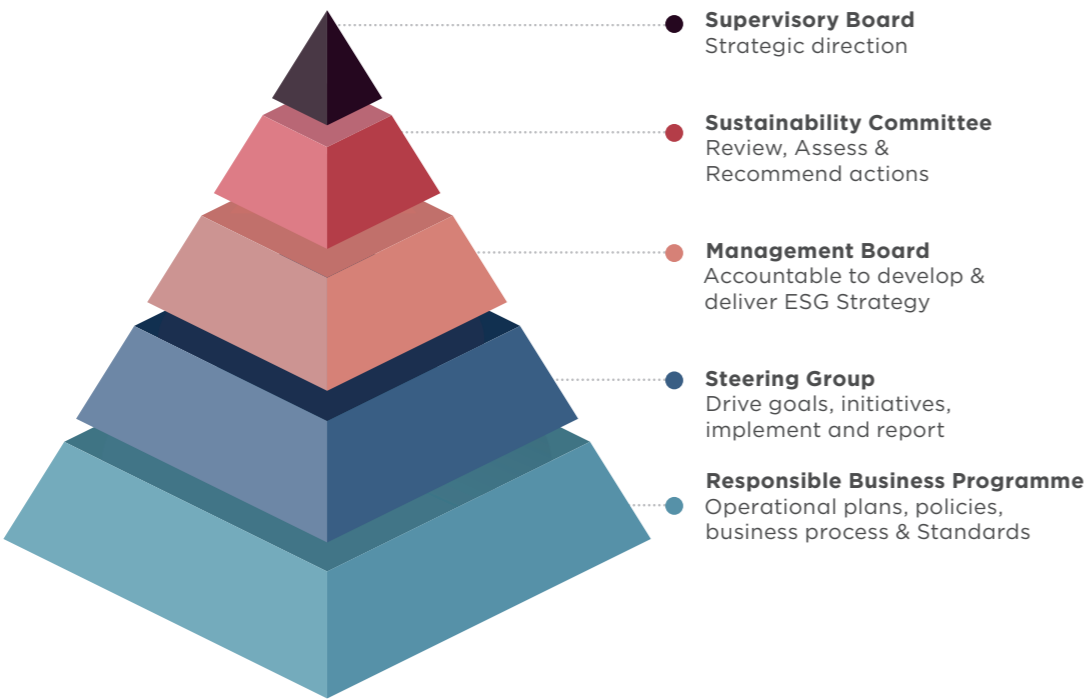
The Group remains committed to its strategic objective to strengthen and expand its hospitality portfolio within the CEE region. We recognise the importance of developing our products, services, and investments in an increasingly sustainable and social manner and we strive to go well beyond our compliance obligations. Our aim is to generate long-term competitive advantage through our sustainable approach.



Our Sustainability Governance

The Supervisory Board has set the strategic direction through the Group’s governance structure to ensure that the business has a robust ESG strategy. We established a dedicated Sustainability Committee to design and implement the Group’s sustainability strategy and provide the Supervisory Board with full oversight on all matters related to sustainability ESG.

Below is the Group’s organisational structure for sustainability governance.



Aligning Business to our ESG Strategy

Our implementation plan is to divide the ESG strategy into manageable workstreams across the Group to engage with all the responsible functions within the Group and allocate ownership and responsibilities. This will involve setting up formal procedures to ensure there is adequate knowledge sharing, progress monitoring and a control framework which manages every phase of our ESG roadmap.

Our Steering Group comprises Group-wide cross-functional members of varying specialisations who are responsible for driving our ESG strategy goals and targets and it includes representatives from various departments throughout the organisation, such as our hotels and resorts. Together they deliver the Group’s Sustainability Strategy.

Sustainability Focus Areas

Our Sustainability targets are based on three pillars:

- 1. **Environmental** considers our consumption of natural resources, our impact on the environment and how we manage associated environmental risks. Environmental risk can have a significant impact on the tourism sector and the Group is committed to its climate action goals.
- 2. **Social** looks at how we maintain connections with our workforce, suppliers, customers, and the communities in which we operate, and what impact the Group has on people at each stage of the value or supply chain.
- 3. **Governance** is concerned with leadership, executive remuneration, corruption, audits, internal controls, and shareholder rights.

We have identified 16 focus areas to achieve within the above three pillars based on our approach and the goals timeline would be established during 2024 and published in our next sustainability report:



Environmental – ‘Advancing to Net Zero’

Having considered our energy and water consumption, carbon footprint, waste generation, and overall pollution below are our overarching environmental initiatives we are committed to establishing goals in the below focus areas:

- Achieving net zero GHG emission status by 2040
  - Continuous reduction of our annual GHG emissions
  - Decreasing our energy consumption by generating our own electricity supply through photovoltaic production and energy efficient initiatives. Reorientating to renewable sources of electricity wherever possible, with a view to having 100% renewable sourcing of electricity.
  - Reducing our waste intensity
    - Aiming to have zero waste to landfill.
    - Reducing single-use plastic to zero and reducing disposable plastic progressively
    - Reducing water consumption
    - Maintain biodiversity in our managed properties.



Social – ‘Passion in People’

Our focus is on stakeholder relationships, including relationships with employees, guests, the local community, and society. Our employees are at the centre of our Sustainability strategy and social initiatives, and we continually invest in their well-being and development for growth.

- Maintain a high employee engagement rate, which is measured by our Group-wide employee engagement survey for employee satisfaction.
- Representation of women at all levels across the Group
- Employee learning and development focus on increasing training hours per employee
- Double our investment in community initiatives to promote local culture and architectural heritage, to promote our contribution to local community infrastructure and offer training and skills to develop employability of local people of all ages, including youth.
- Supplier engagement and due diligence with 100% ESG screening.

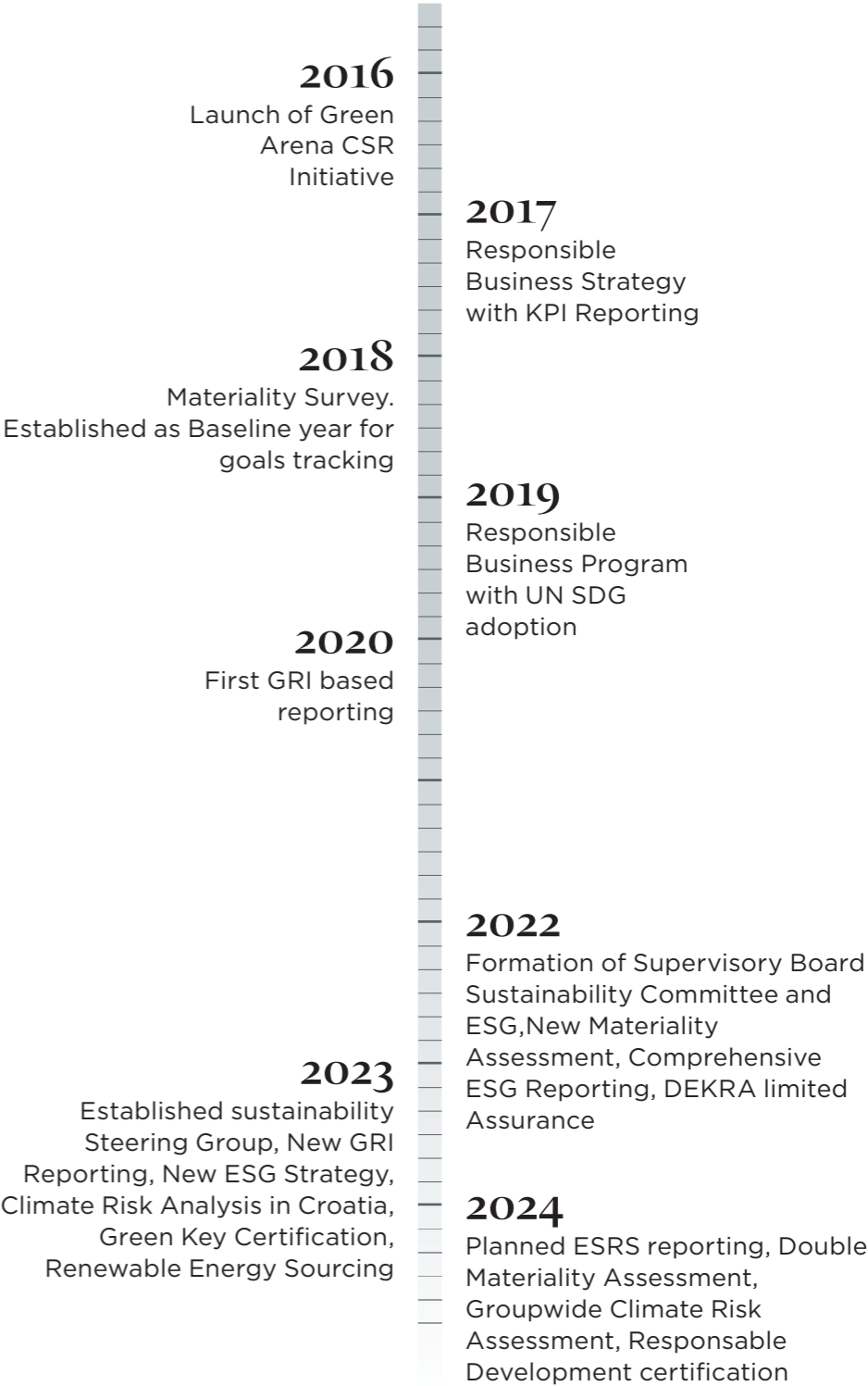


Governance – ‘Continuous improvement’

Governance factors focus on all aspects of governance within an organisation, including how decisions are made, who makes business decisions and how processes are completed. Arena’s main governance focus areas are:

- Adopt European sustainability standard ESRS
- Ensure anti-corruption and anti-bribery training is delivered to all team members.
- Refresh and launch our updated Ethical Business Practices programme.

Timeline & Horizon



## Sustainability report 2023

## Key initiatives & progress

### Journey to Net Zero

#### ARENA'S JOURNEY TO NET ZERO BY 2040

Arena is continually evolving its ESG strategy in support of our purpose, including to reduce greenhouse gas emissions in our endeavour towards achieving our Net Zero target by 2040.

#### CLEAN AND RENEWABLE ENERGY INITIATIVES

Our ESG Steering Group in Croatia and Germany has successfully achieved Green Key certification for our hotels, campsites and resorts. The Green Key certification is a leading standard for excellence in the field of environmental responsibility and sustainability operations throughout our business operations. This initiative is an essential program across our business involving our employee engagement, guest experience and impact on our local communities.

Our standard operating practices include the management of onsite energy, including control and monitoring systems. As part of improving energy efficiency, we are increasingly replacing light bulbs with more energy efficient LEDs alternatives throughout our operations, alongside installing a new standard of energy-efficient lighting solutions.

Through responsible sourcing we continue to move our procurement towards renewable sources wherever practically possible. Consequently, we have now contracted sourcing of 'Green Energy' from renewable sources. In Austria, we sourced directly from the renewable energy producer. In Germany, Croatia (effective August 2023) and Hungary, we sourced renewable energy indirectly via procuring guarantees of origin issued by certified registries.

The generation of renewable electricity on site is part of our net zero roadmap and we have signed an agreement to install and

implement solar plants in four locations in Croatia, which we anticipate will be operational during 2024.

We also increased on-property offering of electric vehicle charging stations in our hotels and resorts in Croatia in 2023 and aim to expand this in the coming years to boost and adapt to lower emission practices.

In Croatia, we participated in CO<sub>2</sub> compensation and offsetting initiative whereby our team members helped plant 3000 trees to increase afforestation and thus improve the environment. This initiative also endorses our target of reforestation and preservation of biodiversity.

#### CLIMATE CHANGE RISKS AND OPPORTUNITIES

As part of our proactive approach to risk management we maintain a clear view of our most prominent threats and continually reassess emerging risk trends, and we have concluded a thorough climate risk assessment for each of our sites with our partner. This will now enable us to monitor and implement medium to long-term strategy to help mitigate the risk of climate change to our business.

As part of our Sustainability Framework we have planned to revisit our existing materiality assessment of key topics carried out in 2022 and are undertaking a robust double materiality assessment planned in 2024. It is our ambition to validate our emissions targets and review, giving full consideration by using Science Based Target initiative. We plan to carry this out in

conjunction with PPHE Hotel Group thus leveraging and sharing best practice in the wider group.

In 2023, due to increasing requirements in ESG reporting, the Group decided to use a new tool for climate risk assessment – CLIMATIG. It uses data from different climate models for multiple scenarios (RCP4.5, RCP8.5), satellite data and historical data to create its own climate risk predictions models for all hazards. All climate risks calculated by CLIMATIG are assessed at a high resolution of 10m and the temporal resolution is on an annual basis. The CLIMATIG Score (CS) is a composite risk index calculated for each individual hazard. It includes the data on specific climate variables and the asset location information.

More details have been provided in the Appendix of this report.

#### WATER MANAGEMENT

As part of our water management initiative to reduce water withdrawal and use, we have implemented a life cycle assessment of our water taps and shower heads throughout our hotels, resorts and campsites. This program aims to replace all these fixtures with new water-saving fixtures and, in many instances, reduce the flow of water whilst maintaining the customer experience.

In Germany, all showers have been fitted with new fixtures which reduce the water flow to 6 to 9 litres per minute on average. These fixtures have also been fitted as standard during the Group's recent investment projects, such as Hotel Grand Brioni, art'otel Zagreb, Radisson RED Belgrade, where guest room showers have reduced water consumption of less than 9 litres per minute on an average.

We are now looking to replace older water fixtures with new water-saving fixtures in other parts of the business as part of our capital replacement cycle.

#### WASTE MANAGEMENT

Our waste management strategy focuses on reducing overall waste produced, through recycling of waste and the diversion of waste from landfill.

In Germany, our waste is diverted from landfill and sent to energy incineration.

In Croatia, we have an extensive waste management process covering our 20 hotels, campsites, and apartment resorts through a centralised waste management department. We segregate our total waste from all our sites in a central location where the waste is registered and the majority is recycled through regulated service providers.

We have piloted and implemented two food recycling machines, which facilitate converting food waste to compost. This is over and above our kitchen standards, which aim to reduce overall food waste on a day-to-day basis.

For many years, our Group has implemented a waste reduction policy, including sorting by type, to minimize direct disposal to landfill. The Group has signed contracts with local city companies that are responsible for taking over sorted waste (in the area of Pula "Herculanea" d.o.o. and in the area of Medulin "Med Eko servis" d.o.o.). These companies also take municipal mixed waste to ŽCGO Kaštijun d.o.o. (County Centre for Waste Management Kaštijun). ŽCGO Kaštijun uses the material and energy potential of waste throughout mechanical-biological processing. At the end of the process, 9% of the waste remains permanently at the landfill. (more details on [www.kastijun.hr](http://www.kastijun.hr)). ŽCGO Kaštijun was founded in 2007 in accordance with the national program of the Republic of Croatia, and the founders were Istarska Županije and the City of Pula. ŽCGO Kaštijun has ISO 9001 and ISO 14001 certificates.



Green Key

REDUCTION OF SINGLE USE PLASTIC

To mitigate the overall use of plastic as part of our pledge to safeguard to environment, we are reducing the use of single-use plastic amenities in our hospitality portfolio and, wherever possible, expanding the use of recyclable plastic.

Recognitions



**ŠUMOBORCI**  
Compensating by plating campaign.



**CHARTER OF DIVERSITY**  
Signing of the Charter of diversity.



SUSTAINABILITY CERTIFICATIONS



**GREEN KEY**  
Croatia + Germany



**TRAVELIFE GOLD**  
TUI Blue Medulin, Park Plaza Histria



**BLUE FLAG**  
Ambrela Beach, Yacht Beach



HEALTH & SAFETY CERTIFICATIONS



**SAFE TRAVELS**



**SGS SAFETY PROTOCOL**



**SAFE STAY IN CROATIA**

AWARDS



**HRIO**  
HRIO award in children rights



**CROATIA'S BEST CAMPSITES**  
Arena Stoja Campsite, Arena Grand Kažela Campsite, Arena One 99 Glamping (awarded by Croatian Camping Association)



**ADAC**  
Superplatz - Arena Grand Kažela Campsite (awarded by ADAC)



**HOTEL OF THE YEAR**  
Grand Hotel Brioni Pula, A Radisson Collection Hotel (awarded by Croatian Ministry of Tourism & Sport & Croatian Chamber of Commerce and Croatian Tourist Board)

# General Disclosures

GRI 2: General Disclosures 2021

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of Directive 2013/34/EU, ESRS 1 5.1, ESRS 2 BP-1 §5 (a) and (b) i, ESRS 1 §73, ESRS 2 SBM-1 §40 (a) i to (a) ii, (b) to (c), §42 (c), ESRS 2 SBM-1 §40 (a) iii; ESRS S1 S1-6 §50 (a) to (b) and (d) to (e), §51 to §52, ESRS S1 S1-7 §55 to §56)

The organization and its reporting practices  
11.Accommodation and food services

Disclosure 2-1 Organizational details

GRI REQUIREMENT	DISCLOSURE
Legal name	Arena Hospitality Group d.d
Nature of ownership and legal form	Arena Hospitality Group d.d. is a joint stock company
Location of headquarters	Pula, Croatia
Countries of operation	Croatia, Germany, Austria, Hungary and Serbia

Disclosure 2-2 Entities included in the organization’s sustainability reporting

Subsidiaries included in the Group including Jointly controlled entities. See Annual report page 222-223.

Disclosure 2-3 Reporting period, frequency, and contact point

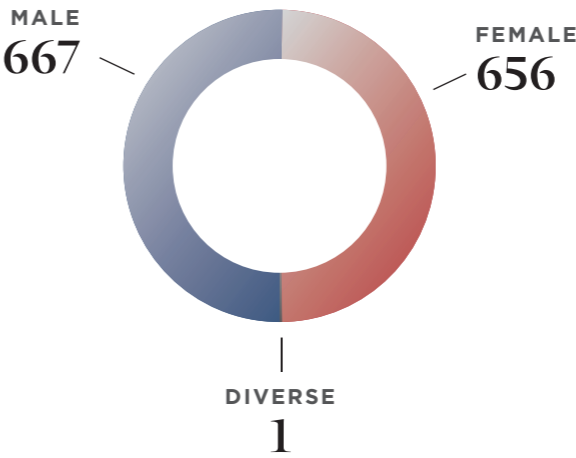
GRI REQUIREMENT	DISCLOSURE
Reporting period for sustainability reporting	The reporting period is 01 January 2023 until 31 December 2023 inclusive
Frequency of sustainability reporting	Sustainability reports are published annually
Reporting period for financial reporting	Financial reporting period and the sustainability reporting period are the same
Publication date of report	29 February 2024
Contact point for questions	Sandra Kalagac Sustainability Manager Arena Hospitality Group d.d. HR-52100 Pula, Croatia Smareglina ulica 3 Tel: + 385 52 223 811
Persons with key sustainability responsibilities	Devansh Bakshi Member of the Management Board and Chief Financial Officer Responsible for: Appointment of Group Sustainability processes and services

Disclosure 2-6 Activities, value chain and other business relationships

PRIMARY ACTIVITIES - Accommodation and food services  
Company and business activities disclosed on Annual Report page 166.

Disclosure 2-7 Employees

HEADQUARTER LOCATION:	Pula, Croatia		
TOTAL REVENUE IN EUROS:	126.498 EUR'000		
	TOTAL	Permanent Employees	Temporary Employees
ALL GENDERS	1324	1100	224
MALE	667	-	-
FEMALE	656	-	-
DIVERSE	1	-	-



Throughout this report, the Full Time Equivalent (FTE) number is an estimate based on the total hours paid for all employees divided by the hours paid for an average full-time employee to arrive at a total for FTE Employees.

Disclosure 2-8 Workers who are not employees.

Approximately 210 FTE “workers” are identified in this document are students.

# Material topics

## GRI 3: Material Topics 2021

*(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of ESRS 2 BP-1 §AR 1 (a); IRO-1 §53 (b) ii to (b) iv, ESRS 2 SBM-3 §48 (a) and (g)*

### Disclosure 3-1 Process to determine material topics

We periodically assess our material topics to ensure that our Responsible Business Programme evolves and aligns with the following considerations, namely,

1. The direct relevance to Arena business activities
2. Alignment with the reporting and transparency requirements of our key stakeholders including majority shareholder PPHE
3. Overlap with reporting requirements and obligations within our operating markets.

Our Responsible Business Programme is designed to create and support a long-term approach to sustainable business. It ensures that our sustainability initiatives and plan are aligned with our business operational processes and our service standards.

We continually assess our material issues to ensure that our sustainability strategy is aligned to the issues that matter the most to our stakeholders. Working closely with PPHE Hotel Group we have aligned material issues that were identified through an extensive materiality assessment carried out by PPHE Hotel Group.

The material themes have been adopted by the Group in our ESG data collection and reporting, subject to local adjustment for the Group's specific regional operating markets. This approach is considered appropriate given that:

1. PPHE Hotel Group is a major financial stakeholder of Arena
2. PPHE Hotel Group has a similar business model, as a hotel owner operator and therefore has a similar material concern to Arena
3. Both PPHE Hotel Group and Arena report certain ESG and financial information together as Arena is part of PPHE Hotel Group's reporting.

### Disclosure 3-2 List of material topics

There are no changes to the list of topics reported from the previous year. We have thus identified the following topics as material for the Group, sorted according to the broad sustainability themes: Governance, Social and Environmental:

#### Governance

- Corporate Governance
- Corruption

#### Social

- Health and Safety
- Diversity & Equal Opportunity
- Collective Bargaining
- Human Rights
- Training and Skills
- Community and Social Impact

#### Environmental

- GHG Emissions
- Water
- Waste
- Energy
- Biodiversity

# Governance Indicators

## Disclosure 2-9 Governance structure and composition

*(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of ESRS 2 GOV-1 §21, §22 (a), §23; ESRS G1 §5 (b))*

Information on the Company's governance structure and composition, including the Supervisory Board as the highest governance body, can be found in the Governance section of the 2023 Annual Report & Financial Accounts on pages 125-129.

The Supervisory Board has established four committees each consisting of up to four member. This includes the Sustainability Committee which was established in 2022 and is responsible for overseeing the management of impacts on the economy, environment, and people.

The Supervisory Board has seven non-executive members and no executive members. The Company confirms the independence of the Supervisory Board at the time of issuing of this Report.

There is one member of the Supervisory Board who served less than two years, and there are six members of the Supervisory Board who served for at least two years. There are no other significant positions or commitments held by the Supervisory Board members that could compromise their ability to perform their duties in the Company.

In terms of gender composition, the Supervisory Board has four male members,

three female members and no non-binary members. The Supervisory Board as the highest governance body has one member, Mrs Lorena Škuflić, with specific competencies relevant to the sustainability impacts of the Company. Mrs Škuflić chairs the Company's Sustainability Committee and is a member of the International Association for Sustainable Economy and an advisor for International Sustainable Business affairs. There are no Supervisory Board members representing under-represented social groups or stakeholders.

## Disclosure 2-10 Nomination and selection of the highest governance body

*(According to the GRI-ESRS Interoperability Index, this topic is not covered by the list of sustainability matters in ESRS 1 AR §16)*

Six members of the Supervisory Board of the Company are elected by the General Assembly of the Company and one member may be appointed by the Company's employees' council. The Supervisory Board members of the Committee are appointed by the Supervisory Board. The appointment of each member is based on each members competencies and expertise relevant to the Group's sustainability impact, as well as independence, diversity, and views of relevant stakeholders. In addition, the Nomination Committee is authorised to oversee the nomination process for the highest governance body members and to develop role and candidate requirements consistent with outlined criteria.

## Disclosure 2-13 Delegation of responsibility for managing impacts

*According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of ESRS 2 GOV-1 §22 (c) i; GOV-2 §26 (a); ESRS G1 G1-3 §18 (c)*

The Group's ESG initiatives and efforts are supported by a robust governance structure. The Supervisory Board formed a dedicated Sustainability Committee in 2022 in recognition of the long-term impact of environmental and social considerations to both the Group, as well as the economy and environment. In addition, the Group appointed an ESG Manager, responsible for the management and regular reporting on of Arena's impacts on the economy, environment, and people.

The Group places great emphasis on close engagement with its relevant stakeholders – investors, employees, unions, suppliers, public authorities, and local communities. In practice, the engagement happens usually upon relevant stakeholders raising their concerns with the designated Group structures, and it responds promptly and thoroughly. Depending on the severity of the concern raised, Management may be involved directly or indirectly.

The Management also regularly communicates with the relevant stakeholders regarding the Group's strategy, future plans and positions. It continues to engage with its suppliers to help achieve its ESG initiatives and has invested in online solutions to make supplier assessment and screening seamless to ensure compliance with its sourcing policy. Based on monthly communication and delivery of data, the analysis of the process is carried out, possible problems are determined, and the implementation of tasks and goals is evaluated. The report is submitted quarterly to the Sustainability Committee for further analysis to implement the assigned tasks and goals in the best possible way.

# Sustainability report 2023

## GRI Report

GOVERNANCE INDICATORS

### Disclosure 2-14 Role of the highest governance body in sustainability reporting

*According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of ESRS 2 GOV-5 §36; IRO-1 §53 (d)*

The Supervisory Board established a Sustainability Committee that considers the reported information and supports the Supervisory Board's review process in relation to reported information and the Group's material topics.

### Disclosure 2-19 Remuneration policies

*According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of ESRS 2 GOV-3 §29 (a) to (c); ESRS E1 §13*

In 2020, the Supervisory Board of the Company adopted, and the General Assembly of the Company approved, the Management Board Remuneration Policy ("Policy") that introduced the framework for the remuneration of Company's members of the Management Board and that applies as of January 2021. The Policy ensures that the Company applies performance-based remuneration that will reward its Management Board members for their commitment to Company's strategy in an understandable, transparent, and clear manner. The remuneration of the Supervisory Board members has been determined by the decision of the General Assembly adopted on 30 August 2017. Both Management Board Remuneration Policy and the Decision of the General Assembly on the remuneration of the Supervisory Board members are published on the Company's corporate web page (<https://www.arenahospitalitygroup.com/>).

Pursuant to the Management Board Remuneration Policy, the remuneration of members of the Management Board consists of fixed remuneration, variable remuneration and other benefits. Variable remuneration depends on the assessment of the performance of the members of the Management Board in combination with the overall financial and operational result of the Company on an annual basis. Various factors shall be considered as key performance indicators of success to determine the exact amount of the variable remuneration. Remuneration is not linked to environmental or social performance criteria.

### Disclosure 2-23 Policy commitments

*(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of ESRS 2 GOV-4; MDR-P §65 (b) to (c) and (f); ESRS S1 S1-1 §19 to §21, and §AR 14; ESRS S2 S2-1 §16 to §17, §19, and §AR 16; ESRS S3 S3-1 §14, §16 to §17 and §AR 11; ESRS S4 S4-1 §15 to §17, and §AR 13; ESRS G1 G1-1 §7 and §AR 1 (b))*

As a prime listed company on the Zagreb Stock Exchange, Arena, its subsidiaries, affiliates, and managed hotels operating in all countries, including all Arena Hospitality Group companies, acknowledge its obligations to ensure comprehensive social, ethical, and environmental practices within its operations and within its supply chain in every market in which it operates. As part of this acknowledgement Arena has implemented various policies of social responsibility publicly available on its webpage ([www.arenahospitalitygroup.com](http://www.arenahospitalitygroup.com)), including, amongst others, a Code of Conduct, a Supply Policy, a Human Rights Policy etc. The Group also implements a (due diligence) compliance questionnaire in relation to the supply chain, available at the listed website.

The Human Rights Policy was approved at a meeting of the Supervisory Board on 25 February 2022. The Human Rights Policy defines the basic standards of human rights which the Group will always respects and which the Group expects business partners to comply. These standards of human rights also form the basis of our Responsible and Ethical Sourcing Policy. In addition to its basis in relevant local and national legislation, this policy is drawn from:

1. The United Nations (UN) Universal Declaration of Human Rights, which defines the rights every human being is entitled to, covering areas such as employment, education and dignity, and

2. The International Labour Organization (ILO), a UN agency whose mission is to promote rights at work; encourage decent employment opportunities; enhance social protection, and strengthen dialogue in handling work-related issues. Its conventions create the framework for ethical labour standards.

The Human Rights Policy sets out the following operational requirements: (i) all employment is freely chosen (no forced, bonded or prison labour) (ii) Freedom of association and the right to collective bargaining are respected (iii) Working conditions are safe and hygienic (iv) Child labour shall not be used (v) Living wages are paid (vi) Working hours are not excessive (vii) No unlawful discrimination is practised (viii) No harsh or inhumane treatment is allowed.

The policy commitments apply to all the Group's activities and business relationships equally. The Group communicates the policy commitments through internal channels, meetings, dedicated websites, and contractual agreements.

# Sustainability report 2023

## GRI Report

GOVERNANCE INDICATORS

### Disclosure 2-28 Membership associations

(According to the GRI-ESRS Interoperability Index, 'Political engagement' is a sustainability matter for G1 covered by ESRS 1 §AR 16. Hence this GRI disclosure is covered by MDR-P, MDR-A, MDR-T, and/or as an entity specific metric to be disclosed according to ESRS 1 §11 and pursuant to MDR-M)

Arena is the member of the following industry associations, membership organizations, and national or international advocacy groups:

- |  |   |
|--|---|
| — Croatia Tourist Board                                    | — DEHOGA - Deutscher Hotel-und Gaststättenverband   |
| — Istria Tourist Board                                     | — VDR - Germany's business travel association   |
| — Medulin Tourist Board                                    | — Deutsch-Niederländischen Businessclub Berlin  |
| — Pula Tourist Board                                       | — SKAL International, professional organization promoting global Tourism and friendship                                     |
| — Croatian Tourism Association (HUT)                       | — Privredna komora Srbije - Serbian Chamber of Commerce   |
| — Association of Croatian travel agencies (UHPA)           | — Poslovno udruženje hotelsko ugostiteljske privrede Beograd - Business Association of Hotel and Restaurant Industry Serbia |
| — Croatian Chamber of Economy (HGK)                        | — Magyar Szállodák és Éttermek Szövetsége- Hungarian Hotel Association  |
| — Croatian Camping Union (KUH)                             |   |
| — Association of Employers in Croatian Hospitality (UPUHH) |   |
| — American Chamber of Commerce in Croatia (AmCham)         |   |
| — Croatian Meeting Professionals Association               |   |



### Disclosure 2-29 Approach to stakeholder engagement

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of ESRS 2 SMB-2 §45 (a) i to (a) iv; ESRS S1 S1-1 §20 (b); S1-2 §25, §27 (e) and §28; ESRS S2 S2-1 §17 (b); S2-2 §20, §22 (e) and §23; ESRS S3 S3-1 §16 (b); S3-2 §19, §21 (d) and §22; ESRS S4 S4-1 §16 (b); S4-2 §18, §20 (d) and §21)

Arena places significant emphasis on actively engaging with its key stakeholders, including employees, guests, investors, unions, suppliers, public authorities, and local communities. While there is no formalised structure dictating the frequency and format of these interactions, engagement typically occurs when relevant stakeholders' express concerns to the designated company structures. The Group promptly and comprehensively responds to such requests, with management involvement varying based on the gravity of the issues raised.

Additionally, the management consistently communicates the Group's strategy, future plans, and positions to relevant stakeholders. Arena is committed to ongoing collaboration with suppliers to support its Environmental, Social, and Governance (ESG) initiatives. It has implemented online solutions for seamless supplier assessment and screening to ensure compliance with its sourcing policy, starting with a pilot program in Croatia with plans for expansion across the entire Group.

In terms of guest engagement, Arena actively communicates directly with guests, manages its online reputation, and integrates guests into matters important to the company. In 2023, the Group launched the 'Stay for Good' campaign in partnership with UNICEF Office for Croatia, aimed at promoting children's rights and solidarity with vulnerable children in Croatia. Guests at selected hotels, resorts, and campsites in Croatia had the opportunity to make

voluntary donations upon check-out. All funds collected were utilised to support children with developmental difficulties, those without appropriate parental care, families facing challenging conditions, and children and young people with mental health issues in Croatia.

This initiative, along with other activities focused on children's welfare, earned Arena Hospitality Group d.d. the prestigious Croatian Sustainability Index (HRIO) award in the 'Children's Rights' category at the 15th Sustainable Development Conference. The conference, organised by the Croatian Business Council for Sustainable Development (HR PSOR HR BCSD) under the patronage of various governmental bodies and the European Union Funds, recognised the company's efforts in supporting children's rights.

Employee engagement is facilitated through an annual employee engagement survey called "Let's Talk," while the internal mobile communication platform called "Arena Connect Team" informs employees about the news, encourages participation in chat discussions or allows employees to submit queries directly to the CEO.

Furthermore, Arena engages with local communities through participation in national and local tourist boards, as well as major health, culture, and sports institutions. In dealing with unions, the group fosters an open dialogue and maintains a positive partnership relationship.

Disclosure 2-30 Collective bargaining agreements

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of ESRS S1 S1-8 §60 (a) and §61)

**98%**  
of full-time employees are covered by collective bargaining agreements

The Group determines working conditions for 98% of employees based on collective bargaining agreements and in some instances where it is not applicable the working conditions are determined based on laws in force.

Anti-corruption

GRI 205: Anti-corruption 2016

According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of ESRS G1 G1-1 §7; G1-3 §16 and §18 (a) and §24 (b), ESRS G1 G1-3 §AR 5, ESRS G1 G1-3 §20, §21 (b) and (c) and §AR 7 and 8, ESRS G1 G1-4 §25

TOPIC MANAGEMENT DISCLOSURES  
Disclosure 205/3-3 Topic Management Approach

The Group is committed to maintaining principles of good corporate governance and regulatory compliance. The Group does not have a history of association with corrupt activity or corruption risks. The Group does not operate casinos and is therefore not considered to be a high-risk vehicle for non-transparent financial flows.

The Group has a zero-tolerance policy on bribery and corruption which extends to all business dealings and transactions in which we are involved. The policies are consistent with the United Nations Convention Against Corruption. This includes a prohibition on making political donations, offering, or receiving inappropriate gifts or making undue payments to influence the outcome of business dealings. Our robust policy and guidance in this area are routinely reviewed to ensure up to date compliance. Every new team member is required to review our Code of Conduct and Gift policy which are seen by the HR department. The Group applies its Code of Conduct which specifies, among other things:

- Responsible and Ethical Sourcing Policy for suppliers
- Zero tolerance with respect to Bribery and Corruption
- Zero tolerance with respect to Fraud and theft
- Receiving gifts and Bribery.

TOPIC DISCLOSURES  
Disclosure 205-1 Operations assessed for risks related to corruption

**100%**  
of operations have been reviewed for risks related to corruption.  
Zero Corruption risks identified in 2023.

Disclosure 205-2 Communication and training about anti-corruption policies and procedures

Communication of the organization’s anti-corruption policies and procedures to governance bodies members

TOTAL NUMBER

7

PERCENTAGE (%)

100%

Communication of the organization’s anti-corruption policies and procedures to employees

ALL

**557**  
NEWLY EMPLOYED (42%)

Disclosure 205-3 Confirmed incidents of corruption and actions taken

	CASES 2023	CASES 2022	CASES 2021	COMMENT
Total number and nature of confirmed incidents of corruption	0	0	0	None
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0	None
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	0	0	None

Zero legal cases relating to corruption have been brought against Arena in 2023.

Raising Awareness on Corruption Related Risks

The legal and HR department are in constant dialogue with colleagues from other departments, and with Management Board and Supervisory Board members in order to avoid future risk of corruption and bribery actions. It is through such constant communication that the team members are being reminded of legal and reputational obligations, consequences, and repercussions of actions in relation to bribery and corruption.

Social  
Indicators

GRI 403: Occupational Health and Safety 2018

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2-1 §14; §17 (c); S2- 2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c), ESRS S1 S1-1 §23, ESRS S1 S1-14 §88 (a); §90, ESRS S1 S1-4, §38 (a); S1-14 §88 (b) and (c); §AR 82)

Material topic:  
Health& Safety

TOPIC MANAGEMENT DISCLOSURES  
Disclosure 403/3-3 Topic  
Management Approach

At Arena we along with good working practice, strive to professionally and responsibly establish, monitor and manage all aspects of occupational health and safety, timely identify risks and hazards at workplaces.

Furthermore, by carrying out timely and continuous education of all our employees, which we carry out internally and in cooperation with authorized companies, we act preventively at all levels of business, while medical examinations for almost all groups and categories of employees ensure tracking employees health and preventive action on the health of employees.

Group Management has the responsibility of establishing and promoting the Health and Safety Policy to lower-level management, so there are health and safety responsible individuals across the group are addition to the professional team in the central office in compliance with legal requirements.

Disclosure 403-1 Occupational health  
and safety management system

CROATIA	✓	An OHSMS is implemented	✓	An OHSMS is legally required
HUNGARY	✓	An OHSMS is implemented	✓	An OHSMS is legally required
SERBIA	✓	An OHSMS is implemented	✓	An OHSMS is legally required
GERMANY	✓	An OHSMS is implemented	✓	An OHSMS is legally required
AUSTRIA	✓	An OHSMS is implemented	✓	An OHSMS is legally required

TOPIC DISCLOSURES  
Disclosure 403-8 Workers covered  
by an occupational health and  
safety management system

GRI REQUIREMENT

Employees and workers covered by  
such a system

NUMBER
1324
PERCENTAGE (%)
100

Disclosure 403-9 Work-related injuries

GRI REQUIREMENT

Number of recordable work-related injuries

	2023	2022
Employees	29	26
Workers	none	none

GRI REQUIREMENT

Rate of recordable work-related injuries

	2023	2022
Employees	14.26%	13.98%
Workers	none	none

Worker injury rate (number of reported injuries per million hours worked)

Training and Education

GRI 404: Training and Education 2016

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2-1 §14; §17 (c); S2- 2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c), ESRS S1 S1-13 §83 (b) and §84, ESRS S1 S1-1 §AR 17 (h))

TOPIC MANAGEMENT DISCLOSURES

Disclosure 404/3-3 Topic Management Approach

The Group recognises the significance of investing in talents and cultivating a dynamic workplace that fosters the skill and knowledge development of our team members. Our commitment extends to acknowledging, retaining, and supporting the growth of our talents through diverse training programs and university tuition payments. Emphasising our core values — trust, respect, teamwork, enthusiasm, commitment, and care — creates a culture of engagement and value for our team members.

In 2023, actively participating in the "Development of occupational standards, qualification standards, and professional curricula for programs in the field of tourism and hospitality" initiative implemented by "KLIK Pula - Centre for Competent Lifelong Development of Innovative Knowledge and Skills in the tourism and catering sector" and in partnership with Pula School of Tourism, Hospitality and Trade, the Group directly contributed to shaping the future of education in the industry in the region.

Additionally, the first group of our team members successfully graduated from the personalised "Arena Management Development," delivered by the esteemed BHMS Business & Hotel Management School from Switzerland. This program, tailor-made to our needs and divided into four modules covering essential topics, ensures our team is equipped with the latest insights in hotel operations, hospitality human resources, finance in hospitality, and hospitality marketing and sales.

Furthermore, in 2023, we commend our valued team members who have successfully completed various learning and upskilling programs, including the lifelong learning program in Camping Resort Management and the "Specialist in Food and Beverage Department" program. These achievements underscore our commitment to providing growth opportunities, professional development, and a supportive environment for building fulfilling careers within our business.

Also, in collaboration with PPHE, the Group organised internal trainings including "Brand Immersion" and "Guest Experience" to ensure service quality and consistency with the brands.

TOPIC DISCLOSURES  
Disclosure 404-1 Average hours of training per year per employee

EMPLOYEE CATEGORY

all

FEMALE

25,58

MALE

26,67

DIVERSE

0,00

Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs.

Our programs are conceived with an aim to empower employees for performing their tasks in a more efficient way, which in turn makes them more engaged and productive. All learning and development programs provide for our employees' skills and knowledge improvements, their personal growth and development which can largely contribute to the quality of the service provided, hence to our business overall. It is another way to show that our company cares for its employees and creates a future employee's development path which increases motivation and loyalty. For this purpose, we have agreements with different educational institutions, private business educators and on the job training which are provided by our more skilled experienced employees. Such agreements and partnerships with external educational systems also aid us in transition assistance programs. Furthermore, we have a continuous partnership with the Association of Employers in Croatian Hospitality which provides us with constant online training sessions such as the Hotel Academy and similar.



# Diversity and Equal Opportunity

GRI 405: Diversity and Equal Opportunity 2016

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of Directive 2013/34/EU ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2-1 §14; §17 (c); S2- 2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c), ESRS S1 §24 (a); ESRS 2 GOV-1 §21 (d); ESRS S1 S1-6 §50 (a); S1-9 §66 (a) to (b); S1-12 §79; and ESRS S1 S1-16 §97 and §98.)

TOPIC MANAGEMENT DISCLOSURES

Disclosure 405/3-3 Topic Management Approach

The Group is determined in its commitment to fostering respect, fairness, and equal opportunities, with zero-tolerance to any form of discrimination including workplace insults, humiliation, abuse, or harassment. Embracing diversity, we champion equal opportunities for team members, students, and guests, regardless of various factors such as age, disability, gender, race, religion, and more.

The Group operates in accordance with the Law on Suppression of Discrimination of the Republic of Croatia. At the highest governance levels, our commitment to diversity is reflected in the election and appointment of members to the Supervisory and Management Boards, which adhere to the Companies Act without limitations on diversity.

In a significant move, in 2023, Arena officially endorsed the Croatian Charter of Diversity, aligned with the European Commission's international initiative. This commitment promotes diversity, anti-discrimination, inclusiveness, and equal

opportunities. By signing the Charter, we pledge to implement equal treatment policies, embrace diversity management, and actively prevent discrimination and harassment.

Moreover, as an associated partner in the "ACCESS" project - tourism for all, AHG is actively involved in educating team members on accessing and communicating with individuals with various forms of disability. This initiative, conducted in collaboration with the Society of Persons with Physical Disabilities of Southern Istria, the Family Accommodation Association of Istria, and the Tourist Board of the City of Pula, emphasises the importance of understanding and catering to the needs of people with disabilities in the tourism sector. This aligns with AHG's commitment to inclusivity, ensuring our services are accessible and welcoming to all.

TOPIC DISCLOSURES

Disclosure 405-1 Diversity of employees

DIVERSITY CATEGORIES	EMPLOYEES
Female	49,55%
Male	50,38%
Diverse	0,08%
< 30 years old female	132
30 - 50 years old female	315
> 50 years old female	209
< 30 years old male	168
30 - 50 years old male	307
> 50 years old male	192
< 30 years old other gendered	1
Contract type PART TIME	47
Contract type FULL TIME	1277

Disclosure 401-1 New employee hires and employee turnover

CATEGORY	TOTAL NUMBER OF NEW EMPLOYEES HIRES	TOTAL NUMBER OF EMPLOYEES TURNOVER
Total	231	236
Female	119	114
Male	112	122
Diverse	0	0

Disclosure 405-2 Ratio of basic salary and remuneration of women to men

LOCATION OF OPERATION

all

FEMALE

2,082.82 EUR


MALE

2,137.32 EUR

The ratio was only calculated for all operations without further breakdowns of specific locations.

0.97 WAGE DISTRIBUTION

Female to Male wage ratio (This is the ratio of the basic salary and remuneration of women to men



POVELJA  
O RAZNOLIKOSTI  
HRVATSKA

Raznolikost je jedna od temeljnih vrijednosti modernog društva. Zaposlenice i zaposlenici u svojoj raznolikosti, sa svojim vještinama, kreativnošću i inovativnošću predstavljaju ključ dugoročnog uspjeha svake organizacije. Raznolikost omogućuje ostvarivanje punog potencijala svake osobe, a politika raznolikosti i nediskriminacije na radnom mjestu predstavlja je razvoj kreativnosti, inovativnosti i individualnih talenata. U svijetu globalizacije i društvenih promjena, sposobnost prihvaćanja i razumijevanja raznolikosti predstavlja važan preduvjet za razumijevanje klijenata i poslovnih partnera. Stoga se, u skladu s Ustavom i zakonima Republike Hrvatske, zalažemo za zaštitu od diskriminacije te razvoj raznolikosti i jedinstvenosti, kako u svojoj organizaciji, tako i kod partnera i dionika. Potpisivanjem Povelje o raznolikosti obvezujemo se:

1. Izraditi politiku raznolikosti i nediskriminacije, kako bismo razvijali organizacijsku kulturu koja se temelji na uzajamnom poštovanju i uvažavanju individualnih različitosti.
2. Razvijati raznoliko radno okruženje poticanjem integracije zaposlenika svih profila, neovisno o spolu i spolnoj orijentaciji, rasnom ili etničkom podrijetlu, vješt ili uvjerenju, invaliditetu, dobi i drugome.
3. Razvijati vještine i kompetencije menadžmenta, zaposlenika i zaposlenica odgovornih za zapošljavanje, treniranje i razvoj karijere, a primjeni politike raznolikosti i nediskriminacije.
4. Koristiti politiku raznolikosti i nediskriminacije pri zapošljavanju menadžmenta kako bismo omogućili bolje razumijevanje odluka u upravljanju i bili otvoreniji za inovativne ideje s ciljem jačanja konkurentnosti i održivosti organizacije.
5. Razvijati svijest i obrazovati naše zaposlenike o politici raznolikosti.
6. Poticati primjenu politike raznolikosti kod klijenata i dobavljača.
7. Izraditi i redovito obnovljivi akcijski plan za promociju politike raznolikosti i nediskriminacije koji će uključivati mjere koje pokazuju, a u čiju će izradu i provedbu biti uključeni zaposlenici.
8. Najmanje jednom godišnje izvještavati o provedbi politike raznolikosti i nediskriminacije uključujući mjere i interne postupke koje primjenjujemo kako bismo ostvarili ciljeve.

Arena Hospitality Group d.d.

*B. Skarina*

Disclosure 401-3 Parental leave

GRI REQUIREMENT	TOTAL	FEMALE	MALE	DIVERSE
Total number of employees - entitled to parental leave	22	19	3	0

# Freedom of Association and Collective Bargaining

GRI 407: Freedom of Association and Collective Bargaining 2016

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of Directive 2013/34/EU ESRS S1 S1-1 §17; §20 (c); S1-2 §27; S1-4 §38; §39; §AR 40 (a); S1-5 §44; §47 (b) and (c); ESRS S2 §11 (c); S2-1 §14; §17 (c); S2- 2 §22; S2-4 §32; §33 (a) and (b); §36; §AR 33; §AR 36 (a); S2-5 §39, §42 (b) and (c))

TOPIC MANAGEMENT DISCLOSURES

Disclosure 407/3-3 Topic Management Approach

Arena fully respects the rights of workers to join workers' associations (labour unions) as well as their right to leave workers' associations. We guarantee that no worker will be disadvantaged by being a member of an association or for participating or not participating in association activities. We continuously maintain and strive to regularly improve social dialogue and to fully protect the rights of workers and regulate their obligations and rights through collective agreements and their timely amendments and additions. We provide all necessary conditions for the activity of the works council. We act together with the works council in all cases prescribed by law and situations that benefit from the perspective of the works council, even though not mandatory. In Croatia Arena has implemented a company-specific collective agreement (CA) with the representative union. The collective agreement is regularly

applied to the full extent. Any modifications to the CA are negotiated and discussed by the company's management and the union representatives and agreed upon in unison. Freedom of association of employees is exercised on the company level without any restrictions and is fully supported by the company's management. Our approach in all markets in which we operate is to pay out wages and other employee benefits and remunerations above the minimum amount prescribed by law, taking into consideration local and hospitality industry labour market trends. The collective agreement in Croatia is our instrument of regulation of wages and other benefits in aim to provide equal pay terms in same or similar jobs. The collective agreement regulates length of working hours, holidays and other absences which all have to be in compliance with the mandatory provisions of national labour laws.

TOPIC DISCLOSURES

Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.

Arena has not conducted assessment(s) to determine if there are any risks to freedom of association and/ or collective bargaining within the workforce.

# Local Communities

GRI 413: Local Communities 2016

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of Directive 2013/34/EU ESRS S3 §9 (b); S3-1 §12, and §16 (c); S3-2 §21; S3-4 §32 (a) to (d), §33 (a) and (b), §35, 36; SAR 31, SAR 34 (a); S3-5 §39, §43)

## TOPIC MANAGEMENT DISCLOSURES

### Disclosure 413/3-3 Topic Management Approach

As owners and operators of hotels, resorts, and campsites, Arena places a high priority on caring for our neighbourhoods and making meaningful contributions to local communities and their residents. We fulfil this commitment by supporting various stakeholders vital to community development and heritage preservation. This dedication is evident through a diverse range of events and partnerships with institutions and associations.

Our support extends to major cultural and sports events in South Istria, including the international Book Fair in Istria, Pula Cultural Summer events at the Small Roman Theatre and Pula Amphitheatre, Pula Marathon, and the Sailing Club Uljanik, among others.

Additionally, we provide ongoing assistance to healthcare institutions and organizations serving vulnerable members of society. In 2023, this included aiding Pula General Hospital in procuring equipment for the paediatric ward and supporting the Croatian Red Cross - City Society of the Red Cross Pula and Safe House Istria. Furthermore, Arena proudly serves as a gold donor to the Gea-Pula Women's Club, an association supporting women undergoing breast cancer treatment.

Through these initiatives and collaborations, Arena consistent in its commitment to making positive contributions to local communities and improving the well-being of their residents.



# Environmental Indicators

GRI 302: Energy 2016

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of Directive 2013/34/EU ESRS E1 E1-2 §25 (c) to (d); E1-3 §26; E1-4 §33; ESRS E1 E1-5 §37; §38; SAR 32 (a), (c), (e) and (f); and ESRS E1 E1-5 §40 to §42)

## Energy

## TOPIC MANAGEMENT DISCLOSURES

### Disclosure 302/3-3 Topic Management Approach

Arena's primary energy needs come from the fuels which are consumed onsite for heating and cooking as well as the electrical and heat energy supplied by energy utility companies. All our achievements in energy saving have been made possible by the commitment of our local hotel management teams, our technical team, room division manager and Management Board.

Whilst we are proud of our successes to date, we need to ensure that the Group continues to perform well. In 2018 Arena introduced an online energy monitoring tool for all our properties in Germany. The online tool allows us to receive accurate updates on all our energy consumption. Consumption of water is also being monitored across our Group's portfolio through dedicated devices and software. This information provides us with the ability to monitor peaks and troughs in usage. The benefits of this are not only commercial but will also allow us to explore ways to reduce our carbon footprint.

Renewable energy tariffs are being introduced to our hotels over time, as these are increasingly provided by electricity utility companies. In 2023 we approved plans and contracted to install solar installations and in 2024 we obtained the necessary permits for installation of solar installations on six locations in Croatia, whereby we would produce five percent of



our electricity demand. However small, this is a step in the right direction, and we are preparing ourselves with much wider implementation of solar energy. Energy use is an essential point for the impact on the climate on the part of a company. Over the last few years, we have found ways within our means to save energy, because we want to make a conscious contribution.

Again, the first step to saving begins with an up-to-date overview of energy use and its environmental impact. Through these continuous observations, we can strive for improvements and also track them. Even small changes, such as switching to LEDs or turning off screens that are not in use, can have a noticeable impact on energy efficiency and improve it.

TOPIC DISCLOSURES

Disclosure 302-1 Energy consumption within the organization

	AMOUNT	UNITS	FUEL TYPES
Fuel consumption, non-renewable (MJ)	30369035.8	Megajoules	Natural Gas, Liquid Gas (LPG/ LNG), Heating Oil, Diesel, Super 95 & 98 Octane (Petrol)
Electricity consumption (MJ)	104290067.0	Megajoules	None
Heat consumption (MJ)	20006816.2	Megajoules	None
Total energy consumption (MJ)	154665919.0	Megajoules	None

Disclosure 302-3 Energy intensity

The energy intensity ratio is provided for two organization-specific metrics: revenue-based and occupancy-based. This allows comparability in general as well as specific to the hospitality sector. The intensity ratio refers to the total energy consumption specified in 302-1.

REVENUE-BASED ENERGY CONSUMPTION INTENSITY:

1222.67 MJ  
per million EUR

OCCUPANCY-BASED ENERGY CONSUMPTION INTENSITY:

152.11 MJ  
per room sold



Water and Effluents

GRI 303: Water and Effluents 2018

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of Directive 2013/34/EU ESRS E2 SAR 9 (b); E2-1 \$12; E2-2 \$16 and \$19; E2-3 \$20; ESRS E3 E3-1 \$9; E3-2 \$15, \$17 to \$18; E3-3 \$20, ESRS 2 SBM-3 \$48 (a); MDR-T \$80 (f); ESRS E3 \$8 (a); SAR 15 (a); E3-2 \$15, SAR 20, ESRS E2 E2-3 \$24; and ESRS E3 MDR-P, MDR-A, and MDR-T)

TOPIC MANAGEMENT DISCLOSURES

Disclosure 303-1 Interactions with water as a shared resource

As a Group, we encourage all our hotels to reduce their water usage and the amount of waste they produce. This is achieved in many ways including reducing the use of consumables such as cleaning materials and packaging and paper, with a view to further minimise environmental impact. As part of our Responsible Business Programme dedicated teams help us to reduce our carbon footprint and waste, as well as contribute to better water preservation. All our properties are connected to local municipality water system which provides and maintains adequate flow and pressure of water. We have established centralised water surveillance system where for each property we receive hourly information about water consumption and water pressures on designated water meters. We perform daily consumption checks in the system and also the system sends alarm if consumptions is not in the prescribed parameters. This system helps us to locate potential water leakages or pipe breaks so

that we can fix them without excess waste of water or customer complaints. During refurbishments we install sanitary equipment (faucets, shower etc.) with low water usage to reduce overall consumption of water. For landscape irrigation purpose we implemented reverse osmosis systems of sea water for production of irrigation water. The earth's water resources are notoriously unevenly distributed around the globe, at risk from climate change, and often polluted and overused. Our company is therefore very aware of the importance of using this resource, which is why water and water use play an important role. A considerate use of this resource is therefore very important to us and a key to also protecting the biodiversity of aquatic habitats. Therefore, both in our own company and along our value chain, we make sure that the impact on water as a resource is considered. In our company, we therefore encourage water conservation and considerate use.



Disclosure 303-2 Management of water discharge-related impacts

Arena does not undertake any discharge of used water directly to the environment. All wastewater which is collected on site is directed to local wastewater infrastructure and taken by municipal utilities. This includes all sewage waste and any stormwater/ rainwater which is piped from building roofs. Arena does not discharge significant quantities of any air pollutants. Arena does not manufacture or transform chemical substances as part of our business operations.

TOPIC DISCLOSURES  
Disclosure 303-3 Water withdrawal

WATER WITHDRAWAL	ALL AREAS (ML)	AREAS WITH WATER STRESS (ML)
Total Water Withdrawal	511.34	not disclosed

Disclosure 303-4 Water discharge

WATER DISCHARGE	ALL AREAS (ML)	AREAS WITH WATER STRESS (ML)
Total water discharge	511.34	not disclosed

Biodiversity

GRI 304: Biodiversity 2016

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of Directive 2013/34/EU ESRS E4 E4-1 §AR 1 (b) and (d); E4-2 §20 and §22; E4-3 §25 and §28 (a); E4-4 §29; and ESRS E4 §16 (a) i; §19 (a); E4-5 §35)

TOPIC MANAGEMENT DISCLOSURES  
Disclosure 304/3-3 Topic Management Approach

Arena operates leisure and accommodation facilities which benefit from their proximity to natural environments. As a result, Arena is in many respects dependent on the health of those environments. At the same time running commercial operations adjacent, or within the sensitive ecologies and habitats can result in adviser impacts to those habitats. Arena is therefore both morally and financially incentivised to contribute towards the long-term sustainability of the natural environments in which we operate.

Three Arena campsites (Tašalera, Medulin and Stupice) representing a total surface area of ca. 570,000 m2 area located within the boundaries of the nature park Protected Nature of Southern Istria in the most southern part of the Istrian peninsula. The areas under the preservation of Nature Park Kamenjak form an ecological network of mutually connected ecologically significant areas that substantially contribute to the conservation of natural balance and biodiversity. The operation of these campsites is fully aligned with the applicable EU and national legal provisions governing nature preservation in such protected areas.

No works are performed in the camps without prior approval of the competent authorities and are performed in line with the highest applicable standards. Arena

maintains a large horticulture team with more than 30 team members who are providing care to the plantation and greenery. Arena also engages specialists to maintain and increase care and compliance of campsite areas under its operations. The above mentioned protected zones are located only in Croatian region.

BIODIVERSITY RECOGNITIONS

Arena was awarded a special Blue Flag Gold plaque for 16 years of ongoing activities in earning Blue Flag acknowledgement for 2 beaches in Verudela peninsula (Yacht beach and Ambrela beach). The Blue Flag is an internationally recognized ecolabel awarded to beaches, marinas, and sustainable boating operators with a mission to promote sustainability in the tourism sector, through environmental education, environmental protection and other sustainable development practices.

Furthermore, the Group has successfully obtained Green Key Certification for all properties in Croatia and Germany. The Green Key program, a benchmark for excellence, acknowledges our commitment to raising awareness among owners, staff, and guests about environmental protection and sustainable development. This certification is a significant milestone in our journey towards an eco-friendly and responsible establishment.

TOPIC DISCLOSURES

**Disclosure 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**

OPERATIONAL SITE NAME	Campsites (Tašalera, Medulin and Stupice)
GEOGRAPHIC LOCATION	most southern part of the Istrian peninsula
SUBSURFACE AND UNDERGROUND LAND	NO
POSITION IN RELATION TO THE PROTECTED AREA	within the area
TYPE OF OPERATION	campsite
SIZE OF OPERATIONAL SITE	570,000 m2
BIODIVERSITY VALUE (ATTRIBUTE OF THE PROTECTED AREA)	terrestrial
BIODIVERSITY VALUE (LISTING OF PROTECTED STATUS)	Nature Park

The above data is pertaining to our properties in Croatia.



# Greenhouse Gas (GHG) Emissions

GRI 305: Emissions 2016

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of Directive 2013/34/EU ESRS E1 E1-2 §22; E1-3 §26; E1- 4 §33 and §34 (b); E1-7 §56 (b) and §61 (c); ESRS E2 §AR 9 (b); E2-1 §12; E2-2 §16 and §19; E2-3 §20; s ESRS E1 E1-4 §34 (c); E1-6 §44 (a); §46; §50; §AR 25 (b) and (c); §AR 39 (a) to (d); §AR 40; AR §43 (c) to (d); ESRS E1 E1-4 §34 (c); E1-6 §44 (b); §46; §49; §50; §AR 25 (b) and (c); §AR 39 (a) to (d); §AR 40; §AR 45 (a), (c), (d), and (f); ESRS E1 E1-4 §34 (c); E1-6 §44 (c); §51; §AR 25 (b) and (c); §AR 39 (a) to (d); §AR 46 (a) (i) to (k); ESRS E1 E1-6 §53; §54; §AR 39 (c); §AR 53 (a); and ESRS E1 E1-3 §29 (b); E1-4 §34 (c); §AR 25 (b) and (c); E1-7 §56)

TOPIC MANAGEMENT DISCLOSURES

**Disclosure 305/3-3 Topic Management Approach**

The measurement and management of our GHG emissions follows the methodological recommendations of the GHG protocol. The standard emissions scopes as set out in the GHG protocol are applied. Eliminating/reducing our GHG emissions is always a priority before we engage in any offsetting or other mitigating measures. 2021 represents the first year that Arena has calculated GHG emissions across all three emissions scopes. In previous years (such as 2020 and earlier), emissions for scope 1 and 2 only were calculated. 2021 therefore represents the base year as defined in GRI 305-2 for ongoing GHG emissions comparisons. Emissions totals are aggregated for the entirety of ARENA's own sites for 2023, this includes owned, leasehold and operated assets in Croatia, Austria, Serbia, Germany and Hungary. Emissions are, however, not calculated for every location separately, but on a group level.

Total Emissions in 2023 decreased by approximately 16% compared to 2022. Occupancy (based on rooms sold) increased by 5% from 2022 to 2023. Overall, emissions intensity on an emission per sold room basis has, in fact, decreased by approximately 19%.

ADAPTATION AND MITIGATION APPROACH

In 2023, the Group successfully obtained Green Key Certification for all properties in Croatia and Germany. This prestigious certification, a benchmark in sustainable tourism, underscores Group's dedication to conducting business sustainably and responsibly while fostering awareness among our stakeholders on these crucial issues.

In addition, in 2023, Arena initiated the project 'CO<sub>2</sub>MPENSATING BY PLANTING,' with the goal of planting 3,000 seedlings over the course of one year in various locations throughout Croatia. The 'CO<sub>2</sub>MPENSATING BY PLANTING' project is organized in collaboration with the Scout Association of Croatia, Croatian Forests, and the HEARTH agency, with the support and sponsorship of the Ministry of Economy and Sustainable Development, the European Parliament Office in Croatia, the European Commission Representation in Croatia, the U.S. Embassy, and the Canadian Embassy.

In 2023, in total thirteen new chargers for electric vehicles have been placed in Croatian properties. We thus encourage our

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guests to choose environmentally friendly mobility options. The majority of service vehicles within the campsites are electric to protect the environment. Arena One 99 Glamping campsite is fully vehicle free camp therefore protecting the nature from noise and pollution.

Across all emissions scopes, the process of calculating emissions has followed methods that are set out within the GHG Protocol's Corporate Standard. Emissions totals are aggregated for the entirety of Arena's own sites for 2023, this includes owned and operated assets in Croatia, Serbia, Germany, Austria, and Hungary. Total GHG emissions are calculated using Scope 1 emissions, the market-based Scope 2 emissions, and Scope 3 emissions.

DATA COLLECTION, PRINCIPLES, APPROACH AND ASSURANCE

Arena recognizes that the accuracy and credibility of our sustainability data and applied methodology is important in transparently reporting performance. Arena has worked with an external partner (Code Gaia GmbH) to collect and review data relating to a number of the sustainability indicators and disclosures in this report. Data is sourced from internal company records and includes information obtained from financial records and transactions. To calculate Emissions, the GHG protocol methods and standards were applied with the support of software provided by Code Gaia. The indicators used in this report are presented "with reference" to the Global Reporting Initiative. This allows for the presentation of selected indicators in a manner that is familiar to the market both in terms of structure and with respect to the terminology used.

GHG EMISSIONS CALCULATIONS ACROSS ALL EMISSIONS SCOPES

The process of calculating emissions has followed methods that are set out within the GHG Protocol's Corporate Standard. Where practicable, original invoices from suppliers have been used to determine consumptions at the operating hotels, apartments, campsites, and non-operating units such as headquarters and laundries. However, due to time constraints, for the most part, data relating to consumptions (for water, waste, heat and energy) has been derived from AHG's internal "Board" documentation. Board is a consumption tracking tool that is based on financial controlling records. In many cases, consumption is estimated on a financial basis according to proportionate spending recorded by each hotel. Scope 3 supply-chain related emissions are largely calculated based on identified expenditures and translated to equivalent emissions using sector-based and economic activity based emissions factors at the EU level.

CONSIDERATION OF GREENHOUSE GAS EMISSIONS

In accordance with the GHG Protocol Corporate Accounting and Reporting Standard, this report covers the accounting and reporting of seven greenhouse gases covered by the Kyoto Protocol: Carbon dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFC), Perfluorinated hydrocarbons (PCF), Sulphur hexafluoride (SF<sub>6</sub>) and Nitrogen trifluoride (NF<sub>3</sub>). In this report, all total greenhouse gas emissions are reported in CO<sub>2</sub> - Equivalents ("CO<sub>2</sub>e").

Electricity, heating, and fuel consumption data is documented monthly per hotel.

Conversions and Emissions factors were derived primarily from publicly available and peer-reviewed sources. Such sources include but were not limited to the UK Department for Environment, Food & Rural Affairs, the German Environment Agency, the Association of Issuing Bodies, Ecoinvent, and GEMIS.

Disclosure 305-1/2/3 GHG emissions

Key metrics: GHG EMISSIONS FOR 2023 AND 2022

EMISSIONS SCOPE	2023	2022
Emissions reported in metric tonnes CO <sub>2</sub> e		
SCOPE 1	1727.8	1951.7
SCOPE 2 (market based)	3300.3	5896.6
Location based Scope 2	7696.9	7448.3
SCOPE 3	9650.9	9535.6
Total GHG emissions	14679.0	17383.9

Key metrics: Net Emissions after compensation

Total Net Emissions after compensation, in CO<sub>2</sub>e

14604.01

Key metrics: CO<sub>2</sub>e occupancy-based Net Emissions intensity

EMISSIONS SCOPE	KG CO <sub>2</sub> e PER ROOM SOLD
Net GHG emissions (Scope 1,2 and 3 minus compensation)	14.36

"Occupancy" is based on the total number of rooms sold in 2023, which was 1016824.



Disclosure 305-4 GHG emissions intensity

ORGANIZATION-SPECIFIC METRIC	GHG EMISSIONS INTENSITY RATIO FOR SCOPE 1 + 2 (T CO <sub>2</sub> e)	GHG EMISSIONS INTENSITY RATIO FOR SCOPE 3 (T CO <sub>2</sub> e)
CO <sub>2</sub> e revenue-based intensity	0.0000397	not disclosed
CO <sub>2</sub> occupancy-based net emissions intensity (based on the Net emissions (total emissions minus offsets/ compensation) reported above, namely 14604.01 metric tonnes CO <sub>2</sub> e)	0.0144	not disclosed

"Occupancy" is based on the total number of rooms sold in 2023, which was 1016824.

Disclosure 305-5 Reduction  
of GHG emissions

GRI REQUIREMENT	TOTAL	SCOPE 1	SCOPE 2	SCOPE 3
GHG emissions reduced through offsets (t CO <sub>2</sub> e)	75	0	75	0

In 2023, Arena has compensated a total of 75 tonnes CO<sub>2</sub>e Emissions by financing the activity "Compensating by planting certified by HEART thinking & doing d.o.o organisation".



Waste

GRI 306: Waste 2020

(According to the GRI-ESRS Interoperability Index, the appropriate ESRS references for future reporting of this information are requirements of Directive 2013/34/EU, ESRS E5 SAR 7 (a); E5-1 §12; E5-2 §17; E5-3 §21, ESRS E5 E5-2 §17 and §20 (e) and (f); E5-5 §40 and SAR 33 (c), ESRS E5 E5-5 §37 (a), §38 to §40)

TOPIC MANAGEMENT DISCLOSURES  
Disclosure 306/3-3 Topic  
Management Approach

Our Group continues to implement the global waste management policy in such a way that the overall processes meet the "reduce, reuse and recycle" policy. In addition to the correct separation of waste by type, processes are analysed in order to reduce the amount of waste, efforts are made to extend the life of certain categories of waste with maintenance and processing techniques so that they can be reused. Through our waste policy, we aim to achieve low material consumption and small disposal volumes. During the supply chain, great attention is paid to the selection of products to reduce the amount of waste, i.e. to use recycled or degradable packaging.

Disclosure 306-2 Management of  
significant waste-related impacts

All of Arena's waste is disposed of by professional, dedicated waste handling companies.

In 2023, the Group continued cooperation with the Fund for Environmental Protection and Energy Efficiency of the Republic of Croatia by signing a contract related to the "Reduce Food Waste" project, which was carried out in 2023 in the kitchen of Park Plaza Histria. According to the contract, in the period from 2023-2027, using the Ecovim 300, food waste device and monitoring measurements, data on the reduction of the amount of food waste will be collected. For the year 2023, it was determined that the reduction of food waste by 76.26% was achieved. It is planned that the implementation of the project will continue in 2024, with the introduction of improvements in the procedure itself, based on previous experience, in 2023. The obtained substrate can be used as fertilizer, that is, as an organic addition to the soil. The produced substrate was subjected to physico-chemical analysis at the Institute of Public Health of the Istrian County, which confirmed that the substrate is of a sterile nature.

TOPIC DISCLOSURES

Disclosure 306-3 Waste generated

WASTE COMPOSITION	WASTE GENERATED (T)
Non-hazardous	2305.32
Potentially-hazardous	1.59
Total	2306.91

The actual mass of hazardous waste is not known, due to the mixing of various wastes. The identification of “potentially hazardous” is a precautionary approach only, accounting for any wastes which might substances which require handling in accordance with the requirements of the EU Waste Management Directive.



# EU Taxonomy

In 2023 the Group is disclosing indicators consistent with Delegated Regulation (EU) 2021/2139 (the “EU Taxonomy”). In last year’s report, for the first time the Group’s report was extended to show the portion of taxonomy aligned activities within eligible activities. In 2023 further amendments to the EU Taxonomy regulations were introduced and these include twelve new activities for climate and environmental objectives reported previously (Climate change mitigation and Climate change adaptation), as well as the requirement to report on eligibility of the Group’s activities for remaining climate and environmental objectives (Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, Protection and restoration of biodiversity and ecosystems). The alignment of newly identified EU Taxonomy activities is not reported for financial year 2023 and will be reported from financial year 2024 onwards.

The Group assessed compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852 and the associated technical screening criteria included in the delegated acts and allocated a certain part of its capital expenditure (“CapEx”) and operating expenses (“OpEx”) to Taxonomy-aligned activities, where those activities were deemed to comply with the listed technical screening requirements after an analysis of underlying documentation. A significant portion of the Group’s revenue relates to accommodation activities, which is a newly recognised activity within the EU Taxonomy framework, and consequently in 2023 the Group is reporting on the eligibility of these activities (reporting on alignment will follow in future periods).

The tables completed in line with reporting requirements as specified in Regulation

(EU) 2021/2178 (the “Disclosure Regulation”) can be found in Appendices. Allocation of figures to the numerator and denominator of each KPI was performed by direct allocation of CapEx and OpEx related supplier invoices, whereas revenues were allocated based on accounts on which accommodation and related revenues are reported. Given that each item was attributed to only one activity, double counting did not occur.

As required by the Disclosure Regulation, the content of KPIs to be disclosed by the Group as a non-financial undertaking is as follows:

**TURNOVER**

The Group’s main activity is hospitality, so a significant portion of Turnover relates to activity 2.1 Accommodation activities. An assessment of the alignment of these activities with EU Taxonomy will be performed in 2025, as required by the regulation.

Turnover represents the Groups’ consolidated revenue, which can be referenced to page 160, within the Consolidated Income Statement, and to Note 17 Revenues.

**CAPITAL EXPENDITURE (CAPEX)**

The majority of the Group’s CapEx is related to various investments into tangible assets in form of renovations, reconstructions, building conversion and acquisitions of hotels, apartment resorts and campsites. CapEx is the total capital expenditure for tangible and intangible assets in the Group which is directly attributable to a particular asset at the time of the expenditure, has been attributed to a particular asset and transferred from assets under construction in the accounting period, and includes additions arising from business combinations, while excludes additions

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classified as assets under construction in the financial period (these are classified as CapEx for Taxonomy purposes in the year of activation of the particular asset and its attribution to a particular relevant asset type).

This can be referenced to Financial Statements: Note 3 Property, Plant & Equipment, additions during the year classified as Land and buildings and Furniture, fittings and equipment, in the total amount of EUR 41.4 million, and Note 4 Intangible Assets, additions during the year in the amount of EUR 0.9 million.

The Group conducted the following Taxonomy-eligible economic activities, with financial impact on CapEx:

### 5.13. Desalination

The Group installed desalination facilities in 2023. As this is a newly identified activity within the EU Taxonomy regulation, the Group is not performing an alignment assessment in this report.

### 7.2. Renovation of existing buildings

Renovation of hotels and other buildings is considered an eligible activity in parts related to improvements of the building and its infrastructure. Although renovations resulted in enhancements of energy efficiency and utility consumption, the full extent of required technical screening criteria for demonstrating that substantial contributions criteria for Objectives 1 (Climate Change Mitigation) or 2 (Climate Change Adaptation) of the EU Taxonomy could not have been fully documented at this point.

7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

The Group continued in 2023 with installation several charging stations for electric vehicles on its hotel parking lots. Relevant expenditure was included as aligned expenses, given that the stations were not part of buildings dedicated to extraction, storage, transport, or manufacture of fossil fuels.

### OPERATING EXPENDITURE (OPEX)

Certain operating expenses of the Group are considered to arise from EU Taxonomy eligible activities. Eligible OpEx is defined as direct non-capitalised costs and other direct expenditures (research and development, building renovation measures, short-term lease, maintenance and repair) relating to the day-to-day servicing of assets of property, plant and equipment by the Group or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. Consequently, the Group assesses that eligible OpEx is reported as part of Maintenance and Supplies expenses within Note 18 Operating expenses, in the total amount of EUR 6.5 million. The Group conducted the following Taxonomy-eligible economic activities and within those certain Taxonomy-aligned activities, with financial impact on OpEx:

### 4.16. Installation and operation of electric heat pumps

The Group operates heat pumps in segments of its operations. The full extent of required technical screening criteria for demonstrating that substantial contributions criteria for Objectives 1 (Climate Change Mitigation) or 2 (Climate Change Adaptation) of the EU Taxonomy could not have been fully documented at this point.

7.2. Renovation of existing buildings  
Renovation of hotels and other buildings is considered an eligible activity in parts related to improvements of the building and its infrastructure. Although renovations resulted in enhancements of energy efficiency and utility consumption, the full extent of required technical screening criteria for demonstrating that substantial contributions criteria for Objectives 1 (Climate Change Mitigation) or 2 (Climate Change Adaptation) of the EU Taxonomy could not have been fully documented at this point.

### 7.3. Installation, maintenance and repair of energy efficiency equipment

The Group uses energy efficient light sources (LED lighting) in segments of its operations. The full extent of required technical screening criteria for

demonstrating that substantial contributions criteria for Objectives 1 (Climate Change Mitigation) or 2 (Climate Change Adaptation) of the EU Taxonomy could not have been fully documented at this point.

### 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

The Group operates instruments and devices for measuring, regulation and controlling energy performance of certain buildings within its portfolio. Relevant expenses for maintenance of these facilities were included as aligned expenses, given that the buildings were not dedicated to extraction, storage, transport or manufacture of fossil fuels.

### 7.7. Acquisition and ownership of buildings

The Group owns properties, and cleaning material expenses have been identified as taxonomy eligible. The full extent of required technical screening criteria for demonstrating that substantial contributions criteria of the EU Taxonomy could not have been fully documented at this point.

# Performance tracking

Our Environmental Goals tracking is presented below.

NOTES:

- Year 2018 is our baseline year
- Year 2020 was severely impacted due to COVID as a result the data is incomparable and excluded.
- Year 2021 experienced a gradual post Covid recovery thus rendering a lower impact in the key metrics. This is largely associated with property closures and very low occupancy levels.
- From year 2022 onwards Arena operations started to include newly acquired hotels such as Arena Franz Ferdinand, Belgrade Radisson RED (formerly Arena 88 Rooms)
- From year 2022 the KPI's were also impacted by new developments and increase public offerings namely due to newly repositioned Grand Hotel Brioni Pula, A Radisson Collection Hotel.

KEY ENVIRONMENTAL TARGET PERFORMANCE		2023	2022	2021	2019	2018
ENERGY						
Energy Consumption	MWh	28.160	26.552	21.089	25.662	27.415
Energy intensity	MWh/Room Sold	0,0277	0,0272	0,0313	0,0228	0,0241
GHG EMISSIONS						
Scope 1	CO <sub>2</sub> e Tonnes	1.728	1.928	928	1.364	1.226
Direct Emissions	CO <sub>2</sub> e Tonnes/Room Sold	0,0017	0,0020	0,0014	0,0012	0,0011
Scope 2	CO <sub>2</sub> e Tonnes	3.300	5.897	3.100	10.778	10.428
Indirect Emissions	CO <sub>2</sub> e Tonnes/Room Sold	0,0032	0,0060	0,0046	0,0096	0,0092
Scope 3	CO <sub>2</sub> e Tonnes	9.651	9.536	9.633	8.368	8.256
	CO <sub>2</sub> e Tonnes/Room Sold	0,0095	0,0098	0,0143	0,0074	0,0073
WATER						
Water Withdrawal	Megalitres	511	501*	379	0	0
Water Withdrawal Intensity	Megaliters / Guest	0,0002	0,0002	0,0002	0,0000	0,0000
WASTE						
Total Waste Generated	Tonnes	2.307	2.170	2.678	2.153	2.097
Waste Intensity	Tonnes/Guest	0,001	0,001	0,001	0,001	0,001
Waste Diverted rom Landfill	Tonnes	135	127	101	121	113

\* Restatement: Water withdrawal figures for 2022 have been restarted from the value previously reported in that reporting year. Due to a calculation error, the figure now to be reported for 2022 is 501 Megalitres, down from a previously reported 2022 value of 937 Megalitres.

## Appendix

- Performance tracking
- Climate Risk Assessment
- Methodology and data Collection
- DEKRA Assurance Statement
- GRI Index

# Climate Risk Assessment

The climate risk assessment is made by calculating CLIMATIG Score (CS) individually for every climate hazard. The CLIMATIG Score is a composite risk index for a specific hazard, with values between 0 and 100, where values between 0-20 indicate low risk, 21-40 moderate, 41-60 high, 61-80 very high, and 81-100 extreme risk. CLIMATIG Score accounts for the hazard as well as the vulnerability and exposure of the asset to that hazard.

These results are obtained from the selected period 1991-2100 and scenario RCP4.5 for all included hazards. Drought in meteorological terms is defined as a lack of precipitations. This lack of precipitation in certain places can limit water supply and lead to agricultural damage. It has special significance in combination with strong wind or heavy precipitation.

If a large amount of precipitation (Heavy precipitation) falls within a short period of time, there may be an overload of the water system, soil erosion or flash floods that are devastating for buildings, people, plants, and they are particularly dangerous after long dry periods. This risk is pronounced in Cologne city where our hotel is located next to the river, however we have installed special reinforced flood gates to protect the property.

Sever wind in combination with drought tends to cause storms, which often leads to cracking of trees and their branches, causing additional damage to buildings and personal property. High temperature in dry conditions bring a greater danger of wildfires that burns uncontrollably in a natural environment. These risks are prevalent in parts of Istra region in Croatia in cities of Pula and Medulin where we have hotels, resorts, and campsites.

The Group uses the CLIMATIG Scores stated above for internal analyses when planning investments, reconstructions, as well as

reviewing existing internal processes related to protection against negative consequences that some of the listed hazards may have on the business itself, as well as the safety and protection of guests.

**CLIMATE RISK ALIGNMENT TO TCFD**

As part of wider Risk assessment Arena is evaluating the alignment of risk assessment with TCFD to ensure consistency with its parent company PPHE Hotel Group Ltd.

The TCFD considers both physical risks from the changing climate and transition risks from the mitigation measures introduced to lower carbon emissions globally. Physical risks include increasing extreme weather events (i.e., flash flooding, heatwaves, and forest fires). As governments and businesses try to mitigate physical impacts by transitioning to a low-carbon economy, there are transition risks, such as carbon pricing or increased environmental reporting. However, there are also opportunities, as businesses can adapt to offer more environmentally conscious goods and services.

The TCFD divides the physical and transition risks into six significant areas, as shown in Table 1. It outlines opportunities across five main areas: resource efficiency, energy source, products and services, markets, and resilience.

Table 1: Climate-related risks as categorised by the TCFD.

CATEGORY	KEY AREA	EXAMPLES OF RISKS
Transition risks	Policy and Legal risks	Carbon pricing Increased reporting obligations
	Technology risks	Transition to lower-carbon technologies
	Market risks	Changing customer preferences Increased material and energy costs
	Reputation risks	Stakeholder concerns
Physical risks	Acute risks	Extreme weather events
	Chronic risks	Rising mean temperatures Rising sea levels

The nature and impacts of climate change are difficult to predict, as there are many complex systems interacting. It will be influenced by the scale of mitigation action taken by governments and businesses around the world. The TCFD, therefore, recommends using climate scenario analysis, to improve the understanding of possible futures and the risks. A description of our scenarios and results can be found in the Strategy section of this report.

# Methodology And Data Collection

**SYSTEM BOUNDARY**

The period considered in this report is: 01 January 2023 to 31 December 2023, inclusive. The organizational boundary includes all Arena operations and includes accommodation/ hotels which are operated under lease arrangements (namely Park Plaza Wall Street and art’otel Zagreb). It should be noted for the purposes of GHG emissions calculation that leased hotels are included in the “own” Scope 1, 2 and 3 emissions where relevant are not separated as an individual Scope 3 category 8 or 13 emissions.

**DATA COLLECTION, PRINCIPLES, APPROACH, AND ASSURANCE**

AHG recognises that the accuracy and credibility of our sustainability data and applied methodology is important in transparently reporting performance. Arena has worked with an external partner (Code Gaia GmbH) to collect and review data relating to several of the sustainability indicators and disclosures in this report. Data is sourced from internal company records and includes information obtained from financial records and transactions. The indicators used in this report are presented “with reference” to the Global Reporting Initiative. This allows for the presentation of selected indicators in a manner that is familiar to the market both in terms of structure and with respect to the terminology used. DEKRA Assurance Services GmbH conducted an audit to verify the contents of this sustainability report; their Assurance Statement can be found here:

**GHG EMISSIONS CALCULATIONS ACROSS ALL EMISSIONS SCOPES**

The process of calculating emissions has followed methods which are set out within the GHG Protocol’s Corporate Standard.

Where practicable, original invoices from suppliers have been used to determine consumptions at the operating hotels, apartments, campsites and non-operating units such as headquarters and laundries. However, due to time constraints, for the most part, data relating to consumptions (for water, waster, emissions and energy) has been derived from AHG’s internal “Board” documentation. Board is a consumption tracking tool which is based on financial controlling records. In many cases, consumption is estimated on a financial basis according to proportionate spending recorded by each hotel.

For scope 3 supply chain related emissions, emissions are largely calculated on the basis of identified expenditures and translated to equivalent emissions on the basis of sector-based and economic-activity based emissions factors at the EU level.

**CONSIDERATION OF GREENHOUSE GAS EMISSIONS**

In accordance with the GHG Protocol Corporate Accounting and Reporting Standard, this report covers the accounting and reporting of seven greenhouse gases covered by the Kyoto Protocol:

- Carbon dioxide (CO<sub>2</sub>),
- Methane (CH<sub>4</sub>),
- Nitrous oxide (N<sub>2</sub>O),
- Hydrofluorocarbons (HFC),
- Perfluorinated hydrocarbons (PCF),
- Sulphur hexafluoride (SF<sub>6</sub>) and
- Nitrogen trifluoride (NF<sub>3</sub>).

In this report, all total gas emissions are reported in CO<sub>2</sub>- Equivalents (“CO<sub>2</sub>e”).

# DEKRA Assurance Statement

In compliance with GRI Disclosure 2-5 External assurance, Arena engaged DEKRA Assurance Services GmbH to provide an independent review and third -party assurance of information presented in our ESG Report. DEKRA conducted an audit to verify the contents of this sustainability report; their Assurance Statement can be found on the QR code below.



## Sustainability report 2023

## Appendix

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