



**FOX**  
**GROUP**

**CORPORATE ESG  
REPORT**

**2022**





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## Letter from the Chairman of the Board and CEO of Fox Group

Fox Group is honored to publish a Corporate Responsibility Report for the first time

The report reviews the key aspects of corporate responsibility in Fox Group for the year 2022. During this period, we operated in a market recovering from the COVID-19 pandemic, adapting to a turbulent market reality. In this volatile reality, we continued to expand our activities, added additional brands under the Group's umbrella, and expanded into new geographic territories. We continued to foster the human resource, develop new work processes, and optimize our supply chain. All as part of the corporate culture that is ingrained in Fox Group and serves as a growth engine to yield business results and value to the shareholders and stakeholders.

We are responsible for outlining Fox's business strategy and fulfilling the Group's vision and values. As part of the Group's strategy, and due to our belief in their importance, we work to promote the principles of corporate responsibility and integrate them into the Group's activities across the entire supply chain.

Over the years, Fox Group become a household name among Israel's population, and today there is not a single home in Israel where we won't find one of the Group's products. Whether it's clothing and lifestyle, home design, babies and children, grooming, sports, and many other areas of life. The stores of the various brands are spread throughout the country, north to south, and provide solutions to all the needs of the population in every area of life.

From its very inception, Fox Group perceived all people as equals, and aims to connect with the various communities in Israel, and act for the benefit and sake of every group. The Group advocates respectful employment that represents the entire spectrum of the country's population regardless of race, gender and sexual orientation.

The Group considers maintaining this policy to be an essential factor in the success and accessibility of all the Group's brands to the population of both Israel in particular and the world as a whole. Furthermore, the Group advocates an 'open door' policy, and supports each employee and their family members, while offering each employee personal attention to strengthen them within the Group and lead to their growth and development alongside the Group. As a result of this policy, most of the Group's current managers were groomed from within the organization and continue to grow with it.

Fox Group strives towards diverse gender and ethnic representation in its mix of employees, managers, and in the Group's brands, believing that promoting diversity will contribute to the employee's sense of belonging to the Group and, as a result, to the development and success of

the Group. Fox Group is proud of the fact that 86% of the Group's employees are women, and 45% of management positions are held by women at the Group's headquarters, and the fact that 50% of its brands are headed by women in the position of CEO.

Technology and innovation are an integral part of our growth strategy and our strive to provide the highest quality service to our customers, in our stores and online. Over the past year, we have invested in the development of a dedicated innovation arm, which provides us early access to the most innovative technologies and concepts around the world, and enables us to adopt and implement them professionally and efficiently. Technological leadership is an integral component of our leadership in the industry and of our promotion of environmental aspects activity across the entire supply chain and throughout our organization.

In recent years, the Group has been working to expand its activity in the international market, while forming collaborations with many and diverse international brands to provide solutions to the entire world population with products spanning various industries - fashion, care, household products, sports, footwear accessories, and more. As a Group that became a global player, we are also committed to achieving the global goals set by the United Nations, namely, the SDG goals as detailed in the report. We have found that thanks to the diverse nature of Fox Group's business activity, its logistics excellence and its organizational flexibility effect the aforementioned goals and secondary targets.

Fox Group's management is committed to and responsible for implementing the principles of corporate responsibility, and to its integration into the work processes of the various fields in each of the Group's brands in accordance with its business activity. In publishing this first Corporate Responsibility Report, we are proud to share, for the very first time, the diverse activities of the Group in the environmental and social fields as well.

On behalf of the members of the Board of Directors and of Fox Group's management, we thank and support the Group's employees, investors, partners, customers, suppliers, and all those involved in the business activity and the social and environmental projects led by Fox Group.

Wishing us all continued fruitful and prosperous collaboration.



**Avi Zeldman**  
Chairman



**Harel Wiesel**  
CEO



## Who are we

Fox-Wizel Group is a leading retail corporation of local brands as well as global fashion and lifestyle brands, with a growing portfolio of international collaborations.

The Group was initially founded as Trico Fuchs Inc. in 1942 by the Fox family. In 1992, the company merged with Wizel Marketing Textile Ltd., and ever since, became the most well-known brand in every household in Israel.

Since its foundation as a family-owned company, Fox Group has always been blessed with innovation, entrepreneurship, and the drive to be a groundbreaking company. These qualities have led it to become one of the largest retail groups in Israel, with diversified activity spread across approximately 1,000 stores worldwide, extensive e-commerce activity, a robust supply chain, and the most comprehensive loyalty club membership plan in Israel. All these elements constitute the cornerstones of the Group's strength and financial growth.

Motivated by our desire to bring the world's leading retail variety to the Israeli public, the Group's management is always looking at future opportunities.

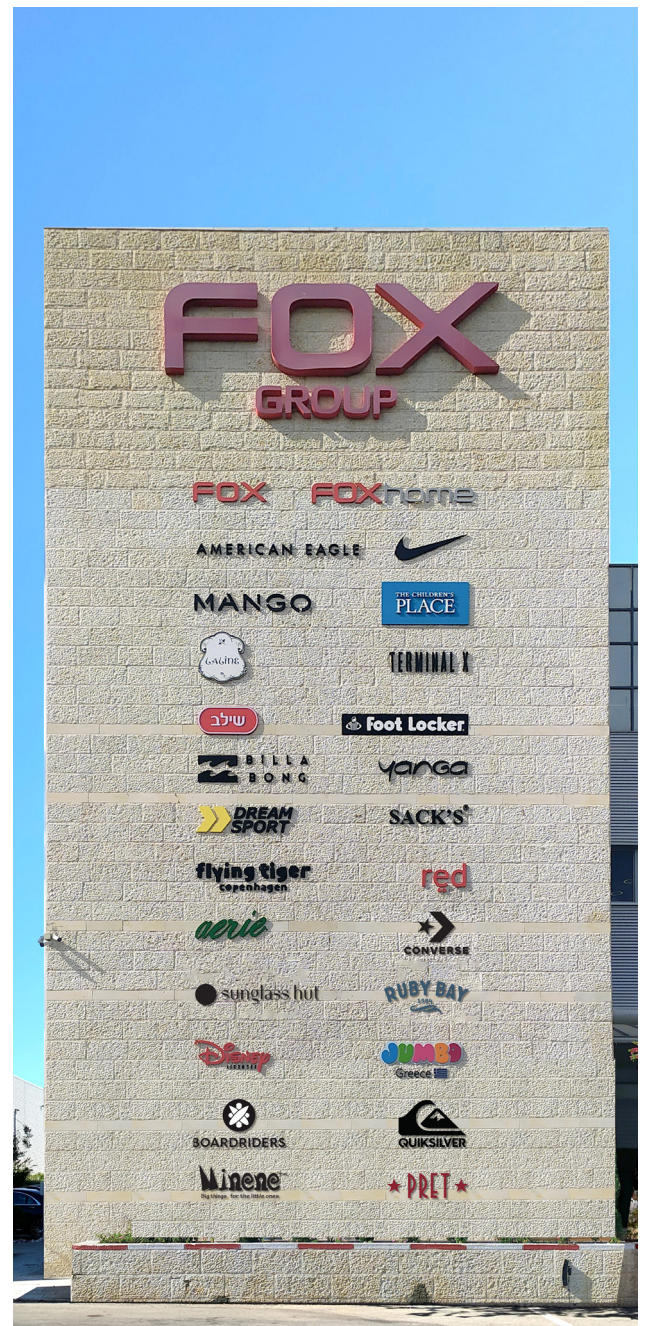
## The Vision

Fox Group strives, at all times, to be the leading retail corporation in every category and in every territory in which it operates and will operate in the future.

## The Strategy

Fox Group's leadership has an extensive history of predicting trends, streamlining logistics systems, and a win-win approach to our portfolio of brands, partners and customers.

The Group's strategy is to build an infrastructure that is focused on expanding global operations through the implementation of technology and innovation, while maintaining top quality, uncompromising performance.



## Areas of Operation

Fox Group operates in four main areas of activity:



**FASHION & HOME  
FASHION**



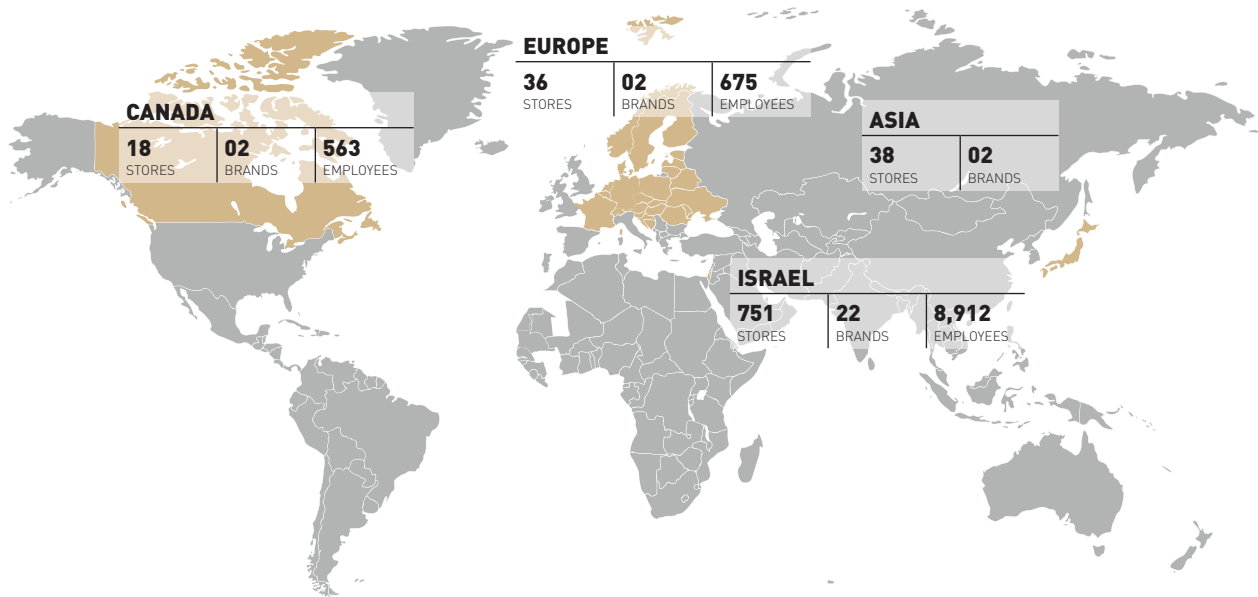
**AROMATIC BATH  
& BODY CARE**



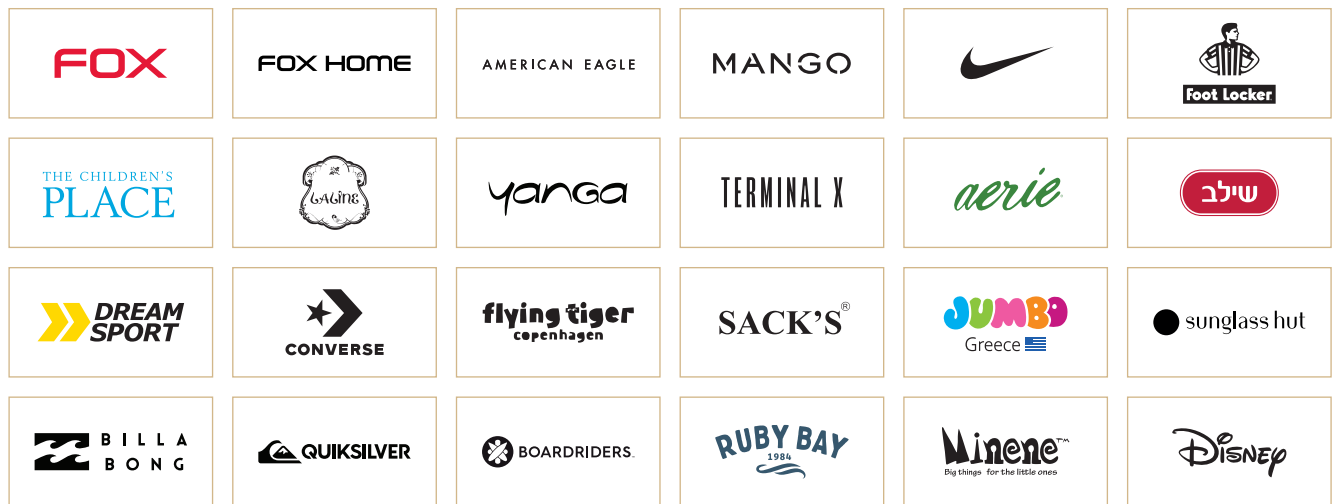
**SPORTS**

## The Group from a bird's-eye view

Fox Group operates in three geographic territories - Canada, Europe and Israel. 1,005 stores all over the world distributed across 20 countries.



### Fox Group brands





**2 million**  
loyalty plan members  
DREAM CARD

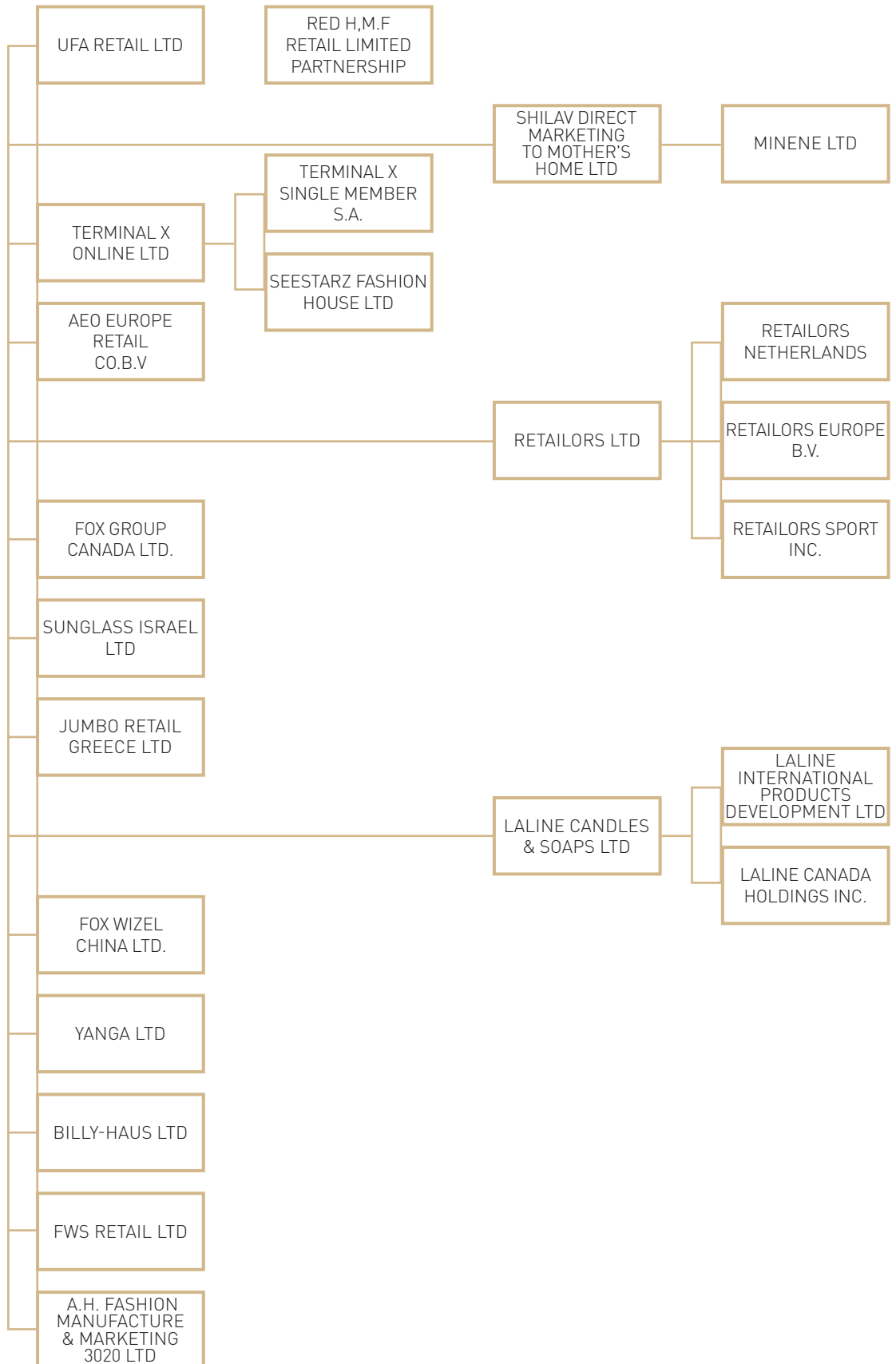


Over **200,000**  
Commerce Areas

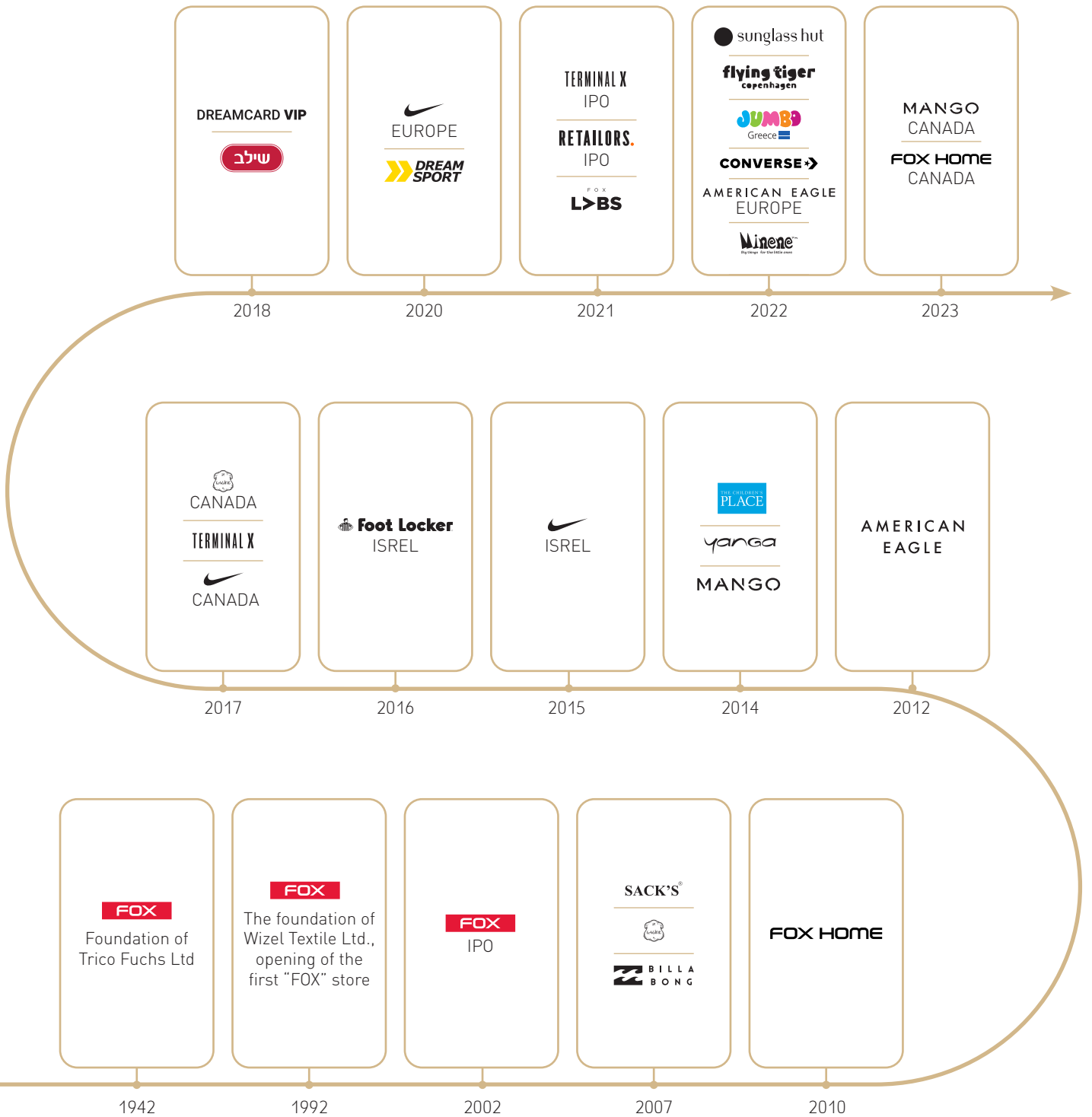


**12,145**  
Employees worldwide in all of the  
Group's companies

# Fox Wizel Ltd.



## Fox Group's Milestones



# Corporate Values

Since its very inception and throughout its activity over the years, the Group formulated a set of values according to which all employees, managers and directors work and lead the Group to success. These values are the cornerstones of the Group's activity.



## Leadership

Passionately focused on anticipating the future of the industry, while striving to achieve exceptional results that far outpace our competitors.



## Expertise

Our activities are propelled by knowledge, skills and expertise acquired through decades of experience, accompanied by continuous commitment to ongoing learning and improvement.



## Boldness & Creativity

The mandate to dream, dare and break boundaries. The confidence to try new things without fear of failure. A corporate culture that allows for trial and error and encourages bringing up new ideas.



## Growth

A constant aspiration for expansion, development, learning and innovation. At the level of product diversity, the organization and the employee.



## Respect & Empathy

An open door and a helping hand to support any employee and their well-being. Servicing every customer and supplier equally and respectfully. Respectful employment regardless of religion, race, gender and sexual orientation. Social responsibility and involvement in all echelons of society.

## About the Report

This report is the first ESG report published by Fox Group, and it presents the company's activities in the years 2021-2022. This is in addition to the periodic reports that the company submits as prescribed by law.

The report was approved by the Board of Directors and the Group's management, and was written in full cooperation with the Group's brands and companies. The report presented to you reflects the Group's commitment concerning ethical, social and environmental aspects, and was written with introspection and examination of the Group's activities, its strategy and vision, and their integration with its values and commitments for the years to come.

This report was written following with the reporting guidelines of the Global Reporting Initiative (GRI) and is compliant with the transparency standard In Accordance with Core GRI: The report also reflects the Group's activities in relation to the UN's sustainable development goals, theS DGs.

Fox Group includes several brands and subsidiaries, some private and some public. This report reflects the activities of the companies included in the Group in Israel. Wherever there is a reference to Fox Group in the report, this reference will include the activities of the following companies:

Fox, Fox Home, Mango, American Eagle, The Children Place, Flying Tiger, Sunglass Hut, Jumbo Greece, Yanga, Billy Haus, Laline and Shilav.

Reference to all of these activities will appear throughout the report as "Fox Group" or "the Group," while reference to a specific company's activity will appear under the name of the company itself.

This report was written with the full cooperation of the relevant parties in the company, including the employees, senior management and with the assistance of external consultants from Entropy.

## Materiality

The activity of Fox group spans over a variety of sectors, from fashion and home design, through aromatic bath and body care products, to sports activities. The material focal issues for the company in terms of ESG aspects were selected considering the unique characteristics of the Group's activities.

The Group is publishing the first report that reviews the material issues defined by the Group's core activity and is expected to expand the report in the next years.

Below are the subjects disclosed in this report, according to the Group's core activity:







## The Group's Sustainability Approach

Fox Group believes in the importance of integrating environmental and social sustainability in the fashion and textile industries. The Group acts to promote greener practices, such as streamlining the supply chain and encouraging work with environmentally-friendly raw materials. Furthermore, the Group encourages employment in peripheral and less accessible areas, and promotes social projects both with the help of the company's various brands and through collaborations, extending donations, and volunteer activity.

The Group's activity is intertwined with the lifestyle of the Israeli population. Therefore, requires responsible conduct while integrating sustainability and ESG considerations alongside the business considerations in the management of the Group's activities.

Fox Group operates and will continue to operate to integrate the Group's brands in environmental and social-economic activities. The Group will continue to encourage and initiate environmental and sustainable actions, like improving employment, conditions improving and optimizing the supply chain, gender & ethnic diversity and inclusion, donations, volunteering, and interact with the communities and the Israeli industry.



## Commitment to global principles - Adopting the United Nations' sustainable development goals

As a Group operating in over 20 countries around the world, Fox Group places great significance

in undertaking the challenge to achieve global and local sustainability goals. Accordingly, and as part of this report, we conducted a comprehensive mapping of the business, social and environmental activities in light of the UN's 17 sustainable Development Goals.

The SDG's are based on principles of sustainability, partnership, environment, and society, and form a multi-sector and multi-state framework using a uniform common language, which increases the chance of effective and measurable implementation of the goals.

We shall note that the goals were already defined by the UN's General Assembly in 2015 as a global outline for sustainable development based on the UN Conference on Sustainable Development held

in 2012 in Rio de Janeiro, Brazil. As part of this framework, the United Nations' member states, Israel included, declared the promotion of 17 Sustainable Development Goals.

The 17 goals are divided into 169 objectives and 247 indicators. As of March 2022, according to the Central Bureau of Statistics, Israel is close to achieving or has achieved the goals of 31 indicators

out of the 72 indicators included in the analysis conducted by it1.

Some of these goals are reflected in the Group's activities as detailed below.



## Target

## The Company's Commitment

## Actual Execution



Fox Group works and contributes towards advancing equal and quality education in the State of Israel regardless of gender and sector differences.

In 2022, Fox Group donated a total of approximately 3.1 million NIS, nearly 40% of which were invested in education. As described in detail in this report, the company promotes many collaborations in various fields of education.

### Quality Education



Fox Group is committed to being part of the solution for gender-related gaps and works to promote and improve gender equality within the organization and in Israeli society as a whole. Fox Group respects and encourages the right of each and every person to equal treatment, growth, and development.

86% of all Fox Group employees are women.

45% of the group's managers are women.

72% of headquarters and operations employees are women.

88% of the stores' employees are women.

### Gender Equality

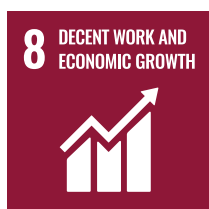


Fox Group is working to optimize the processes of transporting goods to customers and stores.

Fox Group engages in extensive activity to optimize the transportation of goods. Also, during 2021-2022, the Group replaced all lighting fixtures in warehouses and stores with LED lighting, which optimizes energy consumption.

It also implemented an innovative control system for the air conditioning systems in all stores, so that the efficiency and reduction rates can be controlled.

### Affordable and clean energy



Fox Group is committed to advancing technological innovation in retail and, accordingly, to increasing its economic efficiency. Fox Group strives for equal employment as well as fair and appropriate working conditions.

Fox Group established its innovation arm Fox Labs, which sources concepts and technologies from the world in fields related to the world of retail, operates a pilot program for their integration into the Group, and makes investments. In addition, together with other retail companies, the Group established the international Retail Innovation Club. Fox Group carries out controls as required by law in all aspects related to the employment of its workers, including in the workforce service companies it works with, and operates in compliance with the regulations required by law in the countries in which it employs workers.

### Decent work and economic growth



Fox group strives to reduce the environmental impact involved in its operations.

Fox Group promotes the marketing and sale of more environmentally friendly products, from exploring the use of biodegradable and reusable packaging materials and bags, through the marketing of the products themselves. The Group seeks technologies and processes that will contribute to the reduction of environmental consequences, the optimization of operational processes, including the optimization of energy consumption in stores, and the promotion of recycling and waste reduction.

### Climate Action



In 2021, Fox Group embarked on establishing a dedicated innovation arm for the group, Fox Labs. This arm works to discover and identify innovative startups, technologies, and concepts in all areas of retail tech in Israel and around the world, and to assimilate them into the group's various brands and arms. Further more, Fox Labs makes strategic investments in startups that may serve the company in the future and have the potential for global growth, expansion, and financial ROI.

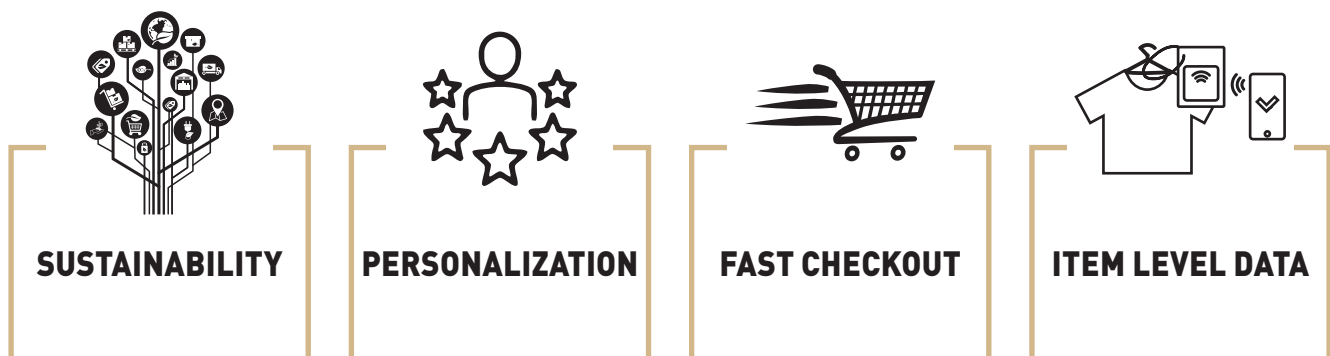
Fox Labs works with technologies across all sectors in retail tech - data, e-commerce, payments, innovation in physical stores, logistics and supply chain, and across all of the Group's departments and brands.

The retail world includes endless aspects which constitute fertile grounds for innovative, groundbreaking, efficient, environmental, and social thinking. Thus, for example, a start-up that could offer value in terms of the optimization of transportation and supply chains does not only deliver business value but also significant environmental value.

Financial investment aside, the tremendous value that Fox Labs offers to entrepreneurs working with the Group is the access to approximately 1,000 stores operating under the Group in Israel and around the world, to approximately 2 million customers who are members of the loyalty club of the Group, to the knowledge, accumulated experience, and expertise of the Group's management team, and to the international companies that are in contact with the Group.

Since its establishment, Fox Labs has become a significant player in the Israeli Hi-Tech ecosystem, raising awareness to the Retail-Tech sector. The team members participate in global conferences in Israel and abroad as speakers and representatives, thereby contributing to the promotion of local start-ups and the Israeli retail industry in the global arena.

**Focus themes as selected by Fox Labs for 2023 are:**



Since its inception, nearly 450 companies have reached of the innovation arm, approximately 75% of which are Israeli. About 5% of the companies are related to sustainability. The group sees great strategic value in the innovation arm, as a source of innovation in this field.

**ENVIRONMENT**



## Preserving the Environment

Fox Group considers protecting the environment a fundamental value and acts to reduce environmental impacts across the spectrum of its business activities.

As a group with a large activity span, there is a high awareness concerning the environmental effects of the world of retail and trade, both related to the production processes of the brands we own, the processes of importing international brands, and the marketing processes.

The Group acts to promote technologies and processes that will contribute to the reduction of environmental impacts, through the establishment of Fox Labs. We have also established, in cooperation with a number of large retail companies, the Retail Innovation Club, which promotes technologies and innovation in the industry.

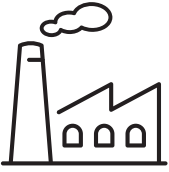
Our extensive activities are spread over three focus areas - manufacturing, importing and sales. Each focus area has unique environmental characteristics that carry with them diverse environmental effects.

Fox's manufacturing activity is carried out by third parties located in the China and Southeast Asia region. The Group works to ensure that the manufacturing activity complies with all local environmental laws and regulations, including with regard to air, soil, and water pollution as well as waste treatment. It is important to note that the greenhouse gases emitted by this activity are part of Emission Scope 3.

The import activity has environmental effects formed in the processes of transporting the products from the manufacturing plants and warehouses to the Group's logistics centers. The transportation processes are energy intensive and consequently intensive in terms of emissions as well. Therefore, this activity has a significant environmental impact, and Fox Group works to reduce these effects and optimize the import activity by streamlining inventory management processes. It is important to note that this activity is carried out by third parties (transportation companies). Therefore, the gases emitted in these processes are included in Scope 3.

The sales activity is the heart of the Group's business activity and is carried out through sales in stores and through E-Commerce. The main environmental aspects of this activity are the energy consumption in the stores, the waste generated in the stores, and the transportation of the products to the customer if they made the purchase on the company's website. Fox Group acts to reduce its environmental impacts in this activity by optimizing operational processes, such as optimizing energy consumption in stores and promoting recycling and waste reduction.





# Carbon Footprint

Fox Group acts to reduce greenhouse gases as part of the energy streamlining processes.

## Did you know?

It is customary to divide the emissions into three groups:

**Scope 1:** is the total quantity of direct greenhouse gas emissions originating from facilities owned by the company or facilities in regular use by the company, including manufacturing processes, emissions from the company's vehicles and other motorized vehicles, and air conditioning and cooling gases.

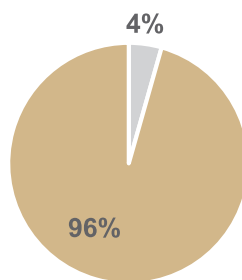
**Scope 2:** is the total indirect emissions emitted as a result of energy consumption from a third party such as the electric company, including consumption of electricity, heat, cold and steam.

**Scope 3:** is the total of the indirect emissions emitted by a third party as a result of business activity in the company's supply chain and are not included in Scope 2, including production and transportation processes of raw materials, employees' commute and flights not in vehicles owned by the company, manufacturing and production processes related to fuels consumption, etc. Greenhouse gas emissions are emissions of gases such as carbon dioxide and methane, which are responsible for the global warming and climate change phenomena. These emissions are mostly caused by human activity such as energy production from fossil fuels, industrial activity, agricultural activity and transportation, in conformity with accepted reporting methodologies for reporting greenhouse gas emissions, such as the GHG Protocol.

## Greenhouse Gas Distribution

(ton of carbon dioxide equivalent)

Scope 1 ■  
Scope 2 ■



Greenhouse Gas Emissions	2021	2022
Scope 1	1,330	1,286
Scope 2	25,099	27,954
Total	26,429	29,240

The emissions calculations were carried out using the emissions calculator of the Environmental Emissions Registry, Ministry of Environmental Protection. The calculator complies with the international standards for calculating emissions and was adapted to the Israeli economy by the Ministry of Environmental Protection.

Scope 1 includes the fuel consumption of the group's cars and Scope 2 includes the electricity consumption in the group's properties, in Israel only.

We note that the increase is due to the period of the COVID-19 pandemic at the beginning of 2021. Furthermore, the Group will continue to work to expand the emissions calculations, including the calculation of the indirect emissions in Scope 3.



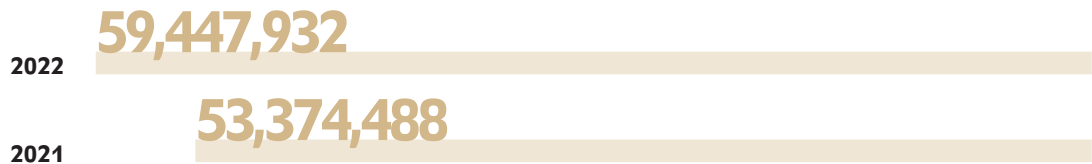
## Energy Consumption

Fox Group acts to promote energy efficiency activities in its various properties, such as promoting procedures and systems to save on electricity consumption in the group's stores and the use of efficient lighting and air conditioning systems. The Group is also acting to replace its gasoline-powered fleet of vehicles with hybrid, plug-in, and electric vehicles.

The main energy consumers in Fox Group are:

- Company Headquarters
- The Stores
- The Logistics Centers
- Company Cars

### Electricity consumption in offices and stores (kWh per year)



### Gasoline consumption in Fox group (liters per year)



## Waste & Recycling

Fox Group is aware of the environmental effects of the waste generated as a result of its various activities, including the marketing and transportation processes. In the Group's activities, we promote the separation of waste at the source in stores, the use of green digital invoices, the sale of products made from recycled materials, the reduction of use of disposable utensils, the sale of reusable (or paper) bags and the reduction of the diversity of materials used to package the products in the transportation processes.

Furthermore, Fox Group complies with the local laws and regulations on these issues, such as the Packaging Law, and recognizes the great importance of reducing waste and boosting recycling.

**SUSTAINABLE AND  
ENVIRONMENTAL PRODUCTS IN  
THE GROUP'S BRANDS**

## Care for the EARTH

During 2022, Yanga launched a sustainable environmental collection. Yanga is a leading Israeli fashion brand that manages to maintain its individuality thanks to unique clothing items produced in limited series, contemporary and unusual collections that create a unique look, and items with a design twist while focusing on the small details.

The collection includes new and unique items that are based on recycled raw materials. Alongside the collection, we developed customized tags that offer our customers the knowledge and the possibility to purchase a responsible and environmental collection.



yanga



## Swimwear made of recycled materials

The Group is home to five leading international brands of surfing fashion and their accompanying equipment - Boardriders Quiksilver, Billabong, Roxy, and RCVA. The sea is the very base of these companies, it is a source of a passion, creativity and evolution for the brands they are committed to protecting the sea.

Accordingly, many resources are invested in the sea and its preservation.

Furthermore, the clothes and swimwear of the brands are made partly of recycled materials and all have a label indicating what percentage of the clothing is made from recycled fabrics.



# Laline moves towards green future



In recent years, Laline has been increasing the use of recycled materials in its products. In the company's body products, bottles are made from 30% PCR (recycled material). In addition, cellophane packaging of products in stores has been replaced with more sustainable packaging this has saved 520,000 meters of cellophane wrap that would have otherwise been used.

These actions for the sake of the environment are only the tip of the iceberg when it comes to Laline, which is actively investing in making the company's products more environmentally friendly and less harmful over the next few years.





## Nike – Move to Zero

Fox Group is the franchisee of Nike in Israel, Canada and 14 European countries. Nike is one of the largest clothing and footwear retail companies in the world and a leader in advancement and transparency regarding ESG aspects. Nike has a large-scale strategic business plan to promote sustainability - Move to Zero. This plan aims to zero emissions in Scopes 1-3, reduce waste across supply chain, incorporate recycled materials in the company's products, and more. Today, Nike offers its customers products that contain at least 20% recycled and sustainable components.

Nike Israel takes an active part in the Move to Zero strategic plan and integrates ESG and sustainability aspects into its business activity. All Nike Israel stores comply with the standards of Nike Global for aspects of sustainability in the store, such as the materials used to build the stores and the furniture, systems for optimizing electricity consumption, separating waste at the source, expanding the scope of waste that is recycled, and more.

In addition to that, Nike Israel also promotes sustainability aspects for its employees through training and activities around sustainability issues and sustainable conduct in the store. Moreover, the use of disposable utensils is prohibited in Nike stores and all store employees are given reusable bottles. Dedicated recycling bins have been deployed in all stores, for the recycling of waste generated in the store by taking personal responsibility and separating it at the source.

Moreover, Nike Israel also promotes sustainability aspects for its customers by making environmental products manufactured by Nike more accessible,



### Did you know?

Digital invoices were used in 88% of transactions carried out in the past year.

In 50% of the transactions, reusable bags were sold instead of disposable ones.





# HUMAN RESOURCES



## The Human Resource

The employees are the most significant asset to the Group, which sees the fulfillment, success and joy of each employee as its own.

At Fox Group, we strive to develop professional, committed and service-oriented human capital.

The Group set the development of its employees as a top value, both at the professional and personal level, intending to create a professional, egalitarian, respectful, and nurturing work environment.

**7,110** Male and female employees in 2022

## The Organizational DNA

At Fox Group, we believe in employee well-being and believe that our people are the guarantee of the Group's success. Extensive placing the employee and their personal and professional needs at the center is conducted. Focusing on the employee's needs creates a sense of connectedness and organizational belonging, which in turn bestows a positive effect on all parties.

Fox Group considers the professional and personal development of its employees, as well as an "open door" policy between all employees and managers, to be the central characteristic of the Group's organizational culture. Based on that, we developed a method of internal organizational promotion tracks that provides a career development horizon for our employees, based on the concept that every employee has the potential to advance and realize themselves if given the right opportunities.

**Following this approach, the Group is proud of the fact that 93% of managers at senior and middle levels grew and advanced within the Group.**

Alongside career development, the availability of the management team and maintaining an open-door policy starting from the Group's CEO and ending with managers in the field, is a necessity and is seen by the Group as a top value. Focusing on the employee and their individual needs, allows us to produce an environment that balances their profession and private lives. As well as a better quality of life. An open-door policy is key to retaining employees and maintaining their satisfaction in the workplace.

As part of this activity, the Group operates an extensive and diverse welfare policy and manages a welfare fund, which enables us to optimally provide employees needs. Starting with assistance during personal and family challenges through complex health situations, participation in joyous and sad events, and more.

## Gender Diversity

As a Group that owns brands intended for the entire population, regardless of gender, Fox Group strives for gender representation in the mix of its employees as well. Fox Group is committed to diverse businesses and strives to support all branches of its operations for the inclusion of women at all levels.

In accordance with the company's perception, women occupy a significant number of management positions. Fox Group is proud that in the course of 2022:

### Women in Fox Group

**86%**

Of the Group's employees

**45%**

Of the Group's Management

**50%**

Women CEOs among the group's brands

**72%**

Of headquarters, operations & logistics employees

**88%**

Of Stores' Employees

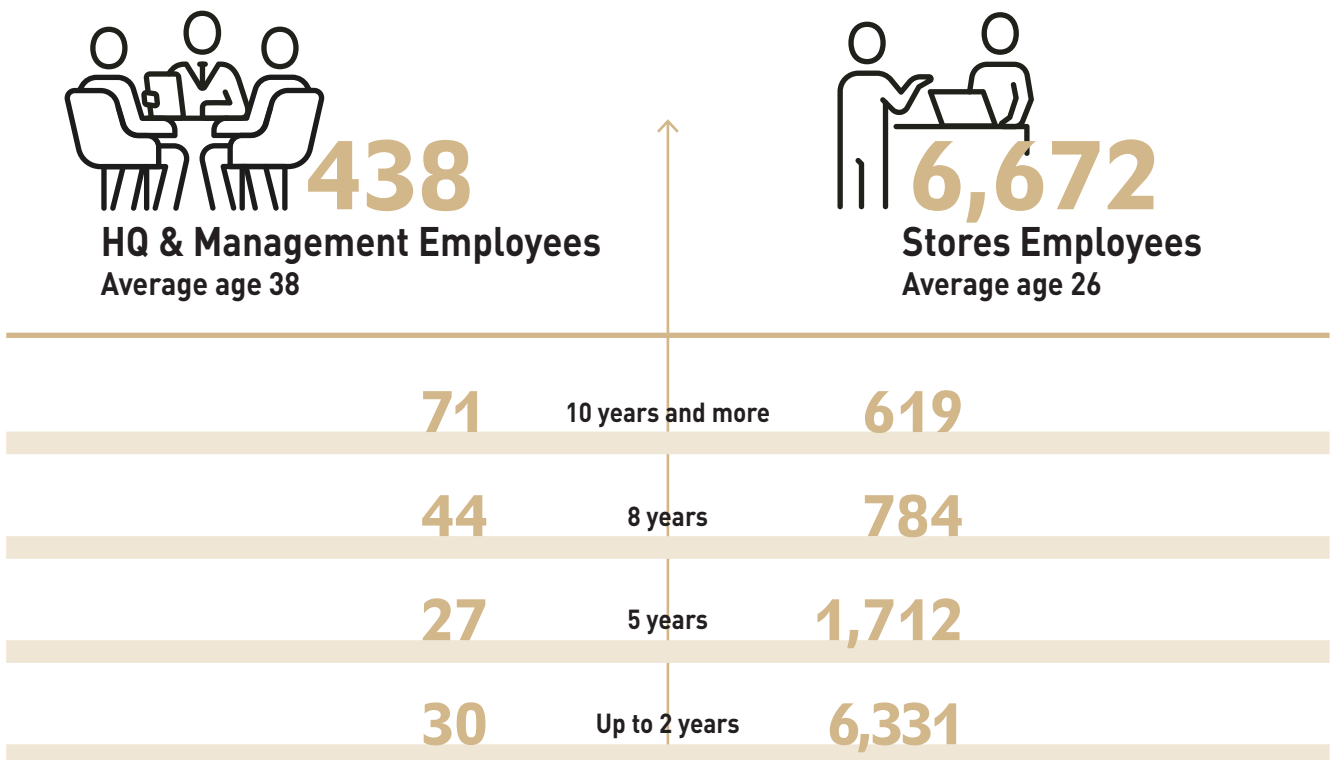
## Ethnic Diversity

The Group's employees are diverse and represent all the populations that make up the fabric of Israeli society. This makes it possible to provide better service to both the employee and the customer, and allows the Group to operate among all the different population groups.

Fox Group acts to maintain ethnic diversity among the variety of its brands, stores and headquarters and believes that adhering to that will contribute to the employee's sense of belonging to the Group and, as a result, to the success of its employees in particular and the success of the company in general.

## Segmentation of Age, Seniority & Turnover

As an innovative group engaged in the fields of fashion and lifestyle, our employees' age mix reflects this. Since most of the Group's employees are store staff, in order to produce a representative snapshot of the situation, the Group presents the employees' ages in a separate segmentation for headquarters staff and store staff. The segmentation into the above two groups is essential because there are essential differences between aspects that characterize work at headquarters and those characterizing the work at the stores.



As part of the organizational culture and out of the Group's full responsibility for the entire company, Fox Group promotes social involvement and responsibility across all the Group's activities, in all companies, and at all levels. Although this is done out of our commitment to society and the community, it also constitutes added value for the Group's employees, for strong organizational connection, for the desire to be part of this type of activity, and for increasing the sense of belonging to the organization.

More information about the community and social activity of the Group can be found in the chapter on community involvement and responsibility. We note in this context, that the community and social responsibility, as well as the welfare policy, and the perception of professional development and promotion in the company, impacts the low turnover in the Group and contributes to employee retention.

The aspect of turnover in companies and organizations is a significant parameter, which has the power to reflect on the organization and even on transverse trends in the employment market. Fox Group is proud of our low turnover figures, both in relation to global trends and in relation to the retail sector. This is a reflection of the resources invested in the Group's employees, its organizational climate, and the employee's experience and organizational affiliation.

In order to always remain current, the Group invests resources in identifying trends in real-time and examines how its employees feel through holding monthly discussions, analyzing employee turnover data, analyzing the reasons for termination, examining the gaps at the brand level, and specific store level, and makes sure to provide the immediate solution and toolbox required to retain the employees, in each and every store and brand.

**2.3** Years of Seniority  
Store Employees

**8.8** Years of Seniority  
HQ & Management Employees

## Employment of people with Disabilities

As part of our perception of social and community responsibility, Fox Group aims to act in every way possible to promote populations with disabilities and to contribute its part in creating an equal civil society. The Group believes that this population, which is underrepresented in the labor market, deserves equal opportunity for personal and professional development and fulfillment.

Based on these concepts, the Group acts in cooperation with several associations (such as Alvin and Shema) for the occupational integration of people with disabilities in the Group.



**HaKiryon Mall in Kiryat Bialik** - the large and famous mall located in Krayot area, contains 10 of the Group's stores. The Group decided to trial a unique pilot in which at least one employee with a disability is employed in each of the Group's stores in the mall. A representative on behalf of the associations that accompany this project is present in the mall during the shifts when employees with disabilities are working and provides ongoing response to needs that arise during the shift, both on the employee side and their managers.



# FOX SCHOOL

## Training & Organizational Development

The development of the Group's employees and their enrichment constitute the core of the Group's organizational culture. In the Group's view, an employee who is enriched by experiencing

Development and learning is a more fulfilled and contributing employee.

Therefore, the training and organizational development department receives all the resources required to produce this organizational infrastructure. This department develops most of the content, courses, and training in-house, thus managing to give the address the needs of the organization and its employees most accurately.

The professional knowledge, is made available to each employee on a platform called MYHR, which is customized for the Group and its employees, and the through use of various e-learning software applications. The content in this application is adjust for each employee individually, according to their position, upon their entrance to work, and according to a dedicated track built for them.

Training content includes:

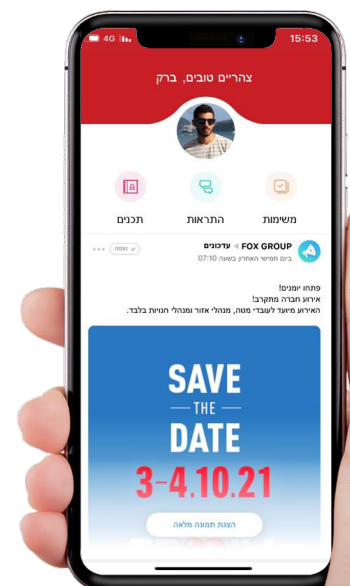
1. Regulatory training on: safety, ethics, prevention of sexual harassment, cyber security and more.
2. Professional training, according to the nature of the role and the brand they work for.
3. Enrichment and development training starting with time management, manager development, management styles, giving feedback, information on products, and additional topics that arise regularly from the field.

The training is intended for employees, managers, and members of the Group's Board of Directors, as required.

The Group has an annual training program, which is built at the beginning of each year in collaboration with the VPs of the companies and brands, allowing flexibility to provide solutions throughout the year according to needs that arise.



All the learning software courses that the employees are obliged to take are accessible in the dedicated application that was developed within the Group' and are available to the employees in versions that are also adapted to mobile so that they can carry it out at their own time and availability.



## Sexual Harassment Prevention

Sexual harassment in the workplace are prohibited by law. At Fox Group, we take seriously any case of harassment, and do not tolerate any form of physical, verbal, sexual, or mental violence for any reason whatsoever, or any form of harassment, including sexual harassment and inappropriate conduct among employees and managers in the organization, including in relation to customers, suppliers, and contractor employees.

Fox Group requires its employees and managers to do everything in their power to prevent their co-workers and their subordinates from committing such acts. The prohibition applies wherever work-related activity is taking place and also in relation to contractor employees, temporary employees, customers, and suppliers.

The person responsible for preventing sexual harassment in the Group is the VP of Human Resources, Iris Einhorn. Every employee has the right to file a complaint about harassment or bullying. The complaint will be clarified by Ms. Einhorn while maintaining the dignity and privacy of all concerned.

In addition, the Group works to prevent sexual harassment within the framework of working relationships by raising awareness and training on the subject and by handling each complaint submitted with the appropriate gravity required and in accordance with procedure.

All employees, managers, and directors are obliged to take part in the training conducted by Fox Group regarding the prevention of sexual harassment. Every employee who starts working in the Group must undergo training on the subject, and then complete a refresher e-learning course every year. The Group is strict concerning the e-learning courses and carries out an annual assessment of the performance of the e-learning courses.



## Safety

Fox Group is strict about safety management, complying with all that is legally required and beyond.

Fox Group considers the safety of its employees, customers, and other stakeholders to be of the highest value and invests many organizational resources to this end. The Group works with an external safety consultant who accompanies its activities and safety supervisors who conduct inspections both in the stores and in the logistics centers. There are 6 safety supervisors nationwide designated for the operations of the stores, as well as a safety supervisor for each logistics center. The safety supervisors carry out risk surveys of the activities carried out under their responsibility and submit their findings and the requirements to the organizational safety committee that discusses the safety risks. If safety gaps that require treatment are found, the Group provides the required response immediately, both at the level of training and at the level of compliance. In addition to that, all the company's employees undergo a safety e-learning course upon entering their role, as well as additional training that is required from time to time and every year.



# **SUPPLY CHAIN & CUSTOMERS**



## Supply Chain

Fox Group works with a wide variety of manufacturers and suppliers from different countries, which constitutes a significant pillar in its success. The Group considers the contractors and suppliers who work with it as partners in the realization of the business vision, and in the process considers it an obligation to act with respect toward the contractors and suppliers.

The Group operates more than 25 sites for its variety of logistical needs, including warehousing, preparing orders for stores and online customers, distribution, value-added work, sorting, etc. The Group's products are distributed from the logistics centers and from them to stores in Israel according to a daily distribution plan, in accordance with the sales forecast, the companies' goals, and actual sales.

Fox Group uses advanced information systems that allow online supervision and control, which produce a quick response, flexibility in operation, management, and inventory between stores and between the logistics centers and the stores. This system allows for better utilization of the inventory, reducing the number of items returned from the stores to the logistics centers and, accordingly, a significant efficiency in energy consumption. The Group works at all times to improve and optimize the distribution system, so that it improves the environmental effects derived from such a large-scale system. Distribution to stores is carried out using a fleet of trucks operated by subcontractors.





## Customers

Fox Group's customers are the driving force behind the Group's activities. Understanding the needs of the customers and providing quality service in all departments are some of the Group's core values.

The Group places the customer at the center and as a result, focuses on training professional staff to ensure a good and professional customer experience in each of its brands.

As a result of our aspiration to provide the best service to the Group's customers, the customer service department invests resources in preparing the employee for the fieldwork in the best possible way.

In the customer service department at Fox Group, we apply principles that are at the forefront of service - determination, leadership, cohesion, responsibility, and professionalism, in order to maximize the best customer experience.

The Group's customer service department employs people from all sectors of the Israeli population. As mentioned, the Group considers diverse employment a necessity and an advantage, a diverse workforce contributes to the essence of the Group and provides the optimal response to customers who come from all demographics in the State of Israel.

Fox Group is growing and developing and therefore has developed a high capacity to absorb and contain new data and to adapt the new data to the customer's experience.

The department works even harder to achieve and advance the goals and objectives every year, to continue to lead the service areas in the retail market. The department advocates for communicating of messages in a clear and accessible manner to all customers while maintaining customer satisfaction and adhering to the company's procedures. All while maintaining professionalism and cohesion of the employees in the department.

Fox Group strives to provide significant value to the lives of its customers while combining personal, responsible, and human service with technological advancement and innovation that improves the services provided to the Group's clientele. Along with maintaining an ongoing dialogue conducted through the variety of channels available to customers, the Group implements innovative measures aimed at improving the customers' experience and their satisfaction with the service, such as the use of an advanced CRM system. The system will interface with all the Group's systems (cash register system, loyalty club, etc.) and will store all data in one place, accessible and readily available to all employees. The compiling of data will allow the employee to provide a more comprehensive and high-quality response to the client. In addition, the Group uses the Glassix system which operates mainly on the digital platform and provides an accessible solution to the Group's clientele that is also always available.

The Group makes sure to create an open and accessible communication channel with all customers, and many actions are taken to improve and make accessible the methods of contacting the company on any subject that the customer wishes to communicate directly. The Group acts to promote the welfare of customers with disabilities by creating accessible websites, providing a variety of options where a customer can contact customer service, such as a phone conversation with a representative, an online chat with a representative, a letter to the branch, using digital platforms such as WhatsApp and others. Every inquiry that reaches the company regarding accessibility goes directly to the department manager in order to provide a quick and high quality response.



## Accessible Stores

Fox Group works to fulfill the goal of equality since every person deserves the right to live in equality, with dignity, comfort, and independence. In order to succeed in accomplishing this goal, accessibility arrangements are required to allow people with disabilities to reach their destination and enable their participation and integration in society in an equal, respectful manner with maximum independence. Accordingly, in 2017, following the enactment of the Accessibility Law, the group carried out actions to make all stores accessible.

The Group has appointed an Accessibility Coordinator who has been officially certified and performs increased controls in order to meet the standards set by the Group on the issue of accessibility, beyond the minimum required by law. In this framework, along with instruction and training held regularly for each new employee, each regional manager is required to submit a detailed report on the compliance of the branches in their region every month.

The Group works in partnership with BIG centers in the "Quiet Centers" project, which allows adults and families of autistic children to take part in the shopping experience at BIG's shopping centers.

Every first Sunday of the month, Fox Group makes adjustments in the stores, such as turning off announcements, music, screens/projectors, and lowering lighting intensity, while briefing the store staff to pay attention to the customers' needs.





Case  
Studies:

**SUPPORT FOR LOCAL INDUSTRY,  
SOCIAL INVOLVEMENT AND  
VOLUNTEERING AMONG THE  
GROUP'S BRANDS**

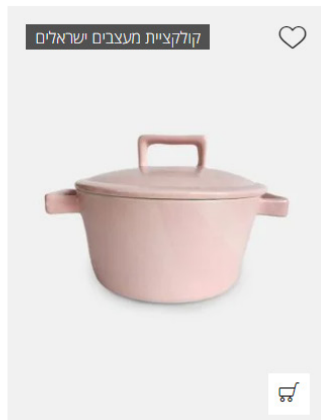
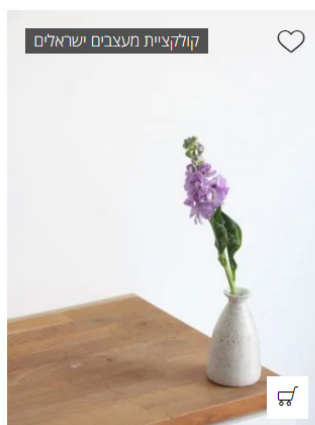
## FOX HOME

Fox Home is a chain of homeware and textile lifestyle stores that offers a wide variety of kitchen, table and entertainment, textiles, bath, and decorative products. The chain is in nationwide deployment and has about 81 stores. As a nationwide chain, which aspires to be part of the "Israeli home" design, there is great importance in promoting and integrating Israeli designers, both in the design of the products sold on the chain and in providing a platform for Israeli designers through the social networks of Fox Home.

The promotion of Israeli designers is considered a central value in terms of social involvement and responsibility at Fox Home. The company's website features a collection of Israeli designers, whose items can be purchased directly from the website.

## FOX HOME DESIGNERS CO-LAB

שמחים לארח מעצבים ישראלים באתר





# Elay's Collection



Elay Regev (24) is a young artist on the autistic spectrum, who is gifted with great talent and tremendous motivation. After opening a cafe together with his mother, where he excelled in pastry work, his mother turned to the "Fox Home" chain when she was looking for utensils that would match the atmosphere of Elay's special place.

Fox Home's management was hosted at Elay's cafe and was amazed by his creations. Right there and then, the first step was taken in the journey to design Elay's collection for the "Fox Home" chain.

In the chain's design studio, they saw Elay's paintings and were left speechless. Anyone familiar with design language and textures sees these works of art and cannot remain indifferent.



In the process of developing the collection, Fox Home faced three essential challenges: one was to preserve Elay's unique handwriting and the authenticity of the paintings; the second was to develop a young graphic language in the spirit of the "short messages era"; and the third was to produce practical tools that integrate into every home for daily use.

All of these combined turned into a collection called Be Unique, which was sold in all of the chain stores, and the royalties were transferred directly to Elay.



## Collaboration with an Israeli designer - plus size fashion

yanga

Yanga believes in the importance of promoting Israeli designers and creates a platform for their creation, exposure, and business promotion. Among the collaborations that the brand maintains, this year we chose to collaborate with the Retama brand, which promotes Israeli fashion for plus size women.

As a leading brand for thousands of women in Israel, Fox Group and Yanga in particular see the importance of both promoting Israeli designers and promoting a diverse collection in a size range that is inclusive for every woman.

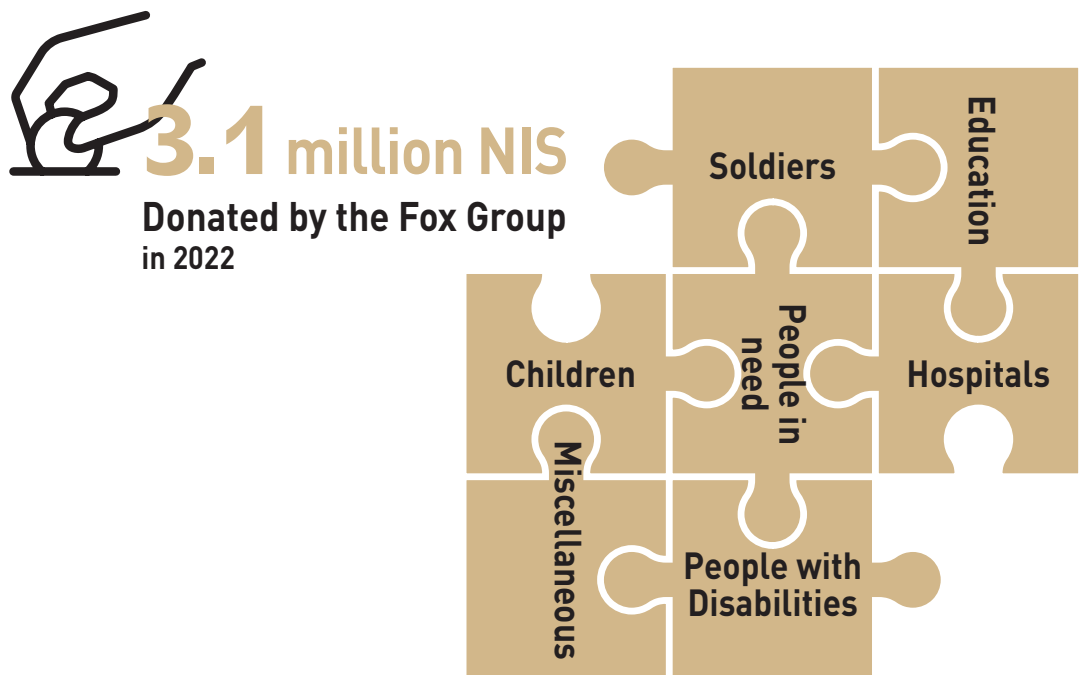






## Community Responsibility & Involvement

Fox Group is a company that was founded and grew in Israel and considers itself identified with Israeli values, culture, and society. Just as the Group promotes responsibility at all times to provide the most accurate service and products to the Israeli population, it also promotes the responsibility and obligation to be part of the society in which the Group prospered and to respond to the needs and challenges of Israeli society. The Group believes that the interface, communication, and dealings with Israeli society make the Group better for its employees, for its customers and for society as a whole.



Fox Group invests a lot of time, personal, financial and other resources, in donations and volunteering activities that are related to one another. The Group believes in social action which, on the one hand, succeeds in providing assistance in one off situations while investing in long-term assistance through significant collaborations with the third sector.

The Group operates in long-term partnerships with many associations such as Alonei Hetz, the Shluvot Association (girls with Down syndrome), the Nava organization (assistance to bereaved families), the Latet Association (clothing and footwear donations,) the Alvin Association (advancement of people with disabilities), the Shema Association (hearing-impaired children and youth), Leket Israel, Dualis and more.

Alongside aiming to provide a significant response to the inquiries that reach the Group from multiple channels and in diverse fields, the Group believes in planing a focus on a several issues that correspond with the Group's values, where it will succeed in generating significant long-term value. One example of that is the field of education:

Fox Group has been working for many years through collaboration to promote and implement educational programs in diverse settings while creating a holistic therapeutic environment for children, teenagers and young people who are in situations of risk, dropout and separation from Israeli society.

An example of such cooperation is with the Menifa association, around the establishment of welfare clubs and community centers in Jerusalem, Tirat HaCarmel and Kiryat Malachi, which help children and their parents receive solutions to educational and emotional gaps from a holistic view.

## In addition, the Group's activities include:

- Establishing and participating in the financing of classes for dropout youth who is on the verge of dropping out of the education system at the Ort school in Lod, and at the Elyashiv yeshiva high school. The purpose of these classes is to empower the students and give them tools. Upon graduation, many of the program's participants enlist in the army and even contribute to the community in various ways.
- A learning center for excellence in Nof Galil. The center imparts advanced-level knowledge to teens in the fields of English, mathematics, physics, chemistry, and computers.
- Groups to prevent dropping out from elementary school - a program designed for children at risk of dropping out of the state education system in Kiryat Malachi, who need extra academic and social attention.

## Another example is the activity to advance and assist IDF soldiers:

1. A collaboration of the Group with Alonei Hetz, to establish a unit as part of the "Great in Uniform" program that gives opportunity to young men and women with special needs to enlist in the army.
2. A program to prevent dropping out of the army and incarceration of soldiers using a mentor who accompanies and supports the soldier and serves as a warm civilian frontline for complex confrontations throughout the service and thereafter.
3. A program that tutors teenager dropouts, with high potential beyond the matriculation certificate and army service - towards high-tech professions, to the open university for a bachelor's degree to expand their horizons and personal excellence.
4. The "Dare Together" program, which is a unique program of the youth center in Ofakim. The "Dare" project was established by the elite forces alumni association, which deals with strengthening and fostering professional excellence in employment. This is done by providing tools and assisting outstanding young people in finding jobs with career advancement potential in various sectors. The program pounds professional guidance and counseling from the association "Olim BeYahad".
5. Assistance to the soldiers in the military prison, in order to allow them to complete their service without the prison "stain" which may later make it difficult for them to integrate into civilian life, and we consider this as our duty and our responsibility as a society.



## Billy Haus

The company has created a long-term collaboration with two associations that share the value promoted by the company - preserving the sea:



## Our collaboration with the association "HaGal Sheli"

The 'HaGal Sheli' association was established with the aim of providing a real opportunity for girls and boys at risk to get on the wave and succeed through the formative confrontation with the sea's forces when surfing.

The association operates diverse activities for girls and teenagers from all sectors of Israeli society: Jews, Arabs, secular, religious, immigrants, senior citizens, girls, and boys.

The company accompanies the "HaGal Sheli" (Catching the Wave of life) association from the very first day of its establishment using various means and resources. Starting with donating surfing suits and related products, through creating large joint events in which proceeds are dedicated to the association's activities, to exposing the association's activities to Billy Haus' large community.

## "Tzalul"

Tzalul is an Israeli environmental association whose goal is to preserve Israel's streams, seas, and water sources by raising the public's awareness, education, vigorous activity, and research.

For more than a decade, the company has been creating many and varied collaborations with the association, with the core of the joint activity focused on the responsibility for preserving the sea and its environment. As part of that, the company joins beach clean-up events, including taking an active part in reducing the damage caused by the oil spill disaster.

Recently, the company produced an environmentally reusable bottle with our and "Tzalul's" brand, which is sold in our stores, and all of the proceeds go to the association and its activities to protect the sea and its environment.





## Yanga



As an Israeli company that was founded and developed in Israel and for the Israeli public, the Group sees the company's involvement in the society in which it operates as a central value, and works to create collaborations and volunteer events where all employees of the company's headquarters take part. The company operates out of a sense of responsibility and commitment to the community, both as Yanga employees and as individuals.

The "Dress Up For It Bazaar" - Twice a year, Yanga donates clothes and fashion accessories to be sold in this bazaar, which is an assistance center for victims of sexual assault. The Bazaar is an annual fund-raiser and all of its proceeds are dedicated to the assistance center. Yanga welcomes the opportunity and possibility to help the center.

"Merhavim" The Medical Center for the Treatment of the Brain & Mind in Beer Ya'akov Ness Ziona - In 2022, the entire Yanga headquarters staff set out to a joint volunteer activity, responding to the need that arose at the Merhavim Center. The team came to the center wanting to spread joy, help, and put a smile on the faces of the children who come there. The staff brought with them gifts for the children and cans of paint. The team decorated, drew, and painted the various spaces in the center in joyful colors.



## Laline

As an Israeli company whose activity is centered around care and lifestyle products for the body and mind in Israel and around the world, it sees great importance in involvement among the female population in particular and the population of the world in general.



In 2022, many Laline products were donated to various organizations such as the IDF Foundation for the Disabled, Pitchon Lev, MAW, Holocaust survivors and cancer patients.

In addition, this year, Laline continued to work to promote breast cancer awareness in collaboration with the "One of Nine" association, a collaboration that has been going on for 13 years. As part of this activity, the company sold fabric face masks in 2022 and worked to promote the "One of Nine" association through public relations, the use of digital platforms, and financial donations.



# **CORPORATE GOVERNANCE**

## Corporate Governance

The Group's Board of Directors and management have set for themselves the goal of creating a transparent, proactive and innovative organizational culture alongside the commitment to maintain proper corporate governance towards partners, investors, and the general public. This commitment is inherent to the daily conduct of the company's Board and management and is an integral part of the Group's success.

Fox Group is committed to compliance with and adherence to the laws, regulations, and procedures, all of which are essential for its continued activity and prosperity in all circles of influence. The Group operates transparently and fairly towards all its stakeholders, inter alia by maintaining the relationships with its investors and by means of open, detailed, and frequent reporting to the capital market. The Group believes that maintaining a close relationship with the capital market allows its stakeholders, including customers, suppliers, and the general public, to learn about the group and its ongoing activities on a frequent basis, thereby maintaining and strengthening trust and confidence in the Group.

## The Board of Directors

The Board of Directors is responsible for overseeing the management's activity and making sure that it is done in accordance with the interests of the Group's shareholders and stakeholders.

The Group's Board of Directors operates both through the Board of Directors' plenum and through dedicated committees.

<b>Mr. Avraham Zeldman</b> Chairman of the Board of Directors	<b>Mr. Harel Wiesel</b> Director & CEO	<b>Mr. Yishai Fuchs</b> Director
<b>Ms. Zipora Koren</b> An Independent Director	<b>Mr. Dan Rimoni</b> External Director	<b>Mr. Yuval Bronstein</b> External Director

**6** Board Members

**50%** Directors classified as independent

**58.6** average age of the board members

## Board of Directors Composition

Each member of the Board of Directors brings expertise that contributes to the day-to-day activities and strategic planning of the Group. The various directors have expertise in managing large-scale projects, process understanding, familiarity with the world of corporate governance, familiarity with the company's field of activity, and experience in the retail sector, to name a few, and the required accounting and financial expertise.

**100%** of the directors have managerial experience

**67%** of the directors serve as directors in other public companies

**50%** of the directors have international experience

## Board of Directors Meetings



**14** Board of Directors meetings were held in 2022

**100%** Rate of attendance in meetings

## Board of Directors Committees

The Board of Directors operates through four sub-committees: the Audit Committee, which is responsible, among other things, for deficiencies in the management of the company, the examination of the Group's financial conduct, and the examination of the internal auditor's work plan. The Compensation Committee, examines, inter alia, the compensation terms of various functions in the Group, including its officers. The Committee for Examining the Financial Statements, whose role is to make sure that the group's financial statements are properly audited. The Financial Risk Management Control Committee, whose role is to discuss the investment policy of the securities, the structure of the Group's sources, and the policy for protection against exchange rate risks.

In 2022, there were nine meetings of the Audit Committee, five meetings of the Compensation Committee, four meetings of the Committee for Examining the Financial Statements, and one meeting of the Control Committee for Financial Risk Management. All the meetings were 100% attended by all directors.



**100%** Directors' participation rate in committee meetings in 2022



## Internal Controls

An internal controls program is a voluntary enforcement mechanism adopted and implemented by corporations on an ongoing basis to ensure effective compliance of the corporation and the individuals within it with the securities laws. The internal controls program enables the assimilation of a culture of compliance with and adherence to the "rules of the game" out of awareness, familiarity, and understanding.

In March 2013, the Group adopted an internal controls program in the area of securities laws, which establishes the rules that will allow the Group's employees to comply with the instructions and requirements of the law and the regulations of the Securities Authority. The person in charge of enforcement in the group is the CFO, Mr. Shahar Rania. Moreover, comprehensive training was carried out for all the directors, officers, managers, and employees of the Group to the level of store managers, as well as some of the group's suppliers and essential service providers.

## Compliance

The Group is committed to conducting its business fairly, demonstrating integrity, reliability, and responsibility, and ensuring that its business activities, outside of Israel too, are carried out according to the highest moral standards. In addition, the Group undertakes to comply with the various laws and regulations applicable to the operative areas and to avoid possible risks related to corruption. To accommodate that, the Group has adopted a compliance program. The program is designed to ensure compliance with and adherence to laws and regulations related to bribery, corruption, money laundering, and similar offenses.

The Group's compliance program is designed to examine risks and establish controls and rules for conduct, reporting, internal oversight, and disciplinary actions. Moreover, the program serves as an additional tier of protection together with the internal enforcement program and ethics.

An essential part of the Group's activity today is in developing countries whereby the risks in the areas of bribery and corruption are higher and therefore the Group is very strict regarding proper and controlled business conduct.

The Group has a compliance program addressing bribery and corruption issues. Once a year, the Group's employees undergo training using e-learning software. In addition, the Group vets customers and suppliers using the American database Office of Foreign Assets Control.

# Risk Management

Fox Group is aware of the risks that characterize the Group's field of activity and the regions in which it operates. Risk management is one of the most important elements of its activity. Therefore, the Group invests its great efforts to classify its main risks and to find the most suitable tools to manage and deal with these risks in the optimal way.

**Below are some of the Group's main risks:**

- Exposure to climate and weather changes
- Cyber Risks
- Increased cost of raw materials
- Key person Dependency
- The political and security situation in Israel
- Economic recession and economic changes in Israel and abroad
- Production restrictions and political and economic changes in China and East Asia

In its scope of operations, Fox Group faces risks on a daily basis. In order to be competitive in the field of fashion, the Group is expanding its range of activities and areas it engages in besides fashion, such as home design, footwear, and fashion accessories, as well as entering attire areas with a different tone than that of the Group. Also, the Group acts to import desirable international brands that appeal to a variety of customers, alongside increasing the number of members in the Group's loyalty club. The customer loyalty club is a tool for strengthening the relationship between the Group and its customers as well as expanding the club's activities to credit card-based activities.

The Group's Board of Directors operates an Audit Committee to control the management of the Group's financial risks. The committee discusses the Group's policy regarding capital markets risk management, the investment policy of the securities, the structure of the Group's sources, and the policy for protection against exchange rate risks. Moreover, the Group's senior management oversees the management of these risks. The Board of Directors makes decisions concerning the steps and/or changes required in the policy according to the data presented to it.

The committee establishes criteria for special events which require updated discussion regarding market risks and risk factors. The criteria is reviewed at least once a year and according to the circumstances and events in the financial markets.

Please also see the Group's periodical reports.

## Cyber & Information Security

Fox Group perceives maintaining a level of information security and observing the rules of information security by employees, customers, and suppliers as paramount. The Group purchased insurance against cyber risks and at the same time, it employs controls and protections to reduce these risks, including managing permissions, passwords updates, anti-virus systems, and backups.

The Group is aware of the risks involved in its activities in terms of information and cyber security and makes sure to manage a prevention and control system adapted to the same risks.

This system is headed by the Chief Technology Officer, the Information Security Officer as well as Information Security Trustees. This system establishes a broad infrastructure of procedures, which is updated from time to time as required, and frequently distributed to all employees. This infrastructure includes procedures regarding the day-to-day work in the offices and stores, the cash registers system, remote access, password policies, monitoring and control procedures, procedures for responding to information security incidents, and more.

All of the Group's employees are required to undergo information security and cyber issues training using e-learning software. Concurrently with the preventive actions, the provision of tools and knowledge, and raising the Group's employees' awareness, the Group performs ongoing maintenance through monitoring systems that check the servers and their security.

Throughout the year, the information security department conducts activities to raise awareness among headquarters employees. As part of the activity, emails simulating phishing attacks are sent once a month, short and targeted tips are sent once every two weeks, and in 2022 a unique "Cyber Week" activity was added under the title "Safe keeping the information at home and at work." The purpose of the activity was to provide a concentrated education in an experiential manner and to explain the risks involved in improper behavior by each and every employee, including towards themselves, their families, and the company as a whole. During the week, daily emails with short videos were sent to all of the Group's employees (store employees were sent these messages via WhatsApp groups) with information and tips for safe conduct in the office and at home. Fortune cookies were distributed to headquarters employees containing information security tips, and at the end of the week, there were several prize-bearing quizzes about the content delivered. The quizzes were conducted virtually and were attended by 350 employees.

## Ethics

The Group is committed to a high level of corporate ethics and expects all stakeholders - employees, managers, customers, and suppliers - to fulfill their obligations in a manner that is consistent with our principles and guidelines. The Group has a code of ethics that was adopted by the Board of Directors, which encompasses its activities and guides its employees and managers regarding proper ethical behavior. A code of ethics that regulates, at the Group level, standards of behavior that express, among other things, compliance with the law, integrity, fairness, maintaining individual modesty, incorruptibility, responsibility towards the Group's employees, responsibility towards customers, and responsibility regarding environmental issues.

Fox Group works with a number of factories in China and India. In order to make sure that the factories meet the ethical-social and environmental standards, the Group employs about 30 local controllers, whose job is to check that there are no violations of issues relating to wages, working conditions, and the environment.

Every Group employee may alert the company's control officials regarding failures and deficiencies in the Group's business management, including deficiencies in matters relating to embezzlement and fraud, deficiencies in financial matters, or any deficiency in any other matter, through an anonymous reporting system.

The Group undertakes that the status and promotion of an employee who made a report in good faith about a deficiency or a suspected deficiency in the company's business management will not be harmed and that no sanctions will be taken against them for merely reporting, regardless of the results of the investigation.

All management members are required to undergo training about ethics issues using e-learning software, as do all employees in the organization. In addition to that, a dedicated training program is built for each member of management upon their appointment. The training includes professional on-the-job training and accompaniment by the VP of Human Resources and the employee's direct manager.

# GRI INDEX

Fox has reported the information cited in this GRI content index for the period 01/01/2022-31/12/2022 with reference to the GRI Standards.		Statement of use	
GRI 1: Foundation 2021		GRI 1 used	
GRI Standart	Disclosure	Response / Reference	
GRI 2: Full disclosure on general issues	2-1	Company's Information	Page 4-5
	2-2	Entities included in the organization's sustainability reporting	Page 6
	2-3	Reporting period, frequency of reporting, and establishing contact	Page 10 Dana Hochstein Mann dannah@fox.co.il
	2-4	Vetting and changing incorrect information presented in previous reports	N/A
	2-5	External Audit	No external audit process was performed on the ESG report
	2-6	Activity and products in the company, the value chain, and other relationships	Page 20-22
	2-7	Employees Roster	Page 24-25
	2-8	Workers who are not directly employed	-
	2-9	The corporate governance structure and composition	Page 42-43
	2-10	Determining the composition of the Board of Directors	Page 43
	2-11	Chairman of the Board of Directors	Page 42-43
	2-12	The Board of Directors role in overseeing the management of ESG impacts	See the Periodic Report for the year 2022
	2-13	Delegation of powers to manage ESG effects	
	2-14	The Board of Director's Role in sustainability reporting	
	2-15	Prevention of Conflict of Interest	
	2-16	Discussions in the Board of Directors about material threats	Page 45
	2-17	The Board of Directors mix of knowledge	Page 43
	2-18	Board of Directors performance evaluation	See Periodic Report for 2022
	2-19	Compensation Policy	
	2-20	Procedure for Determining the Compensation Policy	
	2-21	Annual Compensation Ratio	
	2-22	Statement of sustainable development strategy	Page 5
	2-23	Statement on responsible business conduct	Page 4, 10-11
	2-24	Ways of implementing the statement on responsible business conduct	
	2-25	Processes for correcting negative effects	N/A
	2-26	Mechanisms for obtaining advice and raising concerns about ethics issues	Page 46

GRI Standart	Disclosure		Response / Reference
GRI 2: Full disclosure on general issues	2-27	Compliance with the rules and regulations	Page 44
	2-28	The company's participation in organizations and confederations within the industry and outside thereof.	Page 12-13, 37, 40
	2-29	A dialogue with stakeholders	See in every chapter about stakeholders, employees, suppliers, customers, joint ventures, communities and more
	2-30	The percentage of employees to whom collective agreements apply	-
Material Matters			
GRI 3: Material Matters	3-1	The process of determining material issues	Page 10 and below are a reference on every topic detailed in the index
	3-2	List of material matters	
Financial Performance			
GRI 3: Material Matters	3-3	Management of material matters	See the Periodic Report for the year 2022
GRI 201: Financial Performance	201-1	The direct economic value created and distributed	
	201-2	Financial consequences, risks and opportunities due to climate change	
	201-4	Financial assistance from the State	
Local Procurement			
GRI 3: Material Matters	3-3	Management of material matters	See the 2022 periodical report. We should note that the Group facilitates working with Israeli suppliers, for example, collaborations with Israeli designers for the Group's brands such as Yanga, the Elay collection at Fox Home, and others.
GRI 204: Procurement Procedures	204-1	The percentage of procurement expenses from local suppliers in relation to the total procurement expenses	
Anti - Corruption			
GRI 3: Material Matters	3-3	Management of material matters	Page 44 and see the 2022 periodic report. We should note that there were no incidents of corruption for the reporting year
GRI 205: Anti -Corruption	205-1	Mapping business processes at risk of corruption	
	205-2	Education and training on anti-corruption policies and anti-corruption processes	
	205-3	Corruption events that occurred and the actions taken	
Materials			
GRI 3: Material Matters	3-3	Management of material matters	Page 18
GRI 301: Materials	301-2	Recycled materials in use	Page 20-22

GRI Standart		Disclosure	Response / Reference
Energy			
GRI 3: Material Matters	3-3	Management of material matters	Page 18
GRI 302: Energy	302-1	Energy Consumption in the Organization	
	302-4	Reduction in energy consumption	
	302-5	Reducing the energy consumption of the products and services	
Emissions			
GRI 3: Material Matters	3-3	Management of material matters	Page 16-17
GRI 305: Emissions	305-1	Greenhouse Gas Emissions - Scope 1	
	305-2	Greenhouse Gas Emissions - Scope 2	
	305-5	Reducing greenhouse gas emissions	
Employees			
GRI 3: Material Matters	3-3	Management of material matters	Page 24-25
GRI 401: Employees	401-1	Total new employees in the company and turnover rate	
Safety and Hygiene at Work			
GRI 3: Material Matters	3-3	Management of material matters	Page 27-28
GRI 403: Safety and Hygiene at Work	403-1	Management of aspects concerning occupational health and safety	
	403-2	Safety risks assessment	
	403-3	Safety and Hygiene at Work	
	403-5	Tutorials and trainings on health and safety issues	
Training & Development			
GRI 3: Material Matters	3-3	Management of material matters	Page 27
	404-2	Employee development and promotion programs	
	404-3	The percentage of employees receiving feedback on their performance	
Occupational Diversity and equality			
GRI 3: Material Matters	3-3	Management of material matters	Page 24-25
GRI 405: Occupational Diversity and Equality Opportunities	405-1	Diversity of employees in the company and in the company's Board of Directors	
	405-2	The ratio (disparity) between men's and women's salaries and compensations	See Equal pay 2021 report



GRI Standart	Disclosure		Response / Reference
Non-Discrimination			
GRI 3: Material Matters	3-3	Management of material matters	See the 2022 periodic report, we should note that there were no discrimination incidents
GRI 406: Non-discrimination	406-1	Discrimination incidents and the actions taken against them	
Local Communities			
GRI 3: Material Matters	3-3	Management of material matters	Page 37-40
GRI 413: Local Communities	413-1	Actions applying involvement with local communities, assessment of the influence and plans for future development	
Marketing & Branding			
GRI 3: Material Matters	3-3	Management of material matters	See Periodic Report for 2022
GRI 417: Marketing & Branding	417-1	Demands imposed on the company regarding information and labeling of the products and services	
	417-2	Cases of non-compliance relating to labeling and information about the products and services	
	417-3	Events of non-compliance relating to marketing communications	
Customer Privacy			
GRI 3: Material Matters	3-3	Management of material matters	See Periodic Report for 2022
GRI 418: Customer Privacy	418-1	Complaints received by the company concerning customer privacy violations and loss of customer data	



