

**Bank Leumi Le Israel B.M.  
and its Investee Companies**

**Environmental, Social and Corporate Governance  
Report for 2024**

## Table of Contents

	Page
<b>Introduction</b>	4
Organizational profile and business activity	4
Leumi's ESG vision and strategy	4
Promotion of Sustainable Development Goals (SDG)	6
Material issues for reporting in the ESG Report	8
The impact resulting from the Bank's activities and its measurement	11
Dialogue with interested parties	17
 <b>Environment and climate</b>	 18
TCFD	18
Corporate governance, strategy, risk management, objectives and indicators	18
Corporate governance in relation to environment and climate	18
Environment and climate strategy	22
Management of environmental and climate risks	25
Environmental and climate goals and indicators	33
 <b>Social</b>	 41
Corporate governance in relation to social aspects	41
Leumi employees	44
Customers	49
Community	58
Suppliers	59
 <b>Corporate governance at Leumi</b>	 62
Bank Leumi's Board of Directors	62
Shareholders' meeting	68
The Bank's independent auditors	68
Risk management	69
Compliance, money laundering, bribery and corruption	70
Internal audit	73
The Bank's officer compensation policy	73
Code of Ethics and conflicts of interest	75
Fairness towards customers and fair banking risk management (conduct)	76
Reporting mechanisms, embezzlement and fraud	77
Information security, cyber and customer privacy	78
Tax policy	80
Human rights policy	81
Legal proceedings	83
 <b>Epilogue</b>	 84
 <b>About this report</b>	 85
 <b>Reliability assurance</b>	 87
 <b>Indices</b>	 90
TCFD	90
GRI	90
SASB	94

## Bank Leumi's Environmental, Social and Governance Report for 2024

We are pleased to submit this Bank Leumi Le Israel B.M. report as of December 31, 2024. The report has been prepared in accordance with Banking Supervision Department directives regarding reporting on environmental, social and governance aspects and climate risks, as specified in Proper Conduct of Banking Business Directive 655, as well as in accordance with international ESG standards and practices, as specified in this report.

This report provides supplementary and accompanying information to the Bank's consolidated financial statements and the Board of Directors' and Management's report as of December 31, 2024, and should be read together with the information presented therein.



Mr. Uri Alon  
Chairman of the Board of Directors



Mr. Hanan Friedman  
CEO

March 4, 2025

# Introduction

## Organizational profile and business activity

The Bank is a "banking corporation" operating under the Banking Law (Licensing), 1981. The bank's activities are regulated by laws, orders and regulations, and in addition, rules, guidelines and positions of the regulators.

The Bank is divided into four main business lines, which specialize in providing banking and financial services to certain customer segments: Retail Banking, Mortgages, Business Banking, Capital Market and Financial Management, and through subsidiaries in Israel and abroad.

For more information regarding Leumi's business activity, please see the chapter Overview of Goals and Strategy in the Bank's Board of Directors' Report as of December 31, 2024.

## Leumi's ESG vision and strategy

The Bank's ESG vision is derived from Leumi's vision, based on leadership in all ESG aspects, while reflecting environmental, social, and governance challenges in the spirit of the UN's Sustainable Development Goals (SDG). The realization of the bank's ESG vision is based on a coherent leadership strategy in all environment and climate, social and governance aspects, from the concept that these aspects combine business opportunities, risks, and social and organizational responsibility for the Bank's shareholders and interested parties, including: investors, employees, customers, suppliers and community.

At the end of 2024, the Bank's management and Board of Directors approved a multi-year strategic plan for the years 2025 to 2027.

The multi-year strategic plan defines the strategic stages and focus areas required to achieve the defined strategic goals. The process included an examination of global trends and the changes expected in the local business environment, changes in consumer expectations and habits, the competitive environment, regulation, and more.

As a derivative of the strategic plan, three-year goals were defined, based on which the work plans of all the Bank's divisions are determined. Strategic initiatives and projects were also defined in several focus areas, including ESG.

Within this focus area, and as part of the Group's strategy, the Bank resolutely promotes the implementation of environmental and social initiatives and their integration into business activities, in optimal corporate governance, and while implementing measurement and reporting processes and mechanisms in accordance with international standards.

In 2024, Leumi was ranked 480th on Time magazine's list of the world's 500 leading companies regarding ESG<sup>1</sup>.

The strategy formulated as aforesaid is based on three main anchors:

## Determining strategic and business environmental, social and governance targets

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, which was approved by the management and Board of Directors, while integrating environmental and climate aspects as an integral part of the Bank's strategy, including the promotion of business opportunities

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<sup>1</sup> Time Magazine, in collaboration with the business information platform Statista, ranked the world's leading companies regarding sustainability for 2024. The ranking included 500 companies from 30 countries that are leading the field of sustainability out of the 5,000 largest and most influential companies in the world. The Bank is one of only two Israeli companies included in the ranking. TIME/Statista World's Most Sustainable Companies 2024 Methodology | TIME.

alongside the management of environmental and climate risks. The plan includes annual and long-term goals, which combine the Bank's core activities with the material ESG issues.

#### [Standardization of best practices](#)

Leumi attributes utmost importance to the implementation of corporate governance, definition of policy, and determining optimal ESG criteria as a central milestone, taking into consideration the development of local and international regulation. In order to formulate optimal criteria, the Bank implemented a cross-organizational process to revise the main points of the Bank's policy papers in all areas of its ESG activity, including: 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 various Bank divisions, credit policy, investment policy and market risk management, procurement policy, investment advisory policy, and business continuity policy.

#### [ESG collaborations with international and local entities](#)

Leumi considers the strategic ESG collaborations with local and global entities a main anchor of the Bank's strategy under an overall concept that the climate crisis, alongside the implementation of the Bank's social responsibility in its activities, is based on a basic need for cross-sector cooperation in all aspects of corporate responsibility.

## Promotion of Sustainable Development Goals (SDG)

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.

As a leading financial institution in Israel, Leumi Group has a material impact on the social and economic fabric in Israel. Leumi Group attaches great importance to committing to the effort for achieving these SDG and uses them as inspiration in its operations.

The Bank contributes in its activity to the promotion and development of the SDG targets, through two main levels, as follows<sup>2</sup>:

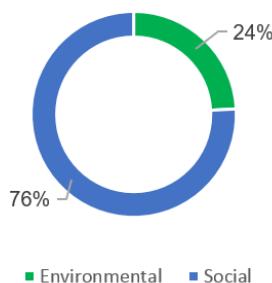
### In the Bank's main core activity areas (credit and investments)

Sustainable finance at Leumi in 2024 amounted to a total of approx. NIS 112.8 billion, of which approx. NIS 27.2 billion was for environmental activities and approx. NIS 85.6 billion was for social activities<sup>3</sup>, of which:

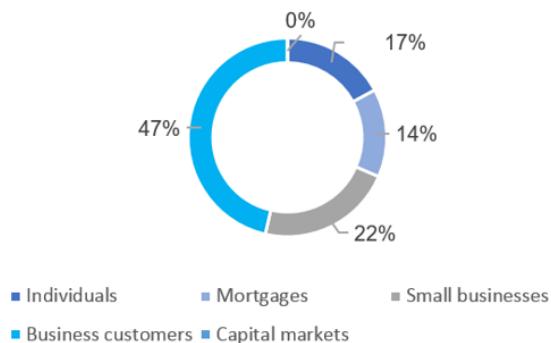
#### Breakdown by primary SDG



#### Breakdown by sustainability aspect (environment and social)



#### Breakdown by customer type<sup>4</sup>



<sup>2</sup> The Bank's reference to the SDG aspects in its activity in this chapter serves mainly for the purpose of making the SDG targets accessible to the public; it does not indicate an in-depth measurement of each of the SDG targets.

<sup>3</sup> For more information regarding the environmental and social financing and investment categories, please see this report.

<sup>4</sup> "Large and mid-sized businesses" refers to business, real estate and commercial customers according to management segments, as detailed in the Bank's Annual Report as of December 31, 2024.

## In quality issues that are materially reflected in the Bank's activities



- Setting a financing and investment target in the amount of NIS 40 billion (in terms of balances) by 2030.
- Setting a target to reduce the carbon footprint by 50% by 2030, compared to 2021.
- Determining an internal credit limit for the oil, coal and gas sector.
- Performance of a Scope 3 calculation in 5 categories, including 100% of the credit portfolio for the Bank's Business Division customers (including real estate, business, commercial and infrastructure), the Bank's Mortgage Division customers and 100% of the investments in tradable companies through Leumi Partners, and the holding in Valley National Bank.
- Issuing Green bonds



- The Bank entered into a strategic collaboration with the European Union's investment bank, the European Investment Bank, to provide credit in the amount of EUR 750 million, and an additional guarantee for credit related projects amounting to approx. EUR 96 million, for environmental and social purposes, under preferential conditions, for small and mid-sized businesses<sup>5</sup>.
- Leumi operates in accordance with basic international principles with regard to social responsibility, human rights, environment and climate.
- Leumi was the first bank in Israel to join as a member of the UN Global Compact, an international initiative that promotes sustainability aspects, since 2008, close to its establishment.
- Leumi has been a member of the ICMA organization<sup>6</sup> for several years and, starting in 2023, also in ICMA Green Bonds, which promotes the standardization of green and social bonds.
- Leumi supports the United Nations Principles for Responsible Banking (PRB)<sup>7</sup>.



- 40% female representation among the Bank's Board of Directors.
- Approx. 53% female representation among the Bank's senior management.
- Approx. 62% female representation among the Bank's employees.



- Optimal corporate governance in the Bank's activities

<sup>5</sup> This strategic engagement is part of the implementation of the EU Commission's Green Deal program, in which the European Union committed to the allocation of one third of the EUR 1.8 trillion budget from the EU Next Generation Plan to climate issues. [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en)

<sup>6</sup> International Capital Market Association.

<sup>7</sup> Principles for Responsible Banking

## Material issues for reporting in the ESG Report

### Identification and definition process for material issues

Defining material issues in the Bank's activity is a central layer in the Bank's ESG strategy as a whole. These issues are examined in several complementary vectors to form an overall concept after carrying out various processes, including a dialogue with all shareholders and interested parties: investors, employees, customers, suppliers, business partners, regulatory entities, and other professional organizations, in Israel and around the world.

The focus of the material issues and their validation was conducted in accordance with the principles of double materiality.<sup>8</sup>

This principle emphasizes the examination of the potential financial effects of the environment and society on the Bank's activities in the short, medium and long term, which have an impact on the Bank's growth engines, on its competitive position and on the creation of value for the shareholders and interested parties in the long term, on the one hand, and the examination of the impact of the Bank's activity on the environment and society, on the other hand.

The Bank's ESG concept is derived from the Bank's strategy; it does not stand on its own, is an integral part of the activity, and is embedded in the various Bank units, in all its aspects.

The process of defining the material issues was carried out according to this concept, and was based on integrative analysis, between the three anchors, as follows:

- Strategic focus areas defined by the Bank

Continued responsible growth in targeted segments; focus on the customer; leveraging of organizational effectiveness; and resolute promotion and implementation of ESG aspects that include environmental and social initiatives and their integration into business activities.

- Leading and emerging risks identified by the Bank

Macroeconomic risk; information security and cyber risk; strategic risk; technology risk; construction and real estate industry risk; regulatory risk; and climate and environmental risk.

- Issues identified as highly important in the active engagement between the Bank and its shareholders and interested parties

1) Business ethics and fairness towards customers; 2) commitment to the environment, responsible investments, and environmental and climate risk management; 3) making services and financial knowledge accessible to disadvantaged populations; 4) diversity and equality in employment; 5) fair employment conditions and employee development and retention; 6) involvement in the community and responsible procurement; 7) customer privacy and information security; and 8) prevention of corruption.

In 2024, as part of the validation of the materiality process, which was based on the processes defining material issues and their validation from previous years, the Bank included a comprehensive, unique and independent research and validation process, carried out in collaboration with the Israeli climate-tech company, GreenSwan.ai, for the purpose of comprehensively identifying the material issues for a wide range of interested parties and parties with a significant impact on the area of sustainability, including: regulators, investors, academic research, Big Tech companies, consulting firms, rating agencies, the World Bank, the EIB, and more. The summary of the conclusions from this process led to the fact that, as a rule, there is a congruence between the material issues identified by the Bank and the material issues for the aforementioned parties. In addition to all of the above, the completion of the process included a survey for a group of employees, business partners and customers, to validate the Bank's conclusions, which also revealed a congruence in the importance of the material issues for them as well.

<sup>8</sup> This materiality definition and analysis process reflects as a whole the materiality analysis processes according to the following standards: GRI (Impact Materiality) and CSRD.

## The material issues defined

The material issues defined by the Bank as a result of this integrative process, between the strategic focus of the Bank and the leading and emerging risks, and the material issues as seen by the Bank's shareholders and interested parties, are as follows:

### 1. Sustainable activity

The climate crisis has a potential risk, but also an economic opportunity and a strategic and business responsibility to accompany the Bank's customers and the economy in the transition to an economy that reduces greenhouse gas emissions as a whole. In addition, the Bank promotes social aspects in its core activity, with regard to financing and investments in the corporate sector, and promoting financial inclusion in Israel.

### 2. Business ethics and fairness towards customers and service excellence

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. This principle is reflected in the Bank's vision – "To lead proactive, innovative, and responsible banking for the benefit of our customers and to implement accelerated growth focused on the customer", both in the strategic aspect and in the fair manner of risk management by the Bank. Alongside this, the issue of service excellence has been defined by the Bank as a strategic goal, and the Bank is carrying out many activities and initiatives to achieve this goal.

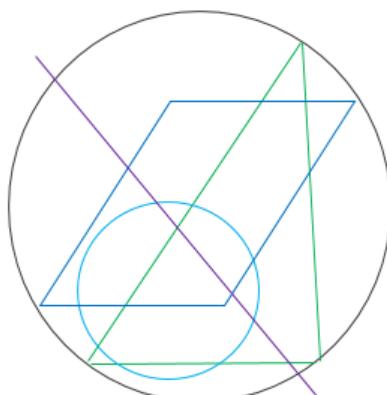
### 3. Gender diversity

Gender diversity has great importance at Leumi. Gender diversity has moral importance from a perspective of fairness, equal opportunities and social inclusion, and it enables management based on diverse opinions, perceptions, and perspectives.

## Material matrices

The following are all the issues identified in the double materiality process, from [the strategic focus areas](#), [the leading and emerging risks from the dialogue with shareholders and interested parties](#), from which the three most material issues were selected:

Leumi's materiality review process reflects a dynamic and complex process that includes many variables in the Bank's internal and external activity environment while balancing the various interests of the Bank's shareholders and interested parties.



For more information regarding the strategic focus areas and the leading and emerging risks, as well as the Bank's service initiatives, please see the chapter Goals and Business Strategy and the Leading and Emerging Risks in the Annual Report as of December 31, 2024, and the chapter The Corporation's Risk Management Approach in the Risk Report as of December 31, 2024, including their evaluation method (OVA), their manner of management, including the two most significant risks.

## Targets and metrics in relation to the material issues

### Main Environmental, Social and Governance (ESG) Indices

	2024	2023
Environmental financing and investments <sup>(a)</sup>	Approx. NIS 27 billion	Approx. NIS 23.8 billion
Reduction of operational carbon footprint <sup>(b)</sup>	24% reduction	12.3% reduction
Gender diversity <sup>(c)</sup>	Women constitute approx. 53% of senior management	Women constitute approx. 52.5% of senior management
Women in the Board of Directors <sup>(d)</sup>	40%	40%

- (a) Including off-balance sheet credit. The bank's target for 2030 is NIS 40 billion. The difference between 2024 and 2023 is stems mainly from renewable energies and green construction, including for the identification of incoming projects financed by the Bank that meet the required green construction permit according to the Bank's methodology.
- (b) Relative to the base year 2021. The Bank's target for 2030 is to reduce the carbon footprint by 50% relative to the base year 2021. The difference between 2024 and 2023 is mainly due to the reduced electricity consumption resulting from energy efficiency, along with reduced office space following the Bank's move to the Lod campus, reduced fuel needs for transportation, and reduced refrigerant gases due to the prevention of malfunctions and leaks.
- (c) Senior management is the layer of division heads and department heads at the Bank (solo) (generally, the layer of management at the second level below the Bank's CEO).
- (d) In 2024, the Board of Directors decided that emphasis should be placed on ensuring a minimum of 40% representation of each gender on the Board of Directors and an aim to reach a rate of 50% by the end of 2030.

Other targets and metrics regarding the material issues:

Issue	Details	Metrics and time frame for reporting	Performance in 2024
Sustainable activity	Social financing and investments, including financial inclusion	Annual reporting and internal measurement	A balance of approx. NIS 85.6 billion
	Financial inclusion in other areas beyond the granting of credit, such as: accessibility for the disabled, service in various languages, and financial education	Inclusion of these aspects in the Bank's ongoing activities, and internal measurement according to the relevance of objectives according to the relevant units' work plans.	Initiatives and performance as detailed in this report
	Internal limit for credit exposure for coal, oil and gas extraction and refining	Fixed limit reviewed annually	Compliance with the limit
Business ethics and fairness towards customers and service excellence	Inclusion of these aspects in the Bank's operations, such as: conduct risk management, code of ethics, measures to prevent bribery and corruption, training and learning	KRI in the conduct risk management, which are estimated and reported to the Bank's management and Board of Directors once per quarter, alongside initiatives and ongoing activities according to a work plan, including internal measurement regarding service.	Reduction of justified public complaints, service leadership and risk management alongside initiatives and activities as detailed in this report

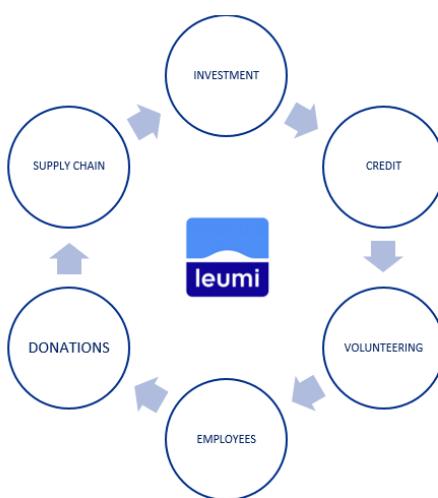
## Impact resulting from the Bank's activities and its measurement

### Introduction

Under the perception that the Bank's ESG strategy constitutes an inseparable element of the Bank's strategy as a whole, and in recognition of the importance that Leumi attributes to the impact resulting from the core activities, for the second year in a row, the Bank presents an in-depth analysis of material issues, which is able to base the measurement of the impact of their implementation on research and methodology.

Measurement of the impact was carried out in several ways, including assessment and measurement by the Bank, use of impact assessment studies conducted by business partners, Bank customers, and with the assistance of the climate-tech company GreenSwan.ai, with which the Bank entered into a design partnership agreement for the development of various tools and processes related to ESG, including impact measurement.

The material areas of impact measurement are mainly attributed to the following aspects: financial inclusion, climate and environmental impact, impact in SDG aspects, community, customers, employees and innovation, and with the Bank's aim to perform an impact assessment in all of its activity areas:



#### 1. Measurement of the impact of the Bank's credit activity

##### Environmental credit provided by the Bank as part of the green bond

USD 500 million – in credit for solar energy and for clean and public transportation

123,000 tons – reduction of greenhouse gas emissions (TCO2e), every year

On January 12, 2023, Leumi issued a green bond (CoCo) in which it raised USD 500 million. As an integral part of this report, the Bank is publishing the Impact Report of the issued green bond. This report includes all aspects of the allocation and the qualitative and quantitative environmental impact as a result of the uses made of the proceeds raised by the bonds.

To perform the environmental impact calculations, the Bank collaborated with the Israeli startup company GreenSwan Lab, which developed a working model of impact measurement based on a peer review of at least three independent entities. The entities that validated the Bank's Impact Report are: S&P, a senior official at ICMA, and the CEO of a company with environmental impact measurement expertise.

The allocation of the assets according to the Impact Report is focused according to the Bank's strategy in two main areas: renewable and solar energy and clean transportation (electric vehicles, public

transportation and light rail), and for these two also in a balanced distribution between private customers and business customers.

The Bank's choice of these two main areas was made taking into consideration of the document "Israel 2050, a Thriving Economy in a Sustainable Environment, the Program's Impact on Macroeconomic Growth in Israel" (Ministry of Environmental Protection and the Israel Democracy Institute, 2021), according to which the transportation sector and the solar and renewable energy sector are the two main recommendations for reducing carbon emissions at the level of the economy as a whole (please see pages 10, 14 and 68).

Also in the report, a dedicated business case is presented that includes a variety of credits for renewable energy that were provided to Teralight, in which the Bank also owns approx. 16% through the subsidiary Leumi Partners. The presentation of this dedicated business case reflects, alongside the measurement of the impact, also an in-depth process and evaluation carried out by the Bank with one of its customers, and the companies in which he invests.

For the full Impact Report and S&P's opinion, please see the Bank's Investor Relations website.

#### [Renewable energy credit provided by the Bank to Enlight](#)

In view of the great importance that the Bank attributes to promoting the renewable energy sector in Israel and expanding the measurement of the impact resulting from this activity, and regardless of the Bank's commitment under the aforementioned green bond, this year the Bank chose to conduct an impact measurement in collaboration with one of its key clients in the renewable energy sector.

The impact measurement was carried out in relation to projects in the renewable energy sector in the Halutziot project.

The Halutziot project, initiated by Enlight Renewable Energy, is one of the largest solar energy facilities in Israel. The original Halutziot 1 project, launched in 2015, has an installed capacity of 55 MW and in 2023 the Halutziot 2 project was added, with an installed capacity of 32 MW and additional holding capacity of 66 MWh. In 2024, both facilities combined produced approximately 170 GWh. Bank Leumi played a role in the early financing of the project in 2013, and financed approx. NIS 500 million in the total construction cost.

For the full Impact Report, please see the Bank's Investor Relations website.

#### [Measuring Scope 3 from financial activity – 100% of the business credit portfolio, mortgages and tradable shares](#)

As part of Leumi's commitment to reduce its climate impact, the Bank performed a calculation of the carbon footprint attributed to its financial activity. These emissions are part of the Bank's Scope 3 emissions. The calculation is based on the Partnership for Financial Carbon Accounting ("PCAF") methodology, the leading framework for measuring greenhouse gas emissions associated with financial activity, and financing and investments in particular.

This calculation was performed for 100% of the credit portfolio for the Bank's Business Division customers (including real estate, business, commercial and infrastructure), the Bank's Mortgage Division customers and 100% of the investments in tradable companies through Leumi Partners, and the holding in Valley National Bank.

For more information, please see the Environment and Climate chapter in this report.

## Measuring the impact resulting from Leumi's collaboration with the EIF's innovation fund

Between the years 2016–2024, Leumi collaborated with the European Union's EIF fund.

This agreement is another layer in the unique collaboration that the Bank maintains with the European Investment Bank (EIB), since the EIF is an EIB fund.

In this framework, the Bank offered credit to customers who meet the threshold conditions and criteria established by the fund, on preferential terms for small and mid-sized businesses that promote technological and digital innovation, growing businesses, research activity, venture capital development, etc.

The total credit provided in this fund is USD 570 million.

According to a detailed study submitted to the European Union Parliament by the EIF, the impact on customers who participated in this program is, among other things, in several metrics:

- A 20% increase in the employment data of customers who took credit in the project.
- An average increase of 30% in turnover.
- An increase in investments in intangible assets.

For more information regarding the impact measurement and data from this activity, see page 6 of the detailed Impact Report submitted to the European Union Parliament "Report from the Commission to the European Parliament and the Council, Ex Post Evaluation of Horizon 2020"<sup>9</sup>.

## 2. Measuring the impact of the Bank's investing activity

### Investment in green bonds in the Bank's nostro activity

In addition to providing credit to the Bank's customers for environmental projects, the Bank makes environmental investments in its nostro activity, which are defined as investments in green bonds in accordance with the Bank's policy. This approach by the Bank ensures that the investment proceeds are attributed to environmental projects, in view of the obligation to comply with the international Green Bond Principles (GBP) standard, which requires an external opinion from a rating agency for the allocation methodology, and an independent audit of the use of the bonds and the resulting impact.

The Bank's investment balance in green bonds as of December 31, 2024 amounted to approx. NIS 1.2 billion.

This portfolio includes investments in a variety of environmental sectors, mainly: renewable energy, energy efficiency, water management and clean transportation. This investment is made in various geographical regions, including: Israel, North America, South America, Europe, East Asia, Australia and Africa.

The aggregate environmental impact of these investments is significant in terms of CO<sub>2</sub> emissions, and certain projects result in emissions savings amounting to thousands of kilotons per year. While specific data on job creation is scarce, the focus on clean transportation and water management emphasizes a commitment to sustainably improve the quality of life and economic infrastructure.

<sup>9</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2024%3A49%3AFIN&amp%3Bqid=1706527941657&print=true>

## Valley National Bank's issuance of sustainable bonds in the amount of USD 150 million

In addition to the green bond issued by the Bank, Valley National Bancorp, in which the Bank holds approx. 13% of its shares, after the completion of the merger with Bank Leumi USA in 2022, issued sustainable bonds in the amount of USD 150 million in 2022.

In accordance with the international Green Bond Principles (GBP), Valley conducted an assessment of the impact stemming from the credit provided from the issuance proceeds, the bulk of which was attributed to the following sustainability areas: 38% to affordable housing, 32% to clean transportation, and 11% to renewable energy.

For the full Impact Report, please see Valley's Investor Relations website<sup>10</sup>.

## The Bank's investment in Teralight

The Bank holds approx. 16% in the renewable energy company Teralight, whose activities contribute significantly to the environment, including: over 1.5 GW of production capacity, 2.4 GWh of storage capacity, 159 MW connected to the electricity grid, which contributed to a reduction of over 1.2 MtCO<sub>2</sub>e of emissions per year, and the supply of clean energy to over 100 thousand households.

For the full Impact Report in the framework of the Green Bond Report, please see the Bank's Investor Relations website.

### 3. Measuring the impact of the Bank's operating activity and from the supply chain

#### Measuring the carbon footprint resulting from the Bank's activity, both direct and indirect, stemming from the operational activity and the supply chain

As of December 31, 2024, the Bank reduced the operational carbon footprint by 24% in relation to 2021.

The Bank's carbon footprint from operating activity for 2024 is 24,970 tons (equivalent to tCO<sub>2</sub>e)<sup>11</sup>.

The main factors leading to the decrease in emissions in 2024 are: reduced electricity consumption resulting from energy efficiency, along with reduced office space following the Bank's move to the Lod campus, reduced fuel needs for transportation, and reduced refrigerant gases due to the prevention of malfunctions and leaks.

In addition, in December 2024, the Bank signed an agreement with Doral for the supply of green electricity to the Bank's branches, and the resulting operational efficiency will be reflected in the coming years. In addition to this agreement, Leumi and Doral have a solar energy cooperation through the financing of the "Hadarei Shean" project, one of the largest solar and storage projects in Israel.

#### Measuring the impact resulting from the transfer of the Bank's management offices to Lod

During 2024, the transfer of the Bank's headquarters and management offices from Tel Aviv to the city of Lod was completed.

This project, which began a few years ago and was completed as of this publication, has a significant impact on the environment, the community, the businesses and the Bank's employees.

The main aspects resulting from the positive impact of this transition are as follows:

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<sup>10</sup> [https://valley.com/content/dam/valley/pdfs/esg/March-2024-Sustainable-Financing-Report-\(VNB\).pdf](https://valley.com/content/dam/valley/pdfs/esg/March-2024-Sustainable-Financing-Report-(VNB).pdf).

<sup>11</sup> This figure includes emissions in the three scopes at Bank Leumi; the components of the carbon footprint for 2024 were calculated according to the report file of the Ministry of Environmental Protection for 2024. For the calculation of Scope 3, the coefficients published annually by the British Department of Environmental Protection (DEFRA) are used.

- Green construction – To move the Bank's headquarters and management buildings, several office buildings were built on the Leumi campus in Lod. This construction was carried out according to the Israeli green building standard (5281) and also received the LEED international green building standard.
- Regional infrastructure development of a locality defined as a social periphery – The Bank's move to the city of Lod may support regional development in Lod, including attracting more companies to move to localities in the social periphery.
- Reducing traffic congestion – Operating convenient transportation services for bank employees, both on arrival and departure from work, support the reduction of carbon emissions. Implementation of various systems to save and control energy consumption, as well as an AI system to monitor, control and reduce water consumption.

For more information regarding the positive impact of the construction and relocation of employment centers, see the study by Arie Shahar et al. "Global Development in a Local City, Local and Regional Effects of the Industrial Park in Kiryat Gat" (Institute for Urban and Regional Studies), in relation to the establishment of an Intel plant in the city of Kiryat Gat.

For more information regarding the importance of reducing traffic congestion and its effect on productivity aspects, see also "Special report of the Bank of Israel's Research Division: Raising the Standard of Living in Israel by Increasing Labor Productivity, August 2019 (page 31).

#### 4 Measuring the impact of the Bank's volunteer activities and donations to the community

##### ["Bagrut Leumi" project](#)

The Bank financed the establishment of a study system throughout the country, alongside online study courses for the Bagrut exams for high school students whose academic routine was disrupted, with an emphasis on those who were evacuated from their homes during the War, which included the following main initiatives:

- "Marathons for Evacuees" – A total of 213 marathons were held for the evacuee population throughout the country, in which 2,934 students participated.
- "WhatsApp Groups" – 5 WhatsApp groups were established (English, Language, Mathematics 3/4/5 units), in which 5,810 students actively participated.
- "Online Marathons" – 39 marathons were held, in which 4,303 students registered.

##### [Restoration of the forests in the north and tree planting in cooperation with Keren Kayemeth LeIsrael-Jewish National Fund \(KKL-JNF\)](#)

As part of the Bank's cooperation with the Keren Kayemeth LeIsrael-Jewish National Fund (KKL-JNF), the Bank contributed to the restoration of the forests in the north, planting 20,000 trees in the Biriya Forest and the Naftali Mountains in the Kiryat Shmona area.

The planting of 20,000 trees in the Biriya Forest and the Naftali Mountains will, after their growth, reduce emissions by approx. 13,212 tons of CO<sub>2</sub> over 50 years. This calculation is based on a conservative methodology, up-to-date research data, and adaptation to local terrain and climate conditions. The project contributes to the fight against climate change and the restoration of the forests in the north<sup>12</sup>.

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<sup>12</sup> To view the report evaluating the full impact of the calculated emissions, see the link on the Bank's Investor Relations page.

## Measuring the impact resulting from the Bank's strategic collaboration with SFI in the launch of a social bond

Bank Leumi and the Social Finance Israel (SFI) Group 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.

In 2015, Leumi invested 50% of the total investment (key investor) in the first social bond of its kind in the world to reduce the dropout rate from higher education institutions. The final impact assessment upon completion of the implementation of this bond in 2024 is a 40% reduction in the dropout rate of students from disadvantaged population groups from computer science degree studies.

In 2022, Leumi served as a key investor, investing over 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 hundred times return on the investment. As of the end of 2024, 151 students have completed their studies under the program, of which 56 work as programmers in high-tech companies, and approx. half of them earn above the minimum wage conditions defined in the bond terms.

In 2024, the Bank made an additional investment in SFI's social bond, "Developers 2.0", which offers an innovative solution to one of the most significant socio-economic challenges in Israel – integrating ultra-orthodox men into quality employment in the high-tech industry. Through a unique model that combines 18-month intensive technological training using the "Hevruta" method, the program enables ultra-orthodox men without prior education to integrate into development roles in leading companies in the economy. "Developers 2.0" trains 40 ultra-orthodox men in 2 classes. The program is a collaboration between the SFI Group, the Innovation Authority, and the Mefathim company. NIS 1.45 million was raised in a social investment from Israeli and US investors. Bank Leumi is an anchor investor in the program. Leumi, in collaboration with SFI, will continue to monitor the measurement of the impact that will also result from this investment.

## 5. Measuring the impact related to employee development, learning, and training at Leumi

In 2024, the Bank operated through several key channels: training for various positions at Leumi, up-skilling in the position to maintain professional competence, and re-skilling as part of the "Shift" programs to train employees at Leumi for professional change according to emerging and changing organizational needs. In addition, support programs were held in the business units in the field with the aim of supporting the achievement of business goals and improving performance and service.

A total of approx. 263,000 study hours were recorded at the Bank in 2024.

## Dialogue with interested parties

Having a continuous dialogue with all of Leumi's interested parties constitutes a significant layer in the management and formulation of the corporate responsibility work plans at the Bank.

Interested parties are investors and shareholders, customers, employees, suppliers, regulators and relevant government ministries, social organizations and the social and business community, and business partners. The Bank conducts a dialogue with each interested party group through a variety of dedicated and tailored channels, including a materiality validation process, initiatives and activities as detailed in this report, and as detailed below:

INTERESTED PARTIES	DIALOGUE CHANNELS
Investors and shareholders	Investor relations website Annual shareholders' meeting Financial statements – quarterly and annual Conference call with investors shortly after publication of each quarterly/annual report Conversations with institutional investors, analysts and rating agencies
Customers	Service surveys Customer service centers and public inquiries Social Networks Conferences and events
Employees	Conferences and employee meetings Regular written and video communication Dedicated application – Leumi Stream Tutorials and training Annual feedback and employee evaluation Risk management culture assessment surveys Internal communication channels in each division, divisional conferences, and honoring the outstanding
Suppliers	Tours and meetings with suppliers
Regulators and relevant government ministries	Periodic dialogue Participation in discussions Conversations at various levels on relevant topics
Social organizations and the social and business community	Ongoing dialogue with various diverse ESG entities in Israel and around the world Collaboration with associations and social and environmental organizations Volunteering by employees Participation in conferences



## Environment and climate

### TCFD

Corporate governance, strategy, risk management, objectives and indicators

### Introduction

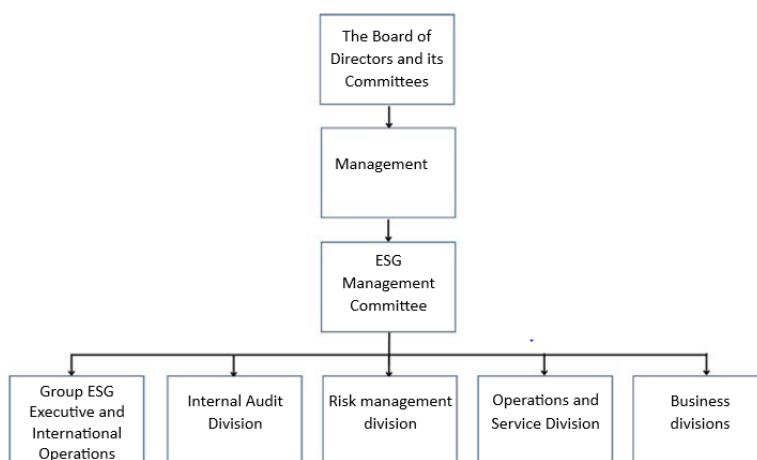
Climate change is one of the most significant challenges facing the world. Climate change has the potential for far-reaching effects on the economy and society, and may pose a threat to global prosperity, and is also defined as one of the leading and emerging risks identified by the Bank.

The Bank regularly examines environmental aspects, trends in climate change, business changes, regulators and other changes in the business environment in which it operates, and forms a strategy appropriate for these changes. 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 defined a transition plan that includes long-term strategic environmental and climate targets in addition to the continuous progress with the multi-year work plan. From time to time, including according to developments in the external environment, regulation, and the availability of information, the Bank will examine its ability to meet and/or set Net Zero targets for 2050.

The publication of the transition plan, also in accordance with the TCFD reporting framework as an integral part of this ESG Report of the Bank, along with the publication of the financial statements, is a result of this strategy. The Bank is the first bank in Israel to publish a TCFD Report in 2022, among the leading banks in the world to fully integrate the TCFD Report as an integral part of the ESG Report and to publish it alongside the annual financial statements. This leadership stems from the Bank's view that all of its public ESG reporting will be integrated alongside the financial statements, and in recognition of the trend of consolidation of ESG standards and reporting. Under this approach, and in recognition of the aforementioned consolidation trend, the Bank aims to align its ESG reporting to the public as detailed in this report, in accordance with the IISSB standard of the IFRS.

### Corporate governance in relation to environment and climate

The Bank acknowledges that the climate issue has a long-term strategic impact and it generates new risks and opportunities in its operations. Accordingly, within the framework of the Bank's environmental and climate policy, a management structure and division of responsibilities was defined, the main points of which are as follows:



## The Board of Directors

Bank Leumi's Board of Directors is entrusted with setting the Bank's strategy on climate issues, which is updated from time to time; approving the Bank's policy, which guides it in its ongoing activity; issuing instructions to the administrative branches; overseeing the fulfillment of these instructions; and adequate oversight and control over the Bank's activities.

The Bank's 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.

### Board of Directors' Committees

The organizational structure and the climate risk 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 these aspects as an inseparable part of their activity, as follows:



## The Bank's management

The Bank's management outlines the ESG strategy, policy, and principles for the management of ESG aspects, of which environmental and climate aspects are a significant layer, which is approved by the Bank's Board of Directors.

Bank Leumi formulated an environment and climate policy, which was approved by the Bank's Board of Directors and management, and then brought for approval each period. The policy includes an organizational structure and a framework for managing climate risks that integrate into the existing corporate governance structure and are an integral 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.

### Discussions in the Bank's Board of Directors and management

In 2024 and until the date of publication of the report, the Board of Directors and its committees and the Bank's management held discussions on ESG issues, some of them in an integrative manner in the Bank's ongoing activities, such as credit policy, investments, business continuity, quarterly exposure reports, etc., which include relevant references to ESG aspects, alongside dedicated discussions on issues such as: environmental and climate policy, charitable donations, key collaborations, discussion of the Bank's ESG strategy in the discussions of the Bank's annual work plan and strategy for 2025, training of directors by an external party regarding accessibility and the climate, as well as this report.

## Inter-divisional management committee for outlining the ESG strategy

A dedicated committee was appointed in the Bank that is tasked with outlining and implementing the overall ESG strategy, with emphasis on climate risk management. The committee includes the Chief Risk Manager and members of senior management from all the Bank's divisions, and is chaired by the head of the Strategy Division and CEO Headquarters. The committee is in charge of making steering decisions on implementing the strategy, furthering the strategy, overseeing its implementation, coordinating between various organs of the Bank and regularly addressing various issues, and holds discussions at least once quarterly.

In 2024, the steering committee, including in dedicated teams, held discussions, and training with external entities and reports, on the main issues, as follows: Formulation of a methodology for calculating SCOPE 3, preparation for the Bank's compliance with Israel's Proper Conduct of Banking Business Directive 345 on climate risks, specific targets and projects in the work plan, as well as formulation of long-term carbon footprint targets for 2030. Regulatory reviews and information on developments regarding the environment and climate, etc. are regularly presented, alongside committee discussions.

### Group ESG Executive and International Operations

The Group ESG Executive, reporting to the Head of the Strategy Division and CEO Headquarters, is responsible for formulating and recommending to the Board of Directors the strategy for environmental and climate management, creating strategic collaborations, identifying and realizing climate related opportunities, including green credit and the building of products, tools and services that promote a sustainable environment, and leading their implementation in the Bank, alongside assimilation processes with all the relevant business and operational units in the Bank.

### The following is a breakdown of the responsibilities of the Bank's divisions regarding environment and climate

The Strategy Division is responsible for defining the Leumi Group's long-term strategic goals, including environmental and climate aspects.

#### Divisions in the first line of defense

- Business divisions - The Bank's business unit managements are accountable for the strategy's actual implementation and for the work plan for the management of climate related financial activity, including taking advantage of business opportunities and green financing in particular. This responsibility includes, among other things, 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 context of their activity.
- Operation and Service Division - Management of the issue of environmental quality, the direct effects of carbon emissions, energy consumption, water consumption, fuels, waste, and transportation. It is also the division's responsibility to collect data regarding the reduction of the carbon footprint and to carry out regular annual measurements.

The Risk Management Division, as a second line of defense, is in charge of formulating the Board of Directors' policy on climate issues and of making recommendations for its revision, 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.

The Internal Audit Division, as a third line of defense, is responsible for examining the correctness and effectiveness of the risk management processes according to the policy and identifying weaknesses in the internal controls, relaying findings arising from field audits that may indicate changes in behavioral

norms, to the business lines and the Risk Management Division, and ensuring that appropriate procedures are in place to minimize risks.

### Environmental and climate training and enrichment

The bank considers the assimilation processes of the environmental and climate aspects to be a central layer in the implementation of the strategy and in the management of climate risks. In this framework, various training sessions have so far been given in most of the Bank's divisions and subsidiaries for the purpose of implementing the various methodologies in the Bank, including credit classification and green investments, and investment advice, implementing mechanical tools that support the use of the Bank, and implementing questionnaires on climate risk issues.

These training sessions were given to a wide range of employees in the Bank, according to the relevance of their activities, including: in the Business and Commercial Division, the Banking Division, the Risk Management Division, the Capital Markets Division management, the Investment and Pension Advisory Division, the Strategy Division, Public Inquiries, employees of the subsidiary company VIDEA, Leumi Partners management, Leumi UK management, Operation and Service Division management and more.

In 2024, the training was significantly expanded to additional Bank units, and is tailored to each of the units according to its areas of activity, including the Strategy Department, the Digital Department, the Bank Secretariat, the Organization and Methods Department, the Procurement Department, the Construction Department and Headquarters in the Operations and Service Division, the Accounting Department, the Taxation Department, the Finance Division Management, the Audit Division, the Special Credit Department in the Business Division, the Problematic Debt Department in the Banking Division, the Leumi Tech Division, the Credit Centers in the Banking Division, the Payments Department, the Legal Advisory Division, the Compliance and Money Laundering Division, as well as external enrichment training for the Bank's Board of Directors.

The training is delivered by the Group ESG Manager, and in addition, dedicated lectures are delivered led by the Credit Risk Management Division to relevant dedicated teams in the Business Division, with an emphasis on climate risk management at the customer level. In addition, the subject of ESG strategy and climate risk was defined as a mandatory subject within the Bank's training courses for economists and credit officers, and in 2024, such training was provided in each of these courses.

Alongside the implementation, enrichment and training activities, Leumi also takes part in the ecosystem regarding the environment and climate by participating in external conferences and meetings, including, in 2024: lectures and participation in panels on the subject of ESG strategy and its integration into the Bank's core activities as part of the PLANETech conference, an enrichment conference of the Institute of Certified Public Accountants in Israel, and a lecture to local and international students in the Environmental and Climate Studies program of Reichman University.

### Compensation

Some of the material issues defined by the Bank as detailed in this report, including in the area of environmental and social financing and investments, targets for reducing the carbon footprint from the Bank's operational activities, leading in service, and financial inclusion, are included in the annual quantitative and/or qualitative evaluation indicators for senior management in the relevant divisions.

### ESG principles in voting in companies in which the Bank has a real holding

The Bank has adopted, as part of the activities of the Leumi Partners subsidiary, a document detailing ESG principles, which are expected to be a supporting consideration in voting and investment decisions. These principles are a layer within the framework of all the considerations regarding a decision on the manner of voting, including ESG, environment and climate, and social considerations, as far as gender and ethnic diversity is concerned. It should be noted that the bank is subject to a regulatory limit of holding no more than 20% in a company and a prohibition on controlling a company (including through a voting agreement), and therefore its ability to influence these issues is limited by its very nature.

## Environment and climate strategy

The Bank's ESG vision is derived from Leumi's vision, based on leadership in all ESG aspects, while reflecting environmental, social, and governance challenges in the spirit of the UN's Sustainable Development Goals (SDG). The realization of the Bank's ESG vision is based on a coherent leadership strategy in all environment and climate, governance and social aspects, from the concept that these aspects combine business opportunities, risks, and social and organizational responsibility for all of the Bank's interested parties, based on three main anchors:

1. Encouraging green initiatives through financing and investments that help reduce pollution and reduce the effects of climate change
2. Improving energy efficiency and greenhouse gas emission reduction
3. Determining a limit with regard to coal, oil and gas

More information on these layers is as follows:

1. Encouraging green initiatives through financing and investments that help reduce pollution and reduce the effects of climate change

In 2021, the Bank set a target for financing and investments in activities that promote a green environment in the amount of NIS 35 billion (in terms of balances) by the year 2030. As the Bank progresses towards meeting this target, and given that this goal constitutes a central pillar of the Bank's ESG strategy, and part of the Bank's strategy as a whole, the Bank's Board of Directors decided to raise this target to NIS 40 billion in 2030.

For this purpose, the Bank operates on several levels to identify opportunities and develop products, including the following activities and products:

### [Strategic collaboration with the European Union's investment bank in the amount of EUR 750 million](#)

The Bank recognizes that dealing with the climate crisis requires cooperation and an effective effort that includes governments, regulators, financial entities and business companies. In view of the above, the Bank has defined the ESG collaborations with local and international entities as one of the main layers in the implementation of the Bank's ESG strategy.

One of the central and leading entities in the world in this context is the European Investment Bank (EIB), the European Union's investment bank, which focuses on climate and environment, infrastructure development and support for small and mid-sized businesses.

Leumi has a unique strategic partnership with the EIB, in which the EIB will provide Leumi with a financing line totaling EUR 750 million, which will be used to provide credit on preferential terms to small and mid-sized businesses in Israel, with an emphasis on green credit and financing of green and social projects, with an emphasis on green credit and the financing of green and social projects, alongside an additional credit guarantee for sustainability projects totaling approx. EUR 96 million.

The contribution of the Bank's strategic cooperation with the EIB is not limited to economic cooperation for the Bank and its customers, but also to the implementation of best practices in its activities regarding the environment and climate. In general, this cooperation is a prime example of the Bank's implementation of its ESG strategy in its three anchors: determining strategic ESG goals and the ways to achieve them, implementing best practices in its activities, and cooperating with local and international entities regarding ESG.

In addition, this agreement is another layer in the unique collaboration that the Bank maintains with the European Investment Fund (EIF), which is an EIB fund. In the years 2016–2024, Leumi collaborated with the European Union's EIF fund. In this framework, the Bank offered credit to customers who meet the threshold conditions and criteria established by the fund, on preferential terms for small and mid-sized

businesses that promote technological and digital innovation, growing businesses, research activity, venture capital development, etc. The total credit provided in this fund is USD 570 million.

#### [The Bank's issuance of green bonds in the amount of USD 500 million](#)

On January 12, 2023, Leumi issued a green bond (CoCo) in which it raised USD 500 million. 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.

For more information regarding the green bond issued by the bank, please see the chapter Impact Resulting from the Bank's Activities and its Measurement in this report.

#### [Valley National Bank's issuance of sustainable bonds in the amount of USD 150 million](#)

In addition to the green bond issued by the Bank, Valley National Bancorp, in which the Bank holds approx. 13% of its shares, after the completion of the merger with Bank Leumi USA in 2022, issued sustainable bonds in the amount of USD 150 million in 2022.

#### [Development of green credit products for business and retail customers](#)

Specific green value propositions for customers, such as: financing home systems for green energy production and electric vehicles.

#### [Development of investment products and structured deposits that integrate green companies](#)

The Bank develops deposits that are mainly based on stock baskets of companies with high ESG ratings and on companies that are active in terms of green energy.

#### [Trading room activity in carbon certificates](#)

The Bank enables activity in a trading room in carbon certificates, without disclosure on the Bank's books at the request of its customers.

For more information regarding the Bank's performance in the products listed above, please see the chapter Environmental and Climate Goals and Metrics in this report.

#### [ESG in investment advice](#)

The investment advisory policy includes a layer with ESG aspects<sup>13</sup>, which is implemented in various actions, as follows:

- Making ESG considerations accessible in the advisory process: the Bank's investment advisors have been trained to reflect ESG aspects in the advisory process to the Bank's customers who show interest, so that they can weigh them in the investment decision.
- ESG ratings of securities and mutual funds: The Bank makes ESG ratings of securities available to customers and investment advisors on the Leumi Trade website, as well as ESG ratings of mutual funds, for use by the Bank's investment advisors.
- Integrating ESG aspects in reviews for bank advisors: the Investment and Pension Division integrates ESG aspects into reviews sent to investment advisors, which the advisors will use when recommending investments, according to the customers' preferences.

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<sup>13</sup> The investment advisory policy was formulated in accordance with the directive published by the Securities Authority dated December 2022 for fund managers and large license holders regarding the integration of ESG considerations in the investment or risk management decision-making processes under Section 97(b) of the Joint Investment Trust Law, 1994 and under Section 28(b) of the Law Regulating Investment Consulting, Investment Marketing and Investment Portfolio Management, 1995.

## 2. Improving energy efficiency and greenhouse gas emission reduction

As part of the Bank's strategy to reduce the environmental impact of its operational activities, while making optimal use of resources in its ongoing operations, 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 by a total rate of 20% relative to the 2021 baseline year.

According to the carbon footprint reduction data for 2024, the Bank successfully met the interim target set for 2026.

In addition, Leumi has set targets for reducing greenhouse gas emissions for 2030, at a rate of 50% from the base year 2021, as well as detailed annual quantitative targets for achieving this target in all three areas. The targets set for 2030 are science-based according to the SBTi standard.

In addition, the Bank regularly calculates greenhouse gas emissions resulting from its activities (energy consumption, fuel combustion, etc.). Leumi performs the measurement using the calculation tools of the Ministry of Environmental Protection " and the emission coefficients of DEFRA (Department for Environment, Food & Rural Affairs of the UK Government).

For more information, please see the Environmental and Climate Indicators and Performance chapter of this report.

## 3. Determining a limit with regard to oil, coal and gas

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. The Bank is working to limit its exposure to activities that contribute to the effects of climate change, and to this end, it has determined an internal limit on the amount of exposure in the credit portfolio (Solo) to customers in the fields of coal production, oil production and refining, and gas production.

## Management of environmental and climate risks

Bank Leumi regards climate risks as an integral part of the Bank's overall risk management strategy, both in order to maintain its stability, and as a business opportunity. Climate risks are not considered stand-alone risks by the Bank, but as risk factors with potential to intensify the traditional risks managed by the Bank. This concept led the Bank to expand its risk management framework to include climate and environmental risks in an integrative manner. At this stage, the Bank is working to formulate a methodology for identifying material climate risks and their impact within the framework of traditional risk assessments, to integrate management tools for these risk factors into each of the relevant risk management frameworks at the Bank.

The Bank's process for assimilating climate risk management principles in the risk management processes is carried out in accordance with accepted global practices, as well as in accordance with local regulatory guidelines. As part of the processes for the integration of climate risks in traditional risk management frameworks, at the current stage the Bank has focused on the effects of climate risks on credit risk (with an emphasis on business credit), which the Bank perceives as the main risk exposed to climate risk, and to a lesser extent on other risks such as operational risk, market risk, regulatory risk, strategic risk, legal risk and reputational risk. In the future, the Bank aims to map the effects of climate risks for each of the various risks managed by the Bank, and as climate risks are found to have significant potential effects on other risks as well, to incorporate climate aspects into the management of these risks in an integrative manner.

Climate risk is a complex risk to manage for several reasons. First, being an emerging risk characterized by change at a higher rate than other risks, and characterized by high uncertainty surrounding the timing and intensity of the risk's realization. In addition, the lack of up-to-date, complete and high-quality information regarding the exposure of the Israeli economy and its various factors to climate risks also makes effective risk management difficult. Also, the difficulty in using historical statistical information for risk assessment, due to its rapid rate of development, requires the Bank to use unique and innovative risk management methodologies. Despite the many challenges, which emphasize the need to take a cautious and dynamic approach to this issue, the Bank is constantly monitoring developments in the field, studying the issue and working to adjust the risk management tools and methodologies in accordance with the development and availability of information.

### Identifying climate risks and their impact on the Bank's traditional risks

Financial risks stemming from exposure to physical risks or transition risks caused by or related to climate change:

- Physical risks – 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).
- Transition risks – Financial risks arising from the exposure to the process of transitioning to a low-emission economy that might, for example, include changes to climate and environmental policy, technological changes, or changes in public preferences.

In addition, financial risks may also arise 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.

All of these risks may affect the Bank's business activities and intensify the traditional risks it manages.

Alongside climate risks, the Bank is also exposed to environmental risks, which are financial risks resulting from exposure to activities that have the potential to cause environmental damage or be affected by them (air pollution, soil contamination, water shortages, desertification, loss of biodiversity, deforestation, earthquakes). From the Bank's perspective, the environmental risks are also seen as amplifying factors of the traditional risks. Despite the accepted separation between environmental and climate risks, the Bank aims to manage these risks jointly in cases where it is possible and where it creates value. This is in order to optimize work processes in the Bank, and due to the difficulty in separating the

risk factors in some cases (for example, the difficulty in separating damage to a borrower's reputation due to both its environmental and climatic effects).

The Bank's potential effects stemming from these risks can be classified into two categories:

- The Bank could be subject to direct damage, for example, due to environmental damage to 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.
- Indirect damage may be caused due to harm to the Bank's customers, the value of their collateral or the value of their investment portfolio. 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.

The following are examples of the possible effects of climate risks on traditional banking risks, as identified by the Bank:

Risk	Definition of the risk	Examples of possible effects of climate and environmental risks on the risk
Credit risk	The Bank's risk of loss as a result of the possibility that a counterparty fails to meet its agreed commitments towards the banking corporation.	<ul style="list-style-type: none"> <li>- Physical damage to the borrowers' assets due to extreme climate events that will lead to an impairment of the collateral and an inability of the borrower to meet his obligations to the Bank.</li> <li>- Damage to the borrowers' profits due to an increase in their operating expenses resulting from an increase in the prices of raw materials and energy, the imposition of a carbon tax or other costs related to regulation and market requirements to reduce the carbon footprint, in a way that will harm their ability to meet their obligations to the Bank. An impairment of borrowers' assets due to the decrease in demand for them resulting from changes in market needs due to climate change, including disruptive technological developments.</li> </ul>
Market risk	Risk of loss stemming from a change in the value of assets and liabilities due to a change in the price level in the markets, a change in interest rates, exchange rates, inflation and share prices.	<ul style="list-style-type: none"> <li>- An impairment of the Bank's holdings in securities of companies operating in sectors with a high environmental/climate impact, and which are expected to be the focus of regulation in the coming years and to suffer a decrease in value due to changing consumer tastes.</li> <li>- Extreme climate events may lead to a change in the value of financial instruments related to areas affected by that extreme event, including commodities and exchange rates.</li> </ul>
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.	<ul style="list-style-type: none"> <li>- Physical damage to the assets or the infrastructures necessary for the Bank's business continuity, such as damage to communication infrastructures or disruptions in the electricity supply due to the realization of extreme climate events.</li> </ul>
Regulatory risk	The risk of changes in legislation and regulation that could affect the Group's income and expenses, the capital, the Group's areas of activity or the business environment in which it operates.	<ul style="list-style-type: none"> <li>- The increase in the regulatory burden on the Bank, which may lead to an increase in the current operating expenses required for regulatory compliance.</li> <li>- The increase in the regulatory burden on the bank as a result of regulations that will require the Bank to make adjustments in the strategic management of its business activities, in its risk management and in the products it provides to its customers.</li> </ul>

Risk	Definition of the risk	Examples of possible effects of climate and environmental risks on the risk
Legal risk	Exposure to damage/loss resulting from lawsuits against the Bank, providing a poor legal opinion, drawing up poor agreements, failure to provide appropriate instructions due to changes in legislation, regulation and rulings and/or issues arising in the implementation of legislation, regulation and rulings and/or as a result of fines imposed on the Bank and supervisory activity.	<ul style="list-style-type: none"> <li>- In recent years, there has been an increase in the trend of business companies' losses in climate claims, which impose liabilities on them due to their impact on the damages of the climate crisis.</li> <li>- In Israel, banks were previously charged with the obligation to clean up contaminated land that was used as collateral for the bank.</li> </ul>
Reputational Risk	<p>The risk of compromising the trust of various interested parties (customers, shareholders, bondholders, etc.) in the Leumi Group as a result of conduct, action, or omission by the Group, its officers, employees or other involved parties.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>- Departing customers or failure to recruit new customers for whom the issue of the climate or the environment is a central issue in their choice of the financing bank.</li> <li>- Providing business credit to customers with a negative reputation due to a high environmental or climate impact may jeopardize the Bank's reputation as a financier of customer activities.</li> </ul>

#### Identification and assessment of climate risks in business credit

As part of the Bank's operations to identify, assess and manage climate risks, the Bank has formulated a methodology for identifying and assessing climate risks for business credit customers. In the methodology, different economic branches with a similar climate risk profile (according to their level of exposure to different climate risks, from a defined risk taxonomy) were grouped into sectors, and the relevant and material climate and environmental risks were mapped for each sector. Based on this process, each group's relative root level of exposure to these risks was assessed. The Bank also carried out an initial assessment of the exposure to risks at the level of each of the individual economic sectors, and it will further examine the proper way to use this level of detail within its processes.

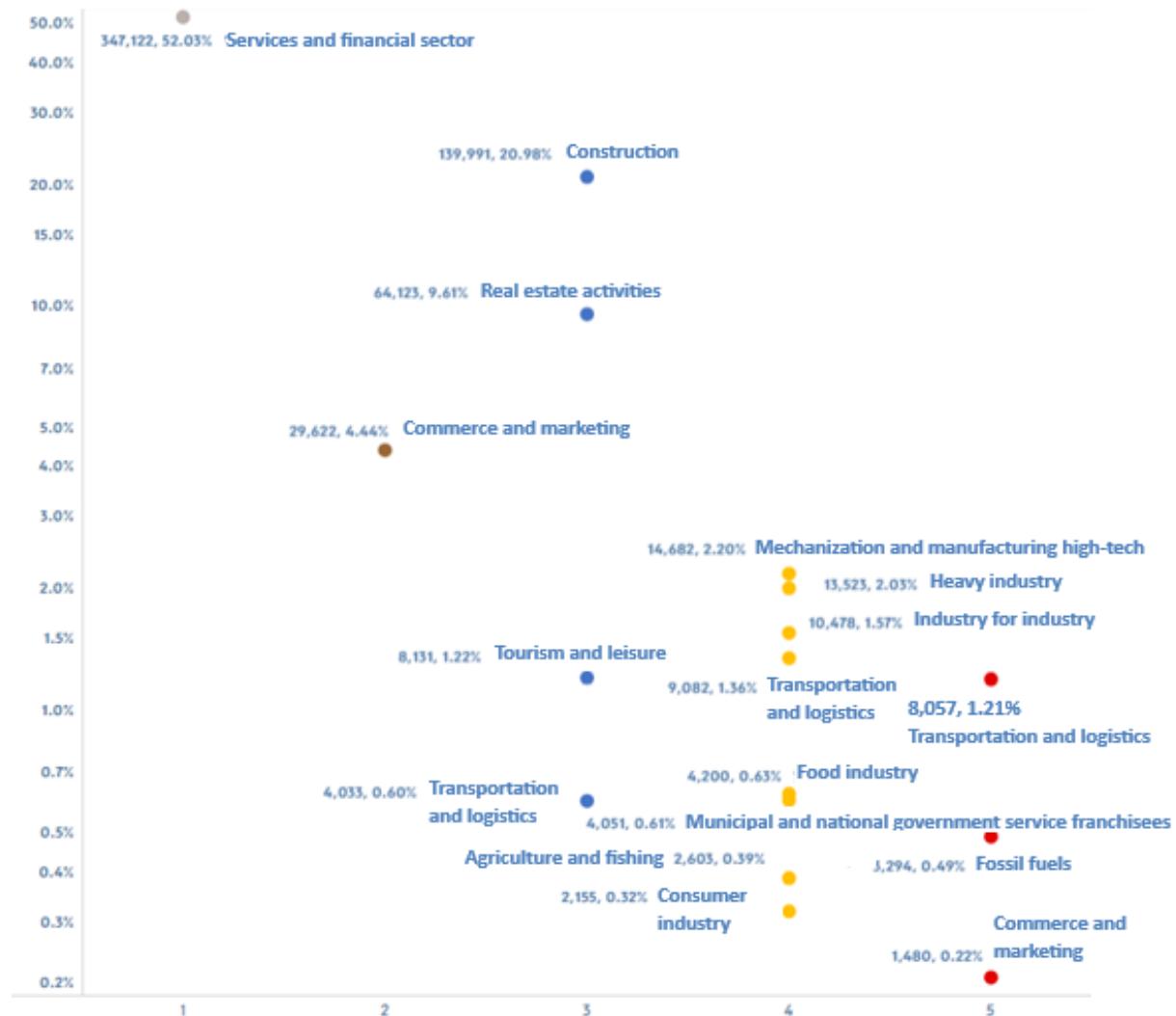
For each of the sectors determined, a dedicated questionnaire was formulated in order to identify the level of the individual borrower's individual exposure to these risks. The purpose of the questionnaire is to assess the borrower's level of climate risk management that may affect its business activity, in order to assess its residual and specific risk level and to enable the decision makers to integrate climate risk

considerations in the business decision-making processes. In this way, the Bank aims to identify potential risks at the individual customer level, and it adjusts the desired level of exposure according to its risk appetite. The Bank is working to implement the questionnaires as part of the credit underwriting process for business customers, in accordance with the materiality threshold determined, derived from the risk level of the sector in which the customer operates and from the amount of the customer's credit.

#### Metrics for assessing the Bank's exposure to business credit risk related to climate change

In order to monitor the Bank's exposure to credit risks related to climate change, the Bank uses various indices and measurement tools. At this stage, in accordance with the data available to the Bank, for the purpose of assessing its exposure, the Bank uses data based on the underlying sector risk, while in the future, with the accumulation of more accurate data in relation to its customers, the Bank aims to make use of the residual risk data – which are more individually suited to its portfolio.

Exposure to groups of sectors with a similar climate risk profile – the Bank:



Exposure to climate risk levels – the Bank:

Climate risk level	Financial amount	Rate from credit portfolio	
		NIS millions	Percentages
1	347,122	52	
2	29,631	4.5	
3	216,845	32.5	
4	60,772	9	
5	12,830	1.9	
Total	667,201	100	

Exposure to high-emission economic sectors characterized by increased transition risk – the Bank (Solo)<sup>14</sup>:

Liability rate	Chemical industry and cement manufacturers <sup>15</sup>	Transportation, shipping and vehicle manufacture <sup>16</sup>	Manufacturers of metal products and wood and paper products <sup>17</sup>	Electricity generation from fossil fuels <sup>18</sup>	Animal agriculture <sup>19</sup>	Fossil fuels <sup>20</sup>	Total
31.12.2024	1.33%	1.08%	0.49%	0.71%	0.13%	0.96%	4.70%
31.12.2023	1.42%	1.22%	0.55%	0.71%	0.16%	1.03%	5.09%

#### Business continuity risk management in relation to climate risk

Bank Leumi strives to maintain the continuity of its operations at all times. As an essential enterprise, it is prepared to deal with external and internal scenarios (including climate events) that may cause significant operational disruptions in its business activities.

The Bank has defined a business continuity policy that outlines guidelines and constitutes a comprehensive framework for managing business continuity at the Group level. The work includes the following components – business impact analysis, recovery strategy (including backups and retrieval capabilities), a business continuity plan and the conducting of regular technological and business practices. Leumi manages and implements processes that aim to enable rapid recovery and a return to normal in emergency and extreme events, while minimizing damage to business activities.

The Bank is prepared for dealing with climate change. Its servers are protected in a dedicated underground facility with unique protection mechanisms.

#### Investment risk management in view of climate risks

As part of the Bank's nostro investment management, the Bank also takes climate risks into account in its decision-making. Identification of the climate risks that affect the risk in securities being considered by the Bank for investment is done with the help of an external ESG rating, which is provided to companies by a leading international rater. The rating agency's ESG rating also includes an in-depth analysis of all

<sup>14</sup>in order to define sectors with high emissions, which are characterized by increased exposure to some of the transition risks related to the extent of emissions (such as carbon taxation, regulations to reduce emissions, legal liability and exposure to disruptive technology and innovation risks), the Bank used lists of industries with high emissions from leading global work frameworks on the subject – UNEP- FI, PACTA, SBTI.

<sup>15</sup>production of chemicals and their products, pharmaceutical industry, rubber and plastic product industry and cement manufacturers.

<sup>16</sup>economic sectors: land transport, sea transport, air transport, postal services and national couriers, motor vehicle industry and ship and boat building.

<sup>17</sup>economic sectors: manufacture of wood and paper products (except furniture) and manufacture of metal products (iron and steel, non-ferrous metals).

<sup>18</sup>economic sector: electricity supply, gas, steam and air conditioning, transmission and distribution of electricity.

<sup>19</sup>economic sectors: animal husbandry, the fishing industry and aquaculture, including the management of a mixed agricultural farm.

<sup>20</sup>oil, natural gas and coal mining activities, including supply, transportation and retail trade of fuel.

ESG aspects and each of its components separately, by the international rating agency, in a manner adapted for each sector, and includes reference to the exposure of the securities to climate risks. According to the work procedures of the Nostro Unit, the Bank must examine the ESG rating of companies prior to the decision to invest in their securities, and this information is taken into account as part of all considerations regarding investment in the security.

This policy also applies to the Bank's real investments and investments made for the Bank managed by third parties, including both active and passive investments.

#### Regulatory risk

Regulatory risk is a risk that is expected to increase in the coming years with the introduction of new climate regulations in Israel and around the world that are expected to affect the banking system in Israel and the business environment in which the Bank operates. In Israel, the Bank of Israel's Proper Conduct of Banking Business Directive 345 – Principles for the Effective Management of Climate-Related Financial Risks, which is expected to enter into effect in June 2026, requires banks to manage climate risk in the context of traditional financial risks, is the first sign of change on the subject.

#### Legal risk

As part of the legal risk management regarding environmental and climate aspects, the Bank updated the relevant credit approval documents, the relevant collateral and the various relevant financing agreements so that various conditions and references in the environmental risk aspects will be included.

#### Reputational Risk

This risk refers to the perceptions of the Bank's interested parties regarding the Bank and trust in it (including shareholders, bondholders, business partners, the public, influencers and the media), whether they are fact-based or otherwise. With the growing awareness of climate change and its effects, climate aspects are expected to be a more significant factor in the perception of the Bank among interested parties, and in particular global interested parties. The risk is dynamic and changes depending on various topics and populations. The Bank integrated a reference to climate aspects into the reputation risk management policy, including the publication of regular communications regarding the Bank's activities in these aspects.

#### Strategic risk

The Bank periodically carries out a risk control process on the business strategy in which the various risks that may affect the Bank's business strategy are examined, including reference to climate risks. The Bank strives to adapt its business strategy to all the risks expected to affect its business activity and in the process also to the climate risks whose impact on the Bank's business activity is expected to increase.

#### Climate scenario analysis

Climate scenario analysis is a strategic planning tool that enables organizations to predict and evaluate possible future outcomes of climate change, and to examine the expected business impacts. This tool is designed to enable dealing with the inherent uncertainty present in long-term climate forecasts, the realization of which is influenced, among other things, by the global response to climate change and the pace of transition to a low-carbon economy. By examining a variety of plausible scenarios, the Bank can better understand the various risks, and their related impacts, if various climate scenarios materialize. The Bank integrated the various climate scenarios into the framework of the scenario analyses it performs for various needs, including for the ICAAP process. The scenarios are expected to provide a comprehensive and broad understanding of the impact of climate-related financial risks in order to enable the Bank to prepare for the expected effects of the scenarios on its business activities.

At the end of 2023, for the first time the Bank began a comprehensive and complete process for stress tests based on various climate scenarios, in accordance with leading global practices. Regarding the transition risk, the process was completed during 2024, and regarding the physical risk, the analysis will be completed in early 2025. The Bank's analysis includes a variety of climate scenarios that encompass

physical risks and transition risks, where for the applicability, the Bank separates scenarios characterized by transition risks and scenarios characterized by physical risks, in accordance with accepted practice worldwide.

The climate scenarios analyzed by the Bank are based on the NGFS methodology and scenarios. These seven scenarios, which include the Net-Zero 2050 scenario, differ among themselves according to the pace of the global transition to a low-carbon economy. In each of the scenarios, the Bank examines several key variables, and their aggregate effect on its credit portfolio:

- Each scenario is characterized by different multi-year macroeconomic effects, according to the different transition risks that characterize it over the timeline.
- Each of the scenarios is characterized by different transition costs to a low-carbon economy for companies from different areas of activity.
- Changes in various carbon prices that are expected to be imposed on companies – The impact of the carbon price along the companies' value chain, and the way it is rolled into input and output prices, constitutes the main explanatory variable for the model results in the various scenarios.

In the analysis of the results of the scenarios and integrating their conclusions into the risk management processes, the Bank takes into consideration the limitations inherent in the data, methodology and models, including:

- A lack of specific data for the Israeli economy – It should be clarified that due to the lack of specific data for Israel regarding some of the transition costs, the Bank relied on alternative data from other countries and regions, according to the availability of information and the need.
- Insensitivity of the models to the culture and character of the Israeli market.
- The long forecasting range.

Analysis of the scenario results shows that the scenario, estimated by the Bank to more likely reflect the potential impacts of climate risk, does not have a material impact on the Bank's operations and is expected to affect the credit portfolio in the medium to long term.

As part of the Bank's analysis in relation to the physical risks, the Bank examines the effects of flood, drought and heat risks. The effects of these risks are examined in relation to the Bank's mortgage portfolio, the Bank's real estate collateral in the Business Division, and in relation to the business credit portfolio. In this framework, in each of the climate scenarios (RCP scenarios<sup>21</sup>) the Bank examines the expected pace and intensity of the physical risks' realization, in each area unit in Israel (with a geographical resolution of approx. 2 square kilometers), and their expected impact on the Bank's credit portfolio and its collateral, using a dedicated damage function.

As aforementioned, the climate scenarios are analyzed in accordance with an advanced global methodology based on complex economic and statistical models that have undergone a unique adaptation to the Israeli market, both in terms of the transition risks and in terms of the physical risks that will materialize in Israel. The Bank's work process in this framework includes an examination of the expected effects of each of the scenarios on the financial performance and the value of the relevant assets of each of the Bank's business portfolio customers. On this basis, the Bank evaluates the expected change over time in the credit ratings of its customers due to the realization of the climate scenarios, the likelihood of them reaching credit failure and the expected credit losses due to the realization of the scenario (PD, LGD, EL).

Climate scenario analysis provides a structured framework for assessing and managing the complex risks associated with climate change. By using this approach, the Bank can better understand the potential effects of various climate scenarios on its business activity and that of its customers, and formulate a data-based strategy to reduce these risks. The Bank uses this tool to manage climate risks and also as a tool for evaluating and quantifying the financial damage to be faced by the Bank in various climate

<sup>21</sup> RCP- representative concentration pathway.

scenarios, as well as for the purpose of ensuring regulatory compliance with the Bank of Israel's directive on the subject (Proper Conduct of Banking Business Directive 345).

#### Analysis results and the next steps – transition risk

As mentioned, analysis of the scenario results shows that the scenario, estimated by the Bank to more likely reflect the potential impacts of climate risk is expected to affect the credit portfolio in the medium to long term.

In general, the results of the scenarios are consistent with the Bank's assessment of the climate risk level by sector (heat map). Accordingly, the more exposed sectors, whose risk profile is expected to increase with the materialization of the above climate scenarios, are the energy, fuel, chemical and other heavy industries (such as construction materials), and a significant increase is expected in the long term in the various environmental services and infrastructure sectors.

Regarding each of the sectors identified as having significant potential to be affected by the materialization of climate risk, the Bank will examine the need to adjust the credit policy and reduce the impact of risk on credit exposures, taking into consideration:

- Data, methodology and model limitations, as detailed above.
- The materiality of the credit exposure.
- Various hedges that already exist with respect to each sector.
- The risk analysis of individual borrowers that the Bank conducts for borrowers who meet the defined materiality thresholds, using the dedicated methodology that the Bank has developed.

## Environmental and climate objectives and indicators

Bank Leumi has set strategic medium-term and long-term climate targets. It also integrates many aspects into its activity that contribute to reducing climate effects and to the transition to an environmental economy, the main aspects are as follows:

### 1. Increasing exposure to activities that help reduce pollution or reduce the effects of climate change

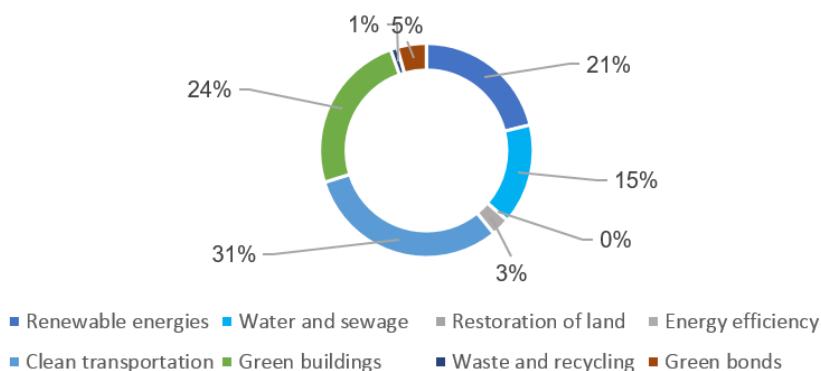
In 2021, the Bank set a strategic target by 2030, whereby it aims to have a balance of environmental financing and investments of NIS 35 billion. As the Bank progresses towards meeting this target, and given that this goal constitutes a central pillar of the Bank's ESG strategy, and part of the Bank's strategy as a whole, the Bank's Board of Directors decided to raise this target to NIS 40 billion in 2030.

In addition to this goal, the Bank also works to increase exposure to activities that help reduce pollution or reduce the effects of climate change through existing linked loans, its investments, as well as offering structured green deposits, as follows:

#### Environmental financing and investments

The Bank has formed a methodology and the criteria to identify and manage the financing and investments related to objectives that support climate goals. The adopted methodology is in the spirit of the Green Bond Principles (GBP)<sup>22</sup> standard, which helps in formulating characteristics for an international green bond, with adjustments for the unique characteristics of the Israeli economy.

The balance of environmental financing and investments<sup>23</sup> as of December 31, 2024 amounted to approx. NIS 27 billion:



#### Sustainability-linked loans

Alongside the Bank's assimilation processes with regard to environmental financing, according to the aforementioned targets, this is the second year that the Bank also reports in this report on sustainability-linked loans, which included various sustainability conditions and targets within the framework of the financing agreements.

In 2024, these loans amounted to a total of NIS 1.4 billion.

<sup>22</sup> Green Bond Principles (GBP) - An international organization whose purpose is to define principles for the development of a sustainable economy.

<sup>23</sup> Including off-balance sheet credit instruments. The information in the 'clean transport' category includes an estimate component.

## Strategic collaboration with the European Union's investment bank in the amount of EUR 750 million

Leumi has a unique strategic partnership with the EIB, in which the EIB will provide Leumi with a financing line totaling EUR 750 million, which will be used to provide credit on preferential terms to small and mid-sized businesses in Israel, with an emphasis on green credit and financing of green and social projects, with an emphasis on green credit and the financing of green and social projects, alongside an additional credit guarantee for sustainability projects totaling approx. EUR 96 million.

During 2024, the Bank began providing credit to its customers from this line of financing, such that the bulk of the green credit provided was designated for renewable energy. The green credit provided by the Bank in cooperation with the European Union meets the classification conditions of the European Investment Bank for the definition of environmental credit.

## Development of investment products and structured deposits that integrate ESG aspects

As in previous years, also in 2024, the Bank launched a deposit mainly based on stock baskets of companies with high ESG ratings and on companies that are active in terms of green energy. In 2024, it totaled approx. NIS 1.1 million.

## Trading room activity in carbon certificates

The Bank enables activity in a trading room in carbon certificates, without disclosure on the Bank's books at the request of its customers.

## 2. Reduction of carbon and greenhouse gas emissions from direct and indirect activity (Scope 1-3)

### Emissions attributed to Leumi's operational activities

Leumi sets itself a goal to reduce the adverse effects on the quality of the environment, the climate and the available natural resources in its areas of operation through its operational activities and through its business activities. 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.

Each year, the Bank regularly calculates greenhouse gas emissions resulting from its activities (energy consumption, fuel combustion and more) and reports its carbon footprint. Emissions are calculated according to the calculation methodology of the accepted global standard on the subject (GHG protocol), and using the Ministry of Environmental Protection's calculation tools. In order to calculate the emissions in Scope 3, the Bank uses the emission coefficients published by DEFRA (Department for Environment Food & Rural Affairs, UK government).

Greenhouse gas emissions are divided, according to practice, into three groups, which in the Bank are reflected in the main operations, as follows:

1. Scope 1 – Direct emissions resulting from the consumption of fuels, refrigerant gases and firefighting
2. Scope 2 – Indirect emissions from electricity consumption
3. Scope 3 – Indirect emissions resulting from procurement, production and waste treatment processes, work-related travel, electricity consumption by sub-tenants of Bank properties, and financing activities.

Accordingly, Leumi has defined goals for 2026 to reduce the greenhouse gas emissions from operational activities, reduce the Bank sites' electricity consumption, and reduce fuel consumption per distance traveled by 20% from the 2021 base year<sup>24</sup>.

In 2024, Leumi determined targets for reducing greenhouse gas emissions for 2030, at a rate of 50% from the base year 2021, as well as detailed annual quantitative targets for achieving this target in all three areas. The targets set for 2030 are science-based according to the SBTi standard.

As of December 31, 2024, the Bank has reduced the operational carbon footprint by 24% in relation to 2021. With this reduction, the Bank successfully met the original interim target set for 2026 (a 20% reduction in the carbon footprint compared to 2021). The Bank continues to work to reduce its carbon footprint, in accordance with the long-term target determined for 2030, a 50% reduction.

The Bank's carbon footprint for 2024 is 24,970 tons (equivalent to tCO<sub>2</sub>e).

The main factors leading to the decrease in emissions in 2024 are:

1. Reduction of office space resulting mainly from the Bank's move to the Lod campus
2. The continued transition to electricity consumption from a private producer whose electricity production is more energy efficient
3. Reduction of fuel consumption for transportation
4. Reduction in the consumption of refrigerant gases due to the prevention of malfunctions and leaks

The intensity of the Bank's carbon footprint for 2024 is 0.143 tons equivalent (tCO<sub>2</sub>e)/m<sup>2</sup>, a slight increase of approx. 1.5% compared to 2021. The increase in emissions intensity stems from a significant reduction in space at the Bank with the move to the campus.

#### Details of operational carbon footprint by scope:

SCOPE	MEASUREMENT UNIT	2024	2023	2021 BASELINE
Scope 1	Ton CO <sub>2</sub> eq	2,950	4,880	3,362
Scope 2 (market-based approach)	Ton CO <sub>2</sub> eq	20,139	22,118	28,282
Scope 3	Ton CO <sub>2</sub> eq	1,880	1,894	1,311
Total	Ton CO <sub>2</sub> eq	24,970	28,892	32,955
Energy intensity	Tons per sq.m.	0.143	0.131	0.141

<sup>24</sup> All data mentioned in this chapter refer only to the operational environmental performance of Bank Leumi, with approx. 99% of all employees and profits in Israel.

## 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). 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 increase in emissions intensity compared to the previous year is due to the fact that in 2023 the Bank held many double spaces due to managing the transition to the new campus in Lod.

	2024	2023	2021 BASELINE
Energy intensity by total electricity (total KWh/square meter)	296	255.13	364.9

## Reduction of the carbon footprint

The Bank put substantial effort into reducing the operational carbon footprint, including through:

- 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. In addition, the Bank's new campus building in Lod was built according to the LEED standard, and the 5281 standard for green construction in Israel.
- The Bank's vehicle fleet – Leumi is working to transition the Bank's vehicle fleet from gasoline-powered vehicles to hybrid and electric vehicles.
- Replacement of lighting fixtures with cost-effective fixtures
- 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.
- Energy consumption efficiency – Reducing electricity consumption in the Bank's computer rooms by optimizing heat dissipation. In the server complex, hot and cold areas were separated in order to improve energy efficiency and reduce energy consumption. In addition, the Bank prioritizes work with virtual servers over physical servers, which enables appropriate energy management and reduces energy consumption at the data center sites.

## Water consumption

Total consumption for 2024 (at the Leumi Campus, which constitutes the bulk of the Bank's water consumption) is approx. 85,908 cu.m. Normalized to the number of employees, water consumption per employee is approx. 11.47 cu.m, compared to a total consumption of 103,441 cu.m, and an average of 13.76 cu.m per employee in 2023.

## Waste

As part of the Bank's efforts to reduce carbon pollution and reduce the climate effects in its activities, over the years the Bank has carried out an extensive waste removal activity in all its forms.

In 2024, the waste was transferred to circulation and treatment as follows:

TYPES OF WASTE	UNITS	2024
CARTONS	Tons	32
Paper <sup>25</sup>	Tons	1,749
Electronic waste	Tons	42
Oil separator pumping waste	cu.m.	79
Battery waste	Tons	0.14
Toner containers	Tons	4

## Scope 3 emissions, attributed to the Bank's financial activity

In addition, as part of Leumi's commitment to reduce its climate impact, the Bank performed a calculation of the carbon footprint attributed to its financial activity. These emissions are part of the Bank's Scope 3 emissions. The calculation is based on the Partnership for Financial Carbon Accounting ("PCAF") methodology, the leading framework for measuring greenhouse gas emissions associated with financial activity, and financing and investments in particular.

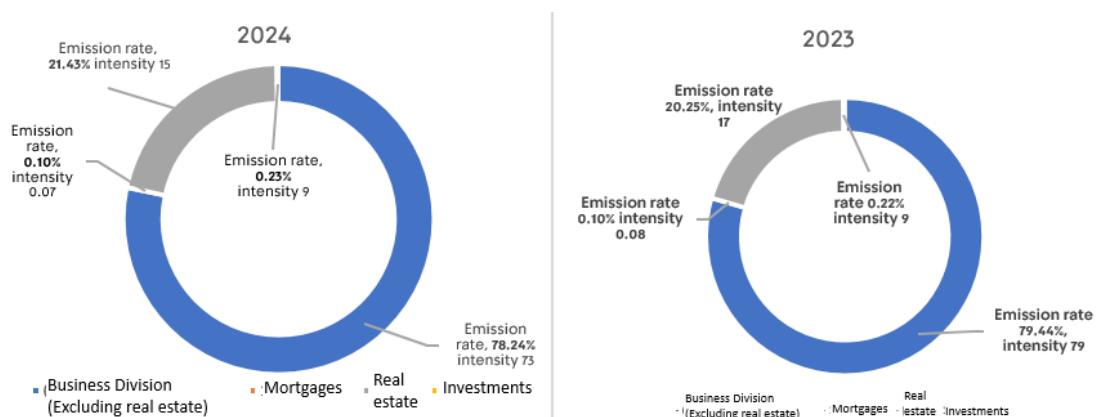
Also this year, the calculation of the Bank's financed emissions, including 100% of the credit portfolio for the Business Division customers (including real estate, business, commercial and infrastructure), the Bank's Mortgage Division customers and 100% of the investments in tradable companies through Leumi Partners, and the holding in Valley National Bank.

The calculation of financed emissions requires the use of statistical and computational methodologies, as well as various estimates and assumptions, in order to supplement data that is not available to the Bank (such as information on borrower emissions that is not widely available in the Israeli economy). During the three years in which the Bank calculated the financed emissions, the Bank refined the calculation methodology, data collection and analysis, and also built a broad and permanent database, which the Bank uses for the coherent management of financed emission reduction processes, analysis of extreme scenarios, and management of climate transition risks. The information quality score from the Bank's calculation methodology, according to the PCAF standard definitions, is 4.33.

Analysis of the data for 2024 shows that there was a 5.1% decrease in the Bank's total financed emissions, and a 6.12% decrease in energy intensity, compared to 2023.

<sup>25</sup> This high figure is mainly due to the evacuation of the Bank's headquarters in Tel Aviv, which led to the transfer of unusual amounts of paper and archive materials for recycling, alongside the removal of office supply and furniture waste which constitute extraordinary, one-off events.

The distribution of emissions and energy intensity by type of activity is as follows:



### Scope 3 – Summary of all included and calculated categories

Category number <sup>26</sup>	Name	Contents
1.	Products and services purchased	Paper consumption, toner consumption, water consumption
5	Waste produced in operations	Waste that was recycled, sewage, mixed general waste <sup>27</sup>
6	Business trips	Flights and overnight stays
13	Leased properties	Electricity consumption of the Bank's tenants
15	Investments (including credit)	100% of the Business Division customers (including real estate, business, commercial and infrastructure), the Bank's Mortgage Division customers and 100% of the investments in tradable companies through Leumi Partners, and the holding in Valley National Bank.

### 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. The Bank is working to limit its exposure to activities that contribute to the effects of climate change, and to this end, it has determined an internal limit on the amount of exposure in the credit portfolio (Solo) to customers in the fields of coal production, oil production and refining, and gas production.

The Bank's strategy in the context of reducing activity in polluting credit was defined as an internal limitation and for this area only, in view of the need to support the Israeli economy in the necessary transition to a low-carbon economy, alongside the Bank's negligible exposure to oil and gas activity.

The Bank's credit balance as of December 31, 2024 for electricity generation activity from fossil fuels is negligible in relation to its activity, and is detailed in the Indicators for Assessing the Bank's Exposure to Business Credit Risk related to Climate Change chapter.

<sup>26</sup>According to the taxonomy of the GHG protocol.

<sup>27</sup>Calculated based on an estimate of total waste for the number of positions, in accordance with the Ministry of the Interior's calculation methodology for the amount of waste produced per employee.

## Conduct of suppliers on environmental issues and green procurement

As part of procurement processes, suppliers are required to declare that they are not involved in giving and/or accepting bribes and, according to the nature of their activity, they are also committed to protecting human rights, complying with the provisions of the law and the relevant authorities regarding the environment and climate, tort liability and responsibility regarding safety and health at work. In addition, in procurement procedures where there are quality criteria, they are asked to respond to a corporate responsibility appendix.

Depending on the nature of the supplier's activity, aspects of air pollution, waste in production processes and the use of green products are examined, among others. The Real Estate Division carries out inspections and controls over construction, cleaning and maintenance companies whose activities may have adverse effects on the quality of the environment. Among other things, inspections are carried out regarding the materials used by these suppliers and, if necessary, the suppliers are required to present certificates accordingly, including safety sheets (MSDS), landfill certificates for construction waste, standards, etc.

In 2024, the amount of the Bank's green procurement was approx. NIS 43 million.

As part of the Bank's measures to reduce negative environmental impact derived from procurement activities, the main actions below are carried out:

- As much as possible, procurement that includes the use of recycled materials, energy-saving products and environmentally friendly products.
- Gradual transition of the Bank's fleet of leasing vehicles from gasoline-powered vehicles to hybrid and electric vehicles.
- Paper waste recycling.
- Electronic waste recycling.
- Use of smart and economical lighting.
- In the procurement processes of construction, maintenance and electrical products, recommended environmental criteria are used, with the aim of reducing the negative environmental impact resulting from the Bank's activities.

For more information on the aspects of responsible, social procurement, and an evaluation of suppliers' conduct, please see the Company chapter of this report.

## Additional activities and topics regarding the transition to an environmental economy

Green construction - The new Leumi campus in the city of Lod was built using green construction in accordance with the LEED standard, and within its framework, additional systems and activities were implemented for the purpose of energy and environmental efficiency (for more information regarding the Bank's structure in Lod, additional activities in this context, and the resulting impact, please see the chapter on Bank activities and measurement in this Report). Likewise, Valley National Bank, in which the Bank holds approx. 13% of its shares, completed the transition to its new offices in 2024, which were also built according to the LEED Gold standard.

Green mail - The transition of customers to digital mail enables paper savings along with convenient, simpler and faster access for customers.

Waste - The main waste at the Bank is electronic waste and paper waste, which are collected and sent for disposal by licensed contractors.

### Reduced printing

Safety and environmental policy - Within the framework of this policy, the Bank works to invest the necessary resources to prevent cases of environmental pollution and waste of natural resources, minimizing the risk factors for environmental hazards and constantly improving its performance.

Environmental quality trustees – Environmental quality trustees have been appointed in the branches and headquarters, who are responsible for managing environmental aspects and monitoring electricity and water consumption.

Digital service – A central anchor in the Bank's vision is to lead proactive, innovative and responsible banking for the Bank's customers while making the services accessible in an appropriate, simple, fast and smart way for customers. This leadership not only enables better customer service, but also reduces paper consumption, and carbon emissions from the use of transportation required to reach the branch.

For more information on making digital services accessible to customers, please see the Company chapter of this report.

In addition, in 2024, there were no cases of non-compliance and/or fines in environmental matters.



# Social

## Introduction

Underlying Leumi's vision *"To lead proactive, innovative, and responsible banking for the benefit of our customers and to implement accelerated growth focused on the customer"*, is the combination of business leadership and convenience, and the aspiration to provide the best response to the financial needs of our customers, in a dynamic business environment, while being based on values of transparency, responsibility and fairness. The realization of these values is through the cultivation of human capital and the assimilation of innovation and creativity while maintaining the Bank's stability and achieving adequate profitability.

A significant anchor in the Bank's ESG vision and strategy, and the Bank's vision as a whole, refers to all of the Bank's shareholders and interested parties in the social sphere, including the Bank's employees, customers, and the community.

This chapter below deals with all the aspects that concern the Bank's shareholders and interested parties in corporate aspects, including the Bank's corporate governance structure in the corporate sector, the Bank's employees, its customers, the community, and suppliers, and includes a focus on specific issues of importance such as financial inclusion, and it is written with attention to the Bank of Israel's emphases in the social sphere.

## Corporate governance in relation to social aspects

The Bank recognizes that a central anchor in its role as a leading bank in Israel, whose heritage and history is closely tied to the economic and social history of the State of Israel, is the inclusion of social aspects in all of its activities.

In view of the above, the aspects of society as a whole are also consolidated under the Bank's corporate governance, as this chapter will explain:

### The Bank's Board of Directors

Bank Leumi's Board of Directors is entrusted with determining the Bank's strategy, including regarding social aspects, approving the relevant policy documents, determining guidelines for the executive branches, overseeing the fulfillment of the guidelines and adequate oversight and control over the Bank's activities.

In this framework, social aspects, which are brought for the approval of the Board of Directors and included in the various policy documents and/or in this report, are as follows: making banking services accessible, promoting social leadership, financial education and digital literacy, financial support programs, contributing to the community, encouraging employee volunteerism, interested party dialogue regarding social aspects and policy application to suppliers and service providers.

### Board of Directors Committee

The organizational structure and the Board of Directors' work framework and its responsibilities regarding social aspects integrate into the existing corporate governance structure and are an integral part thereof.

Accordingly, one of the Bank's Board of Directors' committees is the Resources Committee, where among its areas of responsibility is to recommend to the Board of Directors the corporate and environmental social responsibility (ESG) strategy of the Bank and the Group, and its suitability to the overall strategy of

the Bank, and how to communicate the Bank's social activities, prior to its approval by the Board of Directors.

### The Bank's management

The Bank's management outlines the ESG strategy, policy, and principles for the management of ESG aspects, of which social aspects are a significant layer, which is approved by the Bank's Board of Directors.

The various social aspects are integrated into the activities of the Bank's central divisions according to their area of responsibility:

Strategy Division: Responsible for defining the Leumi Group's long-term strategic goals and for the donations.

Human Resources Division: Its main responsibility is the management of the Bank's human capital, including employment, individual and welfare aspects, human capital development and training, employee involvement in the community, and employee experience.

Business Divisions: They integrate the provision of social credit and support for the Bank's customers into their activity as detailed in this report.

Financial Division: Its main responsibility is in activity with the Bank's suppliers.

Operations and Service Division: Its main responsibility relates to physical accessibility, employee safety and real estate.

Leumi Technologies Division: Its main responsibility regarding social aspects relates to information security, customer privacy, and the development of digital products for customer well-being.

Risk Management Division: Responsible for setting out policy, methodology, risk management tools and assisting the Board of Directors in formulating the Bank's risk appetite. From a company perspective, the division's main responsibility is to integrate this issue into the principles of fairness towards customers detailed in the service policy. Internal Audit Division: Its responsibility is as a third line of defense carrying out various audits on the activities of the Bank's divisions.

### Discussions in the Bank's Board of Directors and management

In 2024, the Board of Directors and its committees and the Bank's management held discussions on social issues, ESG aspects, including dedicated discussions on human capital issues, strategic collaborations, donations, and a discussion on this annual report. In addition, discussions were held regarding the social measures initiated by Leumi to assist population groups affected by the damage of the Iron Swords War, including farmers, youth, and reserve soldiers, as well as an enrichment lecture on the subject of accessibility by a party external to the Bank.

### Inter-divisional management committee for outlining the ESG strategy

A dedicated committee was appointed in the Bank that is tasked with outlining and implementing the overall ESG strategy. The committee includes the Chief Risk Manager and members of senior management from all the Bank's divisions, and is chaired by the head of the Strategy Division and Headquarters. The committee is in charge of making steering decisions on implementing the strategy, furthering the strategy, overseeing its implementation, coordinating between various organs of the Bank and regularly addressing various issues.

### Group ESG Executive and International Operations

The Group ESG Manager, reporting to the Head of the Strategy Division and Headquarters, integrates all the divisions' activities in the aforementioned social issues, including responsibility for the creation of strategic business partnerships, and leading their implementation at the Bank, according to relevance.

## Social metrics and targets

In view of the importance that the bank places on the social aspects of its activity, we will note several social targets, out of all the internal goals set by the Bank (solo), as follows:

SOCIAL SPHERE	TARGET	PERFORMANCE IN 2024
Employees	Gender diversity that includes maintaining at least 50% women in senior management	53%
Customers	Setting internal credit targets in some social credit categories	Some of which is included in the Social Credit Performance chapter (see more information in this chapter).
Community	Volunteering at a rate of over 50% of all employees	Approx. 4,500 Leumi employees volunteered in the community, representing 55% of all Bank employees.

## Leumi employees

### Introduction

In 2024, the Bank employed 8,145 employees, of which 62% were women.

Most of the employees are employed full-time, and approx. 0.8% of all employees are employed part-time.

The average age of Leumi employees in 2024 is 42.7.

99% of the Group's employees work in Israel. Leumi has only one subsidiary abroad, Leumi UK.

The main aspects included in this report regarding employees are as follows:

### Diversity, inclusion, and equal opportunity

The Leumi Group and its employees are a microcosm of Israeli society. At Leumi, there is a wide range of employment opportunities that contribute to the promotion of innovation and creativity at Leumi and create equal opportunities for various population groups in Israeli society.

The policy of diversity and equal opportunities in the Leumi Group is reflected in several main areas: recruitment of employees from diverse population groups, such as underemployed segments, Arab society and ultra-Orthodox communities, through the adjustment of the criteria for intake and the provision of special concessions and equal gender opportunities in the Leumi Group in all areas of activity, at all levels and in all fields.

### Gender diversity

The following are key data on gender diversity aspects among the Bank's employees:

#### Distribution by age

BY AGE	WOMEN	MEN	RATE OF WOMEN
All ages	5,052	3,093	62%
Up to 30	1,094	322	77%
30-50	2,684	1,837	59%
50+	1,274	934	58%

#### Distribution by management level and occupation

BY MANAGEMENT LEVEL	WOMEN	MEN	RATE OF WOMEN
Total in management positions	1225	922	57%
Senior management	66	59	53%
Mid-level management	575	460	56%
Junior management	584	403	59%
STEM positions	706	833	46%
Management positions in revenue generating functions	501	472	52%

## Fair compensation

The Equal salary report for 2023 that was published in June 2024 indicated wage gaps ranging between 9% in favor of women and up to 8% in favor of men, in the taxable income impacted by components such as shifts, overtime, etc.

Pay gaps, if they do exist, mainly from personal parameters, such as seniority, overtime, shifts and being on call. Leumi's compensation policy is intended to serve as a tool to promote compliance with the Bank's goals, enable the recruitment of quality employees, and motivate employees to improve performance and achieve the Bank's business goals and objectives. Compensation is distributed differentially, while strengthening the connection between compensation and performance. Leumi has uniform salary tables for women and men, which makes it possible to avoid salary gaps at the time of employment.

In 2024, approx. 41% of the 10% of the highest paid employees at Leumi were women.

## Recruitment of quality and diverse personnel

Leumi strives to hire quality 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 academic institutions, the Ministry of Labor and more.

In 2024, approx. 1,440 positions at Bank Leumi were filled through external recruitment (including employees recruited for the banking centers). In addition, approx. 1,600 positions were filled through employee mobility.

The Bank attributes great importance to recruiting and retaining diverse human capital, and it acts to expand the employment of employees from diverse populations in Israeli society. This commitment enriches the Bank's variety of talents and is a pillar of the Bank's social responsibility as a whole.

In order to implement these goals, Leumi works, among other things, with the following initiatives and actions:

The Bank places great importance on activities carried out for diversification and inclusion in the Bank employees from population groups that are underrepresented in employment, and takes part in projects of NGOs that promote the employment of these population groups.

In 2024, the Bank absorbed 433 ultra-orthodox, Arabs, Ethiopian, new immigrants, employees aged 45 and over, and those with disabilities, which together constitute 30% of all recruited employees. In 2024, women constituted approx. 68% of all employees recruited at the Bank.

Approx. 6% of all Leumi's employees are from the Arab community, of which approx. 1.5% are in management positions. Approx. 1.3% of all Leumi employees are members of the Ethiopian community, and approx. 0.4% of all Leumi employees are new immigrants.

## Employee absence at Leumi

In 2024, there was an increase of approx. 1% in the rate of days of absence compared to 2023, mainly due to reserve service in the Iron Swords War, which accounted for approx. 10% of the total days of absence, amounting to approx. 341,000 days.

## Employee feedback and satisfaction

Once a year, at the beginning of the year, a structured cross-organizational process of evaluation and feedback is carried out for employees and managers in all bank units, known as the "annual evaluation process". The process is a central management channel for development, for defining goals and promoting their achievement looking ahead. At the core of the process is a feedback conversation between direct managers and their employees that refers, among other things, to indicators that promote a culture of excellence. The conversation provides an opportunity for the manager to give feedback regarding the employee's performance and the quality of his work, to coordinate expectations

and define goals for the coming year, and to think together about possible ways for the employee to continue learning and developing.

In addition, later in the year there is a "check-in" process, the purpose of which is to allow managers and employees in all the Bank's units to meet for an open conversation, to assess the status of the targets up to that point in time and to jointly define activities and emphases that will ensure the full achievement of the targets by the end of the year.

The evaluation and feedback processes include a support package and supportive tools for managers and employees to help implement and manage the processes.

In 2024, 96.2% of Leumi employees underwent feedback conversations as part of the various processes.

#### [Internal organizational communication, employee engagement and increased transparency](#)

The Bank has a variety of communication channels and internal organizational mechanisms that operate with the aim of sharing the organization's activities with the employees, maintaining and reinforcing their organizational commitment, and deepening the relationship between the management and the employees. In 2024, the Bank carried out many activities in this area, including meetings between members of management and other senior managers with employees in the various divisions, with the aim of connecting the entire organization to Leumi's strategic focuses and strengthening the synergy between the various units.

#### [Learning, manager development, employee retention, training and professional retraining](#)

##### [Learning and training](#)

The human resource is the basis for the operation and success of the Leumi Group, which places great importance on the nurturing and development of its employees in order to instill in them a sense of identification and pride in their workplace and to continue to be a point of attraction for quality employees. Leumi's management supports the business units and the achievement of their business goals by encouraging learning, training and development processes, focused on improving the professional and managerial abilities of employees and managers, their engagement with Leumi and their adaptation to the changing environment.

Organizational learning and development are key tools in planning and managing human capital, adapting employee skills to the changing business needs, and implementing the business strategy in a changing organizational environment. Changes in the labor market in the current era require attention to strengthening the sense of meaning, employee retention, knowledge retention, and adapting management skills.

The past year was characterized by a hybrid learning mix, 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 at all locations.

Learning throughout the year focused on programs that support Leumi's strategic focuses. Emphasis was placed on upgrading professionalism, improving service and the customer experience, developing the required skills in the various units, implementing systems and work processes while maintaining flexibility and adapting to market changes and regulatory requirements.

Total training days<sup>28</sup> in 2024 amounted to approx. 33,000 days, which constitutes an average of 29 hours per employee.

For more information regarding training, please see the Human Resource Development and Learning chapter in the Bank's Corporate Governance Report as of December 31, 2024.

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<sup>28</sup> Training day = 8 hours.

## Emergency Backup Force

Against the backdrop of the Iron Swords War and in order to ensure business continuity and quality, continuous service to the Bank's customers even in times of emergency, we have established an "Emergency Backup Force," consisting of employees with a banking background who currently serve in headquarters positions. The backup employees conduct training and competency maintenance activities in order to be prepared, if necessary, to fill the ranks in field units that constitute the first line to the customer.

## Knowledge retention

In order to preserve knowledge in the organization, and as part of the need to ensure organizational and business continuity, a mapping of employees who have unique knowledge and significant influence was carried out. Based on this mapping, solutions were formulated that include the documentation of knowledge, the transfer of knowledge to additional employees, employee mobility, process automation, backup by external suppliers, and the establishment of backup mechanisms by support units.

## Executive and employee development

In 2024, the Bank continued to refine its leadership development programs for a world of continuous crisis and changing work skills. The programs focused on strengthening leadership capabilities that would enable managers to optimally lead their employees. As in every year, this year too, the Bank emphasizes excellence and has programs to develop high-potential managers for more complex positions later in their careers.

## Employee retention and retraining

Leumi has an online platform that allows employees to view open positions at the Bank and to submit applications. This platform encourages the employee to take an active part in the management of his career, increases transparency and reflects Leumi's desire to advance its employees, their development and retention.

In addition to the Shift program, programs were developed for retaining and improving organizational competency, and adapting it to the constantly changing work world. As part of the Upskilling program, Leumi trained its employees in a variety of proficiencies, including data analysis, development of internal resilience, negotiating, partnerships, requisite skills for carrying out the job, etc. Furthermore, courses were 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 growth.

## Employee experience, benefits and wellbeing

Leumi invests in employees and their families with the vision and belief that the employee experience, wellbeing and a healthy lifestyle are significant for preserving the employees' resilience and increasing their sense of identification and connection to the workplace. In this framework, Leumi promotes a variety of activities for its employees and their families.

All employee experience activities are accessible to employees nationwide – promotion of employee health, awareness workshops for managing a healthy lifestyle, a gym, sports activities and clubs, running groups, treks, trips, blood donations, and more.

Leumi employees benefit from a wide range of benefits that are part of the comprehensive compensation package. For more information regarding fair compensation, please see page 39 of this chapter and the Compensation chapter in the Risk Report as of December 31, 2024.

In this framework, Leumi promotes a flexible work policy that includes hybrid work (working one day from home) anchored in a labor agreement with the workers' organization.

In addition, Leumi is promoting a safe work environment for its employees and all visitors to the Bank branches and offices, and is dealing with the issue of employment safety and health, based on a “continuous improvement” model. In this context, 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 indicators and targets were set for each goal, and the Bank monitors and controls them regularly.

#### [Prevention of discrimination, harassment, bullying and sexual harassment at work](#)

Leumi views incidents of discrimination, harassment and bullying at work very seriously, and deals with them immediately and thoroughly. Any complaint on one of these issues, on any background, by a candidate, employee, or former employee, is checked and examined in depth by the relevant parties at the Bank. The Bank's compliance program on labor laws also deals with these issues, and once a year, the Human Resources Division issues a refresher on this topic to all relevant functions, 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, harassment or bullying at work, 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 the claim is found to be justified, the Bank takes all the requisite measures to deal with the matter, to prevent future cases and to learn the relevant lessons and refresh guidelines if necessary. The bank takes issues of sexual harassment seriously. To the extent complaints are submitted, they are addressed by the sexual harassment prevention officer in accordance with the Prevention of Sexual Harassment Law.

Once a year, the Bank sends all its employees a letter that emphasizes the prohibition of sexual harassment, and the letter includes a link to the Bank's sexual harassment procedure and regulations, including contact details for the Bank's sexual harassment officer.

#### [Maintaining proper work relations](#)

Labor relations at the Bank are 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 the Bank management's obligations to the employees. 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 specify both rights and obligations at the Bank. Approx. 96.3% of the Bank's employees are unionized under the collective agreement. For more information regarding various Leumi employee aspects detailed in this chapter, please see the Annual Report, in the explanation of employee rights in the Accounting Policy regarding Critical Issues (Employee Rights) chapter in the Board of Directors' Report, and the Organizational Structure chapter in the Bank's Corporate Governance Report as of December 31, 2024.

## Customers

### Introduction

A central pillar in the Bank's vision is to lead proactive, innovative and responsible banking for the customers in a way that provides them with the most appropriate, simple, fast and smart solutions. Implementation of this vision is reflected in all of Leumi's strategy applications, including in aspects of sustainability, innovation, financial education, and service.

The main aspects included in this report regarding the customers are as follows:

### Social credit and financial inclusion

According to Leumi's ESG concept, its main ability to make a significant impact, like any business company, is through its core activity. In this framework, the Leumi Group provides credit that advances social goals, thereby contributing to economic and social development through various channels that support the accepted social goals according to international standardization and the Sustainable Development Goals (SDG), including support for population groups meet the definition of financial inclusion and peripheral areas.

In addition, one of the 17 SDG UN goals for sustainable development is financial inclusion, which includes, among its main goals, poverty reduction and economic development, while increasing the possibility of the entire population to integrate into the financial system, advancing personal well-being, establishing and expanding businesses, investing in education, etc. Due to the importance of the issue, it also receives attention from many international organizations such as the United Nations, the World Bank, the OECD, and the Bank of Israel.

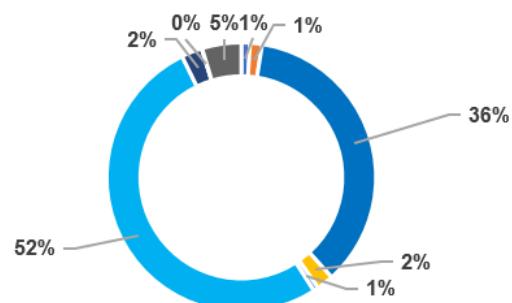
Bank Leumi's policy for promoting financial inclusion includes the expansion of the range of financial services available to the Bank's customers, including for disadvantaged groups, including: minorities, the elderly, youth, peripheral areas, low income individuals, and the young population<sup>29</sup>.

### Social credit in categories according to the international GBP standard

The Bank has formed a methodology and the criteria to identify and manage credit related to objectives that support social goals. The adopted methodology is in line with the ICMA standard. This helps to formulate characteristics for an international green bond, the draft of the Israeli taxonomy, and in adjustments for the unique characteristics of the Israeli economy.

In 2024, funding for social issues according to the international standard amounted to approx. NIS 85.6 billion<sup>30</sup>:

- Food security, sustainable food systems and agriculture
- Education and professional training
- Socio-economic and periphery advancement and development
- Health services
- Infrastructure projects
- Affordable housing
- Assisted housing
- Other
- Funds



<sup>29</sup> Social diversity in Israel includes reference to ethnic and minority population groups such as Arabs, ultra-orthodox, Ethiopians, Druze, Circassians, new immigrants and the disabled (Civil Service Law (Appointments), as well as an index of representation and wages in the public private labor market (fifth edition, May 2021), of the Ministry of Economy and industry).

<sup>30</sup> Including off-balance sheet credit instruments.

In addition to the classification of credit for social goals according to the international standard, the following is another quantitative report on the social aspects of the Bank's credit activity, which also show the Bank's significant contribution to social development, financial inclusion, and the economy as a whole:

### Credit for small and micro businesses

Small businesses are a central layer of economic activity. According to the "Periodic Report of the Agency for Small and Medium Businesses in the Ministry of Economy and Industry for 2023", the number of these businesses has increased consistently in the last decade and their contribution to the GDP of the entire business sector is approx. 45% (please see page 29)<sup>31</sup>.

Increasing access to credit for the small business sector is important for the economic development of the economy, and was included as one of the recommendations of the "Bank of Israel's Research Division's plan to accelerate growth in the economy" (please see page 78)<sup>32</sup>.

The bank recognizes its responsibility to improve access to credit for small businesses, including:

Out of the social credit according to the Bank's stated classification methodology, the credit for small businesses constitutes approximately 6%.

According to the data reported in the Bank's financial statements as of December 31, 2024, credit to small and micro businesses from the Bank's balance sheet credit portfolio constitutes approx. 16%.

For more information, please see Note 28A, Supervisory Operating Segments and Geographical Areas, in the Bank's Annual Report as of December 31, 2024.

The strategic collaboration between the Bank and the EIB for the provision of credit for environmental and social purposes (including financial inclusion), on preferential terms for customers, is intended for the small and mid-sized business sector, in the amount of EUR 750 million, with an additional credit guarantee for projects totaling approx. EUR 96 million.

### Credit according to income level

The Bank's financial statements include a disclosure regarding the distribution of balance sheet credit risk (with the exception of derivatives) to individuals in the Bank according to the amount of fixed income transferred to the account.

According to the reported data, as of December 31, 2024, the rate of accounts without fixed income in the account and an income amount of less than NIS 10,000, out of the credit risk as mentioned above, is approx. 27%.

For more information regarding Leumi's business activity, please see the Credit Risks chapter in the Bank's Board of Directors' Report as of December 31, 2024.

<sup>31</sup> <https://www.sba.org.il/hb/PolicyAndInformation/Researches/Pages/SR77.aspx>.

<sup>32</sup> <https://www.boi.org.il/media/2h5n1pzk/%D7%AA%D7%9B%D7%A0%D7%99%D7%AA-%D7%91%D7%99-%D7%9C%D7%94%D7%90%D7%A6%D7%AA-%D7%94%D7%A6%D7%9E%D7%99%D7%97%D7%94.pdf>

## Financial inclusion, initiatives, products and operations

In addition to reporting on financial inclusion stemming from the Bank's core credit activities with its customers, the Bank carries out operations, initiatives, partnerships, products and more, including financial education, for the purpose of promoting financial inclusion among its customers, while adapting to the unique characteristics of each segment<sup>33</sup>.

As follows:

### Arab segment

Leumi has dedicated branches serving the Arab population, including business centers and representative offices providing mortgages. The bank carries out various initiatives and value propositions for the Arab segment, including:

- A joint venture with motor vehicle companies in Arab society.
- Value propositions in areas where there is occupational significance in the sector, such as paramedical professions, teaching, law and accounting and business, alongside the diverse range of value propositions available at Leumi for all population groups.
- Value propositions for academic students studying abroad at all sites.
- Text messages (SMS) sent to customers in Arabic that make the variety of value propositions and banking operations accessible to the customers.
- "Write to the Banker" service in Arabic.
- Marketing and advertising, with the participation of Arabic-speaking actors and bankers, according to the unique needs of the community.
- Definition of a policy that provides a dedicated response to the Arab population regarding mortgages.
- Various conferences aimed at the Arab population.

### Ultra-orthodox segment

Leumi attributes great importance to tailoring service to ultra-Orthodox customers. The bank carries out various initiatives and value propositions for this segment, including:

- Technological development for bank transfers and cash withdrawals adapted to 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).
- Creating value propositions that match the sector's needs, such as ultra-orthodox institution for girls, teaching staff, and more.

### Senior citizens and the elderly

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.

Leumi is the first bank to launch 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.

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<sup>33</sup> Diverse population groups in Israel include ethnic groups and minorities such as Arabs, ultra-orthodox, Ethiopians, Druze, Circassians, new immigrants and the disabled (Civil Service Law (Appointments), as well as an index of representation and wages in the public private labor market (fifth edition, May 2021), of the Ministry of Economy and industry).

As part of the set of steps taken routinely to assist senior citizens in making banking services accessible, Leumi joined the voluntary agreement formulated by the Ministry of Social Equality and Pensioners, the Banking Supervision Department, the Association of Banks in Israel and the banking system to promote a mutual guarantee.

In addition, Leumi offers ATM services (and, upon request, a digital station), which are delivered by vehicle to dozens of nursing homes and assisted living facilities by prior arrangement. There is a steward in the vehicle who can assist senior citizens when performing operations on the devices.

#### 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 utmost 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.

#### Youth

Digital banking through the Bank’s digital PEPPER platform, which is also suitable for the younger generation, and gives minors the opportunity to open a digital account (ages 16-18), along with a financial umbrella starting at age 14.

#### Accessing information in languages

Leumi places great importance on making the information, documents and services as accessible as possible through the various channels, in Hebrew, as well as in English, Russian, Arabic, and Amharic. Some of the aforementioned information and services are provided in all languages (for example, a call center), some in digital information and communication (for example, SMS). Leumi is also the first bank in Israel to launch a digital application in English. In addition, in 2024, Leumi established a dedicated website for new immigrants, which provides supportive information in English and French.

#### Customers in crisis situations

Leumi strives to prevent customers from falling into debt and holds direct, sensitive, speedy and businesslike dialogues with customers in economic difficulty, by examining their individual ability to settle their debts, and striving to find the most convenient solution for them. This activity is carried out by contact with customers in debt. The debt collection process is gradual and adapted to the customer.

#### Startups – “Leumi Tech 77 Fund”

The “Leumi Tech 77 Fund” is a special fund through which Leumi Tech will provide credit to startups, totaling USD 77 million during the 77th year of the State of Israel. The fund will operate in an innovative model that combines credit and equity as part of investment rounds alongside venture capital funds. Through the fund, the Bank will participate in financing rounds totaling hundreds of millions of USD, strengthen the Israeli high-tech industry and diversify the financing sources for startups.

## Financial education and financial inclusion

The Leumi Group strives to provide advanced financial tools to all its customers to establish an economic infrastructure that will affect their personal, professional and business development. The Group works at all times to respond to the expectations of its customers, while ensuring the highest level of professionalism, the provision of quality service, an attentive ear and personal treatment at all decision points and business opportunities, including carrying out various financial literacy activities.

Financial literacy is the ability to read, analyze and understand financial data that affect an individual's financial well-being and the ability to evaluate financial options, use money correctly, plan for the future, act accordingly in the present and respond intelligently to economic changes.

The concept of financial education at Leumi is based on several layers, as follows:

**Strengthening the customer's financial knowledge:** A better understanding of financial issues can lead to an improvement in the economic situation.

**Making financial knowledge accessible to customers:** On issues such as pensions, savings, the capital market, the housing market, which allows customers to balance their own financial needs and capabilities in the short and long term.

**Development of customer channels:** The Bank is committed to providing all customers with a tailored banking service. Leumi is constantly developing digital tools that allow customers to perform banking operations themselves, enrich their financial knowledge and expand their operating freedom.

**Pension advice and investment advisory services:** The Bank offers suitable customers a comprehensive and professional pension advisory service, including the development of an innovative digital service that makes information available to customers regarding the pension assets in their possession. In addition, there were 2 customer meetings in which several hundred customers participated, where pension products, an overview of the macro situation and regulatory developments were presented. In addition, various professional training courses are conducted in the pension field for employees to strengthen their knowledge and professionalism on the these topics.

Please see also the topic of Financial Education Activity in ESG Investment Advice on page 21 of the Environment chapter of this report.

As part of the financial education activity, we held financial mentoring activities on financial issues with the "Aharai" organization and reservists whose businesses were damaged as a result of the War. Private lessons were also held on Zoom for children of evacuees and children of reservists.

In addition, in collaboration with the "Nitzozot Shiur Acher" NGO approx. 50 financial 8-session workshops were held in elementary schools.

**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.

## Accessibility

Bank Leumi places great importance on providing equal, respectful and considerate service to the public and to improving the service provided to people with disabilities.

The Bank makes sure to regularly check the accessibility status in the branches, according to several key parameters, including: easy access to the branch; accessible service positions; accessible signage; the existence of an elevator or a wheelchair lift; the existence of services for the disabled; accessible access to an ATM; assistive accessories and advanced ATM software "TTS - Talking ATM". An infrastructure has also been developed for enlarged printing of forms and the possibility of receiving e-mails in enlarged print. The Leumi Group is working to make its services accessible through its branches and digital channel for all population groups in Israeli society, irrespective of gender, religion, age, geographic location, or physical disability.

The issue of accessibility in the bank is managed through the following:

Accessibility coordinators: Two accessibility coordinators have been appointed at the Bank (a service accessibility coordinator and an accessibility coordinator for buildings, infrastructure and environment), whose job it is to lead and coordinate the Bank's accessibility activity and to serve as an address for any inquiries on the subject. In addition, there is a dedicated mailbox for accessibility inquiries. Inquiries that arrive in the box are dealt with in a short and practical procedure.

Accessibility trustees in the branches: In the Bank's branches, accessibility trustees have been appointed who have undergone appropriate training and their role is to verify the existence of the accessibility arrangements defined by the law and regulations in the branch, to implement the subject of accessible service among the branch employees and managers over time, to identify needs and gaps in the implementation of the law and regulations in the branch's accessible service and to provide a response.

Information and training for employees: In the Internet system at Leumi there is a dedicated and maintained website on the subject of accessibility with detailed information regarding the services offered by Leumi to people with disabilities. In addition, an assimilation and training program was established for all employees, including: a computerized course (a mandatory course for new employees) and a knowledge test were developed for the assimilation of the issue of accessibility in service. The bank conducts a knowledge test every year for all service providers in branches and centers. Experiential training that includes a meeting with a person with a disability - an experiential experience for service providers.

Digital service: The Bank offers a variety of services from a mobile device or from a computer, without a need to go to the branch. The digital services and products are accessible for people with disabilities and they can manage their bank account in a fast, available and accessible way.

Hearing impaired people can correspond with a banker and have a Zoom meeting accompanied by a sign language interpreter or accompanied by a transcription. Dedicated software has been implemented in the ATM that speaks for the device and helps people with visual disabilities.

## 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.

This includes the following main initiatives, products and operations for the Bank's customer service:

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 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 Trade app: With the aim of leading the trading market in the banking system, Leumi launched the new Leumi Trade app for Leumi and Pepper customers. The app has a new look, a complete snapshot of the investment portfolio, an AI chat in collaboration with Bridewise to obtain information on securities and assist in decision-making, a smart search mechanism, buying and selling with Swipe, multiple watchlists, advanced graphs, dark mode, and more.

Mortgages: For the first time in the banking system, Leumi launched an option for customers of all banks to receive end-to-end digital approval in principle within a few minutes. Leumi also launched a website for mortgage advisors. The website enables submission of applications and to view the status of existing applications in a convenient and advanced digital interface.

Submission of a loan application in the app: In order to make credit products accessible to customers, Leumi expanded the basket of credit products available in the app and based on eligibility, such as Bolt loans, fixed-interest loans, car loans with Champion, and loans in new campaigns, all in a new and convenient interface.

Product-related value propositions when opening a digital account: An integrated process for establishing credit facilities and for issuing a debit card to a young person already at the account opening stage.

"Leumi Business" website: Development of capabilities on the new business website for business customers, such as extensive information on the customer's account and in an aggregation that serves the company's officers, broad and new operations such as adding an authorized person, as well as a new signature round to approve operations in companies.

Car loans: A service that allows you to digitally receive a loan to purchase a car at car dealerships with which the Bank has contracted.

"Buy in foreign currency and save": The Bank's credit cards enable savings on purchase costs abroad by debiting a foreign currency account.

Opening an account for a minor: Addition of the service for 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.

Expanding the population allowed to perform transaction digitally.

#### Service, customer satisfaction and public inquiries

In accordance with the bank's vision to lead proactive and responsible banking for customers, the bank advances many efforts to provide optimal service to customers, including all activity channels and accessibility of services. At the same time, Leumi maintains 3 central platforms for providing and improving customer service, along with the branches and the digital services as follows:

Telephone service centers: Leumi is the first bank in Israel to expand service center hours from 6:30 a.m. to 11:30 p.m., and also on Saturday evening.

"Sayeret Mankal": Leumi established a center that reports directly to the CEO, to handle customer inquiries by a team of skilled bankers who sit next to the CEO's office and respond to every inquiry within one business day at the most, while providing ongoing reports to the Bank's CEO on progress in the treatment, to help customers who did not receive a full response to their inquiry and to make sure that the Bank's

customers are satisfied with the service they are provided, and in addition, the branch managers' telephone number is made available as an additional channel for customer inquiries.

For more information, please see Leumi's Service Charter on the Bank's website<sup>34</sup>.

## Public inquiries

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 Bureau of Public Inquiries operates in accordance with Bank of Israel Directive 308A and is responsible for handling complaints and requests for information or assistance addressed to it. The Bureau has the authority to decide on how to handle a customer's inquiry. The bureau is headed by the public inquiries commissioner, a Leumi executive who reports to the Bank's general counsel.

The Commissioner and the public inquiries officers do not perform any role in Leumi other than the handling of public inquiries.

In December 2023, the Bank of Israel published a document referring to a consumer evaluation procedure, which was carried out during 2022 and the first half of 2023. The document revealed that the Bank guarantees that its customers will have access to an independent and professional commission that has a strong status and adequate resources to handle complaints and provide relief and compensation.

It was determined that the Commission has been maintaining a high quality for several years and its activity is professional, while cooperating highly in its work with the Banking Supervision Department. It was further determined that the Bank places great importance on the information received by the Public Complaints Commission and that it carries out internal processes following the Banking Supervision Department's positions and messages. Leumi has in place ongoing lesson-drawing processes in order to prevent the recurrence of the cases that arose from 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). The latest summary document published by the Bank of Israel on June 30, 2024<sup>35</sup>, which includes the Banking Supervision Department's review of public inquiries, revealed that in 2023, Leumi presented data on the time it took to handle public inquiries at the lowest rate in the banking system and it had a low volume of inquiries relative to the size of the Bank in the banking system.

<sup>34</sup> <https://search.app/t46HMqKbd3U4phdk9>

<sup>35</sup> From the Bank of Israel website, press releases, "Review of Public Inquiries by the Banking Supervision Department and Consumer Protection Measures for the Years 2022-2023, with an Emphasis on Supervisory Activity in the Iron Swords War".

## Customer satisfaction

One of the Bank's strategic goals, as aforementioned, is to be a leader in service. The Bank regularly conducts surveys after interaction with customers, in order to ensure that a high service standard is maintained and for the purpose of measuring and monitoring compliance with internal satisfaction targets.

From these surveys, a trend of improvement emerges, in view of all the actions carried out by the Bank regarding the service, as follows:

	Rate of increase in customer satisfaction, between January 2022 and November 2024
Private customers	16.7%
Small business customers	12.4%

In addition, satisfaction data is also published from time to time in a Bank of Israel survey and a Marketest survey.

According to the results of the latest Marketest survey from October 2024, Leumi ranks first among the four largest banks in several indicators: overall satisfaction with service; satisfaction with value for money; customer loyalty; and the percentage of customers considering switching to Leumi.

According to the latest Bank of Israel survey, published in February 2025, Leumi leads in 5 service categories among the 5 largest banks: telephone service; website service; application service; appointment scheduling service; and service at automated devices<sup>36</sup>.

<sup>36</sup> Below is a link to the results of the Bank of Israel survey on the subject of service: <https://www.boi.org.il/publications/pressreleases/3-2-25/>.

## Community

### Volunteering by employees

As a financial group with a central influence on the business and public culture in Israel, we consider our commitment to the community as a social and value-based anchor that we will continue to cultivate (the Leumi vision). The Bank's corporate responsibility activity reflects our commitment to strengthening society and the economy in Israel and is a direct continuation of Leumi's continuous long years of activity, as an organization operating within the community and for the community.

In 2024, the Bank supported IDF soldiers, reservists, evacuees and communities engaged in the Iron Swords War, as well as the Aharai NGO, which integrates young people from the social and geographical periphery in Israeli society. Bank Leumi also supports Kibbutz Be'eri until the kibbutz is fully restored, both in terms of financial contributions and employee volunteering.

In 2024, the total volunteer hours of Leumi employees amounted to approx. 25,500 hours, which constitutes an average of 5.65 volunteer hours per employee. Leumi has a volunteering goal of over 50% of the Bank's employees volunteering at least once in 2024.

For more information regarding employee involvement in the community, please see the Human Resource chapter in the Bank's Corporate Governance Report as of December 31, 2024.

### Donations and sponsorships

Donations and social sponsorships are granted to associations and organizations that promote a variety of sustainable development goals, in the spirit of the SDGs, and in accordance with the social strategy and donation policy approved by the Board of Directors.

The donation activity is managed through a non-profit organization (Leumi Social Foundation), and in accordance with the best corporate governance principles, including the existence of a board of directors, an auditor, an audit committee, and an annual audit by an external accounting firm.

From the beginning of the Iron Swords War and until the present time, the Bank has focused its social responsibility resources on supporting the rehabilitation of population groups affected by the War, including within the budget framework for donations and sponsorships, as follows:

Accompanying Kibbutz Be'eri: Leumi has pledged to support Kibbutz Be'eri and its residents until the kibbutz is fully restored. Thousands of the Bank's employees volunteered and assisted the evacuee communities with various activities: workshops for children and youth, agricultural assistance at the kibbutz, and more.

"Katif Leumi" scholarship: With the aim of helping both farmers in Gaza Envelope and students, whose academic year was postponed, the Bank initiated the Katif Leumi scholarship project, under which students who volunteered to help farmers according to the criteria, received a scholarship for one academic year.

"Bagrut Leumi" project – The Bank funded the establishment of a study system throughout the country, alongside online study courses for the Bagrut exams for high school students whose academic routine was disrupted, with an emphasis on those who were evacuated from their homes during the War.

"Leumi Wedding" project – The Bank provided funding for a wedding for dozens of couples who served for an extended period in the reserves during the War. The services will also be provided by business owners from the north and south.

The Leumi Group's investment in the year of the War in 2024 amounted to approx. NIS 80 million in community activities, with an emphasis on supporting population groups affected by the war.

For more information regarding donations, please see the Human Resource chapter in the Corporate Governance Report as of December 31, 2024.

## Suppliers

Responsible and social procurement, evaluation of the conduct of suppliers and employees of external companies

The Bank operates in accordance with a supplier agreement that promotes fair, transparent, ethical and professional supply chain management, while maintaining the prevention of conflicts of interest and other aspects of corporate responsibility. Leumi's procurement activity mainly consists of the regular purchase of equipment, products and services for the Bank's current operations and for projects carried out in the Bank's units, as needed<sup>37</sup>.

As part of procurement processes, suppliers are required to declare that they are not involved in giving and/or accepting bribes and, according to the nature of their activity, they also have a commitment to human rights, the extent to which they are careful about environmental and climate change issues, responsibility and a duty to act according to the provisions of the law and the guidelines of the relevant authorities on these issues, tort liability and responsibility regarding safety and security at work. In addition, from 2017 to the present, the suppliers who participate in procurement procedures where there are quality criteria are asked to respond to a corporate responsibility questionnaire. As part of Leumi's policy, the Bank prioritizes local procurement, 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.

### Key data in procurement and supply chain activity

Procurement mix: Approximately half of the Bank's procurement is technological (hardware, software, product maintenance, consultants and communications), and approximately half is general procurement (office equipment, security and safety, printing and mailing, marketing and advertising, travel and transportation, construction, cleaning and maintenance).

Social procurement: When placing purchase orders, the Bank considers, as relevant, social procurement from suppliers that clearly employ at least 50% from underemployed population groups and/or are owned by 50% or more of such population groups.

Local procurement: Approx. 93% of total procurement

Small and mid-sized suppliers (small businesses with up to 20 employees and mid-sized businesses with up to 100 employees): Approx. 35% of total procurement

Green procurement that contributes to the environment<sup>38</sup>: NIS 43 million

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<sup>37</sup> The data in this chapter relates to the Bank's solo activities.

<sup>38</sup> Procurement is defined as green in accordance with the definitions of environmental activity according to the GBP, which was adopted for the Bank's procurement procedures, in a manner that includes detailed definitions regarding the minimum energy efficiency required for each of the purchased products.

## Supplier conduct regarding the employment of workers

The Leumi Group insists that in the process of signing engagement contracts, suppliers will declare and undertake to comply with all provisions of labor laws regarding the employment of their employees. Companies providing security, cleaning and catering services are required to comply, in addition to the provisions of the general laws, also to the provisions of the law to increase the enforcement of labor laws.

Regarding these companies, the Leumi Group performs periodic sample checks through qualified wage inspectors regarding the companies' compliance with the labor laws applicable to these areas, in accordance with the provisions of the law. The results of these checks are examined by the Bank, which verifies the correction of the identified deficiencies. As it becomes clear that the deficiencies have not been corrected to the Bank's satisfaction, a possible termination of the contract with them is considered. These companies are also required to provide the Bank with collateral to ensure compliance with the terms of the contract. These securities are kept and used, among other things, to guarantee payment to their employees according to the law and to protect their rights. In addition, in accordance with the law, in the event that the Bank receives a complaint from a contractor's employee in these areas regarding a violation of the terms of employment, the Bureau of Public Inquiries monitors the contractor's handling of the complaint. The Bank periodically updates the engagement contracts with the companies in these areas, and verifies that the terms of the agreements are adapted to the changing legal requirements.

## Proper business conduct

During the current management of the suppliers, and depending on the nature of their activity, suspicions are checked, including previous convictions of the supplier. In the terms of engagement with the Bank, the supplier undertakes that he is not involved, and will not be involved, in giving and/or accepting bribes, whether in Israel or abroad, and that no criminal proceedings have been or are being conducted against him for violating laws related to giving and/or accepting bribes. The supplier is obliged to report to the Bank immediately in any case where there is a change in the above.

It should be noted that these requirements of the suppliers to comply with the above standards are in addition to the professional and/or economic consideration in the selection of the supplier and the engagement with him, and beyond the requirements of the law, and constitute a significant layer in the Bank's management of risks in dealing with suppliers.

For more information regarding operational risks in activities with suppliers, please see the Chapter on Operational Risks of the Risk Management Report.

For more information regarding the conduct of suppliers on environmental and climate issues, please see the Environment chapter.

## Employees of external companies

Leumi obtains services from employees from external companies, without any employee-employer relationship between them and the Bank. 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.

For more information regarding suppliers in operational risk aspects, see the Operational Risks chapter in the Board of Directors' Report as of December 31, 2024 and the Operational Risks and Other Risks chapters in the Risk Management Report as of December 31, 2024.



# Corporate governance at Leumi

## Introduction

Bank Leumi's corporate governance approach is a major part of the Bank's overall vision and strategy, including its ESG strategy, including aspects of its activity.

In this regard, Leumi operates under an extensive framework of laws, regulations, procedures and optimal standards. The Bank adheres to high standards for the management of corporate governance, based on the concept that as a complex financial organization, the Leumi Group requires solid corporate governance and management mechanisms that enable coordination, control, transparency and optimal risk management. This is emphasized even more in view of the fact that the Bank is a corporation without a control core. It should be noted that the Bank's Articles of Association, which was approved by the Bank's shareholders, and the laws and procedures to which the Bank is subordinated, regulate, among other things, the corporate governance aspects of Leumi's activity.

This chapter deals with the Board of Directors' structure, composition and management manner, since the Bank is a banking corporation with no control core, risk management, information and cyber security, ethics, compliance, prevention of conflicts of interest, executive compensation and more, which emphasize the Bank's adherence to the best standards regarding corporate governance aspects, and constitutes a broad umbrella, under which all the Bank's values and commitments are gathered, as follows:

### Bank Leumi's Board of Directors

The provisions of the Companies Law and Proper Conduct of Banking Business Directive 301 ("Directive 301") regulate 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 also supervises the activities of the management and verifies their adequacy for the policy it has established, along with the existence of clear responsibilities and reports.

The Board of Directors defines the roles, authorities and duties of the CEO, and the system of reports to the Board; the CEO is responsible for guiding and coordinating the activities of the members of management. The Board of Directors outlines a corporate culture that requires the application of high standards of professional behavior and integrity, approves the Bank's code of ethics and ensures that the Bank will operate in compliance with the law and regulation.

In addition, the Bank's Board of Directors establishes and applies guidelines regarding corporate governance and supervision and control mechanisms over subsidiaries, following the recommendation of the Audit Committee. These guidelines are part of the Board of Directors Work Procedure.

The reference to the Board of DIRECTORS in this chapter is only to the Bank Leumi Board of Directors.

## Composition of the Board of Directors

According to the Bank's articles of association, the Board of Directors appoints one of its members to serve as chairman of the Board. According 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. The directors are not subordinate to the CEO.

The Bank's Board of Directors is comprised of 10 directors, in accordance with Directive 301.

The Board of Directors includes four women and six men.

The average age on the Board of Directors is approx. 64 years old<sup>39</sup>, and the average length of service of the Board members is approx. 3.2 years.

All the directors have expertise relevant to the Bank's activities, including those with accounting and financial expertise, banking experience, experience in risk management and control, and experience in information technology, information security and cyber, as follows:

Director / Area of expertise	Professional competence	Banking	Information technology, information security and cyber	Accounting	Risk management and control
Chairman of the Board, Uri Alon	+	+		+	+
Mr. Elia Sasson	+		+		
Mr. Ram Belinkov	+			+	+
Ms. Esther Deutch	+	+		+	+
Ms. Esther Dominissini	+			+	+
Mr. Zvika Naggan	+	+	+	+	+
Mr. Dan Koller	+	+		+	+
Ms. Leah Schwartz	+			+	+
Prof. Yedidia Stern	+	+		+	+
Ms. Irit Shlomi	+	+		+	+
Total	10	6	2	9	9

For more information that includes full details on the members of Leumi's Board of Directors, see the disclosure in the Annual Report as of December 31, 2024 (Regulation 26 of the Securities Regulations (Periodic and Immediate Reports), 1970).

<sup>39</sup> We note that there is no procedure limiting the age of a director. However, there is a limit on the maximum term of office of a director – up to three consecutive terms of three years each.

## Independence of the Board of Directors

According to the provisions of the Companies Law in Israel, in a public company there must be at least two external directors, and in accordance with Directive 301, at least one third of the members of the Board of Directors must be external directors ("External Directors 301"). In addition, in view of the definition of an "independent director" in the Companies Law, the Board's Audit Committee has confirmed that the Bank's external directors are independent directors. Accordingly, the Bank's Board of Directors consists of six directors classified as external directors 301, including three external directors according to the Companies Law.

In view of the strict requirements set forth in the Banking Ordinance regarding the prohibition of a connection, among other things, to the Bank, to a corporation controlled by the Bank, to an officer in the Bank or to the holder of more than 2.5% of the Bank's shares, and the fact that the Bank is defined by law as a banking corporation without a control core. All the directors serving on the Board are independent, regardless of how they are defined according to the relevant law.

Leumi operates in accordance with the legal and regulatory provisions regarding conflicts of interest, including the provisions of the Companies Law and Directive 301 and Proper Conduct of Banking Business Directive 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 the extent that there is an update), 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.

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.

In addition, all the directors meet the following criteria:

- They were not employed in the Bank in an executive position. We note that 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;
- They do not advise the Bank or the subsidiaries;
- There is no family member employed by the Bank or its subsidiaries;
- They do not serve in a non-profit organization that receives significant donations from the Bank;
- They were not partners or employees of the Bank's auditors' offices in the last year;
- There is no conflict of interest in their position with parties connected to the Bank.

For more information on the lack of conflicts of interest in the activities of the Bank's employees, please see page 69 in the Company chapter of this report.

## Board members – appointment and qualifications

All directors in the Bank are subject to the provisions of the law, including the Companies Law, the Banking Law (Licensing), 1981, (“the Banking Law (Licensing)”), the Banking Ordinance, 1941, Banking Supervision Department Guidelines, including Directive 301 and the Bank’s Articles of Association, including in the matter of their appointment, qualifications (including strict requirements prohibiting a connection, as detailed above), the majority required for their appointment, their term of office, and more.

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, which is also part of 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. Its considerations include, among others, gender and social diversity (which is also accepted in the world under the definition of ethnic diversity). Accordingly, the Bank contacts the Banking Supervision Department, prior to the selection of the Committee for the Appointment of Directors in Banking Corporations that was appointed under Section 36A(a) of the Banking Law (Licensing) (“the Committee for the Appointment of Directors”), of the candidates for the position of directors and presents the needs of the Bank.

The directors are appointed by the general meeting for three years and can be re-appointed for two additional periods of three years each<sup>40</sup>. It should be emphasized that the tenure of each director is examined individually and in relation to his personal qualifications and suitability. The committee for the appointment of directors is independent and its composition is fixed in the Banking Law (Licensing). According to Section 36A of the Banking Law (Licensing), the Committee for the Appointment of Directors will include two directors serving as external directors in the banking corporation discussed by the committee. For this purpose, “external director” is as defined in the Companies Law or according to its meaning according to Directive 301.

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 selection, including the number of meetings held by the committee for the appointment of directors during the reporting year and the participation rate of the members of the committee for the appointment of directors.

It should also be noted that periodically, and at least once every three years, 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), and in accordance with business needs, the operating environment, and the 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. 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, among others: the desired number of committee members, legal quorum, banking experience, proven experience and knowledge in information

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<sup>40</sup>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.

technology or in other professional areas, accounting and financial expertise, professional competence, term of office of committee chair, management continuity and rotations, and budgetary discipline.

Following the vote in the general meeting, 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 receipt of notification regarding the lack of objection from the Banking Supervision Department.

Each year, according 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 training program for 2024 included, among other things, a focus on the following topics: technological innovation, data and cyber, capital markets, accounting and finance, compliance, audit, legal issues, accessibility and environmental and climate developments. Moreover, the newly appointed Board members participated in an additional, separate training program that also includes meetings with the various division heads at the Bank and various functionaries.

#### Diversity policy for the Board of Directors

As part of the policy regarding the desired profile of the composition of the Board of Directors, as aforementioned, the policy was established, among other things, regarding gender and social diversity. In addition, the Bank's Board of Directors determined that weight must be given to ensuring a balance between business continuity and refreshing the Board of Directors, as well as ensuring social and gender diversity in the composition of the Board of Directors<sup>41</sup>.

In 2024, a decision was made by the Board of Directors to ensure a minimum of 40% representation of each gender on the Board of Directors and to aim for a rate of 50% by the end of 2030, and weight should be given in the selection of candidates to social diversity (which is also accepted internationally under the definition of ethnic diversity) on the Board of Directors<sup>42</sup>, and criteria were established to ensure a Board of Directors with proper collective knowledge and the appropriate skills and education, including banking, finance, risk management, and more, in accordance with the directives, while placing weight on position continuity and achieving a balance between continuity and refreshing of the Board of Directors.

It should be emphasized that 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 selection (please see above, Board members – appointment and qualifications).

#### Assessing the Board of Directors' performance

The Board of Directors undergoes, at least once every two years – a self-evaluation process<sup>43</sup>, 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. The last process was carried out at the end of 2023, in which 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

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<sup>41</sup> Accordingly, Section 21A of Proper Conduct of Banking Business Directive 301 states: "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".

<sup>42</sup> Most of the bank's activity is in Israel. Social diversity in Israel includes reference to ethnic and minority population groups such as Arabs, ultra-orthodox, Ethiopians, Druze, Circassians, new immigrants and the disabled (Civil Service Law (Appointments), as well as an index of representation and wages in the public private labor market (fifth edition, May 2021), of the Ministry of Economy and industry).

<sup>43</sup> In accordance with Directive 301.

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.

### Activity of the Board of Directors

In 2024, Leumi's Board of Directors continued to perform its duties: outlining strategy, including the Bank's ESG strategy, supervising management's activities and their compliance with the Board's policy, ensuring that clear areas of responsibility and reporting exist in the Bank, outlining corporate culture which requires the implementation of high standards of professional conduct and integrity, ensuring that the Bank complies with the law and regulations, approving financial reports and policies in various areas, including risk management and more.

We note that alongside the current issues, the year 2024 was characterized by an increase in the degree of risks to the Israeli economy. This was against the backdrop of the Iron Swords War.

In 2024, Leumi's Board of Directors held 35 plenum meetings and its committees held 58 meetings, as well as enrichment sessions. As detailed above, the Bank has a training program for new directors, in the Bank's business area and regarding the law applicable to the Bank and the directors, and it also arranged for the preparation of a follow-up program for the training of incumbent directors, adapted, among other things, to the position that the director fulfills in the Bank. The average attendance at meetings is 97%.

For more information regarding the activities of the Board of Directors and its committees, please see the Corporate Governance Questionnaire in the Bank's Annual Report as of December 31, 2024.

### The Audit Committee

The committee has the following authorizations and roles: a) to discuss and make recommendations to the Board of Directors, after approval of the Chairman of the Board of Directors following consultation with the CEO, regarding the work plan of the Internal Audit Division, as well as monitoring its implementation; b) to discuss material audit reports from the internal audit division, the independent auditors, and the supervising authorities; c) to identify flaws in the Bank and Leumi Group's business management, propose ways of resolving them, and monitor that resolution; d) to discuss substantial unusual events that arise from the audit findings; e) to discuss and recommend to the Board of Directors to approve policy on issues within the scope of its duties; f) to discuss and recommend to the Board of Directors to approve the appointment, suspension or transfer from the position of the Chief Internal Auditor of the Bank Group; g) to discuss and recommend to the General Meeting regarding the appointment of the auditors and recommend to the Board of Directors regarding their remuneration. h) to utilize the work of the audit function in order to examine the effectiveness of internal controls, and for this purpose, the committee will hold meetings once annually with the Bank's gatekeepers alone.

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, according to the Companies Law, and to make recommendations to the Board of Directors in this regard, as required. The committee also discussed the public inquiries commissioner's report.

In accordance with the Banking Supervision Department's instructions, the Audit Committee is the committee that reviews the financial statements, and therefore, once per quarter the committee discusses and recommends that the Board of Directors approve the Bank's financial statements.

### Composition of the Audit Committee

The Chair of the Audit Committee will be an external director; all of the Bank's external directors will be members of the committee and most of the committee members will be external directors 301. All Audit Committee members will be able to read and understand financial statements. At least three directors from among the committee's members will have 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 301 and at least one is an external director.

In 2024, the Audit Committee convened 27 times.

#### [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 meeting summons and all the decisions of the general meeting are published in an immediate report in Magna. 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.

#### [The Bank's independent auditors](#)

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.

At the meetings of the Bank's Audit Committee held on June 5, 2024 and July 8, 2024, 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 Annual General Meeting held on October 8, 2024 and through to the end of the next Annual General Meeting of the Bank.

The Bank implements the rules of conduct proposed to the directors to promote the quality of the audit of the financial statements (Best Practice), as published by the Securities Authority in October 2021 as well as the requirements of Section 36(d)(3a) of Directive 301 according to which the audit committee will implement the guidelines of the Basel Committee regarding the external audit in banking corporations in relation to the Audit Committee and its relationship with the auditing accountant. Accordingly, in its meetings held on June 5, 2024 and July 8, 2024, 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. In addition, a discussion is held each period regarding the possibility of replacing the auditing accountant.

For more information regarding aspects of corporate governance at Bank Leumi, see the Bank's Annual Report as of December 31, 2024 and the chapter Corporate Governance at Leumi regarding environment and climate in this report.

## Risk management

The Bank's business activity involves the management of financial and non-financial risks. The main financial risks managed by the Bank are: credit risks that are integral to the Bank's core business as well as market and liquidity risks. Alongside the management of financial risks, the Bank's activities involve non-financial risks, the management of which is a necessary condition for meeting the Group's current and long-term goals. Included among these risks are operational risks, including technological risks, cyber risk, regulatory risk, compliance risk, legal risk, reputational risk, strategic risk, modeling risk, climate risk, fair banking risk (conduct) and macroeconomic risk.

Leumi's risk management strategy is to maintain the stability of the Group and support the achievement of business goals. These goals are achieved while complying with the defined risk appetite, policies and limitations derived from them, which create boundaries for the business activity. The risk management framework includes mechanisms for identifying risks and their assessment, defining an organizational structure and areas of responsibility for their management, including adequate control and reporting mechanisms.

In the Bank, constant activity is carried out to upgrade the risk management infrastructure and analyze the risk picture, which enables informed decision-making.

Risk management at Leumi is based on three "lines of defense" as required by Proper Conduct of Banking Business Directive 310 – "Risk Management".

The Bank's Board of Directors is responsible, among other things, for outlining the overall risk strategy, including the risk appetite, supervision of the Group's risk management framework, approval of the organizational structure, approval of the risk management policy for each of the material risks, supervision and challenge of the risk levels to which the Group and the Bank are exposed while verifying the adequacy of the risk appetite and compliance with legal and regulatory provisions.

The Chief Risk Manager, who is a member of the Bank's management and the Head of the Risk Management Division, is responsible for leading the management of the main risks in the Group and the Bank.

Subordinate to the Chief Risk Manager are heads of systems and heads of departments for the management of the various risks, which are managed as a second line under the responsibility of the Risk Management Division, including credit risks, market risks, compliance risks, operational risks, technological risks, cyber risks and model risks.

The Bank works to implement a Group risk management framework, which includes principles of corporate governance and control, insofar as they do not contradict the provisions of the law and local regulation. In the main subsidiaries in Israel and in the branch in the UK, a Chief Risk Manager is appointed who is administratively subordinate to the CEO of the subsidiary and under indirect professional subordination (dotted line) to the Group's Chief Risk Manager.

Leumi's risk profile is reviewed quarterly as part of the Exposure Report reported to the Board of Directors. The examination of the risk profile is carried out, among other things, using a methodology for classifying the level of severity of the exposures to the various risks. The methodology is based on quantifying the effect of the realization of various scenarios on the Group's capital, that is, on its stability, and also includes "expert assessments" from among the relevant entities in the Bank.

The Group's risk appetite outlines the boundaries of the sector for business activity, both in routine and under an extreme scenario. The risk appetite is adapted to Leumi's strategy and to the boundaries of the business focus on which he chose to focus in practice and with a forward-looking perspective. The risk appetite refers to the manner in which Leumi conducts itself in identifying, measuring, controlling, managing and reducing the risks, where this conduct has a direct effect on the residual risk profile of the

Group. The limits of the risk appetite are examined every year in the various dedicated frameworks and approved in an overall view by the Board of Directors as part of the ICAAP process.

The following are several focus areas in the context of risk management for the purposes of this report:

The Bank's credit policy includes the following guiding principles: Maintaining a proper manager: the rules of ethics, fairness, full disclosure and transparency, including compliance with regulatory provisions; having a separation between the unit that takes risk and an independent unit that controls the risk and the risk management.

The changes in the business and banking environment also have a broad impact on the worlds of human capital management, and human resource risk, among other things in view of the need to adjust and maintain manpower, while harnessing and creating engagement among employees. Leumi has several ways of dealing with the risk.

The Bank constantly focuses on promoting innovation, streamlining and improving processes. Alongside the potential for business improvement and promotion, new initiatives and activities and/or a substantial change in an existing product may create risks and wide-ranging effects for the Bank with its customers, employees, and suppliers. Accordingly, the Bank maintains a new product procedure, which requires examination of all risks and their impact so that they can be managed and minimized in advance, including operational risks, technology and cyber risks, new and emerging risks (such as conduct and data), in addition to legal risks, regulatory, compliance, market and credit risks which are inherent in the initiative.

The quarterly Exposure Report presents the risk assessment for each risk focus, based on KRI (Key Risk Indicators) that are estimated each quarter, including a reference to the trend, including in the following risk focuses: information security, cyber, human resources, service and fraud and embezzlement conduct.

The most significant leading and emerging risks: macroeconomic risk, information and cyber security risk, strategic risk, technology risk, construction and real estate industry risk, regulatory risk, and climate and environmental risk.

For more information regarding environmental and climate risk, how the various risks are managed and the corporate governance structure for risk management, please see the Risk Report as of December 31, 2024.

For more information regarding macroeconomic risk, and information security and cyber risk, which are the most significant of the most material leading and emerging risks, their description, how they are managed and their impact, please see the Material Developments in Revenues, Expenses and Comprehensive Income chapter and the Risk Exposure and Management Methods chapter in the Board of Directors' Report as of December 31, 2024, and the Operational Risk chapter in the Risk Management Report as of December 31, 2024.

### [Compliance, money laundering, bribery and corruption](#)

#### [Compliance](#)

Compliance risk is the risk of a legal or regulatory sanction being imposed, a material financial loss, or imagery damage which the banking corporation may sustain as a result of failure to comply with the provisions of the law/regulation.

Proper Conduct of Banking Business Directive 308 "Compliance and the Compliance Function in the Banking Corporation" defines the responsibilities of compliance formally and at the Group level. The Directive states that it is required to evaluate the effectiveness of compliance risk management and find means to measure it when the risk is derived from all legislation relevant to the Bank's activity.

According to the Bank's policy, compliance risk is managed on a Group basis. In this framework, various measures are taken for supervision and control over the branch abroad and the subsidiaries in order to monitor the implementation of the compliance issues as a whole and the implementation of the Group compliance policy. For the effective management of compliance risks, a compliance and enforcement

system headed by the Chief Compliance Officer operates at Leumi. The Chief Compliance Officer is responsible, among other things, for fulfilling the duties according to the legislative provisions on the prohibition of money laundering and terror financing and the implementation of the international sanction regimes in accordance with the Bank's policy.

As part of the Compliance Officer's responsibility for the implementation of international sanction regimes and in view of the dynamics of this issue, an ongoing review is conducted and the necessary adjustments are made to the work processes and implementation plan on the subject.

The Chief Compliance Officer also serves as the officer in charge of enforcement regarding securities laws, as the officer in charge of privacy protection, and as the officer in charge of implementation of the FATCA, the CRS and the QI agreement.

The compliance and enforcement system reports to the Chief Risk Manager.

For more information regarding compliance risk, please see the Other Risks chapter in the Board of Directors' Report as of December 31, 2024 and the Compliance Risk chapter in the Risk Management Report as of December 31, 2024.

#### [Prohibition on money laundering and terror financing](#)

Money laundering and terror financing are high-cost activities, carried out, among other things, using the banking system. The methods of money laundering and terror financing are many and varied, and their prevention is not easy. In view of the risks involved in these activities, such as undermining the stability of political, economic and social systems in democratic countries, and even risking human lives, it is of great importance to continue the fight against these phenomena with all the means at our disposal.

Financial entities, including banking corporations, are at the forefront of the struggle on these issues. Accordingly, Bank Leumi has comprehensive policies and procedures regarding money laundering and terror financing, which are designed to establish the Bank's identification and familiarity with its customers, examination of the source of its customers' funds, compliance with the nature of the activity in its customers' accounts on an ongoing basis, as well as the detection and prevention of the use of funds that may be related to terrorism.

Among other things, the Bank operates as follows:

**Know-your-customer process** – Banks are obliged to properly know their customers, service recipients and other parties with whom they conduct business. Within this framework, the Bank examines the purpose for opening the account, the nature and scope of the activity that will be carried out in the account, the customer's background, source of wealth, income, and more.

This procedure is not a one-time procedure that is carried out only when the account is opened. It is a process that is carried out on an ongoing and continuous basis (either in-person with the customer or by the bank away from the customer and while contacting the customer when required), and in particular when the customer performs a significant transaction in the account, when there is a change in the composition of the parties involved in the account, and when there is a change in the customer's occupation.

The process is also carried out with mandatory changes in online accounts.

**Prohibition on terror financing** – The Bank works continuously to identify terror suspects by scanning against lists of declared terrorist entities. In addition to assessing the level of risk to the Bank, the Bank examines the activity in the accounts in view of a detailed list of risk characteristics in terms of the prohibition on terror financing.

**Document preservation** – The bank maintains records and preserves documents in accordance with regulatory requirements. Instruction documents for performing a transaction are generally retained for a period of at least 7 years from the date the transaction is recorded in the Bank's books.

Assessment of money laundering and terror financing risk management – Once annually, the Bank conducts an assessment of the effectiveness of the risk management.

The following are several highlights from the Bank's policy regarding the prohibition on money laundering and terror financing:

- Provision of full information by the customer – When opening an account, and when performing a relevant transaction, the banker's questions must be answered, and the documents requested by him must be provided. The banker's questions are intended to ensure compliance with regulatory requirements, and they do not arise from curiosity or prying. It should be noted that the information provided is protected by the duty of banking confidentiality applicable to the Bank.
- Refusal to provide information – We assume that an ordinary citizen who is carrying out a transaction has no reason to hide information from the bank with which he works. On the other hand, refusal to cooperate in answering the questions, and to present the required documentation that the banker is required to ask in accordance with the law raises concerns regarding the legitimacy of the requested activity, and may lead to a rejection of the application to open an account.
- Managing an account for someone else – Managing an account for someone else without this being declared can constitute a criminal offense. The Bank must be informed of all interested parties in the account (partners, authorized signatories, power of attorney, beneficiaries and controlling shareholders), even if they are immediate family members. If the bank discovers that the account is being managed for someone else / the owners are concealed, etc. – the account may be blocked.
- Automatic reports to the Israel Money Laundering and Terror Financing Prohibition Authority – These reports will be made automatically for transactions exceeding the threshold amounts specified in the Prohibition on Money Laundering Order. Splitting of deposit amounts may raise suspicion that the depositor is seeking to circumvent the reporting mechanism to the Authority. The courts in Israel have ruled that splitting deposits (the entire purpose of which is to avoid automated reporting) can constitute a money laundering offense.
- Publicly Exposed Customers (PEP) – As part of the customer due diligence process, the Bank examines whether the party involved was or is a senior public official (domestic and foreign) or is an associate of a senior public official. This examination is performed when opening the account and also periodically, after opening the account. When it relates to a customer who is a senior public official (or his relative), a thorough investigation of the source of his wealth and increased monitoring of his account are performed.

#### Preventing bribery and corruption

Bribery offenses, including giving and/or receiving a bribe and the offense of bribery against a foreign public official, are both criminal offenses and predicate offenses under the Prohibition on Money Laundering Law.

The Bank emphasizes compliance with relevant local and international legislation, as well as internationally accepted principles. In the fight combating bribery and corruption and has adopted a Group policy of zero tolerance on the subject.

In accordance with Group policy, each company in the Leumi Group is required to formulate a plan regarding bribery and corruption that is consistent with the plan adopted by Leumi on the subject and with the company's activities.

The following are several highlights from the Bank's policy on the subject:

- The Bank will not knowingly enter into a business relationship with a person or legal entity that gives or receives any bribe or illegal inducement, for any purpose, directly or through a third party.
- The Bank will proactively map and locate customers who are at high risk of bribery and corruption, and will conduct stringent due diligence.
- The Bank will not knowingly allow its resources to be used to carry out any financial activity related to bribery and corruption.

- The Bank expects its employees, business associates and customers to cooperate with the Bank in its fight to prevent bribery and corruption and to help it meet the legal, ethical and business standards it has set for itself.
- Reporting mechanism - In any case of a violation or suspected violation of the Bank's policy on the prevention of bribery and corruption, including when a Bank employee knows or suspects that operations carried out by another Bank employee raise suspicions that they are not in line with policy, the Bank employee must report these actions. The Bank will provide effective protection to any Bank employee who has acted in good faith to expose suspicions of bribery and corruption.
- Political contributions - As part of due diligence on the prevention of bribery and corruption, the Bank examines whether donations were made by the customer or on his behalf to a political party or government official, or to their election campaign, or to a charitable organization associated with or managed by one of the above.
- NGOs/NPOs - The Bank examines (as determined in the Bank's procedures and subject to the type of nonprofit and the amounts) the amount of income from donations, the amount of income from cash donations, the names of donors, the amount of donations from a foreign political entity, and more.

#### [Internal audit](#)

The Internal Audit Division is responsible for the audit of the entire Leumi Group and all its units in Israel and abroad according to the multi-year work plan that assists the Group in achieving its targets. This includes conducting audit processes regarding risk management aspects of the Group's activities, including climate risk aspects. 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.

For more information regarding the internal audits, please see the Internal Auditor chapter in the Corporate Governance Report as of December 31, 2024.

#### [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 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 retirement and termination of employment (such as early notice and 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.

Additional information is detailed in the "Compensation Policy" approved by the Bank's General Meeting in August 2022. The Bank's immediate report regarding the convening of the general meeting dated July 14, 2022 (Ref: 2022-01-089413).

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.

The Compensation Policy 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 determines the framework for the compensation of the Bank's officers and includes, among other things, reference to the fixed compensation components as stated above, which is the main compensation for the officers, as well as variable compensation components that include any non-fixed compensation, such as: 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 on the TA-Banks Index, and a bonus component based on the Bank's weighted efficiency ratio, as well as additional components on which the calculation of the bonus will be based, in accordance with the decision of the Compensation Committee and the Board of Directors. 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 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.

The Revised Compensation Policy and the bonus plan set as part of that policy ensure that the compensation paid to senior Bank officers 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. Therefore, the 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 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 officers. For example, measuring performance in respect of the measurable variable bonus components – which are

based, on the Bank's return on equity, on the return from the Bank's shares and on the Bank's efficiency ratio, weighted over a period of three years.

The policy includes personal measurement and quality criteria according to the responsibilities of the relevant central employee, such as: the contribution to the Bank's strategic planning and the implementation and promotion of strategic plans and goals; streamlining; initiation; leading and promoting projects; non-compliance with the law, regulation and bank procedures; failure to comply with essential provisions of policy documents established by the Board of Directors; failure to comply with the Bank's risk management policy and risk appetite; audit reports; and more.

In accordance with the Bank's compensation policy, the CEO's terms of office and employment are adapted to the Compensation for Officers of Financial Corporations Law (Special Approval and Disallowance of Expenses for Tax Purposes in Respect of Exceptional Compensation), 2016 and also, in accordance with the provisions of Directive 301A of the Proper Conduct of Banking Business Directives, and they include a fixed compensation component that supplements to the maximum compensation possible in the Bank according to the Compensation Limitation Law. For information regarding the CEO's terms of employment, please see the Officers Compensation Policy chapter in the Bank's Corporate Governance Report as of December 31, 2024.

Regarding the restitution mechanisms, distribution conditions, deferral of variable bonus payments and additional information regarding the Compensation Policy appears in Appendix A to the Bank's Immediate Report, dated November 10, 2019, regarding the special meeting that was summoned and approved the Compensation Policy, and in addition, 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, please see Reporting on Compensation Note 23, Employee Rights, in the financial statements as of December 31, 2024 and in the Compensation chapter in the Risk Management Report as of December 31, 2024.

Information regarding the holdings of the Bank's shares by officers is reported by the Bank to the stock exchange.

#### [Code of Ethics and conflicts of interest](#)

#### [Code of Ethics](#)

The Leumi Group strives to practice proactive, innovative and responsible banking for all its customers; with that aim in mind, the Group has 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 various interested parties.

The Code of Ethics is reviewed and revised periodically so that it will remain relevant, up-to-date and consistent with the Bank's strategy, for its ongoing operations and for the dynamic business environment in which the Bank operates. The Code of Ethics is 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 in all of Leumi's circles of reference: customers, employees, suppliers, investors, the public, society and the community. The Code 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 Code of Ethics is binding on all those engaged in work in and on behalf of the Group – the members of the Board of Directors, the Bank's management and employees – and it is assimilated into all the Bank's units, according to the nature of their activities. The Human Resources Division is in charge of ethics in the Group and is responsible for refreshing, updating and implementing the Code of Ethics through the Ethics Committee, which includes representatives from

the various Bank divisions, who discuss general ethics issues that arise in the field and formulate methods for implementing the Code of Ethics in the various units.

Each year, cross-organizational activities are held in the Bank to assimilate ethics and core values, such as learning, integrating the topic into the messages of the unit managements and more, and integration into training programs, in various training tracks and orientation days for new employees in the organization.

The Ethics Center is available to employees by phone or email, and they are invited to contact it, anonymously or openly, for consultation on ethical issues. The hotline is committed to a quick, efficient and professional response. There is also a digital speak up channel that allows any employee to report concerns regarding a violation of ethics rules openly or anonymously, using a personal computer or mobile phone.

Protecting the identity of whistleblowers: Leumi considers it very important to have reporting channels that will be available to bank employees on various issues, while establishing mechanisms to protect the identity of reporting employees. The Bank considers its employees as partners in its proper management and expects that any unusual activity will be reported immediately. At Leumi there are several channels through which bank employees can report any unusual activity.

For the Bank's Code of Ethics "Leumi Way: Vision, Core Values and Ethics", see the Bank's website.

#### [Conflicts of interest](#)

According to the Bank's policy, employees are prohibited from being in a conflict of interest situation. The policy includes guidelines and rules designed to avoid the risk of being in a conflict of interest, including personal contact with customers and suppliers, a ban on accepting and giving gifts, employing family members, and more. The issue is also regulated in the Bank's procedures for all its employees. Each year, employees undergo training on the subject. As part of the onboarding process at the Bank, when changing positions, or once annually, employees are required to report any concerns or lack of concerns about their presence in a conflict of interest using a designated form.

In 2024, 51 inquiries regarding a conflict of interest were handled. These inquiries mainly include inquiries regarding the existence or absence of a conflict of interest.

For more information on the lack of conflicts of interest in the Board of Directors' activity, please see page 54–55 in the Corporate Governance chapter of this report.

#### [Fairness towards customers and fair banking risk management \(conduct\)](#)

##### [Fairness towards customers](#)

Fair conduct with the Bank's customers is a central pillar of the Bank's activity and its risk management. This aspect is reflected in the Bank's policy documents on the subject, procedures, dedicated training, Code of Ethics and ethics center.

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. Therefore, the Bank manages the conduct risk, a risk that the Bank's conduct with its customers will lead to an undesirable result for the customer due to inappropriate provision of service, provision of unsuitable service or unfair conduct. This risk is mitigated by the business units within the different lines of business.

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

Responsible 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.

**Equality and non-discrimination:** Differences in age, religion, gender, nationality, origin, social and political outlook, and personal status will not in themselves constitute a basis for discrimination in the provision of services to the Bank's customers.

**Special populations:** Leumi works to provide services fairly to customers, including disadvantaged populations, and to make the service accessible to vulnerable and disadvantaged customers, along with a sensitive and practical approach to customers in financial difficulties.

**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.

**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 regarding the Bank's conduct policy, please see the Other Risks chapter in the Board of Directors' Report as of December 31, 2024 and the Conduct Risk (Other Risks) chapter in the Risk Management Report as of December 31, 2024.

For more information on aspects of the Code of Ethics, ethics and training on the subject, please see page 63 of this report.

#### [Fair banking \(conduct\) risk management](#)

The fair banking risk is a risk that the Bank's conduct will lead to an undesirable result for the customer due to inappropriate provision of service, provision of unsuitable service or unfair conduct. This risk also includes improper behavior that affects market integrity (public trust in the activities of the banking sector). Realization of the risk might cause the Bank losses derived from lawsuits (including class action suits), from imposition of sanctions or fines (due to violation of compliance provision that touches topics of conduct) and/or damages of reputation.

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. This principle is reflected in the Bank's vision — To lead proactive, innovative, and responsible banking for the benefit of our customers and to implement accelerated growth focused on the customer. In addition, the initiation and sale processes are subject to procedures and controls that support proper conduct and are reviewed on an ongoing basis, with the aim of upgrading them.

The trend of consumer regulation continues with an emphasis on fairness (conduct). In this context, the Bank continues to adhere to the principles of fairness and implements the Bank of Israel Directive 501 – "Management of a Service and Support System for Customers".

The Bank continues to promote the provision of financial services through digital platforms and the use of models and it is estimated that this move, among its other advantages, reduces the fair banking risk.

#### [Reporting mechanisms, embezzlement and fraud](#)

Expanding the use of digital may lead to an increase in exposure to fraud risks in terms of identity theft and theft of funds and in terms of functional impairment, exposure of customer details and misuse of information. Leumi invests many resources in identifying and reducing these risks in ongoing activities and in focused monitoring activities, including the establishment of a fraud forum to concentrate treatment on the issue.

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 - by telephone, email, post, fax, or any other means at their disposal, and anonymously.

The Bank operates on several levels in relation to the risk of fraud, including raising awareness among all Bank employees, communication paths to risk managers and increased monitoring of employees facing termination of employment at the Bank, communication of a Speakup mechanism that encourages employees to report violation incidents, and more.

A dedicated chapter on the subject of embezzlement and fraud risk management was integrated into the operational risk management policy and an embezzlement forum has been established to concentrate the treatment of the issue.

For more information regarding embezzlement and fraud, please see the Operational Risks chapter in the Board of Directors' Report and the Operational Risks and Operational Risks chapter in the Risk Management Report as of December 31, 2024.

#### [Information security, cyber and customer privacy](#)

Leumi continues to promote the provision of financial services through digital platforms and expands the use of advanced technologies. As a result, the scope for cyber attacks and Leumi's exposure to the realization of cyber risks increase respectively. Risk management and cyber defense are implemented while investing many resources. The resources are invested differentially and in accordance with the business strategy and risk tolerance. As mentioned above, information and cyber security is among the Bank's significant risks.

As part of the activity to strengthen cyber defenses and cyber risk management, a policy and tolerance were formulated, a cyber risk map was built, plans for minimization and recovery capabilities are implemented, and cyber exercises are carried out.

Information security at Leumi and cyber protection are based on the principle of banking confidentiality, various laws and directives, such as the provisions of the Privacy Protection Law and its regulations, the provisions of the Computers Law, the Bank of Israel's directives and accepted international standards of information and cyber security. Under these directives and in view of a national strategy and policy regarding cyber risk management, extensive activity is derived. The emphasis in this area is to implement forward-looking controls and information security mechanisms.

In an era where the threats from external and internal organizational factors are increasing, Leumi prepares for computer attacks and works to hedge the risks arising from various cyber attacks. In addition, Leumi works in coordination with the Banking Supervision Department at the Bank of Israel and in cooperation with the banking sector, the cyber system and the Leumi CERT, in order to strengthen the fight against cyber threats.

Leumi operates in several channels to increase awareness of and prevention of cyber risks. Among the variety of training tools, online training and computerized training are carried out for Bank employees, in addition to knowledge tests, phishing exercises and more. In addition, once per period defined by the Bank from time to time, cyber alerts are sent to all Bank users, based on events and updates.

Leumi's website has detailed and accessible information for customers about how to detect phishing and guidelines for protection that include examples of e-mails, messages, and addresses of an impersonating website.

Along with the opportunities that the digital revolution brings, there are also threats for which the Bank must prepare. In the spirit of the times, Leumi prepares for cyber attacks of all kinds and works to hedge the resulting risks. The purpose of cyber protection is to protect the Bank's assets and enables ongoing business activity according to the Bank's strategy. The Bank's activity is constantly adjusting to the risks and the dynamic cyber activities in Israel and around the world, while incorporating effective controls.

The Bank complies with Bank of Israel requirements and submits reports on cyber incidents according to the directives of the Bank of Israel. Information leakage incidents are reported to the Privacy Protection Authority.

Leumi takes several steps to reduce risks, including: implementing preventive and detection controls, conducting information security surveys, increasing monitoring to remove impersonating websites, tightening management and authorization control processes, and raising employee awareness of information security guidelines, alongside proactive activity to hunt down threats before they materialize.

During 2024, no cyber incidents were discovered that affected Leumi's financial statements.

At Leumi, the Cyber Department operates with a wide spectrum of teams that are experts in complementary areas in the cyber world and deal with all threats and ways of dealing with them in order to enable prevention, identification, containment, treatment and recovery from cyber incidents and frauds that could cause damage to the Bank and its customers. The department works to build a defensive force with a long-term vision and to exercise short-term force through the Fusion, the unified operations center, in which the activity of dealing with incidents in practice is integrated. In addition, Leumi has a central procedure for all information and cyber security guidelines for users.

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. From time to time, Leumi refreshes its information security guidelines and notifies all employees regarding unusual incidents for assimilation.

In 2024, there were 2 training sessions on information security, in which the implementation rate by Bank employees was approx. 97%, alongside regular phishing practice.

The Leumi Technologies Division is responsible for the Bank's computerization and activity on the issues of technological development, information technology, communication, cyber and information security, and coordinates the IT strategy and policy at the Group level.

The key positions in the Leumi Technologies Division are: Mr. Eyal Efrat, Vice President and Head of the Technologies Division (CIO), and Mr. Nir Omer, Cyber Security Manager (CISO). In addition, on the Bank's Board of Directors, Mr. Elia Sasson and Mr. Zvika Nagan have expertise in technologies, information security and cyber (please see the Corporate Governance chapter on page 54 of this report).

According to the Bank's privacy protection policy, which is approved by the Bank's Board of Directors, Leumi undertakes to protect its customers' right to privacy and the personal information received from them or collected about them. 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 processes are improved. As required by law, serious security events are reported to the Privacy Protection Authority. Leumi applies 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 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.

The Bank's Chief Compliance Officer was appointed to the position of Privacy Officer. He is in charge of adapting the Bank's policy to regulatory requirements and advise the Bank units, supported by the Bank's Legal Division, on the implementation of processes and products including 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 regarding information security and cyber risk, technology and information systems, please see the Operational Risks chapter in the Board of Directors' Report as of December 31, 2024 and the Information Systems paragraph in the Fixed Assets and Facilities chapter in the Corporate Governance Report as of December 31, 2024 and the Operational Risk chapter in the Risk Report as of December 31, 2024.

## Tax policy

As part of the Bank's business management, the Bank is subject to the tax laws of Israel and the countries in which it operates. The Bank operates in accordance with any law or regulation that applies thereto, including with regard to its activities. The Bank does not carry out any tax consulting activities for its customers.

According to the financial statements as of December 31, 2024, approx. 99.9% of Leumi Group's profit stems from profits generated in Israel. In relation to the Bank's activities outside of Israel, there is a settlement arrangement between the Bank and the tax assessor for large enterprises from August 1987 that regulates tax payments in Israel for the profits of the Bank's subsidiaries abroad.

The Bank operates with related parties under market conditions as required in accordance with the regulation applicable to the Bank.

For more information on income taxes, see the Accounting Policy chapter on critical issues in the Board of Directors' Report, the Significant Accounting Policies note, Note 8 – Provision for Taxes in the Financial Statements as of December 31, 2024, and the Legislation and Regulation chapter regarding the banking system in the Corporate Governance Report as of December 31, 2024.

As far as the activities of its customers are concerned, the Bank implements regulations, which are also anchored in policies and procedures, as follows:

Proper Conduct of Banking Business Directive 308 – In the consumer sector, in its relations with its customers, the Bank is obligated to comply and complies with all the directives regarding withholding tax from the customer's activities carried out through the Bank, as required by the tax laws in Israel.

FATCA – The Bank is obliged to carry out and perform checks on its customers for the purpose of identifying American customers. In addition, the Bank is obliged to transfer information regarding customers who have been identified as Americans to the Israel Tax Authority, to be transferred to the U.S. Tax Authority.

CRS – The Bank is obliged to carry out and perform checks on its customers for the purpose of identifying their country of residence. Furthermore, the Bank is obliged to remit information regarding customers who were identified as residents of reporting countries (countries with whom an agreement was signed to exchange information) to the Israel Tax Authorities, to remit it to the tax authority in the customer's country of residency.

QI – The Bank serves as a QI (Qualified Intermediary) – an executive arm for tax deduction for the American Tax Authority. According to the QI agreement, the Bank has obligations to identify the customers and document them, and to deduct the withholding tax on payments received in American securities.

The BEPS – The Bank is obliged to submit and submits a report established by the OECD, which aims to promote transparency regarding the distribution of revenues, profits and the tax burden between territories of international companies.

## Human rights policy

### General

Bank Leumi works to protect human rights in all aspects of its activity, and is committed to responsible, transparent and fair management regarding the protection of human rights. Accordingly, it undertakes to comply with the requirements of the law, including the provisions of the Basic Law on Human Dignity and Liberty, the Basic Law on Freedom of Occupation, which among other things deals with the issues of freedom of association, prevention of discrimination and inequality.

The Bank considers it important to recognize universal principles and norms for ensuring human rights, as detailed in the UN Global Compact and the International Labor Organization (ILO) conventions, and in particular the UN Guiding Principles on Business and Human Rights (UNGPs), which constitute a global framework for the promotion of human rights by corporations, regardless of their obligation to uphold human rights according to the country in which they operate.

The Bank's main activity regarding the protection of human rights takes place in relation to several key interested parties: employees, suppliers and customers, as detailed below.

Alongside this human rights policy, the Bank has established an internal control plan for its implementation.

This policy and the enforcement plan that ensures its implementation are the product of a dynamic and integrative process that includes dialogue with relevant interested parties and experts in the relevant fields, and is tailored to the related activity at the Bank and its impact on society and the environment.

The Bank also promotes implementation, training and monitoring activities for the implementation of the various aspects relating to human rights detailed in this policy.

Details regarding various aspects of this policy in terms of employees, suppliers and customers can also be found in the Bank's Environmental, Society and Governance Report, which is published annually alongside the Bank's financial statements.

### Employees

Bank Leumi's most important asset is the human resource, which is the force that drives the Bank to lead and succeed. For this reason, Leumi sees great importance in investing in employees and in 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.

Bank Leumi adheres to behavioral norms in the work environment and maintains adequate employment conditions, including human rights, such as the employment of children while being totally opposed to human trafficking, and forced employment (aspects regulated by laws and regulations).

The policy of diversity and equal opportunities in the Leumi Group is reflected in several main areas: recruitment of employees from diverse populations, with an emphasis on underemployed segments, such as the Arab, Ethiopian and ultra-Orthodox communities, through the adjustment of the criteria for intake and the provision of special concessions and equal gender opportunities in the Leumi Group in all areas of activity, at all levels and in all fields.

The human factor is the basis for the work and success of the Leumi Group, which places great importance on the nurturing and development of its employees in order to instill in them a sense of identification and pride in their workplace and to continue to be a point of attraction for quality people. Leumi's management supports the business units and the achievement of their business goals by encouraging learning, training and development processes, focused on improving the professional and managerial abilities of employees and managers, their engagement with Leumi and their adaptation to the changing environment.

Leumi is promoting a safe work environment for its employees and all visitors to the Bank branches and offices. Leumi has adopted a policy 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 policy, 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.

Leumi views incidents of discrimination, harassment and bullying at work very seriously, and deals with them immediately and thoroughly. Any complaint on one of these issues, on any background, by a candidate, employee, or former employee, is checked and examined in depth by the relevant parties at the Bank.

For more information regarding employee rights, terms of employment, and other aspects concerning the Bank's employees, please see page 68 of this report, and the Compensation chapter in the Risk Management Report as of December 31, 2024.

## Customers

With regard to the human rights aspects of the Bank's activity towards its customers, Leumi provides banking services to all citizens and/or residents of the State of Israel in accordance with the law and the Bank's policy, and promotes financial inclusion in its activity.

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. This principle is reflected in the Bank's vision — To lead proactive, innovative, and responsible banking for the benefit of our customers and to implement accelerated growth focused on the customer

Regarding the right to equality, Bank Leumi's policy for promoting financial inclusion includes the Bank's commitment to renew and expand the range of financial services available to the Bank's customers, including for disadvantaged groups, including: minorities, the elderly, youth, peripheral areas, low income individuals, and the young population.

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.

Bank Leumi places great importance on providing equal, respectful and considerate service to all customers and to improving the service provided to customers with disabilities (including physical, sensory (visual and hearing impairment), mental or intellectual).

In the credit granting process, the Bank examines various parameters such as increased compliance and/or regulatory risks that may jeopardize the financing of the transaction, environmental aspects, as well as the risk exposure component resulting from safety deficiencies in the work environment as part of the overall set of relevant risks taken into account when examining credit and making credit decisions. In addition, the risk's social aspects are examined, including safety, employment, and negative impact on the community. To the extent that material risks arise during the underwriting process, as stated, the company's management of these risks is examined.

In the financing of real estate transactions and/or when accepting real estate collateral, the Bank includes, in its overall considerations and in the underwriting and due diligence processes of the transaction, aspects relating to certainty regarding land ownership, environmental aspects relating to land pollution, and more. Violations of various aspects in relation to the environment and/or human rights may also constitute an immediate requirement for repayment.

## Suppliers

The Bank implements due diligence processes to proactively and systematically identify potential impacts on human rights and where they may occur in engagements with contractor companies and suppliers.

The bank ensures that the rights of external contractor employees are protected in accordance with the law, in the event that the Bank receives a complaint from a contractor's employee in these areas regarding

a violation of the terms of employment, the Bureau of Public Inquiries monitors the contractor's handling of the complaint.

As part of the bank's ongoing operations to reduce risks related to human rights aspects, the Bank periodically updates the engagement contracts with the companies in these areas, and verifies that the terms of the agreements are adapted to the changing legal requirements. In addition, in the Bank's engagements with contractor employees, an external salary inspector performs periodic control reports to examine the terms of employment of the contractor's employees, including checking the salary data and their compliance with the various 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.

It is important to note that 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.

With regard to human rights in the Bank's supply chain processes, it should be noted that the Bank's commitment to the protection of human rights is embedded in the procurement processes with suppliers and service providers, and in this framework the Bank ensures that in the process of signing engagement contracts, suppliers declare that they comply with the provisions of labor laws regarding the employment of their employees. Companies providing security, cleaning and catering services are required to comply, in addition to the provisions of the general laws, also to the provisions of the law to increase the enforcement of labor laws.

Leumi performs periodic sample checks through qualified wage inspectors regarding the companies' compliance with the labor laws applicable to these areas, in accordance with the provisions of the law. The results of these checks are examined by the Bank, which verifies the correction of the identified deficiencies. As it becomes clear that the deficiencies have not been corrected to the Bank's satisfaction, a possible termination of the contract with them is considered. These companies are also required to provide the Bank with collateral to ensure compliance with the terms of the contract. These securities are kept and used, among other things, to guarantee payment to their employees according to the law and to protect their rights.

For more information, please see pages 51-52 of this report, regarding the conduct of suppliers and employees of external companies in the Operational Risks chapter in the Board of Directors' Report as of December 31, 2024.

### Legal proceedings

The following is a list of exceptional incidents and relevant legal proceedings filed against the Leumi Group and/or concluded in 2024:

Claims 2024	Discrimination	Corruption, bribery, compliance and money laundering	Antitrust and non-competitive behavior	Labor relations, employees' rights and violation of protective laws	Violation of the Privacy Protection Law	Full disclosure, transparency and fairness towards customers	Sexual harassment
Total claims filed in 2024	3	-	-	9	-	-	-
Of which: Number of regular lawsuits	-	-	-	9	-	-	-
Of which: Class actions	3	-	-	-	1.	-	-
Number of class actions that have ended	-	-	-	-	-	-	-
Number of settlements and penalties	-	1	-	-	-	1	-
Number of convictions	-	-	-	-	-	-	-

## Epilogue

"The free economy is now being put to the test. If it fails to prove that it has an economic benefit, and if it does not assume the social responsibilities it is supposed to assume, the people will not accept its existence" (Ayn Rand, *Atlas Shrugged*, 1951)

This ESG Report reflects the commitment, teamwork and cooperation, and the in-depth work carried out in the Bank throughout the year in all aspects of the report and in all the Bank's divisions. The Bank considers the publication of the report and its compilation process, beyond the importance of its reporting to the shareholders and interested parties, as an independent significant layer in the assimilation activity, the research, learning and lessons learned, in all areas of activity, for the purpose of continuing the implementation and intensifying the Bank's ESG strategy and the construction of the annual and multi-year work plans.

In 2025, the Bank will continue intensifying the strategy, and the cooperation and dialogue with all shareholders and interested parties, in order to realize the Bank's vision and strategy as a whole: **"To lead proactive, innovative, and responsible banking for the benefit of our customers and to implement accelerated growth focused on the customer"**.

## About this report

This ESG Report is the sixteenth published by the Leumi Group. The report was written in accordance with the reporting standard of the Global Reporting Initiative (GRI), the reporting standard of the SASB organization, and the TCFD reporting framework. The report includes reporting in accordance with the principles of the UN Global Compact (UNGC) initiative, and is published alongside the Bank's financial statements as of December 31, 2024. The data in this report refer to the period between January 1, 2024 and December 31, 2024, unless otherwise stated. The Leumi Group is meticulous regarding reporting continuity and publishes an ESG Report once a year. Reports from previous years can be found on the Bank's website.

### Contents of the report

This report refers to the environment, society and corporate governance activities of the Leumi Group during 2024. Except where otherwise stated, this report refers to the activities of the Leumi Group in Israel and abroad. It should be noted that the Bank's activities abroad are currently carried out only through one subsidiary, Leumi UK, such that 99% of the Group's employees, and approx. 99.9% of its profits are in the Bank's activities in Israel.

In addition, alongside the deepening of knowledge, assimilation, regulation, improvement of data collection processes and methodologies, in relation to the reported areas, there may be differences between the data and targets detailed in this report and the Bank's previous ESG Reports.

At the meeting of the Board of Directors held on March 3, 2025, it was decided to approve and publish this ESG Report as of December 31, 2024 and for the period ended on that date.

Every definition in this report and/or reference to policy in this report, including its main points detailed in this report, were also approved as part of the approval of the report by the Board of Directors, in addition to any dedicated discussion of a specific policy which is routinely approved by the Bank's Board of Directors.

### Main changes in the 2024 reporting year

For transparency, and the accessibility of this report, the essential changes are presented below in relation to the 2023 reporting year. We note that the changes detailed below are the most material. In addition, this report reflects significant activity and development in all of the Bank's activities detailed in the report, as follows:

- Validation of the materiality process (Double Materiality).
- Measurement of the impact of the Bank's central operations in ESG aspects.
- Updating of the strategic goals and key ESG indicators: Increasing the target for green financing and investments for 2030, increasing the target for reducing the carbon footprint for 2030, updating the internal limit for the polluting credit sector and adding the gas financing sector to the limit, and the Board of Directors' recommendation to the Committee for the Appointment of Directors to strive for gender diversity on the Board of Directors of at least 50% by 2030.
- Expansion of strategic collaboration with the European Union Investment Bank.
- Consolidation of all of the bank's public reports on environmental, social and governance aspects in this report.

### Glossary

The definitions "Leumi Group" or "the Group" refer to the activity of the entire Group, as defined in this report. The definition "Leumi" describes the activity of only Bank Leumi Le Israel B.M. The names of the subsidiaries and foreign branches are mentioned in the description of the activity that takes place in those companies and only in them.

## Ensuring the reliability of the report

Along with internal control processes in the Bank and the approval of the report by the Board of Directors, Leumi performs external control over this report to ensure the reliability of the reports, to improve the process of collecting the required information and data, and to maintain and strengthen the transparency of its activities. The assurance of external reliability was carried out by the accounting firm KPMG, including regarding its compliance with the SASB, GRI and TCFD reporting standards.

**Regarding the subjects of the report, please contact:**

Kfir Mizrahi, Group ESG and International Activity Manager, [Kfir.Mizrahi@BankLeumi.co.il](mailto:Kfir.Mizrahi@BankLeumi.co.il)

**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 according to any law.

# Assurance

Somekh Chaikin

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Independent Limited Assurance Report to the users/readers of Bank Leumi le-Israel B.M. 2024 Environmental, Social and Governance ("ESG") Report

We were engaged by the management of Bank Leumi le-Israel B.M. (further referred to as "The Bank") to provide limited assurance on the specified parts as mentioned in the table below (further referred to as "Specified parts"), regarding the information presented on The Bank's 2024 ESG Report for the year ended 31.12.2024 (further referred to as "The Report").

Management is responsible for

- A) The preparation and the presentation of the report in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative – Universal Standards ("GRI"), Sustainability Accounting Standards Board ("SASB"), and the Task Force on Climate-Related Financial Disclosures ("TCFD"), as described in pages 90–95 of the Report, and the information and assertions contained within it;
- B) For determining The Bank's objectives in respect of sustainable development performance and reporting;
- C) For establishing and maintaining appropriate performance management and internal control systems from which the information is derived, to be free from omissions and material misstatements whether due to fraud or error
- D) The identification of stakeholders and material issues for reporting.

Our responsibility is to provide a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE 3000), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). That Standard requires that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

A limited assurance engagement, regarding data and information included in the corporate responsibility report, consists of making interviews and inquiries, primarily of persons responsible for the preparation of information presented in the report, and applying analytical and other evidence gathering procedures, as appropriate.

These procedures included:

- Examination of the material aspects in the report, for the purpose of performing a limited assurance, based on public information sources, knowledge of The Bank business and other comparative information of similar organizations.
- Inquiries of management to gain an understanding regarding the material aspects to the stakeholders of Bank Leumi le-Israel B.M.
- Interviews with senior management and relevant staff at The Bank group level and selected business unit level concerning corporate responsibility strategy and policies for specified parts, and the implementation of these across The Bank business.
- Interviews with relevant staff at The Bank corporate and business unit level responsible for providing the information in the Report.

- Comparing the information regarding the material aspects presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the report.
- Where relevant, conducting interviews regarding the calculation, aggregation and methods used to collect and report the information in the report.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge and experience with the Environmental, Social and Governance (ESG) performance of Bank Leumi le-Israel B.M.

A limited assurance engagement is substantially less in scope than 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 corporate responsibility 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 this report, nothing has come to our attention to indicate that Bank Leumi le-Israel B.M. 2024 ESG Report is not presented, in all material respects, in accordance with The Bank's reporting criteria.

Our limited assurance report is made solely to Bank Leumi le-Israel B.M. in accordance with the terms of our engagement. Our work has been undertaken so that we might state to The Bank those specified parts we have been engaged to state in this limited assurance 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 work, for this limited assurance report, or for the conclusions we have reached.

Somekh Chaikin

Certified Public Accountants

Tel Aviv, Israel

3 March 2025

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

Topic	Specific topic	Page
General	<ul style="list-style-type: none"> <li>Preforming a stakeholder's validation for Bank Leumi's material topics, in 2024</li> </ul>	8-9
Social	<ul style="list-style-type: none"> <li>Total funding and investments granted to promote social issues in 2024</li> </ul>	6, 10, 49
	<ul style="list-style-type: none"> <li>Percentage of women out of all employees and senior management in Leumi in 2024</li> </ul>	7, 10, 44
	<ul style="list-style-type: none"> <li>Percentage of women constitute of the top decile of highest-paid employees at Leumi in 2024 (in terms of monthly taxable income, excluding bonuses)</li> </ul>	45
	<ul style="list-style-type: none"> <li>Percentage of procurement from local suppliers out of total procurement at Leumi in 2024</li> </ul>	59
	<ul style="list-style-type: none"> <li>Percentage of employees that are employed under collective agreements in 2024</li> </ul>	48
	<ul style="list-style-type: none"> <li>Percentage of employees who participated in feedback and evaluation processes in Leumi in 2024</li> </ul>	45-46
	<ul style="list-style-type: none"> <li>Percentage of work absence days out of total workdays at Leumi in 2024</li> </ul>	45
Environment	<ul style="list-style-type: none"> <li>Total funding and investments granted to promote environmental issues in 2024</li> </ul>	6, 10, 33
	<ul style="list-style-type: none"> <li>Greenhouse gas (GHG) emissions data of Bank Leumi in 2024, from direct and indirect operations (Scopes 1-3) in terms of tCO<sub>2</sub>eq, according to the GHG Protocol framework, as detailed below:           <ol style="list-style-type: none"> <li>Scope 1: Direct emissions from energy sources owned or controlled by the Bank;</li> <li>Scope 2: Indirect emissions from the generation of purchased and consumed energy by the Bank;</li> <li>Scope 3: Other indirect emissions, originating from activities in the Bank's value chain, according to the following categories:               <ul style="list-style-type: none"> <li>Category 1: Purchased goods and services (consumption of paper, toners, and water).</li> <li>Category 5: Waste generated in operations (estimation of general mixed waste, paper and cardboard recycling, electronic waste and battery recycling, toner recycling, wastewater).</li> <li>Category 6: Business travel (flight and accommodation data at designated sites).</li> <li>Category 13: Leased assets (electricity consumption of tenants in Bank-owned properties).</li> <li>Category 15: Investments – The existence of a calculation of indirect greenhouse gas emissions in the credit portfolio of the following divisions' customers: Business, Commercial, Real Estate and Mortgages, and holdings in tradable shares through Leumi Partners, alongside the holding in Valley National Bank</li> </ul> </li> </ol> </li> </ul>	37,35
	<ul style="list-style-type: none"> <li>Water consumption data (cubic meters) from Leumi headquarters operations in 2024</li> </ul>	36
	<ul style="list-style-type: none"> <li>Waste production data (tons/cubic meters) from Leumi's operations in 2024 (excluding general mixed waste)</li> </ul>	37
	<ul style="list-style-type: none"> <li>Estimation of general mixed waste (tons) from Leumi's operations in 2024</li> </ul>	38
	<ul style="list-style-type: none"> <li>Total procurement amount defined as 'green procurement' at Leumi in 2024</li> </ul>	59,39
	<ul style="list-style-type: none"> <li>Percentage of women on the Leumi Board of Directors in 2024</li> </ul>	7, 10, 63
	<ul style="list-style-type: none"> <li>Existence of a public and accessible code of ethics</li> </ul>	75-76

It should be noted that the assurance pertained only to the information and data included in the topics listed herein, as they appear throughout the report. Further information and details, including the scope, content, assumptions and estimates determined by the Bank regarding the specific data included in the process, can be found in the relevant chapters of the company's report.

## Indices

### TCFD

Index	Reference to the Bank's statements for 2024
<b>Corporate governance</b>	
G(a) Board of Directors' supervision of climate risks	ESG Report, pages 18–19
G(b) Management's role in assessing and managing climate risks	ESG Report, page 18–21
<b>Strategy</b>	
S(a) Climate risks and opportunities defined by the Bank for the short, medium and long term	ESG Report, pages 22–32 Annual Report, pages 20, 101 Risk Report, pages 9, 17–19, 91–93
S(b) Impacts of climate risks	ESG Report, pages 22–32
S(c) Resilience of the Bank's strategy according to the climate crisis	ESG Report, pages 22–32
<b>Risk management</b>	
R(a) Identification and assessment of climate risks	ESG Report, pages 25–32 Annual Report, pages 20, 101 Risk Report, pages 9, 12, 17–19, 93
R(b) Climate risk management	ESG Report, page 25–32
R(c) Identifying, assessing and managing climate risks as an integral part of the Bank's overall risk management	ESG Report, page 25–32 Annual Report, pages 101 Risk Report, pages 91, 95
<b>Metrics and targets</b>	
M(a) Metrics for assessing climate risks and the potential	ESG Report, pages 22–32
M(b) Bank emissions and relevant risks	ESG Report, 34–38
M(c) Bank goals regarding climate risks and the potential	ESG Report, pages 34–38

### GRI

Index	Reference to the Bank's statements for 2024
<b>GRI 2: Full disclosure on general issues</b>	
2-1 Company details	ESG Report, page 4
2-2 Entities included in the organization's sustainability report	ESG Report, page 85
2-3 Reporting period, frequency of reporting and establishing contact	ESG Report, page 85–86
2-5 External Assurance	ESG Report, page 87–89
2-6 Description of the Company's business activity, value chain and supply and business relationships	ESG Report, page 4, 33–40 Annual Report, 7–8, 328–329
2-7 Employees according to segmentation	ESG Report, page 44
2-8 employees who are not directly employed	ESG Report, page 61
2-9 Structure and composition of the administration	ESG Report, page 62–70 Annual Report, 330, Regulation 26

Index	Reference to the Bank's statements for 2024
2-10 Appointment and election of the Board of Directors	ESG Report, page 62-67
2-11 Chairman of the Board	ESG Report, page 62-67
2-12 Role of the Board of Directors in overseeing impact management	ESG Report, page 18-19, 41, 62-67
2-13 Delegation of responsibility for impact management	ESG Report, page 18-20, 41-42
2-14 Role of the Board of Directors in sustainability reporting	ESG Report, page 18-20, 41-42
2-15 Preventing conflicts of interest	ESG Report, page 75-76
2-16 Communication with interested parties on essential issues	ESG Report, page 8-9, 17
2-17 Board of Directors' knowledge mix	ESG Report, page 62-67 Annual Report, Regulation 26
2-18 Board of Directors' performance evaluation	ESG Report, page 66-67 Annual Report, Corporate Governance Questionnaire
2-19 Compensation policy	ESG Report, page 73-75 Annual Report, pages 196-201 Risk Report, pages 101-108
2-20 Procedure for determining compensation policy	ESG Report, page 73-75
2-21 Total difference in annual compensation	ESG Report, page 73-75
2-22 Statement of sustainable development strategy	ESG Report, page 4-5, 22-24, 41-42 Annual Report, pages 20, 101 Risk Report, pages 9, 17-19, 91-93
2-23 Policy-based commitment	ESG Report, page 4-5
2-24 Implementation of policy in business activity	ESG Report, page 4-5, 25-28
2-25 Negative impact reduction process	ESG Report, pages 5, 33-38
2-26 Mechanisms for reporting and raising concerns	ESG Report, page 48, 59, 72-73, 75-76 ESG Report, page 67-73 Annual Report, 103-105 Risk Report, pages 96
2-27 Compliance with laws and regulation	ESG Report, page 7
2-28 Membership in international organizations	ESG Report, page 7
2-29 Communication with interested parties	ESG Report, page 8-9, 17
2-30 Percent of employees to whom collective agreements apply	ESG Report, page 48
<b>GRI 3: Material issues</b>	
3-1 Process for determining material issues	ESG Report, page 8-9
3-2 List of material issues	ESG Report, page 8-9
3-3 Management of material issues	ESG Report, page 8-9, 22-24
<b>GRI 201: Economic performance</b>	
201-1 Direct economic value	ESG Report, page 10
201-2 Financial implications, risks and opportunities due to climate change	ESG Report, pages 22-38
201-3 Benefit and retirement plans	ESG Report, page 45-47
<b>GRI 202: Market presence</b>	
202-1 Ratio between the lowest salary by gender and the minimum salary	ESG Report, page 45

**GRI 203: Indirect economic effects**

203-1 Investments in infrastructure and services for the public benefit through deficit settlements, donations and pro-bono activity	ESG Report, pages 58
203-2 Significant indirect economic effects	ESG Report, pages 33-38

**GRI 204: Procurement procedures**

204-1 Percentage of procurement expenses from local suppliers in relation to total procurement expenses	ESG Report, page 59
---	---------------------

**GRI 205: Prevention of corruption**

205-1 Mapping of business processes with a risk of corruption	ESG Report, pages 70-73
205-2 Tutorials and training on anti-corruption policies and anti-corruption processes	ESG Report, pages 46, 70-73
205-3 Corruption events that occurred and the actions taken	ESG Report, page 83

**GRI 206: Anti-competitive conduct**

206-1 Legal proceedings for anti-competitive conduct, antitrust and monopoly practices	ESG Report, page 83
--	---------------------

**GRI 207: Taxation**

207-1 Tax strategy	ESG Report, page 80 Annual Report, pages 113-114, 150-151, 166-167, 349
207-2 Tax management - supervisory control and risk management	ESG Report, page 80 Annual Report, pages 113-114, 150-151, 166-167, 349
207-3 Involvement of interested parties in tax matters	ESG Report, page 80 Annual Report, pages 113-114, 150-151, 166-167, 349
207-4 Report per country	ESG Report, page 80 Annual Report, pages 113-114, 150-151, 166-167, 349

**GRI 302: Energy**

302-1 Energy consumption within the organization	ESG Report, page 34-37
302-3 Energy intensity	ESG Report, page 34-37
302-4 Reduction in energy consumption	ESG Report, page 34-37
302-5 Reduction of energy consumption of products and services	ESG Report, pages 34-37

**GRI 303: Water and wastewater**

303-1 Description of activity with water as a common resource	ESG Report, page 36
303-2 Management of reclaimed water impacts	ESG Report, page 36
303-3 "water withdrawal" (all gross water consumption)	ESG Report, page 36
303-5 Water consumption (the water used inside the product)	ESG Report, page 36

**GRI 305: Emissions**

305-1 Greenhouse gas emissions - Scope 1	ESG Report, page 33-37
305-2 Greenhouse gas emissions - Scope 2	ESG Report, page 33-37
305-3 Greenhouse gas emissions - Scope 3	ESG Report, page 33-37
305-4 Emission intensity	ESG Report, page 33-37
305-5 Reduction of greenhouse gas emissions	ESG Report, page 33-37

**GRI 306: Waste**

306-1 Waste formation and its effects	ESG Report, page 33–37
306-2 Managing the effects of waste formation	ESG Report, page 33–37
306-4 Total treated waste (diverted from dumping)	ESG Report, page 33–37

**GRI 308: Evaluation of suppliers in environmental aspects**

308-1 New suppliers filtered according to environmental criteria	ESG Report, page 39
308-2 Adverse environmental impacts in the supply chain and actions taken	ESG Report, page 34–37

**GRI 401: Employees**

401-1 Total new employees in the Company, and turnover rate	ESG Report, page 45
401-2 Benefits provided to full-time versus part-time employees	ESG Report, page 41–47
401-3 Parent benefits	ESG Report, page 47–48

**GRI 403: Safety and security at work**

403-1 System for managing aspects of occupational health and safety	ESG Report, page 47–48
403-2 Assessing safety risks and conducting investigations	ESG Report, page 47–48
403-3 Safety and security at work	ESG Report, page 47–48
403-4 Employee participation mechanisms regarding occupational health and safety	ESG Report, page 47–48
403-5 Training on health and safety issues	ESG Report, pages 46–48
403-6 Improved employee health	ESG Report, page 47–48
403-7 Reduction of health and safety incidents directly related to the business activity Business	ESG Report, page 47–48
403-9 Work injuries	ESG Report, page 47–48

**GRI 404: Training and development**

404-1 Average annual training hours per employee	ESG Report, page 46–47
404-2 Employee development and promotion programs	ESG Report, page 46–48
404-3 Percentage of employees receiving feedback on their performance	ESG Report, page 45–46

**GRI 405: Occupational diversity and equal opportunities**

405-1 Diversity of employees in the Company and on the Company's Board of Directors	ESG Report, 44–45
405-2 Ratio (gap) in salaries and benefits between men and women	ESG Report, 45

**GRI 406: Non-discrimination**

406-1 Discrimination incidents and the actions taken	ESG Report, 48, 60, 75–76, 83
--	-------------------------------

**GRI 413: Local communities**

413-1 Activities with involvement of local communities, impact assessment and development plans	ESG Report, page 58 Annual Report, pages 331–332
---	---

413-2 Actual or potential negative impact activities on local communities	ESG Report, page 58
---	---------------------

#### GRI 414: Evaluation of suppliers in social aspects

414-1 New suppliers that were filtered using social criteria	ESG Report, page 59 Annual Report, page 100
414-2 Negative social impacts in the supply chain and eradicating actions taken	ESG Report, page 59

#### GRI 418: Customer privacy

418-1 Complaints received by the Company regarding customer privacy violations and loss of customer data	ESG Report, page 77-80, 83
--	----------------------------

## SASB

Index	Reference to the Bank's statements for 2024
-------	---

#### Data Security

FN-CB-230a.1	Number of data breaches, % that are personal data breaches, number of account holders affected	ESG Report, 77-80
FN-CB-230a.2	Description of the approach for identifying and handling information security risks	ESG Report, 77-80 Annual Report, pages 20, 100, 108, 325 Risk Report, pages 17, 92

#### Financial Inclusion & Capacity Building

FN-CB-240a.1	Number and amount of existing loans suitable for programs designed to promote small business and community development	ESG Report, 49-53 Annual Report, page 56
FN-CB-240a.2	Number and amount of non-accumulation loans or loans subject to forbearance suitable for programs designed to promote small business and community development. Small businesses and community	ESG Report, 49-53 Annual Report, page 87
FN-CB-240a.3	Number of free retail current accounts provided to unbanked or underbanked customers	ESG Report, 49-53
FN-CB-240a.4	The number of participants in financial literacy initiatives for unbanked, underbanked or discounted customers	ESG Report, 53

#### Incorporation of Environmental, Social, and Governance Factors in Credit Analysis

FN-CB-410a.2	Description of the approach to integrating environmental, social and governance (ESG) factors in credit analysis	ESG Report, 25-40
--------------	--	-------------------

#### Financed Emissions

FN-CB-410b.1	Gross financed carbon emissions divided by Scope (1,2,3)	ESG Report, page 34-36
FN-CB-410b.2	Gross exposure to each industry by type of assets	ESG Report, page 37-38

Index	Reference to the Bank's statements for 2024
FN-CB-410b.4 Description of the methodology used to calculate funded emissions	ESG Report, pages 37–38
<b>Business Ethics</b>	
FN-CB-510a.1 Total amount of financial losses resulting from legal proceedings related to fraud, insider trading, antitrust, anti-competitive conduct, market manipulation, negligence, or laws or regulations related to the financial sector	ESG Report, page 83
FN-CB-510a.2 Description of whistleblower policies and procedures	ESG Report, page 72–73, 75–78
<b>Systemic Risk Management</b>	
FN-CB-550a.2 Description of the approach to combining results of mandatory and voluntary stress tests in capital adequacy planning, long-term corporate strategy and other business activities	ESG Report, pages 25–32
<b>Activity Metrics</b>	
FN-CB- 000.A Number and value of current and savings accounts by sectors (personal and small businesses)	Annual Report
FN-CB- 000.B Number and value of loans by sectors (personal, small businesses, companies)	Annual Report