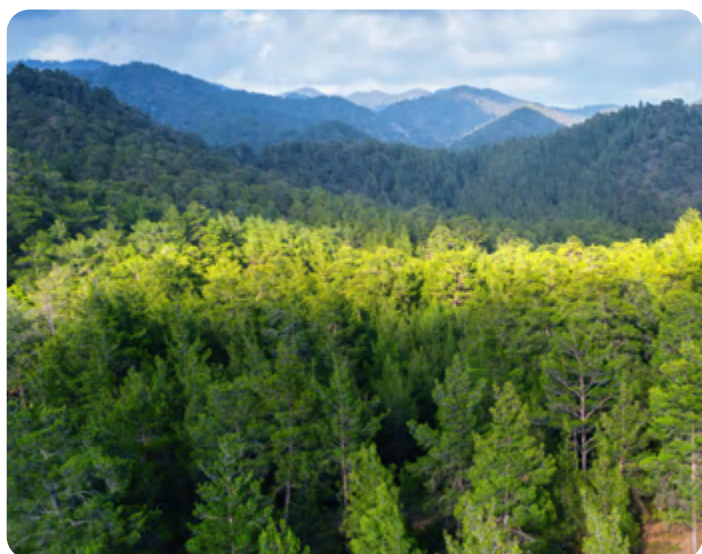


# Bank Leumi Green Bond Framework

January 2023



# Table of Contents

## 1. Introduction

- 1.1 Bank Leumi Overview
- 1.2 Bank Leumi's Sustainability Strategy and Policies
- 1.3 External Recognitions and Partnerships
- 1.4 Supporting the UN Sustainable Development Goals

## 2. Green Bond Framework

- 2.1 Rationale for Establishing a Green Bond Framework
- 2.2 Alignment with Market Principles
- 2.3 Use of Proceeds
  - a) Eligible Green Projects
  - b) Exclusions
- 2.4 Process for Evaluation and Selection
- 2.5 Management of Proceeds
- 2.6 Reporting
  - a) Allocation Reporting
  - b) Impact Reporting
- 2.7 External Reviews
  - a) Second Party Opinion ("SPO")
  - b) Post Issuance External Verification on Reporting



# 1. Introduction

## 1.1 Bank Leumi Overview

Bank Leumi (“Leumi”, “Bank”, “Bank Leumi”) is the longest standing financial institution in Israel and one of the largest financial institutions in Israel. The Bank provides services to customers through diverse service channels: bank branches, business centers dispersed throughout the country, call centers accessible from anywhere in the country, digital services (apps and websites), banking stations and the Bank Leumi personal banking centers that provide phone service, investment and pension consultation centers, etc.

Bank Leumi provides banking services to all types of customers, from households, through small and medium-size businesses, capital market customers up to large-scale corporations. These services are provided through four key divisions that specialize, each in its field, in providing banking and financial services tailored to customer needs.

**1. Banking Division** – focuses on providing banking services to private customers – individuals, households, Private Banking customers and small businesses. Retail Banking tailors its service to the customers’ individual needs through multiple channels simultaneously (including application, internet, banking center, terminals, information stations and ATMs). In addition, as part of Leumi Group, customers are offered the **PEPPER** service – an innovative banking platform that offers a digital banking experience to individual customers, **PEPPER INVEST** – a platform for trading foreign securities, **VIDEA** – a digital investment portfolio management platform based on advanced models, and Leumi Trade – an advanced trading platform for Israeli and foreign securities.

**2. Mortgage Division** – to implement the accelerated growth strategy in this segment, a division dedicated to mortgages was established, to ensure that the managerial, operational and service focus is on the customer and to assure ongoing product development for mortgage borrowers.

**3. Corporate Division** – focuses on providing services to Israeli and international corporations in different sizes and from a wide range of sectors. The Corporate Division aspires to provide the customer with all its financial needs for its business development and investment plans, by tailoring funding packages and products to the diverse requests of these customers while maximizing value and reviewing means for increasing the range of products and services offered to customers.

**4. Capital Markets Division** – provides customers of the various segments with the full range of capital and financial market services, and in addition deals with the Bank’s proprietary investments, liquidity, and our assets and liabilities management (ALM).

Bank Leumi also operates through its subsidiaries in Israel and abroad:

- **Activities of subsidiaries in Israel** – are carried out by Leumi Partners – which is responsible for most of non-financial investments such as real estate investments, underwriting and investment banking; Leumi Capital Market Services – which focuses on providing comprehensive operational services to financial entities; and VIDEA – which focuses on managing digital investment portfolios.
- **Activities of foreign subsidiary** – is carried out by our subsidiary Bank Leumi UK, which mainly engages in extending loans to corporates in the segments of Real Estate, Hotels and ABL.

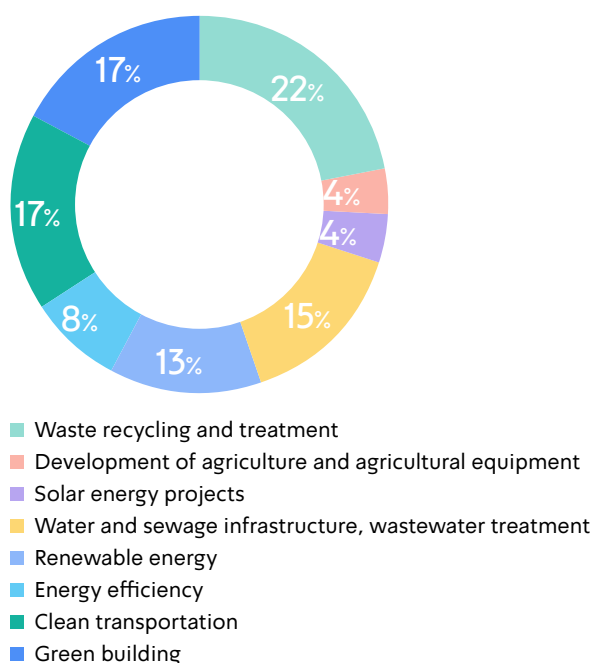


## 1.2 Bank Leumi's Sustainability Strategy and Policies

As the first and leading financial institution in Israel, we understand that we have a special responsibility for the environment in which we operate. In the annual reports for 2021, for the first time, we set significant long-term measurable ESG goals.

Among others, Bank Leumi aims to increase our available funding and investment for green environmental projects to an amount of approximately NIS 35 billion by 2030. In 2021 alone, the scope of credit provided for promoting a greener environment amounted to approximately NIS 12.1 billion. Since 2014, the Bank has reduced its carbon footprint by approximately 50%, and over the coming five years we aim to reduce our power consumption by a further 20%. Currently, 91% of the electricity consumed by Leumi is from a private power producer. Moreover, our power consumption in the past year, compared to previous years, has dropped approximately 13% due to the adoption of green innovations. In addition, approximately 100% of our wastepaper was recycled and 100% of the collected electronic waste was treated and properly disposed.

**In 2021, NIS 12.1 billion was provided as credit for promoting environmental issues<sup>1</sup>**



We also aim to reduce transportation fuel consumption over the next five years by an additional 20% in view of our gradual switch to hybrid cars, alongside the electric and hydrogen-powered cars that are entering the market. In recent years, the use of hybrid vehicles in the Bank's car fleet has grown; today, hybrid vehicles constitute about 55% of the fleet.

Along with the advancement of environmental issues, social responsibility is our top priority. For example, 93% of total scope of Leumi's procurement is made in Israel. One third of our purchases are from small and medium-size suppliers, and over NIS 30 million were allocated to businesses that employ people from under-employed backgrounds.

Leumi promotes its social value vision by investing in the community, with donations, sponsorships and the volunteer work of its employees. Leumi's 2021 community investment amounted to millions of shekels across more than 250 organizations. Leumi has continued its partnership with the "Aharai — Follow Me!" association that endeavors to integrate youth and young adults from the geographic and social periphery into mainstream society. This year we mark 20 years of our partnership, with leadership development and pre-military preparatory programs, high school learning centers, hiking course, and empowerment of youth from the Ethiopian community, among others. Leumi managers also conduct mentoring workshops for groups of young adults.

We are proud of our corporate governance structure where women make up 60% of the workforce. Women also constitute 54% of our senior management and 47% of our branch managers. 23% of the Bank's branch managers are from Arab communities and 18.7% of the new employees hired this year are from the Haredi and Arab community. To illustrate: in 2021 Leumi held two significant rounds of recruitment from the Haredi sector for technologies positions. So far, we have hired 50 Haredi women who joined the other 130 Haredi employees that have already successfully integrated into significant positions in the Bank. In 2022, we expect to hire another 75 employees from this sector in technology positions.

Consideration of the environment and society is a significant component of Leumi's organizational values. The details of our investment in the core issues of our existence

<sup>1</sup> Including credit granted to finance projects in China and Africa (NIS 0.57 billion).

are intended to illustrate the extent of our commitment to them. The challenging goals we have set for ourselves are meant to push us to go above and beyond in order to realize them. Please find more information on Leumi's sustainability strategy and initiatives in our 2021 ESG Report<sup>2</sup>.

Bank Leumi is subject to a wide range of domestic and international law, ordinances, and regulations, including directives issued by the Banking Supervision Department, the Israel Securities Authority and the Antitrust Authority. In accordance with the Leumi Group's organizational culture, compliance with legislation is incorporated into work processes.

Bank Leumi is committed to combating bribery and corruption and acts resolutely to ensure that its employees, customers, and business partners comply with anti-bribery and corruption provisions.



#### Governance

Maintain 30% representation of women on the Board of Directors and defining policies for the future

#### Environmental

Increase financing and investments in projects/companies that promote the environment to NIS 35 billion by 2030

Reduce CO2 emissions by 20% in the next five years (2022–2026, compared to 2021)

#### Social

24% of new hires from under-represented populations by 2025

Appoint a recruiting manager in charge of employment diversity and inclusion

## Environmental Risk Management

Environmental and climate-related risks to the Bank pose an exposure to potential damage which may be caused as a result of events or processes related to the environment, including climate change.

Environmental risks arise from the Bank's exposure to activities which may potentially cause environmental damage or be affected therefrom, such as: greenhouse gas emissions, waste production, air and water pollution, soil contamination, biodiversity loss, deforestation and extreme weather events.

The Bank regards environmental and climate-related risks as an integral part of the Bank's priorities, both in order to maintain its stability and as a business-strategic opportunity. The Bank is defining and integrating corporate governance and a supportive operational model, as well as improving the management and measurement tools.

The Bank has developed a multi-year work plan for managing environmental and climate-related risks in corporate governance aspects, and incorporating environmental and climate-related risks as an integral part of risk management in the Bank's various activities, including identification and promotion of business opportunities. The Bank is improving methodologies, measurement methods as well as quantitative information to manage environmental and climate-related risks. In this context, special emphasis is made on the business credit domain, due to its significant business and environmental materiality.

As part of the strategy implementation, the Bank is: building a methodology to identify and promote "green" initiatives; developing tools and expertise to develop financing products for "green" activity; and investing in smart systems in order to preserve and develop such initiatives. These include:

- Providing business credit for "green" ventures and companies
- "Green" investments through the Bank's proprietary accounts
- "Green" investments in companies and projects by our subsidiary Leumi Partners.
- Developing trading capabilities in "green" contracts

## Responsible Investments and Lending

In recent years, the Israeli economy has undergone significant changes in the area of renewable energy, while reducing consumption of polluting energy and, as a result, reduction of greenhouse gas emissions. Consequently, the Group offers its customers a range of funding options that help them tackle environmental issues, reduce their adverse impact, and boost positive impact on the environment. These challenges will affect the agriculture, construction, transport, energy and water sectors among others.

Leumi's credit underwriting policy takes into consideration any potential environmental risks, with a special emphasis on sectors with relatively high sensitivity to such risks. For example, any funding extended to chemicals factories; the Group attempts to identify the environmental exposure in order to mitigate it as much as possible. In order to reinforce the identification and control process of the environmental aspects of the credit activity as an integral part of the organizational culture, the Bank applies an internal work procedure that was prepared with the assistance of external consultants. This procedure was established in addition to training given to relevant parties in the Bank's lines of business, Corporate Division, Construction and Real Estate Department and relevant headquarter functions.

## Promoting Environmental Issues

The environmental impact of the business activity of companies in Israel constitutes an integral part of Leumi Group's financial-business considerations in the markets in which it operates. Leumi set a goal that the direct and indirect impact of its activity will lead to reducing adverse impacts on the environment, the climate and the natural resources available in the areas in which it operates. For this purpose, beyond compliance with regulatory obligations, Leumi endeavors to voluntarily adopt and comply with the most advanced and leading standards in this area worldwide. In 2021, environmental aspects were remapped by a consultation company and environmental tests were conducted in several selected branches, at the end of which the Bank received recertification for the environmental management standard ISO 14001 by the Standards Institute of Israel.

The direct impact of Bank Leumi on the environment is derived from three main factors:

- **Power consumption** — Power consumption at the Bank's properties.

- **Fuel consumption** — Fuel consumption per km by the Bank's cars fleet and for operating generators in emergencies.
- **Waste and water** — Responsible removal of electronic waste and paper waste, and total water consumption.

As of 2021, no incidents of non-compliance with environmental laws and regulations have occurred and the Bank did not receive reports or penalties for environmental offenses.

The Bank promotes environmental issues and raises awareness by the following actions:

- **Environmental trustees** — appointed in Leumi's branches and headquarters, environmental trustees are responsible for managing environmental issues and for monitoring power and water consumption data in their respective units.
- **Employee training** — in addition to the activities of the environmental trustees, the Group's employees are required to undergo training and refresher courses on environmental issues from time to time.
- **Reducing printing** — in 2021, the volume of printing at Leumi branches was reduced by 50% compared to 2020.
- **Green mail** — the Leumi Group encourages its customers to use "green mail", enabling to reduce paper consumption and receive their mail online simply and conveniently, on their computers or mobile phones. In 2021, 127,598 new customers joined this service and a total of 1,147,269 customers use it.
- **Environmental aspects in the supply chain** — to reduce negative environmental impact resulting from the Bank's activity, recommended environmental criteria are applied to procurement procedures of construction, maintenance, and electronic products such as lighting and refrigerators.

Key areas of focus to reduce energy consumption include:

- **Reducing branch visits** — the Bank offers advanced digital solutions that allow its customers to receive service without having to visit the branch. These solutions help reduce customers' arrival at branches, thus reducing air pollution and use of fuel.
- **Transportation service for employees** — Leumi offers employees transportation to and from work, thereby reducing the use of

private cars.

- **Switch to fuel-efficient cars** – Leumi encourages its employees to switch to hybrid/diesel cars (rather than gasoline) by expanding the supply of these models. In 2021, 55% of the Bank's fleet was comprised of hybrid cars, compared to 45% in 2020.
- **Encouraging the use of bicycles** – in the framework of promoting sustainable transportation at Leumi, bicycle parking spaces were built at the headquarters in Tel Aviv and in the Leumi Service Campus in Lod.
- **Power consumption from small suppliers** – as of 2014, Leumi consumes most of its power from an independent power producer that generates electricity using natural gas which is less polluting.
- **Replacement of lighting fixtures by cost-effective ones** – in 2021, steps were also taken in this area in branches and headquarter buildings. Furthermore, several LED lighting fixtures were installed, which are characterized by high-energy efficiency and a life that is longer than average.
- **Examination of energy consumption patterns at the branches** – in the framework of renovation and energy efficiency projects, the Bank frequently installs energy monitoring systems and smart building systems at the branches and headquarter buildings, to enable analysis of energy consumption patterns.
- **Green building** – when designing the construction of a new building and in renovating existing structures,

environmental aspects are considered. As of 2021, buildings M2 and M3 were constructed according to Israeli Green Building Standard (5281), and the construction of buildings M4 and M5 commenced according to this standard.

**Carbon Footprint.** As part of its environmental policy, besides monitoring and measuring the Group's resource consumption, the Group also regularly calculates greenhouse gas emissions resulting from its activities (energy consumption, fuel combustion and more). The Leumi Group performs the measurement using the calculation tools of the Ministry of Environmental Protection and the emission coefficients of DEFRA (Department for Environment, Food & Rural Affairs of the UK Government). Leumi Group reports annually on its carbon footprint through the international reporting initiative Carbon Disclosure Project (CDP), the Israel Ministry of Environmental Protection's voluntary Greenhouse Gas Emissions Registry in Israel, the Group's annual ESG report and Maala's rating.

Bank Leumi invests significant efforts in identifying measures that would result in greater efficiency and energy savings, having a direct impact on the Group's carbon footprint and on climate change. In recent years, the Bank's carbon-footprint cumulatively decreased to a total of 47% (compared to 2013), by following its environmental policies.

**The carbon footprint of Bank Leumi in 2021 was 33,148 tCO<sub>2</sub>eq. Compared to 2020, there was a 2.6% decrease in Leumi's carbon footprint.**

## Long-term objectives

Topic	Objective	Explanation
Environment	Reduce GHG emissions	Reduction of GHG emissions by 20% over 5 years (2022–2026) compared to 2021
Environment	Reduce electricity consumption	Reduction of power consumption by 20% over 5 years (2022–2026) compared to 2021
Environment	Reduce fuel consumption	Reduction of fuel consumption by 20% over 5 years (2022–2026) compared to 2021 due to changing the vehicle mix of the Bank's fleet

## 1.3 External Recognitions and Partnerships

Leumi and its subsidiaries have adopted leading standards in the area of sustainability and corporate social responsibility and are rated by several rating entities in Israel and abroad:



## 1.4 Supporting the UN Sustainable Development Goals

In 2015 the United Nations adopted the Sustainable Development Goals – a series of goals and targets to be realized by 2030 for the purpose of promoting global sustainable development. The framework, known as the 2030 Agenda, includes 17 goals and 169 targets for which real performance indices were formulated. The targets encompass numerous topics, and include Decent Work and Economic Growth, Reduced Inequalities, Gender Equality, Quality Education, and Climate Action, among others. As a leading financial institution in Israel, Leumi Group has a material impact on the social and economic fabric in its operating segments, especially in Israel. Leumi Group sees great importance in joining the effort for achieving these SDGs.



This is the twelfth year in which Leumi Group supports the UN Global Compact Principles, and is working to promote these principles as part of its activities

### Human Rights

- Businesses must support and respect the protection of internationally proclaimed human rights
- Businesses should ensure that they are not complicit in human rights abuses

### Employment Standards

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- The elimination of all forms of forced and compulsory labor
- The effective abolition of child labor
- The elimination of discrimination in respect of employment and occupation

### Healthy Environment

- Businesses should support a precautionary approach to environmental challenges
- Undertake initiatives to promote greater environmental responsibility
- Encourage the development and diffusion of environmentally friendly technologies

### Anti-Corruption

- Businesses should work against corruption in all its forms, including extortion and bribery



## 2. Green Bond Framework

### 2.1 Rationale for Establishing a Green Bond Framework

At Bank Leumi, we are strongly committed to enhance sustainability throughout our entire operations and value chain. This Green Bond Framework (the “Framework”) is an important step in aligning our strategy to support the climate transition, as reflected by our strategic targets towards green finance. We consider the alignment of our funding strategy with our sustainability performance to be a core value, given its fundamental importance within our corporate strategy. The Framework will also offer a further opportunity to communicate with investors, employees and other market participants on our commitments to creating shared value for the business, society and nature.

The establishment of this Framework provides a comprehensive outline for the issuance of Green Bonds, giving us the flexibility and support to achieve our sustainability goals. We intend that Green Bonds will appeal to a broad range of the ESG-focused investor community who will be valuable allies in supporting our strategy.

### 2.2 Alignment with Market Principles

By setting up this Green Bond Framework, aligned with the Green Bond Principles<sup>3</sup> (GBP) published in June 2021 (with June 2022 Appendix 1) by the International Capital Market Association (ICMA), Leumi offers investors further insights into its ESG strategy and commitments.

In this regard, this Framework details the four core components of the ICMA principles, which are as follows:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

This Framework also follows the recommendations of the ICMA principles on External Review.

This Framework may be updated from time to time to ensure continued alignment with voluntary market practices, emerging standards and classification systems. Any updated version of this Framework will either maintain or improve the current levels of transparency and reporting disclosures, including the corresponding External Review.

### 2.3 Use of Proceeds

Under this Framework, Bank Leumi can issue Green Bonds<sup>3</sup>.

An amount equivalent to the net proceeds from the issuance of Green Bonds will be used to finance or re-finance, in part or in full, Eligible Green Projects (as defined below) providing distinct environmental benefits. Leumi will follow the process described in this Framework along with its professional judgement, discretion and sustainability expertise when identifying the Eligible Green Projects that meet the eligibility criteria outlined in the following section.




Where a business or project derives 90% or more of revenues from activities that align with the eligibility criteria set out below, financing provided by the Bank to such business or project can be considered as allocated towards Eligible Green Projects even if the financing is used by the borrower for general purposes, so long as the financing does not fund activities listed in the exclusions section set out below.

Bank Leumi intends to allocate an amount equal to the net proceeds raised by the issuance to the Eligible Green Projects where financing has taken place: (i) during the current year of issuance or during the three calendar years prior, and/or (ii) or during the three calendar years following the date of issuance.

<sup>3</sup> ICMA Green Bond Principles (GBP) 2021 (with June 2022 Appendix 1). The possible types of Green Bonds to be issued against the framework are as defined in Appendix 1 of the GBP, with the associated disclosure requirements for covered bonds to be followed if relevant.

## a) Eligible Green Projects

Eligible Green Category	Eligibility Criteria	Contribution to UN SDGs
<b>Renewable Energy</b> Environmental Objective: Climate Change Mitigation	Financing related to the construction, development, acquisition, maintenance, and operation of renewable energy, including solar power plants and wind farms.	
<b>Energy Efficiency</b> Environmental Objective: Climate Change Mitigation	<p>Financing related to investments in energy and resources efficiency, including:</p> <ul style="list-style-type: none"> <li>• Improvement of energy efficiency in various sectors such as industrial factories, buildings and real-estate assets, and national infrastructure assets, including projects such as insulation of buildings, energy storage, smart grids, replacement of infrastructures, tools and products</li> <li>• These projects will aim to achieve an improvement in a leading energy efficiency rating, such as Energystar for equipment, or the Israeli standard for buildings energy efficiency rating (SI 5282), compared to the baseline</li> <li>• Development of energy-tech, defined as innovative technological R&amp;D leading to an increase in the use of renewable energy and supporting energy efficiency processes. Such developments could include developments related to smart grid management, increased utilization of solar panels, energy storage mechanisms, and energy consumption data monitoring and analysis.</li> </ul>	
<b>Green Buildings</b> Environmental Objective: Climate Change Mitigation; Climate Change Adaptation	<p>Financing related to the planning, design, construction, operation, maintenance, renovation and acquisition of energy-efficient buildings which includes:</p> <ul style="list-style-type: none"> <li>• Buildings that have obtained either a minimum certification for e.g. three stars in accordance with Israeli Standard 5281, "LEED Gold" or similar recognized standard</li> <li>• Development of new technologies or construction materials that support buildings' ability to obtain green building certification. The impact of such technology materials could be, but not limited to, improving energy efficiency of the building, reducing water consumption, waste management mechanisms, reducing weight of materials used for construction.</li> </ul>	

Eligible Green Category	Eligibility Criteria	Contribution to UN SDGs
<p><b>Clean Transportation</b></p> <p>Environmental Objective: Climate Change Mitigation</p>	<p>Financing of clean transportation-related projects, including the following:</p> <ul style="list-style-type: none"> <li>• Purchasing electric/hydrogen-powered vehicles and establishing supporting infrastructures such as charging stations</li> <li>• Public transportation vehicles and operation of public transportation systems</li> <li>• Establishing public transportation infrastructures, such as new railway lines</li> <li>• Construction of non-motorized transportation infrastructure, such as bicycle roads</li> </ul>	
<p><b>Sustainable Water and Wastewater Management</b></p> <p>Environmental Objective: Sustainable Use and Protection of Water and Marine Resources</p>	<p>Financing related to the development, construction, acquisition, installation, operation, maintenance and upgrades of sanitary environmental infrastructures, including:</p> <ul style="list-style-type: none"> <li>• Sustainable water and sewage infrastructure; wastewater treatment, desalination</li> <li>• Investments in technologies to reduce overall water demand</li> </ul>	
<p><b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b></p> <p>Environmental Objective: Protection and Restoration of Biodiversity and Ecosystems</p>	<p>Financing related to the development of agriculture and agricultural equipment, including:</p> <ul style="list-style-type: none"> <li>• Development of new technologies supporting the implementation of sustainable agriculture practices including smart and efficient irrigation, pesticides from ecological materials, climate smart farming and sustainable animal husbandry, intending to improve yield, efficiency and profitability as well as broad environmental benefits such as: water conservation; efficient use of land; reduced GHG emissions in operations; increased ability of agricultural soil to absorb carbon; reduced soil erosion; and reduced wastewater generation and contamination of water resource</li> <li>• Development of technologies leading to plant-based and food-technology alternatives to animal protein, including cultivated proteins, lab produced meats, plant-based proteins (from crops such as soy, algae, beans or chickpeas), insect-based proteins, and other</li> </ul>	

## **b) Exclusions**

Allocations of an amount equivalent to the net proceeds raised by the issuance will be made strictly in accordance with the Use of Proceeds requirements as specified above. For the avoidance of doubt, no allocations to activities fossil fuel, nuclear, defense, alcohol, tobacco, or gambling industries will be made.

## **2.4 Process for Evaluation and Selection**

To ensure that an amount equivalent to the net proceeds of the Green Bonds is allocated to Eligible Green Projects, Bank Leumi will identify and assess eligible green projects annually according to its existing methodology for reporting on green projects in its audited ESG report<sup>4</sup>, which will also align with the criteria in this Framework.

The key steps in this annual process are composed of the following:

- (1) a team in the Bank's headquarters of the Corporate Division collects information on potential green projects from the underwriting teams;
- (2) the team reviews these projects, according to the Bank's criteria, including the criteria set forth in this Framework and selects certain projects;
- (3) the projects so selected will also be reviewed by the Head of International Operations and ESG of the Bank in the Strategy division;
- (4) these selected projects will then also be reviewed by the Bank's external auditors (who will audit the ESG report), to confirm that such projects meet the Eligible Green Project criteria.

This described annual process includes, where required, discussions with the underwriting teams and reviews of the credit approval minutes and materials.

### **Environmental and social risk management**

The Bank has developed a multi-year work plan for managing environmental and climate-related risks in corporate governance aspects and incorporating environmental and climate-related risks as an integral part of risk management in the Bank's various activities.

As part of its review of proposed allocations to Eligible Green Projects, Bank Leumi will evaluate the environmental and material social risks associated with the selected Eligible Green Projects and consider how they can be mitigated if needed, within Bank Leumi's existing and expanding approach to Environmental, Social and Governance risk management.

## **2.5 Management of Proceeds**

Bank Leumi will manage the allocation of an amount equivalent to the net proceeds of its green bonds using a bond-by-bond approach, where eligible green projects will be selected in accordance with the eligibility criteria and evaluation and selection process outlined above.

Bank Leumi will keep an up-to-date green project register to monitor the allocation of the green bond proceeds. If any of the Eligible Green Projects no longer meet the eligibility criteria set out in this Framework, Bank Leumi will aim to substitute those projects with another Eligible Green Project and the allocation will be updated and monitored annually. Pending full allocation of an amount equal to the net proceeds of outstanding Green Bond, an amount equivalent to the unallocated proceeds will be held by the Bank, as cash deposits at the Bank of Israel, or otherwise in accordance with Bank Leumi's liquidity guidelines for short-term investments and as part of its liquid assets, in each case in compliance with the Exclusions set forth herein.

<sup>4</sup> [Leumi ESG Reporting available here.](#)

## 2.6 Reporting

For each Green Bond, Bank Leumi commits to provide an allocation and impact reporting on its website, within its annually published ESG report, until full allocation and in the event of any material allocation changes as follows.

### **a) Allocation Reporting**

The information will contain at least the following details:

- a) Net proceeds of outstanding Green Bonds for the year end
- b) Amount of net proceeds allocated to Eligible Green Project Categories as defined in the Use of Proceeds section of this Framework
- c) The proportional allocation of proceeds between existing projects (refinancing) and new projects
- d) The remaining balance of unallocated proceeds, if any.

### **b) Impact Reporting**

Bank Leumi commits to providing a qualitative assessment of the expected impact of the Use of Proceeds at the Eligible Green Project Category level.

## 2.7 External Reviews

Bank Leumi's Green Bond Framework is supported by the following external reviews:

### **a) Second Party Opinion ("SPO")**

Bank Leumi has selected S&P Global Ratings to provide a Second Party opinion on the Green Bond Framework, to confirm alignment with the ICMA 2021 Green Bond Principles. The Second Party Opinion is available on Bank Leumi's website.

### **b) Post Issuance External Verification on Reporting**

Bank Leumi will request on an annual basis, starting one year after issuance and until full allocation, a limited assurance report on the allocation of the Green Bond proceeds to Eligible Green Projects, to be provided by its external auditors, within the annual ESG report.



# Disclaimer

This Green Bond Framework is intended to provide non-exhaustive, general information. This document contains and incorporates by reference public information not separately reviewed, approved or endorsed by Bank Leumi and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Bank Leumi as to the fairness, accuracy, reasonableness or completeness of such information.

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In addition, it should be noted that all of the expected benefits of the projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy, changes in laws, rules or regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the anticipated benefits of these initiatives, including the funding and completion of eligible Green projects. In addition, each environmentally focused potential purchaser of Bank Leumi Green Bonds should be aware that eligible Green projects may not deliver the environmental benefits anticipated, and may result in adverse impacts. On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of Bank Leumi Green Bonds or any other person might otherwise have in respect of this Framework or any Bank Leumi Green Bonds as a result of any failure to adhere to or comply with this Framework is hereby disclaimed to the fullest extent permitted by law.

This Framework is provided as of the date hereof and represents current Bank Leumi policy and intent, and is subject to changes without notice and is not intended nor can be relied on, to create legal relations, rights or obligations. None of Bank Leumi, its subsidiaries or any of its affiliates assume any responsibility or obligation to update or revise any statements in this Framework, regardless of whether those statements are no longer binding Bank Leumi affected by the results of new information, future events or otherwise.

This Framework is provided for information purposes only is not intended to be and should not be construed as providing legal or financial advice. It does not constitute a recommendation regarding the purchase, sale, subscription or other acquisition or disposal of any debt or other securities of Bank Leumi and should not constitute any solicitation of any offer to subscribe for, purchase or recommendation regarding any securities. Any decision to purchase any Bank Leumi securities or Green Bond should be made solely on the basis of the information to be contained in any offering document or prospectus produced in connection with the offering or the listing of such securities or instruments and not upon this document. In particular, investors should pay special attention to any sections of such offering related documents describing any risk factors. Prospective investors are required to make their own independent investment decisions and seek their own professional advice, including an assessment of the legal, tax, accounting, regulatory, financial, credit or other related aspects of a purchase of any Bank Leumi Green Bond. Nothing contained herein shall form the basis of any contract or commitment whatsoever and it has not been approved by any security regulatory authority.

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