



Environmental, Social and Governance (ESG) Report for 2022



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A message from the Chairman and from the President & CEO¹

This report addresses a variety of corporate responsibility aspects in the Leumi Group. We attribute the utmost importance to responsibility. At Leumi, we regard it as a fundamental value by which every employee and manager is measured. As we see it, responsibility is not simply a big word to throw around. Responsibility is the sum total of actions performed based on clear objectives defined with intention and thought, so that these will be achieved in the most optimal manner.

According to this fundamental value, the Environmental, Social and Corporate Governance (ESG) Report presents the impressive outcomes of our extensive work in this area during the past year. As one heading Israel's leading and oldest financial institution, we recognize our responsibility to empower society and the economy, to support and reinforce households, as well as to assist the entities that drive the Israeli economy across a range of economic sectors. Based on the Bank's broader vision and strategy – specifically its ESG vision and strategy, and due to Leumi Group's decisive impact on Israel's economy and society – we formulated a strategy, approved by management and the board of directors, which covers all of the Bank's stakeholders, including customers, suppliers, employees, regulators, investors, and more. Under this strategy, we developed a multi-year work plan for managing the ESG aspects. The plan

includes both annual and long-term goals, which combine the Bank's core activities with material ESG aspects.

At the environmental level, Leumi provided green credit totaling approximately NIS 18 billion. This constitutes a significant increase compared with 2021, during which the Bank granted approximately NIS 12 billion in green credit. These loans are part of a long-term goal, at the heart of which is our commitment to finance environmentally-friendly projects; in 2030, our outstanding green credit is expected to total NIS 35 billion. In the past year – during which the Bank led a delegation to the 2022 United Nations Climate Change Conference in Sharm el-Sheikh, Egypt – we implemented several significant initiatives related to the environment and green energy. First, we signed an exclusive strategic collaboration agreement with the European Investment Bank (EIB). Under the agreement, the EIB will grant Leumi a line of credit totaling half a billion euros, to be used for credit to green and environmental projects, under preferential terms, to SMEs in Israel. In addition, we raised half a billion dollars from leading entities in Israel and abroad by issuing a green CoCo bond to finance a range of green projects. It is no coincidence that over the past year, Leumi ranked in the top ten in the Entropy ESG 100 Index. At the social level, we not only met the ambitious goals we set ourselves, but

surpassed them. In 2022, our investment in the community totaled NIS 38 million, invested in over 120 social organizations. At the same time, Leumi's employees' community outreach work was extraordinarily, with thousands of employees contributing over 30,000 volunteering hours. In this context, we enhanced our financial literacy initiatives – both among youth and adults, including the launch of a unique project for the elderly – The Center for Financial Safety, which provides a package of services and tools to prevent cyber fraud. The initiative includes a special-purpose hotline designed to provide advice on suspected fraud attempts, as well as tutorials, workshops, and digital guides that offer tailored tools and information to prevent such incidents. 2022 marked our 21st year of strategic partnership with Follow Me! – Youth Leading Change. We focused on youth across Israeli society, all over the country, sponsoring a variety of activities on finances and self-empowerment, which drive social mobility. We are also proud that a significant percentage of our employees and managers are women. Women comprise 60% of our employees, including managers and top executives. Compared to 2021, we are to have increased the rate of employees from underemployed populations hired by the Bank – from 18.7% to 20%.

As for the third foundation of our ESG strategy, Leumi is a leader in adopting high standards of corporate governance – both nationally and globally. As an entity without a controlling core, which is subject to substantial regulation, this contributes to its stability, growth, and trust of its customers and investors. That has been our belief, our way, and our commitment for over 120 years, and will continue – with momentum – in the years to come.



Dr. Samer Haj Yehia
Chairman of the Board

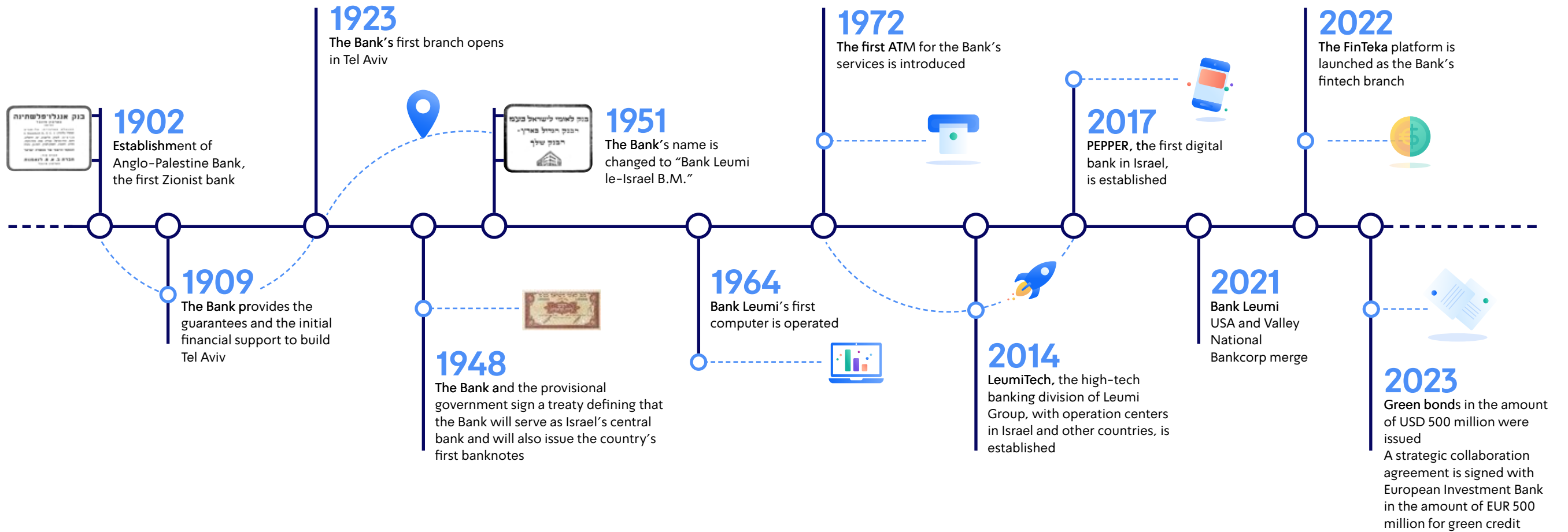
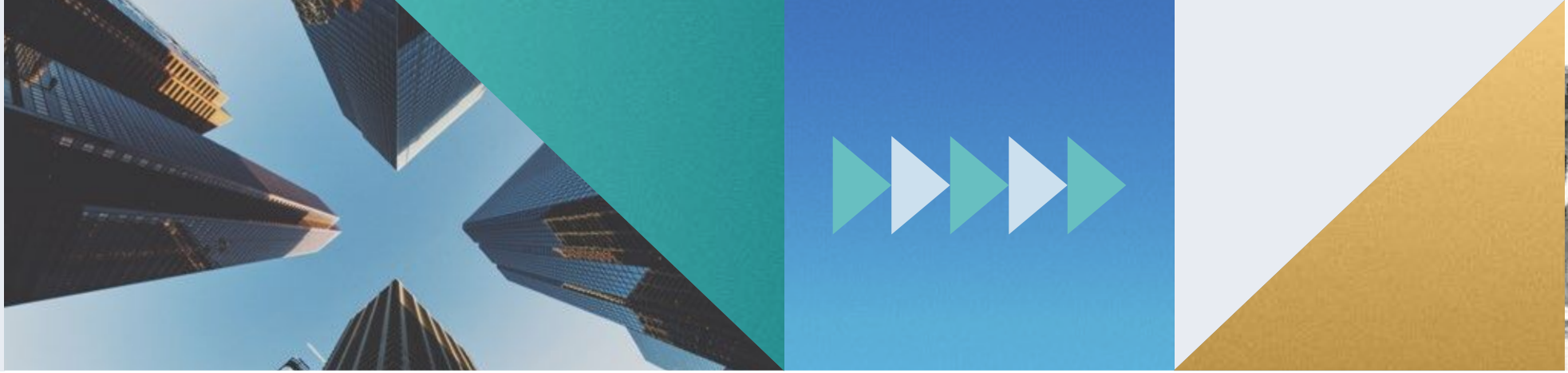
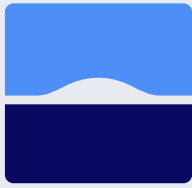


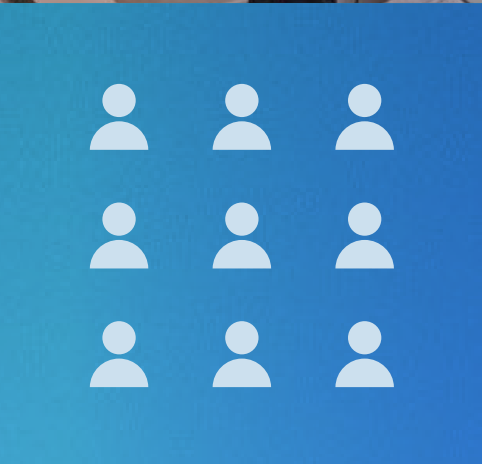
Hanan Friedman
President and CEO

Dr. Samer Haj Yehia
Chairman of the Board

Hanan Friedman
President and CEO

¹ GRI 2-11, GRI 2-12





Organizational profile²

Leumi is the oldest financial institution in Israel and one of the largest financial corporations in Israel. The Bank provides services to customers via diverse service channels: bank branches, business centers dispersed throughout the country, and call centers accessible from anywhere in the country, digital services (via applications and website), banking stations and the Bank Leumi personal banking centers that provide telephone banking services, investment consultation and pension consultation centers, etc.

Leumi Group provides banking services to all types of customers, from households, through small and medium-size businesses, capital market customers up to large-scale corporations. The Bank is divided into four main business lines, which specialize in providing banking and financial services to certain customer segments:

Retail banking

focuses on providing banking services, mainly to households (including mortgages), high-net-worth customers (Private Banking) and small businesses. Retail banking seeks to personally customize the service to customers' needs in a wide variety of channels at the same time (such as: the App, on the Internet, banking call centers, branches, service centers, terminals, information kiosks and ATMs).

Mortgages

as part of implementing a strategy of rapid growth in the operating segment, a special-purpose mortgage division was established during the reporting period, in order to ensure that the strategy in this domain is implemented with the utmost managerial, operation and service attention and support.

Corporate banking

focuses on providing services to Israeli and international corporations with varying scopes of activities from a wide range of sectors. The Corporate and Commercial Banking business line aims to serve various customers, while maximizing value and examining means to expand its product and service offerings.

Capital markets and financial management

is engaged in the management of the Bank's own portfolio, assets and liabilities management (ALM) and also regulates the operation of the Bank's trading rooms, aiming to provide services to customers involved in the capital market activities, including institutional customers. Non-financial investments are mainly carried out through Leumi Partners.

In addition to the Bank's business lines, which are managed directly by the Bank, the Leumi Group operates through its Israeli and foreign subsidiaries:

Activity of israeli subsidiaries

non-financial investments, underwriting and investment banking activities, carried out mainly by subsidiary Leumi Partners. Another operation is subsidiary Leumi Capital Markets, which is Israel's leading provider of full-range operating services to financial entities.

Foreign operation

In the UK, Leumi UK Group provides credit, mainly for real estate, hotels and ABL, to commercial customers in the UK and Europe alone, including Israeli customers operating in these regions, and including investments and development of residential real estate and funding of commercial real estate projects (elderly care homes and student dormitories). Funding is extended both to customers in and outside the UK (mainly Israeli).

² GRI 2-1, GRI 2-6



1

LeumiTech

12

Business Centers

1

Banking Center

5

Service Center

2

Mobile Branches

4

Leumi Personal
Banking



186

Branches

8,092

Employees

20

Account Centers

1,074

Self-service ATMs

9

Consultancy
Centers

89

Mortgage
Branches

Leumi – vision and strategy

“To lead proactive, innovative, and responsible banking for the benefit of our customers and to implement accelerated growth focused on the customer”

Leumi undertakes to be the leading, most convenient bank in Israel and intends to continue to provide all of its customers with the best service possible, based on the wish to customize the service to each customer’s needs.

Underlying the vision – which combines both leadership and convenience – is the aim to create a dynamic business environment that is based on the values of transparency, responsibility and fairness, alongside innovation and creativity. This environment strives to offer the best and most suitable solution to the financial needs of the Bank’s customers. This in addition to maintaining the Bank’s stability, adequate profitability, meeting the expectations of the shareholders and upholding its employees’ interests.

As Israel’s leading financial group, with significant impact on the entire public, Leumi evaluates the trends and changes in the business environment in which it operates and develops strategies that address these changes. In addition, and out of understanding of the Group’s or impact on the business and public culture, Leumi also regards its commitment to the community as a social and ethical anchor it will continue to cultivate.

Leumi adopted an accelerated growth strategy in selected segments. Accordingly, a set of long-term business criteria was created, in light of which the Bank’s Board of Directors monitors the implementation of the strategy. To realize this vision and strategy, in 2021 a Strategy, Digital, Data, and Projects Division was established – which is responsible for leading strategic development and implementation processes in Leumi Group, leading strategic projects until they are handed over to the relevant business line, and improving the customer experience in digital, data management, and analysis services for the Bank’s units, and building service and sales models. As part of the division’s activities, it focuses, among others, on the following subjects: reinforcing the digital service, leveraging data capabilities, building advanced services and products based mainly on technological innovation, fintech collaborations, and ESG.

The Bank’s ESG Vision³

The Bank’s ESG vision derives from Leumi’s vision, which is based on leading in all ESG areas, while considering environmental, social, and governance challenges in the spirit of the UN’s Sustainable Development Goals (SDG). The ESG aspects of the business activity are increasingly reflected with the Bank’s stakeholders: investors, customers, employees, regulators, vendors, and the general public.

Leumi integrates ESG aspects in the Bank’s products, policy, and processes, focusing on four aspects: sustainable financing, procedures and policies, human capital, and communication with stakeholders. By focusing on the four aspects, the Bank is able to optimize its contribution to achieving the goals of the Paris Agreement and UN Sustainable Development Goals (SDGs). While the Bank indirectly contributes to and promotes all 17 SDGs, as part of the Bank’s ESG vision, Leumi highlights the goals set out in the chapter on SDGs in this report. The Bank also supports international principles and standards, including the Ten Principles of the UN Global Compact and the UN Principles for Responsible Banking (PRB).

In recent years, ESG has become central to the Bank’s growth strategy, out of the responsibility to lead to a sustainable future. For 15 years, Bank Leumi has been developing and expanding its Environment, Social, and Governance (ESG) operations, and is reporting its activity in these areas in the ESG report. Within the trend of extended disclosures on the above subjects, the Bank is publishing climate reports in the Environment chapter of the ESG Report, in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, in this ESG report. In this context, there is reference to four main chapters: governance, strategy, risk management, and objectives and indicators. The purpose of the disclosure is to provide stakeholders with information on the Bank’s activity and on measures taken on climate issues – risks and opportunities, and the Bank’s goals in this area.

As a leading financial group in Israel, with significant impact on the entire public, the Bank regularly evaluates business, regulatory and additional trends and changes in the business environment in which it operates and develops strategies that best address these changes and trends. Beside this, the Bank thoroughly understands its effect on business culture and on the public sphere, and it considers its commitment to the community to be a social and ideological anchor it will continue to cultivate. The Bank’s work framework on environmental and climate topics is derived, among other things, from seeking to fulfill the global net zero target for 2050, as defined in the Paris Agreement. Accordingly, the Bank has set long-term strategic goals, in addition to formulating a specified work plan. As the Bank’s work plan evolves, as it acquires deeper knowledge and more tools, as regulation evolves, and following changes in the business environment, in the local environment, and in the global environment – Leumi will gradually review its long-term goals in various areas, in order to assess its ability to meet Net Zero targets, including in accordance with regulatory developments.

³ GRI 2-22, GRI 2-23, GRI 2-24, GRI 2-25



Implementing the Bank's ESG vision is based on a coherent leadership strategy in all areas of environment and climate, governance, and society, which are based on three central anchors:

1. Setting strategic and business objectives

As part of Bank Leumi's effort to boost its contribution to environmental, social and governance (ESG) aspects, it developed a management strategy for environmental and climate aspects in 2021, which was approved by management and the Board of Directors. A multiyear work plan for managing ESG aspects was also prepared, while incorporating environmental and climate risks management as an integral part of the Bank's strategy, including identifying and promoting business opportunities. The plan includes annual and long-term goals, which combine the Bank's core activities and material ESG topics. This plan will be revised from time to time in accordance with the Bank's vision formed by the board of directors.

2. Standardization and best practices

- Leumi attributes utmost importance to implementation of corporate governance, definition of policy, and setting optimal ESG criteria as a central milestone, taking into account the development of local and international regulation. In this context, together with the Bank's financial statements, Leumi publishes an ESG report, written in accordance with GRI Standards, and this year it also includes SASB Standards and implements the disclosure requirements of the Bank of Israel in the widest possible manner. Additionally, Leumi expands the environment chapter for the first time, based on TCFD recommendations, which focus on management of the environmental and climate risks and opportunities in its activities.
- Moreover, to formulate optimal criteria, Leumi is implementing a cross-organizational strategic process to revise the main points of the Bank's policy papers in all areas of its activity. This will include environment, social, and governance aspects by definition, including: an integrative environmental and climate policy covering all the responsibilities of the board of directors, the management, and the different Bank divisions, a designated management committee headed by a member of the management, and naming a leading officer who will integrate at the Group level. Other central

policy papers that have been adapted in this spirit are the Bank's credit policy in terms of climate aspects and social risks, investment policy and market risk management, procurement policy, and investment advisory policy.

- Due to the importance of inclusion of ESG issues in the business strategy of the Bank's operations, the Bank takes steps to assimilate an ESG culture, including by way of focused discussions, various training and enrichment sessions on ESG. In this context, there were 40 meetings, lectures, and training sessions in 2022 at the various levels, including the board of directors, management, and the Bank's various divisions. This is done together with an inter-organizational communication plan to raise employee awareness of and involvement in the Bank's ESG activity.

3. ESG partnerships and initiatives⁴

Leumi considers the strategic collaborations with local and global entities on ESG topics as a main anchor of the Bank's strategy. In this context, the following collaborations and initiatives are noteworthy and will be elaborated on in the report: European Investment Bank, Green Bonds, Social Finance Israel, the Aharai - Follow Me! NGO, and ESG rating of securities.





Sustainability strategy and promotion of the UN Sustainable Goals (SDGs)⁵

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 program, 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 the fight against climate action, among others.

In July 2018, the Government of Israel published Resolution No. 4021 regarding Advancing Israeli Activity in International Development, following the Government's policy to reinforce Israel's political and economic ties with target countries and markets. The objective of this is to take advantage of the potential in international development to strengthen Israeli economy, improve Israel's political position, and reinforce its role in the international arena. Moreover, areas where the State of Israel has an advantage in international development were defined, with emphasis on Israel's possible contribution to achieving UN Sustainable Development Goals (SDG).

One year later, in July 2019, Government Resolution No. 4631 was adopted regarding integration of UN development goals to improve governance and governmental strategic planning, which seeks to translate the 2030 Agenda of the United Nations into reality and integrate global goals into the ongoing work of Government ministries.

As a leading financial institution in Israel, Leumi Group has a material impact on the social and economic fabric, especially in Israel. Leumi Group attaches great importance to joining the effort for achieving these SDGs and uses them as inspiration in its operations. For this purpose, the Group integrates sustainability goals into the strategy, products, policy papers, work plans, and decision-making processes at the Bank, focusing on the following four aspects:

1 / Sustainable financing:

green credit, social credit, green bonds, and development of other products



3 / Procedures and policy:

setting guidelines for the Group for integration of ESG aspects in the business activity



2 / Human capital:

investing in the Bank's employees and customers, professional and personal employee development, accessibility of services and financial information



4 / Engaging with stakeholders:

Forming collaborations with external organizations that promote ESG and community outreach aspects





This is the 14th 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, employment standards, environmental protection, anti-corruption.

1. No poverty – end poverty in all its forms everywhere

As part of the Company's financial empowerment activities for various population groups, diverse workshops were given to impart a range of professional tools and financial expertise to the general public and to the Bank's customers in particular, free of charge, inter alia, in collaboration with "Machshava Tova" NGO and "Paamonim".

2. Zero hunger/food insecurity – end hunger, achieve food security and improved nutrition, and promote sustainable agriculture

Contribution to organizations supporting food security, such as Latet – To Give and Leket Israel, and distribution of 5,500 food packages during the Passover holiday and holidays in the Arab community.

3. Good health and well-being – ensure healthy lives and promote well-being for all at all ages

Partnership with several associations supporting the health and wellbeing of senior citizens and Holocaust survivors, such as: Friends for Health, LeMa'anam association, and collaboration with Bar Ilan University for a mobile unit for accessible specialist health care. In addition, donations to major hospitals in Israel for the purchase of advanced medical equipment for patient welfare.

4. Quality education – Ensuring quality education and to advance learning opportunities for everyone

Projects for advancing the next generation, such as: Support of the Kedem Atidim Program – a program that encourages students from the periphery areas to acquire higher education, financial education and smart consumption classes given at the schools by the Bank's employees as part of the "Nitzotzot – Shiur Acher" project, various enrichment and

study programs as part of the Leumi – Follow Me! program. Financial Awareness Month in collaboration with several associations to hold lectures for children in elementary schools through to university students. In addition, collaboration with the Bank of Israel to hold financial workshops in schools in the Arab community.

5. Gender equality – Achieving gender equality and empowering all women and girls

- Promoting gender equality in all positions in the Bank, throughout the managerial ranks – women make up 61.1% of all employees, 52.6% of senior management and 45.3% of branch managers.
- The Bank operates according to gender and social equality values that are well-established in its organizational culture, and from which its human capital management processes derive, including employee recruitment, promotion to management levels, etc.

6. Clean water and sanitation – ensure availability and sustainable management of water and sanitation for all

Promoting green lending and providing loans for water and sewage infrastructure, and effluents treatment projects.

7. Clean energy – ensure access to affordable, reliable, sustainable and modern energy for all

- Leumi provides loans for hybrid vehicles and encourages the use of green hybrid vehicles to reduce air pollution from transportation.
- Small business owners from all banks that own properties where solar energy panels can be installed may be eligible for a loan of up to 100% of the value of the solar installation, under special terms and conditions. This loan supports green energy and small-scale business customers (mainly owners of farms and roofs).



8. Decent work and economic growth – Promoting consistent, comprehensive and sustainable economic growth

- Under the Leumi-Koret program, which has been active since 2009, Leumi grants loans at preferential terms to small businesses in the periphery areas.
- Loans were given to small businesses with the aim of creating jobs and strengthening the Israeli economy.

9. Industry innovation and infrastructure – Building immunity infrastructure, promoting inclusive and sustainable industrialization and cultivating innovation

Leumi's credit underwriting policy takes into consideration any potential environmental risks, with a special emphasis on sectors with relatively high exposure to environmental risks.

10. Reducing inequality – Reducing inequality between and within countries

- In 2022, Leumi continued to support companies employing under-employed populations and small businesses.
- 20% of all employees hired by the Leumi Group in Israel in 2022 were people from under-employed populations.

11. Sustainable cities and communities – make cities and human communities inclusive, safe, resilient, and sustainable

The Bank supports urban development by providing credit to small-scale businesses, municipalities, and infrastructure projects in urban areas.

12. Responsible consumption and production – ensure sustainable consumption and production patterns

Launching a new loan product for private customers interested in acquiring and installing a household solar system to generate electricity at home.

13. Climate action – take urgent action to combat climate change and its impacts

- Leumi Group works to promote environmental and climate opportunities by increasing the financing and investments in environmental projects and by developing green financial products.
- The Bank sets exposure limits in polluting areas of activity, such as coal and oil.
- The Bank issued green bonds in the amount of USD 500 million.

14. Conservation of marine resources – life below water – conservation and sustainable use of oceans, seas, and marine resources for sustainable development

Support for implementation of the ESG strategy, which includes promotion and financing of and investments in wastewater purification and prevention of wastewater discharge to the sea.

15. Life on land – protecting ecosystems on land, restoring them, and promoting their sustainable use

Support for implementation of the ESG strategy, which includes promotion and financing of and investments in environmental and climate issues, including improvement of sewage infrastructure, wastewater purification and consequently – prevention of groundwater contamination.

16. Peace, justice, and strong institutions – Promoting peaceful and inclusive companies for sustainable development

- Leumi is committed to taking part in the fight against bribery and corruption and acts to ensure, with various procedures and monitoring and control tools, that its employees, customers and business partners conduct their activities in a manner that does not violate anti-bribery and corruption regulation.
- Leumi employees undergo Anti-Bribery and Anti-Corruption training annually

17. Partnerships for the goals – strengthen the means of implementation and revitalize the global partnership for sustainable development

- Bank Leumi works tirelessly to promote partnerships in ESG and in the spirit of the UN goals. Strategic cooperation with the EIB.
- The Bank is also a member of international organizations, such as the PRB and ICMA, which promote these goals, among others.



The Bank's key ESG objectives

The Bank defined long-term goals for topics identified as the most essential to the Bank's operations and general strategy.

Environmental

Management of environmental and climate risks

Increasing the volume of credit with environmental value

NIS 35 billion in financing for projects that promote a green environment, total outstanding green credit by 2030.

Limiting exposure to credit in polluting sectors; coal production and oil production and refining

Discontinuing the financing of new projects (that are not routine activities) in a polluting sector. However, the Bank will support customers from these sectors in operations designed to reduce environmental pollution. Moreover, the Bank has set an internal limit for the scope of exposure in these sectors.

Reduction of GHG emissions

20% Reducing CO2 emissions by 20% over five years 2022-2026 compared to 2021

Social

Diversity and equality in employment

Underrepresented populations

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

Governance

Business ethics and anti-corruption

Adequate representation

30% Maintaining at least 30% representation of women on the Board of Directors.

Key ESG performance data

As a significant player in the financial market and in banking in particular, and as a leading and dominant Group in the Israeli economy, Leumi recognizes its responsibility and commitment to creating a significant impact on social and environmental issues (ESG):

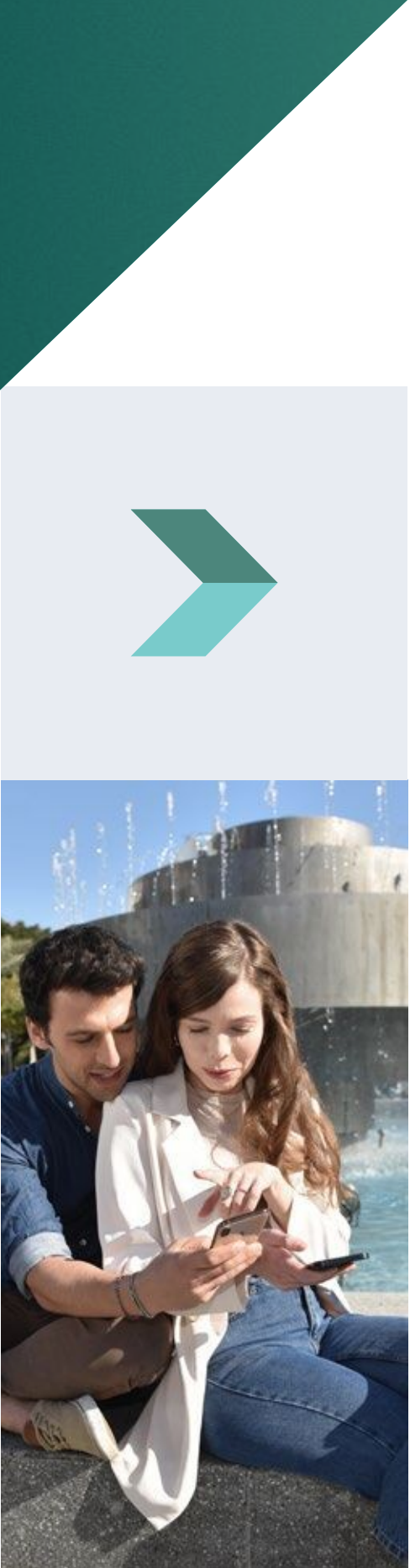
In this context, in 2022, Leumi's sustainable credits and investments (environmental and social financing and investments) amounted to NIS 53.7 billion.



Following are the main performance data for 2022 ^{LA}

Environmental	Social		Governance
<div>NIS 18 billion in loans provided to promote environmental issues</div> <div>NIS 17.8 million in green procurement</div> <div>7.15% lower total energy consumption (electricity, fuel for cars, and generators), compared with 2021</div> <div>2.4% lower carbon footprint, compared with 2021</div> <div>74.8% of the electricity consumed by Leumi is from a private power producer</div> <div>100% recycling of paper waste</div> <div>The construction and maintenance procurement vendors declared their adherence to the environmental criteria</div>	<div>20% of the employees hired by Leumi are from under-employed populations</div> <div>Gender equality at Leumi:<div>61.1% women constitute of all employees</div><div>52.6% of senior management</div><div>45.3% of branch managers</div></div> <div>41% women constitute of the 10% highest earners in Leumi</div> <div>Approx. 300 hours were invested in teaching and training Leumi Group employees in 2022</div> <div>96.2% of Bank Leumi employees participated in feedback and evaluation processes</div> <div>89% of Leumi employees are employed under collective agreements</div>	<div>NIS 38 million was invested in the community</div> <div>NIS 35.7 billion in credit was granted to promote social issues</div> <div>NIS 68.6 million procured from companies promoting employment of persons from under-employed populations and social businesses</div> <div>93% of Leumi's procurement is locally sourced</div>	<div>30% of Leumi's board members are women⁶</div> <div>97% of Leumi's employees participated in anti-bribery and anti-corruption training</div> <div>Once a year, the Board of Directors discusses the corporate responsibility report, the Bank's corporate responsibility goals and planning vs implementation of these goals</div>

⁶ As of the report publication date.
^{LA}: The LA marking in the concentrated data highlights by ESG, investor performance refers to the information appearing in the relevant sentence. More information and details, including the scope, capacity, assumptions, and estimates the Bank made with respect to the specific data included in the process appear in the relevant chapters of the Bank's report.



Partnership in initiatives and ESG ratings



Leumi receives recognition for its activity from ESG rating agencies where it is rated above average in the banking sector by the same agency:

Rating agency	Bank Leumi's rating	Banking sector average by rating agency
Sustainalytics ⁷	26.8	27.7
MSCI	AA-	BBB
S&P	52	30
ISS	C-	D+
FTSE	2.8	2.6
MA'ALA ⁸	9.07	8.3

As well as ESG ranking recognition, the Bank won a significant number of awards in 2022, acknowledging it as a leading banking group:

Bank of the Year in Israel

the prestigious banking magazine The Banker, part of the Financial Times Group, crowned Leumi as Bank of the Year in Israel for 2022. Leumi was selected by a panel of the magazine's judges who reviewed different criteria, including financial results, outstanding business initiatives, investment in technology, and the Bank's strategy.

Issue of the Year

the prestigious capital market magazine Global Capital awarded Leumi the Issue of the Year award for corporations and financial institutions in Europe, the Middle East, and Africa, following the issuance of a series of senior USD bonds in July 2022 in the amount of half a billion USD, with demands of USD 1.4 billion.

Best Foreign Exchange Trade Bank in Israel

the economic magazine Global Finance chose Leumi as Israel's leading bank in foreign exchange trade for 2022.

Best Private Banking in Israel

Global Finance magazine determined that Leumi's private banking is the best in Israel for 2022.

Entropy ESG

for the first time, Bank Leumi ranked in the top 10 Entropy ESG100 Index companies.

Leumi reached first place

in the Human Resources Excellence Competition for 2022 on Innovation in Learning.

Marketing Move of the Year

Bank Leumi won a Gold Effie in the prestigious Effie Awards 2022 competition for the most effective effort in the Marketing in a Crisis category. The winning effort addressed the extraordinary activity of the CEO of Leumi and the chairperson of Leumi, who together called for coexistence during the Operation Guardian of the Walls military campaign following the riots in mixed cities across the country.

7 A lower score reflects a better assessment.
8 This is the rating for 2022, based on the 2021 data.



Dialogue with stakeholders⁹

Maintaining ongoing dialogue with all of Leumi's stakeholders plays a significant role in the management and formation of the Bank's ESG work plans. Such dialogue enables us to better understand the needs of each and every group; we highly esteem the perspectives and insights of all of our stakeholders. There are periodic focus groups and customer satisfaction surveys, to obtain feedback on digital services and to map requirements and areas for improvement. Several ideas that were raised in the focus groups were implemented on the website and the Leumi app.

The key dialogue channels and key points of the dialogue in 2022:

Investors and shareholders

- Investor relations website
- Annual meeting of shareholders
- Quarterly and annual financial statements
- Conference call with investors shortly after the publication of each quarterly / annual financial statements
- Calls with analysts and institutional investors

Customers

- Periodic service surveys regarding a range of topics
- Immediate service surveys following receipt of services via various service channels
- Analysis of discourse on social networks
- Meetings (in businesses, branches and online)
- Customer support centers and public inquiries
- Social media
- Conferences and events

Regulators / Bank of Israel

- Periodic dialogue
- Participation in discussions and committees
- Routine work meetings at various levels
- Conversations at different levels with various regulators

Suppliers

- Customer satisfaction surveys
- Tours and meetings with suppliers
- Leumi's school for small businesses

Employees

- Employees' conferences and meetings
- Live broadcast with the CEO
- Ongoing communications in writing and by video
- Dedicated app – Leumi Stream
- Courses and training sessions
- Annual Employee Feedback and Assessment
- Focus Groups
- Employee engagement surveys
- Personal Meetings, a platform for meetings with management members in activities outside of work. Such as jogging, yoga, community sing-alongs, trips, and enrichment workshops.
- Management of division communication programs, including meetings of division management members with different populations, internal communication channels for all divisions, divisional events, awards, and public recognition of successes
- Meetings of the One Hundred Forum and Leadership Forum to reinforce the managerial backbone and connect to the vision, strategy, and the Bank's objectives

Social organizations and civil society

- Collaboration with NGOs, social and environmental organizations
- Employee volunteering
- Participation in in-person and virtual conferences

⁹ GRI 2-29

Environment and climate



→ Generating environmental value → A commitment to the environment

59%

of Leumi's fleet vehicles
are hybrid

Setting the limit on
the Bank's exposure to
polluting customers

74.8%

of the electricity consumed
by Leumi is from a private
power producer

18

billion in credit extended
for promoting environmental
issues

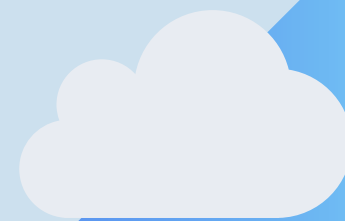
First-time Disclosure according
to the TCFD Climate Risk and
Opportunity Management
Framework

NIS 17.8

million in "green"
procurement

100%

recycling
of paper waste





<div>)))</div> <div>Environmental and climate objectives</div>	Objective	Details
	Increasing the volume of credit with environmental value	Financing of projects promoting a green environment, such that the outstanding green credit will reach NIS 35 billion by 2030
	Limited exposure to customers in polluting areas of activity; coal production and oil production and refining	Halting financing for new projects (other than operating activity) in polluting areas of activity. However, the Bank will support customers in these sectors in operations intended to mitigate the impact of environmental pollution. Moreover, the Bank set an internal limit for the scope of exposure in these areas.
	Reduction of paper consumption at branches	Reduction of 70% in printed documents compared to 2021
	Reduction of power consumption	Reduction of power consumption by 4% per year
	Reduction of GHG emissions	Reduction of GHG emissions by 4% a year
<div>🌱</div> <div>Long-term goals in the environmental and climate areas</div>	Objective	Details
	Reduction of GHG emissions	Reduction of GHG emissions by 20% over 5 years (2022–2026) compared to 2021
	Reduction of power consumption	Reduction of power consumption by 20% over 5 years (2022–2026) compared to 2021
	Reducing 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





Leumi for the environment¹⁰

As a leading bank in Israel, the Bank has responsibility towards the environment in which we operate, and a commitment to dealing with climate change and the risks involved in the best way possible. Concern for the environment and our quality of life and that of future generations is a significant component in the values and goals that we have set ourselves in order to play a significant part in leading the changes required in Israel.

Details of The Bank's diverse investments and credits cover many environmental aspects, among other things. They demonstrate the Bank's commitment to promoting green initiatives and promote these areas. At Bank Leumi, we have been working for many years to cope with the challenges of climate change, in all of the Bank's diverse areas of activity. This is reflected in the aim to focus on a balance between creating value and adequate returns for our customers, and creating a sustainable growth process that enables it and contributes to a consistent and persistent improvement in climate goals. Awareness of climate change, which affects many areas of life and business activity, has grown in the past few years, in Israel and worldwide. Increasingly, companies, regulators, and investors must prepare for climate change and its effects. The effects of climate change have been consistently growing more dramatic, both in terms

of their frequency and in terms of their impact and severity. These effects and changes require all economic sectors in all countries to rise to the challenge and present actionable and substantial work plans to address them.

As a leading financial group, that affects the entire population, the Bank regularly examines environmental aspects, trends in climate change, business changes, regulatory processes, and other changes in the business environment it operates in, and forms a strategy according to these changes. In addition to this, Bank Leumi has a profound understanding of how it affects Israel's business culture, and so, it considers its commitment to the environment a core value that must be cultivated further.

In environmental and climate issues, Leumi aspires to meet the 2050 Net Zero goal, established in the Paris Agreement. To that end, the Bank has set long-term strategic goals in addition to the continuous progress with the multi-year work plan, in order to examine its ability to meet the Net Zero goals, besides the regulatory developments in this area.

In this spirit, the Bank supports the Sustainable Development Goals (SDG) for building resilient infrastructure, promoting inclusive, sustainable industrialization, and foster innovation (Goal no. 9), and it is committed to taking substantial measures and actions to prepare for the effect of

climate change and its impacts (Goal no. 13). Furthermore, the Bank is working tirelessly to promote its environment and climate partnerships, to strengthen its means for coping with the effects of climate change (Goal no. 17).

In recent years, there is growing global awareness of potential exposure resulting from the materialization of environmental and climate risks, and awareness to the risks and business opportunities inherent in environmental aspects has increased. As a result, regulation in this respect has greatly expanded worldwide, and companies now take into account environmental criteria when making ongoing business decisions. In Israel too, regulation on the topic has expanded, but compared to Europe and the US, it is still in its initial stages.

As part of this trend, on December 22, 2022, the Banking Supervision Department published an amendment to Reporting to the Public Directive from December 2021, regarding disclosure on ESG aspects, applicable as from the annual financial statements for 2022. The main amendments include coverage of the disclosure on the Bank's environmental risk and opportunity management, including climate risks. The Bank follows up on recommendations and instructions published by leading worldwide entities that deal with the subject. The Financial Stability Board (FSB) established a task force that published

environment and climate disclosure recommendations – the Task Force on Climate-Related Financial Disclosures (TCFD). Bank Leumi, along with top banks worldwide, has embraced this practice. Within this, the Bank is publishing a TCFD report for the first time, in the Environment Chapter of this report. The TCFD report presents corporate governance, strategy, and the main risk management processes, including identifying opportunities and the objectives and indicators formed to manage climate aspects.

The process of implementing the TCFD recommendations involves implementing approaches and methodologies within the Bank's governance, business activities, and risk management. It also requires gathering data from internal and external sources, and constantly improving the auxiliary processes. The Bank will strive to continuously improve and optimize the above in the coming years. The information presented in this chapter relies on estimates and assessments that are considered forward-looking information.

¹⁰ GRI 2-23, GRI 2-24, GRI 2-25





TCFD

Strategy

The Bank’s ESG Vision

The Bank’s ESG vision derives from Leumi’s vision, which is based on leading in all ESG areas, while considering environmental, social, and governance challenges in the spirit of the UN’s Sustainable Development Goals (SDG). The business activities’ ESG aspects are increasingly reflected vis-à-vis the Bank’s stakeholders: regulators, investors, customers, vendors, and the general public.

For 15 years, Bank Leumi has been developing and expanding its Environment, Social, and Governance (ESG) operations, and discloses its activity in these areas in the ESG report. In accordance with the Bank’s strategy, and considering the global trend of extended disclosures on the above subjects, the Bank has chosen to publish climate disclosures in accordance with the TCFD principles for the first time, in the Environment Chapter of the ESG Report.

As part of an organization-wide strategic process to revise the Bank’s major policy papers, a climate policy was integrated, covering all of the purviews of the Board of directors, management, and the various divisions of the Bank, a designated management committee headed by a member of the management, naming a leading officer at the group level (for more details, see the Governance chapter).

According to the strategy, the Bank set long-term strategic targets, in addition to establishing a multi-year work plan.





Highlights of the strategy

To realize the strategy it had outlined, the Board of Directors set several primary objectives for climate risk management and opportunity recognition. The main actions it has taken thus far are:

1. Encouraging green initiatives

the Bank has set a goal to increase the financing and investment in green and environment-friendly projects to NIS 35 billion by 2030.

The Bank is promoting opportunities in the climate spheres by increasing the financing and investments in green projects, encouraging “green” initiatives, taking action to develop the tools and expertise to develop financing products for “green” activity, and investing in effective systems. These opportunities include, inter alia:

- **Business credit to finance green initiatives and green companies** – credit extended to finance projects with an environmental added value and to finance companies whose core activity is performing projects that support climate goals, or launching green financial products.
- **Investing in green projects and green companies** – as part of the capital markets policy, it was determined that the overall considerations in making new investments and managing the current investments ought to include the ESG ratings and climate risks. The policy applies to investments made by Leumi Capital Markets and Leumi Partners.
- **Issuing a green bond** – On January 12, 2023, the Bank issued a CoCo Green Bond, and raised USD 500 million, while at the

same time, the State of Israel issued its first green bond, and committed to spending an amount equal to the financing volume on “green” objectives. The amount raised in the issue will be used by Leumi to finance green projects in diverse areas, such as renewable energy, green construction, clean transportation, sustainable development and more. The issue is part of Leumi’s broad ESG strategy, in which the Bank’s objective is to grant NIS 35 billion in green credit by 2030.

The green bonds support the Bank’s efforts to adapt its financing strategy to its goal – promoting the transition to low-carbon economy and expanding the green financing activity.

This issuance strengthened Leumi’s presence in global markets, and the international investors’ faith in the Bank. In 2020, Bank Leumi became the first Israeli bank to issue a CoCo Debenture to foreign investors, and the first bank to make a senior debt offering overseas in 2022. This move positioned the Bank as a leading international entity.

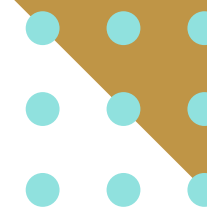
The issuance of the green bond is based on a framework document according to the international standard, as authorized by S&P, as a second party opinion that is published on the Bank’s website.

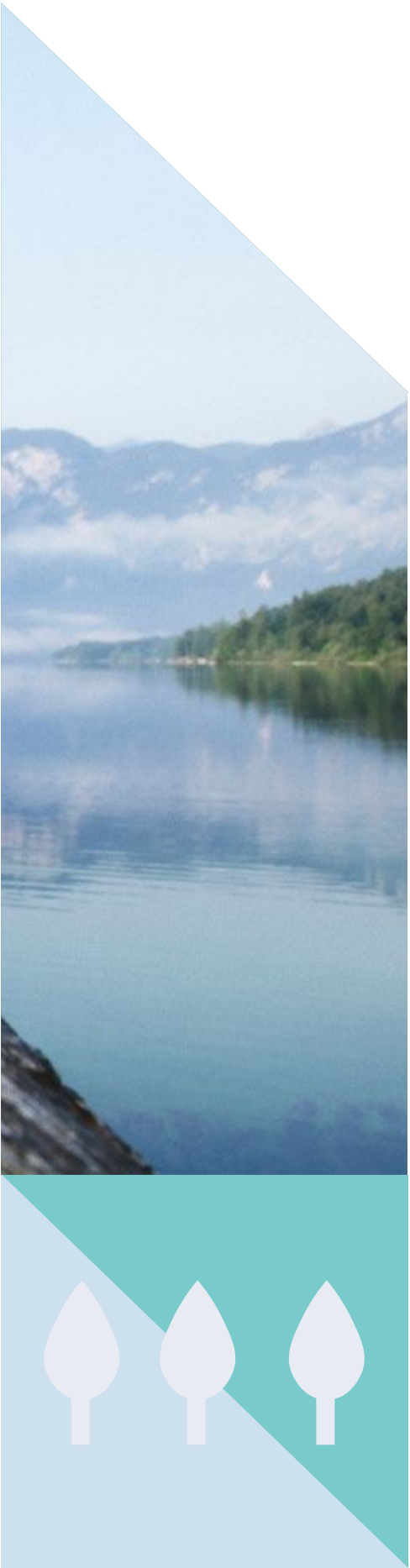
In addition, following the 2021 merger between BLUSA and Valley National Bancorp – 14.2% of which is held by the Bank – the Bank issued USD 150 million in green bonds in 2022.

- **European Investment Bank (EIB)** – the formation of strategic collaborations with international and local entities is a major anchor of the Bank’s ESG strategy. One of the most prominent entities worldwide in this context is the EIB (European Investment Bank), the European Union’s investment bank. The EIB is the main financial institution on behalf of the European Union for financing projects, even those that take place outside the EU countries. In recent years, its work focuses on climate and environment, development of infrastructure and support for SMEs. Currently, the EIB is considered one of the main lenders in the green economy domain worldwide. The EIB has pledged to invest EUR 1 trillion in climate and environmental projects by 2030. Leumi has a strategic partnership with the EIB, within which, a major strategic agreement has recently been signed between the Bank and the EIB, under which, the EIB will grant Leumi a line of financing in the amount of EUR 500 million, which will be used to provide credit at preferential terms to SMEs in Israel, inter alia, to promote green and environmental projects. This is the first investment of its kind that the EIB will be making in Israel. The agreement with the EIB is part of the implementation of Leumi’s long-term strategy on climate and environmental issues, in which the Bank has set a target for providing green credit in the amount of NIS 35 billion by 2030.

This agreement is another aspect of the Bank’s collaboration with the EIF (European Investment Fund), an EIB fund. From 2016 to 2022, the Bank has been cooperating with the EIF, offering customers who meet the threshold conditions and criteria set by the fund, preferential loans for small and medium businesses promoting technological and digital innovation, business growth, research activities, venture capital development, and more. In 2022, loans amounting to NIS 260 million were provided, in a total amount of NIS 2,092 million from the date cooperation with the fund commenced.

- **Developing green products and green value propositions for retail customers**, such as financing home green energy generation systems and electric vehicles. The Bank is looking into helping its business customers transition to sustainable activities.






2. Improving energy efficiency and greenhouse gas emission reduction

Bank Leumi has set goals for 2026, to reduce the greenhouse gas emissions from the operational activities, reduce the Bank sites' power consumption, and reduce fuel consumption per distance traveled. 20% reduction targets were set from the 2021 baseline year. This measure implements the Bank's strategy to mitigate the environmental impact of its operational activity, while optimizing the resource use as part of its operating activity.

3. Socially Responsible Investing (SRI)

the Bank includes these considerations in its investment policy. In addition to this, when providing investment counseling to its customers, the Bank will present ESG aspects. The investment policy of the Investments and Pension Advice Department with respect to ESG aspects was formed under the assumption that addressing these considerations benefits companies' business activity. Hence, any investment that takes these considerations into account is likely to yield excess return over time. In light of how important it is to include ESG considerations in investments, and recognizing their importance worldwide, it is highly important to reflect this information to investors, investment advisors, and customers as well, as part of the information provided to them. The different securities' ESG scores will be made accessible to the customers and presented to them, so that they can factor them into the investment decisions. The work procedures under the Bank's policy, as described above, apply to all industries and all types of holdings. In this context, in 2022, the Bank contracted with the Entropy Company to obtain information and research services, and ESG ratings for Israeli issuers. The Bank's investment advisors and customers will use this information.

4. Setting a limit for polluting areas of activity



The finance industry as a whole is not characterized by a direct contribution to climate change impacts, but is rather indirectly exposed to these impacts by financing industries and economic activities based, among other things, on the use of fossil fuels. It is a common practice among international banking entities to gradually mitigate the exposure to industries that exacerbate the effects of climate change. Bank Leumi is taking action to limit its exposure to activities that exacerbate the effect of climate change, while supporting the necessary transition to a low carbon economy at the same time. To this end, the Bank has set a limit on polluting areas of activity, as follows: limited exposure to customers in the coal production and in the oil production and refining sectors – terminating financing for new projects (that are not considered operating activity), however, the Bank will support customers in these sectors in operations intended to mitigate the impact of environmental pollution. Moreover, the Bank set an internal limit for the scope of exposure in these areas.



Governance

Climate changes are one of the most significant challenges facing the world. Communities around the world are already experiencing some of these impacts. Long-term climate changes have the potential to exert far-reaching effects on the economy and society, and pose a threat to global prosperity if they are not properly addressed. The financial sector plays an important role in handling the implications of climate change by supporting the transition to a sustainable and low-carbon economy, which balances out society's environmental, social and economic needs.

As part of the Bank's holistic responsibility approach, Leumi views itself as a leading driving force in the transitioning of the Israeli market to low-carbon economy, and in the tackling of climate change. Accordingly, the management of climate-related aspects is an integral part of the Bank's goals, both in order to maintain its own financial stability; this approach is also based on the ambition to help customers cope with the impacts of the global climate crisis on their business activities.

Climate risk is an evolving risk characterized by greater variation than other risks, arising from factors including regulatory developments, developments in the business environment, and technological developments. These changes will necessitate the adaptation of tools and methodologies for the management of this issue.

This disclosure in accordance with the TCFD recommendations is voluntary, before the Bank of Israel issues a binding regulatory directive, and it reflects the Bank's commitment to constantly seeking to meet the highest global standard, congruently with the Bank of Israel's expectations, and is a part of a category of simultaneous and extensive disclosures on the Bank's activity: the periodic report and the 2022 risk management report.

The structure of Bank Leumi's corporate governance, with respect to climate issues ¹¹

The senior management sets the ESG strategy, policy, and management principles, and the Bank's Board of Directors authorizes them. The Bank acknowledges that climate issues have a long-term strategic impact on its operations, and generate new risks and opportunities throughout the organization. Out of this understanding, which considers strategy, business development, and risk management in general, it was decided that the Strategy, Digital, Data and Projects Division (hereinafter: the "Strategy Division") will lead ESG in the Bank, in addition to the Risk Management Division, which shall be in charge of climate risk management in the Bank. Accordingly, and based on the board of directors' instructions, Bank Leumi has formed an organizational structure and a framework for managing climate risks, which is integrated into the current corporate governance structure, as an inseparable part thereof. The framework comprises setting the strategy and the long-term goals, the policy, the division of responsibility between the Bank's different units, reporting mechanisms, and mechanisms to oversee and control the implementation of the strategy and the policy.



¹¹ GRI 2-9, GRI 2-13, GRI 2-14





<div>Board of Directors</div> <div>Entrusted with setting the Group’s strategy; authorizing the risk policy and risk appetite, setting guidance to the executive branches, overseeing compliance with this guidance, and performing adequate oversight and control over the Group’s activities.</div>		Credit Committee	Risk Management Committee	The Audit Committee
		Responsible for integrating environment and climate risk management considerations into decision-making processes, and ensuring that controls are in place over the risk identification and management process at the relevant units, in accordance with the Bank’s credit policy.	Responsible for integrative supervision of climate and environmental risks, approval the risk management policy in the relevant areas, receiving reports of significant policy changes, and holding a periodic discussion of the policy every two years.	In accordance with the Banking Supervision Department’s instructions, the Audit Committee is the committee that reviews the financial statements, which include disclosures on environmental and climate issues, as well.
		Strategy, Data and Special Projects Division		Risk Management Division
<div>Management</div> <div>Implementing the Board of Directors’ decisions, implementing the policy and strategic plans on climate and the environment</div>		The division advises the Board of Directors on the ESG strategy in general and on environmental and climate issues in particular. The division leads the strategy’s implementation at the Bank level, including forming and implementing the multi-year work plan, identifying opportunities, setting long-term objectives and indicators, and regulating their execution. The division has set up a dedicated function for the management of environmental and climate-related issues in the Bank; the function is entrusted with the initiation, communication, and implementation, with all relevant business and operational units, including identification and realization of environmental and climate-related opportunities.		Entrusted with setting the Bank’s policy and methodologies for the management of its environmental and climate risks at the Bank’s level.
		Committee to guide implementation of ESG strategy at the Bank (the Responsible Banking Committee)		
		A dedicated committee headed by the Strategy, Data and Special Projects Division; entrusted with the implementation of the Bank’s ESG strategy; committee members include the Chief Risk Officer, the relevant division heads, and others.		
<div>Group-level ESG Manager</div>		Designated group-level manager to lead and integrate ESG issues		
		Including forming recommendations on ESG, strategy, initiatives and business development to the Board of Directors, integration and communication with all relevant units.		
<div>The various Bank units</div>		Business divisions	Operational Division	
		Responsible for actual implementation of the strategy and multi-year work plan for monitoring the financial activity in the environmental and climate area.	In charge of the process of mitigating the environmental effects of the Bank’s operational activities, including compliance with dedicated regulations.	



The Board of Directors

Bank Leumi's board of directors is entrusted with setting the Bank's strategy; authorizing the Bank's policy, which will guide it in its regular activity; issuing instructions to the executive branches; overseeing these instructions' fulfillment; and adequate oversight and control over the Bank's activities.

- **Strategy** – the board of directors is responsible for setting the Bank's strategy on climate issues, which is revised from time to time.
- **Risk appetite and promoting business opportunities** – as part of promoting the transition to a sustainable economy, the Board of Directors considers it important to have a process to identify risks and business opportunities and develop the tools, products, and expertise necessary to promote the transition to a sustainable economy. Accordingly, the Board of Directors has set two primary goals:

Limited exposure to customers in the coal production and oil production and refining sectors – terminating financing for new projects (that are not considered operating activity), however, the Bank will support customers in these sectors in operations intended to mitigate the impact of environmental pollution. Moreover, the Bank set an internal limit for the scope of exposure in these areas.

- **Instilling the corporate culture on climate and environment issues**

Encouraging green initiatives

the Bank has set a goal to increase the financing and investment in green and environment-friendly projects to NIS 35 billion by 2030.

Main climate conferences:

Participation in the Sharm el-Sheikh Climate COP

Dr. Samer Haj Yehia, Chairman of the Board of Directors, spoke at the Sharm el-Sheikh Climate Change Conference, in a day dedicated to financial models in the climate and environment areas, within which, he highlighted that the global effort must be shared, not only among political and military enemies, but also among industrial and financial competitors. This would require a massive task force, which would involve research and development, industry and science, transportation and aviation, tech companies and production plants; as well as governments and legislators, regulators and investors, and, of course, citizens and consumers. Banks and the financial sector, as the parties who provide credit and financing for projects and for developing the new technologies, have a key role to play in this intricate system.

Initiation of the Climate Tech conference in collaboration with Calcalist

At the conference, climate technologies were given the spotlight, and opportunities in the area were examined along with the State of Israel's relevant activity. The Head of the Bank's Strategy, Digital, and Data Division delivered a speech, in which he highlighted the connection between green energy entities and financial entities, and creating opportunities and technological solutions that facilitate preparation toward climate change.





Specific training in the environment and climate area

Training sessions on environment and climate aspects were delivered in different Bank units, on identifying risks and opportunities within the transition to a sustainable economy, including all functions in the Corporate and Commercial Division, the Risk Management Division, the Banking Division, the Investment Advice Department, the Legal Counsel Division, the Capital Markets Division, The Operational Division, Public Inquiries, and some of the subsidiaries.

Furthermore, as part of the preparation toward drafting the Bank’s first TCFD report, two essential training sessions were delivered:

1.	2.
An orientation session, to study the TCFD reporting framework	Training on scenario analysis

Relevant parties within the Bank participated in these training sessions, including managers in the risk management team, ESG, Strategy, and the Corporate and Commercial Division.

Discussions by the Board of Directors

The Bank’s Board of Directors named green credit one of the Bank’s strategic goals. Within this, the Board of Directors hears updates on developments and on meeting the goal twice a year. In 2022, the board of directors discussed ESG subjects 16 times, including dedicated discussions of the climate strategy, authorizing ESG policy papers (for example, the climate risk management policy, the investment policy, and the donation policy), as well as a discussion of the annual ESG report, and enrichment sessions. Within this, every quarter, within the risk exposure report which is discussed before the Bank’s management, the Board of Directors’ Risk Management Committee, and the Plenum of the Board of Directors – all developments in the environmental and climate risk area are addressed, as applicable.

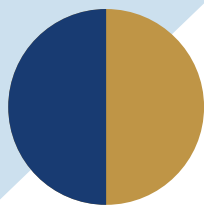
Board of Directors’ Committees

The organizational structure and the climate risks management framework are integrated into the current corporate governance structure, as an inseparable part thereof. The Board of Directors’ committees – each in its respective field – discuss and oversee climate aspects, as an inseparable part of the primary risk management. Below is a breakdown of the main committees:

- **Credit Committee** – Responsible for integrating climate considerations into decision-making processes, and supervising the risk identification and assessment process at the relevant units, in accordance with the Bank’s credit policy, which is updated annually.
- **Risk Management Committee** – Responsible for integrative supervision of climate risks, initial policy approval, receiving reports on significant policy changes, and holding a periodic discussion of the policy every two years, and if the need arises to revise the policy based on developments in regulation, the policy is presented to the Risk Management Committee for discussion.
- **The Audit Committee** – in accordance with the Banking Supervision Department’s instructions, the Audit Committee is the committee that reviews the financial statements, which include disclosures on climate issues as well.

Senior management

The management is in charge of implementing the board of directors’ resolutions. Among other things, this is achieved by establishing a supportive organizational infrastructure and regulating the different business units’ roles. The senior management authorizes multi-year plans to implement the strategy, which include forming tools and financial products that offer customers an environmental value, and establishing processes to identify the business risks and opportunities presented by climate change, while emphasizing regular management and setting the framework, the control processes, and the reporting mechanisms.



Strategy division

The Strategy Division assists the Board of Directors in setting the Leumi Group's strategic targets, controls reaching these targets, and leads cross-division projects on strategically important issues.

The division advises the board of directors on the ESG strategy in general and on climate issues in particular, and leads the strategy's implementation at the Bank level. This includes forming and implementing the multi-year work plan, identifying opportunities, setting long-term objectives and indicators, and regulating their execution.

Climate risks are emerging risks that are characterized by higher variance than other risks, that follows, inter alia, from developments in regulation and in the business environment, and so, the Strategy Division will periodically question the current strategy. Other actions follow from this, such as developing new products and services that promote the transition to a sustainable economy based on the focus areas and the risk appetite, all while training and fostering a corporate culture that addresses ESG and environmental and climate issues as part of the regular work processes.

Committee to guide implementation of ESG strategy at the Bank (the Responsible Banking Committee)

The Head of the Strategy Division is the head of a dedicated management committee that is tasked with outlining and implementing the overall ESG strategy, while emphasizing climate risks management. Committee members include the Chief Risk Officer, the relevant division heads, and others.

The committee is in charge of making regular steering decisions on implementing the strategy, furthering the strategy, overseeing its implementation, coordinating between various organs of the Bank and regularly addressing various issues.

The group-level ESG manager

The Strategy Division appointed a designated group-level manager, who is subordinate to the division head, to lead and integrate ESG issues. Its role is to develop and recommend to the Board of Directors a strategy to manage the climate risks, and to initiate, develop, implement and communicate with all relevant business and operational units, including identification and realization of climate-related opportunities, such as in the areas of green credit and the creation of products, tools, and services to promote environmental sustainability.

Risk management division

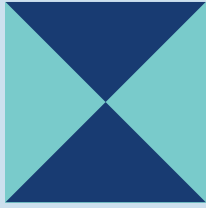
The Risk Management Division is in charge of formulating the Board of Directors' policy on climate issues and of making recommendations to revise it, while prioritizing and focusing on high-risk areas. The division's responsibilities include forming and developing methodologies for identifying and measuring climate risks (at the single customer level and at the Bank level), and for putting together a work plan to integrate and measure the methodology. In addition, the Division is responsible for periodic monitoring and reporting to management and the board of directors on the risk profile and ways of coping with the risk, within the risk report. In general, risks are managed with an integrated, corporate level perspective, all along the managerial chain and across business units, using consistent methodologies and terminologies.

The Risk Management Division has formed a climate risks management policy, which sets the risk management principles and defines the areas of responsibility and the reporting mechanisms. Furthermore, a work plan has been formed, which consists of improving the methodologies and the measurement methods, in addition to the actions the Bank is taking to identify and map out the exposure to climate risks.

Business divisions

The Bank's business unit managements are accountable for the strategy's actual implementation and of the work plan to monitor financial activity in the climate area. This responsibility includes identifying, assessing, measuring, monitoring, mitigating, and reporting the risks inherent to the products, activities, processes, and systems for which they are responsible, and for managing a proper control environment in the risk management context. This responsibility includes managing the risks of new transactions, products, and services.





Risk management

Climate-related risks

Bank Leumi regards climate risks as an integral part of the Bank's strategy, both in order to maintain its stability, and as a business opportunity. The Bank formed a work plan to integrate the climate risk management principles.

Leumi recognizes its role in giving its customers encouragement, assistance, and support in the transition to a sustainable economy, by providing credit and making supportive investments. Focusing on managing and assessing the exposure to climate risks, in addition to identifying opportunities, is an inseparable part of the process of transitioning to a sustainable economy.

At Leumi, climate risks are managed according to the current global leading practices and according to regulatory developments, such as the work framework set by the TCFD, which forms the basis for climate risks management in the global financial sector, and for the guidance and rules occasionally published by the Israeli Banking Supervision Department.

Climate risk is an evolving risk characterized by greater variation than other risks. The high level of uncertainty involved in the timing of the materialization of these risks underscores the need to take a cautious and dynamic approach to the manner in which risks are managed in the Bank's operations.

The Bank is monitoring regulatory, technologies and company-based developments, studying them and adjusting the risk management tools and methodologies on an ongoing basis.

Climate risks are typically divided into three categories: physical risk, transition risk, and liability risk, and the Bank is directly and indirectly exposed to them.



Physical risk:



Financial risks arising from exposure to damages resulting from acute extreme events related to climate or weather (such as: heat waves, droughts, landslides, floods, fires, storms, etc.), and/or to damages from gradual, chronic processes related to climate change (such as: rising sea level, rise in average temperature). The risk follows from high-frequency or from the weather systems' intensity, each of which might affect asset value, lead to substantial restoration costs and/or disrupt customers' business activities.

Transition risk:



financial risks arising from the exposure to the process of transitioning to a low-emission economy and the Net Zero processes, that might include changes to regulation and climate and environmental policy, technological changes, or changes in public preferences and stakeholder preferences, the risks that might affect the business models, the borrowers' revenues and expenses, the financing objectives, and new credit requirements on the value of the assets that are used as collateral.

Liability risk:



Financial risks arising from the exposure to legal action, in which plaintiffs might seek to impose liability and/or receive compensation for damages or losses related to climate change.





Materialization horizon (years):

Short-term	Mid-term	Long-term
1–3	3–10	10–30

The potential damages from such risks can be classified into two categories:

Direct damage may be incurred by the Bank in case, for example, of harm, due to environmental factors, to its physical infrastructure, that is critical to its business continuity, and or if the Bank is found to be responsible for an environmental hazard, including the possibility of the Bank being required to incur the costs of removing an environmental hazard or is found responsible for an environmental hazard towards a third party.

Indirect damage may be caused due to harm to the Bank’s customers, the value of its collateral or the value of its investment portfolio. Thus, for example, indirect damage may be caused to the Bank if it extended financing to a company and that company had endured damage due to environmental causes or caused environmental damage. The damage incurred by that company could compromise its repayment capacity, thus indirectly affecting the Bank’s asset value.

Climate risk management framework¹²

Climate risks might have a financial effect, such as a credit risk or a nostro and investment risk, and a nonfinancial effect, such as an operational risk and a reputational risk (for example, if the Bank is associated with anyone who caused an environmental hazard, directly, as the source of the hazard, or indirectly, as the hazard’s lender). The table below presents the main risks for which the Bank carried out an analysis of all that concerns the climate risks’ potential effect on activity:

Credit risk

- The credit risk management policy sets instructions for managing the risk, including establishing a process to identify and manage it based on questionnaires and subject to materiality.
- A work plan has been formed to construct, improve, and integrate processes to facilitate the identification, measurement, assessment, monitoring, reporting, and control of such risks, including how they are managed and how their effect on different credit exposures might be mitigated.
- A limited exposure target has been set to support managing this risk.
- A target has been set, to encourage “green” initiatives and the transition to a sustainable economy.
- Oversight by the Risk Management Committee of the Board of Directors



Nostro and investment risk

- The market risk and the investment risk management policy sets instructions on risk management, such as including climate risks in the investment decision-making process and in managing current investments.
- A target has been set, to encourage “green” initiatives and the transition to a sustainable economy.
- Oversight by the Risk Management Committee of the Board of Directors



Operational risk

- The market risk and the investment risk management policy sets instructions on risk management, such as including climate risks in the investment decision-making process and in managing current investments.
- A target has been set, to encourage “green” initiatives and the transition to a sustainable economy.
- Oversight by the Risk Management Committee of the Board of Directors



Reputational risk

- A reputational risk management policy was formed, which matches the Bank’s strategy and covers climate issues.
- Every year, the Bank publishes an ESG report, that includes quantitative green credit objectives.
- The Communications Unit highlights ESG aspects in its annual work plan as well, including in its communications on related business processes.
- Oversight by the Risk Management Committee of the Board of Directors



The Bank continues to methodically map the other risks that might be affected by climate risks.

12 GRI 201-2



Credit risk

Credit granting is a core activity of the Bank, which is conducted in a decentralized manner by several business lines. Credit risk is the Bank's risk of loss as a result of the possibility that a counterparty fails to meet its agreed commitments towards the Bank. Activities which increase credit risk include on-balance-sheet credit risk and off-balance sheet credit risk, especially loans to the public.

Climate aspects in credit risk management tools

The Bank is developing and integrating a methodical process to identify and assess the potential effect of climate-related risk factors on the business activity. Within this, the Bank considers the main climate-related financial risks that might materialize over different horizons, and includes them in the risk management framework. The Bank formed a plan to build and integrate processes that will facilitate identifying, measuring, assessing, monitoring, reporting, and controlling such risks, including how they are managed, and mitigating their effect on different credit exposures.

Identifying and mapping climate risks

Bank Leumi mapped the climate risks (physical risks, transition risks, and liability risks), and formed a methodology for assessing the climate risk in every economic sector.

In addition, a designated questionnaire was written for each class of segments with similar risk factors, to establish each borrower's specific exposure to climate risks. The purpose of the questionnaire is to check the borrower's level of familiarity with how climate risks might affect its business activity, whether potential risks and/or opportunities were identified, and how they are incorporated into the borrower's activity. The final risk level for the specific borrower will weigh the segment-wide risk level and the individual risk level, based on the answers to the questionnaire. Through this method, the Bank aspires to identify potential risks and opportunities among borrowers, and adapt the desirable exposure level to its risk appetite. The Bank is seeking to integrate the questionnaires into the work plan, subject to the segment risk levels and the borrower's exposure level. According to publications by the Bank of Israel, the regulatory framework, including the methodologies for assessing climate risks, are in the formation stages. Considering this, and in the lack of available quantitative data, a qualitative analysis of the industry-level climate risk factors alone was carried out this year, based on assumptions and estimates whose materialization is uncertain and is not under the Bank's exclusive control. For details, see the scenario analysis section below in the report.

Climate aspects of investment and nostro risks

The climate aspects of the market risks mean any losses that might follow from financial instruments' value because of climate-related risk factors. Such changes might follow from climate risks that affect changes in supply and demand for financial instruments, and might affect interest rates, exchange rates, inflation rates, stock prices, and credit spreads. The Bank Leumi investment policy and market risk management policy takes into account climate aspects when making new investments and managing current investments.

Operational risk

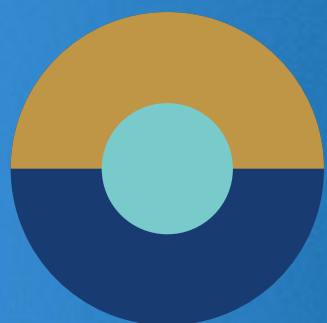
The risk of loss as a result of inadequate, or failure of, internal processes, officers of the Bank and systems, or external events. The Bank is directly exposed to climate risks, in case, for example, of harm due to environmental factors, to its physical infrastructure, that is critical to its business continuity. But even if the Bank is found to be responsible for an environmental hazard, including the possibility of the Bank being required to incur the costs of removing an environmental hazard or is found responsible for an environmental hazard towards a third party.

Leumi set a goal that the direct and indirect impact of its activity will lead to reducing adverse impacts on the environment and climate change. Towards that end, the Bank has been certified under the environmental standard ISO 14001 for the last decade.

Regulations related to environmental risks are managed and monitored accordingly, including an annual external review by the Israel Standards Institution. Since 2011, the Bank has voluntarily been measuring and reporting its carbon footprint to the authorities and to the public, locally (Israel's Voluntary GHG Registry) and globally (the Carbon Disclosure Project, or the CDP). The Bank has set long-term goals, with the purpose of reducing its carbon footprint. From 2013 until now, the Bank's carbon footprint has cumulatively declined by 49%. In recent years, power consumption is down by an average of approximately 5% per year. In recent year, the use of hybrid vehicles in the Bank's car fleet has grown; as of the writing of the Report, about 59% are hybrid vehicles.

Reputational risk

The risk of compromising the trust of the Bank's various stakeholders, such as customers, shareholders, bondholders – as a result of conduct, action, or omission by the Group, its officers, employees or other involved parties. This risk refers to the perceptions of the shareholders, stakeholders, the public, influencers and the media, whether they are fact-based or otherwise. The risk is dynamic and changes depending on various topics and populations. Bank Leumi has formed a reputational risk management policy that is adapted to its strategy and that covers climate aspects, including publishing regular press releases on relevant Bank activities.





Scenario analysis

An important part of the climate risk management process is the ability to identify, assess, and manage climate risks and opportunities, including carrying out an analysis to give the Bank insights on how its customers might be affected by the risks' materialization, based on multiple scenarios.

It is important to note that integrating climate risks into the risk management processes is an ongoing process that relies on common practices worldwide, as well as on the ever-evolving regulation, which will set instructions and generate uniformity. According to the Supervisor's statements in the "Environment 2050" Conference, held on January 18, 2023, the Banking Supervision Department is forming an up-to-date banking directive on effective climate-related financial risk management, based on the relevant Basel Committee recommendations, published in June 2022. This is a principles-based directive, whose first draft was forwarded to the banks, and the final version of which is expected to be published in the first half of 2023. The Supervisor further noted that the Bank of Israel is forming a uniform climate stress scenario, as an educational scenario that both the Banking Supervision Department and the regulated entities will use for risk analysis by the end of 2023.

Along with the regulatory framework for the financial sector, which is currently being formed, Bank Leumi is working to establish the necessary methods and processes to identify, assess and manage climate risks.

The scenario analysis methodology in the first TCFD reporting year

In the process of identifying and assessing the risks attributed to the climate, the Bank wrote a policy paper on managing these risks, and set forth the procedure for implementing the policy when managing credit risk.

Within this, the Bank has established a process to identify the risks attributed to climate, with a view to credit risk, which is defined as the Bank's risk of loss arising from the possibility that an opposite party would not meet its commitments to the banking corporation, as they had agreed. Credit granting is a core activity of the Bank, which is conducted in a decentralized manner by several business lines.

Leumi has set a framework for rating the risks and performing top-level scenario analysis, by completing the following stages, among others:

Examining the practices the top banks worldwide employ, to establish the standard work frameworks

Mapping the risk drivers – physical risks and transition risks

Segmenting the credit portfolio by operating segment to identify credit risks in light of the climate

Setting the methodology for rating risk drivers by attributed risk level and weighing them in the overall risk level attributed to each operating segment

Setting the different risk drivers' risk levels in each operating segment, and drawing up a heat map





Business credit

Based on a scenario analysis, as set forth above, the Bank carried out a scenario analysis in accordance with the working hypotheses listed below:

This is the first qualitative analysis the Bank has carried out, and it presents the climate risks that characterize the activities in different industries.

The analysis was carried out with a view to the risk development horizon in the short-to-medium term (until 2030).

Companies in areas that enjoy government support, such as public transport, will continue to benefit from this support, which reduces the effect of costs related to the transition risks.

The transition risk attributed to industries and activities appearing in the Ministry of Environmental Protection's Israeli Green Taxonomy draft is lower.

Some activities, which are considered polluting, and are likely to face greater challenges in adapting their activity within the transition to a sustainable economy, may be exposed to lower long-term demand, due to regulation and/or a change in customer preferences (e.g., electricity generation or some chemical plants). However, at this stage, they do not have adequate alternatives, or they are essential activities for the market to function properly (such as the population's needs and food security).

We assumed that government policy and climate regulation will take these considerations into account and minimize the effect of the short-to-medium term transition risks.

The risk profile analysis, as described below, might show how the climate risks' materialization might affect different industries because of potential changes in the activity and/or the profitability of customers in different industries, through the process of adjusting to the transition risks or the level of robustness against physical risks. At the same time, we emphasize that the effect of these risks' materialization on the solvency and repayment capacity of different borrowers in the sector, and consequently, the materialization of the Bank's credit risk, depends on the level of harm to each individual borrower, alongside mitigation measures the borrower might perform to adapt to changes in the industry and measures the Bank might take to mitigate the risks embodied in credit (such as restrictions on the borrower's leveraging ratios, the nature and scope of the collateral to the Bank's benefit, and so on). Hence, at this stage, one cannot draw conclusions from the above scenario analysis regarding the vulnerability of individual customers in the industry or on the Bank's embodied credit risk level.



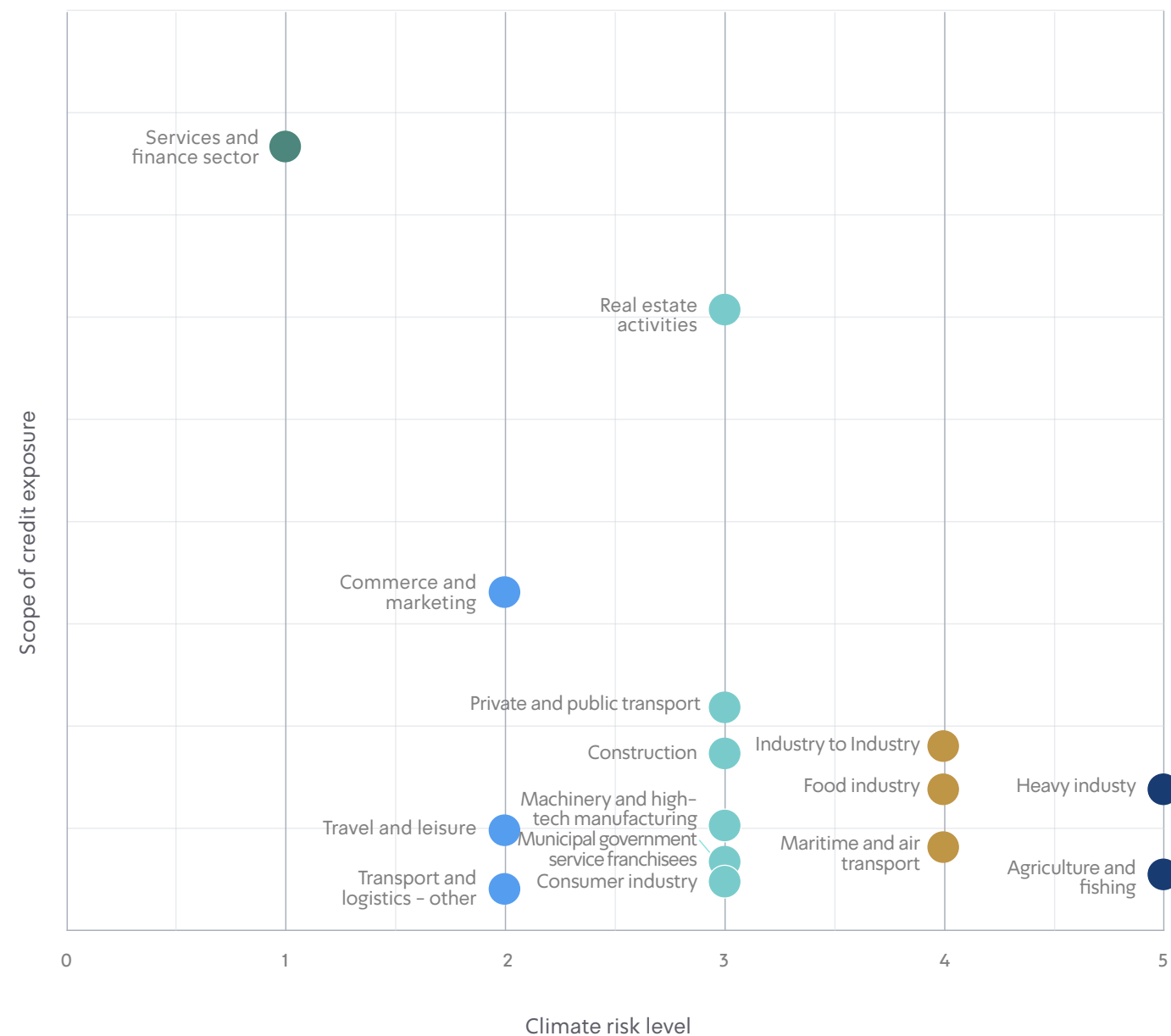


Illustration of the climate risks heat map by different operating segments:

The heat map presents the breakdown by industry, based on the level of credit exposure and the climate risk assessment set for the operating segments, as established by the Bank. The climate risk assessment refers to physical risks and potential transition risks, in the medium term (until 2030).

Heat map

by sector, according to climate risk level and credit exposure





In addition to the above analysis, the Bank conducted an initial exposure scenario analysis for the following sectors: maritime and air transportation, heavy industry, agriculture, and construction. Below is an analysis of the main risk factors, divided by economic sector:

Construction



The companies operating in this industry have a potential exposure to transition risks, if a quick transition to a low-carbon regulation and other measures to reduce environmental pollution are required, as well as from any potential increase in raw material prices, that might arise from changes in demand, carbon taxes, or additional regulation, transforming work processes and compliance with the green construction requirements, replacing heating and cooling systems as part of an energy efficiency plan. The construction companies are potentially exposed to physical risks that might harm the financed assets because of weather events, fires, and damage to land. The scope of the risk might be affected by the assets' location, the construction method, and other variables. These scenarios' materialization might lead to potential damage to the companies' profitability because of a likely increase in carbon prices and the costs of transitioning to lower emissions from activity.

Heavy industry



Companies in this industry, such as Israel Petrochemical Enterprises, electricity generators, and chemical industries, are mostly exposed to transition risks, considering stricter environmental regulation and enforcement provisions, dwindling raw materials and higher raw material prices, and potential harm to the supply chain. Moreover, these companies can transform, business-wise or technology-wise, to adapt their operations to changes in consumer preferences or regulation. In addition, failure to comply with regulatory requirements might expose these companies to fines, negative press coverage, and reputational damage. In addition, these industries have a potential exposure to physical risks stemming from climate change, due to fires and extreme heat waves, earthquakes, and floods, that might hit the companies' plants, and because of physical risks that might reduce raw material availability or accessibility. These risks are likely to have a different effect on different industries, considering the geographical spread and the nature of their activity.

Maritime and air transportation



The companies in the industry are air and maritime transportation companies. These companies are mostly exposed to potential transition risks and might face the technological challenges of reducing their activity's environmental impact, considering their reliance on fossil fuels as their primary energy source. The transition risks include higher carbon tax prices, a delay in adopting technological solutions to reduce environmental impacts, and in some places, changes in consumer preferences, in the form of higher use of public transport as an alternative to air and/or maritime transportation. The transition risks' materialization might diminish the companies' profitability. The companies in this industry are exposed to potential physical risks, both directly, for example – from harm to logistic infrastructures resulting from extreme weather events, and indirectly, following diminishing supplies of essential raw materials, such as different types of metals. The potential physical risks and transition risks vary between different types of activity, because of the difference in the geographical spread and the nature of the activity.

Agriculture



Companies in the agriculture industry are directly affected by climate change. The main exposure stems from potential physical risks such as heat waves and cold waves, in the form of fires that might diminish production capacity, such as an uptick in outbreaks of pests in agricultural areas, that might harm crops. Hence, companies' profitability might suffer because of the exposure to the potential physical risks, whose chance of materializing increases. If the transition risks materialize, investments in new technologies and finding alternatives to transition to low carbon systems will be required. In addition, potential changes in consumers' food preferences or technological solutions, such as cultured food, might trigger changes in business models and manufacturing processes.



Credit to private individuals

The credit to private individuals is divided into three main operating segments: housing credit, car loans, and other consumer credit.

This distinction was made to identify how the physical risks and the transition risks might harm the collateral value.

A. Other consumer credit

Credit with no physical collateral that is characterized by high diversification and without directly attributed physical and transition climate risks.

B. Car loans

The transition risks might be reflected in the impairment of cars that do not meet the environmental pollution standards or non-hybrid or non-electric vehicles. We note that considering the portfolio's relatively short average duration and the increasingly smaller share of such cars out of the collateral, the expected risk is low.

Physical risk to vehicles is considered to have a low potential of becoming material with respect to this portfolio, considering the nature of the collateral and the insurance that actively covers physical damage.

C. Housing credit

Housing credit might be exposed to potential harm to the financed assets, due to climate events. The scope of the risk is affected by the assets' location, the construction method, and other variables. However, it is important to emphasize that retail credit risk is fundamentally different from business risk, as the main source of repayments is the consumers' regular income. The portfolio is, furthermore, characterized by high diversification, and the risk is mitigated by the insurance on the financed assets, which is one of the basic credit terms.

Follow-up measures for climate risk management

In this report, the Bank presents the first measures it has taken to assess climate risks. Identifying the industries and mapping the risks will be the basis for performing scenario analysis according to local regulation, to the extent that such regulation is published, or based on scenarios established in the work by the Network for Greening the Financial System (NGFS), which has been adopted as a basis for scenario analysis by leading banks in their TCFD reports. The Bank is preparing in congruence with these common approaches to laying a methodological infrastructure and gathering the necessary internal and external information that is required in order to carry out the climate risk materialization scenarios (one or more of them).



Metrics and targets



Bank Leumi has set strategic medium-term and long-term climate targets.

The targets have been set for three categories:

- 1. Higher exposure to activities that facilitate pollution mitigation or mitigating the effects of climate change.
- 2. Reducing carbon emissions from direct operational activity (Scope 1)
- 3. Limited exposure to polluting areas of activity

1. Higher exposure to activities that facilitate the mitigation of the effects of climate change

Bank Leumi has set a goal: to become Israel’s top Bank in supporting the Israeli economy through its transition to a low carbon economy. To that end, in 2021, the Bank has set an NIS 35 billion goal for financing and investing in projects and in companies that support a green environment, by 2030, and to achieve that goal, the Bank will pursue three policies:

A. The Environmental Credit Policy (“Green Credit”)

Bank Leumi has formed a methodology and the criteria to identify and manage credit related to objectives that support climate goals. The adopted methodology is in the spirit of the Green Bond Principles (GBP) standard, that helps form the green bond characteristics. According to the standard, green credit is credit extended to finance projects with an environmental added value (**credit for a green project**) or to finance companies whose core activity is performing projects that support climate goals (**credit for a green company**), or to launch green financial products, such as the sustainability linked loan (SLL) (**financial products dependent credit**).

The main areas Bank Leumi will focus on when extending credit in support of activities that contribute to mitigating and coping with environmental and climate aspects, as defined in the Bank’s Green Bond Framework, are:

Renewable energy	Sustainable water and wastewater management	Green buildings
Energy efficiency	Clean transportation	Restoration of land

The investments’ focus will be based on market trends, regulation, and the financial potential.

Principles for Responsible Banking (PRB)

The leading sustainable banking framework worldwide, with over 300 signed banks, that represent almost half of the global banking industry. Through these principles, these banks are taking action to adapt their core strategy, decision-making, loans, and investments to the UN Sustainable Development Goals (the SDGs) and international agreements, like the Paris Agreement.

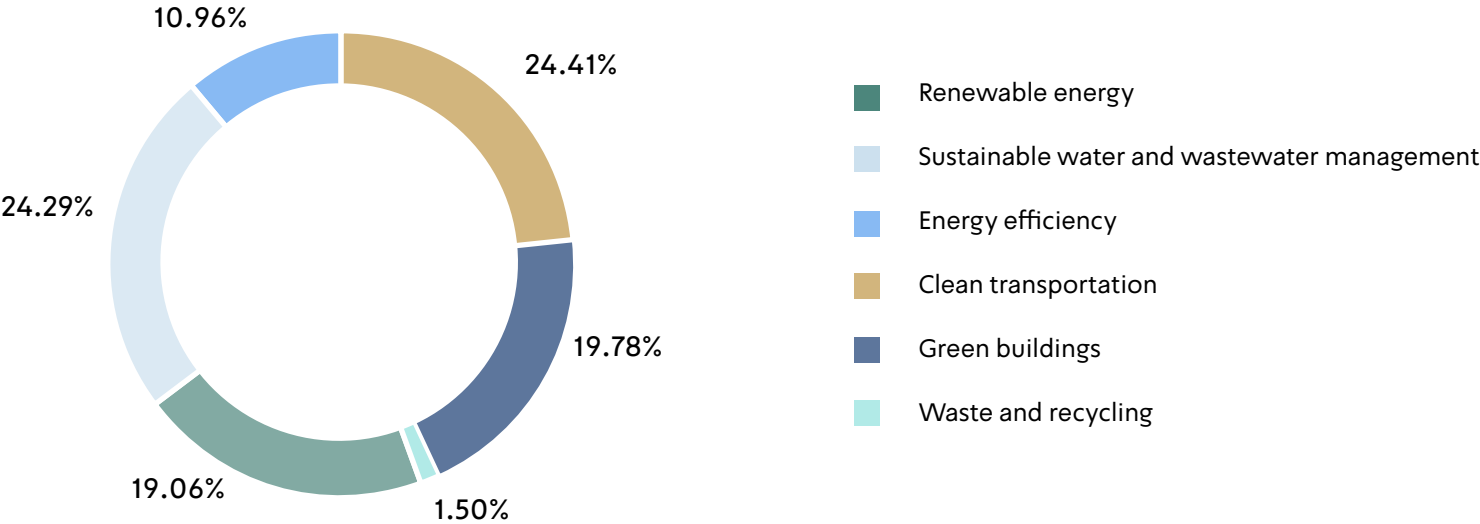
Green Bond Principles (GBP)

An international organization whose purpose is to determine the principles to further the development of a sustainable economy. The organization has developed the green bond principles, that allow all relevant players (issuers, investors, banks, underwriters, etc.) to carry out transparent issuance processes, while making sure that the bonds are only applied to support acceptable activities that facilitate the transition to a low carbon economy and mitigate the environmental impact.

Breakdown of Bank Leumi’s credit data by environmental issues¹³
In 2022, the green financing and investments totaled NIS 18 billion.

In addition, there are NIS 450 million in green investments, through the Bank’s nostro.

Breakdown of the green credit in 2022



B. Investment advice policy¹⁴

The investment policy of the Investments and Pension Advice Department regarding ESG aspects has been formed based on the guideline that considering these things is likely to yield excess returns over time. Beside the worldwide increase in ESG investments, the Bank recognizes the importance of including ESG considerations when making investments, and so, it makes relevant information accessible and transparent to the investors, investment advisors, and its customers. Different securities' ESG scores will furthermore be accessibly presented to interested Bank customers, so that they can consider them when making investment decisions. In recent years, the Bank started to factor in ESG considerations in its investment decisions, as follows:

- **ESG investment recommendations for customers, by the Bank's advisors** – the Bank's investment advisors also make recommendations to interested customers regarding investments in products by companies that engage in green energy, as a profitable product with an added environmental value.
- **Developing ESG products** – the Bank developed several deposits, mostly based on stock "baskets" with high ESG scores, and on green energy companies.
- **The mutual fund manager rating** – the Bank sends all Israeli mutual fund managers a questionnaire, requesting details on each fund's policy on ESG investing. This information is weighed into the local market funds' rating model, based on qualitative criteria, in addition to the funds' performance.
- **Securities' ESG scores** – the Bank, in collaboration with a research company, presents the securities' and the funds' ESG scores to the Bank's customers, and for the Bank's investment advisors' use.
- **Training and objectives for the Bank's investment advisors** – the Bank has set a process to integrate the investment advice policy, and within this, it formed training in relevant areas, for the Bank's investment advisors.

C. Capital markets policy

Bank Leumi formed a capital markets policy according to which, when considering new investments and managing the current investments, ESG ratings must be reviewed, as well as climate risks. The policy applies to investments made by Leumi Capital Markets and Leumi Partners. The policy includes metrics, rules, and detailed main considerations that must be addressed. In addition, the Bank established control processes and periodic analysis processes for designated committees, with the participation of the relevant divisions' representatives. These committees discuss relevant aspects, such as the general rating's distribution, the distribution of industries, geographical distribution, major price changes and spread changes, and the distribution of the companies' ESG ratings. Under the green financing strategic goal, goals were set for Leumi Capital Markets' and Leumi Partners' investing activities as well.



¹⁴ The investment advice policy was formulated according to an Israel Securities Authority directive published in December 2022, targeting fund managers and major licensed parties, on including environmental, social and governance considerations when making investment decisions or risk management decisions under Section 97(b) of the Joint Investments in Trust Law, 1994, and under Section 28(b) of the Law Regulating the Practice of Investment Advice, Investment Marketing and Investment Portfolio Management, 1995.



2. Reducing carbon emissions from direct operational activity

The Bank's operational data

Topic	Measuring unit	2019	2020	2021	2022
Scope 1	tCO ₂ e	3,616.1	3,164.8	3,361.7	4,475.09
Scope 2	tCO ₂ e	31,540.3	29,432.5	28,280.8	26,058.13
Scope 3	tCO ₂ e	1,644.0	1,428.3	1,311.0	1,616.4
Carbon footprint intensity	tCO ₂ e/m ²	0.144	0.138	0.141	0.144
Energy intensity	GJ/m ²	270.1	264.2	264.9	256.3

The Bank's long-term operational objectives

Operational objectives for 2026	Measuring unit	Reduction amount	Amount in baseline year 2021	Target amount
Reduction of GHG emissions	tCO ₂ e	20%	32,954	26,362.8
Reduction of power consumption	GWh	20%	62	49.6
Reducing fuel consumption	Mega-Lt	20%	1.1	0.88



Considering the nature of the Bank’s activity, the direct operational effects follow from these factors:

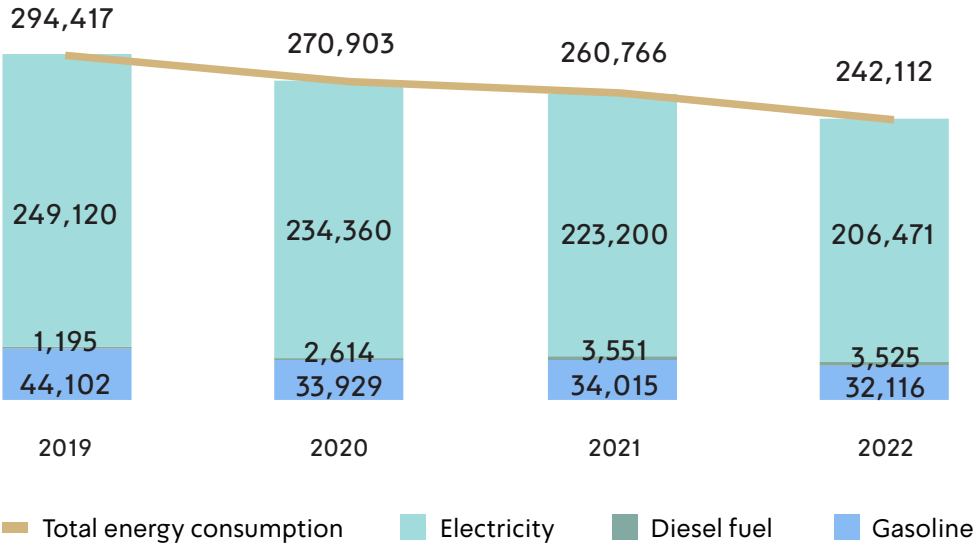
- **Power consumption** – Approximately 87% of the Leumi Group’s energy consumption arises from power consumption in its offices. The Bank invests in projects and in processes that result in lowering this consumption. 74.8% of Leumi’s power consumption was purchased from a private electricity manufacturer who manufactures electricity out of natural gas. The Leumi Group’s electricity consumption was 7.15% lower in 2022, compared with 2021.
- **Fuel consumption** – Leumi Group’s fuel consumption derives mainly from the Bank’s fleet. In 2022, 969,549 liters of gasoline and 77,326 liters of diesel fuel were consumed. This reflects a 6.4% decrease in gas consumption compared to 2021, which mostly stems from the lower total number of cars in the vehicle fleet. Furthermore, Leumi manages the diesel fuel inventory in its possession for current use and for emergency purposes according to the law and the regulations including periodic inspection of the tanks’ impermeability.

In the framework of a plan to mitigate the operating–environmental impact, Bank Leumi has, furthermore, established a natural gas–powered power plant with a 5 MWh output, to supply electricity to the Leumi Service Campus in Lod. The power plant will be the campus’s primary energy source.



Energy Consumption ^{15, 16}

Power Consumption (KWh) over the years, Bank Leumi



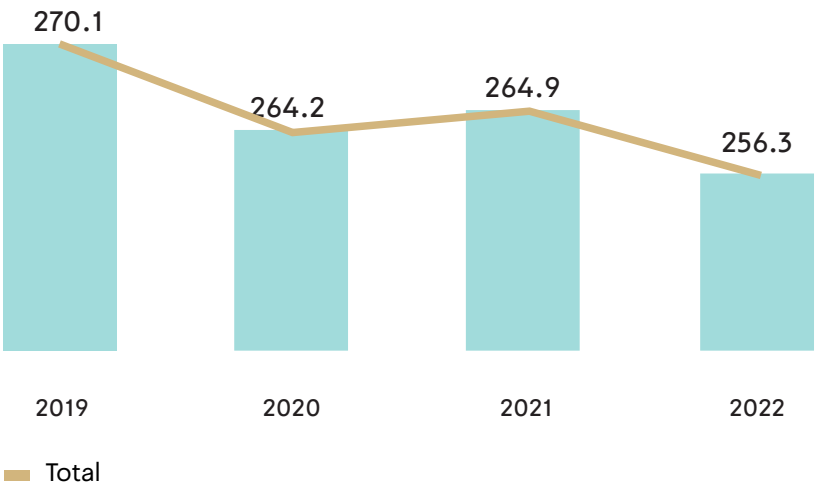
15 2016–2021 figures were corrected: the present figures do not contain private leasing vehicles (but only executives and company cars).
16 GRI 302–1, GRI 302–4



Energy intensity

Since the Leumi Group provides banking services and is not a manufacturing company, the Group does not calculate energy intensity per manufacturing unit. The Leumi Group measures its energy intensity to test the effectiveness of measures taken to reduce power consumption. The intensity is measured according to power consumption relative to the area in which energy was consumed (square meter).¹⁷ Following the measures taken to increase energy efficiency, there is a steady decline in the energy intensity of the Leumi Group relative to the area of the properties over the years. The energy intensity of the Leumi Group for 2022 is 1.082 ton JG/m².¹⁸

Energy intensity by total electricity (total KWh/square meter)



Carbon footprint¹⁹

As part of its environmental policy, the transition to monitoring and measuring the Leumi’s energy consumption, the Bank regularly calculates greenhouse gas emissions resulting from its activities (energy consumption, fuel combustion and more). Leumi performs the measurement using the calculation tools of the Ministry of Environmental Protection²⁰ and the emission coefficients of DEFRA (Department for Environment, Food & Rural Affairs of the UK Government).

17 Total 306,529 square meters in 2022.
18 GRI 302-3
19 GRI 3-3
20 The calculation for 2022 was made based on the reporting file for 2021.

Every year, Leumi reports its carbon footprint through:

The Voluntary GHG Registry, which has been reported since 2011	The international Carbon Disclosure Project (CDP) reporting initiative, since 2013
The Bank’s annual ESG report	Ma’ala rating

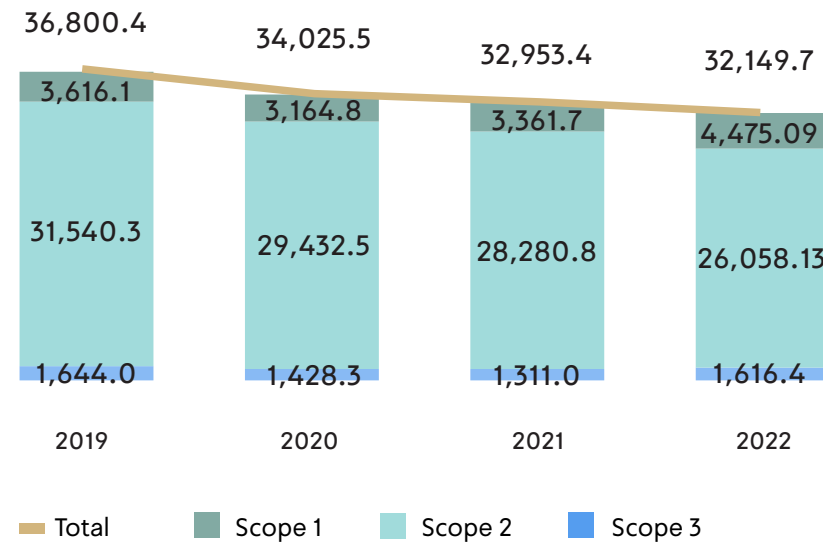
According to common practices, the greenhouse gas emissions from the Bank’s activity are divided into three scopes:

- **Direct emissions (Scope 1)** of the Leumi Group stem mainly from the combustion of gasoline by the organization’s vehicle fleet, from the combustion of diesel fuel by generators used for emergencies and from the use of fire extinguishers.^{21, 22}
- **Indirect emissions (Scope 2)** – indirect emissions come from the Bank’s electricity consumption.
- **Other indirect emissions (Scope 3)** are related to the Bank’s activity, but do not directly result from it and include, inter alia, consumption of different products and services from suppliers or by customers. Most of Bank Leumi’s emissions fall under this scope, because the Bank’s core occupation is providing financial services.

Leumi invests significant efforts in identifying measures that would result in greater efficiency and energy savings having a direct impact on Leumi’s carbon footprint. The carbon footprint of Bank Leumi in 2022 was 32,149 tons of CO₂eq.²³ Compared with 2021, there was a 2.4% decrease in Leumi’s carbon footprint.²⁴

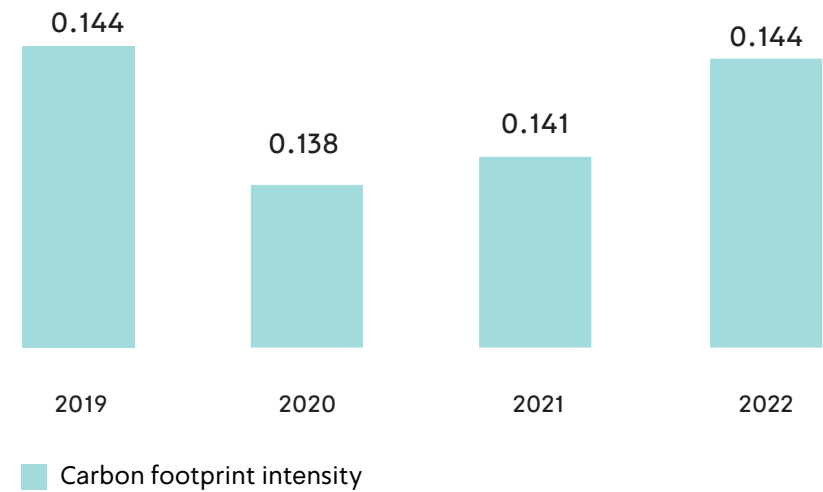
21 See the GHG Protocol for quantifying and managing emissions.
22 Greenhouse gas emissions such as N2O, Methane and HFC stemming from Leumi’s activity are included in Scope 1 data in the reporting on the Company’s carbon footprint.
23 The above figure includes Bank Leumi’s emissions in the three Scopes; the components of the carbon footprint scope were calculated using the Ministry of Environmental Protection’s calculator, and for calculation of Scope 3, use was made of coefficients published annually by the UK Department of Environment, Food and Rural Affairs (DEFRA).
24 GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-5, GRI 3-3

Breakdown of carbon footprint, by scope (CO₂eq)

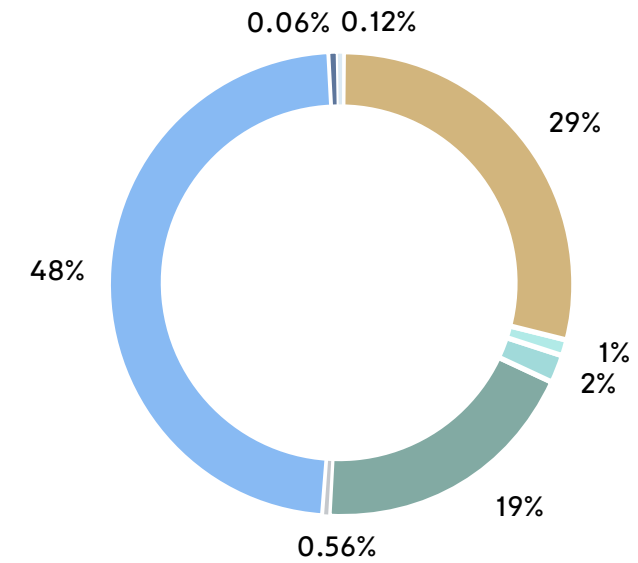


The intensity of Leumi Group's carbon footprint for 2022 is 0.14 ton CO₂eq./m². There was a decrease of 1.3% compared to 2021.²⁵

Total carbon footprint (CO₂eq/m²)



Breakdown of indirect emissions – scope 3²⁶



- General waste
- Cardboard waste recycled
- Electronic waste recycled
- Paper consumed
- Water consumed
- Water discharged as effluents
- Air travel
- Paper waste recycled

²⁵ 305-1, GRI 305-2, GRI, 305-3, GRI 305-4

²⁶ GRI 305-3



Reducing energy consumption at Bank Leumi²⁷

The Bank put substantial effort into reducing the energy consumption from its operations, including through:



Reducing branch visits

The Bank offers advanced digital solutions that allow its customers to receive service without having to visit the branch (such as the “book an appointment” and “message your banker” services). These solutions help reduce the number of customers who arrive at the branches, and as a result, they reduce air pollution and fuel consumption.



Transportation service for employees

Leumi offers employees roundtrip 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 fuel cars (rather than gasoline) by expanding the supply of those models. In 2022, 59% of the Bank’s fleet are hybrid cars compared to 55% in 2021.



Encouraging the use of bicycles

In the framework of promoting sustainable transportation at Leumi, bicycle parking spaces were built at headquarters in Tel Aviv and in the Leumi Service Campus in Lod.



Consuming electricity produced with natural gas

Since 2014, the Bank has been consuming most of its electricity from a private electricity producer who produces electricity from natural gas, in a highly efficient method that reduces emissions.



Replacement of lighting fixtures by cost-effective ones

In 2022, steps were also taken in this area in branches and headquarters buildings. Furthermore, several LED lighting fixtures were installed, which are characterized by high-energy efficiency and a life that is longer than average.



Analysis of energy consumption patterns at the branches

In the framework of renovation and energy efficiency projects, Leumi frequently installs energy monitoring systems and smart building systems at the branches and headquarters buildings, to enable analysis of energy consumption patterns.

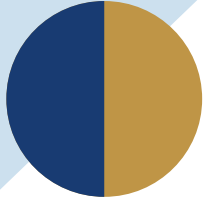


Green building

When designing the construction of a new building and in renovating existing structures, environmental aspects are considered such as thermal window coating on warm facades, remote control systems, pre-determined times or sensors to automatically turn-off air conditioners and lighting and more. Four Leumi structures are in advanced construction stages at the Lod Keshev Compound. As at 2022, buildings M2 and M3 were completed according to Israeli Green Building Standard (5281), and the construction of buildings M4 and M5 continued according to the standard.

27 GRI 302-4, GRI 3-3





3. Limited exposure to polluting areas of activity

The finance industry as a whole is not characterized by a direct contribution to climate change impacts, but is rather indirectly exposed to these impacts by financing industries and economic activities based, among other things, on the use of fossil fuels. Financial entities worldwide are building action frameworks to examine the effect of climate change on their business activity, based on common methodologies, and subject to continuous evolution and revision.

As part of the process of examining how climate change affects its activity, Bank Leumi formed basic principles for examining the credit exposure to industries that affect climate change, by reviewing the effect levels. To this end, the Bank set a limit in the contaminating sector, as follows:

Limited exposure to customers in the coal production and oil production and refining areas of activity – terminating financing for new projects (that are not considered operating activity), however, the Bank will support customers in these sectors in operations intended to mitigate the impact of environmental pollution. Moreover, the Bank set an internal limit for the scope of exposure in these areas.

Within the multi-year work plan, that reflects more thorough management of climate issues, the Bank will start measuring the financed emissions. It will do this based on common methodologies and practices, such as the Partnership for Carbon Accounting Financials (PCAF) or a similar methodology, as part of the Bank's aim to reach net zero emissions by 2050.

This measurement will help the Bank assess the quantity of financed emissions from the activities that are considered polluting activities, and set reduction goals based on the desirable levels of exposure to economic activity that negatively affects the Bank's goals of reaching net zero greenhouse gas emissions from its activity.

Note that the information in this report is forward-looking information.

Forward-looking information is generally worded using the following words or phrases: "the Bank believes", "the Bank foresees", "the Bank expects", "the Bank intends", "the Bank plans", "the Bank estimates", "the Bank's policy", "the Bank's plans", "the Bank's forecast", "expected", "strategy", "targets", "likely to impact", "estimate", "scenarios", "likely", "may", "can", "will be", "optimistic", "pessimistic", "assumptions", "alternatives" and additional phrases indicating that the matter in question is a forecast of the future rather than past facts. Forward-looking information included in the Risk Management Report is based, inter alia, on forecasts of various matters related to economic developments in Israel and abroad, especially the currency markets and capital markets, legislation, regulators' directives, competitors' behavior, technological developments and human resources issues.

As a result of the inability to foresee with certainty that these forecasts indeed materialize, and the fact that, in reality, events may differ from those forecasted, users should treat information defined as "forward-looking" with caution, since reliance on such information involves risk and uncertainty and the future financial and business results of the Leumi Group may be materially different.

The Bank does not undertake to publish updates on forward-looking information included in its reports. This does not derogate from the Bank's reporting obligations pursuant to any law.



Other environmental and climate aspects

Management of environmental and climate risks

Environmental and climate risks to the Bank are 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 effected therefrom, such as: greenhouse gas emissions, waste creation, air or water pollution, soil contamination, compromised biodiversity, earthquakes, deforestation and extreme weather events.

The Bank's business continuity management policy covers, among other things, extreme weather events that call for emergency preparedness based on the consequences (impact on the Bank's headquarters and IT centers), or geographical impact (branches shutting down or becoming inaccessible).

Responsible lending²⁸

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 to tackle environmental issues, reduce their adverse impact, and boost positive impact on the environment. These challenges will affect, inter alia, the agriculture, construction, transport, energy and water sectors.



For more information about Leumi's Statement on Credit and Investment Considerations see the Bank's website.

Promoting environmental issues²⁹

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.³⁰ 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, Bank 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 during 2021, environmental tests were conducted in several selected branches, at the end of which the Bank received recertification for Environmental Management standard ISO14001 by the Israel Standards Institution.

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



Power consumption

Power consumption of the Bank's properties.



Fuel consumption

Fuel consumption per distance traveled and for operating generators in emergencies.



Waste and water

Responsible removal of electronic waste and paper waste, and total water consumption.







²⁸ GRI 302-5, GRI 3-3

²⁹ GRI 3-3

³⁰ All data specified in this chapter refer only to the operating environmental performance of Bank Leumi, which employs about 96% of all employees of the Group and is the source of over 88.74 % of the Group's profits.

As of 2022, 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 direct impact of Bank Leumi on the environment is derived from three main factors:

	Environmental Trustees	Environmental trustees were appointed in Leumi's branches and headquarters, where they 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 2022, the project of reducing the volume of printing at Leumi continued, and paper consumption was reduced by 30% compared with 2021.
	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 2022, 163,321 new customers joined this service and in total 1,257,369 customer 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. The list mentions cleaning detergents, product packaging, biodegradation rate of the materials, use of recycled or easily recyclable materials, modularity and convenience of reuse, use of hazardous materials, energy and water resource conservation, and more. As part of the Bank's specifications for workstation procurement, the Bank requests from the manufacturer information about the product's power consumption of the product. This figure is taken into account in the product evaluation process. Moreover, as part of the procurement processes in respect of its leased vehicles the Bank acts to expand the use of hybrid vehicles. In relevant projects, an environment appendix is attached to the contract. Furthermore, new contractors sign a master agreement that refers to the environment.
	Waste recycling and responsible disposal	The Group's commitment to environmental protection includes responsible disposal of its waste. The main waste generated by the Group is electronic waste and paper waste, which are collected and sent for disposal by licensed contractors. ³¹

³¹ Under the Bank's guidelines, all office paper is transferred for shredding and recycling and all electronic waste is transferred for recycling by suppliers licensed by the Recycling Corporation.



In 2022, 659.9 tons of waste were sent for recycling and controlled treatment, as follows:

Leumi’s definitions	Units	Leumi 2022
Cardboard	Tons	35
Paper	Tons	445
Electronic waste	Tons	143
Oil separator extraction waste	Tons	36.9
Total waste treated	Tons	659.9


Leumi’s paper consumption amounted to 516 tons, a total increase of about 39% compared to the last year’s paper consumption figures. 100% of the paper waste generated by Leumi is recycled. In 2022, paper waste sent for recycling amounted to 445 tons.³² Bank Leumi increased the electronic waste it generated by 9% compared to last year. 100% of the waste was sent for further controlled treatment and landfilling.

Water consumption

According to the nature of the Bank’s activity, most water consumption is intended for office purposes.³³ To correctly monitor and manage water consumption, a water leak detection and neutralization system is installed in Leumi. In addition, smart water taps were installed in all branches and in most headquarters units. Hence, and through additional water saving control, the Bank’s water consumption has remained consistent over the years. The total consumption for 2022 amounts to approx. 119,000 m². Normalized in relation to the number of employees, the water consumption per Bank employee is approx. 14.7 m².

“Green” procurement³⁴

The Leumi Group works to have in place a responsible supply chain that has a positive impact on the environment. In order to achieve this the Bank reviews suppliers’ conduct in terms of corporate responsibility (such as environmental aspects). Leumi’s procurement activity mostly includes the ongoing purchase of products and services for projects, for all of Leumi Group’s functions, on an as-needed basis.³⁵

 For more information about Leumi’s Statement on Responsible Procurement, see the Bank’s website

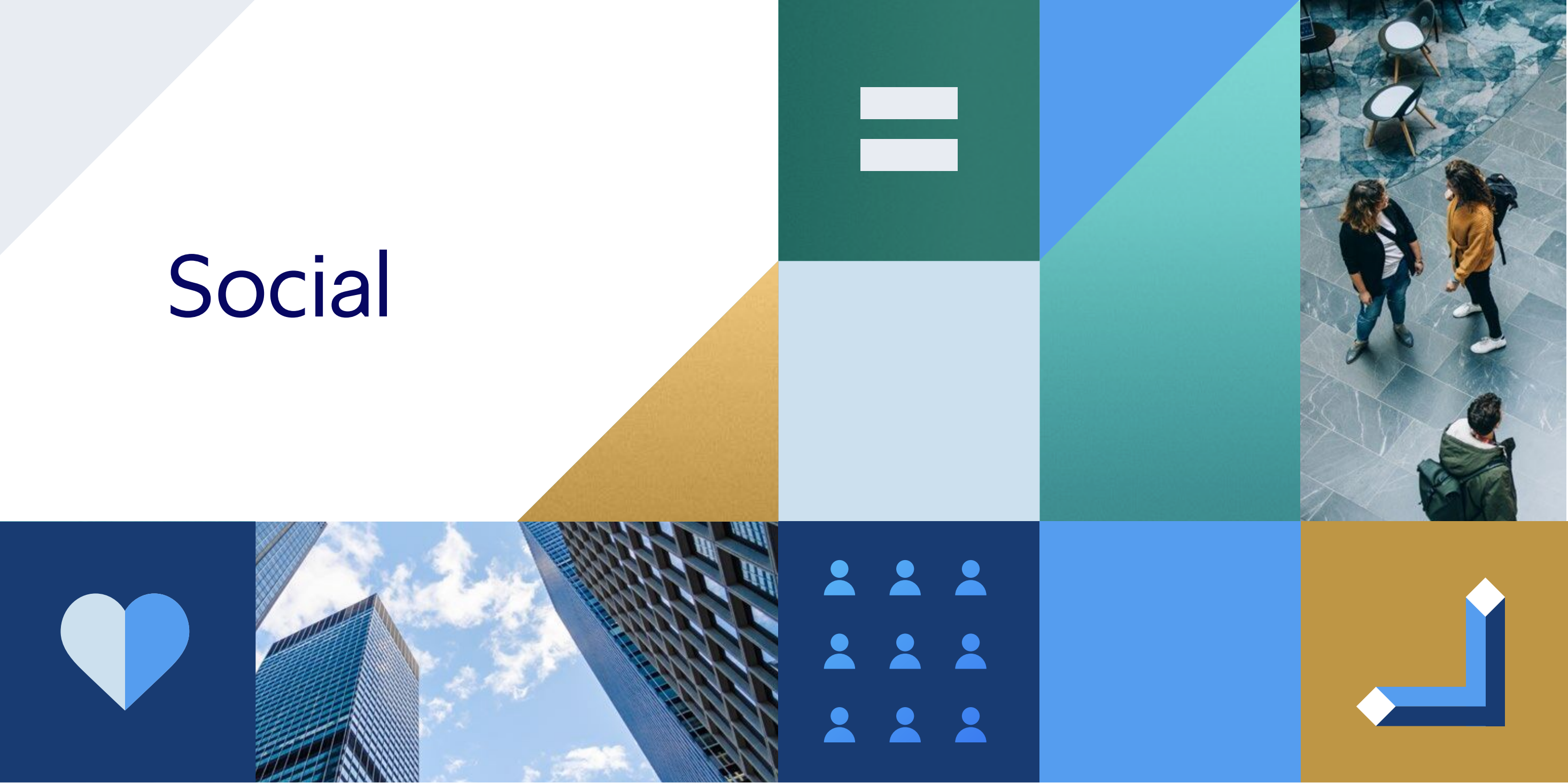
As part of the steps the Bank took to promote diverse procurement and to increase the Group’s positive impact through procurement, Leumi launched a number of initiatives:

- Promotion of green procurement: in order to reduce the adverse impact its activities have on the environment, the Bank works to use recycled materials, and energy-saving and environmentally-friendly products. Thus, for example, the Bank expanded the use of hybrid vehicles for its car fleet, since those vehicles consume less fuel.
- In 2022, the Bank’s green procurement amounted to approximately NIS 17.8 million.

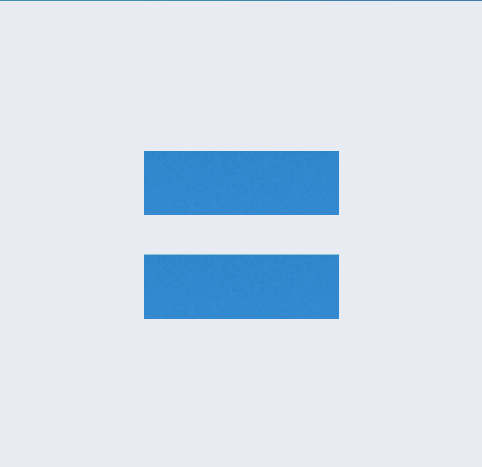
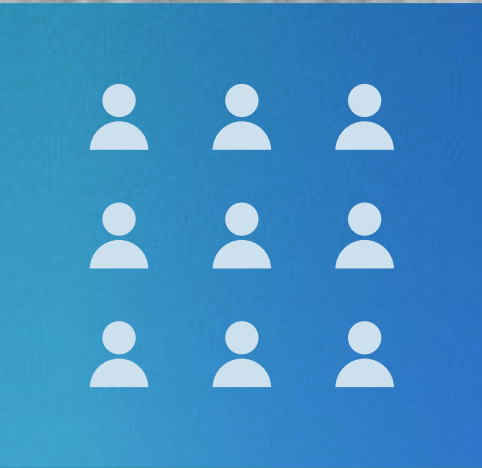
In 2022, Leumi made its central purchases from 756 suppliers that started providing Leumi with services in recent years and undertook meet the Bank’s fair employment environment criteria (employment terms, safety, etc.) and to meet environmental criteria.

32 Printing paper and envelopes; due to the process of scaling down its archives and the closing of branches, the amount of paper recycling at Leumi in recent years is higher than its consumption.
33 The water consumed by the Bank is water supplied by a distribution system also consisting of desalinated water depending on the area and the season.
34 GRI 308-1, GRI 308-2, GRI 3-3
35 The vast majority of Leumi’s procurement activities are performed by the Procurement Department of the Finance Division, which is responsible for the procurement procedures and execution of large transactions (hereinafter – “Principal Procurement”). In addition, procurement is carried out directly by the headquarters units and branches. The information in this chapter refers to the general procurement only, unless noted otherwise.

Social



→ Supporting the growth of Israel's economy and society → Innovation and digital → Investing in the community → Human capital



Leumi Group has an extensive effect on the development and robustness of the Israeli economy and its stability. As an organization working within the community, we recognize our responsibility to empower Israeli society and the economy and reinforce households, as well as to enhance the entities that drive the Israeli economy in a range of activities in the country. Leumi's activity for the society and the economy is a major part of the Bank's overall vision and strategy, including its ESG strategy, which was formulated in accordance with issues relating to all the Bank's stakeholders.³⁶

Leumi operates out of a sense of full responsibility for the Bank's customers and employees with a view to promoting and empowering society and the economy, bolstering the households as well as those factors driving the Israeli economy on different levels within Israeli society:

Economy – as a leading financial entity with a strong impact on the Israeli economy through the financing of infrastructure projects, supporting a range of sectors in the economy, such as high-tech, industry, commerce, chemistry, and food, in providing services with strong social and environmental value and in local and global procurement.

Customers – as an entity providing service to millions of customers in diverse segments with a strong focus on providing tailored and convenient, easy-to-use services, alongside a broad variety of cutting-edge banking and digital services and promoting small businesses.

Community – exerting an impact on the community in which we operate in order to nurture a better and more inclusive society, via donations and sponsorships for the future generation and senior citizens, and via thousands of employees who volunteer in a variety of activities for the broader society.

Employees – as an employer of thousands of employees, providing them with a stable working environment, enabling flexibility, and investing and developing its employees, while encouraging both personal and organizational excellence.

Leumi's social activity is based on the four SDGs for strengthening society and the economy (Goal no. 8) reducing inequalities (Goal no. 10), promoting increased financial education and making knowledge and skills accessible to the broader public (Goal no. 4) and also works to create gender equality (Goal no. 5).



Key strategic and business objectives within these four levels:



³⁶ GRI 201-1, GRI 3-3, GRI 2-23, GRI 2-24, GRI 2-25

NIS 35.7
billion in socially
responsible credit

Approx. NIS
38
million investment
in the community

Approx.
32
thousand volunteer hours

8,092
employees

61.1%
employed
women

Approx.
300
thousand training hours



Economy



Social credit

Leumi Group provides credit that advances social goals, thereby contributing to economic and social development. This activity is carried out in a diverse ways with diverse products, including adapting of credit products for small businesses, households, and individuals in a range of channels, including through digital means and using innovative data-based models. In this way, Leumi Group encourages the development of businesses, health infrastructure, social businesses, education and training infrastructure, and more.

Determining criteria for social finance

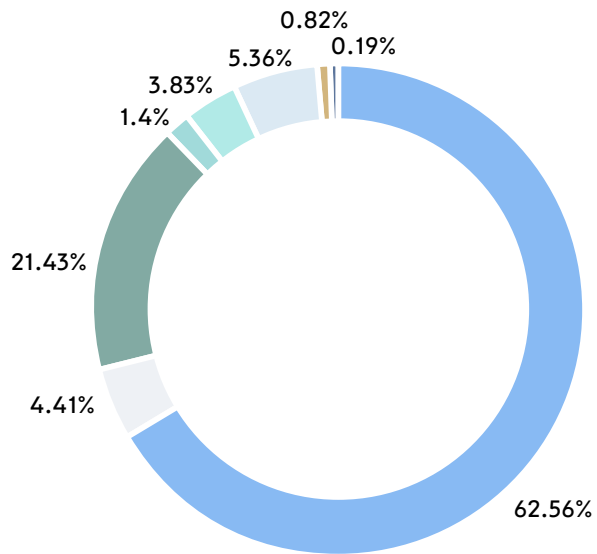
Bank Leumi invests extensive resources in financing projects with a social impact ³⁸ in outlying, peripheral areas (communities and councils belonging to socio-economic cluster 5 and below) and for social minority groups (in the ultra-Orthodox and Arab sector, people of Ethiopian descent, new immigrants, people with disabilities). The Bank focuses on financing in the following areas:

- Infrastructure projects (such as drinking water, sewage, energy)
- Essential services in education areas
- Essential services in health areas
- Nutrition security and sustainable food systems
- Socioeconomic advancement and development
- Affordable housing

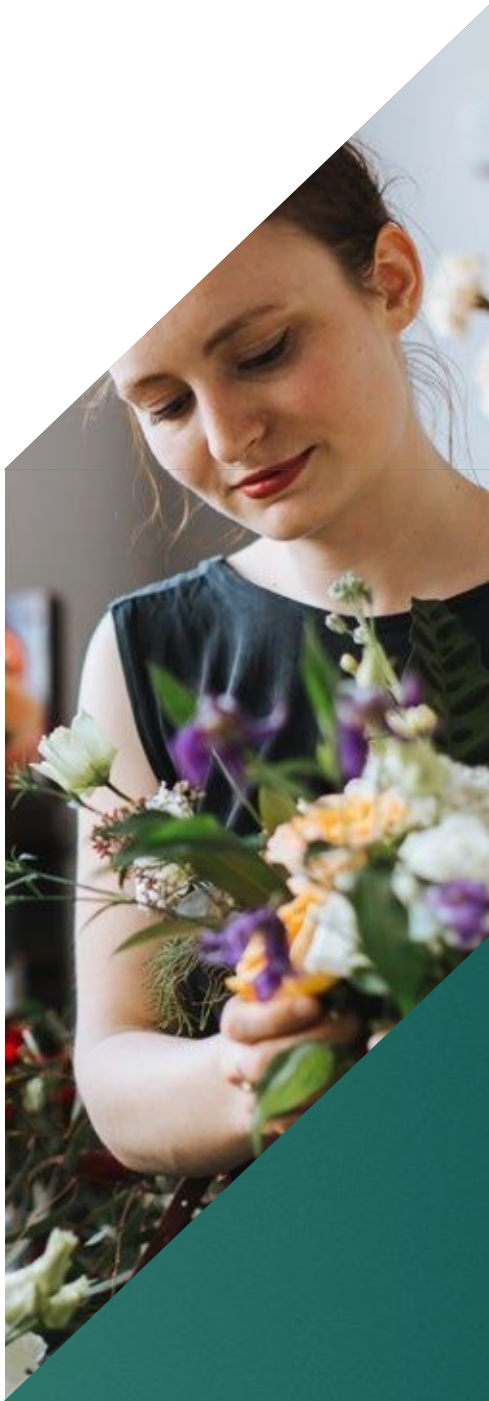


37 GRI 203-1, GRI 203-2, GRI FS-6, GRI FS-7, GRI 3-3
38 In accordance with the ICMA SBP standard
39 Criteria for defining social funding were updated in 2022 and now include completely new categories. Material discrepancies among the data are in accordance with the methodology.
40 Of which, NIS 22 billion for affordable housing, reported for the first time

In 2022 NIS 35.7 billion in credit was granted to promote social issues³⁹



- Socioeconomic advancement and development
- Food security and sustainable food systems
- Affordable housing⁴⁰
- Essential services - education
- Essential services - health
- Infrastructure projects (such as potable water, sewage, energy)
- Assisted living
- Other





Leumi leads investment in first social bond in Israel

Bank Leumi and Social Finance Israel (SFI) are engaged in a long-term strategic partnership. SFI was founded in 2013 with the objective of promoting capital injection to solve social problems in Israel by the use of innovative funding instruments. SFI, which operates as the first social investment house in Israel, is developing the social impact investments sector in Israel and works closely with public, business and social institutions. Since its establishment, SFI has raised more than NIS 60 million in investments.

In 2015, Leumi invested 50% of the total investment (anchor investor) in the first social bond of its kind in the world in the field of higher education. The Leap for Education bond works reduce dropout rates, mainly among computer science students. 754 students participated in the four courses, the dropout rate was reduced by 40% in

comparison to the period preceding the start of this program. By the end of the 2022 academic year, some 140 students, who were not expected to complete their studies, had done so and gained an academic degree, and it is estimated that by the end of the program this number will increase to 200. Many of the graduates come from Israel's social and geographic periphery, from Arab society and are the first generation to gain a higher education. In light of the program's success, an additional social bond was raised and the intention is to expand to additional academic institutions.

In 2022, Leumi once again served as an anchor investor, investing more than 50% of the total investment amount in the Developers Institute career bond. The program provides 11 months of training in high-tech professions for 180 participants

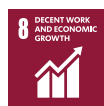
(from the Ethiopian community as well as new immigrants arriving in Israel due to the war in Ukraine). On completion of the training period, the participants receive close mentoring, career advice and support to help them find jobs in the industry.

According to an SFI study, the contribution of all the computer science graduates to the Israeli economy is estimated to be NIS 3.86 million, and that by the end of the program the contribution to the Israeli economy will exceed NIS 700 million, which is a X100 return on investment!

In both investments, Leumi Group is expected to recover its entire financial investment with an excess return.



For more information about Leumi's Statement on Credit and Investment Considerations see the Bank's website.





Promoting the business sector

Reinforcing businesses

Bank Leumi provides banking and financial services to the leading corporations in Israel, including in fields such as construction and real estate, infrastructure, industry, transportation, chemicals and technology. The Group's ability to provide financing and services to these corporations has made a crucial contribution to the growth of the economy, subject – of course – to regulatory restrictions.

The services provided by the Bank include, among other things, ongoing financing according to the customers' needs; financing investments to maintain and expand operations; providing financing solutions in the area of international trade; financing and supporting national and international projects; financing mergers and acquisitions; organizing syndicates; financial instruments to hedge against currency risks, interest risks and changes in commodity prices; investment services and capital market activities.

Initiatives and measures to support business customers

Solar loans for small businesses – with the objective of promoting the use of green energy by small business owners, businesses that own properties where solar energy panels can be installed may be eligible for a loan of up to 100% of the value of the solar installation. In 2022, 552 loans in a total amount of NIS 190 billion were provided.

Government Guarantees Fund – For more than ten years, financially viable small and medium businesses that have the potential to grow and create new jobs in Israel, but which struggle to obtain credit, have been benefiting from state-guaranteed loans. As part of this collaboration, whose objective is to support and promote the Israeli economy, Leumi extends loans to businesses from a range of sectors, with the objective of enabling them to fulfill their potential and contribute to employment and output. In 2022 a total of NIS 119 million of loans were provided in the coronavirus fund.

Leumi-Koret program to promote small businesses in the periphery – Under the program, Bank Leumi has been granting loans at preferential terms to small businesses in the periphery since 2009, with the aim of encouraging the development in the economy and creating jobs for new immigrants and senior citizens in the periphery. In 2022, the Bank extended 73 loans at the total amount of NIS 26 million.

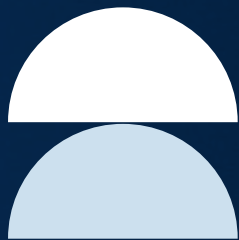
Businesses fund – in the wake of the outbreak of the coronavirus pandemic, the Government of Israel decided to set up a dedicated loans fund, the principal aim of which is to support businesses that encountered cash flow difficulties due to the pandemic. The fund, that was set up in 2020, extends loans against state guarantees. The loans are extended for a period of one to five years with an option for a grace period of up to 24 months. During the first year, interest on the loans is paid by the state. In 2022, we continued to provide 188 loans for businesses in the fund, amounting to an overall total of NIS 62 million.

Financing environmental infrastructure projects – in 2022, Leumi participated in the financing of several projects with a positive impact on the environment, such as the establishment of renewable energy facilities, fast lanes for public transport (including electric buses), public transport, desalination, waste and effluent treatment.

Open Banking service for businesses – Leumi operates a service enabling customers to share information with various institutions in order to receive service from them. The service is open to single-signature corporate accounts. The Bank manages and processes financial information and makes it available to CFOs in business companies.

Conferences for business customers – During 2022, approximately 20 conferences and professional seminars were held for thousands of business customers, in order to improve the knowledge available to them and become better acquainted with them and their needs.





Promoting technological innovation in Israeli society

Leumi's strategy is based on the understanding that the world as a whole, and banking in particular, is undergoing a technological and digital transformation. As a bank leading an approach of convenient, innovative and cutting-edge banking, Leumi is constantly striving towards initiative and leveraging innovative business opportunities. Therefore, Leumi implements initiatives arising from the needs of everyday reality while providing a solution involving risk management in the various areas of activity, via joint ventures aimed at advancing Israeli high-tech.

Financing of and contribution to the development of Israeli high-tech

Leumi regards Israel's high-tech industry as the key growth engine in the Israeli economy, and as such, for years it has been providing banking services specially tailored to the needs of Israel's developing high-tech industry. LeumiTech works to advance Israel's high-tech industry both in its activities in Israel and globally, providing consultation, credit, transfers, foreign exchange, securities and derivatives, guarantees and more. LeumiTech became a partner in the growth and launch of many Israeli high-tech companies, some of which have become unicorns over the years.

In addition to the financial tools provided by LeumiTech, Leumi collaborates, supports, and sponsors entities that encourage the founding of startups with social value, such as:

Fin Teka – in 2022, Leumi established a subsidiary dealing in how to enable FinTech companies to engage with banks. The new company, FinTeka, enables financial companies and startups, which comply with the terms and conditions of the regulation, to securely connect to the Bank's systems, and in return for payment it can use the broad variety of services and capabilities that the Bank has to offer in diverse fields. Furthermore, Leumi will then offer its customers the opportunity to benefit from services to be developed by those FinTech companies found to be relevant for this.

The Garage venture for the development of Israeli startups – as part of the innovation strategy, in early 2022, Leumi invested in an innovative initiative, in collaboration with leading Israeli high-tech entrepreneurs. In this framework, Leumi invested in a new venture capital fund, Garage Ventures, which will form and support FinTech, cyber (FinSec), data and ai startups. The fund aims at investing in ventures seeking innovative technological solutions to problems and difficulties in the financial domain and will invest both in early-stage companies which have already developed a service or product and seed-stage companies.

Promoting joint ventures with FinTech companies – following on from the implementation of the Open Banking model,

we can point to a number of additional joint ventures:

- **Pepper** – in collaboration with Fibo – offers an online solution for tax rebates to employees, performed digitally and swiftly; the service allows employed persons to check whether they are eligible for tax rebates up to 6 years back, free of charge.
- **Pepper in collaboration with EcoBill** – payment of household bills directly from the app, providing insights and smart, swift bill payment.
- **Collaboration with Tarya Fintech Ltd.**, which develops an advanced mortgage system.

Good Company foundation – a venture capital investment fund with a social/ environmental mission that encourages start-up companies developing technologies intended to solve the world's greatest problems. The foundation has advanced activities focused on solutions for agricultural challenges (both in food and production) and challenges in the supply chain in partnership with LeumiTech, AGRO, ABInBev, Strauss and Smart Agro. As part of the cooperation with the fund, Leumi participated in several meetings with portfolio companies, took part in the fund's startup competition, etc.

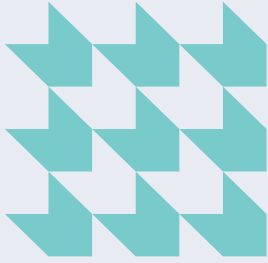
EIF Fund – As part of broader collaboration with the EU, the European Investment Fund and Bank Leumi are involved in a joint

venture to promote innovation – the details are provided in the Environment & Climate Chapter.

Leumi Tech's social partnerships – in addition to Leumi's financial contribution, LeumiTech employees help various non-profit organizations and communities by providing mentoring processes, lectures and training on topics related to finance and investment strategies, including joint ventures with:

- **Amit – Association of discharged IDF technology unit soldiers** – the association operates a model based on the advantages of a common technological habitat and previous acquaintance with a view to helping discharged officers from the IDF 81 intelligence technology unit to form technology companies.
- **YVCF – Young Venture Capital Forum** – a 250 member strong venture capital forum, including partners and managers from various venture capital funds. The forum aims to reinforce and nurture the development of the members into professionals skilled in venture capital investments, while improving professional knowledge and providing perspective on the industry and their network of contacts.





Social sustainable procurement ⁴¹

Leumi's procurement activity consists mainly of the ongoing purchase of equipment, products and services both for the Bank's current operations and for projects carried out in all Leumi units, as required. ⁴² Leumi's Procurement and Real Estate Department identifying suitable suppliers, conducting negotiations, entering into engagements and managing ongoing relationships therewith. As part of Leumi's policy, the procurement system prioritizes local products, gives priority to businesses from the periphery and small businesses, and sets threshold conditions for ensuring the compliance of suppliers with standards in such as prevention of bribery and corruption and fair employment conditions.

From time to time, refresher processes are implemented, along with the application and instruction of the procurement policy and the relevant procedures, as well as a discussion on diverse relevant issues and training on legal and other issues.

The Bank continuously initiates and promotes various measures to promote green procurement in order to reduce the adverse impact its activities have on the environment, using recycled materials and energy-saving and environmentally-friendly products. For example: expanding the use of hybrid vehicles which consume less fuel and examination of the use of electric vehicles (EV), electricity supply from an electricity provider based on natural gas, recycling paper waste, use of smart and economical lighting. Furthermore, Leumi signed an ESG index agreement with Reuters.

The Bank prefers the use of local to foreign suppliers and also encourages suppliers from outlying areas. Moreover, it encourages procurement from employers who employ people from underemployed populations, businesses owned by people with disabilities, etc., and it also encourages procurement from small and medium-sized suppliers.

Suppliers conduct evaluation ⁴³

The Leumi Group works to have in place a responsible supply chain that has a positive impact on the community. Suppliers who started providing Leumi with services in recent years have undertaken to meet the Bank's fair employment environment criteria (employment terms, safety, etc.) and to meet environmental criteria.

As part of the agreements signed with the suppliers, Leumi requires the suppliers to comply with the labor laws and fair business environment towards their employees:

- Safeguarding the health and safety conditions of their employees, as required by law.
- Taking responsibility, undertaking obligations, laws or debts for which an employer is liable or might be liable towards its employees, including national insurance payments, income tax or other tax or levy deductions of any kind, wages as defined in the Wage Protection Law, 1958, severance pay as defined in the Severance Pay Law, 1963, any payments for annual leave or under the Work and Rest Hours Law, 1951, payments and provisions to any provident funds or insurance funds, trade unions and all social benefits and payments of any type and kind, under any law, agreement and collective agreement, and all payments under the replacements to the said laws and any law that comes in addition to them or in their place.
- To comply with the labor laws relevant in cases of companies that provide the Bank with security, cleaning and catering services, while periodic random checks are conducted by an external, paid qualified inspector on behalf of the Bank.

- Whenever an employee's rights are breached, the relevant professional unit contacts the employer, and the Bank demands immediate treatment of that breach. In accordance with the severity of the breach, the Bank monitors the actual implementation of the rectification. When it emerges that the breach has not been rectified – the issue is transferred for the relevant legal treatment and on occasions the contractual engagement with those companies might even be terminated.

As part of the agreements signed with its suppliers, Leumi demands that they comply with the provisions pertaining to access. Furthermore, this matter is examined as applicable – during the process of selecting a product in which this is relevant, such as ATMs for example, where accessibility aspects are examined.

Suppliers who started providing Leumi with services in recent years have undertaken to meet the Bank's fair employment environment criteria (employment terms, safety, etc.) and to meet environmental criteria. In relevant projects, an environment appendix is attached to the contract.

Furthermore, new contractors sign a master agreement that refers to the environment.



For more information about Leumi's Statement on Responsible Procurement, see the Bank's website

⁴¹ GRI 414-1, GRI 414-1, GRI 3-3

⁴² The vast majority of Leumi's procurement activities are performed by the Procurement Department of the Finance Division, which is responsible for the procurement procedures and execution of large transactions (hereinafter – "Principal Procurement"). In addition, procurement is carried out directly by the headquarters units and branches. The information in this chapter refers to the general procurement only, unless noted otherwise.

⁴³ GRI 414-1, GRI 414-1, GRI 3-3



93%

of the procurement amount
was locally sourced ⁴⁴

1.4

Procurement from Israeli start-ups
amounted to NIS 1.4 million

756

Leumi made purchases
from 756 suppliers

66%

of Leumi primary suppliers were SMEs;
approximately 35% of total procurement of
the Bank was made through these suppliers ⁴⁵

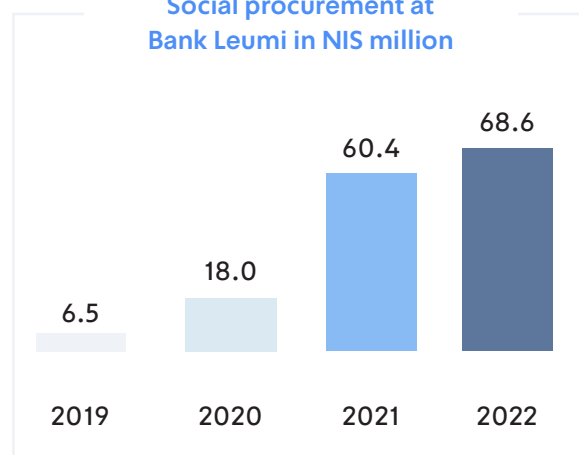
68.6

Social procurement amounted to NIS 68.6 million,
from suppliers employing people from underemployed
populations and from social businesses

17.8

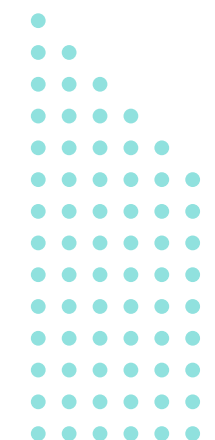
NIS 17.8 million in green procurement
(contributing to improved
environmental performance)

Social procurement at
Bank Leumi in NIS million



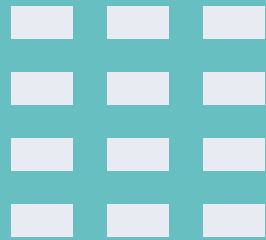
⁴⁴ 204-1

⁴⁵ The suppliers contracted by Leumi are classified as follows: small suppliers – businesses with 0–20 employees;
medium suppliers – businesses with 21–100 employees; the data pertains only to Bank Leumi.



Customers

Promoting innovation to ensure the most convenient customer experience



Leumi's service concept is based on the provision of personal, available, comfortable, professional and fair service, with an emphasis on providing quick solutions to Bank's customers, while ensuring that service cycles are closed. In recent years, Leumi has led an effort to provide innovative banking solutions for its customers, as such, diverse tools and products are examined and integrated in order to improve the value proposition for its customers.

We promote digitization processes and use of advanced data and models to enhance the customer experience and availability for the customer, in the spirit of customers' expectation for a readily available service and for an immediate response to most financial needs that arise.

Innovative service platforms

- **PEPPER** – the first banking platform of its kind in Israel, providing retail banking services, from opening an account to conducting a variety of common banking transactions, such as loans, deposits, credit cards and investment in securities, using digital channels only. Pepper uses advanced technology and collaboration as a key differentiation means versus the competition, in order to expand its product value proposition to customers. Pepper offers customers all banking products – including credit products, savings, transfers, debit cards and more – anytime, anywhere, through mobile phones, digitally and independently. The products have been made accessible using a convenient and user-friendly interface, adapted to each customer's personal needs, using simple language.
- **VIDEA** – a subsidiary engaged in digital portfolio management, managing customers' funds using an innovative algorithm. It offers online, transparent, straightforward investment portfolio management.
- **"Leumi Business" digital platform** – with a view to improving customer experience, Leumi launched a new platform specially tailored for the needs of its business customers. The platform enables business owners to gain a full snapshot of their company's financial activity; the platform offers a wide variety of services and actions designed to both streamline and make easier the opening and current management of business accounts; it also combines all the business

accounts in Leumi into one display containing all the customer's activity (in its shekel and foreign currency accounts, securities, etc.).

- **Mortgage by Zoom** – in an innovative, unique move, Leumi launched a service enabling customers of all banks to conduct a personal consultation session with a mortgage banker via Zoom, and to embark on an all-digital mortgage application process without needing to arrive at a branch in order to sign the documents.
- **Mortgage recycling by Zoom** – a fully digital process for mortgage recycling, without the need to actually go to the bank branch, thus significantly shortening the process.

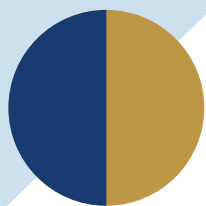
Digital developments for the most convenient customer experience

During 2022, Leumi continued to develop new tools for a more convenient and accessible service experience for its customers. Among others, the following tools:

- **Open Banking** – Leumi regards the open banking reform as an opportunity to expand the value proposition for its customers; it enables them to look at all their financial information in one location, including non-banking credit cards and accounts from other banks, and as such to gain access to a full financial snapshot.
- **Effective account management insights for customers** – presenting advanced insights that help the customers to manage their financial activity, a deposit offer that is tailored for the customer's specific characteristics, the addition of advanced search capabilities and providing the opportunity for a minor to open a digital account (16–18 year olds).
- **Digital services for credit cards** – the immediate use of a credit card that has been ordered on the app – on completing the ordering process it is possible to conduct transactions online and using the digital wallet, without the need to wait for a physical card; in addition, the following services are also offered: issuing a Fly Card and CAL credit card, joining clubs, ordering a replacement credit card for an impaired card, improving the method of displaying credit card activity, with a breakdown of categories and joining Google Pay via the Leumi app.

- **Making common authorizations and reports accessible** – such as, for example, tax withholding authorization, account management form, banking ID, etc.
- **Transitioning from one bank to another** – a new service on the secured website allowing customers to submit a request for transferring their financing activity from another bank to Bank Leumi. The service is also incorporated in the process of opening an account on the App, such that each client opening an account receives a link allowing them to transition to another bank.
- **Car loans** – a service allowing Leumi customers and prospects to receive a car loan offer digitally in an agency with which the Bank has entered into an agreement.
- **Debiting the foreign currency account when making purchases abroad** – a saving on the cost of purchases made abroad with Leumi credit cards by debiting the foreign currency account – "Buy in foreign currency and save money".
- **Opening an account for a minor** – adding the service of opening an account via the app for minors of 16–18 years old.
- **New search engine** – a smart search using the app that improves your ability to locate the required information on the app.





The Leumi Group strives to provide its customers with the knowledge and tools needed to optimize their use of the financial services available to them, including diverse financial products to enable them to engage in smarter, independent financial conduct that is personally tailored to their needs:

- **Pension consulting services and the capital market** – The Bank offers relevant customers professional comprehensive pension consulting services, which are tailored to their insurance, financial, and family needs, and their retirement plans. The Bank also developed an innovative digital service allowing customers of all banks to obtain – quickly, efficiently and free of charge – information about their pension assets: where such assets are managed, their accrued balances and management fees rates. During 2022, lectures were delivered on a variety of topics relating to the capital market and pension advice. Lectures were held, attended by 2,740 people.
- **Workshops for young families** – customer conferences allow Bank Leumi to provide a targeted response to different population groups, adapting useful information regarding the management of their household budget as well as the financial tools available to them such that they meet their needs. During 2022,

Leumi, in collaboration with the company “Otzar”, offered customers of all Banks household financial awareness workshops in which participants acquired practical tools for budget management. As such, 2 conferences were held attended by 160 customers from all the banks. Furthermore, the Bank offered young couples a lecture on the topic of mortgages, in which information was provided on the world of mortgages to 180 attendees.

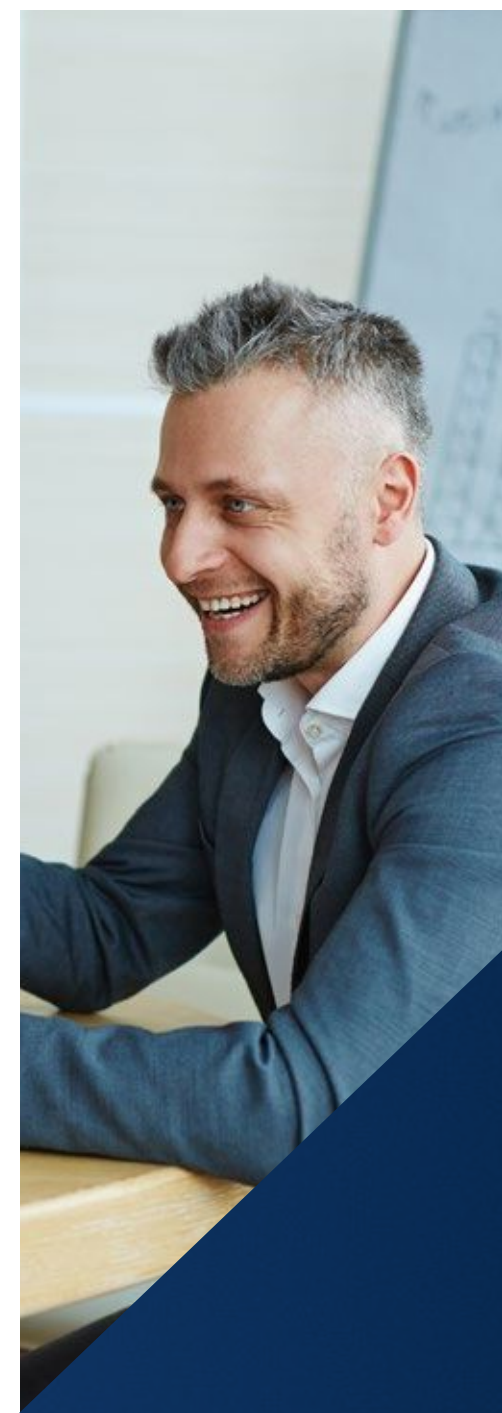
- **Simplifying customer information** – as part of the processes implemented by the Bank to improve customer services, it revised and redesigned notices sent to customers. The Bank revised and redesigned notices sent to customers about fees, exceeding the credit facility, and banking ID, simplifying the information and making it easier to understand, so that it became a useful tool for customers.
- **Encouraging customers to save and consumer awareness:** Bank Leumi helps customers to optimally manage their bank accounts to encourage saving, wise

consumption, and planning for the future. For this purpose, the Bank offers a wide range of deposits and saving accounts with multiple linkage tracks, various depositing dates and periods and variable exit points – in order to customize the saving process to suit the need of business customers.

- **Leumi Blog** – A content platform for articles and manuals providing financial information for business and private clients.



For more information about Leumi's Statement on Making Financial Knowledge Available, see the Bank's website.



Contributing to the growth of senior citizens

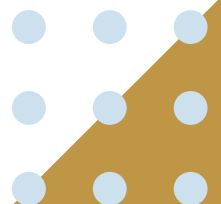
Leumi makes it its priority to adapt its services to senior citizens and to take part in social ventures for this population

In an era in which life expectancy is increasing and the senior citizen population continues to grow, Leumi has set a target to create an improved service package adapted to senior citizens, in line with Leumi's From Generation to Generation social policy. During 2022, for the first time in the financial establishment, Leumi launched a social initiative: **"Financial Safety for Senior Citizens"**, in which it offered elderly customers of all banks, a package of dedicated services to better equip them to contend with cyber fraud and safety issues as well as economic management specially tailored to people at this stage of life. The initiative was launched with a large campaign to increase awareness and generate exposure to this issue.

The initiative was created in view of the rise in fraud attempts and extensive media coverage of frauds and economic safety among senior citizens. Thus, Leumi decided to invest resources in ensuring financial safety and to raise awareness to this topic, and particularly to provide tools and knowhow to help contend with the inherent dangers of the internet, as well as additional issues too.

This initiative included:

- **A dedicated phone line for financial and cyber safety – *5360** – a phone line for inquiries of Leumi customers who have noted suspicious activity in their account.
- **"Live Zoom" workshops on information security** – for the prevention of fraud on the web with Leumi's cyber experts who teach how to safeguard personal data and to be aware of fraud on the web. 5 Zoom workshops were held attended by 2,500 senior citizens.
- **"Live Zoom" workshops on financial conduct** – given by bank branch managers, Leumi experts teach senior citizens about important issues related to managing a bank account of relevance to that specific population sector, including the importance of a partner in the bank account, power of attorney, guardian, etc. 4 workshops were held attended by 2,000 senior citizens.
- **Text messages informing customers about account transactions** – The Leumi On Time service enables customers to obtain information and updates on a variety of activities in the bank account via SMS messages.
- **Video clips and lectures** tips and tricks that help to protect against and prevent web fraud, that are provided via video clips to the public at large.
- **A guidebook on financial safety for senior citizens (written articles with relevant content)** 3 guidebooks specially tailored for the target audience to help safeguard and protect their bank account, on the following topics: increasing the safety level in the account, tips to safeguard the bank account, account management for senior citizens.
- **Financial Safety for Senior Citizens initiative conferences** some 550 senior citizens attended the first in a series of conferences, on the topic of preventing web fraud, at the end of the lecture they watched a presentation.
- **Promoting digital literacy** – Leumi continued to engage in an effort towards promoting digital orientation among senior citizens. In 2022, Leumi gave lectures to the elderly population in protected residences and retirement homes across Israel. The Bank gave these lectures in 10 retirement homes, and 3 Zoom lectures with 400 participants attending.



Assistance to underrepresented populations



Empowering women who are victims of violence

The banking system defined the “banking services accessibility” charter, which is a voluntary pact designed to support women who are victims of violence and stay in shelters and in transitional accommodation in tackling financial challenges they face. The pact aims to create a range of solutions and provide specific financial support that addresses the needs of those women, while strengthening the personal relationship between the banks and women housed in shelters by appointing dedicated contact persons who will be available to help the women.

Leumi supports the pact that was formulated and which supports women who are among the Bank’s customers who live in shelters in their financial dealings and the management of their accounts. Since in many cases the bank account in question is a joint account shared by the woman and her abuser, the support provided by the Bank includes, among other things, giving the account details to the woman, cutting and rescheduling debts, issuing credit cards, check books and more.

Leumi’s handling of this issue is carried out with the uttermost sensitivity; Bank’s employees who assist the women maintain their privacy and confidentiality and invest efforts and resources to support those customers and alleviate their plight.

In 2022 the Bank received and handled approximately 110 inquiries, which dealt, among other things with the unilateral removal of women from joint accounts and the opening of an account solely in the name of the woman, debt forgiveness in cases where debts were incurred due to financial violence, rescheduling of payments, education about proper management of a bank account and more.

Assistance to customers in crisis

Leumi strives to prevent customers from falling into debt and holds direct, sensitive, speedy and businesslike dialogues with customers in financial difficulty, by examining their individual ability to settle their debts, and striving to find the most convenient solution. This activity is carried out by meeting customers who have debts and through a range of services, such as a mortgage moratorium which is designed to alleviate the plight of those who purchased a property.

The debt collection process is gradual and tailored to the debt’s extent of arrears. First stage – up to 30 days arrears are dealt with in the branch. Second stage – arrears of 30 to 90 days are dealt with at the early collection call center, a dedicated call center to deal with customers – ensuring debt restructuring without increasing the degree of indebtedness to the Bank with the option of rescheduling and tailoring this to the debtor’s repayment capacity. Third stage – customers with an arrears in excess of 90 days – transfer to the Troubled Debt Center – initially involving efforts to engage in restructuring by banks, here too without an increase in the degree of indebtedness. In the absence of success – the case is then transferred to an attorney – and an attempt is made to reach an arrangement without a legal proceeding. In the absence of success – the case is then transferred for legal proceedings in accordance with the scope of the debt and the existing collateral. Throughout the entire duration of the process, the debtor receives SMS notifications and warning letters in order to reschedule the debt digitally, as far as possible, without the need to actually frequent the Bank’s premises and avoid legal proceedings.

The department continues to hold customer days with a view to reaching arrangements with problem debt customers. In 2022, more than 300 customer days were held in which in excess of 3,500 customers were dealt with and arrangements reached.

There is also a “Soldiers’ Charter” that relates to soldiers on mandatory military service and

those engaged in National Service who have encountered difficulty in repayment of the loan given to them by the Bank in accordance with the customary working procedures at the Bank, while complying with the changes in regulations from time to time. The Bank offers a number of different tracks while examining and taking into account the customer’s ability to service the debt today and later on.

Arab society in Israel

Leumi has 38 dedicated branches serving the Arab population, five of which are business centers and four are representative offices providing mortgages with an Arabic language service.

For the first time, this year a special policy was defined providing a dedicated response to the Arab population on the topic of mortgages.

For the first time, a joint venture with motor vehicle companies in Arab society for the purchase of a variety of (both new and used) vehicles.





In 2022 too, Leumi invested in the development and accessibility of products and services for Arab society:

- Further to value propositions in the paramedical field, a special package for newly-weds, this year the Bank offered new arrangements with the Israel Teacher's Union and Hot.
- Arrangements with local authorities.
- Value propositions for academic students studying abroad at all sites.
- More than 100 thousand SMS messages were sent to customers during the year via a system in the Arabic language making a variety of value propositions and banking operations accessible to customers, providing information on new products and new dedicated benefits through the Goodies benefits app, writing to the banker in Arabic, and more.
- Marketing and advertising for the Arab community, through a dedicated production in Arabic specially tailored for social media and the Arabic language, with the participation of Arab-speaking actors and bankers, in accordance with the unique needs of the community.
- For the first, time a campaign was launched for the Arab population dealing with mortgages.
- More than 1,000 participants in various conferences:
 - A conference organized by TheMarker and held in Nazareth for the Arab population, sponsored by Leumi
 - Conferences on business retention and growth among small businesses and the commercial sector
 - A conference for businesswomen in Nazareth in conjunction with the Jasmine NGO, for the promotion of businesses as a whole and in particular businesswomen in Arab society.
- Leumi played an important role in all the activity led by the Bank of Israel on the topic of financial education among Arab society. Some 15 managers took part in financial education training sessions in activity led by the Bank of Israel, in 15 communities within Arab society.
- Five video clips were published on the topic of financial education, led by managers from within Arab society, on social media and other digital channels for the Arab population.

Ultra-Orthodox society

Leumi attributes great importance to tailoring service to ultra-Orthodox customers for their unique needs, below are some details of the key issues involved:

- Technological development specially tailored for kosher phones – for conducting bank transfers and a code for cash withdrawals via the IVR system for individuals using kosher phones.
- Development of operational/regulatory voice messages in place of receiving a text message for kosher phones.
- Opening mortgage offices in Beitar Illit and Modi'in Illit.
- Creating dedicated arrangements for specific communities (such as loans for purchasing a seat in the synagogue).
- Sponsoring a DDOS (an ultra-Orthodox high-tech) community conference.





Accessibility



The Leumi Group works to make its services accessible through its branches and digital channel for all groups of Israeli society, irrespective of gender, religion, age, geographic location, or physical disability.

As of the end of 2022, Leumi has 199 branches used by the business lines of the Banking Division and the Corporate and Commercial Division (which include 11 branches that are open part-time and 2 mobile branches). The branches are located across the country; 37 branches are located at the heart of peripheral communities, in predominantly Ultra-Orthodox areas, and 43 in predominantly Arab areas. The vast majority of the Bank's branches and ATMs are physically accessible, in compliance with the regulations. The Bank also has dedicated representatives whose job is to make services more accessible among the ultra-Orthodox and Arab communities. All the digital products comply with the requirements of the Accessibility Law.

The Bank's accessibility points for its customers, focusing on underserved populations ⁴⁶

During 2022, the deployment of 94 bank receptionists and 61 digital representatives was completed, who are physically present at the branches and help to provide rapid solutions and carry out transactions via the Bank's digital channels and instruments. In addition, they help to provide service for conducting simple and rapid banking transactions for the customers.



For more information regarding the Statement on Accessibility for People with Disabilities, please visit the Bank's website.

Furthermore, accessible services via telephone, to increase accessibility to the overall population and senior citizens:

Expanding functionality

- Bank transfers via voicemail
- Announcing account activities according to a range of dates
- The system identifies a customer who has received a credit card and not yet activated it, and enables the customer to activate the card after authentication.
- A voice code for withdrawing cash from an ATM mainly for customers with "kosher" phones

Authentication

- Shortening processes for elderly customers, in the event of an authentication failure, the phone conversation is transferred to a banker without the need to engage in an additional identification attempt
- Authentication via by texted PIN – changing the location of the code, shortening the code and developing the ability for the code to be read out aloud
- Improvement of voice passwords

In 2022 a total of 2,000 documents and messages were made accessible, which constitute 80% of all the existing messages and documents. Moreover, numerous and varied instruction sessions were held on the subject of accessibility for people with disabilities, including: training for 60 digital representatives on accessible service in general and in particular on the automatic machines. Frontal, fun-filled training for 155 accessibility trustees focusing on invisible disabilities, training of more than 150 new bankers and bank receptionists on accessible service and existing modifications in the bank, immediately after they began to work, instruction of 40 employees from the cash center on the topic of working with employees suffering from hearing disabilities who man the call center. In addition, knowledge tests were distributed among all the Bank's employees, divided between headquarters and service providers, and 89% of the employees took these tests.



Community

Leumi for the community⁴⁷



For 120 years, Leumi has been working within and for the community, the social policy that was defined is “From Generation to Generation”, which focuses on the advancement of “tomorrow’s generation” in Israel’s social and geographic periphery (children and youth); it also provides support for senior citizens, particularly in the effort to combat loneliness and creating closer reciprocal relations between these two distinct populations.

In 2022, total investment in the community amounted to NIS 38 million, in favor of donations and social sponsorships for more than 120 entities. This amount includes the total donations and social sponsorships of Leumi and of all of the Group’s subsidiaries, budgets for employee volunteering activities, donation of equipment and employee volunteering hours.

4,400

of Leumi’s retiree employees and their families engaged in volunteer work in the community

7.2

volunteering hours on average for volunteer in Leumi

Approximately 32,000

volunteer hours were contributed by Leumi employees in various activities

Of all volunteer hours, 26%

were with senior citizens

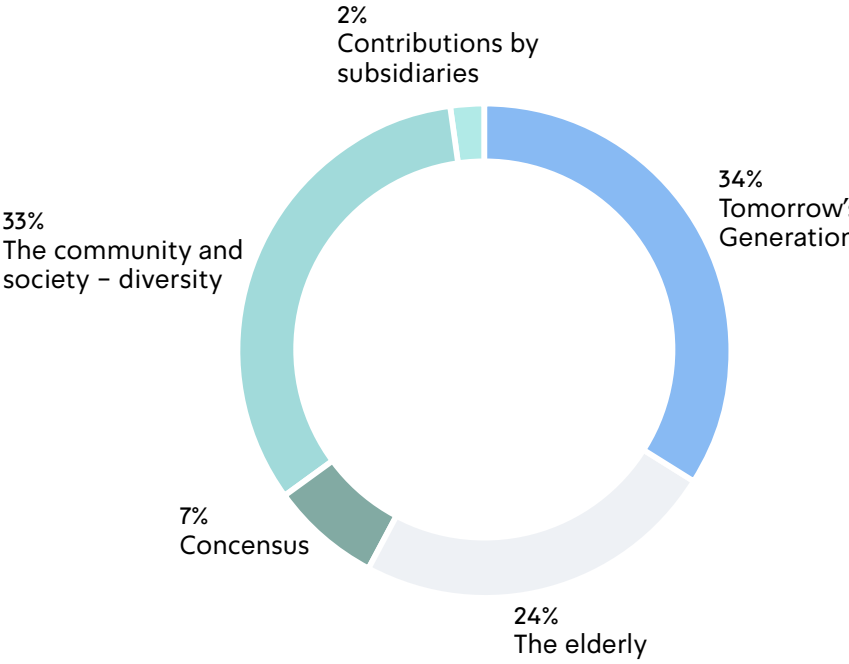
Donations and sponsorships⁴⁸
In 2022, Leumi Group investments in the community amounted to NIS 38 million, reflecting the Group’s social strategy alongside the advance of social issues of national consensus.

For more information about Leumi’s Statement on Investing in the Community, see the Bank’s website.

Leumi Group’s community contribution budget over time

Country	2019	2020	2021	2022
Israel	46.55	36	37	37.3
Foreign subsidiaries	1.45	1	1	0.7
Total	48	37	38	38

Breakdown of the budget invested in the community by area - in 2022



47 GRI 3-3
48 GRI 413-1



Long-term strategic partnerships

At the core of Leumi's work for the community,
Leumi has supported two major NGOs for the past two decades:

Follow Me! – Youth Leading Change

Leumi Group has been a supporting partner of the Follow Me! – Youth Leading Change NGO for the past 20 years, since 2002. Leumi Group is a key donor of the NGO and supports its activity in the outlying areas. As part of the collaboration, hundreds of Leumi employees volunteer in a wide range of the NGO's activities, including lectures on smart financial consumption for trainees, and financial mentoring for graduates and the association's management team. Follow Me! aims to increase the social integration of youth at risk by engaging in educational activities, developing their leadership skills, and providing them with tools for optimum integration into society. The non-profit organization operates about 400 groups throughout Israel, in which about 8,000 teenagers a year from all sectors participate, in approximately 150 communities across Israel: Groups for leadership and preparation for the army, matriculation learning centers, hiking courses, empowerment for youth of Ethiopian descent, military preparedness courses, community service communes, Nahal groups and an adult organization. Over the past 20 years, more than 60,000 trainees, including 2,200 from the ultra-Orthodox community, 8,100 from the Arab community, and 12,400 Israelis of Ethiopian descent and new immigrants participated in Follow Me! activity.

Over the past 20 years, Leumi has provided support amounting to more than NIS 100 million, through the volunteering of thousands of the Group's employees.

Effectiveness of the activity of Follow me! Youth Leading Change in 2022:

80% of the graduates were eligible for a matriculation certificate vs. 69% in the general population.

96% of the graduates join the army, vs. 69% in the general population.

58% of graduates over the age of 25 acquired higher education, compared with 37% in OECD countries.

84% The rate of volunteering among Follow Me! graduates amounts to 84%, compared with a rate of only 24% in the overall population.

The integration of Follow Me! members in the job market:

79% of graduates over the age of 31 are employed in the labor market.

56% of the association's graduates work in the private/business sector.

37% are employed in the public sector (about half in security and education).

7% work in the voluntary sector.

36% of the graduates did a year of service/military preparedness courses, compared to 11% in the general population.



Atidim NGO

Friends of Atidim is Leumi Group's second strategic social partner since 2005. The NGO promotes social mobility and equal opportunity for outstanding individuals among girls and residents of outlying areas, and has set a goal of enabling them to reach positions of excellence in the IDF, industry, high-tech and public service. Atidim runs a series of programs from high-school age both as part of the formal and informal educational programs, through the army and higher education programs which eventually lead to quality employment opportunities.

Since 2005, Leumi has donated more than NIS 50 million to support the various Atidim programs.

Some 15,000 young people participate in all Atidim programs annually, and its graduate organization boasts more than 8,000 graduates.

Young Atidim programs

In recent years, Leumi Group has focused on Young Atidim programs intended for girls and youth in eleventh and twelfth grades in geographical outlying areas. These programs focus on personal development and skills of relevance for the 21st century, alongside exposure to meaningful service in the IDF and academic study, and they encompass study of technological capabilities that are directly connected to their eventual application in the IDF, for example: the Lehavim program in Beer Sheva, Ort Braude Academic College of Engineering in Carmiel, Yeruham, Kfar Galim and Ashkelon. The students study in depth the topic of UAVs, including aeronautics, mechatronics, software, alongside soft skills such as leadership, teamwork, etc.

The matriculation and psychometric examination results of the students reflect the significant improvement in their achievements, and there is a substantial increase in the number of students from outlying areas accepted to the IDF Academic Atuda program.

Effectiveness of the activity of Atidim in 2022:

12,414 students from the periphery participate in the various programs of Atidim, of which 51% are girls.

30% of the Atidim graduates come from the geographically peripheral communities in Israel.

1,543 The Atidim in Industry program 1,543 male and female students study engineering topics and computer sciences at universities and colleges, 88% of whom are studying at university and 47% are young women.

90% graduated with a practical engineer's degree and started to work after their studies in the field they studied.

Soldiers to High-Tech program

This program provides an entry pass into the world of high-tech, for (both male and female) combat soldiers for a period of five years from their date of discharge from the IDF; by the end of 2022, some 750 combat soldiers had been trained in 30 courses, and 80% of them had found initial jobs in high-tech positions.



Employees' volunteer work in the community ⁴⁹

An essential element of the Leumi Group's view on its responsibility toward the community in which the Group operates is reflected in the employee's involvement with social issues and their community volunteer work. Leumi employees who volunteer in their community consider this a true mission, and they stated that volunteering gives them a sense of personal fulfillment and a sense of pride and affinity with Leumi.

Approximately 32,000 volunteer hours in the community and more than 4,400 volunteers; below is a summary of the main activities:

The guidelines for the Leumi employees' volunteer work are:

- Acting within the community, focusing on "generational" activity among children and seniors.
- Long-term and significant participation in the community.
- Diverse volunteer work that varies in its scope and nature, based on the volunteers' skills and the community's needs.
- Encouraging volunteer work among organizational units that volunteer together, which contributes to their sense of affinity with the organization.
- Including Leumi retirees in volunteer work and increasing the volunteer work that includes the employees' family members and children.

Below is a description of the unique volunteering projects we completed:

Financial education and enrichment activities

- **Lectures and workshops for members of the Follow Me! organization** – approx. 100 lectures on financial topics and empowerment on a countrywide basis
- **Mentoring on financial topics** – as part of the strategic partnerships with Follow Me! and Friends of Atidim, about 100 mentoring processes for young people and students from geographically outlying areas and the social periphery were held.
- **Financial workshops with the Nitzozot – Shiur Acher NGO** – for elementary schools as part of the annual activity, 720 students attended 28 8-session workshops.
- **Financial Awareness Month** – lectures on financial conduct in conjunction with the Nitzozot – Shiur Acher NGO and additional NGOs – 2,600 students attended 87 lectures in 32 schools across Israel.
- **Activities with the Machshava Tova NGO's technology center** – accompanying the youth groups and running the Summer Tech summer school

Activities for senior citizens

- **Distribution of aid packages for the winter with Latet (one of the largest NGOs operating in Israel to reduce poverty and food insecurity)** – a venture now in its 5th year. In 2022, Leumi donated 1,600 aid packages to the needy, containing double duvets, sheets and warm clothing.
- **Activity designed to preserve the memory of the Holocaust with the Zikaron BaSalon (Memory in the Living Room) NGO** – some 90 "living room memory sessions" were held in the Bank's branches and headquarters units across the country, organized by the Bank employees and in conjunction with members of the Follow Me! organization.
- **The Sha'a Tova project financing home repairs for the needy** – a venture established by Midroog and under the sponsorship of Leumi, which for the third year running now provides a solution for elderly citizens in need of repairs at home and who are unable to finance them. In 2022, the Bank funded repairs in the homes of 952 people in need, at a total cost of approx. NIS 200 thousand.
- **Trips for senior citizens** – During the year, 30 trips were organized and funded by Leumi. Some 1,350 senior citizens took part in them and they were accompanied by volunteers from Leumi from the Bank's pensioners. Paid for by Leumi and in conjunction with senior citizen clubs in the Tel Aviv, Lod and Jerusalem municipalities.
- **Workshops on digital tools for senior citizens** – in 2022, 5,378 beneficiaries participated in 70 workshops led by Leumi volunteers. In collaboration with Machshava Tova NGO – which works to reduce social gaps through technology.
- **A venture supporting employment for women of 60 years of age and beyond** – providing tools and helping women in the 60+ age group to earn a living independently, to adjust to the digital world and to create a domain for business activity. In cooperation with the Yozmot Atid NGO that works to reduce social inequality among women.



Diverse activities for society and the economy

- **Distribution of food packages to the needy** – as part of the Kimcha de Pischa project for the distribution of food packages ahead of the Passover and the religious festivals in Arab society, 5,500 food packages were donated by Leumi and distributed to the needy.
- **Etgarim summer camp for people with disabilities with the Etgarim NGO** – since 2017, Leumi has sponsored an Etgarim summer camp for children and youth. More than 1,000 children and teenagers with physical, mental, sensory and cognitive disabilities from all corners of the country and various populations attend the camp.
- **Summer volunteer project for parents and children assisted by the Ruach Tova organization** – about 300 parents and children went to volunteer in 20 different activities aimed at involving the employees' children in community volunteering and to serve as an example of community involvement and good citizenship.
- **Preparation of costumes for the Chimes association** – For the Purim holiday, Leumi employees prepared costumes for 190 children with disabilities. The costumes were prepared specially for each child and tailored to their wishes, measurements, and devices.
- **Gedolim Bemadim ("Great In Uniform")** – joint activity of Leumi and the Yad LaYeled HaMeyuchad ("Lend a Hand to a Special Child") NGO in conjunction with the IDF Duvdevan battalion for youth with disabilities, to undergo a process of integration in the IDF and joint activities with Leumi volunteers.
- **Collection of medications as part of a joint venture with the Haverim Le'Refuah ("Friends for Health") NGO** – as a follow-on to the significant financial donation for over a decade to the Leumi Fund, through which medicines and medical equipment are donated to the needy, and containers for collecting medications and medical equipment are donated for senior citizens in need, containers for collecting used or expired medications were deployed in all the Bank's headquarters' facilities.

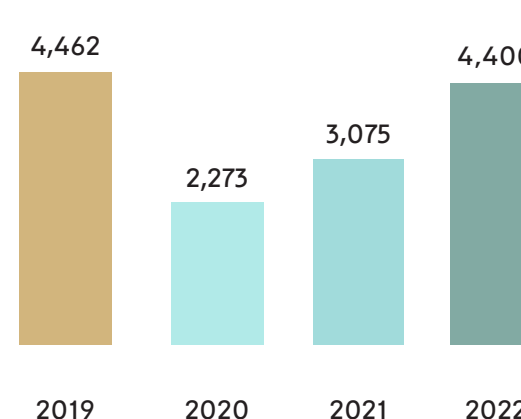
Measuring the effectiveness of investing in the community⁵⁰

Leumi is examining the effectiveness of its activity in the community, including its compliance with goals, based on predefined indicators derived from the social policy dictated by the Bank's Board of Directors. The volunteering activity of employees is managed and the data on the scope of the volunteering are monitored according to number of volunteers and volunteering hours. Furthermore, the effectiveness of the significant contributions is monitored according to the objectives and goals of the relevant NGOs, in conjunction with the involvement of employees at the relevant locations in order to maximize the partnership between the NGO's activity and Leumi.

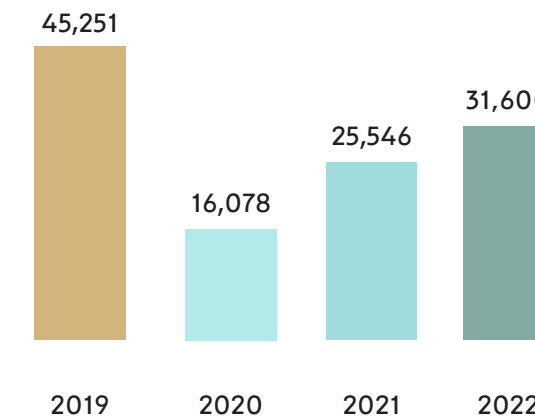
	Objective	Status	Details
Objectives for 2022	Increasing the number of volunteering employees by 15% compared to 2021	Done	4,400 volunteers 143% increase compared to 2021

Volunteering by employees⁵¹

No. of volunteers



No. of volunteer hours



⁵⁰ The above volunteering figures include Bank Leumi only

⁵¹ The decline in the scope of volunteering in 2020-2021 resulted from limitations due to the coronavirus.

Employees



Leumi employees⁵²

Leumi’s most important resource is the employees, and they are the force that drives the Bank forward towards success, and that is why we attribute great importance to investing in them and in their professional development, while adapting their knowledge to the changing world of banking.

Leumi’s employees benefit from the leading value proposition in the financial system alongside a pleasant, caring, and empowering work environment.

In 2022, Leumi emphasized promotion of a culture of excellence, along with a holistic view of the employee. Accordingly, Leumi employees benefited from a wide range of development programs and benefits:

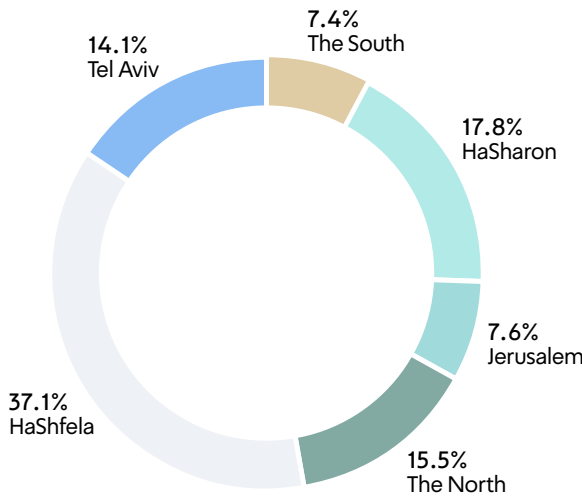
- Diversity, inclusion, and equal opportunities
- Fair compensation
- Employee retention
- Development and training
- Employee experience and wellbeing
- Two-way communication
- Proper Work Relations

Diversity, inclusion, and equal opportunity⁵³

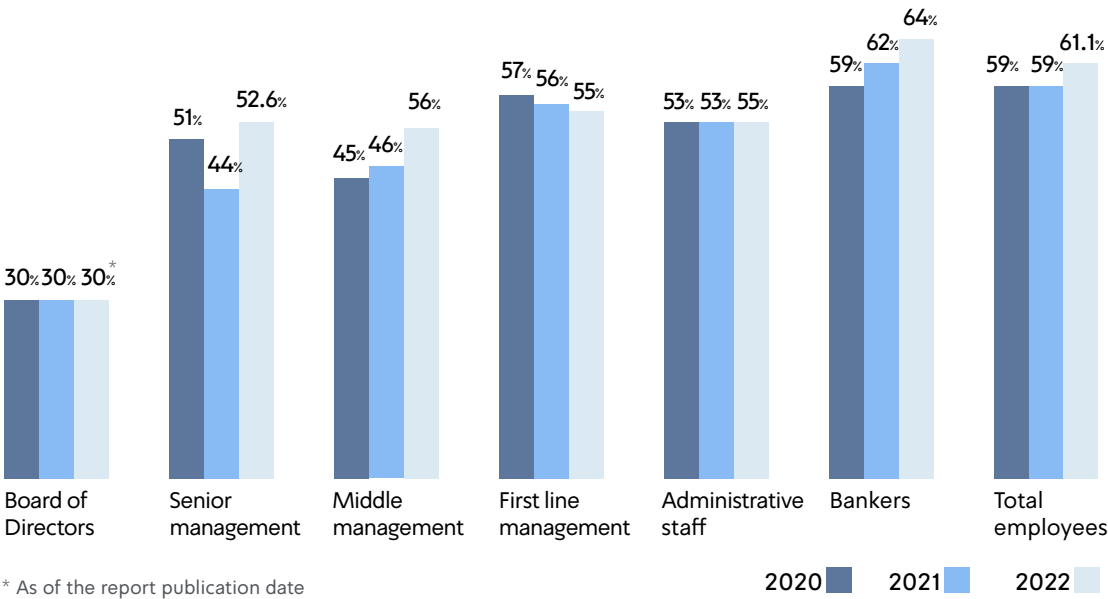
Leumi Group and its employees are a microcosm of Israeli society and therefore reflect a occupational diversity. Employment diversity contributes to the advance of innovation and creativity at Leumi on the one hand, and creates equal opportunities for different populations in Israeli society, on the other.

Leumi Group employs 8,460 employees in all areas of Israel and abroad, of which 61.1% are women and 38.9% are men.⁵⁴ 82 employees, who constitute 1.01% of all Group employees in Israel, are employed in a part-time position.

Geographical distribution in Israel of Leumi Group’s employees



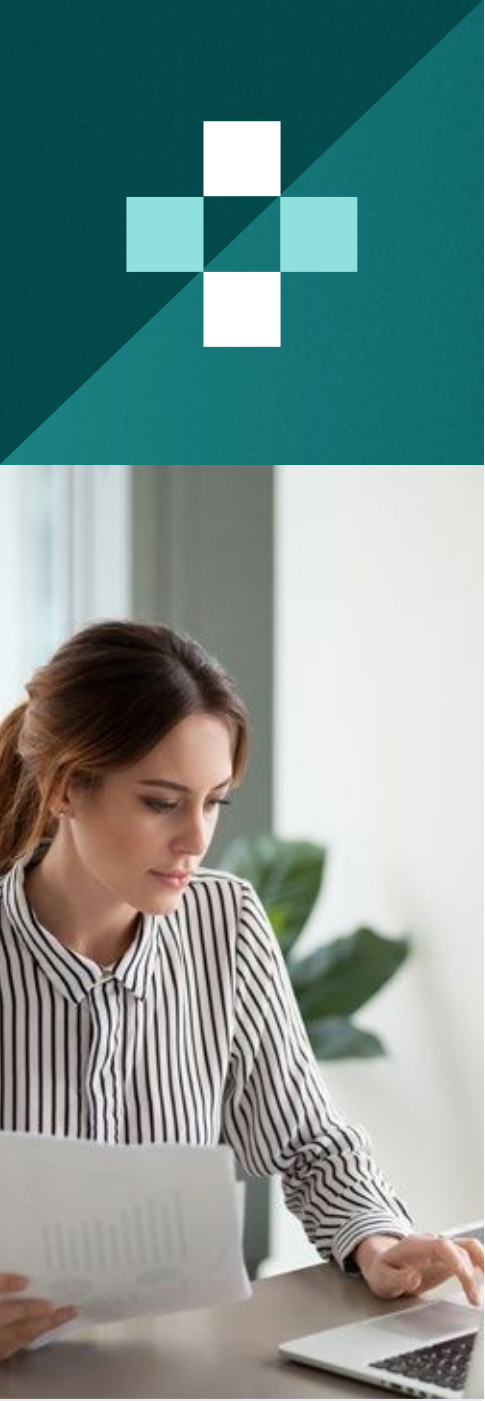
Percentage of Women at Leumi by Rank



Gender equality in Leumi Group⁵⁵ (% of women)

	2019	2020	2021	2022
Leumi	61.1%	60.8%	60.5%	61.5%
Subsidiaries	59.1%	57.8%	61.3%	60.2%
Foreign offices	42.7%	40.6%	42.4%	34.0%
Leumi Group	60.0%	59.3%	59.1%	61.1%

52 GRI 2-7, GRI 3-3
53 GRI 202-2, GRI 405-1, GRI 405-2, GRI 3-3
54 Leumi Group includes Bank Leumi and its local and foreign subsidiaries.
55 Commencing from 2022, all the subsidiaries are presented. In previous years, only the data of material subsidiaries was presented.



Breakdown of Leumi employees by age, rank and gender for 2022 ⁵⁶

No. of senior executives

Age	Women	Men	of women %
Up to age 30	0	0	0%
Aged 31–50	26	22	54%
Aged 51+	34	32	52%
Total	60	54	53%

No. of senior managers

Age	Women	Men	% of women
Up to age 30	0	0	0%
Aged 31–50	772	189	59%
Aged 51+	329	291	53%
Total	606	480	55%

No. of first-line managers

Age	Women	Men	of women %
Up to age 30	1	2	33%
Aged 31–50	570	437	57%
Aged 51+	152	143	52%
Total	723	582	55%

No. of bankers

Age	Women	Men	of women %
Up to age 30	958	295	76%
Aged 31–50	1880	1263	60%
Aged 51+	753	438	63%
Total	3591	1996	64%

Group total

Age	Women	Men	of women %
Up to age 30	959	297	76%
Aged 31–50	2753	1911	59%
Aged 51+	1268	904	58%
Total	4980	3112	62%

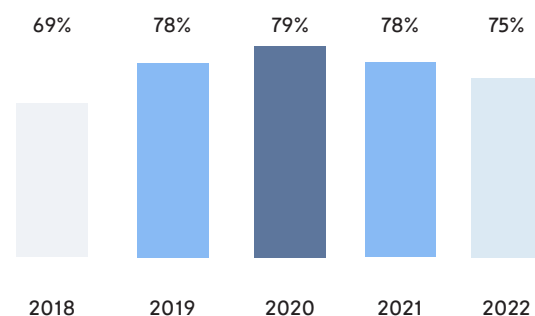
Average age of Leumi employees in 2022 – 42.9

56 GRI 2–7, GRI 405–1, GRI 405–2

Hiring high-quality employees

Leumi strives to hire quality employees in accordance with the demands of the specific position and the requisite skills, and remains in constant contact with various entities in order to locate potential candidates of quality for the various vacancies. As such, Leumi has created joint ventures with the following institutions: Tel Aviv University, Reichman University, the College of Management Academic Studies (COLMAN), the Ministry of Labor, and the Follow Me! unit supporting the NGO's graduates, as well as the BDO College of Finance.

College Graduates at Bank Leumi, over the Years



College graduates at Bank Leumi by gender and rank, 2022

Percentage of college graduates out of all employees	75.4%
Percentage of bankers	65.4%
Percentage of managerial staff	97.6%
Percentage of women	73.4%
Percentage of men	78.5%

Promoting employee diversity in 2022

7%
of Leumi employees
are from under-represented populations and constitute 5.6% of the management staff at the Bank.

6.7%
of Leumi's employees
are from the Arab community; 25.9% of them are managers.

22.4%
of Bank Leumi's branch managers
are from the Arab community.

20%
of all employees
hired by the Leumi Group in Israel were people from under-represented populations.

Leumi attributes great importance to recruiting and retaining diverse human capital, and as such, it acts to expand the employment of employees from diverse populations in Israeli society.

In order to achieve these goals, a number of dedicated programs were set up, and numerous actions were taken to engage in diverse recruitment, such as:

- Partnership in a diversity and inclusion forum with a variety of companies from across the Israeli economy in order to create an opportunity to learn from our colleagues, and vice-versa.
- Participation in professional conferences.
- Engaging with various organizations, such as: Taasuka Shava (for people with disabilities), Rian and Hachven (Arab society) and the Forum for Egalitarian Employment on behalf of the Ministry of Economy and Industry.
- Working together with Temech in order to advance initiatives to recruit female employees from the ultra-Orthodox community in banking centers.

Joint ventures to encourage the recruitment of employees with disabilities ⁵⁷

- **Or Yerushalayim** – in 2022 also, Leumi continued its activity in the venture of the Or Yerushalayim NGO, to employ people with disabilities in various jobs, with the accompaniment of professional counselors from the NGO, Imagestore and Leumi's professional unit.
- **Esek Shave** – Leumi is involved in a program to integrate employees with hearing disabilities in the banking centers in cooperation with Esek Shave, a tri-sector initiative (business, public, social) to promote the professional and academic employment of people with disabilities. The course is accompanied by an interpreter at all times.

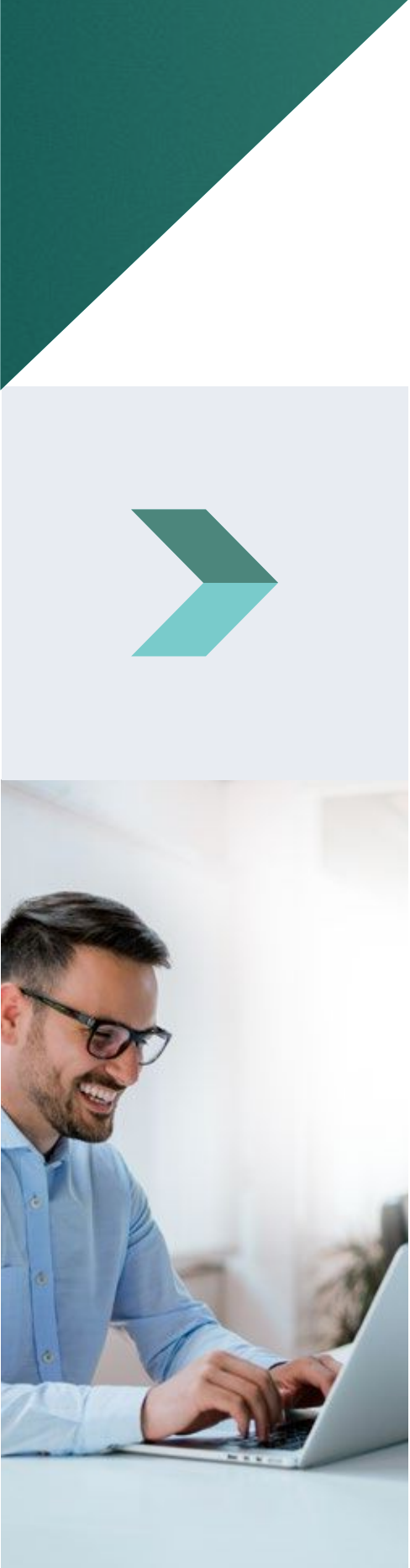
- **Beit Eckstein** – The Banks developed a program together with Beit Eckstein, under which employees on the autistic spectrum are employed in dedicated positions at the Bank.

Hiring employees from the ultra-Orthodox society

As part of the integration of underemployed populations in the Bank's core and technological professions, Leumi advanced two significant hiring projects in 2022:

- **Training ultra-Orthodox women for technology positions** – in 2022, 73 female employees from the ultra-Orthodox community were hired for coding and technology positions. The employees received training for development in different programming languages, and were integrated into development teams in a range of positions.
- **Integrating the ultra-Orthodox as bankers in Bank Leumi's banking centers** – Leumi's banking center has set a goal of providing a solution to the needs of those within the ultra-Orthodox community who work and seek to find a place within the labor market. During 2022, 66 ultra-Orthodox employees were taken on to work as telephone bankers at the Bank Leumi banking centers; the candidates undergo a training process that provides them with a deep level of professional knowledge of the world of banking, along with tools to contend with the world of service and sales; the center offers them a career path in order to create a long-term future for them at the Bank.

⁵⁷ GRI 405-1, GRI 405-2, GRI 3-3



Contract Workers⁵⁸

Leumi obtains services from employees of manpower agencies, service providers and software companies in various positions. These workers are employed by the manpower agencies and software companies, rather than by Leumi. Following are examples of these services:⁵⁹

- Employees from manpower companies: tellers and office workers.
- Outsourced workers: Employees of software companies who usually work off-premises, providing computer and software services to Leumi, Daily Digital at the branches, etc.

As at December 31, 2022, Leumi received services totaling 290 positions from contract workers. As part of the Bank's policy and according to its professional needs, Leumi sometimes hires contact workers as employees.²³ Bank Leumi ensures that all contract workers are employed under the conditions required by law and that there is no violation of the rights of contract workers in the following actions:

Under engagement contracts signed by Leumi with manpower agencies, the latter are obligated to declare that they have a valid license. One of the license conditions is that in the five years preceding the license application, the applicant or senior officer employed by it have not been convicted of an offense due to the severity of which it is inappropriate to work as a contract worker.

- An external wage inspector prepares periodic audits of the employment terms of contract workers, including an audit of payroll data and compliance with legal provisions.
- As required, legal opinions are prepared regarding the contractors' compliance with labor laws.
- Claims submitted by contract workers against the contractor for violation of their employment terms are monitored regularly.
- Any case in which the rights of contract workers have been violated, of which the Bank is made aware, is addressed fully and promptly by the public inquiries division, the professional unit, and the legal counsel.
- When there is a repeated breach of the provisions of a contractor agreement and/or the provisions of the law, the Bank will terminate the contract with the contractors who did not comply with the required standards.

Non-discrimination, harassment and bullying at work⁶⁰

Leumi views incidents of discrimination very seriously, and deals with them immediately and thoroughly. Any complaint by a candidate or employee, even if no longer employed by Leumi, regarding discrimination on any grounds whatsoever, is examined in depth by the relevant parties.

The Bank's compliance program on

labor laws also deals with the issue of discrimination, and once a year, the Human Resources Division issues a reminder on this topic to all relevant functions, such as the Recruitment Branch for example, which deals with the recruitment of new employees, and HR managers at the Bank who deal with existing employees. In any instance in which a complaint is filed or an inquiry is received from an employee or a candidate regarding a claim of discrimination, the issue is checked in depth by the Human Resources Division and if necessary also in conjunction with the Legal Counsel Division, the internal auditors and additional functions. If discrimination was actually found to have taken place, the Bank adopts all the requisite measures to deal with the matter, to prevent any future discrimination and to learn the relevant lessons from this incident.

- In 2022, very few claims of gender-based discrimination were received at the Bank. All the claims were thoroughly examined within the Bank and addressed, and lessons were learned if necessary. A few claims on the subject were heard by the Labor Court.
- In 2022, several sexual harassment complaints were filed, which were addressed by the sexual harassment prevention officer in accordance with the Prevention of Sexual Harassment Law.

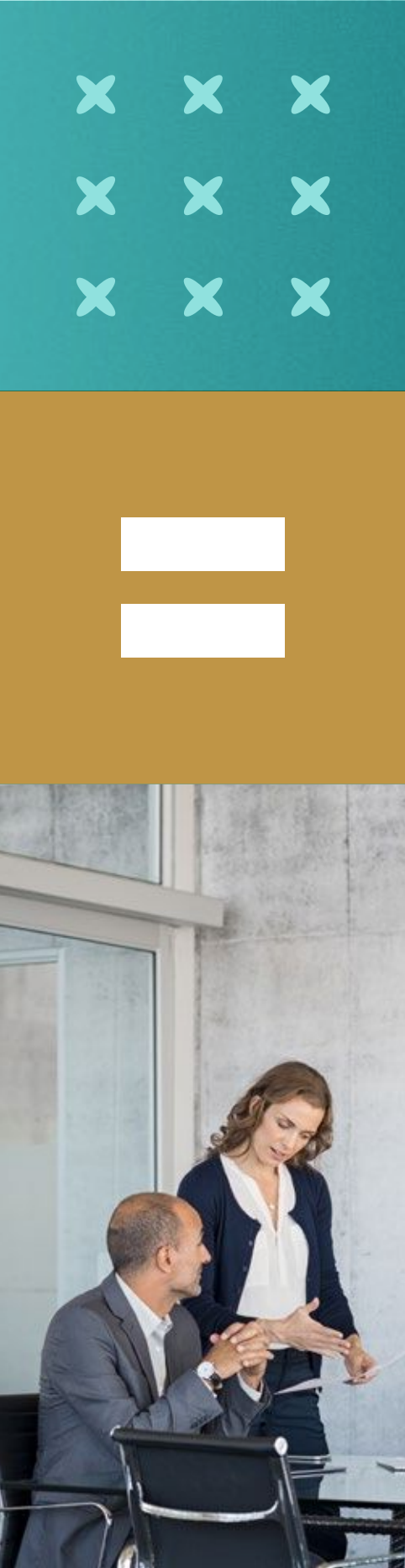


For more information about Leumi's Statements regarding Employment, see the Bank's website.
For more information about Leumi's Statement on Discrimination, equal opportunity and Employment Diversity, see the Bank's website.

⁵⁸ GRI 2-8, GRI 3-3

⁵⁹ For further information on how Leumi operates to ensure fair conduct of suppliers and the responsible procurement practices of the Bank, see p. XX.

⁶⁰ GRI 406-1, GRI 3-3



Fair compensation ⁶¹

Leumi employees benefit from a wide range of benefits that are part of the compensation package. The compensation package includes a monthly salary, expanded pension terms, travel expenses, per diem, subsidized health and dental insurance, holiday gifts, newspaper and summer camps, financing of academic studies for children of employees, as well as a wide range of subsidized activities for employee welfare.

Leumi operates with complete fairness and full transparency with respect to employment terms and conditions for its employees. Salary terms are based on professional and practical criteria. The Bank rewards its employees based on performance, irrespective of other personal characteristics, such as gender, religion or nationality.

Each year, the pay gaps between men and women are examined, divided up into groups based on the employee's grade and area of activity. The data is published, as required by law, every June, publicly on the Bank's website and a letter is also sent to each and every employee stating to which group he or she belongs and what the pay gaps are in that group. The survey is conducted annually and encompasses all the Bank's employees. Furthermore, when engaging in organizational compensation activity, checks are made to see if there are gaps between men and women in terms of the average amount of compensation, and also whether or not there are gaps in the rate of promotion between men and women.

The report published in June 2022 indicated wage gaps ranging between 5% in favor of women and up to 11% in favor of men, in the taxable income impacted by components such as shifts, overtime, etc. Having said that, in terms of pensionable earnings, the gap amounted to only 2%. Furthermore, during the last round of compensation, the rate of average promotion was inclined in favor of the women.

Pay gaps, if they do exist, mainly result from personal parameters, such as seniority, overtime, shifts and being on call. In the past, the compensation policy was mainly based on employee seniority, so that gaps were created over the years. In the last two years, there has been a significant change in the Bank's compensation distribution policy, which includes a link between compensation and employee performance, which is designed to lead to a reduction in wage gaps between men and women over the course of time. In addition, Leumi has uniform wage tables for men and women, in order to prevent wage gaps when onboarding new employees.

In 2019, the Bank sign a new collective agreement pursuant to which the minimum monthly payment in respect of contributions paid to women and men was increased to NIS 6,000, and in July 2021 the amount was increased to NIS 6,200.

Compared to 2021, in 2022, there was a 4% year-on-year decrease in the ratio between the maximum monthly salary and the minimum monthly salary paid by Leumi. ⁶²

In 2022, the highest wages paid by Leumi were 12 time the median wages per employee. In 2021, this ratio stood at 1 to 11.4. In 2022, the median wages of Leumi employees increased by 19% on average compared to the previous year. ⁶³ This is compared with a 6.5% increase in the wages of the highest earner in the Bank.

In 2022, 41% out of the 10% employees at the highest pay grade in Leumi were women.

With regard to previous years, there are no significant differences in the ratio between the average wages of men and women. Furthermore, in new employee recruitment at the Bank, there are no significant differences between men's and women's wages.

⁶¹ GRI 202-1, GRI 3-3, GRI 2-19

⁶² In this section, salaries denote taxable income, less bonuses; for further information regarding the wage data of officers, see the Financial Statements.

⁶³ The average median wage per employee was calculated by excluding the highest salary, according to the requirements of the GRI Standard.

Employee and talent retention programs at Leumi

Career management at Leumi - Leumi has an online system which allows employees (bankers and managers) to view available positions at the Bank and apply for them. This platform encourages employees to take an active part in their career management, increases transparency and reflects Leumi's aspiration to promote, develop and retain its employees. During 2022, 1,549 placements were made by employee transfers.

Reskilling program

In view of the changes in the world of technology and digital that have a direct impact on the labor market as a whole, and employment within the banking sector in particular, and which are manifested in the new requisite skills and competencies, Leumi decided to launch the Shift reskilling program. This was based on the belief in and understanding of the need for internal recruitment before all else. The reskilling process creates a win-win situation for the employee, enabling him or her to make a career change along with a feeling of development and growth; it also serves the organization that is then able to channel its internal workforce into areas with specially tailored requirements and capabilities. In practice, Leumi was the first to proceed with this kind of program and also won the prize of excellence from the Human Resources Association for this. In 2022, there were shifts in professions such as: mortgage advisors, data analysts, investment advisors and systems analysts.

Programs for the retention and development of work-related skills (Upskilling)

In addition to the Shift program, programs were developed for retaining and improving organizational competency, and adapting it to the constantly changing world of labor. As part of the Upskilling program, Leumi trained its workforce during 2022 in a variety of proficiencies, such as: data analysis, development of internal resilience, requisite skills for carrying out the job, etc. Furthermore, courses are held within the organization that enable the employees to obtain a qualification certificate in certain non-banking professions that are not included in their specific job description; the aim here being to contribute to the employee's personal development and provide a springboard for a potential future career, the program includes courses such as: mediation, training, NLP, home-styling, etc.

⁶⁴ GRI 404-3

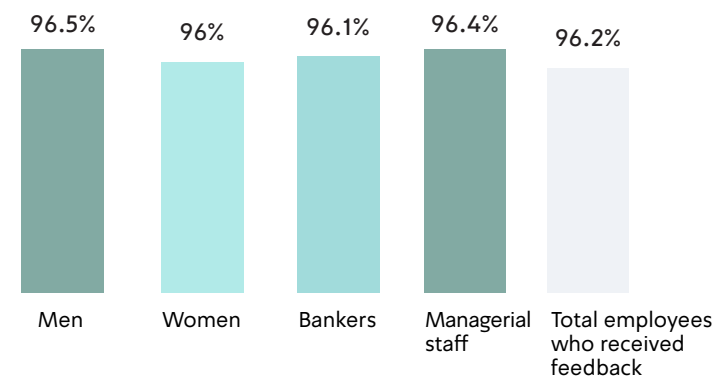
⁶⁵ The percentage calculation of feedback recipients at Leumi Group is based on the percentage of feedback recipients out of the total number of potential participants in the annual assessment process.

Employee feedback and assessment ⁶⁴

As part of the annual employee review process, structured feedback meetings are held twice a year for the employees: an annual assessment talk and a "check-in" talk held every six months. The feedback meeting is held as part of the annual assessment process, both as a tool for supporting decision-making and as a tool to improve performance, development and professional empowerment. The assessment meetings are structured, and include reference to the employee's meeting the targets for the past year, while setting targets and focus points for the forthcoming year. Most of the process takes place between the employee and his/her line manager; the process provides the line manager with the opportunity to give feedback about the employee's performance and quality of work, manage mutual expectations looking forward, and discuss possible ways to continue learning and developing. The assessment and feedback processes are accompanied by a support framework of workshops, lectures and additional tools (website on knowledge management, a collection of examples relevant for goal setting, etc.) for both managers and employees, in order to help with the smooth and effective implementation of these processes. Stress is placed on the inherent opportunity in these processes for providing a frank evaluation, to develop and improve performance looking ahead, to increase the employee's sense of belonging, and in general - to promote both organizational and personal excellence. The assessment processes encompass all the Bank's employees. Furthermore, at the yearly halfway point, a check-in process is conducted, the aim being to have a conversation on advancing the annual goals and providing an additional opportunity for an open dialogue.

96.2% of Leumi's employees who took part in feedback and assessment processes in 2022.

The breakdown of employees who took part in feedback and assessment processes in 2022 by gender and role: ⁶⁵



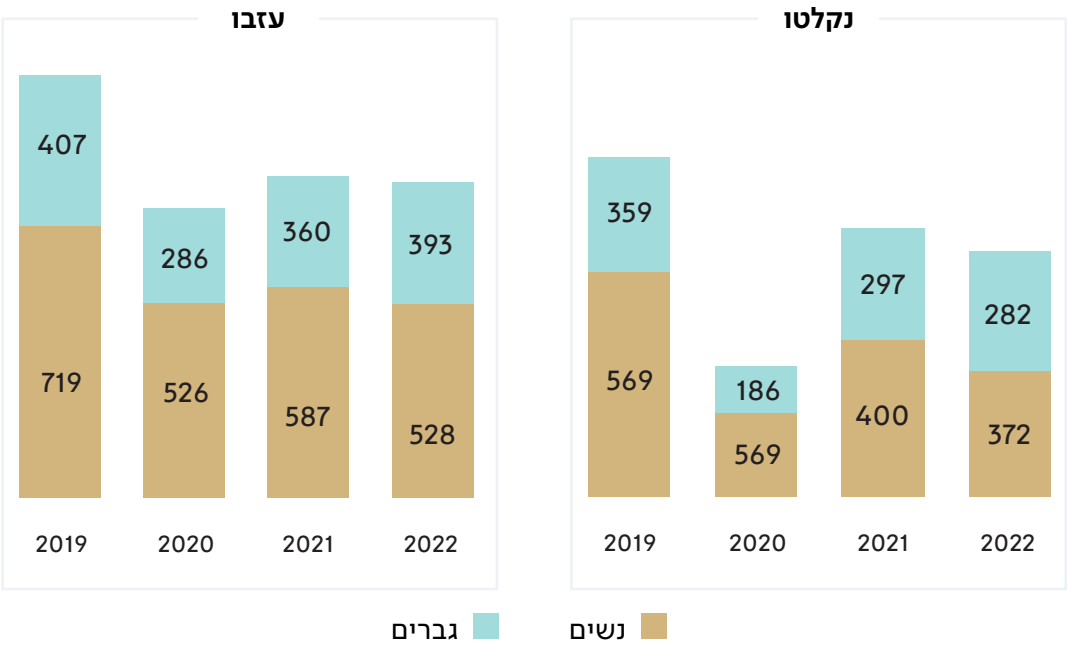


שביעות רצון עובדים

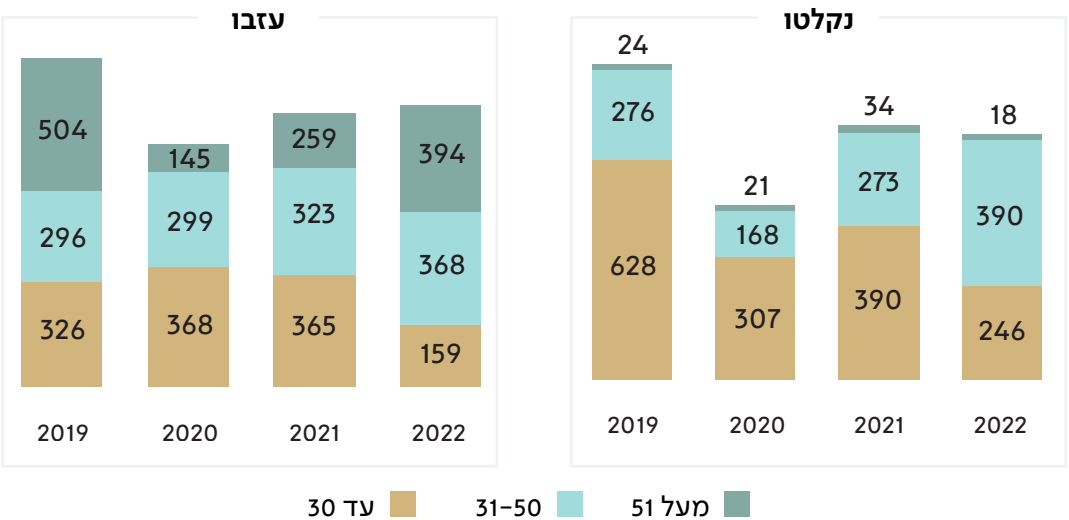
שביעות רצון ומחבורות עובדים נבחנת מדי שנה באמצעות סקר מחבורות (PULSE) שנתי המועבר לכלל עובדי הבנק. תוצאות הסקר מנותחות בחתכים שונים, על פי יחידות, דרגים, ועוד. תוצאות הסקר מהוות כלי ניהולי עבור מנהלי יחידות לכל אורך השדרה לקידום מחבורות וחווית עובד. הסקר האחרון הועבר באפריל 2022 ובו השתתפו 4,668 עובדים, המהווים כ- 55% מכלל עובדי הבנק. תוצאות הסקר הועברו לחטיבות כבסיס לשיח ניהולי ולגיבוש תכניות פעולה בהתאם.



תחלופת עובדים בלאומי לפי מגדר



תחלופת עובדים בלאומי לפי גיל



תחלופת עובדים⁶⁶

אחד המדדים של לאומי לתרבות ארגונית טובה ובריאה הוא היכולת של הבנק לשמר את עובדיו המוכשרים והמיומנים לאורך זמן.

בשנת 2022 שיעור העזיבה⁶⁷ בלאומי עמד על כ- 6.9% בהשוואה לכך, במסגרת תכניות לשימור עובדים מצוינים אחוז העזיבה עומד על 2.7%.



⁶⁶ נתוני תחלופת עובדים מתייחסים לבנק לאומי בלבד. GRI 3-3, GRI 401-1
⁶⁷ שיעור העזיבה מחושב בניכוי מט"ל ופורשים.



Breakdown of employee departure at Leumi in 2022, by Reason ⁶⁸

	Retirement	Termination	Resignation	Death	Total
Women	243	80	204	1	528
Men	172	54	166	1	393
Total	415	134	370	2	921

Absence Days at Leumi in 2022, by Days, by Category

Category	Employee illness	Illness of a relative	Reserve duty	Vacation leave	Education	Total
Women	53,983	13,410	225	117,598	227	185,443
Men	23,698	5,812	2,142	78,556	116	110,324
Total	77,681	19,222	2,367	196,154	343	295,767

* In 2022, 246 work days were deducted due to workplace accidents and road accidents, constituting 3.2 work days per 100 Bank employees.

68 Details of the employees who left excluding the call center.



Learning and Development ⁶⁹

Learning and development constitute an inseparable part of the value proposition to employees and a significant component of employee engagement. The changes taking place in the labor market in the wake of the coronavirus pandemic, including large-scale dismissals, quiet dismissals and anti-work phenomena, required an enhanced response to reinforce the feeling of significance, retention of workers, bolster and retain knowhow and adapt management skills to the current challenges. This year was characterized by a rise in study hours in general and in formal, frontal study hours in particular, which had been considerably cut back during the coronavirus pandemic. The study mix this year was hybrid, combining in-person meetings alongside remote learning and online learning, in order to ensure effective study alongside the necessary flexibility to enable study at all times and in all locations. A total of 300 thousand study hours was recorded in the organization in 2022 (an increase of 46%!) In addition to learning and training for the future – reskilling and upskilling.

Executive development

In 2022, dozens of programs for the development of leadership excellence among the managerial staff were held at Leumi, with the aim of making an impact and attaining an appropriate leap forward in the organization's managerial and leadership capability, while adapting this to the Bank's strategy and the current challenges. A part of this program continues to take place in 2023. For example: an initial management course, processes of accompanying managers on assuming a new position, a development course for customer managers, a mentoring community within the organization, and others too.

Programs for locating and developing managers for senior positions In 2022, more than 100 managers from all the Bank's units took part in a variety of programs, after having taken part in a meticulous process of selection and identification. These programs included:

- **Excellence Top** – a program for outstanding, advanced-level managers who are developing and passing this on – the program includes sharing knowhow, capabilities and excellence within the organization by imparting a culture of excellence based on spotlighting, honoring and giving recognition to outstanding managers, developing and creating value for the outstanding managers towards their next management leap forward, spreading

the culture of excellence by modeling and getting the outstanding managers to accompany the various units.

- **Leumi Up** – programs for outstanding junior-level managers – the program comprises three key development paths: personal, group and career. All of them involve an element of hands-on experience that includes a final project. The program includes a wide variety of managerial topics, for example, thinking skills and flexible thinking, personal branding, leading organizational initiatives to improve processes, personal and organizational coaching and impact.
- **Leumi Up Technologies** – a development program for professional discipline managers that is unique to the Leumi Technologies Division.
- **The Leading Team** – a program for developing and empowering leading bankers in the Bank's various units, boosting interpersonal skills required for interaction with customers, managers, colleagues and partners, and expanding the spheres of influence.
- **Allstars** – building a group based on excellence with the power to exert an influence that should act as a growth engine from among the managers of the various professional disciplines in the Operational Division.

Professional training sessions and employee development ⁷⁰

	2019	2020	2021	2022
Total no. of training days ⁷¹	33,362	17,737	25,625	40,933
Average hours of training per employee	32	15.5	21	33

In 2022 the number of training and learning hours carried out in the Leumi Group was 300 thousand.



For more information about Leumi's Statement regarding Employees Training and Development, see the Bank's website.

⁶⁹ GRI 404-1, GRI 404-2, GRI 3-3

⁷⁰ GRI 404-1, GRI 404-2

⁷¹ 1 training day = 8 hours

Employee experience and wellbeing⁷²



Leumi invests in employees and their family, out of a holistic view of the employees and the belief that the employee's experience and wellbeing are essential for maintaining the resilience of employees and promoting a healthy lifestyle, while maintaining a sense of identification and connection to the workplace. Leumi employees benefit from a wide range of benefits that are part of the compensation package. The compensation package includes expanded pension terms, travel expenses, per diem, subsidized health and dental insurance, holiday gifts, newspaper and summer camps, financing of academic studies for children of employees, as well as a wide range of subsidized activities for employee welfare.

We promote employee experience and wellbeing through two focal points:

Flexible work policy – Leumi is proud to adopt a hybrid working policy, anchored in a work agreement with the workers' union, enabling employees to engage in remote working one day a week. The Bank enables flexibility during daily working hours, either during working days at the office or remote working days, in line with the specific needs of the work/position. There are certain populations that are employed on a part-time basis, mainly in the banking centers/personal banking/mortgage centers, etc., and this creates a win-win situation both for the needs of the Bank and the employees – many of whom are students.

Leumi is the most convenient... for employees as well – Leumi Group recognizes the importance of balancing life and work among its employee and managers. As such, the employment terms and conditions at Leumi allow for a balanced combination between building a professional career and personal life. Leumi allows "flexible working hours" using an attendance management system.

The terms of employment, alongside the organizational culture at Leumi, provide a supportive, balanced and flexible environment for every employee (man or woman).⁷³

The Group implements several practices to support this balance:

- A 5-day, 39-hour, work week – about 3 hours less than is customary in the Israeli economy.
- Employees will only work overtime if necessary and if instructed to do so by a manager.
- The rules for accumulating and utilizing sick days provide employees with benefits beyond those required by law, both for employees' illness and for the illness of family members.
- Nursing mothers in Leumi are entitled to an hour of nursing per day, which exceeds the time stipulated by law, out of the desire to assist employees returning to work after maternity leave.
- Leumi participates in the reimbursement of expenses for pre-school activities and summer camps for eligible employees.
- Leumi reimburses eligible employees for their children's college tuition.
- Vacations and cultural activities.

Maternity/parental leave:

Leumi employees enjoy the terms of maternity/parental leave as laid down by the law (including a man who can share the leave period with his partner). In addition, the place of work and specific position are preserved for the employee during the first six months after the birth. The mother's partner is entitled to one day's leave at the Bank's expense on the day the baby is born and an additional day at the Bank's expense on the day of a male baby's circumcision. On the employee's return to work at the end of the maternity/parental leave, he/she is entitled to work between one to one and a half hours less per day if his/her place of residence is not identical to their place of work, for full payment until the child is one year old (parental hour).

⁷² GRI 401-2, GRI 401-3, GRI 403-1, GRI 403-2, GRI 403-3, 403-4, GRI 3-3

⁷³ Part-time employees receive all benefits and rights awarded to full-time employees, excluding a number of rights awarded in line with the employee's appointment percentage (employees whose position percentage is 92% or more receive full benefits in respect of meals, holiday, nurseries and summer camps).



Saluting Leumi employees serving in the Israel Defense Forces

As part of its Reservists Charter, Leumi undertakes to protect the rights of employees serving in IDF reserve duty and to encourage its employees to volunteer for IDF reserve duty. This is based on the understanding that there is an extremely close connection between contributing to the state and personal excellence that also contributes to business excellence. Leumi holds an annual event in honor of those employees serving on active IDF reserve duty, and for this effort it was awarded the Magen HaMiluim award by the Minister of Defense, the IDF Chief of the General Staff and the Chief Reserves Officer, and subsequently the tradition of honoring these employees is carefully maintained.

In 2022, 262 Leumi employees contributed 3,330 days of reserve duty. Leumi donated money on their behalf to the Bayit Cham (A Warm Home for Every Soldier) NGO, which provides assistance to lone soldiers in need, without the support of their families, as well as recently-discharged soldiers in need and their families. Leumi employees recognized as disabled IDF veterans are eligible to ten additional vacation days per year. Moreover, Bank Leumi allows these employees to redeem unused surplus vacation days or accumulate them beyond the annual quota allocated to each employee. Employees whose partner is currently serving on IDF reserve duty are entitled to work one hour less per day during that period without any detrimental effect on their wages.

Employee experience

Leumi arranges a variety of activities for its employees and their families to generate an optimal and enjoyable employee experience:

- Annual organizational sports events.
- Annual events spread across the year including Family Day, festivals and national holidays, LGBT Pride Month, and additional important days for commemoration throughout the year.
- Summer events for the families of Leumi employees at Shefayim.
- Charging point – an empowering experience in which employees share their personal knowledge with others across the organization
- Leumi Market – a shopping complex at weekends for the Bank employees.
- A broad variety of meat/dairy/gluten-free restaurants and cafes at the Bank's headquarters in Lod.
- Concept rooms such as: co-working spaces, a library.
- Welfare and leisure activities for our retiree community.

Promoting a healthy lifestyle⁷⁴

Leumi promotes a healthy lifestyle via a wide range of activities, including:

- Participation in the league for work places and sports teams in various sectors.
- Promotion of sports events for Leumi employees and their families, including jogging teams and management-employee sports activities.

- A sports complex with a fully-equipped, state-of-the-art gym along with a variety of sports sessions for the employees.
- Workshops for a healthy lifestyle, nutrition and weight loss.
- Marches, hikes, bicycle rides across the country for employees and their families.

There is also a medical survey conducted annually or once every two years according to entitlement (a key criterion is the employee's age), including a number of medical tests. Tests are also conducted for the prevention of work-related diseases, such as hearing for employees exposed to loud noise.

A safe work environment

Leumi is promoting a safe work environment for its employees and all visitors to the Bank branches and offices. Leumi has adopted the ISO 45001 standard on occupational health and safety, which calls for professional preparation to maintain health and safety, and managing the safety function based on a "continuous improvement" model. In accordance with the standard, Leumi conducts, among other things, a process to manage safety risks, which consists of detecting risk factors, risk assessment, and control and command of risks. In addition, workplace accidents and safety incidents are reported, to draw conclusions and take appropriate corrective and/or preventive action.

Leumi's safety targets include, among other things, the following goals: reducing workplace accidents with casualties, training construction and maintenance contractors on safety in the workplace, training the branches' safety trustees, controlling the correction of safety defects, performing comprehensive safety surveys by the branches' safety trustees and lower levels. Internal benchmarks and targets were set for each goal, and the Bank monitors and controls them regularly.

Road safety

The Bank's car fleet is managed methodically through the Bank's procedures, instructions, and controls, based on instructions and regulations. The Bank has two traffic safety officers for regular controls of the cars, spot inspections, and incident investigations. Leumi's commitment to minimizing traffic accidents is reflected in the active safety systems installed in cars, periodic updates and training (turning on lights in the winter, rules on driving on safe roads, etc.), and individual investigations of all accidents. Leumi has, furthermore, set a goal to reduce the number of traffic accidents in 2023, compared with the previous year.



For more information about Leumi's Statement regarding Employee Health and Welfare, see the Bank's website.

⁷⁴ GRI 401-2, GRI 401-3, GRI 403-1, GRI 403-2, GRI 403-3, 403-4, GRI 3-3



Two-way communication

Employee engagement and Increasing transparency

The internal communication unit in the Human Resources Division is responsible for managing the organizational communication program and communication channels in the Bank and the divisions, with the aim of sharing with the employees what is happening in the organization, listening to them, maintaining and reinforcing their organizational commitment, and deepening the relationship between the management and the employees.

In 2022 as well, Leumi worked to ensure that employees were routinely informed on decisions and guidelines. In addition, to continue maintaining a high level of commitment among Leumi employees, in 2022 we also conducted communication processes in various channels, with emphasis on connective communication through:

- Live meetings with the CEO and all employees.
- Open dialog meetings with the CEO and management members (virtual and frontal meetings if possible and in accordance with the guidelines).
- Ongoing communication and updates from the CEO to all employees in various channels.

- Establishment of “Leumi Stream”, an internal social network on a mobile app, connecting employees, sending messages, sharing successes, and increasing team pride.
- We’re all on the same page – a monthly newsletter / video edition with messages passed on to all employees at a monthly communications meeting led by the unit managers.
- Holding “Personal Meetings”, a platform for meetings with management members in activities outside of work. Such as jogging, yoga, community sing-alongs, trips, and enrichment workshops.
- Management of division communication programs, including meetings of division management members with different populations, internal communication channels for the division, cross-division events, awards, and publication of successes.
- Meetings of the Leadership Forum to reinforce the managerial backbone and connect to the vision, strategy, and management messages.

Maintaining proper work relations ⁷⁵

The labor relations at the Bank are implemented as part of collective agreements and subject to the laws of the State of Israel pertaining to employee rights and obligations on the one hand, and of the Bank’s management to the employees, on the other hand.

The basic collective agreement is the 1958 Labor Code, following which dozens of collective agreements and collective arrangements have been signed, along with letters of consent and other agreements between management and the workers’ union, which confer both rights and obligations at the Bank. In 2022, 89% of Leumi’s employees and directors were employed under collective agreements. The other Group employees in Israel were employed under personal contracts.

On February 9, 2022, a memorandum of understanding was signed on hybrid work, between the Bank’s management and the workers’ union relating to the terms of hybrid work at the Bank. The memorandum of understanding stipulates in theory a format of one working day per week for the headquarters units, outside the office, an equipment grant for entitled employees, and additional terms, as set forth in the memorandum of understanding. The Bank is applying the hybrid working format gradually also on the Bank branches.

⁷⁵ GRI 402-1, GRI 3-3, GRI 2-30

Governance



→ Fair business conduct → ESG data appendix → GRI | UNGC | SASB Index

Corporate governance at Leumi ⁷⁶

Bank Leumi's corporate governance approach is a major part of the Bank's overall vision and strategy, including its ESG strategy. Leumi is of the opinion that the corporate governance component of the ESG strategy plays a major part in all aspects of its activity. The governance chapter reflects the importance attributed to this area at the Bank. This topic is a broad umbrella issue covering all of the Bank's values and commitments. These include ethics and corporate culture, communication and dialogue with stakeholders, compliance with regulatory provisions, goals, implementation of the strategy, policy and work procedures. Leumi attributes paramount importance to the appropriate and advanced practices of the Bank's Board of Directors and compliance with all regulatory aspects - including laws and the directives of the Bank of Israel. As part of the Board of Directors' responsibility and commitment to proper corporate governance, it must be qualified to lead the organization, including on matters related to the existence and promotion of ESG aspects at the Bank, ensuring constant control over the organization in terms of conduct, information security, and customer confidentiality, avoiding conflicts of interest, and meeting the highest professional standards.

One of the primary fixtures of the Bank's ESG strategy is standardization and best practice for all aspects of its ESG operations. In applying this strategy, the Bank executed several measures, including: implementation of ESG aspects and the spirit of the SDG in the Bank's primary policy papers regarding credit, investments, investment consulting, acquisition, and more. Furthermore, the Bank's Board of Directors approved a broad, integrative policy for managing environmental and climate risks. Mechanical tools were introduced to identify loans that meet the terms of the methodology for green credit, a mechanical tool was implemented to make the Securities' ESG rating accessible to the Bank's customers and investment advisors, and many training sessions were held throughout the Bank, including for the Bank's Board of Directors, management, the management of Bank divisions, and the various units of the Bank, in order to assimilate this ESG strategy. Moreover, the Bank formulated a green framework and a social framework that accepted the external opinion of the global rating agency S&P regarding meeting the required international standards. Aside from the fact that these documents enable the Bank to offer securities to investors according to international standards, their very formation constitutes a central step in implementing environmental and social aspects in the Bank's business operations according to the ESG values and in the spirit of the SDGs, and in light of Leumi's commitment and the importance it attributes to ESG as an integral part of its corporate activity.

In terms of corporate governance, the Bank also supports the SDGs targets to promote inclusive companies for sustainable development (goal number 16), and is committed to taking an active part in the fight to prevent bribery and corruption within the activities of its customers, employees and business partners. Furthermore, the Bank is working tirelessly to promote ESG-related partnerships (Goal no. 17). The Bank is collaborating with local and international organizations in social and environmental projects.

In the corporate governance area, main anchors were defined based on the bank's strategic approach, summarized below:

Setting strategic and business objectives - female representation on the Board of Directors

Key data:

99%

of Leumi's employees signed conflict of interests statements

97%

of Leumi's employees participated in anti-bribery and anti-corruption training

30%

of the board member are women *

* As of the report publication date

Code of Ethics

in the spirit and values of Leumi

24/7

Cyber center active



⁷⁶ GRI 2-9, GRI 2-23, GRI 2-24, GRI 2-25



Fair business conduct

Leumi Values

Leumi’s values as set out in its Code of Ethics ensure the realization of the Bank’s vision and strategy, and reflect its commitment to employees, customers and the community.



Our customers are the focus of our efforts

Our customers form the foundation of our existence and we are committed to providing convenient, professional and outstanding and caring service, and thus, at when push comes to shove, we will be there for them, attentively with appropriate and constructive value propositions.



Accountability

Taking end-to-end responsibility and closing the processing cycle for the customer.



“Yes, we can”

A worldview that encourages creativity and implementation of novel and groundbreaking ideas as a way of life in an evolving technological and digital world.



Collaboration

Collaboration between the internal organizational units and in general, to advance and produce groundbreaking ideas.



Role modeling

Each and every one of us is a role model for someone else. We strive so that in every action we take, we will serve as a role model for those around us.



Excellence

To challenge ourselves every new day, to create innovative solutions in an evolving environment. For us excellence is the knowledge that our work contributes to our customers and creates value for them, for the organization, and for the employees and for the Company.





Code of Ethics ⁷⁷

The Leumi Group aspires to practice proactive, innovative and responsible banking for all its customers; with that aim in mind, the Group formulated its Code of Ethics that serves as a moral compass and reflects its world-view. The Code of Ethics is available to the public on Leumi's website and outlines the Group's business and professional conduct in its dealings with customers and different stakeholders.

The Code of Ethics is reviewed and revised once every two years so that it will remain relevant and up-to-date for the Bank's operating activities and the dynamic business environment in which the Bank operates. The last update was made in 2020. In addition to the code revision processes required by law, once every few years, there is a periodic validation process intended to maintain relevance, updates, and suitability of the code to the spirit of the times and the Bank's strategy. This process is currently underway and expected to conclude in the first quarter of 2023.

The process for formulating the revised code was performed by the steering committee, which included representatives of all of the Bank's divisions, to reflect and address cross-organizational and division-specific issues. The revised code was approved by the Bank's management and Board of Directors.

Leumi's Code of Ethics and Conduct includes a collection of practical, clear and simple rules of conduct addressing all of Leumi's internal and external points of contact: customers, employees, suppliers, investors, the public, society and the community.

It is based on Leumi's values and vision – and also on laws, regulations and internal procedures, and is set up in a digital format that provides the functions of simple search, links for more information, and revisions on an ongoing basis.

“The Leumi Way – Our Code of Ethics and Conduct” is the cornerstone for Leumi's uncompromising commitment to creating a proper and ethical corporate culture for all of us.



For more information about the Code of Ethics, see The Leumi Way, Vision, Core Values and Ethics, on the Bank's website.

Business ethics ⁷⁸

Leumi's worldview and the norms to which the Group is committed grew and developed out of recognition of its significant role in maintaining Israel's economic and social fabric. The Group constantly strives to comply with the highest criteria of ethical, moral and responsible conduct vis a vis all its stakeholders.

Ethics is managed by the Organizational Development and Learning Subdivision of the Human Resources Division, which heads the Ethics Forum and is responsible for implementing the Code of Ethics, conducting training on the subject, managing the Ethics Hotline, distributing information on ethical dilemmas, and producing training materials on the subject.

The purpose of the Ethics Forum, headed by the head of the Human Resources Division with the involvement of senior managers from throughout the organization, is to discuss and promote discourse regarding broad phenomena that have an ethical impact/ramifications, between the Bank and its employees and vice versa, and to assist with implementing an organizational culture in the spirit of the code. In addition to this forum, there are forums and committees in the various divisions that focus on ethics and conduct issues vis-a-vis the Bank's customers.

The annual implementation and training plan on this subject includes, inter alia:

1 / Making the Code of Ethics accessible and available on the Bank's portal

Leumi's Code of Ethics and Behavior is available to employees on the internal knowledge management site and includes large quantities of information on this subject, including dilemmas and problem solving for issues related to conflicts of interest, cyber, social media, and conduct.

2 / Digital learning in 2022

- 96% of Leumi's employees underwent an online tutorial on the subject of embezzlement prevention and extraordinary events
- 99% of Leumi's employees underwent an online tutorial a digital lesson on the subject of conflicts of interest
- 89% of Leumi's employees underwent an online tutorial on the subject of the Leumi Way – The Bank's Code of Ethics

3 / Training and learning data

- Approximately 950 participants in eight training programs on the subject of ethics and conduct in various professional courses – a total of approximately 1,300 hours of frontal study.
- In addition, approximately 1,230 participants participated in digital lessons on the subject.
- 3,170 employees signed a form prohibiting access to information that is not for work purposes (if relevant to their role)

4 / Implementation of the recommendations of the Ethics Forum

In 2022, the recommendation to hold organization-wide discussions led by the division heads on the following issues was implemented:

- Reinforcement and assimilation of a behavioral culture according to Leumi's vision and values, refreshment of the vision and the values
- Raising awareness regarding the behavioral norms expected from all Leumi employees, with an emphasis on social media conduct.

⁷⁷ GRI 3-3, GRI 206-1, GRI 417-1, GRI 2-27

⁷⁸ GRI 205-1, GRI 205-2, GRI 205-3, GRI 206-1, GRI 2-27, GRI 3-3

In 2022

57 calls

to the Leumi Ethics Center
on conflict of interest issues

99%

of the Bank's employees signed a statement
regarding conflict of interest.

89%

of Leumi's employees successfully completed
a course on ethics and core values



For more information about Leumi's statement on
business ethics, see the Bank's website.

Preventing bribery and corruption ⁷⁹

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.

Leumi regularly monitors the implementation of its policy for preventing bribery and corruption; the policy was formulated in collaboration with an external advisor and approved by the Board of Director in the second quarter of 2019. In accordance with this policy, which is implemented across all Bank units, monitoring and control processes are implemented in order to prevent corruption events and money laundering in the Bank; these processes include, among other things, comparing the spelling of customers or counterparties' names with data in information lists; adding control questions to the CRM system, such as a question on Politically Exposed Persons (PEP), and adding a risk compliance score as part of the Bank's activity with high-risk countries; defining dedicated alerts for identifying risks while working with customers, such as customers from countries with high risk for bribery and corruption; and using a system for detecting negative information when opening customer accounts. The Bank's compliance officer has managerial responsibility for bribery and corruption.

In 2022, 97% of Leumi's employees completed an online course on bribery and corruption prevention. ⁸⁰ Furthermore, as part of frontal training sessions held in various banking courses, employees were taught how to deal with PEPs. Dedicated training sessions on this issue were also delivered to members of the Board of Directors by an external advisor.

In 2022, no trials were held and no lawsuits were filed in relation to corruption cases involving Leumi.



For more information about Leumi's statement on
preventing bribery and corruption, see the Bank's
website.

⁷⁹ GRI 2-15, GRI 205-1, GRI 205-2, GRI 3-3

⁸⁰ Implemented as part of an online compliance tutorial.



Compliance ⁸¹

The Leumi Group is subject to a wide range of domestic and international laws, 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 corporate culture, compliance with legislation is incorporated into work processes.

The Bank takes very seriously any violation of compliance provisions and disciplines employees according to the circumstances of the relevant case, including, inter alia, by way of dismissals, warnings, stopping promotion and/or reducing personal compensation; such measures are coordinated with the employees' representative body.

Furthermore, Leumi's compensation policy also takes into account, inter alia, compliance aspects, including mandatory enforcement measures, or, where appropriate, incentives. The compensation plans and excellence benchmarking for the business lines support compliance with laws, regulations and the Bank's procedures and core values; this is aimed at ensuring excellent compliance standards and mitigation of compliance risks.



For more information about Leumi's statement on compliance, see the Bank's website.

Fairness towards customers

The Bank ensures to conduct itself in a transparent and fair manner with the aim of providing its customers with services and products of added value, placing an emphasis on customizing the different financial products such that they address customers' needs. This principle is reflected in the Bank's vision – to champion proactive, innovative banking for its customers, and grow rapidly with the customers at heart, with an emphasis on the Bank's commitment to high standards of service, transparency, full disclosure to the customer, fair pricing and customizing products to the customer's characteristics, abilities and needs. In doing so, the Bank mitigates the conduct risk whereby the risk of the Bank's dealings with its customers will lead to an undesirable result for a customer due to services rendered in appropriately, provision of services that are not in line with customers' needs or unfair conduct. This risk is mitigated by the business units within the different lines of business.

The Bank works to conduct itself appropriately, in accordance with the following principles:

Responsible business conduct

In order to create mutual value for the Bank and its customers, the Bank takes steps to adapt its value proposition to the customer's needs and abilities. The Leumi Group strives to provide its customers with the knowledge and tools needed to optimize their use of the financial services available to them, in order to support them in creating an economic infrastructure that will impact their personal, professional, and business development.

Fair marketing and advertising

The Bank works to ensure that the content of its ads is consistent with the actual terms and conditions of the product/service; this includes ensuring that the ads are accompanied with appropriate disclosure and clarifications regarding the product and to the extent possible. Using clear wording and avoiding using hidden messages that may give rise to misleading expectations or associations. The Bank avoids using wording and terminology that are not commonly used by the target audience. In certain cases, the manner of delivering messages will be modified such that it is suitable to the relevant target audience.

The Bank ensures that services are provided such that they suit the customer's needs, with the customer's best interest being the Bank's priority. Generally, the provision of credit to the customer, including credit that is offered proactively by the Bank, shall be conducted while assessing the customer's needs, and its current and future ability to service the debt.

Effective disclosure and transparency

The Bank strives to make available information regarding the services and products offered to customers, such that the latter will have at their disposal all the information they needs to make an informed decision. The Bank takes action to adapt the level of proper disclosure and the method by which it will be made available to customers in accordance with the customer's characteristics and level of knowledge, the complexity of the product/service, and while taking into account the special needs of special populations.

Equality and non-discrimination

Race, religion or religious group, gender, nationality, country of origin, sexual orientation, social, political or other views, political affiliation, personal status or parenthood shall not constitute, in and of themselves, grounds for differences in the prices of the Bank's products and services offered to different customers.

Protecting special populations

The Bank works to provide consumer credit in a manner that does not put customers at risk or place them in an overleveraged position, especially with regard to disadvantaged households. Leumi believes in the importance of improving and making its services accessible to senior citizens and people with disabilities. Leumi works to prevent the development of debts and engages in direct, quick, and efficient dialogue with customers facing financial difficulties, assessing their specific capacity for settling their debts and striving to provide them with a comfortable solution.

Professional, accessible service

The Bank strives to provide a personal, accessible, convenient, professional and fair service, with an emphasis on providing quick solutions to Bank's customers, while ensuring that service cycles are closed.

81 GRI 2-27, GRI 3-3



Banking services for each and every customer

The Bank works to provide a broad range of banking options and channels, with the aim of assisting customers to conduct their banking activities independently in accordance with their circumstances and capabilities; at the same time, the Bank assists customers to develop financial literacy skills.

Information privacy

Leumi is committed to protecting its customers' privacy rights and the personal information it receives from such customers or collected in connection therewith.

Fairness in dealing with public inquiries

The Bank ensures that customers' inquiries are dealt with in a fair and effective manner. Handling of complaints is an integral part of the service the Bank provides to our customers.



for more information about Leumi's statement on fair business conduct, see the Bank's website.

Reporting mechanisms ⁸²

Leumi treats each of its employees as a partner in the proper management of the Bank and allows them to participate and influence the creation of a safe and ethical work environment. Leumi therefore expects employees to immediately report any unusual action related to the violation of laws, regulations, procedures and rules to their managers, or via other channels (including anonymously) – by telephone, email, post, fax, or any other means at their disposal.

The Speak-Up platform is an additional means of communication by which it is possible to complete a form on the Bank's website or from a mobile phone using the Leumi One app, which also has an anonymous option. Every message is received and handled by a designated committee committed to confidentiality and discretion. Leumi is committed to protecting any employee who files a complaint or assists another employee who reported an irregular event.



For more information about Leumi's statement on preventing bribery and corruption, see the Bank's website.



Safeguarding customers information security and privacy⁸³

Technological innovation in the finance industry is altering communication between people and companies and shaping new habits of information consumption and sharing. Since the emergence of the coronavirus, this change has accelerated since the transition to the digital platform has become a necessity.

We in Leumi attach great importance to safeguarding the privacy and information security of our customers across all lines of business, as well as those of our employees and any other person whose data is stored in Leumi databases. In this context, Leumi applies numerous safeguards and monitoring through systems that the Bank regularly upgrades and improves, in accordance with technological developments. The Bank also applies numerous controls to identify unusual customer and employee activity in real time and unusual cases that are discovered are addressed with great severity.

The Bank operates in accordance with generally accepted information security methodologies, including NIST and ISO standards, and in accordance with the regulatory requirements of the Bank of Israel and the Privacy Protection Law.

In view of the importance of this issue, the Bank's Chief Compliance Officer was appointed as the officer in charge of privacy. This officer is in charge of adapting the Bank's privacy protection policy to regulatory requirements and advise the different units of the bank, supported by the Bank's Legal Division, on the implementation of processes and products involving the use of personal information. The training and implementation measures taken to implement privacy protection aspects are included in the steps taken to implement compliance culture in Leumi.



For more information about Leumi's Statement on Privacy and Information Security, see the Bank's website.

Using customers' information⁸⁴

In accordance with its privacy protection policy, Leumi is committed to protecting its customers' privacy rights and the personal information it receives from such customers or collected in connection therewith.

Information about customers is only used for banking transactions and the service is provided to customers for their bank account, subject to the declared objectives of the database in which information about Leumi's customers is stored, and in accordance with the customers' consent, as required by law. Therefore, the reasons for which the information was collected are in line with the way it is used. Information may be disclosed to entities with authorization under the law or a court order, according to the Bank's privacy protection policy, subject to the customer's consent.

When a security incident is discovered which involves unauthorized access to personal information stored in the Bank's systems, including hacking or breaching the Bank's systems, an investigation is launched, conclusions are drawn and systems are improved accordingly. As required by law, serious security events are reported to the Privacy Protection Authority.

Information security and cyber risks

Leumi operates in a number of channels to increase awareness to and prevention of cyber risks. The range of training tools includes online tutorials for the Bank's employees and external employees, as well as tests, phishing drills and more. Leumi's website has detailed and accessible information for the Bank's customers about how to detect phishing and guidelines for protection that include examples of e-mails, messages, and addresses of an impersonating website. The Cyber Protection and Security Center – an operative entity that integrates a range of capabilities for dealing with cyber incidents; the center operates year-round, 24 hours a day in order to protect Leumi's customers. Each year, the Cyber Protection and Security Center deals with dozens to hundreds of significant incidents.

In any case involving a Bank employee or a third party removing information from the Bank or unauthorized viewing of information, the internal audit investigates the incident together with the cyber department. Based on the findings, relevant disciplinary measures are taken.

In order to prevent the recurrence of such cases, the Bank refreshes – from time to time – its information security guidance and communicates unusual incidents to all employees with the aim of discouraging employees from getting involved in such incidents.

In 2022 two computerized tutorials on information security and cyber risks were held, in which about 90% of all Bank employees and contractor employees took part.

⁸³ GRI 413-2, GRI 3-3

⁸⁴ GRI 413-2, GRI 3-3



Handling of public inquiries ⁸⁵

Leumi is committed to cultivating the relationship with its customers and to maintain it over time. These relationships are first and foremost based on trust and fairness and on providing customized services and products, and on a quality service experience. To retain the trust that is the foundation of the relationship with our customers, we rely on high standards of compliance with the laws, rules, and regulations of the state and the regulators, alongside adherence to the values of fairness, transparency, and professional ethics.

The Public Inquiries Bureau is charged with handling complaints, including information or assistance requests. The bureau is headed by

the public inquiries commissioner, a Leumi executive who reports to the Bank's general counsel.

In November 2022, the Bank of Israel published the Banking Supervision Department's Public Inquiries Review for 2021, which made clear the Bank's leadership and the importance it attributes to the subject: Leumi ranks first with the least number of justified complaints as well as in providing the quickest response to complaints.

The contact details for the Public Inquiries Bureau are available to the general public and employees on Leumi's website, at the Leumi information kiosks, and on signs at the branches and headquarters (there is also a dedicated app for security, catering, and cleaning contract workers). Below is a list of unusual incidents and relevant legal proceedings filed against the Leumi Group and/or concluded in 2022. The other claims filed against Leumi involve different matters.



Claim subject Claims' scope	Regarding discrimination	Regarding corruption, bribery and money laundering	Regarding antitrust and anti-competitive behavior	Regarding labor relations, employee rights and breach of protective labor laws	Regarding violation of the Privacy Protection Law	Regarding adequate disclosure, transparency and fairness towards customers	Regarding sexual harassment
Information about lawsuits filed in 2022	2	0	0	7	0	1	0
Of which: No. of regular claims	2	0	0	7	0	0	0
Of which: No. of class actions	0	0	0	0	0	1	0
No. of class actions concluded	1	0	0	0	0	8	0
No. of settlements and sanctions	0	0	0	0	0	0	0
No. of convictions	0	0	0	0	0	0	0

⁸⁵ GRI 205-3, GRI 417-2, GRI 417-3, GRI 3-3



Public complaints at Bank Leumi during 2022 pertaining to privacy, information security and discrimination issues ⁸⁶

Topic	Total no. of complaints	No. of complaints found to be justified
Protection of privacy	24	2
Information security	33	1
Discrimination	11	0
Total	68	3

In 2022, the Public Inquiries Bureau received three inquiries from contract workers about employment terms and employee rights. No discrimination-related complaints were received from contract workers. In addition, in 2022, remedy was granted for 8% of the complaints that were addressed, of which 84% was ex gratia.

Leumi has in place ongoing lesson-drawing processes in order to prevent the recurrence of the cases that led to complaints.



For more information about the Bureau of Public and Employee Inquiries, the complaints received and the way they were handled, see Leumi’s website.



86 GRI 418-1, GRI 205-3, GRI 3-3



Corporate governance

As a large financial organization, the Leumi Group requires robust corporate governance and management mechanisms that allow for coordination, control, and optimal risk management. The Group has high standards for managing corporate governance beyond compliance, deriving from the perception that this domain is material for its business success in the long run.

Bank Leumi is a limited liability public company incorporated under the Companies Law, 1999 (hereinafter – the “Companies Law”), a reporting company under the Securities Law, 1968, and is defined as a banking corporation under the Banking (Licensing) Law, 1981 and is a licensed bank under said law. As a “bank” and “banking corporation”, Bank Leumi is regulated and governed by a system of laws, ordinances and regulations, including, inter alia, the Banking Ordinance, the Bank of Israel Law, the Banking (Licensing) Law and the Banking (Service to Customer) Law, as well as by the Banking Supervision Department’ directives, rules, guidance and position papers.

The articles of association of Bank Leumi, which were approved by the shareholders of the Bank and according to which the Bank operates are published on MAGNA, the Israel Securities Authority’s website (www.magna.isa.gov.il) The Bank’s articles of association, as well as the rules and procedures to which the Bank is subordinated, govern, inter alia, the corporate governance aspects of Leumi’s activity, including the conduct of the Board of Directors, risk management, capital management and credit granting, fairness in customer service, proper disclosure of information, compensation of senior employees and more. The Board of Directors’ work procedure, which regulates the conduct of the Bank’s Board of Directors, reflects and embodies the said provisions.

It is hereby clarified that the Board of Directors referred to in this chapter is Bank Leumi’s Board of Directors, rather than of its subsidiaries and foreign offices, unless stated otherwise.



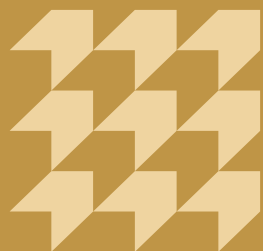
Bank Leumi’s Board of Directors ⁸⁷

In accordance with the provisions of the law and Proper Conduct of Banking Business Directive 301, which regulates the responsibilities and activities of the Bank’s Board of Directors, the Board of Directors outlines Leumi’s strategy, including the risk strategy and risk appetite, and approves the policy that guides its operating activities; the board of directors oversees the management’s activity and ensures compliance with the policy that was set, alongside fulfillment of areas of responsibility and clear reporting; the Board of Directors defines the roles, powers, and duties of the CEO and his reporting to the Board of Directors; the CEO is responsible for guiding and coordinating activities of the management members. In addition, the Board of Directors outlines the organizational culture, which requires the implementation of high standards of professional conduct and integrity, approves the Bank’s Code of Ethics and ensures that the Bank acts in compliance with the law and regulations.

In addition, the Bank’s Board of Directors establishes and applies guidelines for the supervision and control mechanisms over the subsidiaries and desks, as well as general guidelines regarding the corporate governance structure at the subsidiaries and desks following the Audit Committee’s recommendations. These guidelines are part of the Board of Directors Work Procedure.

The member of management responsible for ESG is the Head of the Human Resources Division. The Board of Directors and its committees receive reports from management from time to time on different and diverse issues including the Bank’s customers (including service and conduct) and employees and discuss said issues. According to the directives of the Bank of Israel, in December 2019 the Board of Directors discussed the Bank’s Code of Ethics and approved it.

In October 2021, the Board of Directors approved the Bank’s donation policy and strategy, and in June 2022, the Board of Directors approved Leumi Group’s community outreach budget for 2022.





Board members – appointment and qualifications ⁸⁸

The Bank is defined as a banking corporation without a controlling core, and no shareholder is defined as the Bank’s controlling shareholder. The Bank’s directors are appointed in a process set forth in the following laws and directives: the Companies Law, the Banking Ordinance 1941, the Banking (Licensing) Law, 1981, the Banking Supervision Department’s directives and the Bank’s articles of association.

In a banking corporation without a controlling core, only the following may propose to the general meeting candidates to be voted as directors: (1) a committee for appointing directors in banking corporations, appointed by the governor of the Bank of Israel under Section 36A(A) of the Banking Law (Licensing), 1981; (2) anyone holding more than 2.5% of the means of control; (3) a group of holders comprising two or three holders, each of whom holds more than 1% but no more than 2.5%, and together – no less than 2.5% and no more than 5%, of a certain means of control in the Bank, as aforesaid, and has complied with the reporting requirements regarding its holdings in accordance with the Banking Law and Banking Ordinance. The directors are appointed by the general meeting for three years and can be re-appointed for two additional periods of three years each. The Committee for the Appointment of Directors in Banks without a Controlling Core is independent and its composition is established in the Banking (Licensing) Law. According to Section 36A of the Banking (Licensing) Law, the committee shall include two directors acting as external directors in the banking corporation discussed by the committee. For this purpose, “external director” – as defined in the Companies Law or according to the meaning granted to it in the Proper Conduct of Banking Business Directives with respect to a board of directors.

The Bank has no influence over the identity of the candidates and their appointment and is not exposed to the data pertaining the process of their appointment, including the number of meetings held by the appointing committee during the reporting year and the participation rate of the members of the appointing committee. Every year, and in light of those board members scheduled to conclude their term at the Bank, the Board of Directors discusses the profile of the composition of the optimal Board of Directors according the policy regarding the desirable composition of the Board of Directors established in the procedure for the work of the Board of Directors. This is examined in light of the opportunities

and challenges that it will face in the coming years, and considering the existing profile of the composition of the Board of Directors and analyzing the discrepancies between the existing situation and the desired one. Consequentially, the Bank’s Secretariat contacts the committee for appointment of board members prior to its selection of the candidates to serve on the Board, and it explains the Bank’s needs. As part of the policy regarding the desired profile of the composition of the Board of Directors, as aforementioned, the policy is established, inter alia, regarding gender and social diversity.

In terms of the cohesiveness of the Board of Directors, Section 21A of PCBB 301 establishes: “Performance of the roles of the Board of Directors in a proper manner requires effective discussions regarding the various issues raised on the agenda. An effective discussion takes place, inter alia, when the board members represent a range of fields and express differing opinions that stimulate group thinking.” In this context, the Bank’s Board of Directors is of the opinion that balance should be stricken between refreshing its ranks, management succession, and cumulative experience on the Board and that social and gender diversity should also be maintained in the composition of the Board.

For more information, please see the immediate report published by the Bank on June 8, 2022 (Ref. no. 2022-01-071101), and on February 24, 2021 (Ref. no. 022431-01-2021).

Every year, and in light of the identities of those board members scheduled to conclude their term at the Bank, the Board of Directors discusses the profile of the composition of the optimal Board of Directors according the policy regarding the desirable composition of the Board of Directors established in the procedure for the work of the Board of Directors. This is examined in light of the opportunities and challenges that it will face in the coming years, and considering the existing profile of the composition of the Board of Directors and analyzing the discrepancies between the existing situation and the desired one. Gender and social diversity are also included among the considerations. Consequentially, the Bank’s Secretariat contacts the committee for appointment of board members prior to its selection of the candidates to serve on the Board, and it explains the Bank’s needs. Regarding the cohesiveness of the Board of Directors, it should also be noted that periodically, and at least once a year, a rotation process is implemented between the board members on the committees. This discussion is held in the plenum of the Board of

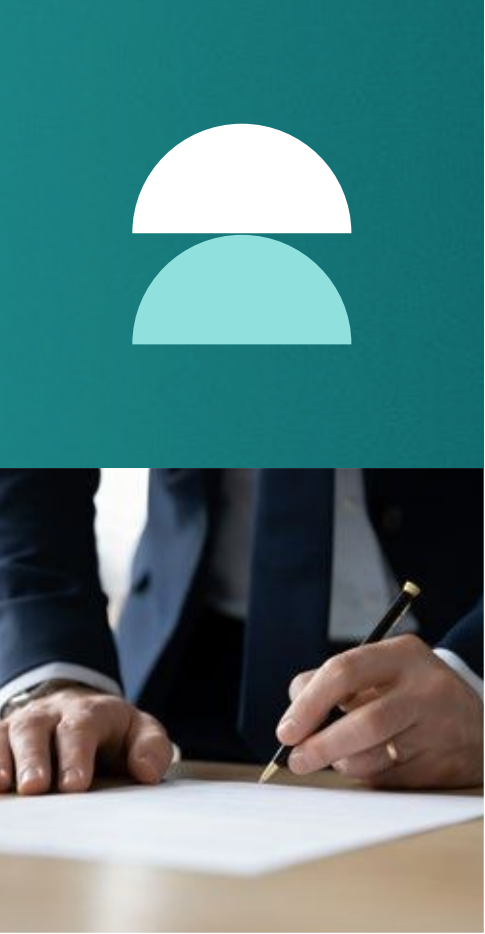
Directors. When selecting the members of each committee, several considerations are taken into account as duly required (laws, regulations, and PCBBs), as well as corporate considerations, in general and of Bank Leumi specifically, in the context of the challenges and opportunities it faces in the short and long-term and its strategic objectives, operating environment, and risk management. These considerations must verify adherence to the legal requirements while also preserving flexibility in setting meeting dates, balancing responsibilities and the burden between board members, effective and efficient discussions, and the rendering of wise decisions that leverage the talents, experience, and expertise of the members and their collective wisdom.

As of the report publication date, the Board of Directors consists of ten directors, as per Proper Conduct of Banking Business Directive no. 301, and a notice issued by the Banking Supervision Department.



For additional information, see the chapter entitled Members of the Board of Directors and the chapter entitled Changes in the Board of Directors in the Bank’s financial statements for 2022.

⁸⁸ GRI 2-10, GRI 2-17



According to Directive 301, the legal quorum in Board of Directors' meetings and resolutions is the majority of Board members provided that at least one third of the directors meet the qualification requirements for an external director as defined in Directive 301 (hereinafter – "External Directors"). At least one third of the Company's directors shall be external directors. Accordingly, as of February 5, 2023, the Bank's Board of Directors consists of six directors classified as External Directors including three External Directors according to the Companies Law.

Before submitting the application to the Committee for the Appointment of Directors in Banking Corporations, which was appointed according to Section 36A of the Banking (Licensing) Law, 1981 and according to the provisions of Sections 11D(a)(1) and (2) of the Banking Ordinance, 1941, a resolution was adopted by the Board of Directors with respect to the eligibility of the candidates. The Board of Directors discussed the profile of the composition of the optimal Board of Directors according to the policy regarding the desirable composition of the Board of Directors established in the procedure for the work of the Board of Directors. This was examined in light of the opportunities and challenges that it will face in the coming years, and considering the existing profile of the composition of the Board of Directors and analyzing the discrepancies between the existing situation and the desired one.

After weighing all of the considerations, the 2023 General Meeting decided on criteria that will guarantee a board of directors that is gender and socially diverse, with proper collective knowledge and the appropriate skills and education, including in areas such as banking, finance, risk management, and more, pursuant to the directives. Weight was also placed on role continuity and achieving a balance between continuity and refreshment of the Board of Directors. In 2022, Leumi's Board of Directors held 36 plenum meetings and its committees held 53 meetings.

In addition, following the definition of an "independent director" in the Companies Law, the Board's Audit Committee has confirmed that the External Directors are independent directors.

Pursuant to the Banking Supervision Department's directives and the provisions of the Companies Law and regulations thereunder, the Bank's Board of Directors decided that at least three directors with "accounting and financial expertise" serving on the Board of

Directors at any given time shall participate in the Board plenum's discussions of the draft financial statements and their approval, so as to enable the Board of Directors to meet its obligations in accordance with the law and the Bank's articles of association, and especially its responsibility for examining the Bank's financial position and preparing the financial statements.

In determining the said minimum number, the Board of Directors took into account the Bank's size, the complexity of its activity and the diverse risks involved, as well as its existing systems and procedures, such as: control, risk management, compliance, internal auditing and audit by the independent auditors. In addition, all Board members comply with the legal eligibility requirements for serving as directors in a bank.

As of the report publication date – and as approved by the Board of Directors based on their education, experience, abilities and knowledge – eight out of the board members meet the definition of directors with accounting and financial expertise and professional qualifications in accordance with the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise and Director with Professional Qualifications), 2005.

In addition to the above, following are more details regarding additional qualifications for board members, in accordance with Proper Conduct of Banking Business Directive 301: 1) At least one third of the members of the board are required to have banking experience; 2) At least half of the directors are required to have professional qualifications as defined in the Companies Regulations (Conditions and Tests for a Director with Accounting and Financial Expertise), 2005; 3) At least one director is required to have proven knowledge and experience in information technology. As such, the Bank's Board of Directors includes six board members defined as having "banking experience;" all members of the Board of Directors are defined as being "professionally qualified," and three Board members were classified by the Board of the Bank as having proven knowledge and experience in the field of information technology.

All directors in the Bank are subject to the provisions of the law, including the Companies Law, the Banking Law (Licensing), 1981, the Banking Ordinance, 1941 and Directive 301, including in the matter of their appointment, qualifications (including strict requirements prohibiting connection, inter alia, to the Bank, a corporation controlled by the Bank, an officer in the Bank or a person holding more than 2.5% of the

Bank's shares), the majority required for their appointment, their term of office, and more.

A candidate for the Board of Directors is required to undergo a "fit and proper" process of the Bank of Israel, and his/her appointment is subject to the approval of the Banking Supervision Department. Every year, pursuant to the mix of Board members and the challenges that the Bank faces that specific year, a training and guidance program is formed that includes lectures and seminars on a range of topics. The training program is implemented throughout the year and validated each year. The 2022 training program focused, inter alia, on the following areas: corporate responsibility, including ESG, technological innovation, data and cyber, risk management, capital markets, accounting and finances, compliance, and so forth. Moreover, the newly appointed Board members have an additional, separate training program that also includes meetings with the various division heads at the Bank and special functionaries.

In 2022, the board of directors discussed ESG subjects 20 times, including dedicated discussions of the climate and environment strategy, authorizing ESG policy papers, such as the policy on environmental and climate risk management, investments, donations, and a discussion of the annual ESG report, quarterly risk exposure report, and enrichment sessions.

Before submitting the application to the Committee for the Appointment of Directors in Banking Corporations which was appointed according to Section 36A of the Banking (Licensing) Law, 1981 and according to the provisions of Sections 11D(a)(1) and (2) of the Banking Ordinance, 1941 and the publication of a preliminary notice published by the Bank on February 24 2021 of the intention to convene an annual general meeting of the Bank's shareholders with several issues on its agenda, including the appointment of directors, a resolution was adopted by the Board of Directors with respect to the eligibility of the candidates.

The Board of Directors resolved that, in addition to the need to meet the requirements of the law and locate a candidate having suitable experience and qualification to act a director in a large public financial institution conducting complex activity such as the Bank, considering the challenges, opportunities and risks in the business environment in which the Bank operates in general and in the areas of cloud and cyber technology in particular, candidates are required to meet the following requirements:

- Two candidates of the same qualification type (External Director or external director according to the Companies Law) such that at least one of them shall be appointed by the general meeting to act as a director, having proved knowledge and experience in Information Technology, as this term is defined in Section 25 of PCBB 301 and according to the resolution of the Board of Directors dated November 20 2018, with an emphasis on proved and up-to-date knowledge and experience in cloud and Cyber technology;
- Weight shall be given to the candidates' banking experience as this term is defined in Section 25(a) of Proper Conduct of Banking Business Directive no. 301.

In addition, the Bank's Board of Directors is of the opinion that balance should be stricken between refreshing its ranks, management succession, and cumulative experience on the Board and that social and gender diversity should also be maintained in the composition of the Board.

→ For more information, please see the immediate report published by the Bank on February 24, 2021 (Ref. no. 2021-01-022431).

In addition, the Bank complies with Section 239(d) of the Companies Law, which establishes the right of representation for both genders in the Board of Directors. In addition, as specified above, the chairman of the Board is a member of the Arab society. The directors do not report to the President and CEO.

According to the Bank's articles of association, the Board of Directors appoints one of its members to serve as chairman of the Board. Pursuant to the Companies Law, the chairman of the board or their relative may not serve as CEO, unless approved by a special majority in a general meeting. According to Directive 301, members of the Board shall abstain from participating in the ongoing management of the Bank and may not attend meetings of management or its committees, excluding discussions regarding the Bank's overall strategy.

Audit Committee

The committee is authorized to approve and make recommendations to the Board of Directors and the Chair of the Board of Directors regarding the work plan of the Internal Audit Division, as well as tracking implementation of the plan; to discuss material audit reports from the internal audit division, the independent auditors, and the supervising authorities; to identify flaws in the Bank and Leumi Group's business management, propose ways of resolving them, and track their resolution; to discuss substantial unusual events that arise from the audit findings, and to discuss and approve policies on various topics. The committee is authorized to approve and propose the appointment, suspension, or dismissal of audit and control functionaries; to discuss, approve, and recommend that the General Meeting appoint independent auditors and discuss their fees, and to discuss the annual report of the ombudsman.

The committee has additional responsibilities related to supervision and control, including compliance, anti-money laundering and terrorism financing, and the internal compliance program in the area of securities and investment consulting at the Bank. The committee is also authorized to approve transactions with related parties, as this term is defined in the Directives of the Banking Supervision Department, and transactions in which an officer has a vested interest, pursuant to the provisions of the Proper Conduct of Banking Business Directive and the Companies Law, 1999, and to make recommendations to the Board of Directors of the Company in this regard, as required.

Pursuant to the provisions of the Banking Supervision Department's Directives, the Audit Committee also serves as the committee assessing the Financial Statements.

Composition of the Audit Committee

The Chair of the Audit Committee will be an External Director; most of the committee's members will be external directors, and all of the External Directors at the Bank will be members of the Committee. All Audit Committee members will be able to read and understand financial statements. At least three directors from among the committee's members shall possess accounting and financial expertise, and at least one of them will be an external director. The legal quorum for meetings and decision-making by the Audit Committee is a majority of its members, provided that the majority of those present are External Directors and at least one is an ED. In 2022, the Audit Committee convened 30 times.

Periodically, and at least once a year, a rotation process is implemented between the Board members on the committee. This discussion is held in the plenum of the Board of Directors. When selecting the members of each committee, several considerations are taken into account as duly required (laws, regulations, and PCBBs), as well as corporate considerations, in general and of Bank Leumi specifically, in the context of the challenges and opportunities it faces in the short and long-term and its strategic objectives, operating environment, and risk management.

These considerations must verify compliance with legal requirements while also preserving flexibility in setting meeting dates, balancing responsibilities and the burden between board members, effective and efficient discussions, and the rendering of wise decisions that leverage the talents, experience, and expertise of the members and their collective wisdom. Furthermore, it



is necessary to maintain the continuity of the committee members and minimize the need for frequent, immediate changes in the composition of the committees, for example due to the conclusion of a Board member's term. As such, the considerations that must be taken into account when determining the composition of the committees are: the number of committee members, legal quorum, banking experience, proven experience and knowledge in information technology, experience and knowledge of accounting, professional qualifications, balancing the burden, continuity, handover processes, term of office of committee chair, rotations, and budgetary discipline.

The Bank's Board of Directors discusses the ESG report, the Bank's and the Group's ESG objectives for the coming years, and the implementation of the CSR objectives by the Bank and Group. In 2022 the CSR report was presented and approved by the Bank's Board of Directors.

Each of Leumi's subsidiaries has its own independent board of directors, and corporate governance in the subsidiaries is conducted in accordance with relevant laws and regulations, and in the spirit of conduct in the Leumi Group. The Board of Directors of Leumi and the subsidiaries operate, inter alia, by means of standing committees and ad hoc committees, in addition to the committees required by law.⁸⁹

During 2022, the Strategy Committee at Leumi did not convene because the committee was canceled.

Bank Leumi – composition of the Board of Directors⁹⁰

The Bank's board of directors has 10 directors, three of which are women; including six external directors and eight directors with accounting and financial expertise. The average age on the Board of Directors is 62 years old. The youngest director is 52 and the eldest is 73. There is no procedure limiting the age of an acting director. As aforesaid, the maximum duration of a director's office is limited to three consecutive terms of three years each.



Full details on the members of Leumi's Board of Directors can be found in Leumi's 2022 Financial Statements on the Israel Securities Authority's website and the Bank's website.⁹¹

No. of directors	10
No. of external directors	6
No. of directors with accounting and financial expertise	8
No. of directors with risk management expertise	6
Aged 51+	10
No. of women on the board	3

Audit, Risk Management, Credit and Business, IT and Technological Innovation, Strategy, Compensation, Procedure, Resources, and Gatekeeper Interface Committee

Activity of the Board of Directors

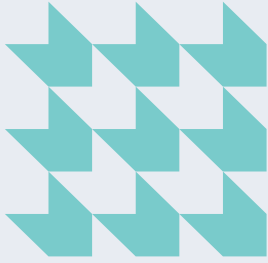
In 2022, Leumi's Board of Directors continued to perform its duties, including to set the strategy, supervise management's activities and their compliance with the Board's policy, ensure that clear areas of responsibility and reporting exist in the Bank, outline corporate culture which requires the implementation of high standards of professional conduct and integrity, ensure that the Bank complies with the law and regulations, approve financial reports and policies in different areas, including risk management and more.

At least once a year, the Board of Directors discusses the ESG report and the implementation of the ESG annual objectives report of the Bank and Group and after discussion – was approved. As such, on March 13, 2023, the ESG report for 2022 was presented before the plenum of the Board of Directors. The Head of the Human Resources Division is responsible for presenting the annual ESG report to the Bank's Board of Directors. The report reviews the implementation of the ESG plan, the organization's performance, whether it has met its goals and its objectives for the coming years.

⁸⁹ Information about the committees of the Board of Directors, their composition and functions, can be found on the Leumi website: www.leumi.co.il.

⁹⁰ The data in the table is as of February 2022.

⁹¹ MAGNA system: www.magna.isa.gov.il



Raising issues on the agenda of the Board of Directors and the general meeting ⁹²

The agenda for Leumi's board meetings is determined by the Chairman of the Board, in coordination with the Chief Executive Officer of the Bank, taking into account the relevant regulatory requirements. Social and environmental issues, as well as aspects of corporate governance, are discussed by the Board of Directors and its committees as necessary and/or as required by law. The Audit Committee of the Board approved a procedure regulating employees' reporting mechanisms of irregular activity, including, inter alia, to the chairman of the Audit Committee. In addition, mechanisms were established to protect the identity of such reporting employees. In this context, the Audit Committee discussed the policy for handling complaints from the Bank's employees regarding deficiencies in the management of its business and the protection provided to the employees so complaining. The policy regulates the manner in which complaints related to topics connected to financial reports and internal auditing thereof, or to auditing, are received and handled by the Bank, as well as anonymous and confidential communication, including by Bank employees, of concerns relating to a disputed financial report or audit.

In addition, the Audit Committee receives periodic reports from the compliance officer regarding various issues, inter alia, related to significant compliance and money laundering violations, as well as reports from the Internal Audit Division regarding unusual events that occurred at the Bank and were performed by Bank employees, including but not limited to, embezzlement and fraud. In 2022, no complaints were made to the Board of Directors on material corporate responsibility topics.

It should be noted that regarding the subsidiaries, the Audit Committee receives reports from the entity responsible for the company under the Bank's control or from the manager of the desks, as relevant, regarding material events that occurred at the companies under the Bank's control and the desks, or any other material subject related to companies under the Bank's control and the desks of which it has learned, inter alia, due to complaints about employees, audit activities of the internal audit units or external entities, unless a report of said event was already provided to the plenum of the Board of Directors.

Shareholders' meeting

The agenda of the general meeting is set by the Board of Directors. Certain shareholders may request the Board of Directors to put additional issues on the agenda of the general meeting, provided that the issue is suitable for discussion by the general meeting. By law, the Bank must publish a prior notice regarding the convening of a general meeting if its agenda includes the election of directors, and may also include in the notice other topics on the agenda, at least 21 days prior to publication of the notice regarding the convening of the general meeting.

The Bank publishes timely invitations to general meetings, according to law. Within the framework of the meeting summons report, the Bank specifies the proposed agenda, the majority which is required to pass resolutions, and an explanation of the shareholders' right to vote in the general meeting on different issues, including on the appointment of directors. In accordance with the provisions of the law, the preliminary notice, the invitation to the meeting and the entire resolutions of the general meeting are published through the MAGNA System by way of an immediate report. The manner by which institutional shareholders, interested parties and/or senior executives vote is published in the resolutions of the general meeting, where a special majority is required. Details of the shareholders' resolutions are attached as an appendix to the minutes of the general meeting, which is open to the shareholders' review at the Bank but not published.

Preventing conflicts of interest ⁹³

Leumi operates in accordance with the legal and regulatory provisions regarding conflicts of interest, including the provisions of the Companies Law and Directives 301 and 312 of the Banking Supervision Department. In accordance with the provisions of the Companies Law, a director of the Bank has a fiduciary duty to the Bank and must act in good faith and for the best interest of the Bank. Pursuant to these provisions, no person shall serve as a director in a bank, if their business or current occupations creates a permanent conflict of interest between them and the corporation. The Bank's procedures determine mechanisms for avoiding of conflicts of interest situations (even when they are not conflicts of interest of a permanent nature), such as the prohibition on releasing background material and the

prohibition on participating in discussions and decision-making of the Board of Directors and its committees. Each director is requested, when appointed, and thereafter twice annually and regularly to provide details regarding positions and/or corporate holdings, held by him/her and by their relatives which may be considered as conflict of interests. In addition, Leumi's Chairman of the Board does not serve as a member of the Bank's management, and the chairpersons of the subsidiaries' boards of directors in Israel do not serve, as a rule, as managers in those companies. Moreover, before any discussion on transactions or in which the Bank's customers are involved, the Bank's Secretariat contacts the Board of Directors to assess the potential for a conflict of interest regarding these transactions or specific customers. In the event that the Board of Directors confirms that there is a conflict of interest, those Board members do not receive background material and do not participate in the discussion and the resolution process.

⁹² GRI 2-16

⁹³ GRI 2-15



Monitoring performance and risk management

The Board of Directors oversees management's actions and monitors them by means of several mechanisms, including:

- Once every six weeks, the Board of Directors receives a report on the Bank's business position, which is submitted in writing by Leumi's President and CEO and discussed by the Board.
- Following the Audit Committee's recommendation, the Board discusses the Bank's annual and quarterly financial statements and approves them.
- At least once a year, the Board of Directors discusses and establishes guidelines concerning the overall risk management framework, based on the ICAAP document and policy papers specifying the internal exposure limits and risk management of each of the Bank's material risks. The above resolutions also pertain to all corporations controlled by the Bank and its affiliates, after the recommendation of the Risk Management Committee in the framework of a joint meeting with the relevant professional committee of the Board.
- Each quarter, the Board of Directors discusses a quarterly risk report, which outlines the Bank's and Group's risk profile, following a discussion at the Risk Management Committee. Furthermore, the Board of Directors receives a written report of each new substantial product of the Bank (such as: a new derivative financial instrument substantially different from the Bank's existing instruments, a new type of exposure, market making, etc.) following the approval of the Risk Management Committee. Once every six months, the Board of Directors discusses the follow-up report on the implementation of the

resolutions of the Board of Directors' plenum and committees.

- The Board of Directors has various tools for maintaining proper supervision, including deliverables of the internal audit and control functions (such as the Internal Auditor, Risk Manager, Compliance Officer), and external functions (including the independent auditor).
- The Board of Directors defined a list which is updated from time to time, consisting of irregular events of which it wishes to be informed. In accordance with the work plan approved by the Board of Directors, the Internal Audit Division carries out audits at a predetermined frequency, and examines the implementation of the Board's resolutions on the matters being examined and the process for monitoring the Board of Directors' decisions.
- A substantial deviation, as defined by the Board of Directors, from the boundaries which were established in the policy approved by it, is brought for the approval of the Board of Directors.
- The Board of Directors exercises supervision and control mechanisms over the Leumi Group's subsidiaries.
- The Risk Management Committee of the Board of Directors receives regular and periodic reports on relevant issues, including from the Chief Risk Officer, and submits its recommendations on these issues to the Board of Directors, according to the matter and as required, and in accordance with the work procedure of the Board of Directors, as approved by the Board of Directors. In addition, the Chief Risk Officer

reports to the Committee effective immediately, and if necessary – to the Board of Directors as well – on any issue, finding, or deficiency under her purview that could materially affect Leumi's risk management and/or business. The Chief Risk Officer may decide on other issues that are to be brought for further discussion and examination by the Risk Management Committee.

- Semi-annual meetings of the Audit Committee with the following entities (without members of the Board of Directors): the CEO, Chief Internal Auditor, Chief Legal Counsel, Independent Auditor, Chief Compliance Officer, Chief Risk Officer, Head of the Finance and Accounting Division and Chief Accounting Officer, Head of the Human Resources Division, and Head of the Accounting Division. The Audit Committee also holds an annual meeting with the chairperson of the Board of Directors, in addition to the annual meeting of the chairperson of the Board of Directors with the Board of Directors, without management members.

Assessing the Board of Directors' performance ⁹⁴

According to Directive 301, the Board of Directors undergoes – at least once every two years – a self-evaluation process, the purpose of which is to examine the effectiveness and efficiency of its work, including an examination of the structure of the Board and its committees and their suitability to the Bank's strategy and nature of its activity, as well as an examination of the Board's work processes including detection of weaknesses in its work. Thereafter, the Board of Directors discusses the findings which arise from the self-evaluation process and makes changes in its work processes, as needed. In addition, the Board of Directors periodically updates its working procedure, which is based, inter alia, on the applicable provisions of the law and Board's resolutions. The procedure stipulates, inter alia, the roles of the Board of Directors and its committees, the powers of the Board of Directors and its committees, as well as their work methods, including the reports brought before them, as well as matters and transactions that are to be brought for the approval of the Board of Directors. On April 6, 2022, the Bank's Board of Directors held a discussion regarding the self-assessment procedure.

The Bank's officer compensation policy

The Bank periodically approves compensation policies for officers at the Bank in the Board of Director's Compensation Committee, the plenum of the Board of Directors, and the General

Meeting of the Bank. The Compensation Policy for officers is based on the provisions of Amendment No. 20 to the Companies Law regarding the term and employment conditions for officers, Proper Conduct of Banking Business Directive 301A of the Banking Supervision Department, and the provisions of the Law for Compensation of Officers in Financial Corporations (Special Approval and Disallowing the Deduction of Exceptional Bonus for Tax Purposes) – 2016. The compensation policy for officers regulates the term and employment conditions of officers at the Bank, including the fixed compensation components (such as salary, social benefits, related benefits, and more); the variable compensation components (such as an annual bonus and capital remuneration); the compensation to which the Bank's Board members are entitled; arrangements for deferral, distribution, or refunding of benefits to which officers are entitled; the terms for termination of employment (such as early notice and a non-compete commitment with the Bank); the conditions under which officers are eligible for insurance, exemption, and indemnification pursuant to the provisions of the Companies Law, and more.

For additional information, see the most recent compensation policy approved by the General Meeting of the Bank on August 4, 2022. (Immediate report of the Bank regarding the summons of a General Meeting, dated July 14, 2022 (Ref. no. 2022-01-089413).

Executive compensation ⁹⁵

All directors serving on Leumi's Board of Directors, excluding the Chairman of the Board, receive compensation and reimbursement of expenses in accordance with the law regarding External Directors' compensation.

The Chairman of the Board's terms of employment were approved by the Compensation Committee, the Board of Directors, and the general meeting. The CEO's term and conditions for employment were approved by the Audit Committee (sitting as the Compensation Committee), the Board of Directors, and the General Meeting.

The Bank's Officer Compensation Policy is subject to the approval of the Bank's general meeting and is brought for the approval of the general meeting at least once every three years.

On December 23, 2019, the general meeting of the Bank approved, following the approval of the Board of Directors and according to the approval and recommendations of the Audit Committee (serving as the compensation committee, the Officer Compensation Policy (hereinafter – the "Current Compensation Policy"), which was in effect during the reporting year. In the above general meeting, of the 1,100,527,536 shares which participated in the vote – 876,615,075 shares voted for the approval of the Current Compensation Policy and 223,912,461 shares voted against it. The Current Compensation Policy was in force from the beginning of 2020 until the end of 2022.

On August 4, 2022, the general meeting of the Bank approved, following the approval of the Board of Directors and according to the approval and recommendations of the

Compensation Committee, the Revised Officer Compensation Policy (hereinafter – the "Revised Compensation Policy"). At the above General Meeting, of the 1,183,883,661 shares represented in the vote, 1,183,883,432 are shares that participated in the vote and were not classified as having a vested interest, and of these, 1,136,546,779 shares voted in favor of approving the Revised Compensation Policy and 47,336,653 shares voted against it. The Revised Compensation Policy applies from the beginning of 2023 until the end of 2025 (aside from the section regarding capital remuneration, which applies beginning from the approval of the Compensation Policy by the General Meeting).

The Current Compensation Policy and the Revised Compensation Policy of the Bank (hereinafter, jointly – the "Compensation Policy") is based on the provisions of Amendment No. 20 to the Companies Law regarding the Bank's officers' service and employment terms and conditions, on the Proper Conduct of Banking Business Directive regarding compensation policy of a banking corporation and on the provisions of the Law for Compensation of Officers in Financial Corporations (Special Approval and Disallowing the Deduction of Exceptional Bonus for Tax Purposes), 2016 (hereinafter – the "Compensation Limitation Law"). The Compensation Policy sets out a framework for the compensation of the Bank's officers and it refers, among other things, to the components of the fixed compensation, which is the principal compensation paid to officers, which includes a predetermined salary, social benefits, related benefits and retirement and termination of employment terms, and to the variable compensation components which include any compensation which is

⁹⁴ GRI 2-18

⁹⁵ GRI 2-18, GRI 2-19, GRI 2-20, GRI 2-21



not fixed. These components include: an annual measurable performance-based bonus comprised of a bonus component based on a weighted return on the Bank's equity, a bonus component based on the weighted return on the Bank's stock compared to the return of the TA-Banks Index; and a bonus component based on weighted efficiency ratio of the Bank (according to the Revised Compensation Policy, the Compensation Committee and Board of Directors may require additional components on which to base the bonus calculation). A qualitative personal bonus, based on the achievement of personal targets and qualitative criteria according to the relevant officers' purviews, and an extra bonus for special occasions. It should be noted that the members of the Board, including the chairman, are not entitled to a variable annual bonus. The President and Chief Executive Officer of the Bank is not entitled to a variable annual bonus as well, unless otherwise determined by the Bank's competent organs.

The total variable bonuses amount payable to an officer is limited to a ceiling of eight monthly salaries per year; on special occasions, the Compensation Committee and the Board of Directors may approve a further special bonus to any officer, of no more than one monthly salary for any officer. In addition, the Bank's Board of Directors may, after having received the approval of the Compensation Committee, reduce (due to special considerations) the measurable annual bonus at its discretion. Furthermore, the Compensation Policy sets out, based on Directive 301A, a mechanism for repayment of the variable bonuses, including

repayment criteria and circumstances and a repayment period. Inter alia, it was established that a variable annual bonus, fully or partially, is recoverable from an officer at the Bank for a period of five years from the date it was granted (except for exclusions), if one of the criteria listed in the Compensation Policy is met: (a) The officer was involved in behavior that caused extraordinary damage to the Bank; ⁹⁶ (b) The officer committed fraud or intentionally behaved in an improper manner, due to which data was discovered as erroneous and material restatement was necessary in the Bank's financial statements, and (c) The existence of circumstances under which the Bank may dismiss the officer without severance payments, subject to the applicable law. Furthermore, pursuant to the provisions of the Companies Law, the Compensation Policy establishes that an officer must return to the Bank bonus amounts paid to him, if paid, on the basis of data found to be erroneous and restated in the Bank's financial statements, in the manner determined by the Compensation Committee and Board of Directors.

Aside from the recoverable mechanism, the Bank's Compensation Policy establishes that in a year when the total variable compensation of an officer at the Bank is 40% higher than the fixed compensation for that officer, half of the annual bonus granted to the officer must be distributed over the course of 3 years. See the description of the distribution terms below. Furthermore, in the event of retirement, half of the variable compensation (which differs compared with all of the Bank's employees) is to be distributed over the course of the 3 years after the officer leaves the Bank.

The Compensation Policy also establishes arrangements for deferment of payment of the variable bonus to officers, payment of which is subject to the Bank's meeting the required capital adequacy ratios according to the directives of the Banking Supervision Department immediately before each vesting date (or the vesting terms established as capital remuneration, in the event that the deferred portion of the variable bonus payment is granted in the form of capital remuneration, pursuant to the Revised Compensation Policy). Consequently, if the total amount of variable bonuses to which an officer of the Bank is entitled in a calendar year exceeds 40% of the officer's fixed remuneration for that year, half (50%) of the amount of such variable bonuses shall be paid to the relevant officer in cash, and half (50%) of the amount of such variable bonuses shall be paid subject to the terms and conditions outlined in the Compensation Policy, in three equal tranches: upon the elapse of one year, two years or three years from the date on which the variable bonuses had been granted to that officer, respectively, all subject to the limitations of the Compensation Limitation Law.

The Compensation Policy established various mechanisms and arrangements designed to allow the Compensation Committee and the Board of Directors of the Bank to approve revisions in the Compensation Policy or in the compensation components in the terms of service and employment of officers to whom the Compensation Policy applies during the term of the Compensation Policy, without being required to re-obtain the approval of

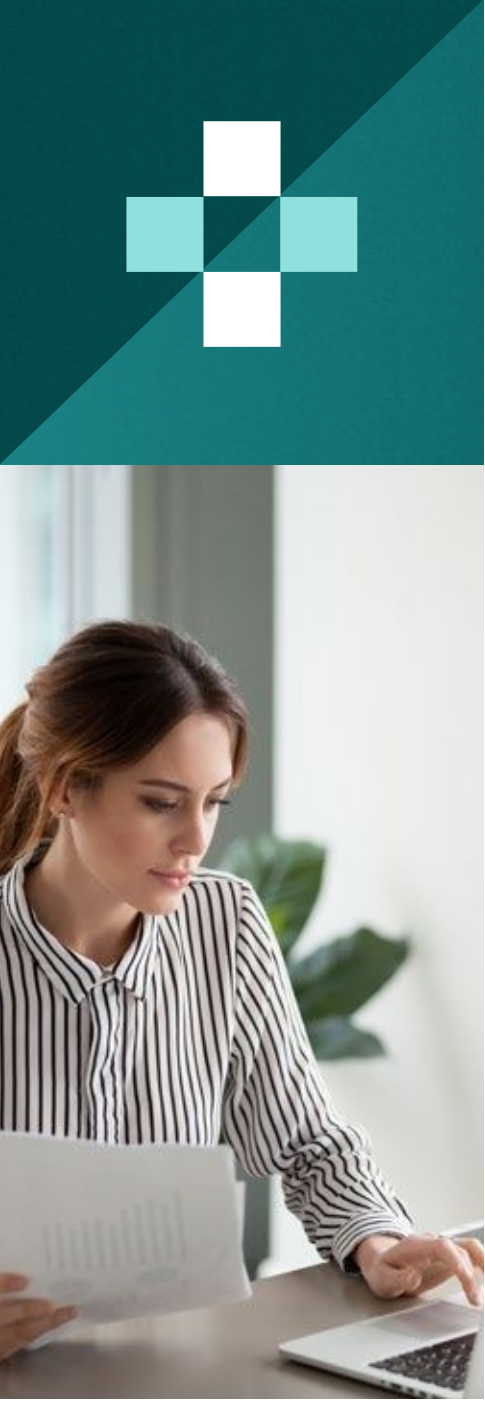
the Bank's General Meeting for each such revision. The revisions to the policy will be made if the Compensation Committee and the Bank's Board of Directors believe that the circumstances on the revision date justify their implementation.

In addition, the Revised Compensation Policy includes the option whereby, subject to the approval of the Bank's competent organs and the provisions of any law, the Bank officers (including directors) may be eligible to equity compensation in form of options, shares or share-based instruments. This directive is applies as of the date that the Compensation Policy is approved by the General Meeting. ⁹⁷

The Revised Compensation Policy and the bonus plan set as part of that policy ensure that the compensation paid to senior Bank officers in accordance with the Revised Compensation Policy will not encourage the Bank to take risks beyond the Bank's risk appetite and in a manner that might have an adverse effect on the Bank's capital base. Thus, the Revised Compensation Policy for officers enables the Bank to remunerate its officers with capital remuneration in the form of warrants, in a manner that links the remuneration to the price of the Bank's share and correspondingly increases the officers' sense of identification with the Bank and its objectives in the medium and long-term ranges. The Revised Compensation Policy is also aimed at preventing the Bank from undertaking short-term risks and prescribes mechanisms to ensure that the various risks related to its activity are taken into account in determining the variable compensation amount of the

⁹⁶ "Extraordinary damage" — A significant monetary expense for fines or sanctions imposed on the Bank by competent authorities pursuant to the law or a final judgment, final arbitration decision, settlement, and so forth, that is over 3% of the Bank's equity at the time that the extraordinary damage occurred.

⁹⁷ For additional information regarding the issue of warrants pursuant to the outline published, see the Immediate Report regarding the outline for offering unlisted warrants to officers and employees of the Bank, published on August 16, 2022 (Ref. No. 2022-01-103780).



officers. Thus, for example, performance in respect of the measurable variable bonus components – which are based, inter alia, on the Bank’s return on equity and on the return from the Bank’s share – is calculated according to the Bank’s weighted return on equity over a period of three years and according to the weighted share return difference over a period of three years.

The Compensation Committee gives its recommendation to the Board of Directors on the Bank’s Compensation Policy and the compensation of officers and members of management. Pursuant to the provisions of the Companies Law and Directive 301, there is a majority of External Directors on the committee. If necessary, the Compensation Committee is assisted, inter alia, by external independent consultants.

Additional information regarding the Current Compensation Policy appears in Appendix A to the Immediate Report of the Bank, dated November 10, 2019, regarding the extraordinary meeting that was summoned and approved the Compensation Policy. Additional information regarding the Revised Compensation Policy appears in Appendix E to the Immediate Report (Supplementary Report) of the Bank, dated July 14, 2022, regarding the annual meeting that was summoned and approved the Compensation Policy.



For more information regarding compensation of officers, please see the MAYA website and the periodic report for 2022.

The Bank’s independent auditors ⁹⁸

In 2018 and 2019, a procedure was conducted to select an independent auditor, which included contacting accounting firms in Israel to contend and submit their proposals. Several meetings were held by the Audit Committee, during which the Audit Committee viewed presentations of the firms participating in the procedure and discussions were held following these presentations. As part of the discussions conducted by the Audit Committee, the committee assessed, inter alia, whether it would be more beneficial for the Bank to continue with joint audits by two firms, or switch to audits by one firm as set forth below. In addition, it considered the practical experience of each of the firms in auditing banks and meeting the criteria that were defined.

After these discussions, the Audit Committee resolved to recommend that the Bank’s General Meeting appoint Somekh Chaikin (KPMG) and Brightman Almagor Zohar (Deloitte) as the Bank’s joint independent auditors for the period from the date of approval of the Bank’s 2019 annual financial statements (meaning, March 2020), until the date of the next Annual General Meeting of the Bank.

From the date of the Annual General Meeting of the Bank in 2019, and as per the Audit Committee’s recommendation, the reappointment of the independent auditors was approved every year at the Bank’s Annual General Meetings held in 2020, 2021, and 2022. Each year, in preparation for the Annual General Meeting to appoint an independent auditor for the upcoming year, the Audit Committee holds a discussion and recommends the appointment of an independent auditor at its conclusion; this is based on the materials and fulfillment of the criteria required of the independent auditor as presented to them. During this discussion, the committee is entitled and authorized to recommend the appointment of a new independent auditor to replace the incumbent independent auditor, or the reappointment of the incumbent independent auditor.

In the meeting of the Bank’s Audit Committee held on June 13, 2022, it was resolved to recommend that the General Meeting reappoints the auditing firms Somekh Chaikin (KPMG) and Brightman Almagor Zohar (Deloitte) as joint independent auditors of the Bank for a period that will commence on the date of approval by the current Annual General Meeting through to the end of the next Annual General Meeting of the Bank. This recommendation was approved by the Board of Directors on June 29 2022.

The Bank implements the Suggested Best Practice for Directors in Order to Improve the Quality of Financial Statements Audit as published by the Israel Securities Authority in October 2021. Accordingly, in its meetings held on April 11, 2022 and June 13 2022, the Audit Committee heard the independent auditors, and received from them explanations both regarding the audit teams’ qualifications and skills, its compliance with the independence rules applicable to the independent auditor, the planning of the course and scope of the audit in the Bank, the nature of the services rendered, the materiality thresholds, and the Bank’s material processes being audited.

⁹⁸ GRI 2-18, G4-DMA, GRI 3-3



Internal audit

The Internal Audit Division is responsible for auditing the entire Leumi Group and all its units in Israel and overseas, in accordance with the multiyear work plan that assists the Group in achieving its targets. The internal audit contributes to the Board of Directors' and management's efficient and effective implementation of the responsibility imposed on them, and it is regarded as a tool that contributes to the proper and effective operation of the Group.

Pursuant to Proper Conduct of Banking Business Directive No. 307, the Audit Division undertakes an independent evaluation of the effectiveness of the Bank's internal control structure, in order to maximize value and improve the operations of the Bank and the Group.

The functions of the Audit Division include:

- Verifying that the Bank's operations comply with the law, regulations, policy, and procedures of the Bank, while maintaining an ongoing dialog with the regulators.
- Examining the Bank's internal control systems, evaluating them and examining their effectiveness.
- Reviewing the implementation and effectiveness of risk management procedures and risk assessment methodologies.
- Reviewing of the steps taken to maintain the Group's assets, with an emphasis on cost effectiveness.
- Conducting special inspections and handling employee complaints about unusual activity and concern for the compromising proper conduct or integrity.

Rotation of internal auditors

The internal auditors of Leumi and its subsidiaries are appointed auditors. Therefore, their appointment and termination of office shall be made by the Board of Directors, based on the recommendation of the Audit Committee. However, internal and external rotation of employees of the internal audit division is made, enabling to refresh the perspectives and to innovate the auditing; it also supports the preservation and implementation of career paths.



Risk management

Leumi Group is committed to act responsibly while managing the risks it faces. Risk management is a necessary condition for meeting the Group's current and long-term objectives. The Group is engaged in a wide range of activities that involve financial and non-financial risk-taking. The risk management methods and work procedures in Israel and overseas are regularly assessed and updated, taking into account the changes taking place in the business environment and requirements of the Bank of Israel and other Israeli and foreign regulators.

Some of the most severe risks defined by the Bank in 2022 include overall credit risk, liquidity risk, information security and cybersecurity risk, compliance risk, and more. The methodology for classifying the severity of the exposures to various risks is based on quantifying the effect of various scenarios being realized on the Group's capital, i.e. its stability.

For more information about key risks arising from the Bank's activity and the mitigation of those risks in 2022, including conduct risks, environmental risks and more – see the Bank's 2022 financial statements.



For more information about Leumi's Statement on Credit and Investment Considerations see the Bank's website.



For more information about key risks arising from the Bank's activity and the mitigation of those risks in 2022, including conduct risks, environmental risks and more – see the Bank's 2022 financial statements.

Business continuity

Bank Leumi strives to maintain the continuity of its operations at all times; therefore, it is making preparations to deal with external and/or internal events, the occurrence of which may cause significant operational disruption to the Bank's business activities.

The Bank implements a business continuity management policy whose purpose is to mitigate the damage caused by this type of disruption, to ensure business activity, proper functioning of the payment and clearing systems as well as the provision of banking services to the public, and to mitigate the damage caused to the Bank's reputation, profitability, depositors and holders of its securities. The Bank's business continuity policy is based on regulatory provisions: Proper Conduct of Banking Business Directive No. 355 (Business Continuity Management), Proper Conduct of Banking Business Directive No. 357 (Information Technology Management), Proper Conduct of Banking Business Directive No. 310 (Risk Management), and Proper Conduct of Banking Business Directive No. 350 (Operational Risk Management). Once a year, or whenever there is a material change in the activity and risk environment, management discusses the need to refresh and revise the business continuity policy and plan. The plan is led by the Operations and Service Division, and falls under the responsibility of the officer in charge of business continuity in Leumi (the Head of the Operations and Service Division) and the Board of Directors; each division will appoint a "business continuity officer". The work framework for business continuity management is formulated on a Bank-wide basis, and is integrated as a component of the Bank's risk management plan.

The policy is based on three lines of defense:

Lines of business, in collaboration with the officer in charge of business continuity, and the Product Management and Regulation Department

Managements of the business lines (the units) bear the responsibility for identifying, measuring, planning and implementing activities at times of emergency. The units are also in charge of performing the actions pertaining to business continuity management, in collaboration with and under the guidance and assistance of business continuity officers.

Risk Management Division

independently challenging the business continuity management activities, such as challenging policies, taking part in some of the drills and challenging business continuity risks in some of the processes.

The Internal Audit Division

conducting independent review of controls, challenging the Bank's processes and systems in place for mitigating its operational risk, including the business continuity activity.

The plan addresses situations where activity is disrupted to a significant extent and require emergency preparedness, such as: earthquakes, pandemics, lack of personnel, damage to technological infrastructures, missile strikes and extreme weather events. In addition, the plan includes guidelines regarding an ongoing state of emergency, defines the principles on which the components of preparedness for work at times of ongoing emergency will be based, such that the Bank's business continuity will be run in a continuous and safe manner.



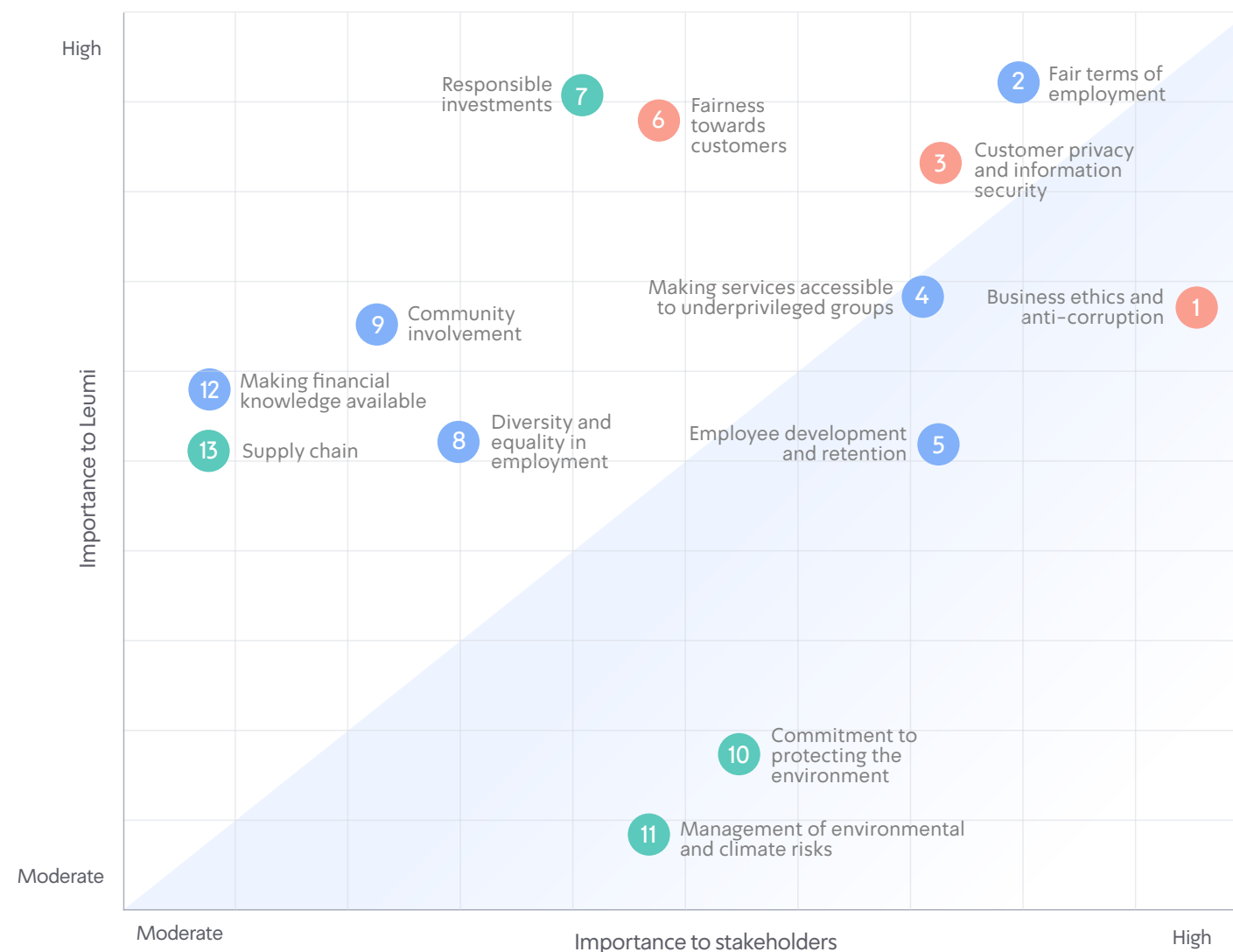
Identifying material topics for reporting ⁹⁹

The materiality of the topics is reviewed with the Bank’s management and stakeholders once every three years, as decided by the board of directors. For the 2022 report, the material topics that were selected in 2020 were validated against a peer survey and a review of trends in the domestic and international market. When validating the topics, a decision was made to rename the topic “Environmental Risk Management” to “Environmental and Climate Risks Management”, in line with the global focus on climate and the relevance of the topic to the Bank’s activities. In addition, the topic of human rights was identified as material for the Bank and broad reference to the topic appears throughout the chapters of the report, even though it was not defined as a material topic. At the end of the process, 13 topics that were approved by the Bank’s management were ranked. The process of ranking the topics and estimating their importance was carried out by a weighted analysis of the Bank’s position (50%) and the stakeholders’ position (50%) on these topics.

Leumi considers all of the 13 topics that were defined as essential for its activities and for its stakeholders. The material topics in Bank Leumi are:

- 1 ● Business ethics and anti-corruption
- 2 ● Fair terms of employment
- 3 ● Customer privacy and information security
- 4 ● Making services accessible to underprivileged groups
- 5 ● Employee development and retention
- 6 ● Fairness towards customers
- 7 ● Responsible investments
- 8 ● Diversity and equality in employment
- 9 ● Community outreach
- 10 ● Commitment to protecting the environment
- 11 ● Management of environmental and climate risks
- 12 ● Making financial knowledge available
- 13 ● Sustainable procurement

The Materiality Matrix and Issues for Reporting



ESG Topics ● Environmental ● Social ● Governance

⁹⁹ GRI 3-1, GRI 3-2, GRI 3-3

External assurance¹⁰⁰



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Independent Limited Assurance Report to the Readers/Users of Bank Leumi le-Israel B.M. 2022 Environment, Social, and Governance (ESG) Report for

We were engaged by the management of Bank Leumi le-Israel B.M. (hereinafter: the “Bank” or “Leumi”) to provide limited assurance on the specified topics as mentioned in the table below (hereinafter: “Specific Topics”), marked “LA” in the body of the report, regarding the information presented in the Bank Leumi le-Israel B.M. ESG Report for the year ended on December 31, 2022(hereinafter: the “Report”). The Bank management is responsible for:

- A. Drafting and presenting the ESG Report in accordance with the Global Reporting Initiative Sustainability Reporting Standards (hereinafter: “GRI-SRS”) principles, as they appear on pages 104 to 109 of the Report, as well as all relevant information and representations contained in the Report.
- B. Setting Bank Leumi’s objectives in respect of sustainable development performance and reporting.
- C. Establishing and maintaining appropriate performance management and internal control systems from which the information is derived, to be free from omissions and material misstatement, whether due to fraud or error.
- D. Identifying the stakeholders and material issues for reporting.

Our responsibility is to provide limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with the international standard for assurance engagements, *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ISAE 3000), published by the International Auditing and Assurance Standards Board (IAASB). This standard requires us to comply with applicable ethical requirements, including independence requirements, and that the engagement be planned and performed in order to obtain limited assurance about whether the specific topics we examined do not contain material misstatements.

A limited assurance engagement, regarding information and data included in the Environment, Social, and Governance (ESG) report includes conducting interviews and inquiries, primarily of relevant entities within the Bank responsible for preparing the information presented in the Report and implementing analytical and other procedures to gather supporting evidence, at adequate volumes. These procedures included:

- Examination of the material aspects in the report, as defined by the Bank, for the purpose of performing a limited assurance, based on publicly available information sources, familiarity with the Bank’s operations, and comparative information about similar organizations.

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- Conducting interviews and inquiries with entities in the management, to gain an understanding regarding the material aspects to the Bank Leumi le-Israel B.M. stakeholders.
- Conducting interviews with senior management and relevant staff members of the Bank’s management regarding the Bank’s ESG strategy and the Bank’s policy regarding material topics and how they are applied to the Bank’s overall business activity.
- Conducting interviews with relevant entities in the Bank’s management and other units, who are responsible for providing the necessary information for preparing the Report.
- Making a comparison to verify that the specific topics in the Report match the references in the relevant sources of information to the Report, to determine whether all material information in these sources appears in the Report.
- As relevant, conducting interviews on the method of calculating, consolidating, and the methods used to gather the material information and the reporting.
- Reading the information presented in the Report, to determine whether it is consistent with the general knowledge and known experience in connection with Bank Leumi le-Israel B.M.’s ESG performance.

A limited assurance engagement is substantially less in scope that a reasonable assurance engagement in relation to the evidence-gathering and review of supporting information procedures performed. As a result, the level of assurance obtained regarding the Bank’s Environment, Social, and Governance (ESG) Report is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Conclusion

Based on the limited assurance procedures performed and the evidence we have obtained, described in the report, nothing was brought to our attention that could indicate that the Bank Leumi le-Israel B.M. 2022 ESG Report is not presented, in all material respects, in accordance with the GRI-SRS principles and the Bank Leumi le-Israel B.M. reporting criteria.

Our limited assurance is provided only to Bank Leumi le-Israel B.M. in accordance with the terms of our engagement. Our work has been undertaken so that we could provide limited assurance for Bank Leumi le-Israel B.M. on the specified topics we have been engaged to state in our report, and for no other purpose or in any other context. We do not accept or assume responsibility to anyone other than Bank Leumi le-Israel B.M. and its subsidiaries for our, for this limited assurance report, or for the conclusions we have reached.

Tel Aviv
March 12, 2023
Somekh Chaikin

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Limited assurance was performed regarding specific data and information detailed in the table below only:

Topic	Subtopic
Initiatives and ratings	Involvement in initiatives and ratings in sustainability and corporate responsibility topics in 2022
	Percentage of women on the Leumi Board of Directors in 2022
	Managerial activities regarding Corporate Social Responsibility in the Bank in 2022
Corporate Governance	Percentage of Leumi’s employees participated in anti-bribery and anti-corruption training in 2022
	Total credit granted to promote social issues in 2022
	Total credit granted to promote environmental issues in 2022
Economic	Percentage of Leumi’s procurement defined as “blue and white” (locally sourced) out of Leumi’s total procurement in 2022
	Total value of “Green” procurement out of Leumi’s procurement in 2022
	Total procurement amount from companies that promote employment of persons from underemployed populations and from social businesses in 2022
	Percentage of employees from underemployed populations hired by Leumi in 2022
Social	Percentage of women out of Leumi’s total employees, senior management, and branch managers in 2022
	Percentage of women constitute of the top decile of highest-paid employees at Leumi in 2022
	Total hours invested in teaching and training Leumi Group employees in 2022
	Percentage of Leumi employees under collective agreements in 2022
	Percentage of Leumi employees who participated in feedback and evaluation processes in 2022
	Scope of community investment in 2022
Environmental	Percentage of year-on-year decrease in Leumi’s energy consumption in 2022 compared to 2021
	Percentage of year-on-year decrease in Leumi’s carbon footprint in 2022 compared to 2021
	Percentage of electricity consumption from private power producers in 2022
	Declaration of construction and maintenance suppliers of Leumi regarding compliance with environmental criteria in 2022
	Percentage of paper waste recycling by Leumi in 2022

The “LA” marking in any given paragraph refers to the information included in the relevant sentence only.

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About the Report

This ESG Report is the 14th such report published by the Leumi Group. The report was published in March 2023, at the same time as the Bank's financial statements.

The report was written in accordance with the Global Reporting Initiative (GRI) reporting standards, under the "comprehensive" reporting option. The report includes reporting in accordance with the principles of the UN Global Compact (UNGC) Initiative.¹⁰¹

The data in the Report cover the period from January 1, 2022 to December 31, 2022. The Leumi Group maintains reporting continuity, publishing an ESG Report annually. Previous years' reports are available on the Bank's website.

Content of the Report

The Report covers the Leumi Group's activity during 2022, in the social, environmental and corporate governance areas. Except where noted otherwise, this Report refers to the Leumi Group's activity in Israel and overseas. The environmental data in the Chapter "Environmental, Social and Corporate Governance Performance" refer solely to Leumi's environmental performance; in 2022, Leumi employed approximately 96% of the Group's employees and contributed more than 88.74% of its earnings.

Terms¹⁰²

The definitions "Leumi Group" or the "Group" refer to the activity of the entire Group as defined in this report. The term "Leumi" is used to describe the activities of Bank Leumi le-Israel B.M. only. The names of subsidiaries and foreign offices are referred to in the description of the activities taking place in these companies alone.

For any queries regarding the relevant issues, please contact:

Kfir Mizrachi, Head of ESG and Global Operations, Kfir.Mizrachi@BankLeumi.co.il
Keren Tairi, Corporate Social Responsibility Officer at Bank Leumi, Keren.tairibaba@bankleumi.co.il

Reporting Reliability Assurance

Leumi conducts internal and external assurance of its published ESG reports in order to obtain assurance as to the reliability of the reports, improve the information and data collection process and maintain and enhance the transparency of its activities.

As part of these control processes, this report was subject to three controls:

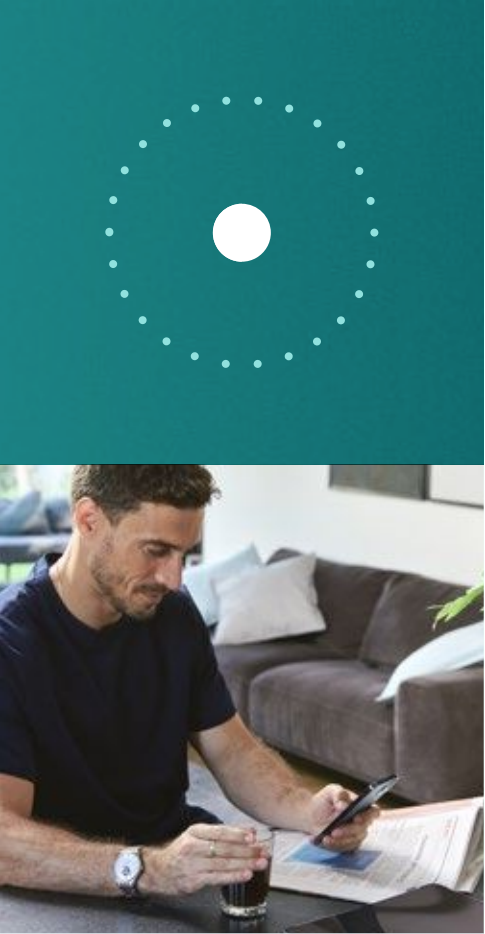
- **Internal control** – The report was validated by Leumi's heads of departments and divisions and by the Bank's management and Board of Directors.
- **Assurance regarding preparation of the report in accordance with the reporting standards** – The GRI organization reviewed this report and examined that the GRI content index is clearly presented, in a manner consistent with the Standards (GRI Content Index – Essentials Service).¹⁰³
- **External assurance** – was carried out by the accounting firm Somekh Chaikin KPMG.¹⁰⁴

¹⁰¹ GRI 2-3 ;GRI 2-4

¹⁰² GRI 2-2

¹⁰³ For further information regarding control carried out by GRI, see p. 115

¹⁰⁴ For more information on the reliability assurance carried out by Somekh Chaikin KPMG, please see below.



GRI Content Index



For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2–1 to 2–5, 3–1 and 3–2 are aligned with the appropriate sections in the body of the report. The service was performed on the English version of the report.

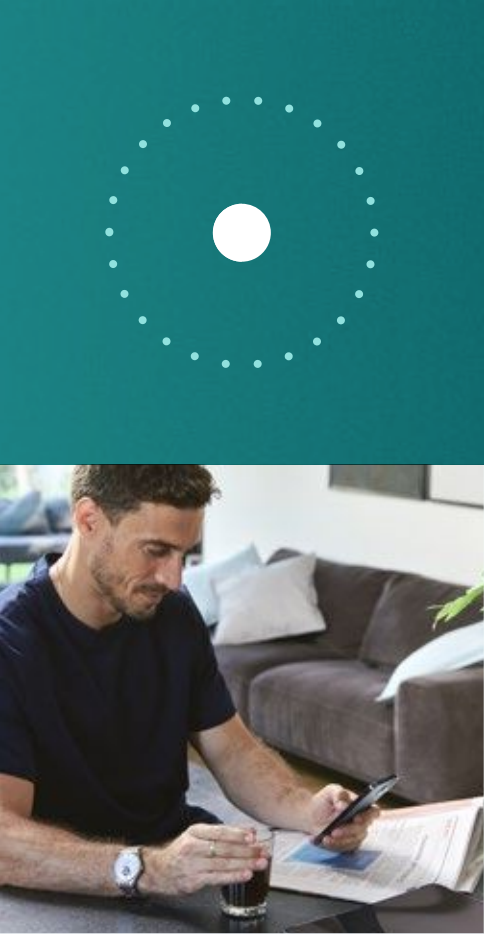
GRI 1: Foundation 2021

Disclosure serial no.		Disclosure
1-1	Declaration of use	Bank Leumi reports according to the GRI standards for the period between January 1, 2022 and December 31, 2022.
1-2	Use of the GRI 1 Index	GRI 1: Foundation 2021
1-3	Sectorial GRI standards	Not available

GRI 2: General Disclosures 2021

Disclosure serial no.		Disclosure	Page	UNGC	SDGs
The organization and its reporting practices					
2-1	Organizational details		5		
2-2	Entities included in the organization’s sustainability reporting		103		
2-3	Reporting period, frequency and contact point		103		
2-4	Restatements of information		103		
2-5	External assurance		102		
Activities and workers					
2-6	Activities, value chain and other business relationships		5		
2-7	Employees		67–68	6	
2-8	Workers who are not employees		70		

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
Governance				
2-9	Governance structure and composition	22, 80		16
2-10	Nomination and selection of the highest governance body	90		16
2-11	Chair of the highest governance body	3		16
2-12	Role of the highest governance body in overseeing the management of impacts	3		16
2-13	Delegation of responsibility for managing impacts	22		
2-14	Role of the highest governance body in sustainability reporting	22, 86		
2-15	Conflicts of interest	83, 94		16
2-16	Communication of critical concerns	85, 94		
2-17	Collective knowledge of the highest governance body	90		4
2-18	Evaluation of the performance of the highest governance body	96, 98		
2-19	Remuneration policies	71, 96		
2-20	Process to determine remuneration	96		16
2-21	Annual total compensation ratio	96		
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	7, 9		
2-23	Policy commitments	7, 18, 48, 80	10	16
2-24	Embedding policy commitments	7, 18, 48, 80		
2-25	Processes to remediate negative impacts	7, 18, 48, 80		
2-26	Mechanisms for seeking advice and raising concerns	85		



Disclosure serial no.	Disclosure	Page	UNGC	SDGs
2-27	Compliance with laws and regulations	82, 84		
2-28	Membership associations	8		
Stakeholder engagement				
2-29	Approach to stakeholder engagement	14		
2-30	Collective bargaining agreements	78		

GRI 3: Material Topics 2021

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-1	Process to determine material topics	101		
3-2	List of material topics	101		
3-3	Management of material topics	101		

Economic Performance

GRI 201: Economic Performance 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	48	7	8,9
201-1	Direct economic value generated by the Bank	48		
201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	28		
201-3	The Bank's obligations in respect of retirement, compensation and pension plans	Leumi offers its employees a retirement course starting about a year before they reach retirement age. In addition, despite the fact that this is not mandatory, every employee resigning from the Bank is entitled to receive the severance pay accrued for him/her.		

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
201-4	Financial support, grants and assistance the company received from government during the reporting period	In 2022, the Group received no government support, except for the tax credit in respect of donations to the community.		

GRI 202: Market Presence 2016

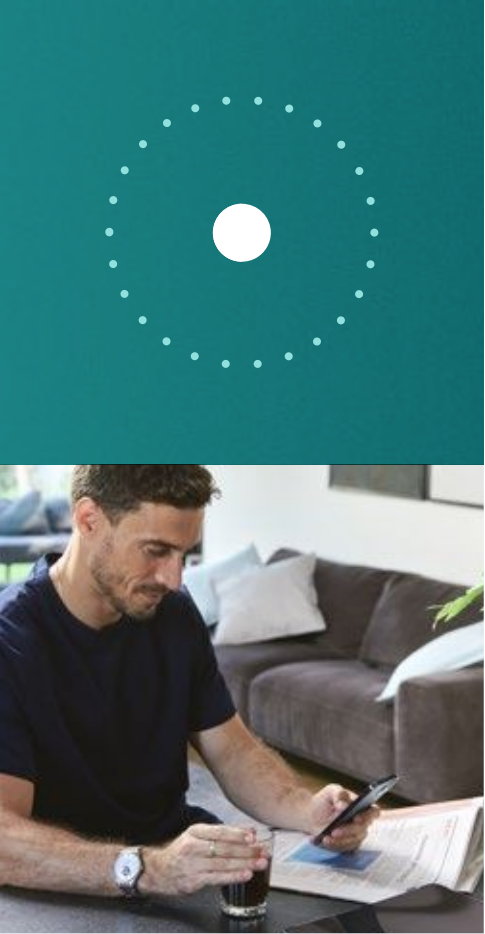
Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	67, 71		
202-1	Range of standard entry level wage compared to local minimum wage by gender and locations of operation	71	6	8
202-2	Proportion of senior management hired from local communities	67	6	5,8

GRI 402: Labor - Management Relations 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	78		
402-1	Minimum notice periods regarding operational changes	78	6	8

GRI 403: Occupational Health and Safety 2018

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	76-77		
403-1	Occupational health and safety management system	76-77		
403-2	Hazard identification, risk assessment, and incident investigation	76-77		
403-3	Occupational health services	76-77		
403-4	Worker participation, consultation, and communication on occupational health and safety	76-77		



Fair Employment Terms | Employee Retention and Development

GRI 401: Employment 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	76-77		
401-1	New employee hires and employee turnover	76-77		
402-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	76-77		
402-3	Parental leave	76-77		

Training and Education

GRI 404: Training and Education 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	75		
401-1	Average hours of training per year per employee	75	6	4,5
402-2	Programs for development that support the continued employability of employees	75		4,8
402-3	Percentage of employees receiving regular performance and career development reviews	72	6	5,10

Responsible Investments

GRI 203: Indirect Economic Impacts 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	50		
203-1	Development and impact of investments in infrastructure and services provided mainly for the public's benefit through trade arrangements, contributions in kind (in products) or pro bono (in services) activity	50		5,9
203-2	Significant indirect economic impacts, including the extent of impacts	50		8,10

Responsible Procurement

GRI 204: Procurement Practices 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	54		
204-1	Actual percentage of expenditure on procurement from local suppliers in significant locations of operation	55		5,8

GRI 308: Supplier Environmental Assessment 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	46	8	
308-1	Percentage of new suppliers that were screened using environmental criteria	46	8	
308-2	Handling of significant adverse environmental impacts in the supply chain	46	8	

GRI 414: Supplier Social Assessment 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	54		
414-1	Percentage of new suppliers that were screened using social criteria of employment environment, human rights and community	54		5,8
414-2	Significant actual (and potential) social impacts identified in the supply chain regarding employment environment, human rights and community and actions taken	54		5,8



Business Ethics and Anti-Corruption

GRI 205: Anti-Corruption 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	82, 85, 87		
205-1	Percentage and number of units in which the company conducted corruption risks identification surveys	82, 85	10	16
205-2	Communication and training on anti-corruption policies and procedures	82, 85	10	16
205-3	Corruption incidents during the reporting period	82, 87-88	10	16

GRI 206: Anti- Competitive Behavior 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	82		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	82		16

GRI 415: Public Policy 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	84		
415-1	Total political contributions	The Group does not grant donations earmarked for political parties, or for promoting political aims.		16

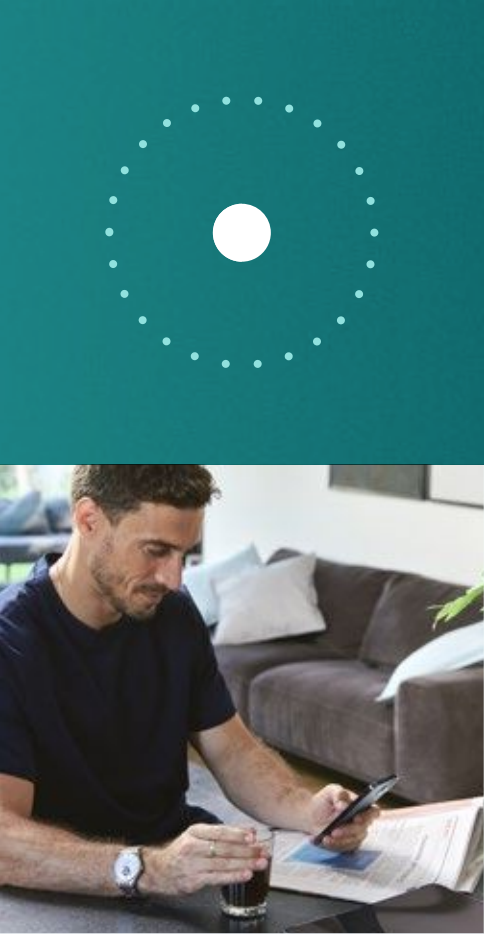
Environment and Climate Risk Management | Commitment to the Environment

GRI 302: Energy 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	40, 42, 44	7,8,9	
302-1	Energy consumption within the organization	39	7,8	
302-2	Energy consumption outside of the organization	Not measured	8	
302-3	The organization's energy consumption intensity	40	8	
302-4	The organization's energy consumption reduction	39, 42	8,9	
302-5	Reductions in energy requirements of products and services	44	8,9	

GRI 305: Emissions 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	40, 42	7,8,9	
305-1	Direct emissions of greenhouse gases - Scope 1 (fuels)	40-41	7,8	
305-2	Indirect emissions of greenhouse gases - Scope 2 (electricity).	40-41	7,8	
305-3	Other indirect (Scope 3) GHG emissions	40-41	7,8	
305-4	The organization's greenhouse gas emission intensity	41	8	
305-5	Reduction of GHG emissions	40-41	8,9	
306-5	Emissions of ozone-depleting substances	Negligible	7,8	
307-5	NOx, SOx, and other significant air emissions	Negligible	7,8	



Diversity and Equal Opportunity

GRI 405: Diversity and Equal Opportunity 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	67, 69	6	
405-1	The board of directors' composition and breakdown of employees (by gender, age, minority, education)	67-69	6	5
405-2	Processes to ensure gender equality and prevention of gender-only discrimination (including men's versus women's salaries); ratio of salary of women to men in each employee category	67-69	6	5,8,10

Non- discrimination

GRI 406: Non- Discrimination 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	70, 84	6	
406-1	Total number of incidents of discrimination and corrective actions taken	70	6	5,8,16

GRI 417: Marketing and Labeling 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	82, 87		
417-1	Requirements for product and service information and labeling	82		
417-2	Incidents of non-compliance concerning product and service information and labeling	87		16
417-3	Incidents of non-compliance concerning marketing communications	87		

Community Involvement | Accessible Financial Knowledge | Accessible Services to Underprivileged Communities

GRI 413: Local Communities 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	62, 65, 86	1	
413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	62, 65	1	4
413-2	Operations with significant actual and potential negative impacts on local communities	86	1	
FS13	access points in low-populated or economically disadvantaged areas by type	61		8
FS14	Initiatives to improve access to financial services for disadvantaged people	61		4

Customer Privacy

GRI 418: Customer Privacy 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	88		10
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	88		16



Product profile (Sector supplement)
Product profile (Sector supplement) 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	36, 50	8	
FS6	The value of the organization’s product and service portfolio	36, 50		
FS7	The value of products designed to promote social objectives or that includes social considerations	50		
FS8	The value of products designed to promote environmental goals or that include environmental considerations	36		

Audit (Sector supplement)
Audit (Sector supplement) 2016

Disclosure serial no.	Disclosure	Page	UNGC	SDGs
3-3	Management of material topics	98	8	
G4-DMA	Audit and implementation of environmental, social policy and risk assessment processes	98		



SASB Index
Sustainability Accounting Standard Board (SASB): COMMERCIAL BANKS Industry Standard

Topic	Disclosure	Code	Page
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1	86
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	86
Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	52-53 ,50
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.1	50-53
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.2	59
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.3	65 ,60 ,58
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	43-44 ,37 ,32-33 ,27-29
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	43-44 ,37 ,32-33 ,27-29
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	87-88
	Description of whistleblower policies and procedures	FN-CB-510a.2	87-88 ,85
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	N/A
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	95
Activity Metrics	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB- 000.A	Details in the Bank’s financial statements for 2022, in the “Operating Segments” Chapter
	(1) Number and (2) value of loans by segment: (a) personal and (b) small business, and (c) corporate	FN-CB- 000.B	Details in the Bank’s financial statements for 2022, in the “Operating Segments” Chapter