



ESG

2024 ESG REPORT

Environmental, Social, Governance

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Letter from the Board Chairman and the CEO

Dear partners,

Since October 7, 2023, the State of Israel has faced a painful and shocking new reality. In the last eighteen months we have experienced unprecedented challenges, social and emotional turmoil, and ongoing uncertainty, while also witnessing inspiring displays of extraordinary resilience, solidarity, and national resolve. Bank Hapoalim, always a pillar of Israel's economy and society, is living up to its commitment to be a source of support and meaning, not only in ordinary times, but all the more so during a national emergency.

At the beginning of the war, the bank reacted quickly and decisively to the events in the Otef Aza region, the Western Negev, and northern Israel, which affected both civilian society and the business community, and took action to deliver an appropriate professional response in real time. We implemented immediate active measures to support our customers, maintain business continuity and uninterrupted service, care for the safety of our employees and the customers we meet, and help reinforce the resilience of Israeli society.

Over the course of 2024, the bank offered extensive assistance to target audience that had been affected by the war – residents of the south and north evacuated from their homes, people

called up for reserve military service, injured soldiers and their families, bereaved families, and families of hostages.

Drawing on the bank's long-standing commitment to impactful banking, over the last year we continued working to reduce social inequalities and promote equal opportunities across the broad spectrum of Israeli society. These efforts include support by the Social Banking Center, through the Poalim Community Foundation and the Poalim Rebuild Fund, for hundreds of initiatives dedicated to encouraging employment, improving access to education, and enhancing financial and personal resilience.

Commitment to the resilience of the community and employees

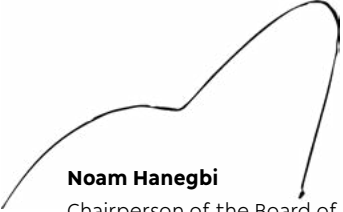
When the Swords of Iron War began, we expanded our assistance beyond the activities of the Poalim Community Foundation by founding Poalim Rebuild, a new fund of NIS 100 million from the resources of the bank, with the mission of helping to strength and develop personal, community, and economic resilience in the communities of Otef Aza (the "Gaza Envelope" region), the Western Negev, and northern Israel. At this time, about NIS 47 million of the fund's resources have been allocated, to numerous educational initiatives in the Otef Aza region and to projects providing support to injured soldiers until they can resume

employment and a full community life. Alongside this extensive investment, the Financial Growth Center has continued to offer a unique set of tools, adapted to our customers, designed to help cope with the challenges of these difficult times.

Our employees, who live in every part of the country and come from every segment of Israeli society, have also been affected by the impacts of the war over the last eighteen months. Many have had to leave their homes for long periods, while others were called up for reserve military duty under an 'Order 8' emergency draft, or supported family members in regular or reserve service. Throughout this period, the bank provided comprehensive support to its employees, tailoring individual solutions to changing conditions. We are proud of our employees for their outstanding commitment, which enabled us to continue to deliver continuous and professional service to our customers, and for their meaningful volunteering in communities nationwide.

Investing in Israel's economic and environmental future

In the midst of the hardships of these times, we have not forgotten our responsibility to build a stable and sustainable future for the Israeli economy. The events of the war have highlighted the need for economic robustness and national independence in energy, agriculture, and industry. Recognizing this, we brought the bank's total balance of credit (balance sheet and off-balance sheet) for projects promoting a green environment to about NIS 32 billion, including projects in the areas of renewable energy, clean transportation, energy efficiency, and waste and water treatment. In addition, total exposure (book cost and balance for investment) in renewable-energy companies and projects amounted to approximately NIS 500 million. At the same time, we continued to reduce our carbon footprint, both in routine banking activities – through the transition to green electricity – and in our corporate credit portfolio. We are committed to continuing to support our customers through the transition to a low-carbon economy and to integrating climate and environmental risk-management processes into our operations.


Noam Hanegbi
Chairperson of the Board of Directors


Yadin Antebi
President and CEO

Leadership in corporate responsibility and commitment to ESG principles

Our commitment to the values of sustainability, social responsibility, and sound corporate governance is an integral part of our business strategy. This was Bank Hapoalim's fourth consecutive year as the only Israeli company included in the S&P Global Yearbook; the bank also earned top ratings on the Maala ESG Index for the seventh consecutive year.

This report is a reflection of our extensive ESG activities in 2024, focusing on achievements, challenges, and future plans. We are working to minimize our environmental impact, promote equal opportunities, and improve quality of life for all communities within Israeli society. For us, ESG values are more than a moral obligation – we see this approach as a business opportunity, a growth driver, and a promise to future generations.

This report reviews our main activities in this area, presenting indicators of success and plans for the future. We are proud of our progress and of our immense contribution to Israeli society, while seeing a path forward to continual, ongoing improvement.

Committed to the path ahead

At this writing, 59 hostages are still being held in Gaza, one of whom is a relative of one of our employees. Like many Israeli businesses and citizens, we have taken part in public activities calling for their return, and we fervently hope to see them come home soon, for the burial and eternal rest of those who have fallen and the safe return and recovery of those freed from captivity. Bank Hapoalim has been part of Israel's landscape for over a century and has played an important role in nation-building; today, we are continuing this long tradition by taking an active part in restoration.

We would like to express our deep gratitude to all of the men and women of the security services and the Israel Defense Forces, in regular and reserve service. We pray that this difficult time will soon come to an end, allowing us to focus on a future of growth in a secure and thriving nation.

ESG at Bank Hapoalim - commitment, impact, and leadership

In these challenging times, as the economic and social conditions in Israel are affected by major turmoil, Bank Hapoalim continues to have a key role as a pillar of stability for millions of customers, businesses, and employees. Paradoxically, in an era of unprecedented uncertainty, we are witnessing the power of strong shared values to bridge differences and fortify societal connections, while the principles of environmental, social, and ethical responsibility help create certainty in chaotic conditions.

Bank Hapoalim is publishing its eighteenth annual ESG report, and there is no better yet more challenging time than the present to demonstrate our corporate responsibility towards Israeli society.

Since October 2023, we have harnessed all of our strength to support our customers and the Israeli economy as a whole. When the war began, we took immediate action to assist the community through the Social Banking Center, the Poalim Community Foundation, and the Poalim Rebuild Fund, a specialized fund of NIS 100 million established to restore the communities of Otef Aza. Meanwhile, we maintained business continuity and provided comprehensive support to our employees, to care for their well-being.

This report presents the developments in our extensive ESG activities, both in our routine operations and in our emergency assistance efforts.

ESG – a leading principle in the business arena

Recognition of the importance of incorporating ESG principles into the core of business operations is continually growing around the world. This trend has also been evident in Israel, among regulators and investors as well as customers and employees, who expect a clear commitment to environmental, social, and governance (ESG) goals, full transparency, promotion of corporate responsibility values, and the inclusion of environmental and climate risk management in business decisions. This report presents our strategy for managing climate aspects, including identifying opportunities, managing risks, and preparing for new regulation in this area.

Achievements and commitments for the future

We are proud to see our commitment to ESG values reflected in leading international ratings. This is the seventh consecutive year in which Bank Hapoalim has headed the ESG ratings by Maala, among all companies in the Israeli economy. We are dedicated to the continuing development of ESG principles at the bank, integrating advanced global trends, the implementation of evolving regulation, and learning from cutting-edge practices in banking.

The extensive activity reflected in this report is made possible, first and foremost, by the employees of the bank, whose commitment to ESG values has a meaningful impact on society and the environment in Israel, especially during times of crisis. We would like to thank all our partners who have supported and been engaged in these endeavors. We will continue to act with absolute dedication to a better economic, social, and environmental future.



Ram Gev
Senior Deputy
Managing Director
CFO



Lotem Bachar
Head of ESG
Finance Division
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Vision and values

Our vision
"Committed to growth through impactful, innovative, fair banking for our customers"

- Our values**
- Dedicated to customers' best interests**
Focusing our actions on what matters to customers, while adapting to their evolving needs, to create meaningful value.
 - Making it happen**
Taking the initiative and moving processes forward quickly, to deliver relevant solutions in real time.
 - Working together, for you**
Joining forces and mobilizing for the success of our partners, to enable our customers to benefit from the full range of our capabilities.
 - Growth and development**
Encouraging curiosity, learning, and continual improvement, as the foundation for high-quality, up-to-date banking that advances our customers' growth.
 - Fairness and responsibility**
Treating everyone with fairness and compassion; acting with integrity, justifying the trust placed in us by the public.

ESG at Bank Hapoalim

Strategic approach and key indicators for 2024

Bank Hapoalim is an integral part of the economy and society of Israel; as a major financial organization, the bank has a broad impact on the environment and community within which it operates. In view of this responsibility, the bank integrates environmental, social, and governance considerations in its business activities, for the benefit of all stakeholders, with the aim of promoting the social and economic growth of the State of Israel and contributing to efforts to address climate change.

1. Balance sheet and off-balance sheet.
2. Book cost and balance to be invested as at December 31, 2024.
3. Carbon-footprint measurement was applied to the Retail Banking Division credit portfolio and to the small-business segment in the Corporate Banking Division credit portfolio; for further details, see the Environment chapter.
4. Total benefits and reliefs offered by the bank in response to the war and utilized by customers, aimed at helping them cope with the impacts of the war (includes some of the donations reported in this report).
5. Including the Financial Growth Center and the Impact Fund.
6. Employee engagement is measured using an eNPS survey.



Environment

The bank is committed to helping in coping with the climate crisis and supporting the transition to a low-carbon economy, including through financing and investment in projects that promote a green environment, management of environmental and climate risks, and reduction of the carbon footprint of the bank's operations.



Supporting the transition to a low-carbon economy

~NIS 32.05 billion

Balances of credit¹ as of December 31, 2024, granted to projects promoting a green environment.

~NIS 500 million

Total exposure to renewable-energy companies² and projects through Poalim Equity, the bank's non-financial investment arm.

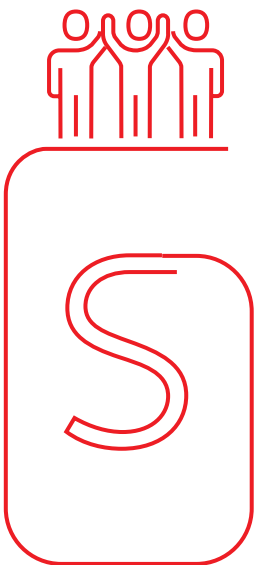
Reducing environmental impacts

28 tCO₂e

Emissions intensity per million NIS of credit³ in 2023 (compared with 30 tCO₂e in 2022). The 2023 measurement also included the credit portfolio of the Retail Banking Division, for the first time.

6.5%

Rate of reduction of the carbon footprint of the operational activities of the bank in comparison to 2023.



Social

We aspire to create a beneficial impact on the society and community of Israel. Within this ambition, the bank supports the growth of small and mid-sized businesses; cultivates an empowering work environment; and promotes accessibility, diverse employment, and financial empowerment for the general public. Emergencies and wartime accentuate our commitment to values-driven, responsible action; this year, we expanded our activities in support of society and the community, and the reliefs offered to our customers to help cope with the impacts of the war.



Support for our customers during the emergency

NIS 447 million - The value⁴ of the series of benefits and reliefs offered by the bank to its customers to help cope with the impacts of the war.

NIS 750 million - Scope of the fund established by the bank to grant bridge loans for up to three months free of interest and fees. The fund operated until September 30, 2024.

Promoting the growth of small and mid-sized businesses

NIS 34.5 billion
Total balance of credit to the small and mid-sized business sector on December 31, 2024.

95% of the bank's suppliers are located in Israel and employ local workers.

Cultivating an equitable and empowering work environment

TOP 10

The bank placed ninth in the BDI survey ranking the 100 best workplaces in a survey published in September 2024.

13.8%

of the employees of the bank belong to population groups underrepresented in the job market.

98%

of the employees of the bank participated in training at the Poalim Campus.

Investing in impacts on society and the community, routinely and during emergencies

NIS 51.4 million - The bank's community investments in 2024⁵.

NIS 100 million - for the Poalim Rebuild Fund, dedicated to restoration of Israeli communities affected by the events of October 7th and the Swords of Iron War. Approximately NIS 47 million of the funds' resources were allocated in 2024, to initiatives in education and in support for injured soldiers, from the injury until they can resume employment and a full life in the community.

68,300 volunteer hours invested in activities organized by Poalim Volunteers (including volunteering during the Swords of Iron War).

Over a million people participated in activities of the Financial Growth Center in 2024; the center offers in-person lectures as well as a website providing tools and knowledge, and also operated emergency hotlines this year to respond to callers' questions.



Governance

The bank operates according to the principles of corporate governance, as reflected in its legislative and regulatory environment, with strict adherence to fairness and transparency towards stakeholders. Concurrently, the conduct of the bank is guided by the cultural values and principles grounded in its code of ethics and vision.



Aspiring to gender equality

40%

Women on the board of directors.

57.3%

Women in the overall management tier of the bank; 39.6% women in senior management.

Promoting a growth-encouraging organizational culture

44.5

Score on the bank's employee engagement index.⁶

50.6

Score on the NPS index, which measures customers' willingness to recommend the bank in a post-service survey.

Reporting transparently and in line with international standards

GRI, SASB, TCFD - ESG reports in line with the GRI standard since 2008, SASB since 2021, TCFD since 2022.

UN Global Compact

The bank has been a signatory of the compact since 2010.

ESG goals for 2030

The bank is committed to leadership in influential and responsible banking that takes environmental, social, and ethical values (ESG) into consideration, further promotion of sustainable financing and investments, and guidance for its customers in the transition to a low-carbon economy. We are managing environmental and climate risks and striving to reduce the impacts of the business activities of the bank on greenhouse-gas emissions, to support the achievement of Israel's climate goals.

Bank Hapoalim was the first in the banking industry in Israel to set long-term ESG goals, having stated its targets for 2030 in early 2020, as approved by management and the board of directors. In February 2023, with the original target achieved, a new objective was established for financing and investments promoting a green environment.



Metric	2024 status	2030 target
Increase financing and investments in projects promoting a green environment ⁷	NIS 32.5 billion	NIS 37 billion
Further reduce the operational carbon footprint of the bank relative to 2020	23.4% decrease ⁸	60% decrease ⁸
Stop financing and investments in new coal and oil production projects ⁹	Embedded in the bank's policy as of March 2022. In addition, a decision was made to gradually reduce holdings in these companies in proprietary investments to zero by 2026.	



Promote diverse employment by raising the percentage of employees at the bank from population segments underrepresented in the labor market	13.8%	15%
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Promote gender equality by increasing the representation of women in senior management at the bank ¹⁰	39.6%	50%
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7. Financing balances at the end of the target year: balance sheet and off-balance sheet credit and total exposure to companies (book cost and balance for investment) and projects promoting a green environment.
8. Relative to the operational carbon footprint of the bank in 2020, which stood at 45,003 tCO₂e.
9. Excluding support for the needs of the Israeli energy sector.
10. The measurement methodology has been revised and data for previous years have been adjusted retrospectively. See ESG metrics – multi-annual development, on page 202.

The Swords of Iron War



WORKING TOGETHER

for our customers, employees, and community

In October 2023, Israel encountered a challenging and difficult new reality. Since the outbreak of the war, Bank Hapoalim has been at the forefront of social and banking action, vigorously mobilizing its capabilities to provide our customers with essential support during this period. Over the last eighteen months the bank has worked proactively to maintain business continuity and care for the well-being and safety of its employees, while responding to evolving needs of civilian society and supporting national pride.

Support for our customers



Benefits and reliefs granted in 2024

- ◆ **NIS 447 million**¹¹ - Total benefits and reliefs, offered by the bank at the outbreak of the war to help cope with its impacts, that have been utilized by customers.
- ◆ The bank adopted the outline provided by the Bank of Israel and expanded it to benefit its customers, while maintaining flexibility and adapting to current conditions. Full information about the reliefs and benefits created for this period was posted and continually updated on the bank's website.
- ◆ **NIS 750 million** - Scope of the fund established by the bank to grant bridge loans for up to three months free of interest and fees. The fund operated until September 30, 2024.

Reliefs for residents of southern Israel in the range of 40 km from the Gaza border, residents of northern Israel evacuated from their homes, soldiers called up for reserve military service, and first-degree relatives of hostages and missing persons¹²

- ◆ Exemption from mortgage payments for three months for customers with properties pledged to the bank for the purposes of the mortgage located in Otef Aza towns (up to 7 km from the border) and for owners of properties in northern towns evacuated during the war.¹³
- ◆ Deferral of mortgage payments at no added cost (for customers residing in southern Israel in the range of up to 30 km from the Gaza border, residents of northern Israel evacuated from their homes, soldiers called up for reserve military service, and first-degree relatives of hostages and missing persons).
- ◆ Loans for reservist business owners – Interest-free loans of up to NIS 100,000 for one year, and three-month interest exemptions on existing loans (these loans were offered until September 30, 2024).
- ◆ Bridge loans for up three months, free of interest and fees, for private customers and small businesses.¹⁴
- ◆ Three-year loans at the prime rate.
- ◆ Deferral of loan payments for up to three months at no added cost.
- ◆ Exemptions from various fees.
- ◆ Exemption from interest on negative balances of up to NIS 10,000 in current accounts for households.

Reliefs for all customers:

- ◆ Loans at a preferred interest rate – prime only.
- ◆ An option to defer loan payments for three months and reschedule existing loans.

- ◆ Mortgage payment deferral and the option to extend the term of the loan by three months of the deferral.
- ◆ Deferral or rescheduling of bank credit-card charges at no cost.
- ◆ Poalim Business Fund – Targeted loans of up to NIS 150,000 for small businesses, designed to respond to the needs created by the Swords of Iron War, with a grace period of up to twelve months on the principal only.

Service

We expanded our service offering to make sure we are there for our customers when they need us most, and to maintain business continuity.

- ◆ **Hotline** - A hotline providing rapid responses to urgent customer communications related to the emergency.
- ◆ **Available, accessible service, particularly for customers from Otef Aza and northern Israel** - Most of the branches of the bank continued to operate as usual. At branches closed due to the war (according to the instructions of the IDF Homefront Command), all calls and emails were redirected to multichannel service centers. Mobile bank branches and branch employees visited evacuee centers nationwide to provide banking services. On November 28, 2024, when the ceasefire in the north was announced, all branches of the bank resumed routine operations.
- ◆ **Mobile branches** - We operated mobile branches at many locations nationwide throughout the year, emphasizing sites hosting people evacuated from northern and southern Israel. The branches offer a wide range of banking activities to our customers, as well as cash withdrawals for customers of all banks.
- ◆ **Continuous responsiveness and service** - We maintained extensive technological infrastructures to enable branch network employees to work remotely, and staffing of branches across Israel was supplemented by headquarters employees. We also improved the availability of the direct channels and rapidly developed digital interfaces offering banking services and solutions matched to current needs. We contacted tens of thousands of customers from Otef Aza and northern communities, and sent messages and updates on the benefits and reliefs offered to them by the bank.
- ◆ **Support network for relatives of casualties and hostages among our customers** - We reached out to bereaved families to express our condolences and offer close personal assistance by senior managers at the bank, aimed at shortening procedures and providing as rapid a response as possible to all banking needs. We also provided close individual support to families of injured customers, tailoring appropriate solutions to their needs.

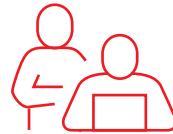
11. This amount includes some of the donations mentioned in this report.

12. The reliefs, solutions, and services described refer to 2024. Some of these have ended, while others remain in effect for specific periods, all as updated on the dedicated area of the bank's website. The benefits and reliefs granted by the bank were updated during the year; concurrently, the Bank of Israel outline was adjusted, and each update was applied to a specified period. Part of the updates may involve modifications of the benefits and reliefs and/or of the population groups eligible for the benefits and reliefs. All of the aforesaid reliefs, solutions, and services are subject to the approval and terms of the bank, to the criteria established for each product, and to the terms of service, which the bank is permitted to change at any time, subject to all laws. Failure to repay a loan may lead to penalty interest charges and foreclosure proceedings. Granting of a loan is subject to approval by the bank and to the terms thereof.

13. The benefit for customers from southern towns applied to the three payments of November 2023, December 2023, and January 2024. The benefit for customers from northern towns applied to the three payments of July 2024, August 2024, and September 2024.

14. The business loans were discontinued on September 30, 2024.

Support network for employees



When the Swords of Iron war began, Bank Hapoalim mobilized to provide maximum immediate support to its employees during this challenging and difficult time. Caring for employees' safety was the bank's top priority, as dozens faced devastatingly difficult conditions. Employees who live in Otef Aza and northern Israel were displaced from their homes, while hundreds of employees and members of their families were called up for military service under Order 8 emergency draft. At the same time, Israel was under incessant missile attacks and fighting on several fronts.

Throughout the war we have maintained flexible work formats, with individual and family support for employees. Employees impacted by the situation received support, in coordination with the employee union, to provide relief during this period. Extensive resources were devoted to helping employees evacuated from their homes or called up for reserve military service. All employees and their families received tools and guidance on coping with the situation, aimed at boosting morale and providing relief.

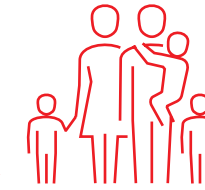
These actions embody the bank's commitment to protecting our employees and caring for their well-being and safety, particularly during an emergency.

- ◆ We continued to provide a supportive network for our employees, including assistance delivered by our internal well-being workers as well as professionals who offered social services and emotional support. In 2024, we offered employees a range of therapies at discounted prices and set up a hotline for social services and emotional support for employees of the bank.
- ◆ For two of our employees who had first-degree relatives taken hostage, we continued to provide individual support and assisted in any way we could to provide relief during this difficult time, until the joyful day when their loved ones were freed. We will continue to stand by the Sharabi family until the body of Yossi Sharabi, of blessed memory, is returned from Hamas captivity.
- ◆ We maintained continuous up-to-date intra-organizational communications through the organizational portal website and app, and through text messages when necessary. In this way, we shared all of the relevant emergency information with employees, along with moving stories from the field. We also held a Zoom meeting for all employees with the CEO and members of management.
- ◆ An hour of leave was granted as a benefit to spouses of soldiers in reserve or regular military service and in the security services, and paid leave hours were given to workers

eligible under the expansion order issued by the state.

- ◆ Through the Payroll Department, we applied to the National Insurance Institute for a grant for employees who live and work in towns evacuated by the government when they return to work.
- ◆ To improve the employee experience, a community was formed for bank employees in reserve military service, consisting of hundreds of employees, drawing on the power of connection, belonging, organizational pride, and mutual support to bring to life the values of fairness, delivery, focus, and growth.
- ◆ The employee union gave expedited grants from its mutual aid fund for employees who had suffered financial difficulties.
- ◆ We supported employees with disabilities coping with complex challenges – for example, we provided bracelets synchronized with the IDF Homefront Command app for employees with deafness and hearing impairments, to alert them of rocket warning sirens; offered mental-health support to employees with invisible disabilities; and allowed remote work for employees with vision impairments who encountered difficulty in using public transportation.

Community support



When the Swords of Iron War began, we acted quickly, recognizing the depth of our responsibility. We expanded the activity of the Poalim Community Foundation to respond immediately to emergency needs in civilian society, and we founded the Poalim Rebuild Fund – an aid fund of **NIS 100 million** dedicated to restoring Israeli communities impacted by the events of October 7th and the Swords of Iron War. These monetary donations were accompanied by volunteering by thousands of employees of the bank, aiding initiatives of non-profits and civilian society nationwide.

Key activities:

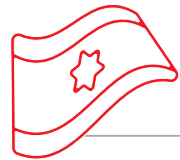
- ◆ We set up **two therapeutic centers as part of the Hibuki project**, a preventive intervention that uses a “huggy” (Hibuki) doll in combination with a therapy workshop designed to reduce distress and prevent the development of post-traumatic symptoms in children exposed to traumatic events. Some 10,000 children from southern and northern Israel have taken part in this project.
- ◆ We supported **technological summer camps** for about 220 teenagers evacuated from Kiryat Shmona and the surrounding region. The summer camps were designed to boost the adolescents' individual emotional resilience and provide an opportunity to acquire and develop new knowledge, skills, and abilities in entrepreneurship, technology, and English.
- ◆ We provided **support for 12 remedial learning centers**, in a project encompassing an individualized educational support system for one-on-one and group sessions with students, applying advanced technologies and innovative teaching methods, at 12 schools in northern Israel.

- ◆ We supported the foundation of **29 resilience centers** in elementary schools in the towns of Sderot and Ofakim, where students are offered empowerment programs and therapeutic small-group sessions provided by therapists, in cooperation with the towns' municipal psychology services.
- ◆ We supported the establishment of an **agricultural residential school** in Moshav Sde Nitzan, as part of the Adam VeAdama network of schools. The school is an agricultural and educational program connecting students with farming and providing direct assistance for farmers in the Otef Aza region and the future of the agriculture industry.
- ◆ **Poalim for the Future** – A program supporting Sapir Academic College, the largest academic institution in the Western Negev, a region that has suffered greatly and where students, staff, alumni, and families have been impacted. The fund provided support of NIS 10 million enabling every student at the college, beginning in the current academic year, to participate in a hands-on educational program dedicated to restoring the Otef Aza region and earn credits as part of their academic training.
- ◆ **B'shvil Hahatzlacha (Path of Success)** – A program of NIS 10 million supporting soldiers and members of the security forces injured in the Swords of Iron War. Every soldier injured in this war can apply to the program, run in collaboration with the Association of Friends of the IDF Disabled Organization, for a one-time grant for immediate needs; an individualized rehabilitation program; guidance on resuming civilian life through training, study, and employment free of charge, including tuition scholarships; and a free six-month membership, including family members, to all Beit Halochem wounded veteran centers in Israel.



Photo: Employees from the northern branches on a volunteer day in support of reserve soldiers.

Activities to boost morale and national pride



- ◆ Gratitude for reserve soldiers expressed on billboards at train stations.
- ◆ A fundraising campaign was held via the Bit app to finance the claim filed with the ICC in The Hague by the Hostages and Missing Families Forum.
- ◆ Generous benefits for families of soldiers drafted for reserve military service – Recognizing that wartime reservists' families experience disruptions of their routines that affect well-being, we created a special section of the Poalim Wonder app dedicated to a wide selection of benefits.
- ◆ Throughout this period, Bank Hapoalim has placed empty yellow chairs at the entrances of its branches and offices, with signs calling for the return of the hostages and support for their families.



Support for suppliers

- ◆ We encouraged bank units to purchase from suppliers in areas affected by the war, including those directly impacted by the October 7th attacks and suppliers in the combat zones in northern and southern Israel.
- ◆ We supported Be'eri Printers, in Kibbutz Be'eri, and increased the scope of purchasing from this supplier by the bank. This report was also printed by Be'eri Printers.

Maintaining business continuity

- ◆ The bank activated its business continuity plans on the first day of the war, Saturday, October 7th, and functioned with no material impairment of its operations.
- ◆ The Security and Safety Department, as part of the bank's emergency team, applies the emergency and business continuity procedures for a war scenario, in accordance with the guidance of the IDF Homefront Command. These include clearing protected spaces; maintaining the readiness of emergency equipment; holding additional training and drills on emergency scenarios at all sites of the bank, based on the defense times and instructions of the Homefront Command; and regularly updating the bank emergency team on the status of the war.
- ◆ The bank operated an emergency banking command center to implement its emergency action plans, collaboratively among all units; maintain contact with the Bank of Israel, the IDF Homefront Command, and other external parties; and report regularly to the board of directors.
- ◆ The Chief Compliance Officer Unit adapted its activity and the activities of the bank to the heightened risks, particularly terrorism financing risk, including rapid and strict monitoring, adaptation to new regulatory directives, addition of compensatory preventive controls, and more.



About the report and material reported topics

We have reported on our impacts and activities in the areas of sustainability and corporate responsibility since 2008. This ESG report refers to the calendar year 2024. This report was prepared in accordance with the current 2021 reporting standard of the Global Reporting Initiative (GRI) and the reporting standard of the international organization Sustainability Accounting Standards Board (SASB). The relevant managers and professionals participated in the preparation of the report. The content and information presented in the report were approved by the senior executives in each field, and the publication of the ESG report was approved by management and the board of directors. An independent external assurance process of limited scope was applied to the report by the consulting firm BDO, in line with the international assurance standard ISAE 3000 (see the assurance report on page 216).

Our reporting is focused on the topics most material to our activity, while taking into consideration the expectations of the various stakeholders. The material topics for this report were established according to the double materiality approach, and in line with stakeholder expectations, standards, and international regulations. Thus, material topics are defined as areas of activity in which the bank has a significant impact on our stakeholders in the various areas of ESG, within and outside the bank, or areas of ESG that have a significant impact on the bank, its activity, and the success of its business. The information presented in this report refers to the Bank Hapoalim Group, unless otherwise indicated.

List of material topics for ESG reporting at Bank Hapoalim

The material topics in this report represent topics that are important to the activity of the bank and to our stakeholders. A formalized process was conducted to validate, examine, and update the list of material topics, as performed by the bank each year to determine that the scope and content of the report are aligned with stakeholders' expectations. The list of material topics was formulated in 2021, through a comprehensive process guided by the consulting firm Deloitte, with the aim of adapting our activity to stakeholders' evolving and varied needs and to the developing trends in the ESG universe. The process consisted of two stages:

1. A study and comparative review of the material issues in the banking sector, as reflected in the standards of the GRI (Global Reporting Initiative) and the SASB (Sustainability Accounting Standards Board), ratings of international ESG analysis firms, and ESG reports of global leading banks. In mapping the list of potential topics, we also considered the United Nations Sustainable Development Goals (SDGs). The list of potential material topics was screened for topics suited to the unique characteristics of Bank Hapoalim and its stakeholders and that mesh with the business philosophy and ESG strategy of the bank. Consultation processes were conducted with customers, employees, suppliers, and the general public, through surveys and interviews aimed at understanding which of the selected topics are the most significant to them in connection with the bank. We also analyzed perceptions of additional stakeholders, based on ongoing dialogue with them, including regulatory agencies, the non-profit sector, and investors, and their positions were weighed into the process. The issues were examined in accordance with the current requirements of the GRI standards, which focus on material impacts, supplementing the double materiality approach. Thus, in analyzing materiality, we examined both the social, environmental, and economic impact **of** our activity in reference to each potential material issue and the impact **of** each potential material issue on the business activities of the bank.
2. At the conclusion of the process, a list of material topics for reporting was composed. Since then, the topics have been revalidated each year, with guidance on ESG practices from the consulting firm Deloitte. In 2023, we added two new material topics: "mobilizing for stakeholders in emergencies" and "climate change."

During the validation process in 2024, we reexamined the established topics in relation to the current requirements of the reporting standards, international disclosure regulations, and expectations in the context of ESG ratings, as well as a benchmark comparison to material topics established at leading global and Israeli banks. We also conducted a new survey of the general public, and considered feedback on material ESG issues we received from the various stakeholders in the course of our routine communications with them. Regulatory developments in the area of ESG in Israel over the last year were taken into consideration in the course of the analysis. This year's validation process indicated that the list of material topics selected for 2023 was also relevant and current for this report.

In view of the slightly different perspectives that each group of stakeholders has on each of the material topics, with every group naturally placing greater importance on the topics more relevant to its members, we have chosen to report on our activity in reference to all of the topics found to be material for the bank and for our stakeholders. The materiality analysis is the basis for the selection of reported topics in the ESG report and for our ESG strategy. For details regarding the GRI disclosures we report on for each material issue, see page 206.

Material topics in the report

Environment

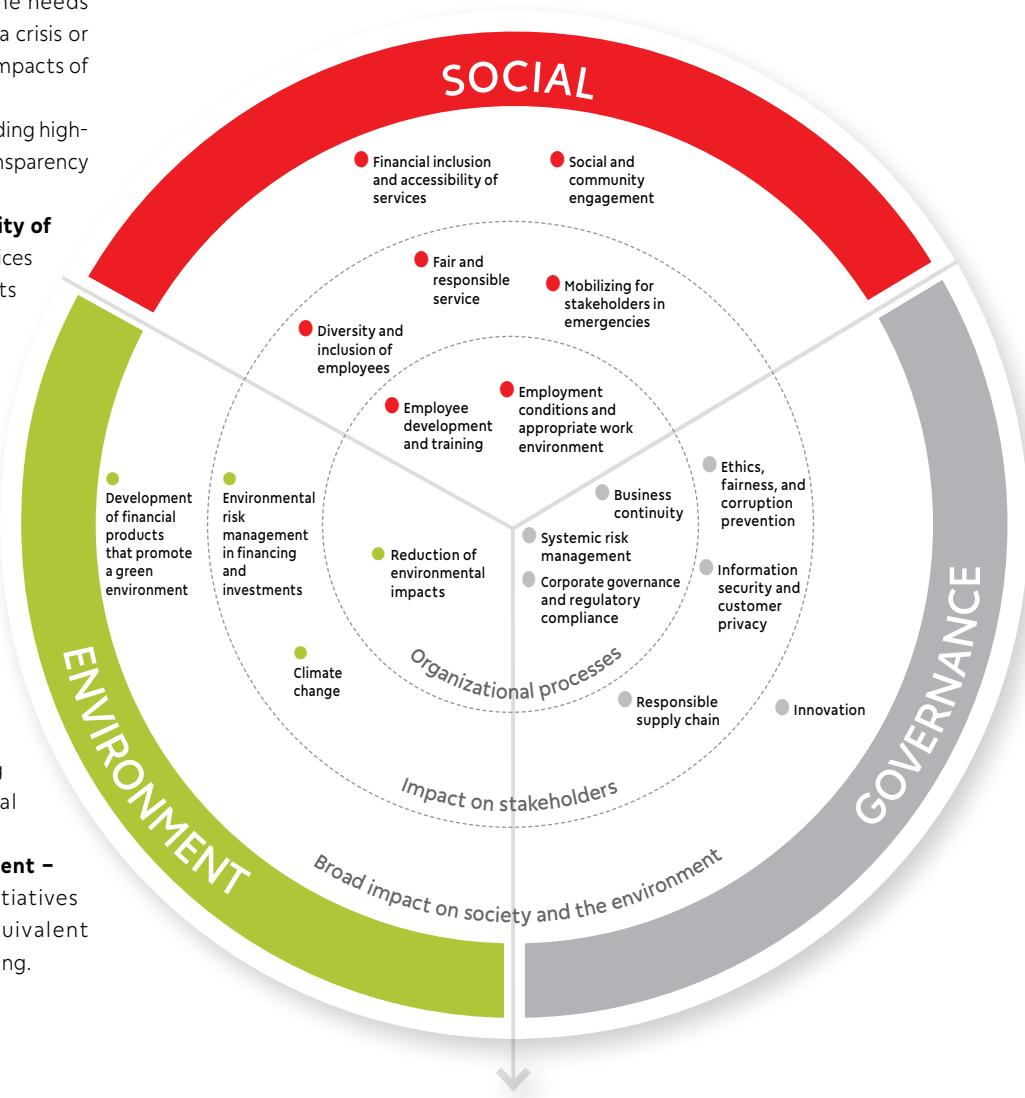
- ◆ **Climate change** – processes to help tackle the climate crisis and implement the bank's climate strategy throughout its business and operational activities.
- ◆ **Management of environmental and climate risks in financing and investments** – embedding environmental and climate considerations in business decisions.
- ◆ **Development of financial products that promote a green environment** – developing financial products with an environmental impact.
- ◆ **Reduction of environmental impacts** – caused by the routine operations of the bank.

Social

- ◆ **Mobilizing for stakeholders in emergencies** – providing a response suited to the needs of the bank's stakeholders during a crisis or stress event, and in particular the impacts of the Swords of Iron War.
- ◆ **Fair and responsible service** – providing high-quality service with fairness and transparency to the customers of the bank.
- ◆ **Financial inclusion and accessibility of banking services** – making the services of the bank accessible to all segments of Israeli society.
- ◆ **Employment conditions and an appropriate work environment** – cultivating an empowering, fair, rewarding work environment that protects the health and safety of the employees of the bank.
- ◆ **Employee diversity and inclusion** – providing equal opportunities for employees from every segment of Israeli society.
- ◆ **Employee development and training** – investing in training and in personal and professional development for employees.
- ◆ **Social and community engagement** – promoting social causes and initiatives through donations, money-equivalent activities, and employee volunteering.

Corporate governance

- ◆ **Ethics, fairness, and prevention of corruption** – ensuring fair conduct aligned with ethical principles towards all stakeholders, including the prevention of corruption, bribery, discrimination, and unfairness.
- ◆ **Information security and customer privacy** – safeguarding and protecting customers' personal information.
- ◆ **Corporate governance and regulatory compliance** – maintaining management and control processes to comply with legal and regulatory requirements.
- ◆ **Responsible supply chain** – maintaining fair conduct with suppliers and including ESG considerations in supplier selection.
- ◆ **Innovation** – innovating in services, products, and value propositions for customers.
- ◆ **Management of systemic risks** – maintaining financial stability while managing business and operational risks.
- ◆ **Business continuity** – preparing and maintaining readiness for emergencies, to allow continuous availability of service for customers, while adhering to measures for the protection of the health and safety of all customers and employees.





Continual dialogue with our stakeholders

It is the bank's stakeholders who grant it its "social license to operate" (SLTO); this social license is continually under challenge in the business environment in which the bank operates. Different stakeholders have different expectations for the bank, according to their unique characteristics and needs. Accordingly, and in order to build and strengthen public trust in the bank over time, we place high importance on listening to stakeholder expectations and addressing the challenges they present.

The following are selected examples of key groups of stakeholders and the nature of the dialogue we held with them in 2024 (further details regarding the dialogue channels and outcomes are presented throughout this report).

Stakeholder	Selected channels for dialogue
Customers and the general public	◆ Meetings with customers at bank branches. ◆ Routine service surveys. ◆ Direct banking service centers. ◆ Social media. ◆ The ombudsman unit, and expanded channels for communication with the general public, including a whistleblower mechanism for external stakeholders. ◆ Workshops for customers and the general public by the Financial Growth Center. ◆ Periodic surveys and focus groups.
Employees	◆ Feedback, evaluation, and development sessions held with all employees of the bank. ◆ Annual employee survey: Cultural Change Index. ◆ Organizational portal and the Portal To Go application, including a comment section for items posted. ◆ An annual conference for all bank employees when the financial statements are published. ◆ Routine visits by the bank's chairperson, CEO, and board of management members at the branches. ◆ Roundtable meetings of the CEO or board of management members with employees.

Stakeholder	Selected channels for dialogue
Suppliers	◆ Routine meetings with suppliers of the bank. ◆ Communication of the ESG values of the bank to its suppliers through the Supplier Code of Ethics. ◆ Supplier conferences. ◆ ESG questionnaires as part of the supplier engagement process.
Regulators, government agencies, and local authorities	◆ Meetings and lectures for the exchange of knowledge and insights with representatives of government and municipal agencies. Joint projects aimed at addressing environmental and social issues are promoted in this context. ◆ Collaboration with the Bank of Israel and the Association of Banks on initiatives to benefit the public, such as the Available Banking Compact dedicated to women who have experienced abuse, and more. ◆ Promotion of accessibility, in cooperation with the Equal Rights for Persons with Disabilities Commission at the Ministry of Justice.
Community and environmental organizations	◆ Collaborations with non-profit organizations offering individual guidance on sound financial behavior. ◆ Ongoing dialogue and collaboration with a wide range of social and environmental non-profits and organizations. ◆ Collaborations with companies in the areas of recycling, energy efficiency, and solar energy. ◆ Knowledge sharing and collaboration with social non-profits and organizations working in the area of diverse human capital and employment of population groups underrepresented in the labor market. ◆ Dialogue and collaborations with a wide range of organizations and non-profits working on strengthening and developing individual, community, and economic resilience of people in the Western Negev and Galilee regions in the context of the Swords of Iron War. ◆ Membership in Maala and participation in professional meetings throughout the year.
Academia	◆ Dialogue with management and professors at universities and colleges, including the Technion, Tel Aviv University, Bar-Ilan University, the College of Management, Reichman University, and Sapir College. ◆ Lectures by professional experts from the bank in relevant settings (courses, academic events, conferences, etc.).
Business organizations	◆ Professional dialogue with leading business organizations in Israel, including with ESG managers. ◆ Membership in the Socioeconomic Forum and advocacy for employment for people with disabilities, in collaboration with top business organizations in Israel. ◆ Partnership in the initiative Asakim Nirtamim (Businesses Coming Together), in which over 200 business organizations are working to provide solutions to the needs of the public sector and third sector during the Swords of Iron War.
Investors and analysis firms	◆ Ongoing dialogue with local and international investors and analysts, including responding to ESG rating questionnaires.

Strategic focus areas for the various groups of stakeholders were derived from the dialogue and listening processes. These focus areas are included in the work plans of the bank for the coming years (some are reflected in the 'Future plans' sections of this report – for example, collaborations with academia in the sections "Financial inclusion" and "Actions for the benefit of society and the community"), with the aim of responding optimally to stakeholders' needs, achieving further improvement of their positive sentiment towards the bank, and solidifying the trust-based relationship between the bank and its stakeholders.

Contribution to achieving the Sustainable Development Goals (SDGs)

The seventeen Sustainable Development Goals for 2030 concern issues including the reduction of inequalities, education, infrastructures, economic growth, coping with the climate crisis, and more. In September 2015, Israel joined the United Nations member countries in adopting the resolution to take part in the attainment of these goals.

As one of the largest financial entities in Israel, the bank's routine activity contributes to the realization of some of the global objectives for sustainable development, through the accessibility of financial services, financing of projects promoting a green environment, investment in the community, promotion of financial education, promotion of gender equality, and more. Actions and initiatives led by the bank that contribute to the realization of the global goals on a local level are described extensively in this report. Alongside the promotion of some of the SDGs in the course of our routine activities, we have chosen to focus on promoting certain goals based on two criteria: the extent of the bank's ability to affect the attainment of the goal, and its relevance to our business. The nine SDGs we have chosen as focus areas and the initiatives supporting realization of the goals are described below, including the key activities in 2024.

Sustainable Development Goals	Relevance to the activity of the bank	Examples of activities (further detailed in this report)
4 QUALITY EDUCATION  Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Quality education is the foundation for personal, social, and economic thriving. In its community activity, the bank invests resources in a range of educational initiatives, including in the areas of financial conduct and business entrepreneurship.	◆ Hundreds of scholarships granted to students at academic institutions across Israel, including in peripheral regions and the Arab sector. ◆ Hundreds of workshops on astute financial behavior offered free of charge to the general public every year through the Financial Growth Center. ◆ Support for a range of social initiatives to encourage entrepreneurship and social mobility for thousands of adolescents in peripheral regions.
5 GENDER EQUALITY  Achieve gender equality and empower all women and girls	The bank works towards gender equality in the management of its human capital and through various activities aimed at financial empowerment of women.	◆ 65% women at the bank, versus 48% in the labor market. ◆ 40% of the members of the bank's board of directors are women, as are 57.3% of the overall management tier of the bank. ◆ The bank is taking action to promote gender equality and aspires to increase the representation of women in senior management to 50%. ◆ Bank Hapoalim is contributing to the economic empowerment of women through support for women's employment initiatives, including a range of professional retraining and personal development courses and unique training programs, in collaboration with non-profit organizations dedicated to aiding women. The goal of the programs is to provide skills and financial knowledge for founding and promoting a business. ◆ Development of dedicated workshops for women on financial conduct by the Financial Growth Center. ◆ Banking guidance and assistance for women who are victims of violence. ◆ Support for initiatives promoting the inclusion of women from disadvantaged population groups, such as victims of violence and women newly released from prison, in the job market.

Sustainable Development Goals	Relevance to the activity of the bank	Examples of activities (further detailed in this report)
6 CLEAN WATER AND SANITATION  Ensure availability and sustainable management of water and sanitation for all	Access to water and sanitation is an essential challenge for sustainable development today. The State of Israel has high water risk and is exposed to damage to its natural water sources. The bank is a leader in financing of water desalination and facilities for wastewater treatment and reclamation for agriculture in Israel.	◆ The bank participates in financing for most water desalination projects in Israel. ◆ Financing of operators of wastewater treatment facilities, mainly producing water used in agriculture.
7 AFFORDABLE AND CLEAN ENERGY  Ensure access to affordable, reliable, sustainable and modern energy for all	The bank accords high importance to assisting in the transition to the use of renewable energies in the Israeli economy and supporting the attainment of Israel's national goals.	◆ Approximately NIS 7.3 billion has been invested in financing for various renewable energy projects, including projects in developing countries. ◆ Targeted credit granted to private and business customers for the purchase of solar-energy systems allowing the production of electricity from renewable energy sources.
8 DECENT WORK AND ECONOMIC GROWTH  Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	The bank makes financial services accessible to its customers and provides tools and knowledge for astute financial behavior. The bank is also a major employer in the Israeli economy, and contributes directly and indirectly to employment in wider spheres (through financing, its supply chain, social initiatives to promote employment, and more).	◆ Helping our private and business customers cope with the economic burden and damage caused by the Swords of Iron War. ◆ Banking services made accessible to the entire population of Israel. ◆ Guidance and financial tools for small businesses through dedicated credit funds, loans, benefits, and financing solutions for small and mid-sized businesses. ◆ Initiatives promoting social mobility and appropriate employment for people from population groups underrepresented in the job market, including people with disabilities and people from socially and geographically peripheral regions. ◆ Individual support for injured soldiers in managing their finances, to make processes easier and more efficient, and generally be there for them during this time. ◆ The bank acts in accordance with universal norms of protecting human rights in employment, and ensures an appropriate and safe work environment. Most of the employees of the bank are unionized and work under a collective agreement.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	The bank grants credit for investment in infrastructures, development, and construction in Israel. This investment is essential for sustainable economic growth.	◆ Financing of energy efficiency projects in the business sector, electricity storage projects, and green urban infrastructure projects.

Sustainable Development Goals	Relevance to the activity of the bank	Examples of activities (further detailed in this report)
10 REDUCED INEQUALITIES  Reduce inequality within and among countries	The bank acts to provide access to financial services adapted to diverse communities, and promotes diverse employment.	◆ Access to banking services is provided to promote economic growth in the Arab and ultra-orthodox sectors, alongside financial inclusion initiatives. ◆ Support for social initiatives to empower people with disabilities and include them in the job market, and for initiatives to promote social mobility and employment in peripheral regions. ◆ The bank aspires to raise the percentage of its employees from population segments underrepresented in the labor market to 15% by 2030. ◆ Ultra-orthodox families participated in a professional financial education program.
11 SUSTAINABLE CITIES AND COMMUNITIES  Make cities and human settlements inclusive, safe, resilient and sustainable	Sustainable cities have an important role in ensuring socioeconomic and environmental resilience for a growing population. The bank provides financing for the development of sustainable urban infrastructures.	◆ Financing for sustainable urban infrastructures, including green building and clean transportation. ◆ Financing for residential and urban waste sorting, separating, and recycling facilities. ◆ Most of the solid waste generated by the operations of the bank is sent for recycling.
13 CLIMATE ACTION  Take urgent action to combat climate change and its impacts	We are working to increase financing and investments in green projects and to guide our customers through the transition to a low-carbon economy, thereby promoting efforts to mitigate carbon emissions and adapt infrastructures in order to tackle climate change.	◆ Over the last decade, from 2015 to 2024, the bank reduced its operational carbon footprint by about 44%. We are targeting a further cutback of 36.6% by 2030 (in comparison to the operational carbon footprint of 45,003 tCO2e in 2020). ◆ The bank is aiming for an increase in green project financing, to NIS 37 billion by 2030. ◆ In early 2022, the bank announced that it would stop financing and investments in new coal and oil exploration and production projects (excluding support for the needs of the Israeli energy market).

UN Global Compact

In 2010, the bank joined this United Nations initiative promoting economic development that is beneficial for the community and for future generations. This report also serves as a COP (Communication on Progress) for the Global Compact.

International ESG ratings

International and local rating organizations rate corporate ESG activities. Investors around the world have become more interested in ESG aspects in recent years, using ESG ratings in making investment decisions. We maintain ongoing dialogue with local and international rating agencies that examine the bank's ESG performance, and regularly respond to analysts' inquiries. We consider this dialogue highly important, for two main reasons:

1. Dialogue with international analysis firms offers the bank important insights regarding leading global trends in the ESG field and material topics for the banking sector.
2. The examination of the bank's scores on the various rating scales allows ongoing mapping of gaps in ESG activities and promotes constant improvement of performance in all areas of our activity.

Local ESG ratings

- ◆ **Maala** - The bank earned first place among all companies in Israel on the Maala ESG Index for the seventh consecutive year in 2024, ranking in the Platinum Plus category with an ESG rating of AAA.
- ◆ **Entropy** - The bank is ranked in the top three among all companies in Israel, and is at the top of the traded index Entropy ESG 100.

International ESG ratings

Rating agency	Bank Hapoalim score	Rating ¹⁵
	Risk score 13.6 (low risk level)	Top 9% in the global bank sector
	AA	The bank is ranked in the second rating category
	56	The bank's score is above the average score in its sector ¹⁷
	66	Top 9% The bank is a member of the Yearbook, for the fourth consecutive year
Bloomberg ESG Score ¹⁸	5.77	25 th place in the global financial sector First place among all companies in Israel
Bloomberg ESG Disclosure Score ¹⁹	78.23	First place in the global financial sector
	Member of the FTSE4Good index series	
	D	

15. Ratings are as of December 2, 2024, according to data received from the analysis firms, for the period in which the bank was reviewed, and are therefore subject to change. Relative scores are assigned in comparison to banks worldwide rated by the analysis firm, unless otherwise noted.

16. The use by Bank Hapoalim of any data of MSCI ESG Research LLC or its affiliates ('MSCI'), and the use of MSCI logos, trademarks, service marks, or index names herein, do not constitute a sponsorship, endorsement, recommendation, or information providers, and are provided 'as is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

17. Retail & Specialized Banks Middle-East Africa.

18. The S&P Global Corporate Sustainability Assessment (CSA) Score is the S&P Global ESG Score without the inclusion of any modeling approaches. Position and scores are industry specific and reflect exclusion screening criteria. Learn more at www.spglobal.com/yearbook.

19. As indicated on the Bloomberg Terminal for December 2, 2024. The transparency index score refers to the reporting year 2022; at the date of publication of this report, the score for the reporting year 2023 has not yet been posted.



Our efforts to benefit the environment and address the climate crisis

Climate change has been one of the key challenges facing the world in recent years, and seems poised to remain a significant issue in the years to come. With climate change expected to have far-reaching effects on ecological, economic, and social systems around the world, organizations' preparedness to cope with these effects is crucial to their ability to continue to thrive and grow in the near future.

The changing climate is expected to have a deep impact on the global financial system, creating a variety of business opportunities alongside financial and operational risks. International methodologies for the management of these risks and for identifying and leveraging opportunities, as well as financial organizations' ways of coping with climate change effectively, are becoming more advanced every year.

We, too, are committed to addressing the challenge posed by the climate crisis and preparing for its anticipated effects. This commitment derives both from our responsibility to support global efforts to fight climate change, for the sake of future generations, and from our intention to manage the threats and business opportunities arising from the climate crisis, in alignment with the best interests of our customers and all stakeholders.

This chapter was written according to the requirements of the world's leading standard on managing climate impacts on the financial performance of organizations, by the TCFD (Task Force on Climate-Related Financial Disclosure).

As of the 2023 ESG report, we have chosen to consolidate the two reports - the Environment chapter of this report also includes information based on the TCFD standard.

~NIS
32.05 billion

Balances of credit¹ as of December 31, 2024, granted to projects promoting a green environment

28 tco_{2e}

Emissions intensity per million NIS of credit³ in 2023 (compared with 30 tCO_{2e} in 2022)

~NIS
500 million

Total exposure² to renewable-energy companies and projects through Poalim Equity

23.4%

Rate of reduction of the carbon footprint* of the operational activities of the bank in comparison to 2020; a 6.5% reduction in 2024 (compared with 2023)⁴

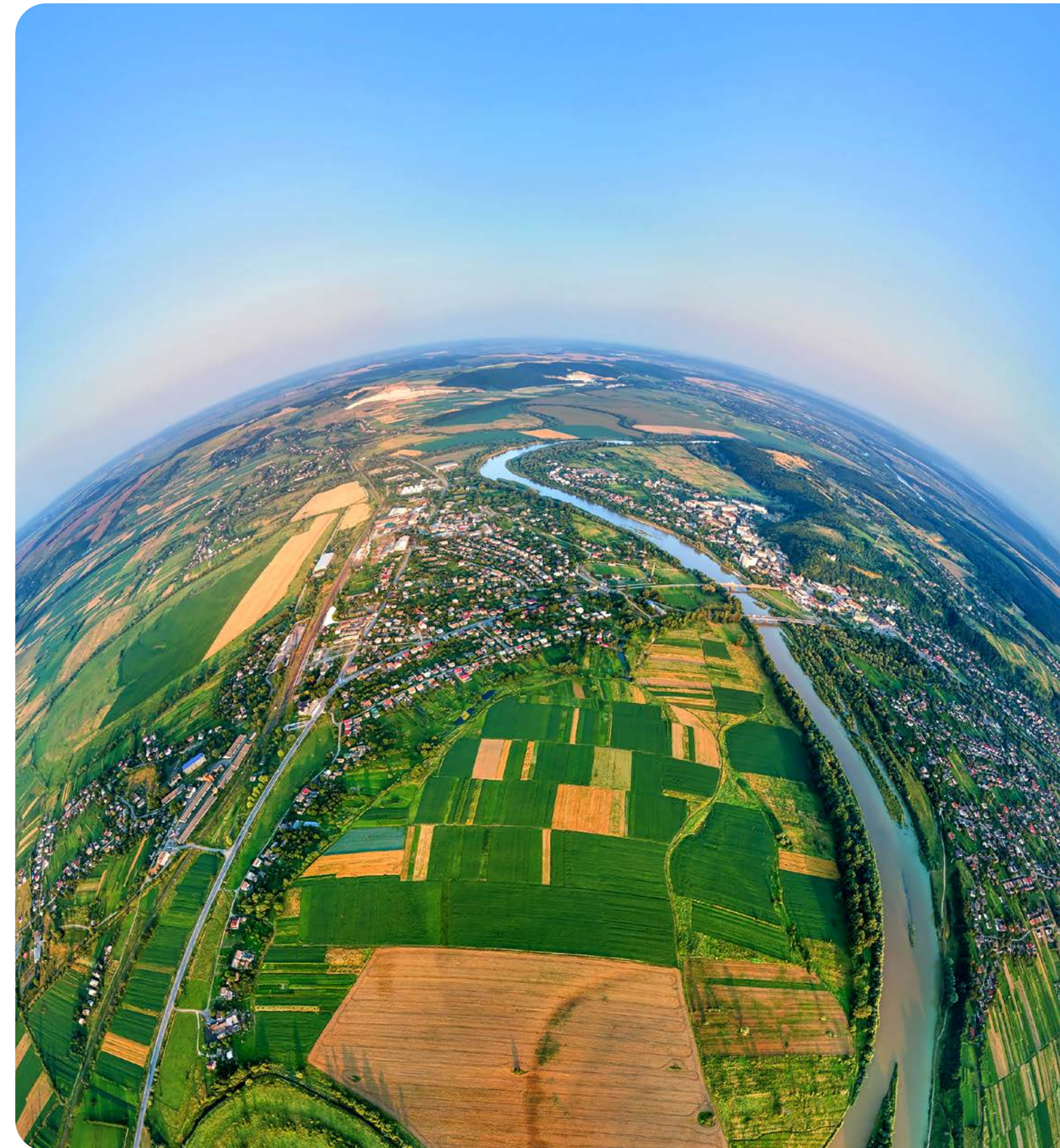
* We used the metric system in this report; one ton = 1,000 kilograms (this refers to all environmental metrics in this report).

1. Balance sheet and off-balance sheet.

2. Book cost and balance to be invested as of December 31, 2024.

3. The carbon footprint measurement was performed with regard to the credit portfolio of the Corporate Banking and Retail Banking divisions at the bank. For additional information, see the subsection "Metrics and targets" on page 56.

4. Relative to the operational carbon footprint of the bank in 2020, which was 45,003 tCO_{2e}. Data cleansing has been applied to operational carbon footprint data for 2023. At the date of publication of the report in Hebrew, complete data on electricity and water consumption was not yet available. A conservative estimate, based on consumption in the same period last year, was therefore used in the carbon footprint measurement. The 2024 figures in the 2025 ESG report will be adjusted retroactively based on the precise data.





Climate-related corporate governance

Three divisions jointly manage climate issues at the bank:

- ◆ Finance Division – as part of its ESG management. In view of the developments in this field and its strategic importance to business processes, a decision was made to bring the ESG Unit under the Strategy Unit, which is part of the Finance Division, beginning in 2025.
- ◆ Risk Management Division – as part of its management of climate and environmental risks.
- ◆ Corporate Division – within its responsibility for lending to mid-sized and large business clients.

The board of directors supervises the management of climate issues through two main committees: the risk management and control committee and the corporate governance and stakeholders committee (which is responsible for overseeing ESG in general).

In 2024, we continued to develop climate management at the bank, in line with leading and emerging global practices, and in compliance with the Bank of Israel's Proper Conduct of Banking Business Directive issued in June 2023, "Principles for Effective Management of Climate-Related Financial Risks" (hereinafter: "Directive 345" or the "Climate Risk Directive").

Engagement of the board of directors in climate matters

The board's involvement is reflected in the routine activity of the board plenum and in the activities of two of the board committees.

Board plenum

The board of directors receives regular reports from the relevant professionals in climate-related fields at the bank. In the last year, the board received updates on banking products supporting sustainability, climate-related regulatory trends, development of the bank's climate risk management system, and more. The board plenum is updated periodically on the bank's exposure to climate risks. In addition, this exposure is included in quarterly updates on climate risks in credit presented to the credit committee, the risk management and control committee, and the board of directors.

Beyond the periodic reports on ongoing activities in this area and the bank's exposure to climate risks, the board plenum convenes annually for a focused discussion on climate issues and approval of the ESG report. During the discussion, the board approves and validates the climate goals and policies of the bank, hears a professional survey of climate-change trends and their impact on the financial system, and is informed on the status of the bank's progress towards its environmental and climate goals.

In early 2023, the board plenum approved a higher target for green financing and investments, an element of the bank's ESG goals for 2030, following the attainment of the original goal set in 2020. In the area of climate risk management, in 2022 the bank's board of directors and management approved an initial outline for a policy on managing transition risk in

financing and investments. At this stage, the outline addresses the key sectors identified by the bank as more exposed to transition risk: fossil fuel exploration and production, and electricity production and supply (for further information, see the section "Climate risk management" on page 48).

Risk management and control committee

As part of its responsibilities, the committee supervises all risk-management processes at the bank, including climate risks. The topics discussed by the committee include updates of various risk policy documents in climate-related areas. In 2024, for the first time, the committee formulated a draft climate risk management policy, in parallel to the continuing work of building a climate risk management framework at the bank, as part of the implementation of the Climate Risk Directive.

Since 2022, the committee has been informed within quarterly risk reports of the rate of exposure to credit risk in economic sectors with heightened climate risk (in the form of transition risk). The report is designed to allow frequent monitoring of the bank's exposure to this risk, in accordance with its credit and finance policies. The quarterly report addresses the level of the bank's financial exposure to all sectors at heightened climate-related transition risk, based on the bank's definitions and global accepted practice. Along with a current status snapshot of the exposure of the credit portfolio to climate risks, the report makes it possible for the committee to monitor trends in exposure to sectors at high risk and ensure it is congruent with the bank's risk appetite.

Corporate governance and stakeholders committee

The committee is responsible for ESG issues at the bank and, accordingly, oversees climate strategy. As part of its activities, the committee convenes annually to approve the bank's annual ESG report and its objectives in this area. These include targets for financing of and investment in projects promoting a green environment, and for reduction of the carbon footprint of the bank's operations.

Climate issues were discussed in two meetings during 2024, within discussions of risk management as well as ESG management. The discussions were held by the board plenum and the risk management and control committee, and two written reports were submitted to the board plenum and the risk management and control committee on the status of progress in the implementation of the Proper Conduct of Banking Business Directive.

During the discussions, the directors heard reviews of the opportunities and risks involved in climate change, local and international regulation, and the status of implementation of Directive 345 on climate risk management.

The bank is committed to continuing to provide management and the board with knowledge enrichment and deeper understanding on climate issues and the related financial opportunities and inherent risks.

Management's role in assessing and managing climate risks and opportunities

Climate issues, as an enterprise-wide concern with impacts on a wide range of aspects of the bank's activity, are not managed by a single function; instead, these issues are overseen across divisions and ranks, with the involvement of the relevant members of management, using meaningful interfaces to work on process implementation and promotion and to achieve objectives.

Environmental and climate aspects at the bank are managed on four levels:

- ◆ Strategic leadership, as part of managing and embedding ESG at the bank, and as a first line of defense in managing environmental and climate risks, under the responsibility of the CFO and the head of ESG.
- ◆ Managing environmental and climate risks, as a second line of defense – under the responsibility of the chief risk officer of the bank, led by a professional function appointed for this purpose.
- ◆ Embedding environmental and climate aspects in business processes – under the responsibility of business division managers.
- ◆ Managing operational impacts – under the responsibility of the head of finance, led by the head of logistics.

In addition to the routine updates and management discussions held on these topics, in dedicated meetings as well as in the course of general discussions of ESG issues, in 2024 we continued to enhance the ESG expertise of the board and management, emphasizing climate-related risks and opportunities. As part of this process, this year we held a targeted seminar for management with lectures from external experts and professional presentations on the climate crisis in the context of science and its impacts on the economy, climate risks and their effects on banks, local and international regulation, business opportunities in this area, and the State of Israel's plans for the transition to a low-carbon economy.

Steering committees on ESG and climate risks

In view of the climate-related regulatory developments and the opportunities inherent in this field, in January 2023 we established an ESG steering committee at the bank, emphasizing climate issues. In 2023-2024, the committee was headed by the head of human resources and the head of risk management. The committee's structure may change now that the ESG Unit has moved to the Finance Division. Led by the bank's ESG administration, the committee consists of senior executives from various divisions, including relevant members of management; external experts also participate. The committee plans to convene twice annually (in addition to regular updates), to monitor the ongoing implementation of ESG strategy; update the strategy from time to time, if necessary; and examine the attainment of ESG targets, while creating intra-organizational collaborations to implement and promote ESG concepts. Recommendations of the committee regarding strategic processes will be submitted to management and the board of directors for approval.

The bank also has a steering committee to monitor implementation of the new regulatory directive by the Bank of Israel – Proper Conduct of Banking Business Directive 345, "Principles for Effective Management of Climate-Related Financial Risks." The steering committee is headed by the head of risk management, with the head of corporate banking and the CFO; senior executives from relevant departments participate, and an international consulting firm provides guidance. The committee convenes on a quarterly basis and is charged with enabling the bank to implement the regulatory directives in an effective, efficient, and holistic manner, in reference to the detailed cross-risk work plan formulated by the bank in the second half of 2023 for the implementation of the directive.

We are continuing to develop and improve the climate-related corporate governance structure at the bank, to ensure effective management and attainment of our climate goals, in compliance with regulatory developments.



Climate strategy



Climate strategy

To successfully address climate change and meet global and national commitments in this area, every part of the economy will need to work together and prepare: government agencies, business organizations, and individuals.

As part of our ESG strategy at Bank Hapoalim, we are committed to continuing to promote sustainable financing and investments and guiding our customers through the transition to a low-carbon economy. Concurrently, we are managing environmental and climate risks and striving to reduce the impacts of the business activities of the bank on greenhouse-gas emissions and support achievement of the climate goals of the State of Israel.

Our approach to climate issues comprises three elements:



Support for the transition to a low-carbon economy

Developing financial products and banking services to help accelerate the transition to a low-carbon economy:

- ◆ Increasing financing and investments in projects promoting a green environment – the bank has set a target of NIS 37 billion by the end of 2030.
- ◆ Green Bonds – the first in Israel – at a volume of approximately USD 1 billion issued in 2021.
- ◆ Targeted lending for small businesses, farmers, and households, to encourage the installation of solar-energy systems.
- ◆ Developing Green Deposits to enable savers to take part in our environmental impact.
- ◆ Promoting ESG investment advising for advised customers.
- ◆ Supporting the climate tech industry.



Environmental and climate risk management

- ◆ Managing environmental and climate risks in our business operations; embedding these considerations in credit and investment decisions.
- ◆ A commitment not to finance or invest in new coal and oil exploration and production projects.*
- ◆ Gradually scaling back holdings in companies engaged in coal and oil activities in the proprietary portfolio of the bank, to zero by the end of 2026.



Reduction of environmental impacts

- ◆ Continuing to reduce the operational carbon footprint of the bank – a 60% decrease is targeted by 2030 (from the 2020 baseline).
- ◆ Integrating ESG considerations into the supplier selection process.
- ◆ Measuring carbon emissions in the corporate and retail credit portfolio using PCAF methodology.
- ◆ Supporting carbon sequestration ventures.

* Excluding support for the needs of the Israeli energy sector.

Climate opportunities and risks

Climate change is one of the key challenges facing the world today, and is expected to have far-reaching consequences both for ecosystems and for socioeconomic processes. Organizations' preparedness to cope with these impacts will have a significant effect on their ability to grow in the coming years. The implications of climate change for the financial sector are especially complex, in that climate changes generate substantial financial and operational risks while also presenting new business opportunities. The risks and opportunities are relevant to a broad range of aspects of the bank's activities, including its products, services, processes, and operations.

Opportunities in sustainable financing and investments

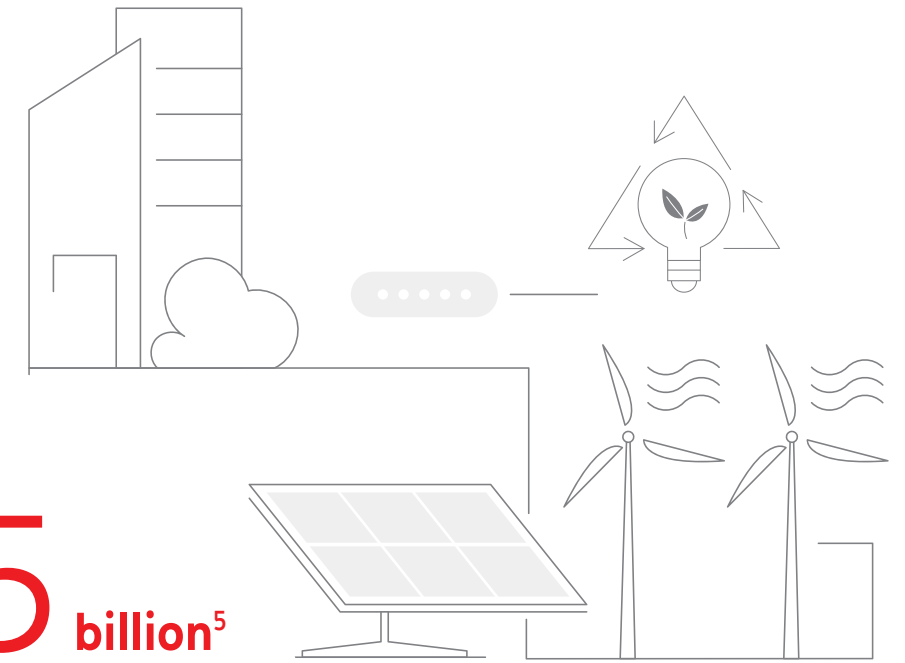
The climate crisis requires preparations for escalating physical changes, concurrently with the transition to a low-carbon economy and attainment of global zero emissions. It therefore presents opportunities for economic growth – through the development of green technologies and infrastructures, and through new markets in the climate-tech and environmental innovation industries.

Green project financing and sustainable investments are valuable business opportunities; and as a major financial organization, we see it as our responsibility to support Israel's social and economic growth, and the global battle against climate change, for the sake of future generations. We are working to increase financing and investments in green projects and to guide our customers through the transition to a low-carbon economy, thereby supporting climate change adaptation and mitigation efforts. These efforts include financing solutions for customers of the Corporate Banking Division and the Retail Banking Division, the issuance of the first Green Bond in Israel (in 2021), the development of targeted deposits, and investments in renewable-energy projects through Poalim Equity, which handles the bank's non-financial investments.

In 2023, the Ministry of Environmental Protection issued the [Israeli Green Taxonomy](#), for the classification of economic activities by their contribution to environmental objectives, as defined in the document, and their impact on environmental

interests. The Israeli Taxonomy is based on the EU Taxonomy, with adjustments of specific criteria for Israel's unique characteristics. At this stage, the Israeli Taxonomy refers only to criteria with a significant contribution to mitigation, and does not consider significant contribution to other environmental goals promoted by the economic activity beyond climate-change mitigation (e.g. climate-change adaptation, circular economy, pollution prevention and control, biodiversity protection, and preservation of water sources). Evaluating the contribution of an activity to mitigation requires information regarding energy consumption, output quantity, environmental emissions, and more, which is not usually made public.

Within the green credit measurement process, in 2022 the bank established methodology for the environmental classification of credit, taking into consideration the technical criteria in the Israeli Taxonomy as well as a professional examination of additional environmental benefits. These include adaptation to climate change, promoting a circular economy, prevention of pollution, protection of water resources, and more. The purpose of this method is to address additional categories, such as waste, water, and wastewater treatment, in line with prevailing standards. The methodology for determining criteria and threshold conditions was designed with the assistance of environmental experts from the consulting firm BDO. For details of the credit classification criteria, see the appendix on page 204.



~NIS 32.05 billion⁵
balance of credit granted for projects
promoting a green environment

NIS 7.30 billion
for renewable energy projects⁶

NIS 5.08 billion
for clean transportation projects

NIS 14.45 billion
for green building projects

NIS 1.48 billion
for waste treatment projects

NIS 2.88 billion
for water and sewage treatment projects

NIS 850 million
for energy efficiency projects

5. Balances as of December 31, 2024; balance sheet and off-balance sheet.

6. Of which, approximately NIS 6.53 billion for renewable energy projects in the Corporate Banking Division and in the bank's activities outside Israel, and approximately NIS 769.6 million for solar-energy systems in the Retail Banking Division.



Financing for renewable energy

The State of Israel has set a goal of increasing electricity production based on renewable energy to 30% by 2030.⁷ We accord high importance to assisting and supporting the transition to renewable energies in the Israeli economy. The bank has provided financing for the construction of a range of projects, including:

- ◆ **Solar energy** – Financing of large projects for customers of the Corporate Banking Division, to build solar-energy facilities and systems nationwide and overseas. The projects, on a scale of dozens of megawatts each, include photovoltaic and thermosolar power plants (at Ashalim), agrovoltaic systems at agricultural farms, and photovoltaic systems installed on water reservoirs. The bank also grants credit to private and business clients of the Retail Banking Division for the installation of small and mid-sized solar-energy systems, mainly on rooftops.
- ◆ **Wind energy** – Financing for the wind farms Emek Habacha and Bereshit in the Golan Heights, at a total installed capacity of approximately 316 megawatts, and financing for wind-based electricity production projects in Europe and the United States.
- ◆ **Geothermal energy** – Financing of geothermal energy production projects outside Israel, including in developing countries, such as Guatemala and Honduras.

Financing for energy efficiency

The bank has provided financing for several energy efficiency projects, including construction of a pumped-storage power plant with installed capacity of 340 megawatts, electricity storage facilities, business-sector projects for energy consumption efficiency and savings, and infrastructure projects of local authorities.

Dedicated loans for private customers and small businesses to finance purchases and installations of solar-energy systems

Rate Regulation is a state initiative allowing households, farmers, and businesses to install solar-energy systems for the production of electricity, for their own use or for sale at a predetermined price to the Israel Electric Corporation. The bank identified this initiative as an opportunity for the creation of shared value – for customers, through lower electricity costs and an additional source of income; for the environment, through the promotion of green energy; and for the bank, through its credit solutions. The bank therefore offers its private and small-business customers loans dedicated to financing the acquisition and installation of solar-energy systems, at up to 100% financing, with preferred terms. In 2024, we continued to offer financing for the installation of solar-power systems to potential customers, including farmers and farm owners. The balance of credit granted by the bank to private customers and small businesses for the installation of solar-power systems was approximately NIS 769.6 million in 2024.⁸

7. At the end of 2023, actual consumption of electricity generated from renewable energies in the Israeli energy market reached 12.5% of electricity consumed in that year. From: "Renewable Energies in Israel: Status of Attainment of the 2030 Roadmap," Knesset Economics Committee, November 2024.

8. Of which, approximately NIS 755 million for small businesses and NIS 14.6 million for private customers.

Financing for clean transportation

Traffic density on Israeli roads is the highest in the OECD,⁹ leading to significant pollution. The bank has financed several projects promoting mass transit and clean transportation, such as the construction and expansion of the light-railway project in Jerusalem (the Green Line) – an electric train used by about 160,000 passengers daily, which contributes to the reduction of air and noise pollution, and is expected to help achieve a 15% reduction in motor-vehicle use in Jerusalem by 2030.¹⁰ The bank has also taken part in financing additional clean-transportation projects, including the construction and operation of the light railway in Tel Aviv (Green Line), electric vehicle rentals, and several projects involving the sale and installation of electric vehicle charging stations.

Financing for green building

The Israeli green building standard (Israel Standard 5281) was introduced in 2005, with the aim of reducing the negative impacts of construction processes and building usage on the environment by converting construction waste into usable materials, to help promote a circular economy. As of March 2022, the standard is gradually being applied as a binding requirement for about 90% of new construction in Israel. Construction in line with the standard is expected to reduce greenhouse-gas emissions from buildings, and cut back electricity consumption by approximately 21%.¹¹ According to estimates by the Ministry of Environmental Protection, a leap in the scope of green construction is expected in Israel, which will help address climate change both by cutting back greenhouse-gas emissions and by strengthening and adapting buildings for climate change.¹² The bank has financed several residential and commercial construction projects across Israel based on Israeli and international green building standards.

9. Based on estimates in the State Comptroller Report, "The transportation crisis in Israel, 2019."

10. Based on the vision and methodology of the Jerusalem Transportation Master Plan Committee.

11. From a comparative survey on electricity consumption in green and standard apartments by the Ministry of Environmental Protection.

12. From an opinion statement by the Ministry of Environmental Protection: "Green building as a tool for adapting to climate change and promoting a circular resource economy, 2021."

13. From the Ministry of Environmental Protection policy document, "Waste strategy 2020, 2030."

14. From the Smart-Waste project website.

Financing for waste treatment

The waste industry in Israel lacks high-quality treatment infrastructure and has high landfilling rates and low recycling rates relative to the OECD countries. Reducing waste generated per capita and converting waste into a resource, based on the waste-management hierarchy, are the foundations of the Ministry of Environmental Protection's strategic vision.¹³ In 2024, Bank Hapoalim provided financing for a range of waste-treatment projects, including the following:

- ◆ Collection of waste separated at source and transportation of waste to recycling facilities;
- ◆ Advanced sorting facilities for mixed solid waste not separated at source, to increase waste recycling rates and decrease landfilling;
- ◆ Recycling sites;
- ◆ Composting sites;
- ◆ Biogas-fueled power plants;
- ◆ Energy recovery and refuse-derived fuel production facilities.

The bank has financed several urban waste sorting and treatment projects that generate electricity from biogas, including Zero Waste, an urban waste treatment facility adjacent to the Shafdan Wastewater Treatment Plant, with capacity for at least 1,000 tons of waste per day. When completed, the facility will treat about 400,000 tons of mixed urban waste annually, sorting it into organic waste, plastics, paper, and metals, and reduce waste landfilling by approximately 50%. After sorting, the organic waste will be treated through anaerobic digestion to generate agricultural fertilizer and biogas for electricity production, with capacity of approximately 12 megawatts.¹⁴

Financing for water and wastewater treatment

The State of Israel has coped with water shortages for years, due to factors including scarce precipitation and dwindling natural water sources.¹⁵ Given Israel's geographical location, the climate crisis exposes it to harm to its natural water sources and water quality; Israel has a high level of water risk that may continue to worsen.¹⁶ Water desalination is one method of generating new water from existing water resources, and is now the source of most of the water supplied to households in Israel. The bank has financed desalination projects at Palmachim, Hadera, Sorek, and Ashkelon, as well as the planned desalination plant in the Western Galilee, designed for a capacity of 100 million cubic meters of water. The desalination plants use the sea water reverse osmosis (SWRO) method, and have high energy efficiency compared

with other plants around the world. Today, the volume of desalinated water derived from projects where the bank has taken part in financing is approximately 600 million cubic meters per year.

Other methods of optimal utilization of existing water sources include sewage treatment, and use of the treated wastewater and sludge for agricultural purposes; water purification using biological means; and construction of water reservoirs to make wastewater and floodwater usable through water treatment and recovery for irrigation. In 2024, the bank provided financing for water and wastewater treatment projects including the following:

- ◆ High-efficiency delivery of water and sewage services;

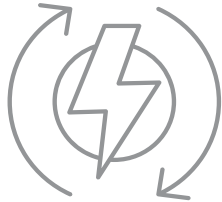
- ◆ Wastewater treatment facilities with output water quality allowing irrigation and unlimited discharge into rivers;
- ◆ Cleantech ventures creating solutions for water supply, irrigation, purification, and conservation, including in developing countries.

The bank is also one of the financiers of the project for the expansion and upgrade of infrastructures at Igudan, which is developing and adapting the sewage infrastructures of the Dan Region for future needs and expected population growth. The Shafdan (Dan Region Wastewater Treatment Plant), part of the Igudan infrastructure, currently provides about 130 million cubic meters of treated water for agriculture, and approximately 70% of the water consumed by agriculture in the Negev region.¹⁷

Green investments

In addition to encouraging responsible investment among its customers, the bank includes ESG considerations in its own proprietary portfolio by investing in ETFs tracking global equities with high ESG ratings and in renewable energy equities. As part of our commitment to the global effort to cope with the climate crisis, in early 2022 the bank made the decision to gradually reduce holdings in coal and oil companies in its proprietary portfolio, so that no such companies are included by the end of 2026. The bank also performs impact investments in companies promoting social and environmental values through its subsidiary Poalim Equity.

NIS
500
million



Total exposure to renewable energy companies¹⁸ and projects in Israel and overseas through Poalim Equity, the non-financial investment arm of the bank

15. From a report by the Knesset Research and Information Center: "The Water Economy in Israel – Key Issues, 2018."

16. From the Report on National Preparedness to Adapt to Climate Change, Office of the State Comptroller, 2021.

17. From the Igudan project website.

18. Book cost and balance to be invested as of December 31, 2024.

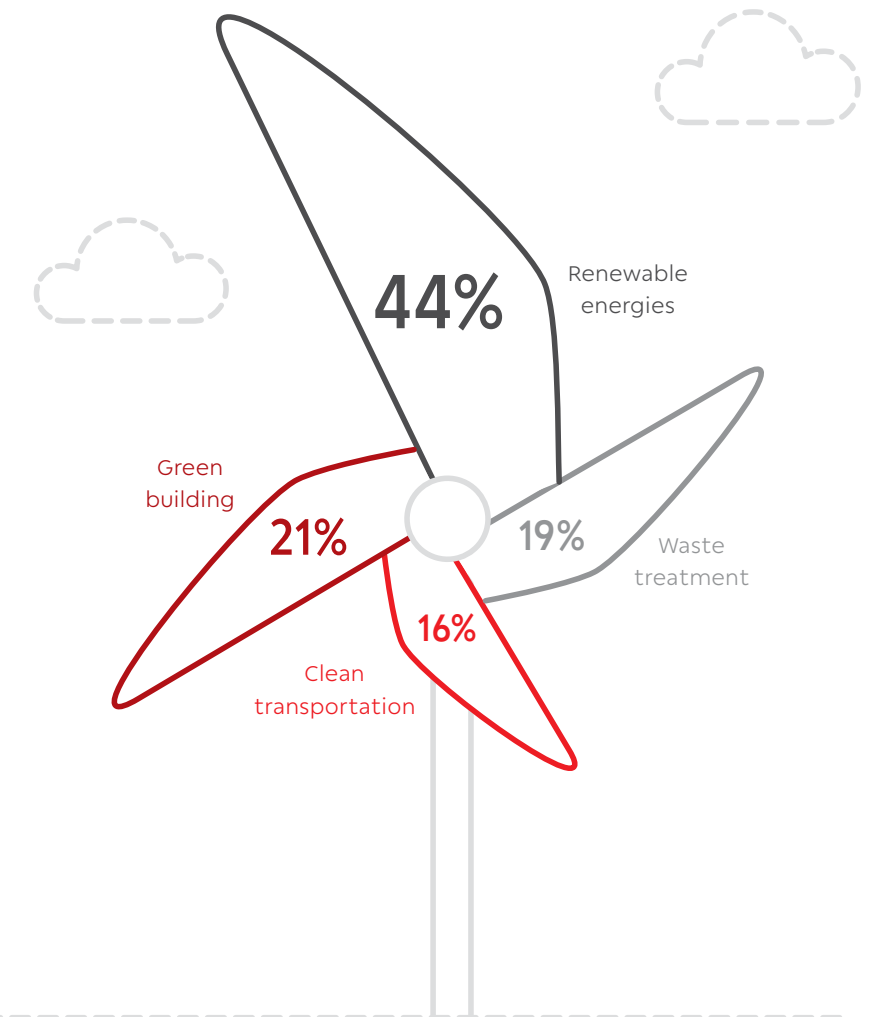
Green bond issuance

In October 2021, Bank Hapoalim issued green CoCo bonds, for the first time in Israel, in an international private offering. The bond issuance was based on the ICMA Green Bond Principles (GBP).

Issued at a value of USD 1 billion, the bonds drew high demand from local and international institutional investors.

The sustainable finance framework established for the bonds specifies, among other matters, the types of projects that can be financed or invested in through the bonds in the selected categories – renewable energies, waste treatment and recycling, electric transportation, green building, and energy efficiency – and describes the allocation process and impact metrics.

Two years from the issuance, we completed the allocation of the full amount raised through the bonds – USD 1 billion – to green projects, in the following categories:



267,410 ton
CO₂e per year

The bank's estimated share of avoided emissions as a result of the financing of these projects. The impact assessment analysis was based on international measurement methodologies (CDM, PCAF).

For further details, see the [Green Bonds Impact Report](#) on the bank's website.

ESG investment advisory services

ESG investments have gained momentum worldwide in recent years, and trends indicate continued sustained growth. Awareness in this area is rising among institutional investors in Israel as well; it has also gained recognition from regulators in this field over the last two years. As early as 2019, Bank Hapoalim chose to promote this approach to its customers both by adding ESG considerations to investment advising processes and by developing ESG-based financial products and services.

Holistic ESG investing advisory services for private customers

In 2019, we introduced responsible investment advising processes within our financial investment advising services. During investment advising sessions, the bank offers interested customers recommendations for investments

in global equities and bonds of companies with high ESG ratings and exchange-traded funds with an ESG focus. In 2024, we added recommendations of stocks traded in Israel with high ESG ratings to this process.¹⁹ These parameters are included in advisory sessions for customers who have stated during the process of exploration of their needs that they are interested in applying ESG considerations. In 2025, we will begin to include ESG ratings of Israeli mutual funds²⁰ in the financial advising process. We will also be able to inform interested customers of responsible investment ratings of provident funds, study funds, and new pension funds,²¹ for the first time in Israel.

As part of the implementation of ESG investment advising processes, we are providing suitable professional training to all of our financial advisors, led by the bank's research and advisory unit.

Aiding and supporting the climate-tech industry in Israel

Accelerating the transition to a low-carbon economy to address the climate crisis requires technological innovation above all. The climate technology ecosystem in Israel is growing rapidly, reflecting the global momentum in this field. We accord great importance to support for the domestic climate-tech industry, through a wide range of financial and banking services, delivered through Poalim Tech; investment in venture-capital funds that invest in startups in this field through Poalim Equity, which handles the bank's non-financial investments; and collaborations with selected players in this ecosystem.

In 2024, we supported several processes:

- ◆ **The climate-tech section of the 8200 Impact accelerator** – A non-profit organization operates the 8200 Impact accelerator program, which provides guidance to startup companies developing advanced technological solutions to social and environmental problems. In three annual sessions of this program, we provided guidance to fourteen startups in the climate industry.
- ◆ **Energycom Investor Club** – An energy innovation community, founded at the initiative of the Ministry of Energy, the Israel Innovation Authority, and Eilat-Eilat. The bank is a sponsor of the investor club, aimed at bringing entrepreneurs of startups working on innovative climate and energy solutions together with potential local and international investors. Two investor conferences were held as part of this program in 2024, presenting twelve energy and climate startups to investors.
- ◆ **The largest climate-tech conference in Israel** – The bank sponsored a conference by PLANTech again in 2024.
- ◆ **Good Company** – The bank sponsored a mission-driven venture-capital fund focused on sustainability solutions. The bank participated in pitch events for companies in the fund's accelerator program and provided individual professional guidance to the startups.
- ◆ **Safe Space Sderot Incubator** – In collaboration with the Sderot Development Foundation, and with the leadership of Nature Growth, the bank supported the establishment of a hub for startups and small businesses from the Sderot region and towns in the Western Negev, to help them restore operations affected by the war and support them as they resume routine activities.

19. ESG ratings of companies in and outside Israel are by Bridgewise, based on S&P CSA analyses.

20. ESG ratings for mutual funds by Index-Entropy.

21. Responsible investment ratings by ENVA weigh in each fund's rate of exposure to companies with negative social impact and/or companies whose activity is exposed to heightened transition risks, based on selected screening categories.



Carbon sequestration and biodiversity preservation

As part of its commitment to reducing emissions in its operations, and its ambition to promote Israel's emerging carbon-credit trading arena, Bank Hapoalim supports several projects seeking nature-based solutions to reducing greenhouse-gas emissions:

- ◆ **The Amud project in Kfar Ruppin**, for biodiversity rehabilitation and carbon sequestration through rewetting and wilding, by the company Terra, the Society for the Protection of Nature in Israel, and Kibbutz Kfar Ruppin. The water supply for the project is part of the Water for Nature program of the State of Israel, in which water is restored to nature. Rewetting leads to the growth of extensive plant mass, carbon sequestration in the ground, and rehabilitation and recreation of humid ecosystems and habitats for various species; specifically, it creates a stopover site for migrating birds. The recreation of wetlands through rewetting is one of the biological methods to sequester carbon, in which carbon is removed via photosynthesis. This makes it possible to form a natural system for long-term quality sequestration of carbon, estimated at more than a thousand tons CO₂e in the

first year and about 500 tons CO₂e annually, on average, in the five years of the project. The program also leads to significant avoided emissions of greenhouse gases, due to the cessation of intensive polluting agriculture, and provides an alternate source of income for farmers in the form of climate agriculture. The Society for the Protection of Nature in Israel, which is monitoring the impact of the project, has reported sightings of more than 200 endangered birds within the area of the project. Oversight and certification for the activity is provided by Verra, the leading accreditation institute in this area, based on the VCS standard. The bank will receive a **carbon credit of 103 tons CO₂e** for its support of this project.

- ◆ **Milopri** – An innovative agriculture project involving carbon credits at Milouot avocado farms, executed by We-Agri, in partnership with the Sustainability Economic Development Corporation of the Nibbana Group. Nineteen kibbutz-owned avocado farms with a total of 4,500 acres, mostly in northern Israel, market their produce through the Milopri packaging plant. Approximately

90% of the project's carbon credits stem from carbon adsorption and sequestration through sustainable agriculture practices, such as growing service crops between rows of trees; managing pruned foliage, including for bio-char production; and more. Other carbon credits are based on avoided emissions in the project due to the reduced use of fertilizers derived from synthetic nitrogen and the use of environment-friendly, fuel-saving tools. All of the farms participate in the Mish'arei Sadeh project, aimed at restoring ecological balance and increasing biodiversity in agricultural plot margins. The project will undergo certification under the Verified Carbon Standard by the international standards organization Verra during the first half of 2025, and is expected to generate approximately 11,000 nature-based carbon credits annually for the farm owners near Israel's northern border and in the Otef Aza region. The bank will receive a **carbon credit of 500 tons CO₂e** for its support of this project.

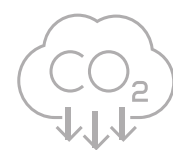
◆ **Shachar Tishlovot**, a facility specializing in food industry waste treatment and recycling. Support for the project is provided through Oporto Carbon, an Israeli carbon emissions trading company. **The bank has purchased carbon credit certificates of 2,500 tons CO₂e.** The carbon credit certificates are produced through a process consisting of several stages, including examination of the baseline scenario and the project scenario, the incremental avoided emissions, and congruence with the GHG Protocol methodology. The certification process for the project is performed by the accounting firm BDO; data are verified and validated according to the assurance standards ISO-14064-3 and ISAE 3410. The carbon credit certificate is accredited under the AA1000 standard by the international standards organization AccountAbility. Legal examination of the project is performed by the law firm Herzog Fox & Neeman.

◆ **Terra Santa**, a project in the Hula Valley helping farmers in northern Israel whose livelihoods have suffered due to the war. Participating farmers convert non-yielding agricultural land into ecological systems that restore biodiversity, sequester carbon, and provide an alternate source of revenue. The project is being run by the Israeli company Terra, with the Kibbutz communities of Amir, Dafna, and Ayelet Hashahar, in cooperation with the Society for the Protection of Nature in Israel. The project has contributed to the growth of extensive plant mass, carbon sequestration in the ground, and rehabilitation and recreation of humid ecosystems and habitats for various species; specifically, it creates a stopover site for migrating birds, including endangered species. Restoration of wetlands is one of the biological methods for carbon sequestration

through photosynthesis, and also prevents significant greenhouse-gas emissions by discontinuing polluting agricultural practices. Oversight and certification for the activity is provided by Verra, the leading accreditation institute in this area, based on the VCS standard. **The bank will receive a carbon credit of 120 tons CO₂e** for its support of this project.

◆ **Foundation of the first carbon plantation in Israel and in the Middle East** - a plantation of pongamia trees able to grow in a desert environment due to their low water needs, which help absorb carbon dioxide. The bank received a carbon credit of 100 tons for this project (for further information, see page 112 of the bank's ESG report for 2021).

To clarify, the bank has not used carbon credits in calculating its overall carbon footprint at this point; we will consider whether to do so in the future, after all of the certifications are received from the accreditation providers.²² We are also continuing to work to reduce operational emissions at source, to the extent possible, as part of our efforts to attain the bank's goal for 2030.



3,323
tons CO₂e

**total carbon credit at
the bank's disposal from
investment in carbon
sequestration projects**

Climate-related training and instruction

To raise employees' awareness of climate issues, we have started to include this topic in our annual training programs. Over the last two years, more than 30 training programs for bank units have covered global ESG trends and climate issues, with an emphasis on regulatory developments, economic impacts of the climate crisis, and the bank's ESG strategy. The programs also address climate risks, presenting risk factors and the bank's activities in this area.

As part of the preparations for implementing regulation and embedding climate aspects in a wide range of business processes at the bank, an outline was created in 2024 for a long-term, cross-division learning program. The goal is to expand the knowledge of relevant professionals at the bank in this area and provide them with practical tools for embedding climate considerations in processes they oversee and in financial decisions.

ESG questionnaire for supplier selection

In 2022, we designed a questionnaire to assess the extent of implementation of ESG aspects by our suppliers. For further information, see page 184, in the section "Embedding ESG principles in supplier agreements."

Climate risk factors

Like leading banks around the world, Bank Hapoalim sees the climate crisis and its various ramifications as a risk factor that integrates with and intensifies the traditional risks managed by the bank – credit risks, liquidity risk, market risk, operational risk, reputational risk, etc. In accordance with common practice, we divide climate risk factors into physical climate risks, arising from the direct effects of extreme climate events and gradual climate changes, and transition risks arising from the global transition to a low-carbon economy. Each of these categories encompasses a range of specific risk factors that have various effects on the risks traditionally managed by the bank.

In 2024, the bank completed a comprehensive process mapping the interchange between climate risks and each of the traditional risks managed by the bank, and assessing the potential effect of climate risks on each of these categories in different timeframes. According to the mapping, the key risks affected by climate risk at Bank Hapoalim are credit risks, investment risks, and reputational risks. Within credit risks, corporate credit in and outside Israel is expected to be affected more significantly than retail housing credit (mortgages) and non-housing credit (primarily small and mid-sized businesses).

Physical climate risks

Physical climate risks are risks of harm to people, property, land, or infrastructures due to extreme climate events and changes

in ongoing climate patterns. These risks may impair the value of financial assets and liabilities. The risks are usually divided into two types: severe, localized risks of acute events such as floods and fires; and chronic risks, such as a continuous rise in sea level or change in precipitation patterns. While acute risks are already relevant to the bank in the short term, the intensity and frequency of such risks is expected to escalate in the medium and long term, at a different pace in each climate scenario. Chronic risks are a threat to the bank in the long term, depending on the relevant climate scenario.

These risk factors may take various forms, heightening risks managed by the bank, particularly financial risks. Credit risk could be affected by physical risks through possible harm that customers of the bank may suffer due to these risks. Investment risk is also expected to be affected by physical risks through harm to companies in which the bank invests, and due to the potential short-term effect of extreme climate events on government bonds. Liquidity risk is not expected to be substantially affected by physical risks, in view of the structure of the Israeli banking market and other factors.

Beyond the rising risk of direct physical damage to assets of the bank and its customers, physical risks may also increase the indirect operational risk faced by the bank and its customers due to supply-chain disruptions and impaired business continuity. Physical risks may also affect the relevance of bank customers' products – for example, a construction materials company may need to modify

its products for resistance to different weather conditions, or a fertilizer company may have to adapt products to anticipated changes in agricultural land structures due to climate change – thereby increasing financial risks for the bank.

In examining the physical risk factors that are material for the bank, we considered Israel's unique characteristics, in terms of its climate patterns and geographical location. In 2021, the Ministry of Environmental Protection issued its first report on Israel's preparedness for climate change, written by a multidisciplinary team of experts. Four key climate trends expected in Israel due to climate change are identified in the report: hotter, drier, more extreme, and higher.²³ The material risk factors identified at the bank illustrate these trends.

The key physical risk factors for the bank's customers, who mainly operate in the Israeli economy, were derived from these climate trends. The key chronic risk factors are rising sea level, rising average temperature, decreasing total precipitation, and damage to natural water sources and land quality (including gradual erosion of the coastal sandstone ridge). The key acute risk factors are flooding and floods, heat waves, and fires. For further information about physical risk factors, see pages 129-131 in the bank's 2023 ESG report.

22. When the credit is used, the total carbon available to the bank will be deducted from its carbon footprint.

23. [Government of Israel, Climate Change Preparedness Report, April 2021.](#)



Transition risks

Risks of transition to a low-carbon economy are risks arising from the global and local fight against climate change, encompassing the transition from an economy based on burning fossil fuels to a low-carbon economy. The global and local process of adapting to a low-carbon economy may, among other effects, disrupt the business or operational models of companies and business organizations, creating exposure to transition risks for financial entities.

Transition risks may have material effects on the activity of the bank and its customers, and serve to intensify the traditional risks managed by the bank. In accordance with the prevalent classification, the bank considers transition risks in four categories: policy and regulatory; technological; market; and reputational.

Policy and regulatory risks – The extent of climate regulation and enforcement has

grown in recent years, in Israel and globally. This regulation, primarily the carbon tax, poses a significant business risk to customers of the bank whose activities are considered emission-intensive, directly or indirectly. Regulatory involvement and policy changes related to climate change may also increase climate-related legal and compliance risk, for both the bank and its customers.

Technological risks – Technological risk arises from new technologies created to support the transition to a low-carbon economy. The effect of this risk factor on the activity of the bank's customers may take the form of a decrease in demand for existing products and services as they are replaced by low-carbon alternatives. Concurrently, innovative low-emission manufacturing technologies may entail high transition and adaptation costs for various companies. The materialization of this risk increases the bank's exposure

to a range of risks, particularly credit and investment risks, and possibly also operational risk in the long term, due to the anticipated technological changes to the bank's own operational systems.

Market risks – Market risk in the context of climate change mainly arises from unpredictable changes in supply and demand, primarily due to changes in consumers' and investors' behavior, uncertainty surrounding market forecasts, and higher prices of raw materials affected by climate risks (including changes in prices of energy and water, depletion of various raw materials, and more). This risk factor has a direct effect on the bank's credit risk and investment risk.

Reputational risks – Reputational risk is the risk of damage to the brand value of the bank or its customers due to their involvement in activities harmful to the

global effort to cope with the climate crisis or to the transition to a low-carbon economy. This risk factor may also affect the bank's credit risk and investment risk through harm to borrowers and investment targets. The risk may also affect the bank's financing costs as well as its long-term strategic risk.

Transition risks may be material for the bank beginning in the short term, and are expected to gain further power in the medium and long term, depending on the extent of global adoption of policies to reduce carbon emissions and the actual implementation of such policies. Many aspects of transition risk have already started to take shape, such as technological developments that reduce the business feasibility of companies whose activity is based on the fossil-fuel value chain, or the imposition of local and global regulation to combat climate change.

Resilience of financial activity - climate scenario analysis

Sensitivity analyses and stress tests have become increasingly important tools for the global financial system over recent years, for every aspect of preparation for the climate crisis. One of the main reasons is that climate risks differ from other risks managed by the bank, in that there is a lack of relevant historical data from which to learn. These analyses can help the bank examine the effects of a range of scenarios simulating future climate conditions and the ways they develop, draw conclusions regarding the effects each scenario may have on its financial activity, and make strategic and business decisions accordingly.

We completed our first run of two climate scenario analyses in 2023. The analyses assessed the exposure of the bank's credit portfolio to different climate scenarios:

1. Acute physical risk scenario – A scenario was selected to examine the extent of the exposure of the housing-loan portfolio and the portfolio of business loans secured by real estate to an event of exceptionally powerful flooding in Israel. In preparing to run the scenario, the bank gained greater capabilities

for using geographical data for deep analysis of climate risks, including through the integration of asset and collateral maps with prevailing maps of climate risks in Israel.

2. Transition risk scenario – A scenario of orderly, successful transition to a low-carbon economy by 2050 (Net Zero 2050 – orderly transition) and a scenario of successful but disorderly transition (Divergent Net Zero) were selected. The scenarios are based on two of the central scenarios of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), and are consistent with the TCFD recommendations. These scenarios are also relevant to the recent guidelines from the Federal Reserve concerning scenario analysis pilots held with the six largest US banks.

As these analyses are the first of their kind in Israel, we faced methodological challenges involved in adapting the assumptions of the international models to the Israeli financial system, as well as difficulties in gathering comprehensive, reliable data on forecasts for the

materialization of physical climate risks. Accordingly, the analyses are based on various assumptions at differing certainty levels, modification of which would lead to different results. We believe that as the quality and availability of information improve, it will become possible to improve the quality and accuracy of the model infrastructure we have designed at the bank and obtain greater precision and quality in our analyses.

The bank aims to continue to build on this initial exercise to further enhance its analytical capabilities in relation to climate scenarios, in line with regulator guidelines. In 2024, the bank continued to use internal processes and work with leading international experts to examine the best ways to further develop its capabilities in this area and which more comprehensive and varied scenarios it should run, according to the maturity level of the Israeli market and the quality of the available data. Accordingly, this year the bank did not update the scenarios applied in 2023. For details regarding the scenarios and their results, see the 2023 ESG report, pages 133-135.



Climate risk management

Climate risk management in the financial system, particularly the banking system, is a new and evolving field encompassing a broad range of inherent risks that affect many aspects of the economy through various vectors. Unlike other risks managed by banks, climate risks can materialize over a far longer range than the banks' customary business planning horizons, and are characterized by substantial uncertainty. Moreover, as many of the climate risks have not materialized in the past, innovative and unique tools are needed to identify and prepare for these risks.

Climate risk management requires the bank's risk-management system to be adapted and methodologies to be designed specifically for the identification, assessment, hedging, and monitoring of material climate-related financial risks.

Climate risk factor detection, assessment, and management processes

Climate risks may constitute significant risk factors for the bank, affecting the traditional risk categories for which formalized management practices are in place. Since the first quarter of 2021, the bank has included environmental risk, with an emphasis on climate risk, in the list of emerging risks to which the bank is exposed in its annual report [\(for further information see the section "Top and emerging risks" in the bank's annual financial report\)](#).

To assess its exposure to climate risks in both the short and long term, the bank is continuing to develop and enhance its methodologies and tools for the identi-

The bank has started to build these processes over the last few years. This work entails coping with a range of challenges, such as the availability and quality of relevant climate data and the shortage of statistical information of the kinds used in other financial risk management processes.

In line with the accepted approach and practice in the global banking industry, we see climate risks as risk factors that enhance the risks traditionally managed by the bank; we therefore aim to integrate climate risk factors into the bank's existing frameworks for managing the various risks. The bank is currently focused on integrating climate risk factors with frameworks for managing the various risks, in accordance with the new regulation from the Bank of Israel (Proper Conduct of Banking Business Directive 345, "Principles for Effective Management of Climate-Related Financial Risks"), the materiality of the potential effect of climate risk on the various risks, and business needs.

Bank Hapoalim was the first bank in Israel to begin restricting exposure to climate risks, as early as 2022. At that time, the bank decided to stop new financing and investments in coal and oil exploration and production projects (excluding support for the needs of the Israeli energy sector). A decision was also made to gradually scale back holdings in companies engaged in coal and oil activities in the bank's proprietary portfolio, to zero by the end of 2026. Beyond these initial limits, the bank has continued to improve its risk identification and assessment capabilities; a leap forward was achieved in this area in 2024, with the expansion of the range of tools available for identifying, assessing, and analyzing risks at the level of the individual borrower and at the portfolio level.

fication of these risk factors within each of the traditional risk categories, to allow the management of the risks. However, at this stage it is too early to estimate the scope of the effect of these risks on the bank in the long term. The following table presents examples of the ways in which climate risk factors may affect the bank's traditional risks and the bank's actions to manage the risk.

As part of the bank's preparations to implement the Proper Conduct of Banking Business Directive on climate risk, in 2023 the bank planned a comprehensive risk survey to study the potential impacts of climate risks on the various risk categories

and assess the extent of their effect on the bank in the short, medium, and long term. The survey addressed the traditional risks managed by the bank – credit (by segment), market (with an emphasis on investment risk), liquidity, operational (with an emphasis on business continuity), reputational, strategic, compliance, regulatory, and legal. The analysis was completed in early 2024. The materiality of climate risk in reference to each traditional risk category was mapped, based on the conclusions of the survey, and the bank formulated its approach towards integrating climate risk into various risk-management frameworks as a relevant risk factor.

Examples of possible effects of climate risk factors on the traditional risks at the bank

Risk	Definition	Example of effect of climate-related physical risk factor	Example of effect of climate-related transition risk factor
Credit 	Credit risk is the risk that borrowers may fail to meet their obligations to the bank under a credit agreement. As the credit portfolio is a key component of the bank's asset portfolio, deterioration in borrowers' stability may have an adverse effect on its asset value and profitability.	A decrease in the value of collateral securing credit granted by the bank, as a result of physical climate events that may damage borrowers' assets (causing an increase in LGD) and their business activities, and impair their ability to meet their obligations to the bank (which would lead to an increase in PD).	Damage to borrowers' profits as a result of an increase in their operating expenses, due to the imposition of a carbon tax or other costs related to the reduction of emissions, impairing their ability to meet their obligations to the bank (an increase in PD).
Market and investment 	Market risk is the risk of loss or decline in value as a result of change in the economic value of a financial instrument, or of a portfolio of assets/instruments, due to changes in prices, rates, yields, spreads, and other market parameters. Investment risk arises from exposure to the stock market, credit spreads, and credit risk in bond and stock markets in the banking book of the group.	Increases in prices of various commodities and raw materials due to extreme climate events, leading to impaired ability to produce and transport the commodities over a certain period.	Decline in value of the bank's holdings in securities of companies in the fossil-fuel sector value chain, as a result of global regulation restricting their activity and a decrease in consumers' demand for their products due to rising public awareness of climate issues.
Operational 	Operational risk is defined as the risk of loss that may arise from failed or faulty internal processes, human actions, system malfunctions, or external events.	Physical damage to the bank's assets and infrastructures, shutdown of infrastructures essential to the bank's operational continuity, and harm to the activity of essential suppliers, as a result of extreme climate events.	Rising operational expenses due to the need to relocate branches to green buildings, in accordance with customers' expectations.
Regulatory 	Regulatory risk refers to regulatory directives that have not yet taken effect, and takes two main forms: ◆ Lack of preparation or partial preparation for the implementation of a binding regulatory directive. ◆ A more severe regulatory burden that may impair the bank's ability to realize and maximize its business goals and/or may entail complex and prolonged implementation and require resource-intensive technological and other investments involving considerable costs.	A heavier regulatory burden on the bank as a result of future regulatory requirements in reference to the bank's preparedness to ensure operational continuity in extreme climate events.	Imposition of regulation requiring climate risks to be included in the bank's credit risk management processes, reducing the extent of credit that the bank can grant to its customers.
Reputational 	Reputational risk is defined as present or future risk of damage to income or capital as a result of a negative image in the eyes of the bank's stakeholders.	Customer desertion and failure to recruit potential customers for whom ESG is a selection criterion.	Rise in exposure to reputational risk at the bank due to financing of or investment in a company operating in an emission-intensive industry.

In late 2021, the Risk Management Division of the bank formulated a multiannual work plan to establish practices for managing climate risks in credit, based on current global practices, and to methodologically embed climate risks in the other relevant risk categories managed by the bank. The plan serves as a road map for climate risk management at the bank and provides a working framework, evolving according to the developments in climate risk management in the banking industry. Within the new regulation on climate risk management, in 2023 the bank updated its work plan in line with the requirements of the Proper Conduct of Banking Business Directive as they pertain to each of the traditional risk categories routinely managed by the bank. The bank has started to implement this work plan, working with experts from an international consulting firm providing guidance to the bank on the comprehensive process of integrating climate risks with the overall risk-management framework, as required by the Proper Conduct of Banking Business Directive, and integration with the relevant specific risk-management frameworks.

1. Identifying and assessing climate risks in corporate credit

In line with the bank's view of the impact of climate risks on its corporate credit risk, in 2024 the bank designed a comprehensive methodology for the identification and assessment of climate risks in corporate credit at the individual borrower level. The identification and assessment method is aimed at enabling professionals, such as analysts and customer relationship managers, and decision-makers at the bank to actively and effectively embed climate-risk aspects in decision-making processes involved in analyzing and granting credit to individual customers, based on recognition of the effect of these risks on the borrower's financial robustness. The processes are aligned with the current maturity level of the Israeli economy in relation to climate issues and its characteristics; our aim is to develop the methodologies as global practices evolve and the Israeli market's maturity level rises. The processes consist of several stages: assignment of inherent risk, assessment of residual risk, and integration with decision-making processes.

A. Assigning inherent risk

The process of identifying and assessing exposure to climate risks in the bank's corporate credit portfolio is based on the categorization of Corporate Banking Division clients by business activity, according to their assignment to economic sectors.

The economic sectors were aggregated into fifteen clusters with similar climate risk profiles, based on in-depth analysis of climate risk factors to which clients in each economic sector or cluster are exposed. The material climate risks typical of each cluster were identified, and a default inherent risk score was assigned to the cluster. The inherent risk score is based on analysis of the characteristics of the sectors and the Israeli market, taking into account the intensity of the risk in the event of materialization and the probability and timeframe for risk materialization. For data on the inherent climate risk exposure profile of the corporate credit portfolio, see page 60.

B. Assessing residual risk

The inherent risk score is the default score for customers that belong to a particular cluster, but may not reflect the risk level of an individual client, which could be lower due to various risk management practices or unique business attributes. The bank designed a series of questionnaires to assess individual client risk levels, used to gather information about the client's exposure and achieve a more accurate risk assessment.

The bank sent the questionnaires to dozens of customers for the first time in 2024, and will continue gradually sending them out to customers in 2025, according to a

materiality threshold.

C. Integration with decision-making processes

The results of the questionnaires will be analyzed by professionals at the bank, and included – as necessary and relevant – in credit applications and analyses, to allow climate risk considerations to be integrated with the bank's credit decisions. Analysts will use the results of the analysis to consider recommending that decision-makers apply various means of hedging climate risks that have been identified at the client level.

An opinion by the head of the ESG Unit will be included in underwriting processes for material new credit transactions (based on a specified materiality threshold). Providing these opinions is part of the unit's first-line oversight role, along with monitoring of potential impacts on the attainment of the bank's climate strategy and on its reputation in the context of ESG issues and climate risk management.

The bank has established sector-level limits in its credit policy that prescribe avoiding financing of companies engaged in coal and oil activities (excluding support for the needs of the Israeli energy sector) and the construction of new coal-fired power plants.

D. Corporate credit risk outside Israel at BHI (Bank Hapoalim International)

The bank's corporate credit activities in the United States, through its New York office, are also exposed to climate risks. In 2024, the bank began adapting the methodologies and tools built for corporate credit in Israel to the specific characteristics of its financing activities in the United States, in terms of the focus of portfolio customers' business profile, the physical risks relevant to the geographies where they operate, and the main exposures to transition risks, taking into consideration the level of awareness and maturity on climate issues in the American market. The process of embedding climate risk aspects in the bank's lending activities in the United States is planned to begin in 2025.

2. Identifying and assessing climate risks in housing credit

Climate risks are emerging risks; their impact is expected to grow over the years. Physical risks, which are more significant for housing loans, are expected to intensify, especially in the event of failure to resolutely carry out an international policy for fighting climate change and its consequences. Housing loans, which involve credit for very long periods, therefore have heightened exposure to climate risks. As part of its preparations to implement Proper Conduct of Banking Business Directive 345, in 2024 the bank designed an advanced methodology for assessing exposure to climate risks in the housing credit portfolio, taking into consideration the specific location of every mortgaged property.

To assess climate risk, the main risk factors expected to affect mortgaged properties in Israel were mapped. This process focused on physical risk factors, due to their substantial effect on property values, operation and maintenance costs, and insurance prices. In view of the characteristics of the Israeli housing market, transition risks were assessed by the bank as having a negligible effect on credit risk, at least in the foreseeable future, and were not included in the methodology.

The methodology examines the extent of the potential effect of various types of physical risks on different geographical areas in Israel, with high resolution. Types

of physical attributes of properties were specified that can reduce exposure to inherent regional risk, allowing the bank to assess the risk level of each property and the overall risk level of the portfolio.

In the absence of an official national assessment of physical risk levels over different timeframes and regions at high resolution, the bank relied on available data and estimates to formulate its model. When authorized agencies in Israel issue full, accurate, relevant climate estimates, the bank will aim to adapt its methodology and fine-tune its measurement capabilities.

3. Identifying and assessing climate risks in credit for small businesses

Climate risks are also likely to affect small and mid-sized businesses that receive credit from bank branches under the responsibility of the Retail Banking Division. In certain cases, we can assume that if these risks materialize their impact on smaller businesses may be even more severe than at large corporations. Small businesses are more vulnerable to market volatility, they have less disposable resources and capabilities to prepare, their customers are less dependent on them and

have more options, their supply chains are less durable, and their assets tend to be concentrated in a limited geographical area. At the same time, the nature of the bank's exposure to credit risk at small businesses – in particular, the level of portfolio diversification and exposure to single clients – reduces the extent of the risk from these sources for the bank.

To identify and manage the risk in ways that

fit the characteristics of the Retail Banking Division's activities and risk exposures, in 2024 the bank designed the foundations of a methodology for identifying and assessing climate risks in credit for small businesses. Clients of the division were categorized by type of business and economic sector. The economic sectors were grouped into clusters with similar climate risk profiles. The material climate risks typical of each cluster were identified

and assessed, and an inherent risk score was assigned to the cluster, as the default score for clients in that cluster.

Based on a materiality threshold to be determined, some clients will be

examined individually to identify unique risk characteristics and assess the risk level. Bankers in the Retail Banking Division will identify and analyze the risks, based on their familiarity with the customers, as part of the process of analyzing credit

applications, according to the materiality threshold. The bank is currently considering the optimal way of implementing the proposed process, following completion of the specifications for the assessment mechanism in the Retail Banking Division.

4. Identifying and assessing climate risks in marketable investment risk

In 2024, the bank first formulated a methodology for identifying and assessing climate risks in investments in marketable securities in its proprietary portfolio. The identification and assessment of climate risk exposure in the bank's portfolio of marketable investments combine the methodology for climate risk assessment in the Corporate Banking Division with the use of relevant climate risk assessment components in ESG ratings by a leading international rating agency.

To assess the risk, the companies in the portfolio are categorized into sectors, with each sector assigned an inherent climate

risk score reflecting its risk exposure. The level of exposure is determined according to the prevalent characteristics of the sector, taking into consideration the intensity of the risk in the event that it materializes and the probability and timeframe of risk materialization. Scores are based on risk assessments by credit risk management units in the Corporate Banking Division, with the necessary adjustments for global market characteristics in the marketable investment portfolio.

The scores are used by the bank to estimate the overall and average exposure and map risk diversification in the portfolio. To

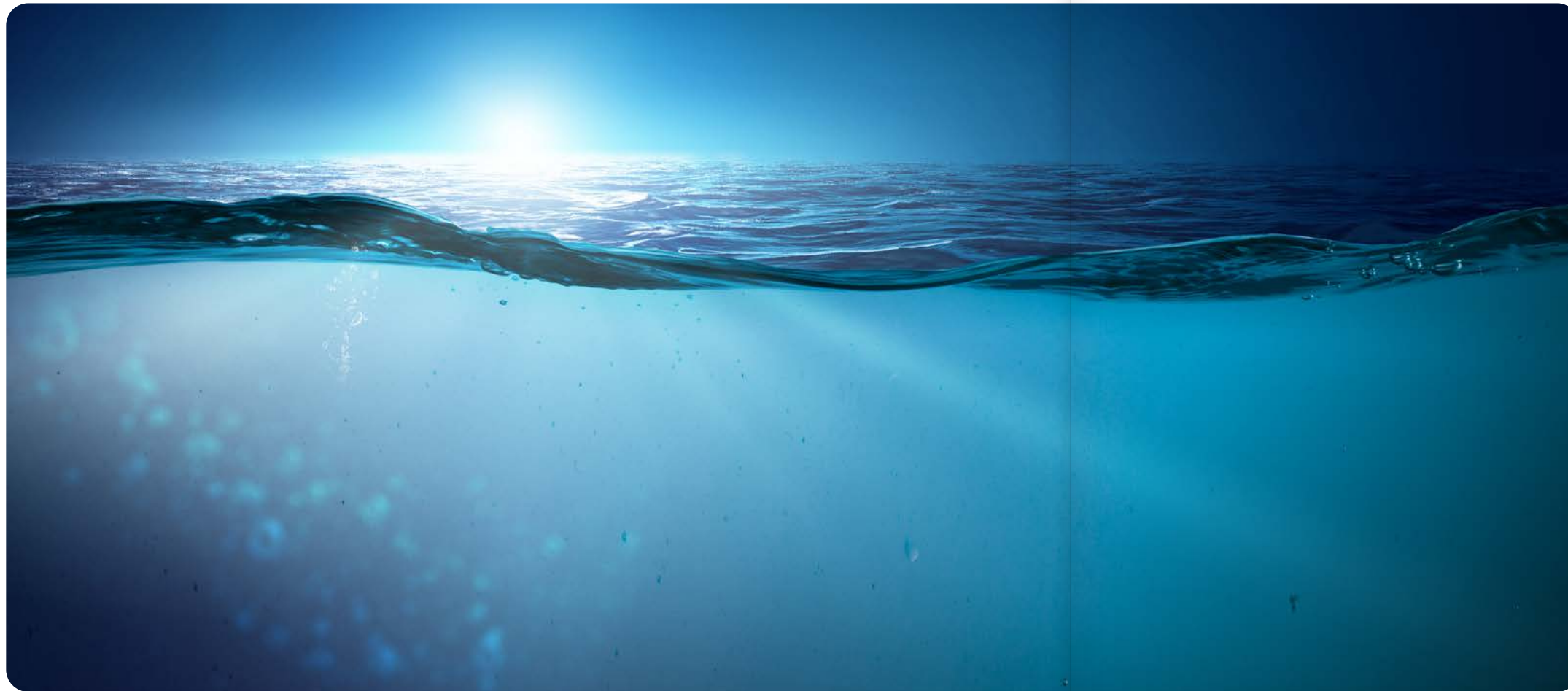
implement this tool, a decision was made to perform quarterly measurements of various risk indicators in the corporate bond portfolio using the methodology and report to the relevant management forums. Going forward, the bank will examine the need to apply additional measures to manage this risk.

The methodology adds to the goal of gradually scaling back holdings in companies engaged in coal and oil activities, in the bank's proprietary portfolio, to zero by the end of 2026. The bank is on schedule for these goals at the time of publication.

5. Identifying and assessing climate risks in other risks

Climate risk also has potential effects on other risks managed by the bank, including business continuity risk, regulatory risk, strategic risk, and reputational risk. In 2024, the bank worked to embed climate risk factors in these risks, according to need and materiality levels. This process consisted of steps including the following:

- ◆ Adjusting policies and reference scenarios in the area of business continuity to explicitly address climate risks.
- ◆ Designing reputational KRIs specifically for climate risk.
- ◆ Integrating climate regulation into regulatory reviews by the bank.
- ◆ Adding references to climate risk in risk analysis and strategy challenging by the Risk Management Division.



Segmentation of environmental risks in credit balances,²⁴ end of 2024
(exposure balances in NIS billions)



Environmental risks

Based on the definitions of the Network for Greening the Financial System (NGFS) and the respective definitions of the Banking Supervision Department at the Bank of Israel, environmental risks derive from the exposure of a financial institution and/or the financial sector to activities that have the potential to cause environmental degradation, such as air and water pollution, ground pollution, loss of biodiversity, deforestation, and loss of ecosystems, or to be affected by such harm.

Environmental risk identification methodology at the bank includes, among other things, mapping of potential

environmental risk by economic sector, and analyzing and addressing environmental risk aspects individually, at the level of the borrower and the investment. Processes for examining and approving major loan applications and investments in sectors identified as exposed to heightened environmental risk specifically address the environmental risks that may have a material impact on the borrower, according to their economic sector and business activity.

Wherever a medium or high risk level is identified, a targeted analyst review is performed in which the environmental risk is rated on a scale of 1 to 5, based on

predefined thresholds and mapped risks, to determine the quality of the borrower's environmental risk management. In the case of infrastructure projects (BOT, PFI) above a certain threshold, an environmental survey performed for the bank by an external consultant is a prerequisite for financing, to ensure that the project complies with all of the requirements in permits from government agencies. Approval of financing for new real-estate and construction projects also requires an assessment by an appraiser regarding possible land pollution.

Key principles of environmental risk exposure management

- ◆ Management of environmental risks from the perspective of the overall exposure of the bank to each specific risk.
- ◆ Management of exposure to credit risks both at the level of the overall business credit portfolio and at the level of individual credit transactions. As part of the underwriting process and of the routine management of credit transactions in the business portfolio (based on specified criteria), borrower exposure to environmental risk factors is analyzed in terms of credit-risk aspects, as well as aspects of legal risk and image risk. Among other elements, these processes involve assessment of the financial robustness of borrowers and of the value of collateral, including through land surveys (in financing of real estate), and ongoing monitoring by control functions. Exposure to environmental risk is also monitored at the level of the overall credit portfolio, with the status reported by the first and second lines of defense to management and the board of directors, as part of the annual report on credit exposures.
- ◆ Management of operational risks – adapting operational systems to regulatory changes on environmental matters.
- ◆ Management of investment risks – exposure to environmental risk in the direct investments of the bank, both through Poalim Equity and in the proprietary portfolio, is managed using methodology identical to risk management in credit.

Risk management at the bank is performed based on a global view of the bank's activity in Israel and at its branch abroad, with due attention to the activity of its subsidiaries, based on policy formulated and approved by the board of directors of the bank. Financial and operational risk control and assessment are performed based on a uniform methodology at the level of the group, with guidance from the Risk Management Division, taking into consideration the unique characteristics of each subsidiary's activities. Risk management involves hedging of some of the risks.

²⁴ Segmentation of environmental risks in balances of credit to customers who meet the established thresholds, based on classification of Corporate Banking Division borrowers by economic sector. Refers to Corporate Banking Division clients with exposures of more than NIS 200 million.



Metrics and targets

Bank Hapoalim uses quantitative metrics to continually monitor the impacts of climate change on the bank and its progress towards its climate goals. The data are collected throughout the year and reported to management and the board of directors. This year, for the first time, the bank is reporting extensively on the carbon footprint of its corporate credit portfolio, with details on progress towards its goal in financing of and investment in projects promoting a green environment.

Climate goals of the bank

Bank Hapoalim was the first in the banking industry in Israel to set long-term ESG goals, having stated its targets for 2030 in early 2020. In February 2023, with the original target achieved, a new objective was established for financing and investments promoting a green environment.

Metric	2024 status	2030 target
Increase financing and investments in projects promoting a green environment ²⁵	NIS 32.5 billion	NIS 37 billion
Further reduce the operational carbon footprint of the bank relative to 2020	23.4% decrease ²⁶	60% decrease ²⁶
Stop financing and investments in new coal and oil production projects (excluding support for the needs of the Israeli energy market).	Embedded in the bank's policy as of March 2022. In addition, a decision was made to gradually reduce holdings in these companies in proprietary investments to zero by 2026.	

Measuring the operational carbon footprint

Bank Hapoalim monitors the main components of its routine operational activity that contribute to the emission of greenhouse gases. The bank joined the voluntary greenhouse-gas emissions reporting system of the Ministry of Environmental Protection in 2010; since then, the bank has reported to the recording system in accordance with the established methodology. Based on our measurement and monitoring, the bank has consistently reduced its carbon footprint over the years. The bank aims to continue to reduce the greenhouse-gas emissions resulting from its operational activities each year, to achieve the goal set for 2030: a further reduction of the bank's operational carbon footprint by 60% relative to the baseline established in 2020.

Electricity is a key resource used by the bank and the main factor affecting the operational carbon footprint of the organization. The bank manages electricity consumption year-round, striving for efficiency and savings through optimized timing of air-

conditioning, lighting, and computer systems according to employee presence.

Production and service processes in banking have a minor direct environmental impact, as the bank's activity is essentially administrative and the service it provides to its customers is primarily delivered through digital means. Nonetheless, we believe it is important to also minimize the incremental environmental impact of our activity.

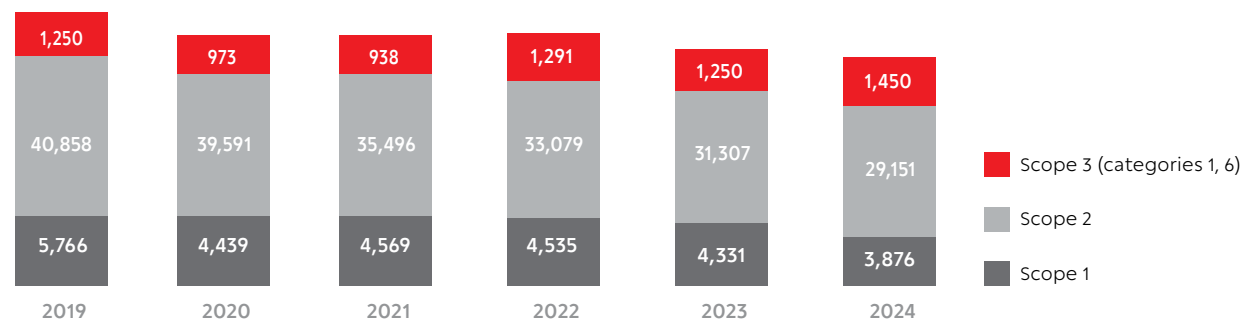
Operational carbon footprint intensity of the bank (in tons CO₂e)

The total operational carbon footprint for 2024 is 34,477 tons CO₂e (including all three scopes), down approximately 6.5% from 2023. Total Scope 2 emissions decreased by approximately 6.9%, due to a significant decrease in electricity consumption. In measuring the Scope 3 carbon footprint of the bank's operational activity, we calculate Category 1 and 6 emissions.²⁷

25. Financing balances at the end of the target year: balance sheet and off-balance sheet credit and total exposure to companies (book cost and balance for investment) and projects promoting a green environment.
26. Relative to the operational carbon footprint of the bank in 2020, which was 45,003 tCO₂e. Data cleansing has been applied to operational carbon footprint data for 2023. At the date of publication of the report in Hebrew, we did not have complete data on electricity and water consumption. A conservative estimate, based on consumption in the same period last year, was therefore used in the carbon footprint measurement. The figures for 2024 in the 2025 ESG report will be adjusted retroactively based on the precise data.
27. In 2022-2024, emissions from purchases of electronic equipment were calculated based on the current DEFRA emission conversion factor for IT equipment, which is approximately 14 times greater than the older factor; there were no material changes in the actual consumption patterns at the bank.

Operational carbon footprint intensity of the bank²⁸

Year	Change vs. 2023	2024	2023	2022	2021	2020
Total tCO ₂ e	-6.5%	34,477	36,888	38,905	41,003	45,003
Per employee tCO ₂ e / number of employees	-4.7%	4.46	4.67	5.09	5.26	5.80
Per square meter tCO ₂ e / total area of bank branches and offices	-3.4%	0.143	0.148	0.154	0.160	0.169

Operational carbon footprint of the bank²⁸ – breakdown by scope (tCO₂e)

Scope 3 measurement in the bank's corporate credit portfolio

In 2022, for the first time, Bank Hapoalim released data on Scope 3 carbon emissions – indirect emissions in its value chain – referring to the balance-sheet credit portfolio of the Corporate Banking Division in 2021, according to the methodology in the PCAF standard. PCAF is the leading global standard for the calculation of Scope 3 emissions of financial organizations, to measure the carbon footprint of their credit and investment portfolios. At this writing, 579 financial organizations with total assets of approximately \$93.7 trillion have adopted the PCAF standard. Bank Hapoalim is the first financial organization in Israel to perform this measurement process.

The carbon footprint of the bank's credit portfolio was measured by a team of economists at BDO, headed by chief economist Chen Herzog. A greenhouse-gas emissions model designed by BDO, which factors in emissions findings and estimates from several sources, made the application of the PCAF standard possible. This method is used due to the scarcity of data in this field in Israel, in line with the guidelines of the standard (see page 221). This year, external assurance was also applied by Nibbana, to ensure that the PCAF methodology was implemented in accordance with the requirements of the standard. The external assurance concluded that "the calculation of the financed emissions of Bank Hapoalim in 2023 was performed by BDO in accordance with the PCAF methodology and on the basis of justified, consistent, reasonable working assumptions." In addition to this conclusion, several main findings were described that support the conclusion, and a number of detailed recommendations were given in advance of the implementation of the PCAF methodology in future measurements.

28. Data cleansing has been applied to carbon footprint data for 2023. At the date of publication of the report in Hebrew, we did not have complete data on electricity and water consumption. A conservative estimate, based on consumption in the same period last year, was therefore used in the carbon footprint measurement. The figures for 2024 in the 2025 ESG report will be adjusted retroactively based on the precise data.

In 2023, the carbon footprint measurement was applied to the full balance-sheet credit portfolio of the Corporate Banking Division;²⁹ in 2024, for the first time, the measurement was also applied to credit for small businesses at the Retail Banking Division.³⁰ Individual measurements were performed for companies with credit balances greater than NIS 100 million, while aggregate measurement was applied to companies with lower credit balances, using sector coefficients. The carbon footprint measurement referred to Scope 1 and 2 emissions of the companies in the credit portfolios, in both the individual and aggregate measurements, without including the companies' Scope 3 emissions.³¹

During the process of measuring the carbon footprint of the corporate credit portfolio for 2023, we also optimized data on some of the companies included in the measurement for 2022, using information that was unavailable when the initial measurement was performed. The data cleansing is the reason for slight variations in relation to the PCAF measurement results presented in the bank's ESG report last year. Due to missing relevant data regarding the companies at this writing, a measurement based on the corporate credit portfolio in 2024 will be performed in the second half of 2025.

Results of Scope 3 measurement in the bank's credit portfolio by division
Corporate Banking Division credit portfolio³²

	2023	2022	2021
Financial emissions intensity (tons CO ₂ e per million NIS of credit)	28	30	35
Emissions associated with the bank (thousand tons CO ₂ e)	6,300	6,083	6,154
Data quality score³³	4.7	4.7	4.6

Credit for small businesses in the Retail Banking Division

	2023	2022
Financial emissions intensity (tons CO ₂ e per million NIS of credit)	23	24
Emissions associated with the bank (thousand tons CO ₂ e)	757	839
Data quality score	5	5

Carbon footprint of the total measured credit portfolio

	2023	2022
Emissions associated with the bank (thousand tons CO ₂ e)	7,057	6,922
Financial emissions intensity (tons CO ₂ e per million NIS of credit)	28	29
Data quality score	4.8	4.7

The results indicate that emissions intensity of the overall measured credit portfolio decreased by about 5% in 2023 compared with 2022, with a slight increase of 2% in total associated emissions, despite a 7% increase in credit granted in that year.

29. The measurement applied to the full balance-sheet credit risk of the Corporate Banking Division (including bonds and derivatives; including credit to the economic sectors of financial services and the government; excluding margin current accounts; and excluding private individuals).

30. In the Retail Banking Division, the measurement applied to net credit to the public in the small-business segment.

31. The measurement did not include Scope 3 carbon emissions, as there are virtually no companies in Israel that report their Scope 3 emissions and it is not possible to present a well-founded measurement of this data.

32. Scope 3 measurement in the bank's corporate credit portfolio is based on the data available to the bank and on estimates performed by BDO based on the PCAF methodology. These data are characterized by varying reliability levels, taking into account, among other matters, the unavailability of specific data regarding many of the bank's customers, as reflected in the data quality score, on a scale from 1 (highest) to 5 (lowest). The actual emissions attributable to the corporate credit portfolio of the bank may therefore differ, even materially, from the stated results.

33. The PCAF methodology recognizes the existence of information gaps and limitations in gathering data on greenhouse-gas emissions, and accordingly establishes five levels of data quality. 1 is the highest score, for a reliable and verified emissions figure, and 5 is the lowest, assigned to emissions data based on sector-level estimates by the accounting firm BDO.

Assessing exposure to climate risks

The results of an in-depth analysis, for qualitative identification and assessment of inherent climate risk exposure of borrowers' areas of activity in the credit portfolio of the bank's Corporate Banking Division in Israel, are presented in the following table.

Inherent climate risk³⁴ exposure profile of the corporate credit portfolio³⁵

Area of activity	Exposure to inherent climate risk	Percentage of corporate credit portfolio
Construction	● Medium	31.3%
Income-producing real estate	● Medium	17.0%
Transportation and traffic	● Medium	5.9%
Metal industry, machines and electronics, plastics, textiles, and others	● Medium	4.9%
Wholesale and retail trade	● Low	4.4%
Tourism	● Medium	4.1%
Energy and fossil fuels	● High	2.4%
Land-based services (other than real estate)	● Medium	2.3%
Heavy industries	● High	2.1%
Industries based on agricultural raw materials	● Medium	1.5%
Renewable energy	● Medium	1.1%
Environmental services	● Medium	1.0%
Insurance	● Medium	0.6%
Fuel stations	● High	0.5%
Agriculture	● Medium	0.4%
Sectors with very low exposure to climate risk	● Low	20.5%

High ● Medium ● Low ●

As supplementary information, the following are the results of the credit risk metric in economic sectors characterized by heightened exposure to inherent risk of transition to a low-carbon economy.

	Fossil fuels (including fuel production, refinement, and retail sales)	Electricity and gas supply (excluding electricity produced using renewable energy)	Transportation and shipping (marine, air, and land, including vehicle retailing)	Chemical industry, rubber, plastics, cement, and steel	Total credit risk in economic sectors with heightened transition risk
Percentage of total balance sheet and off-balance sheet credit risk balances of the bank, in and outside Israel					
31.12.2024	0.75%	1.13%	3.17%	0.94%	5.99%
31.12.2023	0.85%	1.22%	3.01%	0.96%	6.04%

34. Physical climate risks and transition risks.

35. Balance sheet and off-balance sheet credit, Corporate Banking Division (activity in Israel only), as of December 31, 2024.



Climate change preparedness at the bank - future plans

Global knowledge on climate change and its impact on the financial sector is continuing to develop; the management of these effects in the banking system is also evolving, globally and in Israel. The bank aspires to continue to develop preparedness for climate change, as part of our commitment to the environment and society, and of our responsibility to support global efforts to cope with the climate crisis. In June 2023, the Supervisor of Banks in Israel issued a Proper Conduct of Banking Business Directive entitled "Principles for Effective Management of Climate-Related Financial Risks," written in accordance with the Basel principles in this area. The directive represents a leap forward for the banking sector in Israel, aligned with best practices for international banks. The bank will continue to prepare to embed climate risks in its frameworks for managing the various risks, in line with the Proper Conduct of Banking Business Directives.

In view of these trends, and our ambition to continue to lead in ESG in Israel, we will work to develop internal tools and methodologies designed to improve the identification and assessment of climate-related financial risks. Sources used in these processes include

information gathered from borrowers regarding their exposure to and management of climate risks, in line with the accepted practice at leading banks worldwide and the detailed work plan established by the bank for the implementation of the Proper Conduct of Banking Business Directive concerning climate risks. As the scope of the climate-related information available to the bank grows, we expect our capabilities to manage these risks to be enhanced and our ability to identify and assess the risks to improve.

Concurrently with the management of climate risks, we intend to further increase credit and investments in green projects and promote financial solutions and banking services designed to guide our customers and the bank's suppliers through the transition to a low-carbon economy. We will continue to deepen our knowledge and expertise, as necessary to more effectively manage climate issues, through training for employees, collaboration with environmental organizations and experts, and expansion of databases and technological infrastructures for the management of climate risks and opportunities.

Managing climate aspects in operational activities



Within the bank's corporate responsibility, in recognition of the importance of sustainable environmental management, we have formulated a comprehensive, formalized policy for managing the environmental aspects of the bank's operational activity. Key points of the environmental policy of the bank:

- ◆ Commitment to managing the bank's environmental impacts to promote continual improvement, by setting goals and measuring impacts on the environment.
- ◆ Diligent prevention of environmental damage, to the extent possible.
- ◆ Compliance with regulations and laws on environmental issues and adherence to the directives of the organizations charged with protecting the environment.
- ◆ Collaboration with external professional organizations to promote environmental causes.

Environmental protection management at the bank devotes special attention to the following areas:

- ◆ Reducing energy consumption and improving energy efficiency;
- ◆ Encouraging green transportation and reducing fuel consumption;
- ◆ Reducing paper consumption;
- ◆ Encouraging green purchasing (office supplies and peripheral computer equipment);
- ◆ Reducing the consumption of water resources;
- ◆ Waste reuse, recycling, and responsible disposal;
- ◆ Expanding employees' environmental awareness and engaging them in the process of reducing the bank's environmental impact.

We treat consumed materials as resources to be managed responsibly. The main environmental resources we consume are managed through measurement, to enable us to monitor trends and identify areas in need of improvement, implement relevant initiatives to increase efficiency, and examine environmental impacts across the full life cycle of the resource. All of these elements are implemented through formalized processes and routine environmental management controls, which were certified under the international management standard ISO 14001 in 2013. The bank renewed its certification under this standard through an external institute in late 2024; the certification is in effect until 2028, covering all premises of the bank in Israel. The bank's compliance with the standard is reexamined annually.

During the reported year, the bank or any senior officer of the bank were not parties to substantial legal proceedings related to environmental matters. There were no discoveries of leaks or spills of hazardous materials as a result of the operational activity of the bank during the reported year.



Visualization of Poalim Center, Gindi Studio.

Improving energy efficiency and reducing energy consumption

Electricity is a key resource used by the bank and the main factor affecting the organization’s carbon footprint. We manage electricity consumption year-round, striving for efficiency and savings through optimized timing of air-conditioning, lighting, and computer systems according to employee presence. We also collect and analyze data to identify and optimally eliminate superfluous consumption.

Since 2014, the bank has acquired electricity generated using natural gas from private suppliers. The transition to natural-gas based power lowers costs and reduces the environmental impact of the bank arising from electricity consumption. In 2024, the bank was certified under the energy management standard ISO 50001. The standard reflects the bank's commitment to improving energy efficiency, reducing greenhouse-gas emissions from its operations, and protecting the environment.

Energy efficiency

The bank uses computerized command and control systems to manage its energy consumption; these systems help minimize the operation of air-conditioning and lighting systems, and provide alerts of significant problems. The systems have been installed at the bank's branches and in some head-office buildings, and are operated based on specifications according to the work hours at each branch or building, with adaptations for remote work. The bank maintains energy oversight through training for field crews and testing to ensure full coordination at the interface of the central control rooms with the branches and buildings. The control systems are proactively tested from time to time to ascertain that there is no significant change in consumption and that the bank is on track for its planned reduction of consumption. The bank is also aided by a company that monitors energy consumption on a monthly basis. The bank submits an energy survey to the Ministry of Labor, as required by law, every 4.5 years. The bank received a commendation for its most recent survey, submitted in 2022.

We are also installing new chillers with a higher COP (coefficient of performance), as well as VRF (variable refrigerant flow) air-conditioning systems, which allow savings of approximately 20% on energy and maintenance costs relative to other systems. Three new VRF systems were installed in 2024. CoolMaster controllers have been installed at most of the bank’s sites, to automate temperature control and thereby improve energy savings.

The bank uses five main types of air-conditioning systems: split air conditioners, central split systems for varying capacities, VRF systems, and chillers cooled by water or air. Older systems permitted by law use the gas R-410. In the reported year, air-conditioning systems were refilled with an initial quantity of approximately 40 kg of R-410a gas, and emissions reached approximately 0.46 tCO₂e.

Green IT

Another way we work towards energy savings and efficiency is through the use of green IT at the branches and offices of the bank. Energy efficiency is a parameter in specifications for bids on IT equipment, spurring bidders to offer more advanced, efficient equipment. We also do not rely on manufacturers' descriptions of the performance of the various components, instead running tests on server hardware and software, printers, and peripheral equipment at a dedicated laboratory. In 2024, we continued to purchase small computers with reduced power consumption, delivered in recyclable packaging. We endeavor to improve and upgrade existing equipment and reduce purchases of new equipment. We have also completed a transition to IPT in landline communications, in order to upgrade to a system managed digitally through a central IT hub. This change eliminates the need for local switchboards at each branch, leading to savings in power consumption. In 2021, we implemented a new automatic hibernation process for IT systems and phones, based on monitoring of hours of activity at branches and management buildings.

Examples of projects aimed at actively improving energy efficiency in 2024

Financial investment vs. annual cost savings and avoided emissions

Description of activity	Investment (NIS)	Annual savings (by unit of consumption) ³⁶	Annual monetary savings	Time to recover investment	Avoided emissions
Acquisition of small computers with reduced power consumption	NIS 937,525	429,000 kWh	NIS 220,000	4.5	188 tCO ₂ e
Installation of printing centers	NIS 282,334	180,000 kWh	NIS 16,000	5.5	79 tCO ₂ e
Total	NIS 1,219,859	609,000 kWh	NIS 236,000	5 years	267 tCO ₂ e

Management and measurement of power consumption

The bank maintains a database on electricity consumption, through the BI system, which examines consumption at all of the bank's sites and runs comparisons segmented by consumers and years, looking at demand, cost per square meter, and more. The database enables us to examine the consumption patterns of each property, compare it to buildings of similar size and designation at the bank, and analyze multi-year trends. The database also allows us to identify trends of improvement and increased efficiency and locate properties with possible inefficiencies or malfunctions.

Data on the bank's total power consumption in 2024 indicate a decrease of approximately 3.1% compared with 2023. This decrease, in line with the consistent downward trend in power consumption at the bank in recent years, joined the reduction during the COVID-19 pandemic due to proactive shutdowns of office electricity consumption. At the bank's primary IT site, consumption rose slightly, by approximately 5.2% compared with 2023.

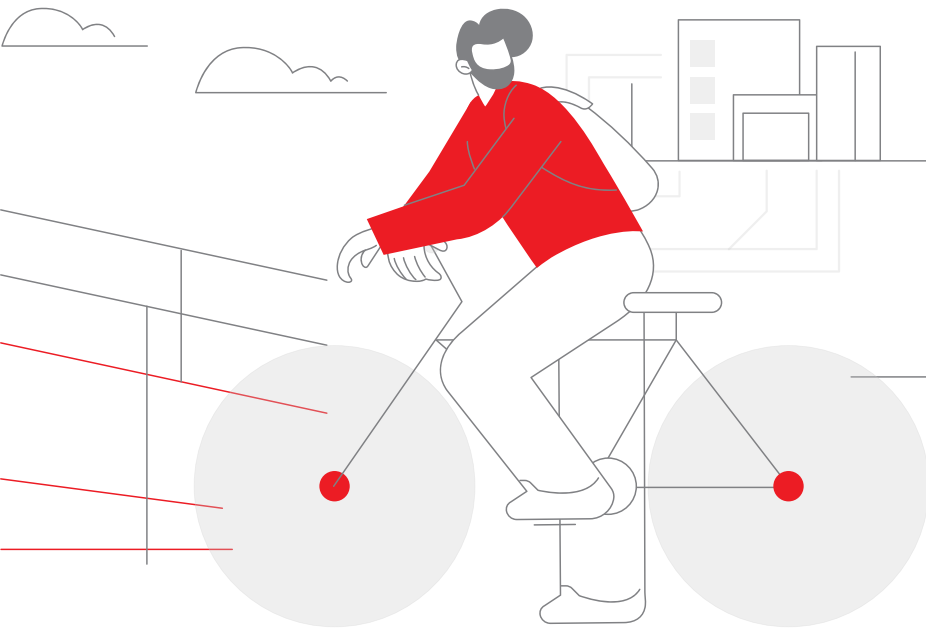
Power consumption at Bank Hapoalim - multi-annual³⁷

	Change vs. 2023	2024	2023	2022	2021	2020
Total (kWh)	-3.1%	65,596,536	67,688,900	71,210,656	74,215,420	79,366,534
Total (GJ)	-3.1%	236,148	243,680	256,358	267,176	285,718
Bank area in square meters	-3.3%	240,627	248,762	253,157	256,463	266,820
Consumption per square meter (kWh/m ²) ³⁸	-1.3%	230.1	233.1	244.5	252.7	258.9

2024 plans – status

Plans	Status
Complete certification under ISO 50001 on energy management at the bank.	✓ Completed
Consider including green electricity in the power consumed by the bank.	In October 2024, the bank began adding electricity generated from renewable energies to its power sources. In 2025, electricity meters at the bank's properties will be replaced to allow reporting on the percentage of green electricity consumed at the bank.

36. Savings data are based on internal estimates drawn from purchasing data.
37. Data cleansing has been applied to electricity consumption data for 2023. At the date of publication of the report in Hebrew, we did not have complete data on electricity consumption. A conservative estimate, based on electricity consumption in the same period last year, was therefore used. The figures for 2024 in the 2025 ESG report will be adjusted retroactively based on the precise data.
38. The data regarding power consumption per square meter does not include the bank's consumption at its IT facility, as this site is a unique backup facility with unique consumption patterns that are not representative of typical power usage at the bank. In 2024, this figure was calculated based on overall consumption of 55,375,491 kWh.



Reducing fuel consumption in transportation

We are working to cut back fuel consumption in our vehicle fleet and in the internal transport system between our branches and offices in various ways, including the following:

- ◆ **Inclusion of hybrid vehicles in the leasing fleet** - leading to estimated annual savings of approximately 1,000 liters of gasoline per vehicle.
- ◆ **Inclusion of electric vehicles** - As part of the policy of maintaining a green environment, we encourage

employees with leased vehicles to choose electric models, including financing for charging stations and charging at selected public stations. 32 electric vehicles were added to the bank's leased vehicle fleet in 2024.

- ◆ **Promoting the choice of vehicles with a pollution rating of up to 8 for the vehicle fleet** - Most of the vehicles at the bank have lower pollution ratings.

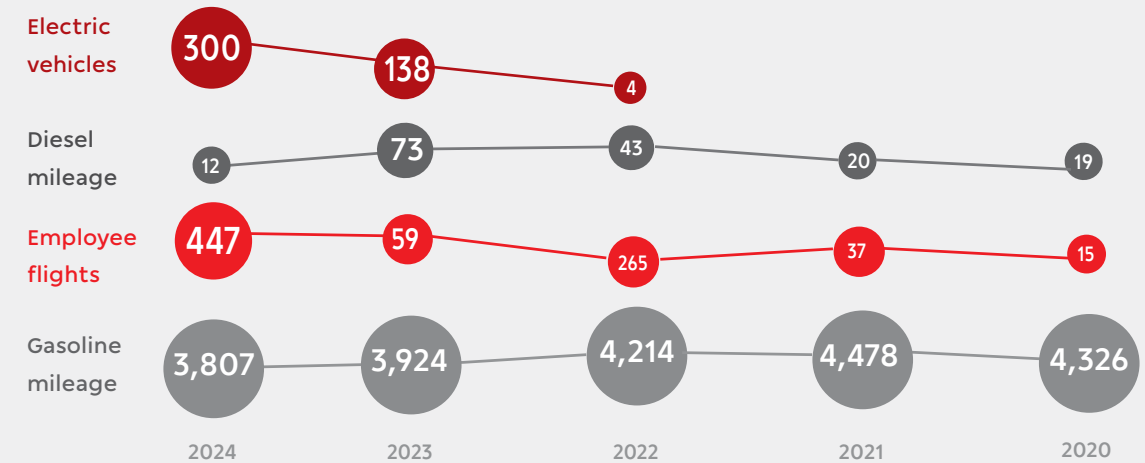
- ◆ **Dialogue with employees through the organizational portal** - Articles and recommendations concerning safe, efficient, careful driving are posted on the portal.
- ◆ **Reduced mileage and flights** - Due to the transition to remote work, and meetings held via Zoom whenever possible, along with increased use of conference-call systems.
- ◆ **Encouraging employees to commute by bicycle** - The bank provides showers and bicycle parking spots for employees at the head office who ride bicycles to work.
- ◆ **Improved logistical transport processes** - Delivery lines have been cut back by over 50% in recent years, and a transition was made to centralized orders, to achieve a significant reduction of shipping volumes.

Annual fuel consumption for mileage in 2024 was approximately 4.3% lower than in 2023. We monitor the fuel consumption and mileage of leased vehicles periodically, to calculate the carbon footprint of the bank and the segmentation of emissions from travel.

Year	2024 ³⁹	2023	2022	2021	2020
Number of vehicles in leasing fleet	848	846	825	1,003	1,021
Of which, hybrid vehicles	187	233	219	187	151
Of which, electric vehicles	119	87	19	-	-
Annual fuel consumption for transportation (in liters, gasoline and diesel)	1,637,018	1,709,773	1,818,161	1,923,133	1,858,315

39. Data on vehicles for 2024 is current as of February 11, 2025, and reliably reflects the status of vehicles at the end of 2024.

Emissions from transportation (tCO₂e)



Notes:

Mileage emissions presented above are included in total emissions in all three scopes, as noted below:

- A. In 2024, non-electric vehicle mileage emissions constitute approximately 99% of total Scope 1 emissions, and emissions from employee flights constitute approximately 31% of total Scope 3 emissions. Emissions from hotel stays are calculated separately, at approximately 8.8 tons CO₂e. Emissions from electric vehicles are calculated as part of Scope 2 in the bank's carbon footprint.
- B. In 2023, non-electric vehicle mileage emissions constitute approximately 92% of total Scope 1 emissions, and emissions from employee flights constitute approximately 5% of total Scope 3 emissions. Emissions from hotel stays are calculated separately, at approximately 1.5 tons CO₂e. Emissions from electric vehicles are calculated as part of Scope 2 in the bank's carbon footprint.
- C. In 2022, non-electric vehicle mileage emissions constitute approximately 94% of total Scope 1 emissions, and emissions from employee flights constitute approximately 21% of total Scope 3 emissions (data on emissions from flights for this year have been optimized). Emissions from hotel stays were calculated separately, at approximately 6 tons CO₂e. Emissions from electric vehicles are calculated as part of Scope 2 in the bank's carbon footprint.
- D. In 2021, vehicle mileage emissions constitute approximately 98% of total Scope 1 emissions, and emissions from employee flights constitute approximately 4% of total Scope 3 emissions. Emissions from hotel stays were calculated separately, at approximately 6 tons CO₂e.
- E. In 2020, vehicle mileage emissions constitute approximately 98% of total Scope 1 emissions, and emissions from employee flights constitute approximately 2% of total Scope 3 emissions. Emissions from hotel stays were calculated separately, at approximately 2 tons CO₂e.

2024 plans – status

Plans	Status
Aspire to continue to replace gasoline-fueled vehicles in the bank's vehicle fleet with electric and hybrid vehicles.	• Changes in the leased vehicle fleet: 32 electric vehicles and 16 gasoline-fueled vehicles were added; 46 hybrid vehicles were returned. • The bank reduced fuel consumption for travel by approximately 4.3% compared with 2023.

Future Plans

- Aspire to continue to replace gasoline-fueled vehicles in the bank's vehicle fleet with electric and hybrid vehicles.
- Beginning in 2026, we plan to relocate the headquarters and head offices of the bank to the Poalim Center, a building being built near a train station and major transportation arteries, allowing convenient access for employees and reduced reliance on private vehicles.



Reducing paper consumption

Due to the nature of the bank's activity, paper is one of the key resources consumed during its routine operations. We therefore manage paper resources based on the approach of reducing consumption while increasing recycling. In 2024, we continued our efforts to cut back paper consumption at the bank, and introduced several new processes.

Paperless Bank

The Paperless Bank project has been underway since 2009. The project concerns analysis of paper consumption at the bank and the examination of possibilities for reducing or eliminating forms and reports, both for our own internal use and in mailings to our customers.

This project is conducted on two concurrent axes: improvement of work processes, and creation of platforms to support reduced paper use and transition to digital activity; and raising awareness among employees and customers, to encourage them to adopt this change. The continued development of the digital platforms at the bank, combined with the options for digital signatures in some situations, have reduced the use of paper and the need for customers to

visit branches in person. Infrastructure enabling employees to work from home as part of the bank's routine practices and the continued process of replacement of personal printers with central printers at the bank's headquarters, as well as the replacement of older printers with printers capable of double-sided printing, have led to significantly reduced printing volumes at the offices of the bank.

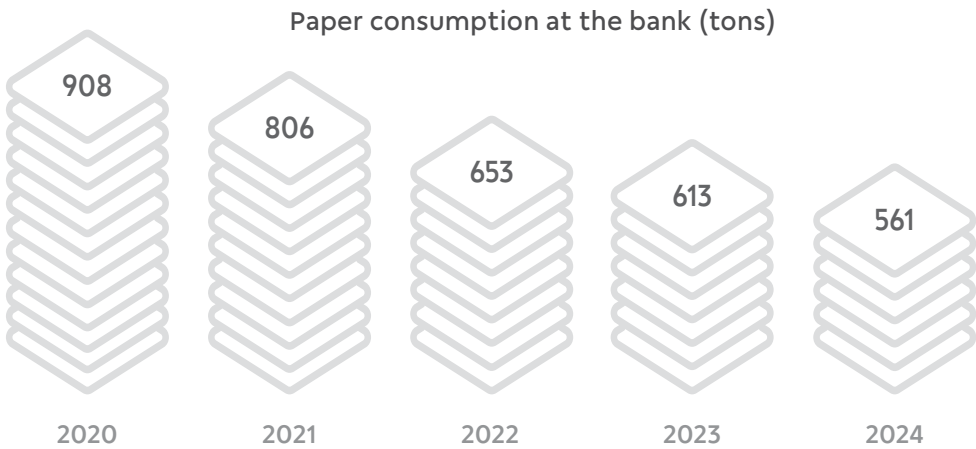
Paper consumption reduction efforts in 2021-2024

In 2021, the bank promoted digitization and the reduction of paper consumption by developing digital infrastructures for preliminary mortgage applications, raising customers' awareness of the option to sign credit documents on the bank's website, holding training sessions on digital empowerment for senior citizens, replacing the use of faxes with digital means, and more. These efforts were stepped up in 2022-2024: we expanded options for banking through the digital channels (including remote mortgages and deferral or rescheduling of loan payments), and continued to promote digital services by stationing

attendants at the branches to assist customers in their use.

We also carried out an extensive survey to examine paper storage and use at the bank's head-office buildings, as part of the preparations for the relocation to the Poalim Center building in 2026. With the help of an external consulting firm, we comprehensively mapped paper consumption at the head-office buildings, taking note of work processes and paper usage by the various divisions, including measurement of the quantities used, storage of printed paper, and the suitability of potential technological solutions.

Starting in 2026, we plan to relocate our headquarters and head-office employees to the Poalim Center, a central building compliant with the LEED Gold green building standard. As part of the move, we plan to digitize archives, cutting back the need to store paper by tens of millions of pages annually, while reducing the number of central printers on each floor.



~**163k**
additional customers

registered for a service, in 2024, allowing them to receive messages electronically, through the bank's website or their email inboxes

Decrease in paper consumption:
~**52 tons**

Paper consumption at the bank decreased by approximately 52 tons in 2024 relative to 2023

2024 plans – status

Plans	Status
Reduce paper consumption at the bank by 5% compared with 2023.	✓ Completed 8% reduction

Paper recycling:
~**190.8 tons**
of paper were collected and recycled in 2024

Cardboard recycling:
~**2.2 tons**
of cardboard were collected by the bank and recycled in 2024

Future Plans

- Reduce paper consumption at the bank by 5% compared with 2024.

Reducing additional environmental impacts

Production and service processes in banking have a minor direct environmental impact, as the bank's activity is essentially administrative and the service it provides to its customers is primarily delivered through digital means. Nonetheless, it is important to us to act to reduce the additional environmental impacts of our activity. We engage our employees in the process of reducing the environmental impact of the bank, based on the approach that their partnership is essential to create change, and in the hope that employees will become promoters of change in their own right. In addition, we seek to extend our influence on environmental conduct to employees' communities; together with their families, our employees are a force for change numbering in the tens of thousands. Towards that end, we provide our employees and their families with knowledge and tools to support green behavior, through recycling, energy savings, reduced paper consumption, transition to reusable dishes and utensils, and more.

Management of water resources

The bank receives water services from various water corporations and local authorities, which are also responsible for wastewater treatment through municipal sewage systems. We routinely examine and monitor water consumption, to identify exceptional consumption and unique consumption patterns. The bank also has thirteen Wint command and control systems installed, allowing smart management of water resources. The systems collect detailed information on water flows and provide insights on efficient consumption, identification of leaks, and automated alerts to allow quick repairs.

Promoting green building at the bank

In 2019, we updated our purchasing specifications for the renovation of existing buildings and construction of new offices and branches, according to green-building principles. An expert external consultant on green building was also appointed to adapt the technical specifications of materials to green-building standards. Many bank branches are located in shopping malls and commercial centers not owned by the bank, where we cannot alter the infrastructures of the buildings; however, we aspire to include as many elements of green building as possible at these properties. Routine construction processes at the bank throughout the year gradually integrate environment-friendly elements, as necessary, such as efficient air-conditioning units and energy-efficient LED lighting. The bank's primary IT site was built and certified based on the LEED Silver green building standard.

Starting in 2026, the bank plans to relocate its headquarters to the Poalim Center – a head-office building compliant with the LEED Gold green building standard – which will allow cutbacks in resource consumption, including electricity and water. The site is located near a train station and major transportation arteries, allowing convenient access for employees and reduced reliance on private vehicles.

Turning waste into a resource and preventing pollution

The environmental trends of recent years have highlighted the fact that one person's waste is another's resource. Without proper treatment, waste pollutes the environment and damages soil, water, and air quality, while contributing to global warming. The bank promotes the collection and responsible disposal of waste through activities including the following:

- ◆ **Collection of electronic waste -** We dispose of disused computer equipment responsibly. Each year, equipment unsuitable for donation is sent to responsible recycling or landfill sites. All mobile devices no longer in use are returned to the supplier for responsible disposal; all other disused electronic equipment is sent to Ecommunity, a social business employing people with disabilities, which specializes in electronic waste recycling. The electronic devices we recycle are dismantled, separated, and sorted, and the materials are then transferred for processing, according to type, for reuse in industry. At the bank's primary IT site, scrapping is performed on location to cut back on shipping. Reusable IT equipment is returned to the bank for refurbishment, to be reused or donated. We also encourage employees to bring electronic waste from their homes to the collection center at the offices of the bank in Tel Aviv.
- ◆ **Removal of fluorescent bulbs -** Old fluorescent bulbs are collected and transferred to Ecommunity for dismantling, crushing, and disposal according to the standards applicable to this process.

- ◆ **Battery disposal** – Old batteries are collected for recycling.
- ◆ **Construction waste removal -** Waste created by the bank as a result of its activity is sent to a site specializing in responsible waste sorting, in accordance with the regulations in this area. We include a clause in our contracts with construction and renovation contractors working at our branches and buildings requiring waste disposal in authorized locations only. The aim of the bank is to fully prevent construction waste originating with the organization from reaching unlicensed sites or open fields.
- ◆ **Collection of bottles, cans, and clothing** - Transferred to licensed contractors for recycling.
- ◆ **Treatment of used ink cartridges –** Used ink cartridges are removed for recycling and reuse. The bank uses recycled ink cartridges only.
- ◆ **Office equipment disposal** – Old office equipment is donated or sold for reuse.

We encourage our employees to collect and recycle waste as a matter of routine. Towards that end, we have placed a variety of waste collection and recycling receptacles at the buildings of the bank. We use the receptacles to promote recycling of paper, electronic waste, bottles and cans, batteries, clothing, and medication. The waste is collected and treated by licensed operators.

Summary of waste data – Bank Hapoalim, 2024

Type of waste	Weight	Processing
Paper	190.8 tons	Recycling
Cardboard	2.2 tons	Recycling
Electronic waste*	62 tons	Recycling
Construction waste ⁴⁰	2,265.6 kg	Dismantling and landfilling
Fluorescent bulbs*	840 kg	Dismantling and landfilling

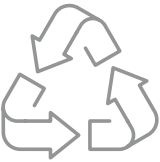
* Although the bank does not deal with hazardous waste, this type of waste may contain hazardous substances, including metals and gases, and is therefore dismantled and processed by licensed operators.

258.1 tons
Total waste

255 tons
Total waste recycled

3.1 tons
Total waste dismantled and landfilled by licensed disposal contractors

NIS 18,000
The value of unused medications removed from containers at the bank, in an orderly process. Unexpired medications are donated to patients in need through the non-profit organization Haverim Lerefuah (Friends for Health).



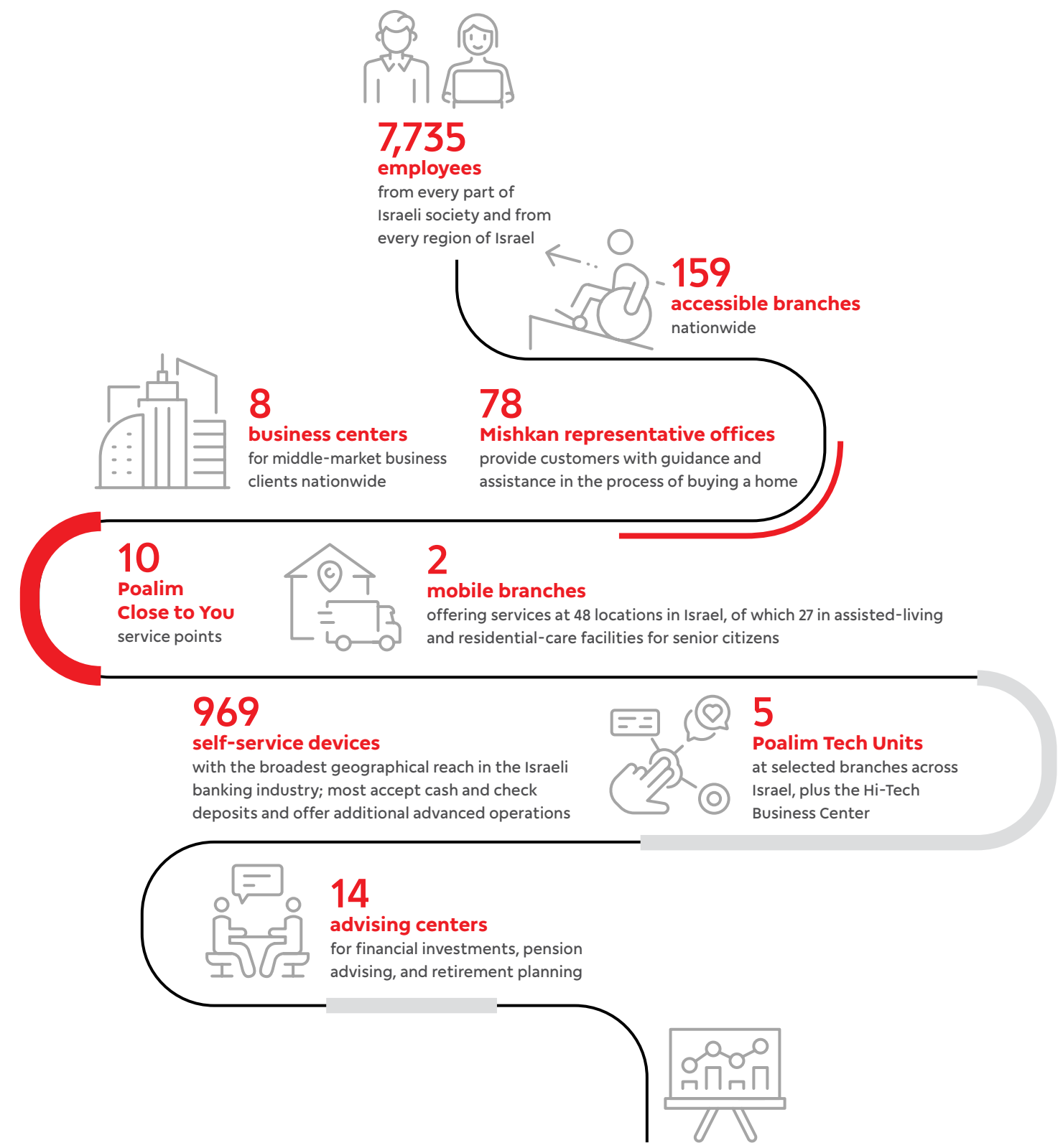
40. Estimated value. The data are received in cubic meters and converted to a weight unit in kilograms using a calculator designed for this purpose.



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SOCIAL

Responsible action to benefit customers



Committed to professional excellence

Bank Hapoalim aspires to be the first place its customers turn for professional expertise in finance. We are committed to upholding the highest professional standards for quality customer advising and service, as well as for technological and product development, in every area of our activity. The aspiration to professional excellence also encompasses our commitment to standing by our customers in crucial moments and decision points, providing a professional response with high availability, and developing products aligned with the needs of this period.

Our expert bankers are stationed at branches, service centers, advising centers, and business centers nationwide, while innovative digital platforms and advanced self-service devices are widely deployed to allow our customers to benefit from full digital availability and a seamless service experience across all channels. As part of the strategic approach of the bank for the coming years, we are working to develop new data-based services and value propositions, and to improve customer journeys and shorten delivery times through the use of artificial intelligence (AI) and machine learning (ML).

We believe that high-quality banking guidance is a decisive and essential factor in our customers' financial growth. This approach drives initiatives such as the Financial Growth Center and the development of digital products such as the Financial Partner, designed to support our customers and guide them towards astute financial behavior.

Brief description of the bank¹

The bank group operates in Israel in all areas of banking and in areas related to banking, serving millions of customers in Israel and worldwide. A wide range of financial activities are provided, in five main business lines:

- ◆ **Corporate banking:** Bank Hapoalim serves a variety of customers in the business sector in Israel. Major corporate

clients are served through sectors specializing in specific industries, including real estate. Middle-market clients are served through eight business centers located across Israel. The Bank also works with customers in the technology sector, through the brand Poalim Tech. Operational services are provided by customer teams nationwide and by a service center. Small-business clients are served through service centers and the retail branch network.

- ◆ **Retail banking** – Retail banking at Bank Hapoalim serves households, private-banking customers, foreign residents, and more, through a network of 159 branches, in consumer credit, housing loans, deposits, and other areas. The bank also serves its customers through ten service points, fourteen Poalim Invest advising centers, Platinum banking centers for selected customers, two call centers, the Pro center for remote banking without visiting a branch, and two mobile branches that serve customers at points of service nationwide. The bank offers its customers a wide range of self-service and digital options, allowing customers to conduct banking activities in independent, efficient, available channels.
- ◆ **Capital-market activity in and outside Israel** – This activity includes, among other matters, trading services in securities and tradable derivatives (brokerage), securities custody, trading services in currencies and non-tradable derivatives, services for financial-asset managers, and management of the bank's proprietary portfolio.
- ◆ **Investment, innovation, and business development** – Investment activity is primarily conducted through the Poalim Equity Group, which serves as the non-financial asset investment arm of the bank. The bank provides banking services to mature technology companies, startups, and venture-capital funds and works to promote business collaborations and integrate fintechs into its organizational systems. The bank has also invested in and developed the activity of Bit, the leading payment app in Israel, which serves about 3.3 million customers.
- ◆ The **international activity** of the bank group includes corporate credit for customers in the United States, through the New York branch, and relationships with banks and financial institutions around the world.

Providing optimal service

In the digital age, with more and more transactions and services available from anywhere, at any time, customers increasingly expect service to be available, simple, and quick. Recognizing the importance of customers' service experience, we are guided by a customer-centric approach and aim to continually reduce the gap between expectations and reality. This challenge is especially great at a large organization operating through multiple channels with nationwide reach, while being subject to strict regulatory requirements.

In 2023, we designated improving the customer experience as a strategic objective and developed a new service concept for the bank. We built a practical model centered on calls to action, enabling us to understand what our customers value. We continued to apply the same service concept in 2024:

- ◆ Maximum **success** – meeting customers' expectations and delivering a complete and adapted solution.
- ◆ Minimum **effort** from the customer – reducing the energy customers need to expend to get what they need.
- ◆ Maximum **empathy** from the bank – forming connections and understanding customers' needs.

The service concept is based on the understanding that embedding these three components in every point of contact with customers will lead to an improved service experience and raise our chances of earning customers' recommendation.

In 2024, to expand the implementation of the service concept and pursue further improvement, we expanded our investment in technological infrastructures for the digital transformation of additional service processes, and in the development of new service processes aligned with customers' needs. We also enhanced our listening and



learning capabilities by sending surveys through additional service channels and expanding the number of customers surveyed.

We measure the service experience continually, on a daily basis, with routine surveys designed to study customers' expectations and needs, reached through referrals in a range of channels: at the branches (in person and via telephone), call centers, and advising centers, and through written communications and the digital channels. The data collected are analyzed, reported, and in appropriate cases translated into policies, initiatives for improvement, and suitable value offers.

The Customer Experience Department is charged with improving customer service, and reports directly to the head of retail banking and the CEO on the results of service quality surveys and performance indicators in this area. Annual and multi-annual work plans have been formulated, with focus areas for the improvement of service and support systems and the escalation of substantial gaps and trends in customer expectations and satisfaction. Service quality findings are discussed by management and by the plenum of the board of directors twice annually. We also assign significant weight to the customer experience improvement component in KPIs for all managers at the bank.

In 2024, we deepened and strengthened our service concept by aligning with the principles of Proper Conduct of Banking Business Directive 501, "Management of Customer Service and Support Array." We established and approved a service strategy, and wrote a service policy and covenant. Concurrently, we are continually improving and expanding processes and services at the bank including the following:

- ◆ Expanded capabilities for remote and self-service actions and services for customers (telephone, digital channels, and self-service stations).
- ◆ Improved end-to-end response and shorter wait times at the call centers and branches.
- ◆ Scheduled appointments for telephone calls with the call centers.
- ◆ Improvement of the written communication channel.

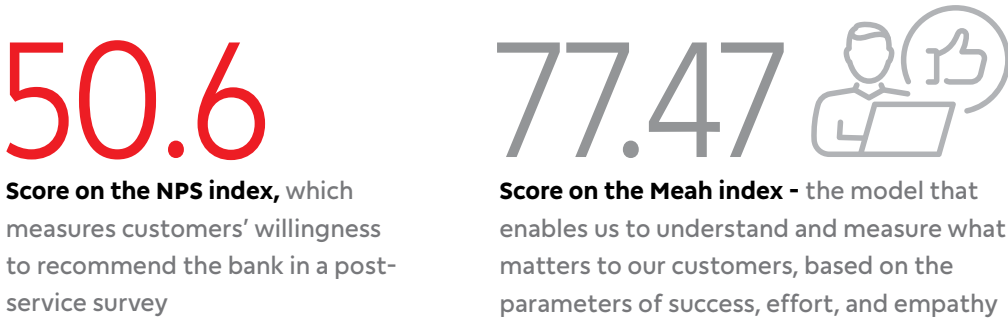
1. As described in the bank's financial statement for 2024, section 1.1.

Operating during wartime

- ◆ **Hotline** – We continue to operate a hotline to respond rapidly to urgent communications from customers related to the emergency situation.
- ◆ **Proactive calls to Otef Aza residents** – We contacted tens of thousands of customers from the Otef Aza region by telephone, to check in with them and offer banking services if necessary.
- ◆ **Support network for relatives of casualties and hostages among our customers** – We reached out to families who had lost loved ones to express our condolences and offer personal guidance by senior managers at the bank, aimed at shortening procedures and providing as rapid a response as possible to all of their banking needs.
- ◆ **Available, accessible service, particularly for customers from Otef Aza and northern Israel** – Most of the branches of the bank continued to operate as usual. At branches closed due to the war (according to the instructions of the IDF Homefront Command), all calls and emails were redirected to multichannel service centers. Mobile bank branches and branch employees visited evacuee centers nationwide to provide banking services. On November 28, 2024, when the ceasefire in the north was announced, all branches of the bank resumed routine operations.
- ◆ **Quick loans via mortgages for the addition of secure rooms** – We introduced targeted loans for the expansion of construction to add a secure room (consistent with the rules of the IDF Homefront Command).
- ◆ **Contact center for our customers injured in service in the military or security forces during the Swords of Iron War** – The contact center, opened in February 2024, provides an individualized response to banking and financial requests.

Improvement in customer satisfaction in 2024²

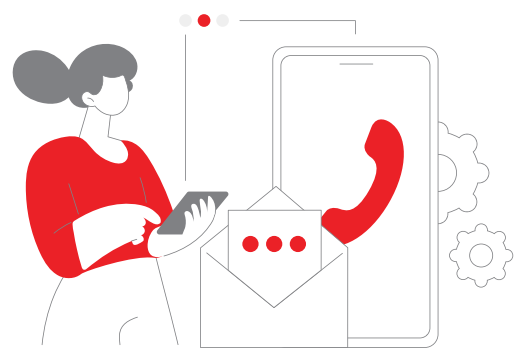
We expanded our surveys, and the population surveyed, on customer satisfaction with the various service channels in 2024. Our efforts to improve service and the customer experience over recent years have made their mark, as demonstrated by the improvement in customer satisfaction in every service channel, evident in the survey results and in the results of the Meah (success, effort, and empathy) Index and the NPS (net promoter score) Index.³



2. Based on post-service surveys.
3. The data presented are weighted results of the measurements in each of the service channels in the Retail Banking Division. Due to a methodological change in the method of measurement of the Meah index and the NPS index in 2024, it is not possible to present a comparison to previous years. Results shown for 2024 are an average of quarterly results measured through regular surveys during the year.

Providing banking services through the branch network

Along with the advanced banking services offered through the bank's service centers and digital channels, we operate a network of 159 branches located nationwide. In addition, two mobile branches deliver banking services, including teller services, to 48 locations, including remote areas where there are no bank branches. 27 of the locations served are at elderly-care and assisted-living facilities. In addition to the branch network, the bank has 969 self-service stations with the broadest distribution in the Israeli banking industry, most of which allow cash and check deposits and a wide range of advanced transactions.



Specializations within the retail branch network

Over the last few years, we have created expert centers at the bank designed to provide quality service and professional and business value to our customers:

- ◆ **Poalim Business branches** – Seven branches have been opened, offering our customers professional business services delivered by expert bankers.
- ◆ **Advising centers** – Fourteen advanced advising centers have opened nationwide to offer our customers holistic advisory services on financial and pension investments.
- ◆ **High-tech units** – The bank has five units specializing in the technology industry, aimed at expanding services offered to start-ups and mature technology firms.
- ◆ **Mishkan representative offices** – The bank's 78 Mishkan offices assist and guide our customers through the important process of buying a home.

Operating during wartime

- ◆ In the early days of the war, several branches in the conflict areas and the vicinity were closed under the instructions of the IDF Homefront Command. We ensured that customers of these branches were served remotely by the bankers from the closed branches, with backup from supporting branches and the multichannel service centers.
- ◆ We expanded the activity of our mobile branches to serve displaced people, delivering banking services to over thirty evacuee centers nationwide, according to emerging needs. We also built a specialized service method in which branch employees visited evacuee centers, working on laptop computers to provide banking services to our customers.

- ◆ **Foreign resident centers** – Eight centers serve foreign residents, specializing in services for this segment, with expertise in opening accounts and in cross-border activities, and regulatory risk management in accordance with compliance procedures.

We are continually examining the deployment of the branch network, merging branches as necessary, while maintaining an optimally wide geographical reach. One branch was merged in 2024. Customers, particularly senior citizens, receive comprehensive guidance and support through the process when branches are merged. Support measures include adaptation of work processes to customers' characteristics, relevant mailed messages, digital literacy support and guidance sessions for senior citizens among our customers, a call center dedicated to customers of a branch undergoing a merger, expanded placement of self-service stations, increased staffing of attendants to help with the use of the bank's digital channels, and boosted service via mobile branches. In addition, Poalim Close to You service points were added, offering in-person banking services twice a week at the merged branch or nearby. As of the end of 2024, ten Poalim Close to You service points operate in addition to our branch network.



Poalim Invest - expert centers consulting on financial investments, pensions, and retirement

The bank has fourteen advanced advising centers offering financial investment advising services⁴ and pre-retirement pension advising services. Hundreds of experienced professional advisors at the centers help customers build a financial investment portfolio matched to their individual needs and preferences. The bank's pension advisors help customers tailor their pension portfolios and prepare financially for retirement. The pension advising services are offered to customers of all banks, allowing examination of the full range of pension products and solutions best suited to each customer's specific needs. The bank also offers retirement advising services to interested customers.

The advising services are supported by advanced systems and tools:

- ◆ **Advisor** - A system offering decision-support tools and extensive information to help advisors build an individually tailored investment or pension portfolio for the customer.
- ◆ **My Advisor** - A system used by customers to communicate directly with investment advisors through the digital channels and view the current status of their investment portfolio.
- ◆ **Smart Advice** - A service delivering personalized investment recommendations to customers on mobile phones and through the bank's website.

In 2024, the Bank Hapoalim pension advising service was awarded the title of "Leading service in the banking industry" by Adif Communication, a company specializing in insurance and long-term savings, for the fourth consecutive year.

Multichannel advanced direct banking centers

The bank operates advanced multichannel banking centers offering a range of banking services and activities. Service is provided by interactive voice response or representatives via telephone, and through written messages, adapted to various population categories, including people with disabilities and senior citizens.

Service channels:

- ◆ Interactive voice response available 24 hours a day, providing extensive and varied information and allowing many transactions to be performed in customers' bank accounts, securely, simply, and quickly. This service is available in Hebrew, Arabic, and Russian.
- ◆ Professional bankers available by telephone from 8:30 AM to 5:00 PM.
- ◆ Written communication via the "Contact a banker" option on the website or app, chatbot, live chat and WhatsApp for Poalim Pro customers, and responses to messages on social media (Facebook, Instagram, and LinkedIn).

The bank is working to make a wider range of services accessible through multiple communication channels, as described above, to enable our customers to consume banking services at the time and place of their choice, using the method they find most convenient. The bank also offers service via telephone and in person at the branches.

Service is offered on a range of subjects, from information and account transactions to expert services; these include:

- ◆ **Support for the digital channels** - Technical support for the bank's website and apps, including Bit and Poalim Wonder.
- ◆ **Mortgages** - Customers can submit mortgage applications and receive in-principle approval, refinance a mortgage, and receive information and carry out various actions in existing mortgages. A service center serves mortgage advisors external to the bank who are working with customers in a process with the bank.

Innovations and improvements at the multichannel banking center in 2024

- ◆ Continued expansion of the authority of the bankers at the contact centers, with comprehensive professional training and implementation of advanced technological tools, aimed at delivering full responsiveness and banking service through the centers and reducing the need for customers to visit the branches.
- ◆ Further staffing increases in written communication with customers, to provide better availability and a more professional response through the digital channels.
- ◆ **Hotline for customers affected by the war** - Reserve soldiers, evacuees, people injured in the war, and others. The hotline provides support in sensitive cases caused by the current conditions and offers a professional, quick, appropriate response.

4. The services are provided to customers who have signed an advising agreement, subject to the provisions of the Law for Regulation of Investment Advising, Investment Marketing, and Investment Portfolio Management, 1995.

Poalim PRO

Poalim Pro is an advanced premium service for private customers who prefer to conduct most of their banking independently using digital channels, but expect personal, attentive, available service from professional bankers when necessary. The service includes complex banking transactions and professional investment advising, without requiring visits to a branch. Poalim Pro bankers are available to customers by telephone at *2081, Sunday to Thursday from 8:30 AM to 5:00 PM, and via live chat and WhatsApp from 8:00 AM to 5:00 PM. In 2024, as the number of customers receiving Poalim Pro services grew, we continued to improve the availability and quality of the service. This improvement was reflected in exceptionally high customer satisfaction (results of the survey are presented in the section, "Delivering optimal service").

2024 plans - status

Plans	Status
Continue to improve the service experience at the contact centers, by expanding their authority and offered services and through technological innovation.	✓ Completed
Further improve the user experience on IVR.	✓ Completed (the customer experience upgrade process is currently continuing)

Operating during wartime

- ◆ We introduced a special emergency line, open from 8:30 AM to 5:00 PM, to respond rapidly to the bank's customers.
- ◆ We sent messages and updates to our customers in Otef Aza communities about the benefits and reliefs offered to them by the bank.
- ◆ We redirected calls and emails from the branches closed due to the war to the multichannel service centers.
- ◆ We expanded our remote-work infrastructure to cover additional employees, in order to maintain business continuity as the war in the north expanded.
- ◆ We reached out to tens of thousands of customers from the Otef Aza and northern regions.
- ◆ We set up close individual support for bereaved families and families of the injured, tailoring appropriate solutions to their needs.

The advanced multichannel banking center in 2024, in numbers

We received	We responded to	
2.7	938	20%
million telephone calls	thousand written messages	improvement in wait times compared with 2023

Future Plans

- Continue to upgrade the capabilities of the contact centers, to deliver a good, advanced, comprehensive end-to-end banking service experience, and reduce the need for customers to visit a branch in person, to the extent possible, by expanding authority, developing and implementing a variety of innovative technological solutions, and investing in quality professional personnel.
- Continue to upgrade the customer experience in IVR, offering service through natural speech.
- Install an advanced CRM system, allowing a 360-degree view of the customer and an advanced, comprehensive, multi-channel response.
- Expand the population of Poalim Pro customers.

Delivering advanced digital banking services

We invest in the development of advanced, innovative digital platforms to enable our customers to receive relevant information and execute banking transactions simply and accessibly, through advanced tools, to aid their financial conduct. As our customers' use of the digital channels continued to expand in 2024, we continued to broaden the range of digital services available.

Our digital platforms

- ◆ **The Bank Hapoalim website** – Our website provides information, allows users to carry out transactions, and offers tools for everyday financial behavior and astute financial decision-making. We also offer banking content sites presenting information and tools adapted to the needs of retail-banking and business customers.
- ◆ **Bank Hapoalim app** – The Account Management app provides information and the option to carry out transactions, combining the most advanced banking technology with a quality, personalized user experience, through up-to-date visuals and clear, friendly language. In 2024, the bank focused on expanding the range of transactions and services offered through the digital channels, while strengthening its information-security capabilities and reducing fraud, to optimally protect customers' accounts. Capabilities for payments through the app were expanded in August 2024.
 - ▶ An option for customers to independently perform RTGS (Zahav) transfers was added to the app in 2023.
 - ▶ An option to approve immediate payments from customers' accounts was added.
 - ▶ An option was added allowing the approval of a proxy (linking account details to identifying information, to allow money to be received based on a mobile telephone number, identification number, or private company number, in immediate payments).
 - ▶ An area was added allowing customers to view and manage foreclosures in their accounts, and to submit a request to pay for a foreclosure in certain cases.
- ◆ **Financial Partner** – A unique feature of the bank's app, introduced in late 2021, designed to help customers manage their day-to-day finances, offer guidance through various life circumstances and financial occasions, and enhance their knowledge and subsequent control over their financial status. Through the use of advanced technologies, the Financial Partner enables customers to set monthly goals in various consumption categories and track their progress. The Financial Partner also identifies trends in the account and reflects them to customers, allowing them to prepare for anticipated expenses and take action in advance to prevent overdrafts, manage high current-account balances, and more. In 2024, an option for independent expense management was added, to provide a more accurate snapshot of customers' finances.
- ◆ **Chat** – This service consists of a chatbot as well as chats with bankers, offering

information, services, and instructions on digital banking.

- ◆ **Digital service interactions** – Personal interactions through the digital services, communicating with customers at important moments in their lives (starting a new job, starting an academic program, etc.), special occasions (preparing for holidays, summer vacation, etc.), and situations related to the way the account is managed. For example, contacting a customer whose credit-card debit date is earlier in the month than the deposit date of their salary to suggest a change in the date; informing a customer that a deposit in their account is about to be released; or informing a customer who has taken a loan of options available during the lifetime of the loan, such as rescheduling payments, prepayment, payment deferral, and more.
- ◆ **Contact a banker** – A service on the website and app for writing a message to a banker in order to carry out various transactions or inquire for information.
- ◆ **Poalim Open** – An app for opening a bank account at any time, using facial recognition technology. After the account is opened, customers can receive information, execute transactions, and gain access to Bank Hapoalim services through the channel of their choice. In 2024, an option was added allowing customers to resume a process from the point where they previously stopped.
- ◆ **Capital Market app** – A capital-market trading app that allows customers to remain current on market events; search, buy, and sell securities easily and quickly;

and observe the developments in their portfolios throughout the trading day, using a convenient advanced display. The app also offers the innovative Smart Advice service, which assists advised customers with investment decisions. Users receive personalized investment recommendations from their investment advisor through alerts sent to their mobile phones. The app offers a feature allowing users to send pre-market trading orders for securities on stock markets in the United States before the trading day begins.

- ◆ **Poalim MyTrade trading system** – Allows customers to carry out securities transactions. The system supports six languages and presents data to customers through a customized interface, including streaming updates, trading in a wide range of markets and financial instruments, advanced orders, a calendar of global financial events, current information, analyst ratings, and a wealth of trading tools and decision-support tools, such as Smart Advice.
- ◆ **Business website and app** – Our business clients need fast, accessible, innovative solutions, to help them invest most of their time in managing their businesses, maintaining continuous financial activity and business continuity. We offer advanced tools and services matched to the needs of our business clients, while adding innovations to existing digital solutions, such as ERPay. ERPay is a revolutionary payment system, enabling major corporate clients connected to the service to transfer funds in Israeli or foreign currency from their organizational

Operating during wartime

- ◆ **Payment deferrals** – We added an option to apply for deferral or rescheduling of payments on loans, mortgages, and credit cards through the website.
- ◆ **Exemptions from various fees for reservists** – We added an option for reserve soldiers to apply for an exemption from fees through the website or app.
- ◆ **Referral to benefits via chatbot** – To make it easier for customers to find the relevant information, direct referrals to reliefs offered by the bank during the war were added to the chatbot.
- ◆ **Loans and credit facilities in current accounts** – Information on both topics, more relevant than ever during the war, was added to the menu of options in the "Contact a banker" section of the app.
- ◆ **Changes in loan payments** – The relevant benefits were added to the website and to the responses in the "Contact a banker" section of the app.

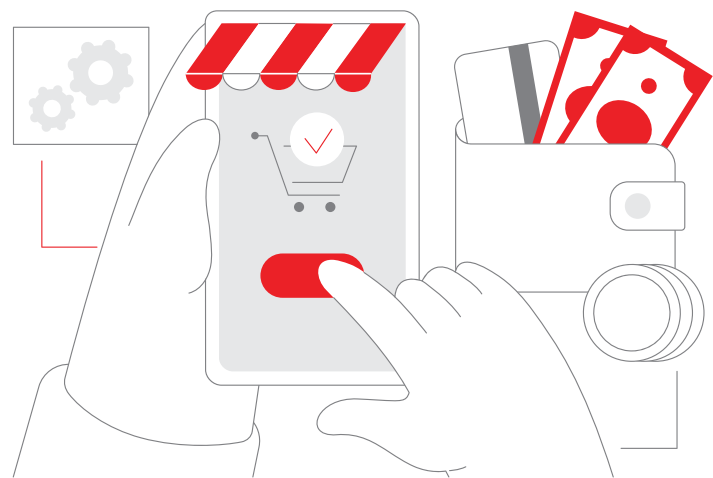
* Full information about the reliefs and benefits created for the period of the war, which are updated from time to time, is posted on the bank's website.

accounts directly to the bank, without accessing the bank's website or app. This service is unique to Bank Hapoalim.

- ◆ **Opening accounts for business clients through digital channels** – In 2024, we introduced a digital interface for business clients to apply to open an account, in a shared arena where customers and bankers can communicate. The platform allows customers to upload documents, manage status, and communicate with the banker at every stage of the process until the corporate account is opened, including signatures, in a quick and user-friendly procedure.

Future Plans

- Expand and improve service for our customers.
- Make additional activities available through the digital channels, while protecting the security of customers' accounts.



bit

Bit is the most popular payment app in Israel, offering quick, easy, all-in-one payments: transfers to family and friends, online shopping, paying bills, receiving refunds from companies, and donating to non-profits. Payments are secure; the payment experience is simple and quick.

bit over **3.3** million active users
among customers of all banks
(as of the end of December 2024)

Within the bank's information security and cybersecurity policy, we invest extensive resources and use some of the most advanced cyber defense and security products in the world to protect users' information and data.

We are attentive to users' needs and work to constantly improve the app. A new, more convenient and advanced interface for the Bit app was introduced in November 2024, with the option to accumulate a balance of funds in the app (the Bit payment account service). The new interface offers a range of new capabilities designed to assist customers, including advanced searches of individual transactions, a feed of new transactions allowing convenient expense management and tracking, a designated area for groups used to collect money, shortcuts to contacts, and more. The app was also redesigned with softer colors, added animation, and stand-out icons.

Operating during wartime

Significant fundraising efforts through Bit continue, including nationwide campaigns by non-profits in the areas of healthcare and rescue services, as well as ongoing fundraising for the Hostages and Missing Families Forum (see details in the "Poalim Community" section).

Donations through Bit in 2024 are estimated at tens of millions of shekels.

Poalim Wonder

The bank has offered Poalim Wonder, a benefit program for customers, through a dedicated app since 2021.⁵ Customers who have a participating bank credit card and are registered for Poalim Online can collect points through the program when they use the credit card, use the bank's digital services, etc. Benefits are offered in a range of areas: consumer services, leisure and tourism, plays and performances, restaurants, museums, community donations, and more, through (1) exercise of points, (2) exercise of points and added payment, or (3) payment only. The program contributes to a stronger relationship between the bank and its customers, and allows customers to enjoy value offers and save hundreds of shekels every year.

When the war began, we added community-related benefits to Poalim Wonder, so that customers could use their points to buy products and packages to be donated by non-profits such as the Round Up Foundation to groups including Holocaust survivors, at-risk children and teens, the Hostages and Missing Families Forum, families harmed by violence, lone soldiers, group homes, and residential care facilities. A total of 25,779 products have been acquired and donated to non-profits, in cooperation with the Round Up Foundation, since the beginning of the war.

In November 2024, we supported "blue and white" (local Israeli) businesses, in a collaboration with Wolt, allowing customers to exercise benefits at local businesses using points only.



Operating during wartime

- ◆ We added a benefit enabling our customers to buy boxes of locally grown fruits and vegetables for donation to residents of the combat zones, through Latet.
- ◆ Based on the awareness that wartime affects the daily routines of both reserve soldiers called up for service and their families, we set up a zone in the Poalim Wonder app dedicated to our reservist customers,⁶ where a wide range of benefits is available to them.
- ◆ In January, we introduced a set of benefits for reservists' families, offered free of charge, such as a family-sized pizza, ice cream, movie tickets, and more.

5. The program is targeted to holders of a participating Bank Hapoalim credit card who have registered for the Poalim Online service. Subject to the rules and regulations, the terms on the benefit page, and the terms of use of the Poalim Wonder app.

6. Customers of the bank participating in the benefit program, whose reservist grant was deposited in their bank account from October 7, 2023, forward.

Delivering service and professional value through social media

We are active on four social networks: LinkedIn, Facebook, Instagram, and X. Our social-media presence is aimed at developing trust-building dialogue with our customers and the general public, by:

- ◆ Providing a quick, available, advanced service experience, with rapid response to communications with the bank.
- ◆ Adding professional value by posting relevant, varied, enriching content.
- ◆ Listening to the public discourse and formulating business insights.

Our Facebook page is a platform for customer service and for dialogue with our customers and the general public, providing us with opportunities to listen and continually improve. **Hundreds of messages are received on the page daily (via Messenger and in comments on posts).** A dedicated team handles these communications and provides a professional response and service within a few hours. Salient issues that come up repeatedly on social media are escalated to professional functions at the bank, with the aim of improving service processes and quality.

The bank has **200k** Social-media followers as of the end of 2024

Operating during wartime

Social-media content was adapted to the characteristics of the period of the war and the associated unique needs. This included detailed information about the reliefs and services offered by the bank to its customers during this time, activities of the bank for the community and aid in civilian efforts, encouraging “blue-and-white” local shopping, and tips for households and businesses on managing their finances during the war.

Bank Hapoalim is the first and only bank in Israel to launch an Arabic-language Facebook page.

The bank creates hundreds of posts on its social-media pages throughout the year, on the subjects of digital empowerment and innovation, financial growth, new products and services, community activities of the bank, and more.

Promoting the growth of small businesses

We work to empower the small-business sector, in the awareness that it is one of the pillars of the Israeli economy and a key growth driver. Our activity to benefit small businesses includes the development of tools and services in response to the challenges facing businesses at different life stages, alongside the delivery of personal, professional service by expert bankers at branches in every part of Israel.

The product and service offering of the bank for small businesses includes financing solutions, a website and application designed specifically for these businesses, professional lectures by the Financial Growth Center, benefits for businesses in their first two years, and the Expansion Package for small businesses aspiring to grow and develop, which consists of tailored financing solutions, business guidance meetings, and consulting with leading e-commerce experts.

Banking products and services

Recognizing that small businesses have a unique set of complex financing needs, we created a unit dedicated to these needs, organized as a “tribe” within the Agile model, composed of bankers specializing in credit, technology, and risk management. The unit’s mission is to develop a range of credit products and respond rapidly and flexibly to the business needs and expectations of small businesses, as they arise in day-to-day dialogue with our customers.

Five branches were converted into business branches in 2024, joining the bank’s network of seven business branches, which is planned to expand further in 2025.

Financing solutions

In 2024, we continued to assist small businesses as necessary, while developing further financing solutions⁷ targeted to the businesses’ unique needs.

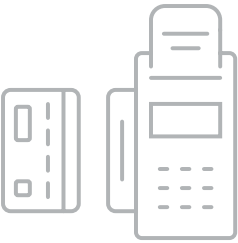
- ◆ **State-backed loans for small and mid-sized businesses (with annual revenues of up to NIS 100 million) -** This program offers loans in amounts of up to 8% of the annual revenue of the business for various purposes, such as starting a new business, bridging a cash-flow gap, investment in promoting a green business, and more.
- ◆ **Instant Credit and multichannel loans -** Rapid credit of up to NIS 400,000 received through the bank’s website or app. This solution is designed to help small-business owners with routine management by making it easier for them to focus on promoting the growth of the business.

◆ Easy Start benefits for small businesses in the setup phase -

Businesses in their first two years can be exempted from current-account fees for the use of direct channels for up to one year, to help them grow in the crucial first years of their activity.

◆ Additional financing solutions -

Alongside options such as deferral of payments, higher credit facilities, and more lenient scheduling of payments on existing credit, we offer our customers loans designated for purchases of cars, trucks, or real-estate properties intended for the development of their business, as well as loans to finance solar-energy systems (see details in the section “Opportunities in sustainable financing and investments,” p. 38).



NIS **34.5** billion

total balance of credit to the small-business sector

as of December 31, 2024

Social ESG bonds for financial aid to small businesses and microbusinesses

The bank was the first institution in Israel to invest in the innovative bonds by Ogen designed to provide financial assistance to hundreds of small businesses and microbusinesses hurt by the COVID-19 crisis. Following the bank’s investment of NIS 7 million, other institutions joined in to bring the total funds raised by the bonds to NIS 50 million. Small businesses and microbusinesses granted a loan from the funds raised through the bonds also receive mentoring from the non-profit organization Keren-Shemesh, which offers guidance for business growth. In 2024, assistance was also granted through these bonds to small businesses and microbusinesses harmed by the economic impacts of the war. The allocation for loans to small businesses was completed in July, and the bonds matured. As of the end of 2024, loans in the amount of NIS 50 million had been granted to 547 small businesses and microbusinesses through the fund, of which 40% had low credit accessibility.

7. Credit granting is subject to approval by the bank and to the terms thereof. Failure to repay a loan may lead to penalty interest charges and foreclosure proceedings..

Comprehensive professional guidance and adapted tools and services

We offer a range of solutions and services adapted to the needs of small businesses through direct channels, including digital platforms:

- ◆ **Expert bankers** – A broad network of expert bankers at specialized departments within our branches offers professional guidance to business clients. In addition, certain branches specialize in businesses: the Petach Tikva business branch in central Israel, and the Haifa business branch in the northern region.
- ◆ **Poalim Business app** – An app designed to help business owners manage the financial activity of their business.
- ◆ **Opening accounts for business clients using the digital channels** – We introduced the Poalim Tech digital interface in 2023, which business clients can use to complete and sign the forms required to open a corporate account in a quick and user-friendly process. This service was expanded to additional business clients in 2024.
- ◆ **Online support community for small businesses and microbusinesses** – More than 2,000 small businesses participate in the community and receive support and guidance from the non-profit organization Keren-Shemesh. The community, sponsored by the Social Banking Center, serves as a platform for sharing and consultation; members also benefit from enrichment lectures and professional content. Community members are offered guidance by mentors, including Bank Hapoalim employees who volunteer for the program.

Small Business Competition

In 2024, we held our annual Small Business Competition in cooperation with the Yedioth Ahronoth newspaper and the Ynet website. Hundreds of businesses entered the competition; the ten finalists included several social businesses that employ at-risk youth or workers from population groups underrepresented in the job market, and businesses that had mobilized to provide aid and relief to people hurt by the war. Winning businesses received media coverage on Ynet, a monetary grant, and business consulting and guidance from the bank. Millions of readers and website visitors enjoyed a wide range of professional content on entrepreneurship and managing a small business.

2024 plans - status

Plans	Status
Expand the service for opening an account via digital channels to all corporations.	Completed, for limited companies
Continue to open business branches specializing in small and mid-sized businesses in major cities.	Completed

Future Plans

Open additional business branches specializing in small and mid-sized businesses.

Operating during wartime

The war caused severe damage to small businesses across Israel. Many business owners and employees were called up for reserve military service; consumption dropped, and supply chains were disrupted. Businesses from the Otef Aza region and northern Israel, forced to evacuate, sustained even greater harm. In response, we announced a series of reliefs, solutions, and services designed to help small businesses cope with this imposed situation and create breathing space. Some of the benefits and reliefs are based on the Bank of Israel outline, which has been adopted by the bank, as updated and extended from time to time; others were added at the initiative of the bank. Comprehensive information about the special wartime reliefs, solutions, and services, which were updated from time to time, was posted on dedicated pages on the bank's website.⁸

Reliefs and targeted loans for businesses in Otef Aza and northern Israel

- ◆ Interest-free bridge loans for periods of up to three months.^{***}
- ◆ Deferral of loan payments for up to three months, at no added cost, or nine months cumulatively.^{**}
- ◆ Exemptions from various fees for three months.^{*}
- ◆ Exemption from interest on negative balances of up to NIS 30,000 in current accounts for businesses.^{*}

Reliefs and loans for businesses nationwide:

- ◆ Poalim Business Fund – Targeted loans for businesses, designed to respond to the needs created by the Swords of Iron War, in amounts of up to NIS 150,000, with a grace period of up to twelve months on the principal only.^{*}
- ◆ State-backed loans for small businesses whose activity has declined due to the war, at the prime interest rate only.^{9*}
- ◆ Loan payment deferrals for up to three months, or nine months cumulatively.^{**}
- ◆ State-backed loans for the Swords of Iron War¹⁰ of up to NIS 500,000, or 8% of annual revenue (up to NIS 50 million), in a unique track for customers whose volume of activity was negatively affected. ^{**}
- ◆ Loans for reservist business owners – Interest-free loans of up to NIS 100,000 for one year, and three-month interest exemptions on existing loans.^{***}
- ◆ State-backed loans within the Small Business Fund – a program for reserve soldiers.^{**}

Offering small businesses financial knowledge and tools, along with reliefs:

- ◆ We provided support to businesses in northern Israel, including practical tools for maintaining financial resilience and responding to the challenges of this period, free of charge. This program included a series of meetings and individual business coaching through the non-profit organization Ogen.
- ◆ Launch of the Business Wizard – An innovative system for delivering tools adapted to the needs of the business, according to its type, how long it has been in operation, the number of employees, and more.
- ◆ Personal mentoring program – Individual guidance by senior executives for three months, free of charge for the participants, aimed at leading the business to new achievements.
- ◆ Annual lecture program – At least one lecture each month providing practical tools for promoting the growth of a business.

Additional actions we took to benefit our customers :

- ◆ Collaboration with the Histadrut Self-employed and Freelancer Forum, in which the bank gave customers credits in the amount of the monthly membership dues they paid to the forum over a period of two years. Membership grants access to a wide range of services and benefits through the Histadrut labor union. ¹¹
- ◆ We held conferences for customers and consultants in southern and northern Israel, as well as in other areas, to offer our business customers tools to help cope with the current situation.

^{*} Benefits/loans still in effect.

^{**} Benefits/loans discontinued on March 31, 2024.

^{***} Benefits/loans discontinued on September 30, 2024.

8. The reliefs, solutions, and services described refer to 2024. Some of these have ended, while others remain in effect for specific periods, all as updated from time to time on the dedicated pages of the bank's website. The benefits and reliefs granted by the bank were updated during the year; concurrently, the Bank of Israel outline was adjusted, and each update was applied to a specified period. Part of the updates may involve modifications of the benefits and reliefs and/or of the population groups eligible for the benefits and reliefs. All of the aforesaid reliefs, solutions, and services are subject to the approval and terms of the bank, to the criteria established for each product, and to the terms of service, which the bank is permitted to change at any time, subject to all laws. Failure to repay a loan may lead to penalty interest charges and foreclosure proceedings. Granting of a loan is subject to approval by the bank and to the terms thereof.

9. According to the terms of the program released by the Bank of Israel, which ended at the end of January 2024, posted on the bank's website.

10. These loans were also offered to mid-sized and large businesses.

11. For customers who are members of the Histadrut Self-employed and Freelancer Forum and meet the criteria established, all subject to the terms of the engagement.

Promoting the growth of large and middle-market businesses

The Corporate Banking Division operates eight Business Centers for middle-market business clients, of which three centers targeted to growing commercial clients. A unit within the division specializes in service and financing for technology companies through the Poalim Tech brand. Corporate clients are served by industry-specific customer relationship managers with expertise in each sector.

Promoting the growth of high-tech companies

Poalim Tech is the Bank Hapoalim unit dedicated to banking for the technology industry, combining the financial power of the leading bank in Israel with expertise and in-depth understanding of the unique needs of technology companies and the technology ecosystem.

We offer service models matched to the stages of companies' life cycle, from early to growth to corporate. Poalim Tech centers nationwide provide expert banking services to technology companies, including targeted asset and credit products.

The assistance and service offered by Poalim Tech are designed to meet the specific needs of technology companies, which are characterized by the ambition to achieve accelerated growth while maintaining financial stability. The service includes individual guidance from a tech-industry customer manager during routine banking activities, as well as a range of financial solutions, such as connection to a dealing room, credit solutions (including venture lending), tailored deposits, international banking services, direct banking, connections with investors, and more.

We believe that Israel's high-tech industry is essential to its economy and ability to face global challenges. Motivated by responsibility and commitment, we aim to create genuine value for the technology ecosystem. Beyond our banking services, we offer technology companies supplementary added-value services such as assistance with business planning, preparation of investor presentations, fundraising,

and entering global markets. A network of Poalim Tech advisors and mentors is available to the companies, to help them cope with the challenges involved in a managing a rapidly growing business.

We also work continually to promote the Israeli high-tech industry in many different ways, and we are deeply committed to its success. In this challenging time, we believe it is especially important to provide meaningful support to technology companies, to help them continue to grow and achieve their vision.

- ◆ **Meetups for fundraising and connections in the high-tech industry** – We leverage the bank's extensive network of relationships to create deeper collaborations between entrepreneurs and potential investors. The bank organizes conferences and meetings with venture-capital companies, accelerators, investors, incubators, service providers, entrepreneurs, and more.
- ◆ **Guidance for accelerators and incubators** – We assist and support accelerators and incubators through participation in company screening processes, lectures on recruiting investors, assistance and advice regarding financial management, advising entrepreneurs in the various programs, and more.
- ◆ **Investment in venture-capital funds** - We are leading a program for investment in dozens of leading Israeli venture-capital funds, aimed at expanding the sources of financing available to the industry.
- ◆ **Ongoing initiatives** to strengthen the technological innovation ecosystem in Israel, such as:
 - ▶ **Preparing for an IPO** - Through the IPO Readiness program, in collaboration with the leading US stock exchanges NASDAQ and NYSE.
 - ▶ **Growth+** - Mentoring sessions.
 - ▶ **Roadshow+** - Presenting ventures to investors from leading funds in the Israeli technology industry.
 - ▶ **CFO Connect** - A forum for chief financial officers of growth companies.
 - ▶ **Meetings, webinars, and events.**



Responding to public inquiries

Customer complaints are addressed as an essential element of process improvement, service improvement, and instilling fair banking. The Ombudsman Unit is staffed by banking professionals with extensive experience who can assist those customers who have not found a solution to their issue in the bank's first line of response through its branches and service centers. Messages are usually received through the bank's website, although some also arrive via mail, fax, and telephone.

The Ombudsman Unit is diligent about processing each individual customer inquiry fully, to find a solution to the specific dispute. Every case is examined in depth and addressed in light of the values of fairness, responsibility, privacy, reliability, and transparency. Some cases are found to have broader implications, and are escalated to the business functions at the bank for learning, process improvement, and remedying of any flaws detected.

The Ombudsman Unit operates in accordance with Proper Conduct of Banking Business Directive 308A of the Banking Supervision Department. Among other matters, the directive establishes the procedure for processing customer complaints, including duration, and the format for periodic reports. Accordingly, we release the following periodic reports:

- ◆ A semiannual report to the Supervisor of Banks indicating how complaints were handled;
- ◆ An annual report to the public, on the bank's website, summarizing data on processing of complaints;
- ◆ A semiannual report to management and the board of directors containing quantitative summations and trends of customer complaints, including flaws detected and material actions taken as a result of the complaint investigation process. The management and board of directors of the bank hold discussions of the reports of the Ombudsman Unit shortly after they are received.

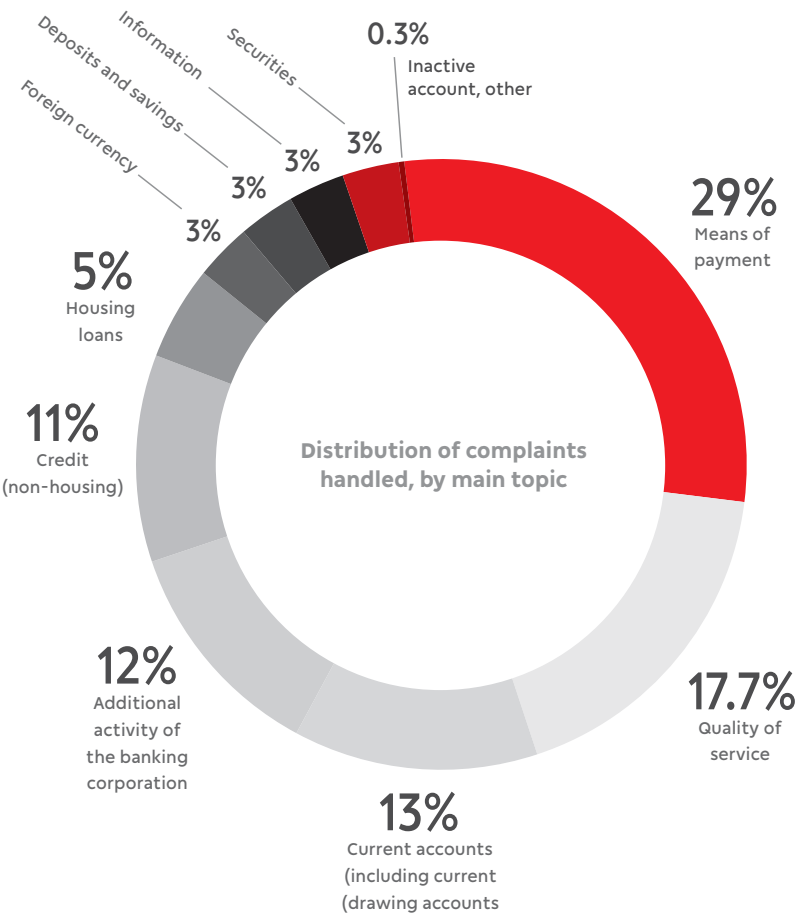
Decrease in complaints and requests to the ombudsman

Since the outbreak of the Swords of Iron War, we have worked to support and assist anyone who contacts us in navigating this period, by finding targeted solutions to evolving needs and providing rapid responses and solutions.

Customers' requests to the ombudsman decreased by about 13% this year. The unit responded to 946 requests in 2024, compared with 1,085 in 2023.

The number of complaints in 2024 was approximately 19% lower than in the preceding year, while the percentage of complaints categorized as justified dropped by 23%. 6,343 complaints were processed, of which 1,287 were marked justified (about 20%), compared with 7,838 complaints in 2023, of which 2,034 (about 26%) were considered justified.

In 2024, customers were awarded refunds following complaints in the amount of approximately NIS 2 million. This included monetary remedies of NIS 656,000 beyond the requirements of the law, for complaints classified as unjustified (excluding complaints handled with the Banking Supervision Department).



Fairness

We believe that ethical, responsible, fair conduct will lead our business to thrive in the long term and enable us to maintain and expand our customer base. Fairness is one of our fundamental values, grounded in the bank's vision, code of ethics, and working procedures for employees, which we endeavor to embed in the organizational culture of the bank. The concept of fairness, in this context, encompasses good and attentive service suited to customers' needs, with transparency and due disclosure of all of the terms of the service, in every channel.

The bank is subject to due-disclosure directives under the law in connection with the information that should be provided to customers about banking products and services. General directives apply to all products, such as the prohibition of misinformation and the requirement to disclose information regarding the collection of fees, while some directives apply to specific products, such as the extensive disclosure requirements in the Fair Credit Law applicable to loan agreements and credit-facility agreements.

We make efforts to present information to our customers in an accurate, clear, and available manner, adapted to the service channel. This includes adapting the language included in letters and on the digital channels, and producing instructional videos, in collaboration with the Financial Growth Center, designed to help understand financial information and elucidate banking terminology, when we encounter knowledge gaps. For example, we produced and posted instructional videos on the bank's digital channels on topics such as the Banking ID and the advantages of the information it presents, benefits for people with disabilities, and more.

The bank is committed to maintaining ethical and fair marketing and advertising processes, including when specifying target audiences and directing marketing offers

to such audiences. The bank is a member of the Israel Marketing Association and is committed to the principles of the Responsibility and Fairness in Advertising Compact. We exercise caution in advertising, marketing, and sales promotions, applying several levels of screening and oversight to marketing messages. Campaigns marketing consumer credit are subject to periodic oversight by the Chief Compliance Officer Area, to check for compliance with the law and examine fair-advertising aspects.

Fairness and alignment with the best interests of the customer are maintained with the utmost diligence in services for disadvantaged population groups, customers with limited financial knowledge, and customers experiencing financial difficulties (for further information, see the sections "Financial inclusion," "Poalim Financial Health," and "Sensitivity in collection proceedings").

The bank's compliance risk management policy in the area of fairness towards its customers is part of the compliance policy of the Bank Hapoalim Group, as approved by the board of directors; with the necessary adjustments, it also applies to the subsidiaries in Israel and the bank's offices overseas. This policy applies to every aspect of planning and execution of activities and agreements with customers, including sales and marketing of products and services. Within our policy, in the process of development and introduction of new products, activities, and services, the bank comprehensively examines the compliance of the product or service with the provisions of the relevant laws and regulations, as well as with aspects of fairness towards customers.

The duty to act fairly, responsibly, and ethically towards our customers, in line with the provisions of the law and the values of the bank, applies to every unit of the bank (in the first line, aided by area- and division-level control functions), with an emphasis

on units that provide banking services and initiate and manage banking activities with customers. The chief compliance officer of the bank is responsible for the fairness of the bank towards its customers as a second line of defense.

In the second quarter of 2024, the bank decided to place the management of fairness towards customers under the responsibility of the Retail Banking Division, as a first line, and appointed a first-line head of fairness. The board of directors of the bank has approved a plan that addresses issues including strengthening and promoting compliance with consumer-protection directives, expanding first-line and second-line compliance controls, and instilling an organizational culture of fairness. The head of fairness, in the Customers, Sales, and Service Area of the Retail Banking Division, is responsible for implementation of the plan, and charged with strengthening and promoting fairness and managing first-line fairness risks. This includes promoting an organizational culture of fairness, setting metrics and business targets for improving customers' perception of the bank's fairness, and more. A steering committee headed by the head of retail banking, with the CEO and other members of management participating, is overseeing the implementation of the plan.

At divisions primarily engaged in providing banking services to customers,¹² division-level fairness trustees have been appointed to ensure that the activity of the division, including initiatives promoted by units within the division, is conducted in alignment with the law, the bank's policy in this area, and the procedure regarding the fairness of the bank towards its customers, and to assist the head of the division in managing fairness risk through the planning and implementation of regular and sample-based controls. At divisions engaged in activities not directly related to serving the bank's customers, liaisons were selected to help convey messaging on this subject

within their divisions. When contracting with a supplier to act in the bank's name or on its behalf, the bank acts to ensure that the supplier treats the bank's customers fairly, according to the standards established by the bank.

The Procedure for the Fairness of the Bank Towards its Customers (hereinafter: the **"Fairness Procedure"**) formalizes work processes that promote fairness towards customers; the procedure cultivates an approach of upholding the principles of fairness in every part of the bank's interaction with customers and maintaining customers' trust in the bank. The Fairness Procedure specifies practices and rules for maintaining fairness towards customers, including ensuring that a banking product or service is suitable for the customer's needs and characteristics, and providing full information regarding the product or service, its price, and its inherent risks. The procedure addresses, among other matters, fairness in account management and routine activities, including the right to open and maintain a current account with a positive balance, use means of payment, and use various service channels to execute banking transactions. In addition to the provisions of the procedure, in line with the law, we strictly adhere to the prohibition on making any service contingent on the purchase of another service or product and ensure that the terms of contracts are fair. The procedure also specifies the system of controls over marketing and sales activities, to ensure that these activities are conducted with integrity and fairness, in the customer's best interests. In cases of deviation from the provisions of the Fairness Procedure, a lessons-learned process is conducted, conclusions are derived, and measures are taken to build appropriate processes for the prevention of recurrence of similar incidents, including through disciplinary proceedings, when necessary. In addition to the Fairness Procedure, the Service Quality Procedure has been written to establish how customers' communications should be handled and how the bank should contact its customers

through its various channels and services. The procedure is aligned with the bank's service culture and the principles of Proper Conduct of Banking Business Directive 501.

To ensure compliance with the law and the procedures established in the area of fairness towards customers, the bank applies rigorous risk assessments, monitoring, and various controls. Towards that end, work processes have been established for finding, identifying, and escalating deficiencies and gaps at the level of the organization that pertain to fairness risks, in cooperation with the business units and service channels. Close ongoing communication is maintained between the control functions, including compliance officers and supervising instructors in the Retail Banking Division, and the head of the Fairness Unit, the Chief Compliance Officer Area, the Ombudsman Unit, and those responsible for the service channels at the bank. Additional controls are designed to ensure that efforts to incentivize employees and promote business activities are consistent with the Fairness Procedure and do not create potential conflicts of interest for the bank's employees.

We have developed and expanded a number of organization-wide control mechanisms, including the following:

- ◆ **General Fairness Index** - An index developed at the bank to systematically track the progress of fairness over time, including fairness in service. The index measures qualitative and quantitative elements, such as treatment of deficiencies, availability, number of complaints, customer satisfaction surveys, and more. Findings are periodically reported to and discussed by management, the fairness steering committee, the risk management committee, and the plenum of the board of directors.
- ◆ **Fairness Forum** - An organization-wide forum led by the Compliance Unit, with the participation of the head of fairness and representatives from relevant divisions, including the

functions responsible for service at the bank, the call centers, and the Ombudsman Unit. The forum convenes on a quarterly basis to formulate overarching courses of action in response to deficiencies and gaps escalated from the field, raise proposals for process improvements, and discuss the internal Fairness Index.

- ◆ **Enterprise-wide control committee** - The committee examines the control mechanisms at the bank, including fairness aspects.
- ◆ **Board of management committee on compliance and legal risk management** - A management committee convened monthly to examine cases of suspected systemic deficiency in processes related to compliance and fairness towards customers, and to remedy such issues.
- ◆ **Reputation management committee** - A management committee convened quarterly, engaged in matters including the promotion of enterprise-wide initiatives and processes to help strengthen the bank's fairness towards customers.
- ◆ **Internal audit** - Review by the Internal Audit Unit of fairness towards customers and processes at the bank, including in connection with consumer credit.

Managers are charged with ensuring that the employees under their responsibility act for the benefit of the bank's customers and in accordance with their needs, and refrain from acting in an unethical, unfair, or irresponsible manner. Remuneration and performance evaluation methods for product sales and services are consistent with the procedures of the bank and the regulatory guidelines in this area, and are based on process-related parameters such as service; adherence to fair, ethical, responsible conduct towards customers; matching products and services to customers' needs and best interests; and compliance with legal requirements.

12. The Retail Banking Division, the Corporate Banking Division, the Banking Services Division, and the Financial Markets Division.

Training sessions for employees and bankers are held at the bank each year to raise their awareness of the importance of fair conduct towards the customers of the bank and enhance their sense of responsibility. The training emphasizes the adaptation of solutions to customers' needs, and fair sales processes that avoid pressure and give customers ample time and conditions to consider the offer and make an informed decision. This training is provided to all employees and managers who serve customers of the bank, including external and part-time workers.¹³ In addition, a tutorial on fairness is distributed to all bank employees every year, with messages aimed at raising employees' awareness of fair conduct, consistent with the values of the bank. Training materials are developed in collaboration with first-line control functions and the Chief Compliance Officer Area; the training is provided to all relevant employees, particularly those in business units who interact with customers. Pre-hiring screening of applicants for work at the bank, certification tests for bankers, and testing for the promotion of employees within the bank include topics related to fairness towards customers and ethical conduct, to ensure a good fit with the norms and values of the bank. Employees have options for open and anonymous consultation and reporting on issues pertaining to fairness (for details regarding reporting channels, see the subsection, "Mechanisms and channels for reporting ethical issues").

Non-discrimination against customers - The bank has established a policy of non-discrimination in its services. This policy refers to discrimination for irrelevant and prohibited reasons, such as due to religion, race, sex, ethnicity, etc. The policy applies to all services of the bank. Tracking and monitoring to ensure non-discrimination are performed by the Chief Compliance Officer Area and the relevant business units.

13. For workers who provide service to customers.

Helping our customers cope with economic burdens

A wave of price increases in Israel in 2024, along with the high interest rate, has resulted in a burden on the finances of businesses and households. We launched several initiatives* in 2024 in the areas of current accounts, deposits, and mortgages to offer relief to customers coping with these difficulties. The bank has also continued to offer workshops, lectures, and articles on budget management and financial education to its customers and the general public through the Financial Growth Center.

Mortgages

In 2023, the bank subsidized the increase in the interest rate in the prime rate track for customers with mortgages who met the criteria set by the bank, and who were proactively identified as suffering the greatest harm due to the interest-rate hikes. The process was automated, with no need for approvals.

- ◆ In January 2023, we absorbed a 0.5% increase in the prime rate, for one year, for approximately 15,000 customers.
- ◆ In May 2023, we absorbed an additional 0.25% increase in the interest rate, for one year, for approximately 40,000 customers.
- ◆ The option to reschedule mortgage payments over more installments was offered to customers with existing prime-track mortgages who met the criteria and were interested in lowering their monthly payments through a longer loan duration. This change was made while retaining the original terms of the loan (with due disclosure regarding the higher cumulative amount of interest due to the longer term of the loan). No fees were charged for the rescheduling.

The benefits continued during the course of 2024.

Current accounts

- ◆ **Current-account offsets** – A mechanism designed to reduce interest paid on negative balances, suitable for hundreds of thousands of private customers whose accounts show positive balances for part of the month and negative balances for the rest of the month. The ceiling for calculation of cumulative positive balances to offset was raised significantly in August 2023, from NIS 10,000 to a maximum of NIS 300,000 per month. The bank worked to raise customers' awareness of the current-account offset service. This effort continued during 2024.
- ◆ Significant reduction of interest rates on negative balances – This benefit was given in August 2023, for one year, to all customers with credit facilities in current accounts or private current drawing accounts, and renewed for an additional year in October 2024, until September 30, 2025.

* The data above is subject to the terms of the bank, the criteria established for each product, and the service terms. The bank is permitted to change the terms of the service at any time, subject to all laws. Failure to repay a loan may lead to penalty interest charges and foreclosure proceedings.



- ◆ Continued proactive activity, including through the Financial Partner on the app and customer journeys that include messages through the digital channels and text messages.¹⁴
- ◆ In early 2024, we launched a new service for Poalim Pro customers, via the WhatsApp app, allowing delivery of information regarding benefits and other bank services relevant to them.

Deposits

- ◆ Uniform interest increments were established for deposits in NIS as of July 2023 – The interest rate given to retail customers with deposits in low amounts was equalized to the interest rate given to customers with deposits in large amounts.
- ◆ Customers who have positive balances in their current accounts were proactively contacted to encourage them to transfer the funds to investment channels generating higher interest.
- ◆ The bank works regularly and proactively with customers who have positive balances in their current accounts, including through the Financial Partner on the bank's app,¹⁵ customer journeys that include messages through the digital channels and via text,¹⁴ relevant offers from bankers,¹⁶ and marketing of the "product of the month" with attractive interest rates.¹⁷ Awareness of these offers is raised through online campaigns, messaging on mail envelopes, a monthly newsletter on financial behavior that encourages savings, and workshops and content available through the Financial Growth Center.
- ◆ Targeted deposits with attractive interest rates are available for specific population groups, such as people evacuated from the north.
- ◆ The bank proactively contacts customers with daily deposits at basic interest rates to offer a longer-term deposit with more attractive interest.
- ◆ The bank also offers a digital tool to help customers choose the best deposit for their needs, simply and quickly.
- ◆ In the last quarter of 2024, we expanded the proactive measures described above through calls to customers. In 2025, the bank is developing an effort to proactively contact specific population groups, such as elderly customers, through automated and human telephone calls.

14. In accordance with the provisions of the law.
15. For example, the bank lets customers know when they have average positive balances higher than NIS 5,000 in the last three months and offers them ways of managing their funds.
16. Reactive and proactive.
17. Products that vary from time to time and are adapted to market needs. For example, there are customer journeys for customers with a positive balance of more than NIS 1,000 for a continuous period of more than one week, and for customers who have had a deposit released into their account.

Operating during wartime

To help customers cope with the impacts of the war, when the war began the bank announced a series of significant benefits for its customers. These include benefits in line with the outline issued by the Banking Supervision Department, as well as additional benefits beyond the outline, with a tailored response for customers directly affected by the war.¹⁸

Benefits granted in 2024:

Reliefs for customers (households and small businesses) who are residents of southern Israel in the range of 40 km from the Gaza border, residents of northern Israel evacuated from their homes, soldiers called up for reserve military service, and first-degree relatives of hostages and missing persons:

- ◇ Exemption from mortgage payments for three months for customers with properties pledged to the bank for the purposes of the mortgage located in Otef Aza towns (up to 7 km from the border). The benefit applied to the three payments of November 2023, December 2023, and January 2024.
- ◇ Exemption from mortgage payments for three months for customers with a property pledged to the bank for the mortgage located in one of the northern towns evacuated during the war.¹⁹ The benefit applied to the three payments of July, August, and September 2024.
- ◇ Interest-free deferral of mortgage payments (for customers residing in southern Israel in the range of up to 30 km from the Gaza border, residents of northern Israel evacuated from their homes, soldiers called up for reserve military service, and first-degree relatives of hostages and missing persons).
- ◇ Pakal Loans for reservist business owners – Interest-free loans of up to NIS 100,000 for one year, and three-month interest exemptions on existing loans for customers who are self-employed or licensed dealers (in amounts of up to NIS 10,000 per month).
- ◇ Exemption from interest on negative balances of up to NIS 10,000 in current accounts for households.

- ◇ Deferral of loan payments for up to three months without interest for private customers and small businesses.
- ◇ Bridge loans for up to three months, free of interest and fees (for private customers and small businesses).
- ◇ Three-year loans at the prime rate.
- ◇ Exemptions from various fees.

Reliefs for all customers:

- ◇ Loans at a preferred interest rate – prime only.
- ◇ An option to defer loan payments for three months and reschedule existing loans.
- ◇ Mortgage payment deferral and the option to extend the term of the loan by the three months of the deferral.
- ◇ Reliefs in breaking existing deposits.
- ◇ Deferral or rescheduling of charges on bank credit cards at no cost.

Benefits and reliefs offered by the bank at the outbreak of the war to help cope with its impacts that have been utilized by customers total:

NIS
447²⁰ million



Details of benefits granted by the bank as part of its support during the Swords of Iron War

	For the year ended December 31, 2024						For the year ended December 31, 2023	Total benefits utilized
	Housing	Private individuals - others	Small businesses and microbusinesses	Mid-sized businesses	Other	Total		
Benefits utilized during the reported period	In NIS millions							
Modifications of terms of debts*	34	50	37	-	-	121	84	205
Interest-free or reduced-interest loans	-	1	5	-	-	6	45	51
Fees waived	-	46	20	1	-	67	30	97
Other benefits – donations**	-	-	-	-	84	84	10	94
Total benefits granted by the bank	34	97	62	1	84	278	169	447
Pending benefits not yet utilized at the report date	3	9	9	-	55	76		

* Including loan payment forgiveness, payment deferral at 0% interest, and exemption from interest on negative balances in current accounts.
** These donations are included in the total donations reported in the section "Poalim Community" and in the ESG metrics table on page 202.

For further data, including the actual utilization status, see the financial statements, in the section "Impacts of the Swords of Iron War."



Photo: Providing services to evacuees at Dead Sea hotels, through the bank's mobile branches

18. Full information about the reliefs and benefits created for the period of the war, which are updated from time to time, is posted on the bank's website.

19. The list of towns is based on the Bank of Israel outline of June 23, 2024.

20. This amount includes some of the donations mentioned in this report.



We do everything in our power to act fairly and transparently, and we make constant efforts to do better and improve our processes accordingly. We learn and draw conclusions from our experience, including incidents of penalties or claims against the bank, and we compensate customers whenever necessary. The following are examples of events that were followed by processes to attain improvement and prevent recurrence.

In 2024, sanctions in the amount of NIS 1 million were imposed on the bank by the Banking Supervision Department, due to a breach of Proper Conduct of Banking Business Directive 401,²¹ and thirteen class actions were filed against the bank. The sanctions concern service for customers without a scheduled appointment. The class actions primarily concern fees. The bank will respond to all of the suits in court. In light of its ongoing dialogue with the regulator regarding gaps and deficiencies in the implementation of consumer-protection directives, the bank has found it appropriate to strengthen its internal

controls and work to improve processes and to find and address deficiencies in its routines. A comprehensive enterprise-wide drive was conducted in 2024 to formulate a broad work plan aimed at reducing gaps and designing processes to strengthen continued progress in the areas of fairness and transparency towards customers and stakeholders.

The work plan for 2025 will be designed with due attention to the Bank of Israel's survey on households' satisfaction with service from banks and credit-card companies in 2024, which has been posted on the BOI's website. Bank Hapoalim is working to improve these results.

Future Plans

- Establish content for the improvement of service and fairness, including objectives for improvement and resource allocation.
- Publish an updated fairness index.

21. For further information, see the bank's ESG report for 2023, page 50.

Poalim Financial Health

Over the years, the Poalim Financial Health unit has provided guidance to private customers of the Retail Banking Division who encounter financial difficulties, to help them emerge from the crisis with dignity and strive for renewed financial stability. The **Poalim Financial Health** unit was established at the bank with the aim of creating holistic, multi-system solutions in partnership with the customer, based on each customer's banking activity profile and financial capabilities. The solutions offered by the bank include economic arrangements

such as rescheduling and modification of terms of the loan, as well as individually tailored credit solutions. Each customer is served and treated differentially, according to their needs, sources of income, and repayment capability. The unit consists of expert, experienced bankers who have undergone specialized training to respond to customers' needs appropriately and sensitively, with a commitment to resolve the problem. The unit works in full cooperation with the branches of the bank, and is responsible for managing and

monitoring the process, using the bank's range of tools and services, including a computerized system built for this purpose. Over the years, the unit has helped individual customers experiencing difficulties resume astute financial behavior, often succeeding in averting collection procedures through the courts or Execution Office. Reports on the unit's activities are submitted regularly to the head of the Retail Banking Division and included in the general annual report of the collection network to the board of directors.

Sensitivity in collection procedures

In 2024, during the Swords of Iron War, we continued to adhere to a flexible and sensitive approach, with maximum consideration in every aspect of collection procedures. We generally prefer to refrain from taking legal action, to the extent possible; in most cases, we seek debt rescheduling or other payment

arrangements, according to the customer's abilities. The bank instructs the attorneys representing the bank in collection procedures to reach debt settlements with the borrowers shortly after receiving the case and avoid filing a legal claim, to the extent possible. The bank exercises special sensitivity in collecting debts

on mortgages, to allow customers to reschedule their past-due payments, or the entire debt when necessary, in order to provide as much relief as possible to our customers. The activity of the collection network is reported to and discussed by management and the board of directors on an annual basis.

Operating during wartime

At the outbreak of the Swords of Iron War, to help our customers, we made the decision that our collection units and Poalim Financial Health unit would refrain from taking any proactive measures in relation to indebted customers. Concurrently, we worked sensitively with customers who contacted us and collaborated on resolving their debts, offering tailored solutions and reliefs, including payment deferrals. Collection activities were adapted to the emergency routine period, according to the circumstances of each case, with exceptions for customers directly or indirectly harmed by the events of the war. During the year, the unit gradually resumed its regular activities, with sensitivity towards customers harmed by the war, avoiding initiating Execution Office proceedings against customers harmed or affected by the war and their relatives who are eligible for protections under the law.

Financial Inclusion



Financial inclusion refers to the extent to which people can access financial products and services responsive and adapted to their needs, delivered to them in a responsible and sustainable manner. Access to financial services facilitates the management of people's everyday affairs and helps them plan ahead and make informed financial decisions for the long term.

According to the Bank of Israel, increasing financial inclusion in Israeli society depends on several key focus areas where there are barriers that affect various population segments' financial abilities. Among the focus areas are credit for disadvantaged population groups, including housing loans in Arab society, population groups excluded from consumer credit, and customers experiencing financial difficulties after taking loans; increased accessibility and use of advanced means of payment, including in Arab and ultra-orthodox society; financial education and financial literacy; and the removal of cultural, religious, and language barriers.¹ In Israel, poverty rates in the Arab and ultra-orthodox sectors are

more than twice as high as in the rest of the population, while the percentage of people in poverty in Arab and ultra-orthodox society is double their share of the population.^{2,3}

To make financial services and products accessible to all of our customers and provide meaningful value, we mapped the unique needs of various communities and population segments – including small businesses and microbusinesses, Arab society, the ultra-orthodox sector, women, people with disabilities, and people experiencing financial difficulties – in order to deliver an adapted response to each, to help them grow and thrive.

The Financial Growth Center



As part of the long-standing commitment of the bank to social progress, economic growth, the reduction of inequalities, and the promotion of equal opportunities, in 2018 we opened the Financial Growth Center, a social venture for the public, in collaboration with various professionals, as a hub for learning and acquiring tools supporting astute financial behavior. The services of the Financial Growth Center are available to the general public free of charge. The work of the Financial Growth Center is conducted through a website offering advanced digital learning tools,

lectures by top speakers, interactive learning through family games, lesson plans for children and adolescents, and more. The materials at the center are developed with the academic oversight of Professor Zvi Eckstein, dean of the School of Economics at Reichman University. The content was formulated based on research and surveys of public attitudes towards economic issues, and is aligned with crossroads in life that involve financial change, such as the growth of a family, taking a mortgage, career changes, retirement, and more.

This year, over a million people

received tools and knowledge on financial education from the Financial Growth Center. In 2024, about 780,000 people used the educational content on the website, over 90,000 people listened to the center's podcast, 19,000 people attended lectures, and more than a thousand businesses and households received individual financial guidance.

1. "Interministerial Committee on the Formulation of a National Plan to Increase Financial Inclusion," Bank of Israel, 2022.

2. "Report on the Scope of Poverty and Income Inequality, 2022," National Insurance Institute.

3. "Almanac of Arab Society in Israel, 2021," Ministry of Social Equality.

Operating during wartime

In view of the challenges of this period, the Financial Growth Center developed a unique value proposition, free of charge, for households and small businesses affected by the war. The services offered include individual financial guidance for families, four hotlines responding to questions from businesses and self-employed people, and an assistance center for businesses, providing guidance from mentors with managerial experience, with the assistance of non-profits specializing in this field. The center also offered a lecture series, instructional videos, and podcasts on the wartime economy and the financial conduct suited to this period.

Key activities in 2024:

- ◆ **Professional guidance and support for small businesses and microbusinesses, free of charge** – 2024 was a challenging year for small businesses, as many faced economic uncertainty due to the impacts of the war. To help them through this period, we created a package of practical knowledge and tools for maintaining financial resilience. These include three months of individual guidance by senior executives for the businesses; tools for learning, adapted to the needs of the business; and a range of lectures and dialogue sessions tailored to the businesses' needs. The program is offered free of charge to customers of all banks.
- ◆ **Hamal Magen Poalim (Poalim Shield Center)** – Individual support for injured soldiers in managing their finances, to make processes easier and more efficient, and generally be there for them during this time. An area of the bank's website is dedicated to injured soldiers, presenting content, digital courses, and individual financial guidance. The bank also offered this group a course, at Tel Hashomer Medical Center, consisting of six meetings on astute financial behavior, the capital market, and more, in cooperation with the Financial Markets Division.

Main activities of the Financial Growth Center in 2024

◆ Support for small businesses and microbusinesses

- ▶ **Launch of the Business Wizard** – An innovative system for delivering tools adapted to the needs of the business, according to the type of business, how long it has been in operation, the number of employees, and more.
- ▶ **Personal mentoring program** – Individual guidance from senior executives for three months, free of charge for the participants, aimed at leading the business to new achievements.
- ▶ Oren Smadja, an Olympic medalist and coach of Israel's judo team, was chosen to lead this year's value proposition campaign for businesses by the Financial Growth Center, emphasizing businesses near the conflict zones. The campaign accumulated 3 million views and 300,000 website visits, and more than a hundred businesses signed up for the mentoring program.
- ▶ **Annual lecture program** – At least one lecture each month providing practical tools for promoting the growth of a business.
- ▶ The bank joined forces with the **Self-employed and Freelance Forum of the Histadrut**, which has more than 500,000 self-employed people and business owners in Israel as members. Customers of the bank who joined the

forum gained consumer benefits in management of the business, preferred terms in banking, and an exemption from membership dues for two years.

- ◆ **Individual guidance for households** – This year, we continued to offer individual guidance, sponsored by the bank, through the non-profits Paamonim and 360 Financial Resilience. Participants in the program are aided by experts in occupational and economic counseling. Approximately **650 families received individual mentoring** through this program in 2024.

- ◆ **Podcast channel** – A podcast on everyday financial issues, hosted by Yaacov Eylon; new episodes have been added on current topics, such as wartime economics and the new world of work.

over
300k
people have listened to the podcast
since its launch in late 2022



- ◆ **Raising awareness of digital fraud** – In a joint project of the Bank of Israel, the Association of Banks, and the banking industry, three webinars were held on this subject, in Hebrew, Arabic, and Russian. A total of about 1,000 people participated. The lectures provided tools and information on several topics:

- ▶ How to identify and be cautious of impersonators;
- ▶ How to identify suspicious links;
- ▶ The safest way to log in to a bank account;
- ▶ Tips and tools for coping with various types of fraud.

- ◆ **Economic empowerment for women** – In 2024, we continued to offer activities tailored specifically to women. For details, see the section "Gender equality and economic empowerment for women" on page 114.

- ◆ **Launch of a professional course on financial literacy at Sapir College** – Offering students in the Public Leadership program practical skills for optimal financial behavior in a rapidly changing world. In addition, a new three-year program is being created with the bank's assistance, focusing on the study of regional challenges and the development of entrepreneurial solutions to serve as social, economic, and community growth drivers in the Otef Aza region.

- ◆ **Hands-on financial practice zone opened at Abir Yaacov school in Ofakim** – Enables students to learn about managing their finances, including budget planning and becoming familiar with banking, exchange transactions, digital currencies, and more.

- ◆ **This year, we held a financial education session for students at five pre-military preparatory programs in the Western Negev**, founded through the support of the fund for restoration and renewed growth in this region. 250 students attended two enriching, practical lectures during the session. The first lecture concerned astute financial behavior, tailored to young people at the age of 18-19, and offered useful tools for managing their finances in an aware and responsible way. The lecture emphasized personal budget management, savings, and investments, with the aim of enabling the participants to build a stable economic future later in life. The second lecture was on the subject of artificial intelligence, presenting the revolutionary possibilities created by this technology and its immediate and future effects on areas such as work, education, medicine, and economics.

- ◆ As we do every year, we ran a **survey** on Israelis' financial habits. The findings of the 2024 survey indicate that 53% of Israelis are dissatisfied with their financial situation, and 46% are worried about their ability to pay for routine expenses. The survey was conducted by Sapio, based on a representative sample of Israeli society, and examined issues including the impact of the Swords of Iron War on the public's financial condition and sense of economic security. The survey addressed issues such as tracking expenses and income, respondents' satisfaction with their financial condition, their familiarity

with their account and pension information, the effects of the current situation on economic certainty and willingness to take risks in investments, and more.

- ◆ **The "Financial Education - Economic Independence and Resilience"** conference was held for the fourth year, in cooperation with Reichman University. Over 1,000 people participated or watched the conference, which concerned the economy during wartime. The bank's CEO and head of retail banking participated in the conference, with senior Israeli executives and representatives of the government, academia, and the third sector.

- ◆ **Providing access to financial knowledge and tools in the ultra-orthodox sector** – See the section "Supporting economic growth in the ultra-orthodox (Haredi) sector" on page 109.

- ◆ **Providing knowledge and tools for astute financial behavior in the Arab sector** – A website with content, videos, guides, and articles accessible and tailored to Arab society was created in 2023. In 2024 we held a wide range of lectures in Arabic, attended by thousands of business owners nationwide, aimed at helping people cope with the crisis and economic uncertainty caused by the effects of the war. Topics included astute financial management for households and the creation of economic resilience, marketing of a business during a crisis, business budget management, cash flows, and more. To expand the influence of the Financial Growth Center, we collaborated with municipalities, Rayan Centers (occupational centers in Arab communities), the Small Business Agency, and more.

◆ Unique activities in 2024

- ▶ On Mother's Day and on International Women's Day, we posted a series of short videos featuring women employees of the bank. The videos presented financial tips for women who invest in the capital market and own businesses, on topics such as financial responsibility, mortgages, and more.
- ▶ We offered tips on smart consumerism during holidays, such as Easter, Ramadan and Eid al-Fitr, Christmas, and others, through videos featuring bank employees.
- ▶ Ahead of the month of Ramadan, to raise awareness of reducing family expenses on food, efficient recipes were offered that involve low expenditures and maximum utilization of ingredients and leftovers, with tips on kitchen and food expenses, holiday shopping, and more.

Scan the QR code to
visit the Financial
Growth Center website.



Supporting senior citizens

Bank Hapoalim aspires to operational excellence and the implementation of innovative technologies to serve all of its customers. However, we recognize that senior citizens may need focused support in the transition from traditional banking to the banking of tomorrow. We have set a goal of helping senior citizens develop digital independence in every area of life and improving their quality of life; towards that end, we built **Poalim Digital Independence**, a guidance and instruction package introduced in 2018 and led by the Social Banking Center, in cooperation with the business sector, public sector, and third sector.

Comprehensive support and education for senior-citizen customers

The supportive environment developed by the bank for senior citizens includes online courses and content for practice at home, free of charge:

◆ Senior-citizen digital literacy courses and instruction sessions

- **Courses on safe browsing and digital banking.** The courses are offered free of charge via Zoom, led by a professional instructor, in small groups. **In 2024, we also offered courses in French, in response to demand.**

~ **250** senior citizens participated in digital courses and instructional sessions in 2024

Many of the participants stated that they felt safer carrying out various digital banking transactions on their own thanks to the courses, and that the experience they accumulated using Zoom for the course also served them in relieving loneliness and meeting with family online. The programs also gave many participants a clearer sense of the bank's availability for them at any place and time through the digital platforms.

- ◆ **Creating partnerships for digital empowerment: Pass it Forward** – Students from the non-profit organization Amanina provided digital instruction to hundreds of senior citizens in the Arab sector, as part of the process of receiving scholarships from Bank Hapoalim. Professional staff at the bank trained the students and provided instructional materials.

◆ Various tools for practicing the use of the digital channels –

A content area on the Financial Growth Center website under the heading Poalim Digital Independence allows users to register for courses and offers a range of tools for practicing the use of the bank's digital channels.

- The virtual practice platform helps our senior-citizen customers overcome barriers caused by the fear of making errors when using the digital channels. The platform offers simulations of banking transactions using the bank's app and ATMs, such as transferring money, creating a deposit, depositing a check using the application, and more.
- **25 short instructional videos in Hebrew, Arabic, and Amharic demonstrate various digital-banking transactions step by step, in simple and user-friendly terms.**

◆ Manuals on the use of the bank's digital channels.

The manuals were written in clear language, with relevant screenshots from the bank's website, app, and self-service stations. The manuals are available, in Hebrew and Arabic, on the Poalim Digital Independence website and at the branches of the bank.

Over

73^k

senior citizens

acquired knowledge and tools for the development of digital skills through Poalim Digital Independence in 2018-2024



Photo: Patrick Baranes, Information Technology Division. Photographer: Eyal Tuag.

Service adapted for senior citizens

- ◆ **Quick dedicated phone line** – We offer a special service for customers **over the age of 70** where their calls are answered quickly by a banker, and given priority over other calls at the contact center. This is part of the extended implementation of the Senior Citizens Law, which mandates the provision of services without queues for customers above the age of 80.

- ◆ **Mobile branches** – The bank operates two mobile branches offering banking services, including teller services. The mobile branches visit 48 service points across Israel, of which 27 locations at residential facilities for the elderly and assisted-living facilities. The team of mobile branch bankers specializes in serving elderly customers; in addition to banking services, they work with interested customers to develop their digital literacy. The frequency of visits by the mobile branches to the service points is determined based on demand and the needs that emerge in the field. During the Swords of Iron War, we added service points at thirty evacuee centers.

Working to help the Arab community thrive

Bank Hapoalim supports the development of the Arab community and considers it to have great potential for growth; realizing this potential is essential to the momentum of the Israeli economy, higher work productivity, and better quality of life for the population of Israel as a whole, today and in the future. We work to promote growth in various facets of life in this sector, taking into consideration the barriers and challenges the community faces, with the aim of supporting the many positive developments underway today.

We have a broad reach through twenty branches in Arab towns, eleven branches in mixed towns, and two banking offices targeted to the Arab sector.

We develop unique value propositions for this sector and advertise all relevant services of the bank in Arabic.

20 branches

in Arab towns, eleven branches in mixed towns, and two banking offices targeted to the Arab sector

We also conduct a wide range of activities in the Arab sector to support the financial development of young families, students, women, small-business owners, and more, as part of the programs of the Financial Growth Center and the Poalim Community Foundation, which dedicate extensive resources to this purpose. In 2024, we worked to continue to respond to the economic challenges in Arab society and its unique characteristic needs.

Managers from Arab society were appointed at the bank to lead the expansion of activities aimed at promoting growth in this sector, strengthening community engagement, and developing appropriate products and services.

Guidance for home buyers

The Arab sector accounts for a relatively low percentage of the mortgage market in Israel. We began studying the reasons and causes of this situation in 2019, and identified worries in Arab society over mortgaging a family home for the long term, stemming from a lack of awareness of existing financing options. These concerns may lead to the selection of short-term financing options that impede repayment and can bring about financial and social difficulties. In response, over recent years we developed adapted processes and products aimed at making mortgages more accessible in Arab society. The mortgage unit at the Nazareth branch, the staff of which includes employees from the Arab sector, has continued its activities to develop awareness in this area, promote value propositions, and guide customers through the process of taking a mortgage.

Promoting economic growth and employment

We regularly conduct activities in the Arab community aimed at promoting growth and economic development. Events and activities in 2024:

- ◆ **Promoting Arab inclusion in the technology industry** - Through collaboration with the non-profits Tsafen, Portland, and ITWorks, we help Arab candidates, including students in technological fields, job seekers, graduates, and new engineers, find work in the Israeli high-technology industry, maximizing their individual potential according to each person's skills and competencies. The candidates also receive professional guidance, mentoring, and assistance as they enter the job market.
- ◆ **Continued support for the Co-Impact Community** - A professional Arab community we founded in 2023, dedicated to economic and social progress through the development of talented business leadership in the private sector.
- ◆ **Sponsorship for the foundation of youth centers in the Bedouin community** - The two centers, located in Hura and Sakhnin, will serve approximately 40 people each, as a platform for young academics to find job placements and for the promotion of equal opportunities.
- ◆ **Support for the foundation of a high-tech incubator for women in Zarzir** - The incubator provides professional training to women for roles in software testing of CRM and ERP systems, which is in high demand both in Israel and globally. 60 women participated in the project.
- ◆ **Support for 70 women business owners in the Arab sector** - Through advising and guidance on professional, personal, financial, and marketing topics, as well as legal issues when necessary, and through group learning and training.
- ◆ **We held conferences, tours, and content sessions for businesses and self-employed customers:**
 - ▶ Targeted meet-ups for our business clients – Customer meetings in Tayibe and Baqa al-Gharbiyye for business clients in the Arab sector.

- ▶ Regional meetings with accountants and opinion leaders.
- ▶ We toured northern Israel and the Sharon region and met with business owners and self-employed people, to support businesses and provide assistance during the war. Participants in these sessions shared the challenges their businesses are facing during this period, as well as their plans for development and growth. We talked about shared opportunities to strengthen inclusion and the growth of Arab society in the Israeli economy.
- ▶ A conference by Globes under the heading "The potential and yield of Arab society in Israel," attended by the CEO of the bank. A meeting of Arab and Jewish senior executives about the trends and growth drivers created by Takadum, the five-year government plan for socioeconomic development and a shared future in Arab society.

Financial empowerment

In 2024, the bank continued to promote financial empowerment programs targeted to the Arab sector, including the following:

- ◆ The Nazareth Women and Business Conference was held for the fourth year, in collaboration with Shark by Iqbal Adawi. Over 500 women – self-employed, entrepreneurs, small-business owners, and social leaders – of the Arab sector from across Israel attended. Conference participants gained knowledge and practical skills for managing a successful business, and attended lectures by the Financial Growth Center on women and finances, a panel discussion among successful and inspiring Arab women in which women branch managers participated, and more.

Empowerment of students

- ◆ **Scholarships** – To encourage higher education, we maintain long-term collaborations with non-profit organizations in the Arab community. In 2024, we granted scholarships to about 180 students, in cooperation with several non-profits: Amanina, the Salach Falakh Foundation, the Nazareth Foundation, and the Poalim Success Fund. Scholarship recipients volunteer in digital empowerment for senior citizens in the Arab sector and in instruction on astute financial behavior. **Scholarships in a total amount of about NIS 850,000 have been awarded.**

- ◆ **Support for the Student Business Clubs program, in collaboration with the non-profit organization Kav Mashve** – The program is designed for outstanding students with leadership potential from the Arab sector. The business clubs, each of which has fifteen to twenty members, focus on academic and professional fields in high demand in today's job market. The clubs are aimed at helping students embark on meaningful career paths in key positions, with an emphasis on the development of leadership and social consciousness. In 2024, we supported seventeen clubs for over 350 students at leading universities across Israel.



Photo: Mias Shbeta, Information Technology Division. Photographer: Eyal Tuag.

Facebook page of the bank in Arabic

Content is adapted to Arab society, including relevant activities, holidays, and special events. Visitors to the page have expressed satisfaction with the page and contents.



Teen entrepreneurs

- ◆ **Desert Stars – We supported two programs for young adults with 220 participants:**
 - ▶ The Leadership and Entrepreneurship Incubator, for high-school graduates with leadership potential and the ambition to create social change. Throughout the year, the participants obtain skills to realize their leadership potential, gain acceptance to influential and high-quality academic programs, and, eventually, find key roles for positive societal impact.
 - ▶ The Graduate Program, which helps young adults taking their first steps in academia and in meaningful employment.
- ◆ We supported programs promoting science and technology education for adolescents, **in collaboration with the non-profit Alrowad Association of Science and Technology:**
 - ▶ A national mobile science and technology unit – A program for students and teachers at Arab schools where instructors travel to various towns with laboratory equipment to present science content, games, and activities using specially designed kits. Students participate in challenging hands-on activities to learn about chemistry, physics, biology, robotics, and astronomy.
 - ▶ Mobile science fairs presented in Arab communities nationwide, with a variety of exhibits demonstrating scientific principles, phenomena, and forces such as solar energy, motion, light, sound, and more. The fair visits towns across Israel to provide teenagers with exposure to these ideas.
- ◆ **Events for Christmas, Ramadan, and other holidays** - We supported local events attended by thousands of teenagers.

2024 plans - status

Plans	Status
Continue to provide guidance to small businesses in the Arab sector through focused, adapted value propositions.	✓ Completed
Develop value propositions, courses, and digital content on astute financial behavior for families and professionals.	✓ Completed



Photo: Time to Talk initiative at the President's Residence - the bank's employees at a appreciation event for the bank's initiatives to promote diversity and social cohesion.

Supporting economic growth in the ultra-orthodox (Haredi) sector

The ultra-orthodox sector is experiencing continual change and growth processes; we see strategic importance and a values-driven commitment in supporting the economic development of this community.

The bank respects ultra-orthodox lifestyles, and has adapted branches serving predominantly Haredi customers to this community, in terms of the appearance of the branch, the videos played on screens, and the marketing materials displayed. The branches are also staffed by bankers familiar with the unique needs of this population, capable of providing customers with guidance through various life stages and formulating adapted value propositions. The Financial Growth Center website, including various content such as videos, guides, and articles, has been made accessible and adapted to the ultra-orthodox sector through a dedicated website, Mehadrin Growth.⁴

Initiatives to encourage economic growth and employment in ultra-orthodox society

- ◆ **Financial education for engaged yeshiva students** - A collaboration of the Financial Growth Center with the non-profit organization Tvuna, aimed at supplying knowledge and tools relevant to family finances and preparation for buying a home to students of yeshivas (religious educational institutions for young men) who are engaged to be married. In 2024, 500 engaged yeshiva students participated in workshops on astute financial management, held at yeshivas across Israel.
- ◆ **Iron Support** – A program created during the Swords of Iron War, for workers from the ultra-orthodox sector who had been dismissed or placed on unpaid leave due to the war and were experiencing financial distress. The program offers individual counseling for households, consisting of six sessions of guidance to help the family emerge from the crisis. Twenty families participated in this program in 2024.
- ◆ **Collaboration with Shefa** – The Shefa section at the organization Ahavat Chesed was founded in 2019, with the support of Bank Hapoalim, to provide financial education to families, with the goal of gradually reducing dependence on monetary assistance. 550 families participated in the program in 2024, of which 260 families completed an individual guidance process, while 290 families took part in group sessions. In addition, approximately 2,000 people attended financial workshops held with the Financial Growth Center. Families that had started the program with deficits in their household budgets reported improvement.
- ◆ **Job placements for ultra-orthodox soldiers after military service** – Atid Israel is an organization in the ultra-orthodox sector offering guidance on military service options and assistance with occupational and social issues for young people who have completed their service. In a project



Photo: Yisrael Dekelboim, Manager of the Ultra-Orthodox division. Photographer: Inbal Marmari.

4. See Mehadrin Growth on the Financial Growth Center website.



Photo: Panel at a business conference for the ultra-orthodox society. Right to left: Avi Mimran - moderator, Mendi Reich - real-estate entrepreneur, CEO and owner of Amiron, Eliyahu Dinovich - CEO Bizmax, Dr. Shlomo Nass (Adv. and CPA), Firon Law Firm, Idan Goren - CEO Osher Ad, Igal Bareket - VP Marketing, Bank Hapoalim

established with Poalim Community, ultra-orthodox soldiers were offered occupational guidance, occupational diagnostics and screening, and instruction on application for professional training, completion of matriculation exams, and higher education. About 550 ultra-orthodox soldiers participated in the program in 2024.

◆ **Promoting employment and cultivating technological entrepreneurship**

► **Cultivating ultra-orthodox technological entrepreneurship** – This was the fifth year of our support for Kamatech, which works towards the inclusion and promotion of ultra-orthodox people in the high-tech industry in Israel. As part of this collaboration, we conducted a targeted training program, with support for sixty startups, to find placements for hundreds of ultra-orthodox men and women in the job market.

► **Encouraging employment** – Tools and skills were provided to ultra-orthodox men interested in placements in the high-tech industry and defense sector, through support for the non-profit organization Avra-Tech JBH and the Kodkod program. Through this activity, the bank directly supported the inclusion of approximately 300 ultra-orthodox men in the civilian and defense-sector high-tech industry.

► **Encouraging entrepreneurship** – The Business School program, in collaboration with the Bizmax Innovation Center, is a program for owners of businesses in the ultra-orthodox sector with high growth potential and willingness to invest. The program focuses on providing skills to enable business owners to grow the business and become proficient in routine operations, emphasizing the areas of marketing, sales, finances, and management. Participants received individual guidance and mentoring from coaches and business consultants.

35 business owners participated in this program in 2024.

◆ **Professional conferences** – Conferences on growth and financial management were held for business owners and entrepreneurs in the Bizmax community and in the ultra-orthodox sector in the Jerusalem area. In 2024, the bank also held a business conference for the ultra-orthodox sector attended by about 300 business owners.

◆ **Financial empowerment for women in ultra-orthodox society** –

In collaboration with the non-profit organization Kamatech, we supported the Ultra Code project – a national program offering ultra-orthodox women training for jobs in the high-tech industry; approximately 200 women participated. We also supported the foundation of the CommuniTech alumni club, for approximately 400 graduates, aged 21-25, who are ultra-orthodox women already working in high tech.

The bank has an employee resource group for its employees from the ultra-orthodox community, Poalim Mehadrin. In addition to creating a safe space for employees to share their experiences and learn and grow together, cultivating a sense of belonging, the community offers consultation on the development and adaptation of products and services for our ultra-orthodox customers. For further information, see the section “Promoting diversity and inclusion in employment” on page 149.

Accessibility for customers with disabilities

About 1,700,000 people with physical, mental, and/or cognitive disabilities live in Israel, or approximately 18% of the adult Israeli population.⁵ Bank Hapoalim views accessibility for people with disabilities as an essential value and as its obligation as a business; promoting accessibility is an integral element of our approach to service and social responsibility.

We take action to realize the basic right of every customer with a disability to receive the full range of services offered by the bank, in the most equitable and independent way possible. In addition to the bank's duties under the applicable regulation, we have voluntarily adopted standards for the adaptation of our services for customers with various types of disabilities and for finding dedicated solutions to enable all customers to receive optimal service. Accessibility processes are performed routinely and continuously, including physical accessibilization of buildings as well as accessibilization of technological means, information, services, and products for our customers and employees, with the leadership of an accessibility manager at the Social Banking Center. The accessibility process is based on dialogue conducted by the bank with relevant stakeholders, regulatory agencies, and professionals in this field, and guided by the Access Israel Foundation.

Accessibility of branches and buildings

100% of the buildings of the bank are accessible to people with disabilities. All branches have convenient accessible entry, accessible service stations, and the assistive systems Step Hear (an active voice guidance system), Call Hear (a device enabling customers with disabilities to request assistance), and Inductive Loopset (a device designed to improve dialogue with customers who have auditory impairments).

To ensure that the quality and level of accessibility are maintained over time, branch employees and managers conduct two annual reviews of the accessibility facilities and means, and ensure that any deficiencies found are remedied. In addition, an external review is performed by maintenance supervisors of the bank once annually. As part of the maintenance of the bank's premises, our employees can use an application to report a problem or lack of physical accessibility, with reports conveyed directly to the relevant party. During branch layout modification or renovation projects, the accessibility of the building in the new design is reviewed by an internal or external accessibility professional.

Accessible ATMs and self-service devices

Wherever Bank Hapoalim self-service stations are available, adaptations for physical and technological accessibility have been made: the height of the devices is adjusted to ensure that all customers can reach and use them; services are accessible to people with vision impairments through enlarged display and print fonts, or through the use of earphones to provide instructions by voice, in four languages: Hebrew, English, Russian, and Arabic.

Accessibility of banking services through the bank's digital channels

The bank's websites, including marketing content and banking services, and the bank's apps are in compliance with the requirements of the Israeli standard at Level AA, Grade 2.

5. From “People with Disabilities in Israel, 2023, Population Data.” Lital Barlev, Brookdale Institute.

Training the employees of the bank to provide adapted service to people with disabilities

We attribute high importance to employees' familiarity with the range of challenges faced by people with disabilities, and their proficiency in the various solutions for accessible service at the bank. We have established a dedicated content area on the bank's portal for this purpose, with comprehensive, current, regularly updated information on topics such as accessibility and adapted accessibility devices at the bank, fundamentals of service for people with disabilities, and the accessibility of the bank's website. We also developed a tutorial for all bank employees on this subject, including instructional videos. We hold training sessions for professional forums at the bank, including branch managers, branch security guards, branch attendants, and Ombudsman Unit staff. An accessibility trustee has been appointed at every branch. The accessibility trustees oversee accessibility issues and receive further training on accessible service, to serve as liaisons for customers of the branch.

Accessible service self-test

Since 2018, the bank has conducted voluntary annual self-tests of the quality of service it provides to customers with disabilities, aimed at continuing to implement accessible service and fine-tuning the content of annual training on this subject. Mystery customer surveys were held at 40 branches in 2024, by external reviewers with various disabilities, in addition to 15 reviews of the service provided by the bank's call centers. Surveyors used questionnaires developed at the bank to rate the level of accessible service at the branches and call centers. The bank is also currently completing a five-year examination of the compliance of its assistive devices and services, including accommodations in online services, as well as its service regulations, procedures, and practices, in line with the requirements of Regulation 28 of the Regulations on Equal Rights for Persons with Disabilities (Adjustments for Accessibility of Service), 2013.

Services, benefits, and products for customers with disabilities

- ◆ **Accessibility of information to customers**
 - ▶ **Reading forms aloud** - At the customer's request, a banker at a branch will read the relevant forms aloud. Audio files of long forms have also been uploaded to the bank's website for customers' use.
 - ▶ **Sign-language interpretation** - On complex financial subjects that require extended communication between the bank and the customer, a meeting can be held at the branch in the presence of a transcriber or sign-language interpreter provided by the bank, with advance coordination.
 - ▶ **Accessible print** - At the customer's request, forms will be supplied in accessible print or in Braille.
- ◆ **Mail-to-fax service** - For the convenience of customers with disabilities, they can also receive service in writing by sending a fax or an email attachment.
- ◆ **Skipping the line** - The bank's personal service system allows bankers at the branches to provide wait-free service to people with disabilities who are exempt from waiting in line.
- ◆ **Priority in line at the Poalim by Telephone call center** - Customers with disabilities have priority in line at the call center.
- ◆ **Card-free cash withdrawals** via text message.⁶
- ◆ **Fee discounts** - Customers with disabilities who present a disability card are eligible for discounts on fees in current accounts; information about these benefits is provided to customers with disabilities. Additional information about the amounts of the discounts and the eligibility is available on the bank's website.
- ◆ **Mortgages for people with life-shortening disabilities** - Amendment 18 to the Equal Rights for Persons with Disabilities Law allowed a specified population of people with life-shortening disabilities, as defined in the law, who were previously unable to obtain mortgages due to the absence of a life-insurance policy, to receive special insurance policies when taking a mortgage to buy a first home, or buy land and build, in amounts of up to NIS 1 million, with state assistance in paying the insurance premiums.

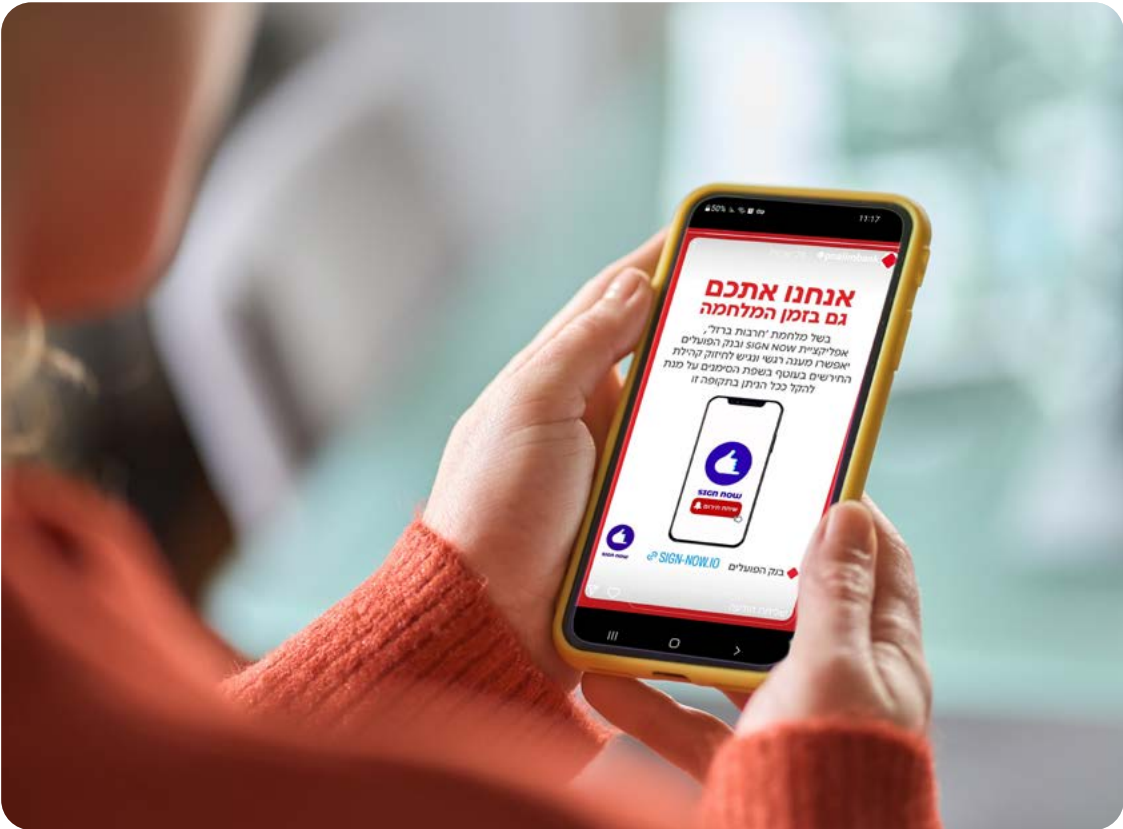


Photo: Signow venture, an app which allows emotional support to be provided to people with deafness and hearing impairments.

Operating during wartime

As part of the bank's community activities, we sponsored the Signow venture, in which an app allows emotional support to be provided to people with deafness and hearing impairments via live video chat in sign language. We also sponsored the Efod Sagol ("Purple Vest") initiative by the Access Israel Foundation, for the evacuation of people with disabilities from combat zones.

2024 plans - status

Plans	Status
Include hands-on training activities for all employees involved in service.	Hands-on training was introduced for new employees of the bank.

Future Plans

Expand hands-on training to include new employees at the bank's call centers.

6. The service is provided to all customers of the bank, and enables people with motor impairments to use ATMs.



Gender equality and economic empowerment for women

We are taking action to promote gender equality, as part of our efforts to reduce social inequalities and provide equal opportunities. Personal and economic empowerment of women in Israeli society contributes to their ability to find their place and make progress in the job market in proportion to the percentage of women in the population; helps them achieve greater impact and take an active role in shaping opinions, attitudes, and values; and boosts productivity in the Israeli economy.

In the last two years, growing awareness is apparent among women of the importance of knowledge and tools for astute financial behavior. Women are signing up for courses on economic topics and joining communities that share knowledge about the capital market. However, our survey indicates that women manage to save less, report a higher level of debt compared with men, and express worry about their ability to pay for routine expenses. In light of the importance of the economic empowerment of women and the promotion of gender equality, we have worked in recent years to advance economic growth for women in Israeli society through support for non-profits and initiatives focused on employment, financial guidance, and business entrepreneurship for women.

Promoting women's employment and entrepreneurship

- ◆ In 2024, we continued to support projects promoting employment for women through Group 19, founded by the entrepreneur Hannah Rado, where we already support five women's occupational centers in Ofakim, Sderot, Yeruham, Rahat, and Safed. New projects supported in 2024 include:
 - Occupational centers dedicated to marketing, digital services, software, and bookkeeping.
 - A project for women of Ethiopian descent in Kiryat Malachi, and the 710 Maarav project for women evacuated from communities in the south. These projects helped more than 200 women find employment.
- ◆ Through the bank's support for the Erel Margalit entrepreneurship center, we adopted Margalit Startup City Galil's diverse entrepreneurial community for women, Galiladies.
- ◆ The bank supports businesses owned by wives of reserve soldiers, in cooperation with the organization Yozmot Atid.
- ◆ The bank supports the small-business community through projects with the non-profits Jasmine and Ogen, in cooperation with the Financial Growth Center.
- ◆ We continued to support the project From Risk to Opportunity in 2024, in collaboration with the Tel Aviv Jaffa Education Promotion Foundation, aimed at optimal inclusion of women from disadvantaged population segments (such as women who have been victims of violence and formerly incarcerated women) in the job market.
- ◆ As part of the bank's support for **women in the ultra-orthodox sector**, we supported the **Ultra Code** project, in collaboration with the non-profit organization **Kamatech** – a national program training ultra-orthodox women for the high-tech industry; approximately 200 women participated. We also supported the foundation of an alumni club for the **CommuniTech** software house, for approximately **400 graduates**, aged 21-25, who are ultra-orthodox women working in high tech.
- ◆ We provided support for scholarships for 30 women, in cooperation with the Open University – ten women from the ultra-orthodox sector, ten women from the Ethiopian-descent Israeli sector, and ten women from the Arab sector, aimed at helping them access higher education and reduce social inequalities, while offering skills to encourage excellence and find quality employment.
- ◆ Support for the Mizrach Ma'arav (East West) program, which promotes entrepreneurship by Jewish and Arab women in Jerusalem, aimed at developing economic connections between both parts of the city through dialogue and neighborly relationships. Approximately 1,000 women entrepreneurs will participate in the program in the coming three years.

Women's Investment Community

To empower women interested in the capital market and boost their confidence in financial investments, three years ago we founded the Women's Investment Forum, a community for women led by the Bank Hapoalim research and advisory unit with the Financial Growth Center. The community offers access to knowledge and provides lectures on investment in the capital market, as well as a content area on this subject on the Financial Growth Center website. This year, in honor of International Women's Day, the Women's Investment Forum launched a cooperation with the community Ovrot Veshavot, in a week of lectures on current financial topics. A benefit was offered on the Poalim Wonder app inviting women to attend more than 50 professional lectures on various financial topics in return for points. Over 4,000 women watched the lectures, either live or recorded.

The Financial Growth Center also works to empower women in various financial areas by offering articles and lectures on subjects including dealing with financial institutions, investments and the capital market, retirement pensions for women, and more. Eleven sessions targeted to women were held in 2024, with instruction from bank experts and external lecturers, attended by more than 2,300 women.



Photo: Rotem Hason, Retail Banking Division, and Meital Zuberi, Banking Services Division. Photographer: Eyal Tuag.

Initiatives promoting personal empowerment and growth

♦ **Miss Fix the Community** – A joint venture of the Social Banking Center and Miss Fix the Universe by the Israel Women's Network, held for the third consecutive year, aimed at encouraging social entrepreneurship by women. The program provides grants and unique guidance and marketing plans for social initiatives by women working to strengthen and empower girls. This year, the program focused on women taking action for people directly or indirectly affected by the events of October 7th and the war. Of 250 candidates, ten won a grant of NIS 30,000 to support the expansion of their initiative, along with a guidance package.



♦ **Shavot program** – The bank focuses on promoting gender equality and the financial empowerment of women, including through support for social organizations such as the non-profit Shavot. For the third consecutive year, the bank supported the Shavot leadership program, which operates 120 groups nationwide. The program is aimed at strengthening girls' self-esteem and providing practical skills for the realization of their ambitions. This year, we worked with the organization to create the Shavot Finance project, which introduces girls to the world of finances and provides skills for astute financial behavior. The peak event of the collaboration was the Week of the Israeli Girl, in which more than 25 women employees of the bank volunteered to run empowering and inspiring activities at schools across Israel, telling their personal stories as role models. At the end of the week, the bank gave the Girls' Award in entrepreneurship and business.

The Available Banking Compact and assistance for victims of abuse

The banking system has established a compact for appropriate treatment of women who have experienced abuse and are staying in shelters or halfway houses, and assistance for women treated at community centers and women exiting prostitution. The compact was drawn up by the Banking Supervision Department, with the Association of Banks and various banks, in response to the difficulties these women experience in managing their finances and their ongoing financial dependence on violent partners due to a lack of financial guidance. To implement the compact and aid these women, the bank has appointed liaisons to be available to them, led by the ombudsman. The liaisons help the women manage their bank accounts, maintaining full confidentiality, ensure that they can access information and actions in their accounts and that they are aware of their rights regarding government allowances, and help them deal with issues such as joint accounts, loan and mortgage payment deferral or rescheduling, opening of accounts for women without civil status in Israel, and more.

The bank also helps women who have suffered abuse obtain skills for astute financial behavior, in instructional sessions by the Financial Growth Center and through volunteer work by employees at bank branches located near the shelters. In addition, the bank has donated hundreds of thousands of shekels to aid centers and shelters for women who have suffered abuse.

International Day for the Elimination of Violence against Women

To stimulate dialogue and raise awareness of the escalating violence, and to help women gain the ability to emerge from the cycle of distress and embark on a new path forward, the bank **matched the donations received in November and December by non-profits helping women victims of abuse and their children**, through the Round Up Foundation. The organizations to benefit from the funds raised were chosen based on where a significant impact could be created in areas relevant to women, as a population segment and in meaningful life events or extreme situations they encounter. Participating non-profits include the Counseling Center for Women, Bat Melech, Ruach Nashit – Women's Spirit, Kayan, the Israel Women's Network, Women's Emergency Shelter, Itach-Maaki – Women Lawyers for Social Justice, Lo Omdot Mineged, Association of Rape Crisis Centers in Israel, Women Against Violence, Mavoi Satum, Bat Kol, Isha L'Isha Haifa Feminist Center, Women for Women, and Michal Sela Forum.



Action to benefit society and the community



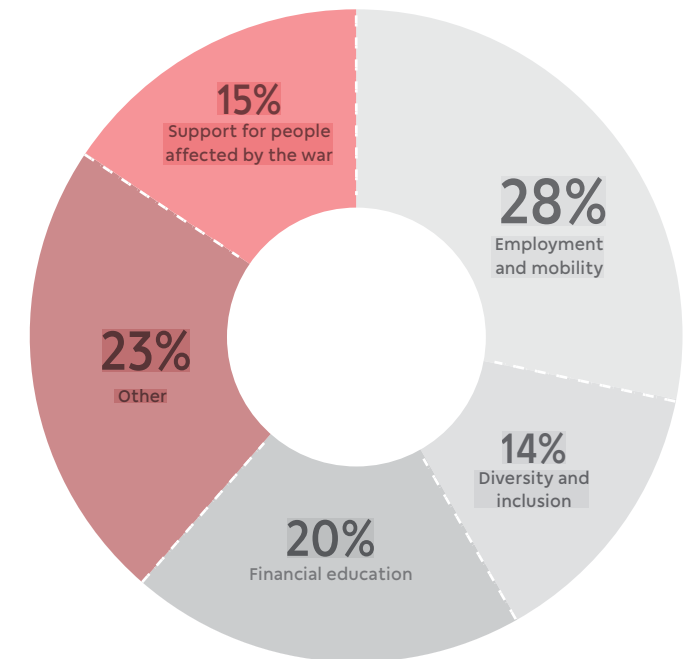
Along with its business activities, Bank Hapoalim has been committed for many years to the advancement of society and the community, and has acted to reduce inequalities and create equal opportunities for every segment of Israeli society. Based on this approach, the **Poalim Community Foundation** in the **Social Banking Center** supports hundreds of initiatives aimed at bolstering employment, education, and financial resilience, and contributing to the reduction of inequalities among hundreds of thousands of adults, children, and adolescents in every part of Israel. This activity is conducted in partnership with non-profits, social organizations, and public and government institutions, and takes the form of community engagement, monetary donations, money-equivalent contributions, financing and organization of workshops by the **Financial Growth Center**, and extensive volunteering activities by the employees and managers of the bank.

In every activity, we aim for the beneficiaries of our support to also serve as power multipliers - passing the positive impact on to others by volunteering themselves. For example, students who receive scholarships from the bank are required to volunteer for social causes. Working together, we expand our impact, changing reality for wide circles of Israeli society.

The social focus areas of the bank were selected, in early 2022, by juxtaposing the needs of Israeli society with the Sustainable Development Goals of the United Nations and the core capabilities of the bank as a financial organization. The following focus areas were chosen, for a period of three years, to create long-term impact:

- ◆ Employment and social mobility
- ◆ Diversity, gender equality, and inclusion
- ◆ Financial education
- ◆ Helping people affected by the war

Segmentation of community investments



NIS
51.4 million
Social investments¹ of
Bank Hapoalim in 2024

Bit app mobilizes for social causes

In 2024, the bank took part in fourteen nationwide fundraising campaigns, in which the Bit app served as a key channel for donations. During the year, a total of about NIS 20 million was raised through the app for holiday meals sent to people in need, children and adults with disabilities, victims of terrorism, mental-health programs, children orphaned on October 7th, and the Hostages and Missing Families Forum.

1. Including the Financial Growth Center and the Impact Fund.

The bank does not donate money or equivalents to political parties, politicians, or political institutions. Financing for conferences and sponsorships for events are granted only to non-profit organizations and professional bodies, with oversight and approval by professional functions at the bank, to ascertain that the sponsorship complies with the bank's rules for the prevention of bribery and corruption. Donations are given through the Poalim Community Foundation to registered non-profits and public benefit companies only, in accordance with the guidelines established by the bank for the prevention of bribery and corruption. Donations by the bank are approved by its social investment committee, headed by the chairperson of Bank Hapoalim, and are aligned with the social strategy approved by the board of directors, which is in effect for a period of three years.

Support for the community during the Swords of Iron War

When the Swords of Iron War began, we organized quickly, recognizing the vital responsibility we bear: we expanded the activity of the Poalim Community Foundation to deliver immediate solutions for emergency needs in civilian society, and we founded the **Poalim Rebuild Fund**, with **NIS 100 million** dedicated to the mission of long-term restoration of communities in the Otef Aza (Gaza Envelope) region. In the first quarter of 2025, the fund's mandate was expanded to the restoration of communities nationwide affected by the events of October 7th and the Swords of Iron War.

In 2024, we continued to be attentive to needs emerging in real time, providing support and acting as a meaningful anchor for Israel's economy and society.

The main ventures supported by the bank in 2024:

- ◆ Foundation of two therapeutic centers, in Ashkelon and Nahariya, as part of the Hibuki project, a preventive intervention based on a treatment protocol that includes the use of a "huggy" (Hibuki) doll. The dolls are given to children and their families during a therapeutic workshop, with appropriate guidance and a book used in the program. The goal of the program is to create change in the lives of children exposed to traumatic events, reduce distress, and prevent the development of post-traumatic symptoms. Approximately 10,000 children from the towns of Ashkelon, Nahariya, Shlomi, and Ma'ale Yosef and the Mateh Asher region have participated in this program.
- ◆ Technological summer camps for about 220 teenagers evacuated from Kiryat Shmona and the surrounding region, including Technion Robophysics, Touch the Future, and SpecTech. The summer camps were designed to boost the adolescents' individual emotional resilience and provide an opportunity to acquire and develop new knowledge, skills, and abilities in entrepreneurship, technology, and English.



- ◆ Strengthening Otef Aza businesses – establishment of the Otef Re'im cafes in Tel Aviv and Rosh Pina, as recreations of the cafe owned by Dvir Karp, of blessed memory, a chocolatier who was murdered at Kibbutz Re'im. The cafe employs people from Otef Aza and northern communities, and evacuees from these regions.
- ◆ We expanded our support for businesses in Kiryat Shmona and the surroundings, with the non-profits Israel Initiative and Margalit Startup City. In addition, we helped job seekers evacuated from their homes in the north and south find work through the 710 Initiative, with Hannah Rado.
- ◆ Tomchim Ba'bayit – a project in which gaming areas were set up for children evacuated from Kisufim, Gevim, and Ofakim, offering a wide range of games and activities to provide time for relaxation and play to children, teenagers, and families. When the communities relocate to permanent residences, the equipment will be moved with them.
- ◆ Memories and Tastes of Home – a project in which the four communities that suffered the greatest losses in the Swords of Iron War (Nir Oz, Nahal Oz, Kfar Aza, and Be'eri) participated in writing workshops with four leading authors, aided by therapists who helped process traumas into stories.
- ◆ As part of the support of the Hapoalim Group during the Swords of Iron War, the bank allocated an **emergency fund of NIS 10 million** to aid for residents of northern Israel. The fund supported several key projects:
 - ◆ Twelve remedial learning centers established in a project encompassing an individualized educational support system for one-on-one and group sessions with students, applying advanced technologies and innovative teaching methods, at twelve schools in Kiryat Shmona, Upper Galilee Regional Council, and Mateh Asher Regional Council in northern Israel.
 - ◆ Assistance for an educational project in the second and third grades at a school for children evacuated from Kiryat Shmona, who have been relocated to several other areas. The project is a collaboration with the Branco Weiss Institute, which was responsible for planning and for forming the educational teams.
 - ◆ Setting up the Etsba Hagalil Cafe in Rosh Pina – a small business relocated from Kiryat Shmona, serving the residents of the north.
 - ◆ A project for emergency coordinators in Nahariya.
 - ◆ Support for protective equipment for towns in the Arab sector.
 - ◆ Support for projects for guidance and empowerment of families, in collaboration with the nonprofit Habayit.
- ◆ In addition to the donations noted in this section, the Bank Group donated a total of approximately NIS 29 million in 2024 to a fund managed by the Jewish Agency for Israel, assisting reserve soldiers who are small-business owners and their spouses.



Employment and social mobility; diversity, gender equality, and inclusion

In 2024, we continued to support ventures promoting quality employment, in order to increase people's social mobility, independence, sense of competence, and individual well-being. This is achieved through high-quality training and job placement for people from socially and geographically peripheral regions; providing tools and guidance; supporting entrepreneurship, small businesses, and high tech; encouraging higher education; and empowering the generation of the future. We are also committed to being attentive to social needs as they emerge in real time, and stepping up to respond. Some of the initiatives and projects we supported are described below.

Initiatives for adolescents and students:

- ◆ We supported optimal placement in quality employment for young men and women from the Arab sector, through support for dozens of programs offering experience and job placement by the non-profit Mona, which has opened practical high-tech academies planned to serve as centers for economic sustainability and community resilience. The programs operate in dozens of towns, including Majd al-Krum, Kafr Qasim, and Umm al-Fahm.
- ◆ We continued our collaboration with the non-profit Olim Beyahad, which helps students of Ethiopian descent find quality employment.
- ◆ The Latet Youth program, with the non-profit Latet, provides skills for personal development, education on the values of volunteering and social solidarity, and an introduction to entrepreneurship and leadership, to equip teenagers to find quality employment in the future.

Initiatives for soldiers:

- ◆ **TaasuHayil** – A program that assists soldiers who are disadvantaged, alone in Israel, or discharged and lacking family support in finding employment. The program helps soldiers complete their military service and join the civilian market in an optimal way. Retirees of the bank volunteer within this program, staying in touch with the soldiers and helping them communicate with employers.

- ◆ **Kodkod** – A project in collaboration with JBH for the recruitment of ultra-orthodox men into the IDF for quality technological roles. The project includes a pre-military civilian preparatory program for general instruction, where participants study English, mathematics, and an introduction to programming over a period of six months, 45 hours per week, followed by 24 months of military service in technology-related positions in various units.
- ◆ **Netzah Yehuda** – Support for a "life preparatory" program that helps at-risk ultra-orthodox young men find their place and become independent within the community, providing skills for learning and taking part in educational programs, with the aim of eventually finding employment.

- ◆ Approximately 8,200 beneficiaries received assistance, as part of the aim of nurturing the generation of the future, through several initiatives and collaborations:

- ▶ **Nitsanim To Tech** – A project in collaboration with the non-profit Netivey Udi, the Ministry of Defense, Digital Israel, and other business partners, aimed at offering training and skills to newly discharged soldiers for finding work in the technology industry.

- ▶ **Masa El Ha'ofek (Journey to the Horizon)** – Collaboration with the non-profit Towards the Horizon in which hundreds of newly discharged soldiers received assistance in achieving financial independence and finding their place in civilian society.

55 initiatives
encouraging employment

In 2024, we sponsored and supported 55 employment initiatives in which approximately **17,000 people** received tools and individual guidance in the area of employment, some of whom have already found work.

over
1,600 
young people
and academics

from underrepresented population segments (the Arab sector, the ultra-orthodox sector, Ethiopian-origin Israelis, and women) entered the high-tech industry with the support of the bank.

~**5,000**
small businesses
received guidance and tools for managing a business through the bank's support and sponsorship for social organizations including the 8200 Foundation, Ovrot Veshavot, Ogen, Chasdei Lev, Paamonim, and others.



פועלים בקהילה
בנקאות חברתית

תעסוחיל
TAASUCHAYIL

אופק
מסלול התעסוקה

תעסוחיל
אחים לעסק

חיילת/חייל!
בואו לסייע לבעלי עסקים
שנלחמו, ועכשיו נלחמים על
פרנסת המשפחה

בעל עסק/מילואימניק!
אנחנו כאן לחבר אותך לחייל/ת
שמחפשים עבודה בזמן השירות
הצבאי

מצטרפים?

שילחו וואצפ למספר **0585904613**

Photo: The "TaasuKhil" program provides support to underprivileged soldiers, lone soldiers, and discharged soldiers without familial backing, in finding employment.

Financial education

Financial education is an important element of the bank's investment in social causes, as part of its commitment to the promotion of astute financial behavior for the general public in Israel, rooted in the belief that action in this area will lead to economic growth and a thriving future society. The Financial Growth Center was established in 2018, as a hub for learning and acquiring knowledge and tools supporting astute financial behavior; its services are offered to the general public nationwide free of charge. The Financial Growth Center teaches content relevant to significant financial crossroads in people's lives, such as expansion of the family, taking a mortgage, digital marketing for businesses, career changes, pension planning, and more. Since the beginning of the Swords of Iron War, the Financial Growth Center has assisted businesses and households directly affected by the war (for further information, see the section "Financial Growth Center" on page 101).

For details of the bank's activities dedicated to the community, see the [Social Banking Center page on the Bank Hapoalim website, which is updated regularly.](#)



Photo: Annual art exhibition held by the bank, dedicated this year to raising donations for Nova Tribe Community Association.

National projects

As it does every year, the bank supported several national projects for the benefit of the general public in Israel:

- ◆ **Annual Israeli art exhibition** – Over 2,500 people visited and bought artwork at the bank's annual art exhibition, held for the twenty-fifth year. This year's exhibition was dedicated to raising awareness of the ongoing struggles of the survivors of the festivals in southern Israel attacked on October 7th, and the income from the exhibition was donated to the non-profit Nova Tribe Community. 600 works by Israeli artists, some of whom are employees of the bank, were displayed at the exhibition; NIS 1.4 million was raised for Nova Tribe Community, which provides aid and treatment to survivors, bereaved families, and families of hostages taken from the festivals.
- ◆ **Sites and museums open to the public during Passover vacation** – To make the culture and heritage of Israel accessible to all parts of the population, Bank Hapoalim invites all Israelis to travel during the holiday of Passover and visit a range of sites across Israel free of charge. This

project has been led by the bank for nineteen years. In Passover 2024, over 170 sites, tours, tourism businesses, and activities across Israel were opened to the general public. This year's project, held during the Swords of Iron War, expressed appreciation for the IDF and security forces, and opened the leading museums of the Ministry of Defense to the public free of charge. Over 100,000 people visited dozens of museums and heritage sites during the holiday, and about 7,000 children participated in an astute financial behavior game, at seven of the museums.

- ◆ **The Great Mall Challenge** – A values-based financial education experience for families, held free of charge during the holiday of Hanukkah, for the third year. Sites were set up at eleven shopping malls across Israel, focusing on areas affected by the war, where visitors were invited to complete a set of activities to achieve prudent, frugal shopping. Over 45,000 people participated in these activities during the week of the holiday.

Poalim Rebuild

As part of Bank Hapoalim's long-standing commitment to society and the community, five days after the Swords of Iron War began, on October 12, 2023, the bank announced the foundation of the Poalim Rebuild fund, in the amount of up to NIS 100 million. The fund's mission is to support the development of individual, community, and economic resilience of people, communities, and businesses in the Western Negev region. In the first quarter of 2025, the fund's mandate was expanded to the restoration of communities nationwide affected by the events of October 7th and the Swords of Iron War. The fund joins the Poalim Community Foundation, managed by the Social Banking Unit at the bank.

Since its foundation, the fund has worked with heads of municipalities in the Otef Aza region to map needs and establish priorities.

The fund is headed by a public committee, led by Major General (Res.) Amram Mitzna, along with Sigal Moran, Prof. Yifat Bitton, Keren Turner Eyal, and members of the board of management of the bank. The committee establishes the fund's policy, makes decisions on project financing, and monitors the operations of the fund and the progress of its projects.

At this writing, approximately NIS 47 million of the fund's money has been allocated, mostly invested in initiatives promoting education, from preschool to academia, as a driver for renewal of the communities and strengthening the generation of the future. The fund has also chosen to invest NIS 10 million in assisting soldiers injured in the Swords of Iron War, from the moment of their injury until they can resume employment and a full community life.



Photo: Bank Hapoalim and Ofakim municipality launching the city's first resilience centers. Photography: Lior Ifargan, Photo Shosh.

Projects supported by the Poalim Rebuild Fund:

- ◆ **10 early childhood excellence centers** – Excellence preschools by the non-profit SASA Setton in the regional councils of Eshkol, Sha'ar Hanegev, Hof Ashkelon, and Sdot Negev, and in the city of Ofakim. The program includes pedagogical guidance for preschool staff, mental-health support for children and parents of the community as well as for educational staff by Barzilay Hospital, and the design of the educational environment of the preschools.
- ◆ **29 resilience centers** – Unique centers established in elementary schools in the towns of Sderot and Ofakim, where students are offered empowerment programs and therapeutic small-group sessions provided by therapists, in cooperation with the towns' municipal psychology services.
- ◆ **12 remedial education tutoring centers** – A remedial education network at twelve schools selected by the regional councils of Eshkol, Sha'ar Hanegev, Sdot Negev, and Hof Ashkelon. The centers, located in schools, provide small-group tutoring using advanced educational technologies and innovative teaching methods. Professional teachers hired for the centers are financed by the program.
- ◆ **Agricultural residential school** – An agricultural residential school founded in Moshav Sde Nitzan, as part of the Adam VeAdama network of schools. The school is an agricultural and educational program connecting students with farming and providing direct assistance for farmers in the Otef Aza region and the future of the agriculture industry.
- ◆ **4 pre-military preparatory programs in the Western Negev** – The preparatory programs are located in the kibbutz communities of Yad Mordechai, Nir Am, Sa'ad, and Gevim. While preparing for meaningful service, the group offers helping hands and immediate assistance in physical and emotional restoration. The new pre-military programs and the hundreds of young people who have signed up for them are already taking part in the restoration of communities and towns.
- ◆ **Poalim for the Future** – A program supporting Sapir Academic College, the largest academic institution in the Western Negev, a region that has suffered greatly and where students, staff, alumni, and families have been impacted. The fund provided support of NIS 10 million enabling every student at the college, beginning in the current academic year, to participate in a hands-on educational program dedicated to restoring the Otef Aza region and earn credits as part of their academic training.
- ◆ **B'shvil Hahatzlacha (Path of Success)** – A program of NIS 10 million supporting soldiers and members of the security forces injured in the Swords of Iron War. Every soldier injured in this war can apply to the program, run in collaboration with the Association of Friends of the IDF Disabled Organization, for a one-time grant for immediate needs; an individualized rehabilitation program; guidance on resuming civilian life through training, study, and employment free of charge, including tuition scholarships; and a free six-month membership, including family members, to all Beit Halochem wounded veteran centers in Israel.

4,000 children from the Western Negev

from preschool to the ninth grade, received direct pedagogical and emotional assistance during the current school year through excellence preschools, a residential school, resilience centers, and remedial learning.

1,000 students at Sapir Academic College

had the opportunity to gain practical experience beyond theoretical classes, and began to be involved and take action in response to the challenges of the Otef Aza region, earning academic credits in various departments of the college.

160 students in pre-military preparatory programs participated directly in the restoration of communities in Otef Aza, while preparing for meaningful service.

5,700 injured soldiers

have participated in the Path of Success program, receiving grants, assistance with rehabilitation, membership at Beit Halochem wounded veteran centers, professional courses, training, and job placement.

Bank Hapoalim volunteers



Photo: Employees from the northern branches distributing gifts to reserve soldiers.

The values of volunteering, generosity, and helping others are integral to the bank's organizational DNA. For years, the bank has encouraged volunteering and community engagement by its employees at all levels, leveraging their skills and capabilities to benefit the community. The bank has a national volunteering network in which thousands of its employees participate. The broad reach of the branch network makes it possible for each branch to connect with and take action for its local community. Volunteer activities at the bank are managed by the employee volunteering unit in the Social Banking Center, with the involvement and partnership of employees, through continual dialogue and investigation of needs with non-profits, social organizations, and local government.

Social Leaders at Bank Hapoalim

Approximately 380 employees from all units of the bank have undertaken the mission of leading social and community activities in their units and serving as the liaison between the Social Banking Center and volunteers at the units and branches of the bank. The Social Leaders introduce ideas for community activities, encourage each other and volunteers to take initiative and act, and work collaboratively, with mutual support and assistance. All volunteers can turn to them for advice and to plan donation and volunteering activities.

Volunteering efforts vary widely in type and frequency, with a large number of community partners involved; any employee can choose to participate regularly in a year-round activity or to engage during specific events, such as holidays. The value of volunteering is embedded in management routines, employee performance evaluation processes, and the leadership model at the bank. Volunteer activities of our employees include assistance for elderly people, Holocaust survivors, and families in financial distress; packing and distributing food packages for people in need; assistance for people with disabilities; and lectures on astute financial behavior, offered nationwide.

~5,000
employees volunteer
through the bank, coordinated by
380 Social Leaders.

~68,300
hours of volunteering
took place through Poalim
Volunteers in 2024, of which more
than 54,000 hours of activity
dedicated to the community
were invested through children
of employees participating in
the Summer Youth Community
program.

~76,000
people¹ were
directly affected
by the volunteering activities of
the employees of the Bank in 2024.

1,617
employees
and managers are
members of the Poalim
for Good community.

In 2023, we created Poalim for Good, a Facebook community of bank employees used to share photos and experiences from volunteering activities and social initiatives of the bank.

1. Based on a conservative estimate of the number of people affected by each activity.

Impact strategy

The Poalim Volunteers unit pursues activities in four main areas:

1. Continual expansion and increased involvement of the pool of employee volunteers

The volunteering "menu" for employees is updated throughout the year. We make sure that employees are offered a variety of volunteering options responsive to current needs, with a wide range of commitment levels, so that anyone interested in volunteering can find the activity best suited to them. Volunteering options are accessible to employees on the organizational portal and sent proactively to employee groups by email. In 2024, which was marked by the Swords of Iron War and Operation Northern Arrows, the volunteering opportunities available to the bank's employees were aligned with these events, including a wide range of activities dedicated to IDF soldiers, families evacuated from the conflict zones, injured people, and the agricultural communities near the combat areas.

2. Deeper impact through collaborations and internal and external power multipliers

Most of the volunteering activities are held through non-profits and social initiatives, with the bank's financial support, according to our focus areas for community engagement (employment and social mobility; diversity, gender equality, and inclusion; financial education; and the current need for assistance for people affected by the war). This year, in view of the war, many volunteering activities were also coordinated with organizations dedicated to farmers (such as Hashomer Hachadash and Tzav Shmoneh La'otef) and with organizations and non-profits working with IDF soldiers and evacuated families.



Photo: Organizing food packages for Holocaust survivors and the elderly at the Jaffa Institute

3. Immediate response to emergency needs

We are closely attuned to the hardships faced by local communities, enabling us offer immediate solutions when extensive harm occurs. For example, during the Swords of Iron War many employees stepped up to respond to immediate needs. As the fighting continued in the various arenas, dozens of activities were held by employees to benefit soldiers during brief leaves from combat or days dedicated to processing their experiences. Events with refreshments and music were held at mobilization zones, and luxurious gift packages were distributed. Employees from the Karmiel branch adopted medical teams from Ziv Hospital in Safed; employees from the Nahariya and Acre branches adopted the rapid-response teams of Mateh Asher in northern Israel; employees in central Israel adopted

patients and medical staff in the medical rehabilitation ward of Sheba Hospital; and dozens of other activities in a wide range of areas were held nationwide.

4. Nationwide volunteering events

- ◆ During Good Deeds Month 2024, 3,700 employees participated in 250 activities across Israel: building community gardens at medical rehabilitation centers; packaging and distributing food for elderly people, Holocaust survivors, families in need, and families evacuated from conflict zones; activities for children with special needs; and more.
- ◆ Boxes of food were distributed in the Muslim sector during Ramadan.
- ◆ Gifts were distributed nationwide for the holidays of Purim, Eid al-Adha, and Christmas.

A volunteering tradition - the Summer Youth Community program'

This was the twelfth year of the Summer Youth Community program, in which children of employees aged 15-18 offer activities for the community during summer vacation. This year, 1,296 adolescents participated in 1,347 activities at 301 locations in 141 towns through this program: summer camps, day programs for at-risk youth, elderly care facilities, organizations for children and adults with special needs, and more. The involvement of employees' children in community activities, and the experiences they share with their families, contribute to a sense of meaning and to the development of social consciousness and values-driven behavior among teenagers and adults, as they gain familiarity with the needs of Israeli society. Our survey of the participating adolescents and the non-profits where they volunteered indicates that the Summer Youth Community program was beneficial and valuable for the non-profits and institutions, and gave a sense of pride and meaning both to the adolescents and to their parents who work at the bank.

96%

of employees who responded to the survey

noted that the Summer Youth program had enhanced their sense of pride and engagement with the workplace

Unique volunteering platforms

Retiree volunteering

Volunteering that requires activity during work hours is referred to retirees of the bank, through a dedicated portal.

In 2024, dozens of bank retirees volunteered to support hospital wards, in response to the increased need for volunteers at medical institutions. The Employee Volunteering unit supports the activity of the retirees by sending materials such as games, craft supplies, books, etc. to the venues where they volunteer, at the volunteers' request.

Adopting units

Head-office units and branches of the bank have adopted more than 500 social organizations working across Israel to benefit disadvantaged population groups, and participate in a wide range of activities dedicated to them. The bank encourages its branches and units to adopt non-profits and social organizations and to conduct ongoing guidance and mentoring activities with them, in which bank employees can share their professional knowledge.

Matan - Investing in the Community

Since 2000, Bank Hapoalim employees have donated to the causes of their choice (or to specific non-profits) through Matan - Investing in the Community. The bank matches employees' donations to the same causes or non-profits through Poalim Community. **To date, NIS 44.5 million has been donated in this way.**

Through the Matan Campaign, employees of the bank are offered the opportunity to send support to underprivileged groups in society and help promote a wide range of social causes. In 2024, employees donated a total of NIS 654,000, of which about 38% designated for people affected by the October 7th attacks, soldiers, and people injured during the war. The bank added a donation of NIS 500,000 to promote the causes chosen by the employees. Employees can select the amount of their donation, the method (a single sum, regular periodic donations, or a donation of vacation days), and the beneficiaries (a general area or specific organization).

38,000

Purim baskets

were distributed to children in special education, children from disadvantaged families, children with special needs, and children at preschools and elementary schools in peripheral regions

2,700

gift baskets

were distributed for the holiday of Eid al-Adha, to children in the Muslim and Druze sectors

3,260

gift baskets

were distributed for the holiday of Christmas, to children in the Christian sector

880

bank employees

participated in these activities as volunteers

Measurement and evaluation

To maximize the impact of volunteering efforts, we perform reviews and measurements to examine the effectiveness of the actions of the non-profits and volunteers across broad spheres over time.

- ◆ **Listening to non-profits and social organizations where bank employees volunteer** – After each volunteering activity, we contact the organizations to receive feedback, recommendations, and insights.
 - ◆ **Listening to Social Leaders and volunteers** – To enable each of our employees to strengthen their community involvement and impact, we conduct surveys throughout the year, consult with our volunteers and leaders, hear about ideas for new activities, and receive continuous feedback. The insights and conclusions are embedded in ongoing planning of social activities, and help us perform the necessary adjustments and changes to enhance the impact of the activities.
- We discovered that:

- ▶ **91%** felt proud to work at the bank, following the activities of Good Deeds Month.
- ▶ **95%** felt proud to work at the bank, following their children's participation in Summer Youth activities.
- ▶ **90%** expressed high satisfaction with the activities and with their appropriateness for this period and alignment with expectations.

Over
500
social organizations
and educational institutions
have been adopted by units
of the bank.

43,960
packages of sweets were distributed
to children and teenagers of all sectors (including the ultra-orthodox and Arab sectors) in youth villages, after-school programs, special-education schools, and women's shelters.



465
children from families in need
received school supplies and backpacks for the new school year, donated and collected by employees and their families.

4,250
food boxes
at a value of NIS 850,000 (donated by the bank), were packaged and distributed before the holidays of Rosh Hashanah, Passover, and Ramadan, to evacuated families, families in financial distress, elderly people, and Holocaust survivors.

Over
1,500
soldiers
participated in leisure activity evenings with volunteers from the bank, and received individual gift packages containing warm winter clothing, toiletries, energy bars, and other products. Approximately 250 volunteers took part in these activities.

Commending outstanding volunteers and activities

In appreciation and commendation for our employees who volunteer, fifty outstanding volunteers are selected annually, of hundreds of employees nominated by their colleagues and managers. Outstanding volunteers have the opportunity to present their contribution to the community, gaining recognition and appreciation. They also receive a certificate of excellence and a modest personal monetary gift, and they are invited to an event for the outstanding employees, with all of the employees of the bank.

During the year, special emphasis was placed on internal publicity for volunteering activities and volunteers who had undertaken unique initiatives. Photos and videos of volunteer activities were prominently published, and information about the activities was provided through the organizational portal, WhatsApp groups for employees and leaders, a semiannual newsletter for leaders, and more. The importance of the extensive, positive publicity was illustrated by the encouragement it provided to volunteers and the growth of the group of participants in the activities.

Operating during wartime

Wartime has revealed the generous heart and resolute strength of the people of Israel. Civilians have organized nationwide to help anyone in need and assist soldiers, farmers, displaced families, small businesses, and more. The employees of Bank Hapoalim wholeheartedly joined in the national effort, leading local community initiatives and participating in activities organized by Poalim Volunteers.

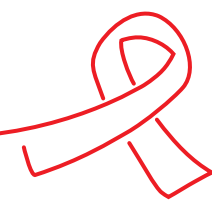
During the year, we posted up-to-date lists of potential volunteering venues, based on the needs of the moment, and of relevant social initiatives, on the portal and the Poalim for Good Facebook group, and through the Social Leaders. To enable employees to fulfill their sense of social mission and uphold the value of giving, the management of the bank permitted employees to take one day considered a work day to volunteer every year. Many of the volunteering initiatives by employees and their units are held outside of work hours, with no impairment of service for the bank's customers.

Thousands of employees and retirees participated in a wide range of volunteer activities:

- ◆ Helping farmers with harvests and maintenance on forty agricultural farms in southern and northern Israel.
- ◆ Assistance for soldiers serving in the north and south: sorting and packaging warm clothing and various essentials, and distributing 1,500 gift packages for soldiers.
- ◆ Aid for the injured: visiting wounded soldiers in injury rehabilitation wards and hospitals nationwide, and distributing gift packages.
- ◆ Gratitude for medical staff caring for injured soldiers: 300 gift packages were distributed at four hospitals.
- ◆ Volunteering with children and adolescents: joining educational centers established across Israel to provide tutoring in mathematics and English and enrichment classes on various subjects, within the Shiur Acher ("A Different Lesson") program.
- ◆ Support for displaced families:
 - ◆ Employees donated more than 950 packages of infant formula, in collaboration with the Social Bank for Baby Food.
 - ◆ Hundreds of packages of games and materials for activities were donated for the children of Mateh Asher Regional Council in the Galilee, who were confined to their homes for long weeks due to constant missile attacks.
- ◆ For Good Deeds Day, against the backdrop of the Swords of Iron War and Operation Northern Arrows, we held a full month of unique activities, including planting of the Hope and Restoration Forest, where 550 trees were planted by volunteers from the bank at Kibbutz Kramim in the Negev region; a camp day for 220 children from families harmed by terrorism, with the Fund for Victims of Terrorism of the Jewish Agency; Purim activities and celebrations with children from evacuated families housed in hotels nationwide; activities with injured soldiers at Beit Halochem wounded veteran centers and in medical rehabilitation wards at Sheba Hospital; activities for medical staff at Sheba, Rambam, Ziv, Hagalil, and Soroka hospitals; activities for IDF soldiers in every arena; and more.



Photo: Employees of the Audit Division planting the 'Forest of Revival and Hope' in Kibbutz Kramim.





Strengthening employees' capabilities and well-being

Bank Hapoalim considers its employees the key to its success, and aspires to provide them with meaningful, valuable work. It is our employees who guide customers and businesses and help them manage their finances astutely, make better financial decisions, move forward, and evolve. The bank is therefore committed to nurturing its human capital, caring for its employees' health and well-being, and helping them thrive, through ongoing dialogue and the investment of resources in development and training, and by providing ways for employees to be influential, have a meaningful role in the work and creativity of the bank, make progress, and develop.

A responsible work culture

The bank cultivates an appropriate and responsible employment environment, and ensures compliance with the provisions of the law with regard to the terms of employment of all employees on its premises. The bank adheres to universal norms and principles that protect human rights in employment, as specified in the UN compacts¹ and in the declarations of the International Labor Organization (ILO), on issues including the freedom of association, the right to conduct collective negotiations, and the prevention of discrimination and inequality. The bank's policy on work environments is described in detail throughout this chapter.

Work environment principles at the bank:

- ◆ Provide a variety of tools and opportunities to strengthen professional skills and support continual learning;

- ◆ Encourage participation, innovation, and improvement of organizational and business processes;
- ◆ Offer a range of opportunities for personal, managerial, and professional development;
- ◆ Ensure equal opportunities and prevent discrimination;
- ◆ Care for the health and well-being of employees and their families.

Organizational culture is a growth driver for business results. In 2020, we established five organizational values that serve as our cultural operating model at the bank:

- ◆ **Growth mindset - growth and development:** We encourage curiosity, learning, and continual improvement, as the foundation for high-quality, up-to-date banking that advances our customers' growth.
- ◆ **Partnership - working together, for you:** Cooperating and joining forces to let customers benefit from our full range of capabilities.
- ◆ **Focus - dedicated to customers' best interests:** We focus our actions on what matters to customers; we are considerate of their evolving needs, to create meaningful value.
- ◆ **Fairness - fair and responsible action:** We treat everyone with fairness and compassion; we act with integrity, justifying the trust placed in us by the public.
- ◆ **Delivery - making it happen:** We take the initiative and move processes forward quickly, to deliver relevant solutions in real time.

The five organizational values were translated into seventeen desirable behaviors, reflecting the ways in which each value takes practical shape during routine work. We also developed the Cultural Organizational

Change Index, which measures the extent to which the desirable behaviors have been absorbed by the divisions and units and the impact of the cultural change on business results. The index was distributed to all divisions of the bank. The results of the index provide an indication of our progress over the years in instilling the organizational culture to which we aspire.

The measured results also teach us about employees' sense of engagement² with the bank, the desired work environment from their perspective, and gaps between existing practices and desirable behaviors, and help us understand the actions we need to undertake to achieve optimal implementation of our organizational values. In 2022, we added a section to the index examining managerial culture based on employees' evaluations.

At the end of 2024, we performed our customary annual measurement of the Organizational Cultural Change Index (renamed the Organizational Culture Index). A separate Pulse Check³ measurement reflects the employee experience and organizational climate.

Results of the Organizational Culture Index show a slight decrease of 1.7 points on the organizational engagement metric in comparison to 2023 (from 46.2 to 44.5).

The insights we drew from the results formed the foundation for building an in-depth plan to continue to instill the organizational values and promote our organizational culture in each division of the bank, according to the relevant results in each context. We also share the index results with employees and management, as well as the actions we plan to take in direct response to their feedback.

1. UN Global Compact; UN International Bill of Human Rights; UN International Convention on Economic, Social and Cultural Rights; and UN Guiding Principles on Business and Human Rights.

2. Employee engagement is measured using an eNPS survey.

3. The Pulse Check survey examines employees' satisfaction with their work at the bank, their sense of meaningfulness, and their satisfaction with their work-life balance.

Our employees⁴



572
new employees
were hired at the bank in 2024

7,735

Total employees of
the bank in 2024⁵

45.1
Average age of
employees

17.5 years
Average employee
tenure

98%
of the bank's employees
are employed full time⁶

90%
internal employees
90% of employee positions
are of bank employees
(similar to 2023), while 10%
are employed by external⁷
staffing agencies (similar
to 2023)

83.5%
under a collective agreement
83.5% of the employees of the bank (permanent and temporary)
are employed under a collective agreement. The bank recognizes
its employees' right to unionize and conduct collective
negotiations. A collective agreement applies to the majority
of employees of the bank, excluding those employed under
personal employment contracts

71%
of employees hold academic degrees
304 employees received financing for tuition in undergraduate
and graduate degree programs in 2024, and 34 employees
received financing for language and bookkeeping courses

722
employees
left the bank, of which
157 retired

4. Data in this section refer only to the employees of the bank itself. Personnel data are presented in the financial statements in terms of employee positions.

5. The data regarding the number of employees does not include external personnel and employees on unpaid leave, parental leave, or bed rest during pregnancy.

6. 65% of full-time employees are women. 84% of part-time employees are women.

7. External employees are employed in various positions at the bank.



Photo: Bank employees participated in a national march for the return of the hostages

Education level of employees of the bank

Age	Bachelor's degree	Master's degree	Doctoral degree	No academic degree	Total	Percentage of degree holders in each age group
Education						
18-21	1			94	95	1%
22-30	239	42		638	919	31%
31-40	784	377		280	1,441	81%
41-50	1,132	1,041	4	434	2,611	83%
51-60	802	788	6	566	2,162	74%
61+	158	120	2	227	507	55%
Total	3,116	2,368	12	2,239	7,735	71%
Percentage	40.3%	30.6%	0.2%	28.9%	100%	

Segmentation of employees by age and gender

Age	Women	Men	Total	Percentage
Up to 31	767	247	1,014	13%
31-50	2,614	1,438	4,052	52%
Over 51	1,649	1,020	2,669	35%
Total	5,030	2,705	7,735	100%

New hires, by age and gender

	2024				2023				2022			
Age	%	Total	Men	Women	%	Total	Men	Women	%	Total	Men	Women
Up to 31	81%	467	146	321	76%	631	146	485	59%	400	96	304
31-51	18%	101	46	55	23%	195	93	102	38%	257	134	123
Over 51	1%	4	3	1	1%	7	4	3	3%	17	14	3
סה"כ	100%	572	195	377	100%	833	243	590	100%	674	244	430

Employee departures, by age and gender

	2024				2023				2022			
Age	%	Total	Men	Women	%	Total	Men	Women	%	Total	Men	Women
Up to 31	53%	381	104	277	53%	301	74	227	34%	290	65	225
31-51	22%	161	63	98	27%	155	68	87	26%	217	82	135
Over 51	25%	180	71	109	20%	117	64	53	40%	338	99	239
סה"כ	100%	722	238	484	100%	573	206	367	100%	845	246	599

Employee absences

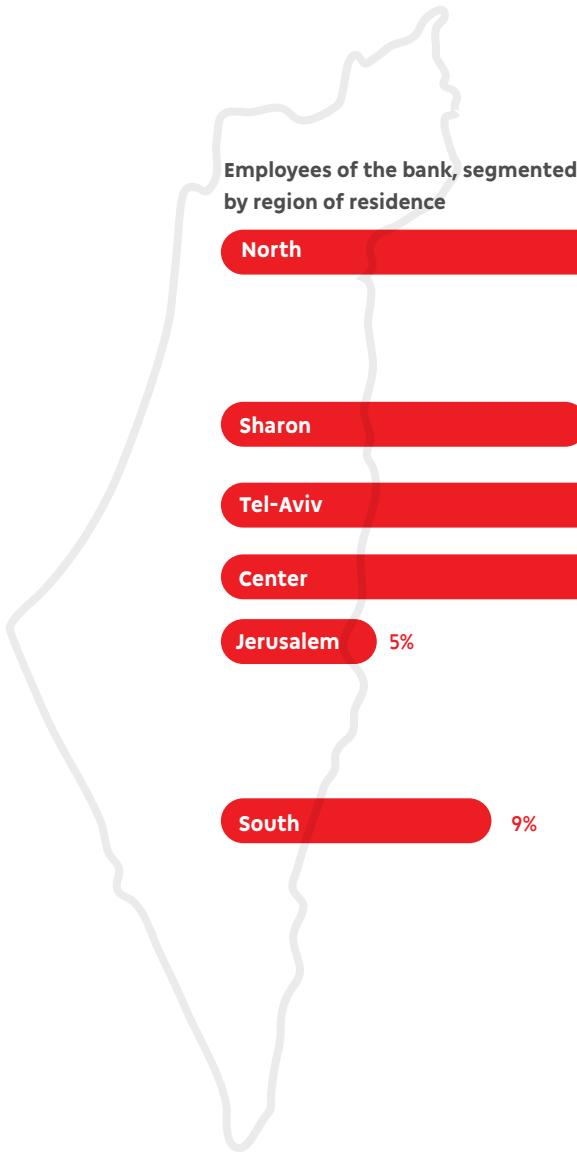
Sick days ⁸	Vacations ⁹	Reserve military duty	Total
97,825	181,326	21,570	300,721

Employee absences by gender

Sick days		Vacation		Reserve military duty		Total	
Women	Men	Women	Men	Women	Men	Women	Men
71,432	26,393	118,425	62,901	2,152	19,418	192,009	108,712

Distribution of employees by type of employment agreement

	Permanent employees	Temporary employees	Senior employees	Total
Collective contract	66.0%	17.6%	-	83.5%
Personal contract	0.2%	15.0%	1.3%	16.5%



People Analytics

People analytics refers to the application of analytical tools and data in human-resource management, for the identification of risks and opportunities and informed decision-making to benefit the organization and the employees. Integrating people analytics into human-capital management processes at the bank provides a tool for measuring the absorption of organizational culture and a culture of dialogue and openness; examining the effectiveness of implementation of Agile operating models; evaluating employee recruitment and retention processes; and cultivating leadership, personal development, and learning. The bank also uses an SAP system for strategic management and planning of its human capital. The system allows data analysis and production of reports on various subjects, such as headcount, employee performance evaluation, training and instruction, hiring, developing and encouraging excellence, and more.

8. Including reported illness and illness of a family member.

9. Excluding unpaid leave and parental leave.

Developing and nurturing leadership

Today's dynamic reality requires constant self-examination to enable us to take the necessary actions to adapt to developments in the business environment. The bank's management and leadership culture, as expressed by its management team and leading executives, is the key to the cultural change we are targeting, growth, and a leading position in the financial market in particular and the business sector in general.

As part of the process of organizational and cultural change at the bank, in 2021 we carried out a process to establish a new leadership model. All employees were invited to participate and make their mark, so that we could create the model together; 253 employees and managers from all levels of the organization took part. A similar process was conducted with Forum 100, the senior executive forum at the bank. Insights derived from these processes were synthesized to create the new leadership model: Growth-Generating Leadership. The five components of the leadership model are:

1. Authentic and courageous
2. Performance-oriented and value-creating
3. Proactive and leading change
4. Realizing potential
5. Promoting partnerships

Each component of the model is associated with a set of behaviors that managers are expected to demonstrate. The model was integrated into manager training, hiring, and promotion processes at the bank in 2022, as well as performance evaluation and feedback, in recognition of the significant impact of the bank's management culture on its organizational culture. As part of the process of instilling the model and the ambition to rely on

stellar leadership, 25 department heads were tapped to assist the Leadership and Organizational Development Center and the Poalim Campus in this process and in training managers at the bank.

All managerial training programs at the bank were redeveloped in light of the model. Every year, we run development programs for all managers within the organization to develop and cultivate leadership, consisting of a number of key elements:

- 1. Forum 100** - A training and development program for senior executives at the bank, providing knowledge, tools, and skills for optimal leadership of the organization, with an emphasis on growth-generating leadership. The program consists of **several sessions every year for members, each focused on a different area relevant to that period, dedicated to advanced content on leadership and management, learning from other organizations, and in-depth group discussions of issues the bank is seeking to promote.**
- 2. Management programs to strengthen leadership and provide leadership skills to managers at all levels** - The bank has a wide range of management programs aligned with its new leadership model. In 2024, 624 managers participated in various programs: branch department heads, team leaders at the contact centers, section heads at the head office, and deputy department heads at the head office. A program on groundbreaking leadership was held for middle management (head-office department heads and managers at the branches and contact centers), and targeted programs for managers were held at specific divisions.
- 3. Forum 600, a unique program training top-talent senior managers as coaches**, was introduced in 2024, providing training recognized by the Israel Coaches Association. The program supports a number of goals: (a) expanding the group of coaches at the bank who provide guidance to managers in their first management role; (b) strengthening leadership at the bank through the ability to coach others, a key element of the bank's leadership model and an important skill for the future; (c) personal development and empowerment of participating managers.
- 4. Workshop in a Box at We Meet (a WeWork-style team development center)** - In 2022 we introduced the Workshop in a Box series, designed to enable managers to run team development activities independently. 613 bank employees and managers participated in the workshops in 2024. These activities strengthen managers' leadership and self-reliance in leading processes, and support the "manager as a coach" approach.
- 5. Guiding managers through change processes** - The Leadership and Organizational Development Center has developed a unique model for managing change at the bank. The team of advisors at the bank guides the managers through any change – structural or organizational change, changes in operating models, and more. All changes are carried out based on an ordered methodology, emphasizing transparency, to the extent possible, and the participation of employees and managers in reconstruction, to provide an opportunity to take part in thinking, planning, and influence.
- 6. Field meetings** - The Leadership and Organizational Development Center team holds meetings with managers and employees of every unit of the bank to provide assistance and impart knowledge and tools they need to successfully address the challenges of leading processes, managing change processes, and implementing organizational culture and values aligned with the bank's vision

and strategy. 85 managers received individual guidance from a coach or advisor of the Leadership and Organizational Development Center in 2024, and over 1,000 managers participated in leadership conferences.

7. Development of implementation tools - Development of kits and supporting materials to help managers promote employee engagement, manage remotely, and instill the chosen organizational values at the bank. The kits were also developed through an active participation process; many managers took part in formulating and developing the content, and are influencing the cultural change at the bank in practice. In 2024, during the war, we created two kits of tools and tips for managers – one on team management and strengthening individual and team resilience during wartime, and one with recommendations on supporting employees returning to work after reserve military service.

8. Activities to strengthen resilience during the war - Targeted workshops were held, in view of the war, to strengthen individual and team resilience at twelve branches, mainly in the north and south; more than 180 employees participated. Employees and managers at the contact centers met individually with organizational consultants to discuss strengthening individual resilience and skills for responding optimally to customers during wartime. A workshop was held for fifteen employees who had returned from reserve military service, to support resuming routines and processing significant experiences.

9. Thinking sessions of managers and employees were held, in the context of the war, devoted to the ways that the bank may be trapped in a paradigm, and how things could be done differently to create value for the bank, its customers, and its employees. More than 640 managers and employees from various divisions have participated in the meetings, which led to many initiatives for improvement and change.

Succession planning and career planning

Succession planning refers to the strategy and means used by an organization for mobility and staffing in management positions, to allow continuity in its functioning. The bank's manager and employee development programs include identifying a pool of potential managers and planning career tracks. In 2024, we conducted several programs to find and develop potential managers and professionals at various ranks, identify suitable candidates, impart necessary skills, and provide in-depth knowledge of the units of the bank:

- ♦ **Pisga (Peak)** - A development program for deputy branch managers in head-office roles with the potential to become department managers. One session of the program was held in 2024, training 17 deputy department heads.
- ♦ **Ofek (Horizon)** - A development program for employees with professional talents. The program focuses on personal development and career management, improvement of selected skills, and deeper familiarity with the organization. Candidates for the program were chosen based on performance, talent, and potential for advancement to other roles. 51 employees participated in this program in 2024. As the managers of the participants in the Ofek program also took part in a development process for the continued guidance of their talented employees, 51 managers also received training.

- ♦ **Talent Developers** - A course providing managers with the tools to identify needs, strengths, and talents within their units. 27 managers participated in the course in 2024, in two sessions; during the course, the 27 top talents among their employees took part in a development process.

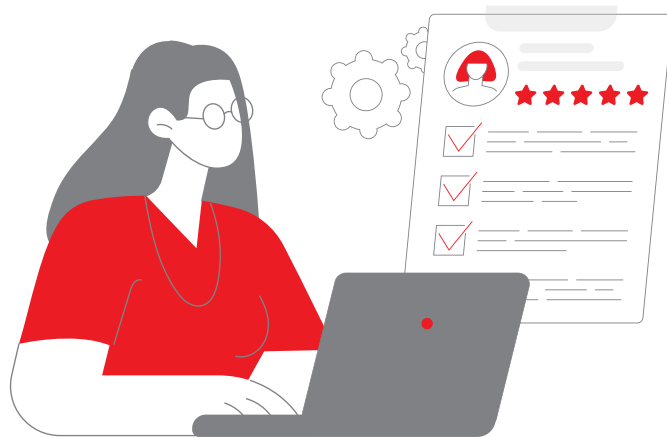
- ♦ **Takeoff** - A management potential program for leading employees at the branches and contact centers. 70 employees participated in this program, in four sessions, in 2024 (two of the sessions began in 2023).

- ♦ **Management training** - Employees who joined the bank through a management training program in 2023 participated in a program on individual skills and pre-leadership content. 18 employees participated in the program in 2024.

- ♦ **Unique external manager development programs** - Programs for managers found eligible by the bank, including various programs by Reichman University on professional, business, and management content, and the Hoffman Kofman Foundation's interdisciplinary program on leadership and personal development, which is targeted to senior executives in Israel. Nine managers and employees participated in these programs in 2024.

To measure the effectiveness of management continuity programs, we examine retention of the participating employees at the bank after the completion of the programs, as well as their development into additional roles. Despite the relatively short time since the end of the programs, which began in late 2022, about 20% of participants have been promoted to more senior positions, and 3% have changed roles.

Performance evaluation and feedback for employees and managers



The bank's performance evaluation and feedback process is a key way to strengthen relationships and trust between managers and employees, promote performance and business goals, create a stronger sense of engagement, and – especially – instill a culture of open, trusting dialogue.

The evaluation process begins with the employees, who complete a self-assessment questionnaire. This questionnaire serves as the basis for dialogue and the coordination of expectations with managers. The direct manager completes a questionnaire assessing the employee's performance, including evaluation of the achievement of targets over the last year; evaluation of skills, behaviors, and competencies; and an estimate of managerial and professional development potential. The employee's business and personal goals for the coming year are also noted.

This process is performed in early January every year. Goals are updated during the year and progress is tracked. In relevant

cases, matrix-based feedback is also provided by the relevant professional function, other than the employee's direct manager, regarding areas of activity under the employee's responsibility. This process is also performed with part-time employees. Employees conclude the process through feedback and by signing a summary of the evaluation process and the feedback as a whole.

During the conclusion of the evaluation in 2023, we adjusted the evaluation and feedback process:

- ◆ We added the option to set up team-level goals, in addition to individual goals.
- ◆ We added a team-level "health check" questionnaire for the "tribes" to complete every quarter.

In addition, in 2023 we introduced a separate talent review process aimed at flagging exceptional talent within the organization at the division level. The mapping process, which continued in 2024, will be reflected in the performance evaluation and feedback processes for the talented individuals identified, and

will serve as the foundation for future development, nurturing, retention, and promotion of these employees.

Ahead of the summation process for 2024, in view of the bank's policy of increasingly transitioning to the Agile operational model and work in "tribes," we implemented the 360 Feedback method of colleague and manager evaluations in all head-office and central units. In the 360 Feedback method, every employee and manager asks 5-10 colleagues for individual feedback, as a response to two questions, and replies to colleagues who request feedback.

95%
of employees and managers participated in performance evaluation and feedback sessions

Promoting a culture of dialogue, partnership, and engagement

The employees of the bank are full partners in its organizational and business processes; we work to promote a culture of partnership, dialogue, and transparency, aimed at enabling employees to influence important aspects of the life of the organization. Internal communications at the bank are bilateral: we make sure to listen to employees and managers routinely, and to convey messages from management to employees in real time, so that employees and managers can be involved and have an impact on the bank's work and the experience of working at the bank.

Dialogue channels

- ◆ **Organizational portal** – A central arena for organizational and banking knowledge management, intra-organizational communication, and the enhancement of engagement and organizational pride. The portal offers:
 - Management of and access to organizational knowledge (work processes, rights and obligations, etc.);
 - Management of and access to professional knowledge (processes, data, and supporting information);
 - Access to systems and applications at the bank through a professional desktop;
 - Latest news from the organization and the divisions of the bank;
 - The story of outstanding professional and team activities and introduction to employees and professional units through short videos, articles, podcasts, and more;
 - Open organizational dialogue encouraged through the option to comment on items posted.
- ◆ **Banking portal** – Through the portal and the tools it offers, we have been able to improve employees' professional skills, increase synergy between the head office and the units on the ground, strengthen organizational identity among employees, and spark productive dialogue with them.
- ◆ In 2023, we applied a new operational concept in banking knowledge management, reflected in a new, advanced organizational knowledge management system called Point, which launched in 2024 as the infrastructure for a unified, advanced knowledge repository. The system makes it possible to improve employees' user experience, particularly for bankers, and improve professional expertise, work processes, and customer service. Professional content is added to the system in partnership with relevant content experts from all units of the bank, with new topics and updates planned in 2025.
- ◆ **In the area of organizational knowledge management**, in 2024 an internal chatbot was added to the organizational communication system to respond to questions on human-resource topics.
- ◆ **Portal to Go app** – An accessible platform for intra-organizational communication and dialogue through mobile phones, at any place and time. The app serves as another tool to enhance employee engagement. Content offered on the app includes news on events at the bank, podcasts, videos, information on employment terms, enrichment materials, access to the bank's directory, an interface for daily attendance reports, and options to send service requests for errors, sign up for special offers, and confirm participation in events.
- ◆ This year, we added a Portal to Go app for retirees, in view of their importance to the legacy of the bank and the value of maintaining regular contact with them.
- ◆ **Open communication with bank management** – We value direct dialogue with employees as an opportunity to listen to authentic voices, make progress on goals, and cultivate genuine partnership. Insights and issues are passed on to be addressed by the relevant professional functions. Channels for dialogue with management in 2024:
 - **Live with the CEO** – A Zoom meeting with the CEO for all employees of the bank. The first meeting was held to get to know the incoming CEO, with the opportunity for employees to ask questions and share ideas, challenges, and new initiatives, and receive the CEO's answers. Meetings in this format will be held every six months.
 - Regular visits to bank branches by the CEO, board chairperson, and members of management throughout the year.
 - **Roundtable meetings** – A series of meetings with the CEO for employees and managers from various units and divisions of the bank on professional topics. Participating employees were

invited to share insights and ideas in a range of areas with the CEO and management.

- **An open-door policy of the CEO, through a direct email channel** – Employees are invited to send emails directly to the CEO regarding ideas, challenges, new initiatives, suggestions for process improvements, personal issues, and more.
- ◆ **Communication supporting employee engagement** – As part of the ongoing effort to boost engagement among employees, we embarked on a series of activities designed to let employees express their individuality and help them get to know each other:
 - Wearepoalim on Instagram – A new organizational communications channel allowing employees to exhibit their point of view and experiences in the workplace. The content on the page is varied and represents the knowledge centers at the bank: social banking, retail and corporate banking, the employee experience, hiring, marketing, and more.
 - The community of media ambassadors is composed of representatives of bank divisions, who share their experiences and activities from each part of the bank with employees and on social media.
 - Encouraging an organizational culture of appreciation – The Kind Words initiative is aimed at strengthening employees' sense of meaning and empowerment. Members of management complimented employees personally, and distributed the Kind Words kits.
 - Promotion of the One Bank culture and partnership processes by creating employee experience communities, composed of human-resources staff, employee experience and customer experience managers, and personnel in the areas of strategy, culture, and communications.



Photo: Happy with the return of Danielle Gilboa, the daughter of Orly, an employee of the Corporate Banking Division. Photo: the family.

Operating during wartime

- ◆ To improve the employee experience, a community was formed for bank employees in reserve military service, consisting of hundreds of employees, drawing on the power of connection, belonging, organizational pride, and mutual support to bring to life the values of fairness, delivery, focus, and growth. The community was founded by the Knowledge Management, Communication, and Employee Experience Center in the Human Resource Area of the Human Resources Division. The bank was commended for this community at a national employer branding conference.
- ◆ Throughout the year and at the one-year mark of the Swords of Iron War, we held various activities, ceremonies, and events to commemorate the October 7th attacks, contributing to organizational engagement and pride.

Enhancing the employee experience

In 2024, we promoted a wide range of empowering initiatives and processes to strengthen employees' sense of partnership and engagement with the bank and enable them to be influential and at their best, and maintain motivation and resilience over time:

- ◆ We promoted the values of appreciation and meaningful work, including through the Kind Words initiative, which consisted of formulating a set of tools and improving processes to encourage appreciation and uplifting attitudes towards employees. We also participated in International *Firgun* Day, an event for uplifting compliments, through activities joined by management and many employees.
- ◆ We created channels for listening and measurement, including the Pulse Check sample-based employee experience

survey, roundtable meetings with employees on spotlighted topics, and surveys following initiatives.

- ◆ Marking important events on the organizational and national calendar:
 - ▶ An annual excellence appreciation event was held to express gratitude for meaningful activities, enhance employees' sense of value and influence, and strengthen engagement and professional pride, as a driver of continued business growth.
 - ▶ We held an internal event for Israel's Memorial Day for Fallen Soldiers and Victims of Terrorism, attended by bank management and by bereaved families among our employees, broadcast live to all employees of the bank. We held internal events on the hundredth day

and at the one-year mark of the Swords of Iron War.

- ▶ We worked to improve the employee experience during meaningful personal events, such as birthdays, and offer support for parents at the beginning of their children's school year on September 1st. On birthdays, for example, we produced personal birthday videos, to improve the employee experience and strengthen belonging. Employees received the video by text message on the morning of their birthday, with a benefit in the form of three hours of free time at the expense of the bank. We also created branded birthday kits sent to each team to decorate employees' workstations on their birthdays.

Operating during wartime

Since the outbreak of the war, our first concern was for the personal safety of our employees, dozens of whom were coping with the loss, abduction, or injury of family members. In addition, employees who live in Otef Aza and northern Israel were displaced from their homes, and hundreds of employees and members of their families were called up for military service under Order 8 emergency draft. All this was taking place while Israel was under constant missile attacks. Throughout the war, we have taken care to provide as much flexibility as possible in work schedules; offer guidance to families that have suffered harm, working with the employee union; support employees displaced from their homes or drafted; and provide employees and managers with tools and training on coping with the situation.

- ◆ During this period we ensured that employees had the up-to-date information they needed to work in an emergency, including information about activity for customers, benefits, and services adapted to wartime. Updates were provided through posts on the organizational portal and the Portal To Go app, including a content area dedicated to this topic.
- ◆ We held a meeting via Zoom for the Manager Forum at the bank, attended by the CEO and members of management.
- ◆ We sent regular updates to employees via text message about emergency work routines, based on the instructions of the IDF Homefront Command.
- ◆ We worked to strengthen our employees' personal resilience and morale by sharing moving stories from employees in reserve military service, doing volunteer work, working at branches in the Otef Aza region, and displaced with their families, and videos of soldiers from employees' families returning home from their service.
- ◆ We set up a page on the portal dedicated to condolences for bank employees mourning lost loved ones.
- ◆ Senior executives regularly visited branches and call centers to meet with employees.
- ◆ We formed a community of employees who serve in the military as reservists and ensured that they receive organizational support, and maintained regular contact with employees called up for service by Order 8 emergency draft.
- ◆ **Activity for families of hostages** - At this writing, there is one remaining hostage in Hamas captivity who is a first-degree relative of an employee of the bank. In February 2024, we received the awful news that Yossi Sharabi, of blessed memory, brother of Sharon Sharabi, an employee at the bank's Finance Division, had been killed in Hamas captivity; his body has not been recovered yet. In early 2025, we all celebrated the return of two hostages who are first-degree relatives of our employees: Eli Sharabi, also the brother of Sharon Sharabi, and Daniella Gilboa, daughter of Orly Gilboa, who works in the bank's Corporate Banking Division. We are doing everything in our power to be there for these families and support them in any way possible. We are moved and glad of the hostages who have returned home, and we share the pain of the bereaved families and the families of the remaining hostages; we pray for the return of their loved ones and for comfort for those who are bereaved.

Bank Hapoalim has also assisted the Hostages and Missing Families Forum with various support and awareness activities for the return of the hostages:

- ◆ Direct monetary donation, and the development of a fundraising button on the Bit app.
- ◆ The Empty Chairs exhibit is displayed in every office of the bank.
- ◆ Messages about returning the hostages appear at the branches and on our self-service stations.
- ◆ On the hundredth day and at the one-year mark since the hostage taking by Hamas, we held activities to identify with the families of the hostages, at the bank's branches and units, to symbolize the national struggle for their return, such as meetings with family members of hostages and fallen soldiers, releasing yellow balloons, the Empty Chairs exhibits, and more.

Remote work

Since 2020, amid the COVID-19 crisis, the bank has invested in technological infrastructures and in process and management infrastructures to enable employees to work remotely (with rare exceptions). Among other elements, this included supplying laptop computers to employees, while maintaining a high level of information security, and a page on the organizational portal dedicated to instructional content and various tools to improve capabilities for working and managing from home.

Employees have the option to choose one day a week¹⁰ to work remotely. We have also implemented more flexible work hours, in recognition of the importance of work-life balance. At the outbreak of the Swords of Iron War, we expanded emergency remote work infrastructures to 1,100 additional employees in order to maintain business continuity.

6,000 employees have the infrastructure to work remotely

The Agile approach

The ambition to continually improve the value proposition for our customers amid the high level of competition in our business environment requires us to develop rapid responses matched to customers' needs. We have therefore adopted the Agile approach, which is aligned with the cultural values of the bank: focus, partnership, growth mindset, delivery, and fairness. These values are reflected in our perspectives, work processes, and supportive organizational structures.

The Agile journey at the bank began several years ago, with the formation of multidisciplinary software-development teams in the Technology Division consisting of staff members in the relevant fields: developers, designers, testers, and more. The next stage was to experience an integrative business and technological organizational structure responsible for end-to-end development of a product. The first "tribe" was the Retail Credit Tribe, created in 2019 – a unit consisting of several multidisciplinary teams charged with developing and managing credit products for the retail customers of the bank, which was followed by additional Tribes in the following years. The newly organized Tribe format allowed improved productivity and better response times for our customers, and reinforced employee engagement and satisfaction.

We established three new Tribes in 2023; in 2024, another Tribe was founded, while we worked to implement the Agile approach more deeply at the existing Tribes, and carried out enterprise-wide processes to support a comprehensive Agile operational model.

Today, there are twelve Tribes at the bank, comprising more than 1,000 employees applying the principles of the Agile approach. The Agile operating model is continually being fine-tuned and improved. The goal is to attain the strategic objectives of the bank and improve the value proposition and service for customers, adapted to the age of innovative banking in a competitive landscape.

In 2024, we introduced extensive professional training for Scrum Masters¹¹ within the Tribes, run by Agile coaches at the bank, which is planned to continue in 2025. The goal of this program is to provide the Scrum Masters with the tools necessary to make their teams more empowered and productive. We also improved quarterly and annual planning processes at the Tribes, building a uniform schedule for the entire organization updated on a quarterly basis for the management of initiatives, particularly cross-Tribe initiatives.

10. In accordance with the bank's policy on this topic.
11. Scrum is an Agile methodology for managing software development projects..

Promoting equal opportunities

Non-discrimination

Bank Hapoalim employs, promotes, and makes decisions regarding employees based on pertinent considerations, such as qualifications and performance, without discrimination due to religion, race, sex, gender, political views, sexual orientation, disabilities, medical conditions, socioeconomic status, or marital status. No justified complaints of discrimination were filed at the bank in 2024.

Equality in wage and terms

The policy of Bank Hapoalim towards its employees, as formalized in its code of values and ethics, is based on pertinent professional considerations such as education and skills, without discrimination, including based on gender. The bank is fair and transparent with regard to the terms of employment of its employees. Most employees of the bank are employed under collective contracts whose terms are determined and published transparently to all employees on the organizational portal, including information regarding the terms and benefits accorded to every position and rank.

Pursuant to Section 6B(c) of the 1996 Equal Pay for Female and Male Workers Law, the bank, like other employers in Israel, is required to analyze the pay of its men and women workers annually, by categories appropriate to the nature of employment at the bank, to examine pay gaps. The bank segmented its employees into nineteen categories by type of employment and rank, and data on pay were analyzed for employees in each category to determine

whether pay gaps between men and women exist within that group.

The report on wage data for 2023, released in June 2024, presents three types of pay: the determinant wage for severance pay, the gross wage, and the gross wage plus employer deposits (in accordance with the position of the Equal Employment Opportunity Commission). **Of the three types, the bank believes that the determinant wage for severance pay¹² provides the best indication of the degree of equality in wages between men and women employees of the bank; based on examination of this data, men were found to receive approximately 3% higher pay than women among all employees of the**

bank. In terms of gross wages and in terms of gross wages plus employer deposits,¹³ men's pay was found to be approximately 5% higher, respectively, than women's pay at the bank. While this report presents the gender pay gap data for 2024, the Hebrew version presents the data for 2023, as the 2024 data had not yet been published on the bank's website at the time of its release. It is important to note that pay gaps are influenced by variables such as the quantity of overtime work, shift work, compensation for reserve military service, and overtime-based daily expense reimbursement, as well as individual parameters such as seniority, intragroup variation, etc., and do not derive from gender-based discriminatory policies.



Photo: Sagi Kinan from the Technology and Computing Division; and Keren Inbal from the Retail Division. Photographer: Eyal Toag.

12. Reflects base pay.
13. Reflects base pay plus employer deposits, including bonuses, etc.

Preventing sexual harassment

From the Bank Hapoalim code of ethics:

"We apply a zero-tolerance policy to sexual harassment. If you experience sexual harassment, contact the Supervisor of the Prevention of Sexual Harassment at the bank to file a complaint, or contact one of the regional operations officers appointed as sexual harassment prevention trustees. If you witness sexual harassment or encounter rumors pertaining to sexual harassment, you can safely report it to the Supervisor of the Prevention of Sexual Harassment at the bank or to one of the regional operations officers appointed as sexual harassment prevention trustees."

The bank has appointed a senior executive to oversee the prevention of sexual harassment. Regional operations managers have also been named sexual harassment prevention trustees, charged with identifying incidents and relaying them to the officer responsible for the prevention of sexual harassment at the bank. Complaints of sexual harassment or retaliation are investigated by the Supervisor of the Prevention of Sexual Harassment in absolute confidentiality. During the investigation, the bank protects complainants against retribution at work or in any other form and distances the subject of the complaint from the complainant. If a sexual-harassment complaint is found to be justified, the bank assists the complainant accordingly and takes the necessary measures to prevent recurrence, as well as disciplinary proceedings against the offender.

Within its commitment to the prevention of sexual harassment, in 2018 the bank adopted a voluntary code for the

prevention of sexual harassment and received certification in this area from the Israel Standards Institute. In 2024, the bank passed a test by the Israel Standards Institute, which examined branches and head-office units.

The bank has established and published a procedure and regulations in the area of the prevention of sexual harassment, which are posted on the organizational portal, in the procedures system, in public spaces at the bank, on its website, and at its branches. The procedure lists authorized parties and responsibilities in connection with implementation of the bank's policy in this area, channels for reporting, and processes for investigating and addressing complaints. The page dedicated to the bank's policy on the prevention of sexual harassment on the organizational portal contains all relevant information, including procedures and rules, videos on simulations of scenarios, an instructional video on the Law for the Prevention of Sexual Harassment, examples of incidents that have been addressed, and an instructional presentation for Learning Hours.

Future Plans

- Update the language of the regulations posted in public spaces on the premises of the bank.
- Provide training to all managers.
- Update the procedure on the prevention of workplace sexual harassment.

The bank also holds training sessions on this subject throughout the year. All employees are required to complete a tutorial at least once annually; managers of the first rank or higher participate in additional training, in person or via Zoom.

The employee union and the head of the Human Resources Division are informed and take part in the process when sanctions arising from a complaint are applied. The board of directors and board of management of the bank receive an annual report on the number of complaints and the way they have been addressed.

Activities to raise awareness in 2024:

- ◆ Conduct a process for recertification by the Israel Standards Institute for 2024.
- ◆ Hold training sessions for the Manager Forum at the bank (the 600 Forum) and for selected units.
- ◆ Train sexual harassment prevention trustees at the units of the bank.
- ◆ Conduct surveys to examine the effectiveness of training for managers and the level of employees' awareness of the procedures and rules in this area.

הרבה גוונים
בנק אחד בנק واحد
גיוון אנושי. אימפלקט עסקי.

Promoting workplace diversity and inclusion - Many Hues, One Bank

As a diverse bank serving customers from every segment of Israeli society, we are proud to have thousands of employees representing the rich tapestry of Israeli society,¹⁴ who include people of the ultra-orthodox sector, of the Arab sector, and of Ethiopian descent, members of the LGBTQ community, and people with disabilities. The concept of diversity, according to the theme **"Many Hues, One Bank,"** is an integral part of our core business and values at the bank. The bank recognizes that diverse and inclusive employment contributes to the **realization of employees' potential, a stronger sense of belonging**, innovation and creativity at work, and **awareness in serving customers from every part of Israeli society.**

We have modified our hiring and onboarding procedures to align with our ambition to promote workplace diversity and inclusion. The bank also maintains routine, regular communication with various government ministries and placement organizations specializing in the advancement of these population groups in the labor market.

The bank has appointed a head of diversity, inclusion, and gender equality, as part of the Social Banking Center in the Human Resources Division, to lead the bank's diversity and inclusion approach and make the bank a diverse, inclusive, nurturing home for all population groups in Israel. These activities **recognize and reflect unique identities, cultures, and practices, and provide skills to managers of diverse teams.** The head of human resources, a member of the bank's board of management, receives a report on the bank's diversity performance on a quarterly basis, covering progress and attainment of targets, activities, initiatives, and training.



57.3%
of the management tier at the bank consists of women

Comparative data – men and women at each rank

Rank	Women	Men	Total
Members of management	4	8	12
Senior management	25	45	70
First-tier management	249	262	511
Middle management	1,006	643	1,649
Employees	3,746	1,747	5,493
Total	5,030	2,705	7,735

~34%
of the employees of the bank live in geographically peripheral regions. Employees of the bank come from every region of Israel and from every segment of Israeli society

In 2024, the bank won first place in two categories of the Excellence Competition by Human Resources Israel, thanks to two groundbreaking initiatives:

- ◆ In the diverse employment category – for the initiative, "Many Hues, One Bank - human diversity and business impact."
- ◆ In the category of the promotion and empowerment of women – for the project "Gender Equality 3.0" and Danitte the Saver, a model for the financial empowerment of women and girls.

65%
of the employees of the bank are women,¹⁵ compared with approximately 48% women in the labor market¹⁶

39.6%
of the management tier at the bank consists of women¹⁷

14. According to the definition of the Israeli Forum for Employment Diversity, groups underrepresented in the job market in Israel primarily include the ultra-orthodox (Haredi) population, the Arab population, Israelis of Ethiopian descent, and people with disabilities.

15. The percentage of women managers in the business divisions of the bank (i.e. revenue-generating functions) is 59%. The business divisions consist of the three divisions that interact directly with customers: the Retail Banking Division, the Corporate Banking Division, and the Financial Markets Division. The percentage of women in the technology divisions is 40.2%.

16. Refers to total workers in the Israeli job market. From the Labor Force Survey, September 2024, Central Bureau of Statistics.

17. Data cleansing has been applied to the measurement. See the ESG metrics table on page 203.

Recruitment, hiring, and employment of employees with disabilities

The bank employs hundreds of employees with disabilities, in a wide range of units and occupations. The bank invests extensive efforts in recruiting additional employees and designing appropriate ways of guiding them through our hiring and inclusion processes, through continuous dialogue and collaboration with social organizations and non-profits specializing in job placement and support for people with disabilities in the workforce.

Actions to include employees with disabilities and create an adapted long-term support system:

◆ Accommodations during screening

- ▶ Job openings are published in a range of channels adapted to various population groups.
- ▶ The bank works with screening agencies that comply with accessibility standards, and offers the option to take screening tests at home, using adapted language.
- ▶ Adapted interviews; candidates can be accompanied by an assistant if needed.

◆ Accommodations during onboarding and guidance processes

- ▶ New employees hired at the bank meet regularly with mentors and employment coordinators from non-profit organizations specializing in placement and support for employees with disabilities in the workplace. The bank's diversity staff provides continuous individual support to the employees, according to each employee's unique needs.
- ▶ Necessary adaptations of the work environment are performed when an employee with a physical or sensory disability joins the bank, or in the event of a change in an employee's health – for example, work station adaptations and the acquisition or adjustment of screens for employees with vision impairments.
- ▶ Accessibility of internal publications for employees with vision impairments, and acquisition of magnification and accessibility devices for employees with vision impairments and blindness.
- ▶ Transcription and sign-language interpretation for employees with hearing impairments during in-person meetings, multi-person Zoom sessions, conferences, and meetings of bank employees.

Promoting inclusion: Many Hues, One Bank

Employee resource groups (ERGs) at the bank – a space for belonging, empowerment, and development

ERGs at the bank are part of our commitment to the creation of an inclusive and diverse workplace. These communities are an important element in building an organizational culture that promotes diversity, inclusion, and equity. The groups provide a safe space for employees to share their experiences, learn, and grow together, cultivating a sense of belonging. They also serve as a resource for consultation on the development and adaptation of products and services for diverse customers. The ERGs plan social activities and offer a platform for learning, with an emphasis on finding solutions to barriers that affect their specific community.

The following ERGs are currently active at the bank:

- ◆ **Poalim Mehadrin** – For employees of the ultra-orthodox community.
- ◆ **Special Families** – Supports employees who are parents of children with special needs, emphasizing mutual support, sharing, and managing unique challenges.
- ◆ **Poalim Pride** – For employees of the LGBTQ community; aimed at promoting pride and belonging.
- ◆ **Poalim Beita** – For employees of Ethiopian descent; focused on their needs and empowerment.

Mentoring in Arab society

In light of the success of the mentoring program for employees of Ethiopian descent in 2023, this year we led a mentoring program for dozens of employees of the Arab sector in their first management roles. Senior executives provided guidance and counsel, offering practical managerial skills for personal, professional, and business growth. The program was adapted to the cultural needs of employees of the Arab sector, with the professional guidance of the bank's Diversity Unit.

Hues of the Bank Forum – leading a culture of diversity and inclusion

Within our commitment to promoting diversity and inclusion, this year we created the Hues of the Bank Forum, a unique professional forum of leaders of diverse communities within the bank, with four members of management, each of which has adopted one of the communities and represents its voice on the board of management. The forum is a platform for open, empowering dialogue, encouraging mutual learning and contributing to every employee's sense of belonging and connection at the bank. Its goal is to drive an inclusive culture that upholds the values of respect, equality, and belonging.



Photo: Israel Tesler, Sagiv Freimark, Technology Division. Photographer: Eyal Tuag.

Main activities of the forum include:

- ◆ Forging an inclusive organizational culture – Shaping policies embedded with the needs of all employees, customers, and the community.
- ◆ Instilling the values of diversity and inclusion – Initiating and implementing practices designed to cultivate a respectful and open organizational environment.
- ◆ Cooperation among communities – Generating productive dialogue among members of different communities to promote shared goals and create integrative thinking, while celebrating differences.
- ◆ Promoting shared thinking on business questions and human-resource issues.
- ◆ Raising awareness of the importance of working together and of the diverse cultures within the bank, especially during these complicated times.

Training and raising awareness among employees and managers

- ◆ We developed a written kit for managers providing tools and knowledge on managing a diverse team, with practical methods and information about common unconscious biases, challenges, and barriers. The kit helps managers gain a broader perspective, in routine periods as well as during challenging times that may evoke conflict (such as Independence Day and Nakba Day).
- ◆ Human-resource staff at the bank participated in a workshop on diverse management where they studied ways of conducting the diverse orchestra composed of the bank's employees. Over the coming year, managers at various divisions and participants in management courses will also experience this workshop.
- ◆ Human-resource staff also participated in a workshop on managing diverse teams in collaboration with Co-Impact, which promotes employment in the Arab sector. The workshop focused on deeper acquaintance with the characteristics of employees of the Arab sector, better tools for diverse management, and the development of practical skills for managing diverse teams in general and employees of the Arab sector in particular.

A celebration of diverse cultures and flavors

This year, we chose to celebrate the values of difference and diversity with a special inspiring project: the production of a cookbook created by bank employees and their families from different religions and cultures. Food connects people through flavors, stories, and feelings. The cookbook was a way to bridge gaps and create familiarity with a wide range of cultures.

- ◆ **Diversity Playlist** – In 2024, we prepared learning kits for employees from underrepresented population segments focused on interpersonal skills in a wide range of professional and personal areas.

We see the promotion of equality as a key building block of a strong, values-driven, advanced organizational culture, and we are continuing to work to create meaningful and sustainable change in this area. We strive to create an inclusive and nurturing environment for every employee. Several significant initiatives were introduced as part of this effort:

- ◆ During this period, to prevent rising tensions from seeping into the workplace, we prepared a series of videos in preparation for the holiday of Ramadan, in which Arab and Jewish employees appear together to talk about their shared work at the bank and wish each other holiday greetings for Passover and Ramadan.
- ◆ Recognizing that differences among employees can serve as a cultural, personal, and business lever, we spotlighted employees from diverse groups on the bank's portal, which offers information and content such as success stories, lists of rights, tips, and contacts for assistance in case of need.
- ◆ We mark relevant holidays and special occasions of employees from underrepresented groups through greetings on the bank's portal and events, including an event for Pride Day and

a lecture on the Sigd holiday celebrated by the Ethiopian-origin Israeli community.

- ◆ Sharing women's success stories – We showcased inspiring stories that reflect women employees' meaningful contributions to the bank's success.
- ◆ Growth Leadership and Gender Equality meetup – Men and women managers at the bank were invited to a session dedicated to thinking about creative, influential solutions to the challenges in this area.
- ◆ Lectures for all employees of the bank on ways of identifying and overcoming barriers.
- ◆ For the third consecutive year, we conducted a targeted survey on the subject of diversity and inclusion, to examine the quality of the bank's responsiveness to the unique cultural needs of different groups of employees and the engagement of employees from population groups underrepresented in the job market with the bank. The survey, which was distributed to all employees of the bank, includes open questions allowing the identification and analysis of gaps and the formulation of appropriate solutions.

13.8%
of the bank's employees
are from population groups
underrepresented in the
labor market

19.9%
of employees hired at
the bank in 2024 are
from underrepresented
population groups

10.1%
of promotions at the bank
in 2024 were of employees
from underrepresented
population groups

3.5%
of the bank's
employees are of the
ultra-orthodox sector

6.7%
of the bank's
employees are of the
Arab sector;¹⁸ 4.5% of
management-tier
employees at the bank
are of the Arab sector

18. 4% in the first management tier and 15% in middle management.



Operating during wartime

- ◆ **Unity and tolerance:** The horrifying sights of October 7th and the Swords of Iron War have evoked overt and implicit fears and tensions between Arabs and Jews in Israel. When the war began, we resolved to create safe spaces for employees of every identity and group, with an emphasis on Arab-Jewish relations: we sent a letter to all managers at the bank calling for all employees of the bank to work together cohesively, with special attention to positive cooperation between employees from Jewish society and employees from Arab society, and we shared a video in which the CEO expressed the same message with all of the employees of the bank. We held individual talks with all unit managers at the bank, and conducted a meeting dedicated to the topic of managing relationships in diverse teams during wartime, in cooperation with the aChord Institute.
- ◆ As part of the effort to promote the value of tolerance, we hosted Uri Banki, founder of the non-profit Shira Banki's Way, whose guiding motto is "It is better to teach the good than to condemn the evil."
- ◆ **Stronger belonging:** Recognizing the impact of this period on every group at the bank and the heightened need for community, each of the ERGs worked to strengthen community members' sense of belonging. The Poalim Mehadrin ERG held a hafrashat challah ritual, and employees organized to pray for the hostages and wounded; the Sigd holiday was marked by a video greeting from one of the bank's employees of the Ethiopian-origin Israeli community who had been drafted for reserve military service; the Poalim Pride ERG contacted community members drafted for reserve service, and worked with LGBTQ+ non-profits to provide aid; the Special Families ERG met with the non-profit organization Keshet, gaining tools for family resilience. We also offered individual adjustment of work hours when necessary.
- ◆ **Assistance for employees with disabilities:** We supported employees with disabilities coping with complex challenges – for example, we provided bracelets synchronized with the IDF Homefront Command app for employees with deafness and hearing impairments, to alert them of rocket warning sirens; offered mental-health support to employees with invisible disabilities; and allowed remote work for employees with vision impairments who encountered difficulty in using public transportation.

2024 plans - status

Plans	Status
Expand and enrich activities in the ERGs.	✓ Completed
Run a mentoring program in which women senior executives mentor women just starting out at the bank.	A mentoring workshop in Arab society was held instead
Hold a diversity and inclusion workshop for managers and hiring teams at the bank.	✓ Completed

Future Plans

2025 plans

- Run development programs for women employees of the bank.
- Expand workshops on diverse management for bank management staff.

Targets for 2030

- Promote gender equality by increasing the representation of women in the senior management of the bank to 50%.
- Raise the percentage of bank employees from underrepresented population groups to 15%.

Improving employees' capabilities in the new world of work

Bank Hapoalim is committed to leading business growth through impactful, innovative, fair banking for its customers. Professional development of our human capital and providing new competencies and skills are a crucial element of the bank's organizational culture, aimed at ensuring the successful realization of its strategy and preserving its competitive advantage in the Israeli financial industry.

In an era of economic uncertainty, accelerated technological change, and a need for constant evolution, the bank has set a goal of leadership through a culture of life-long learning. Beyond a means of strengthening professional qualifications and abilities, this concept is a strategic mechanism for human-capital development aimed at attaining a competitive advantage in a dynamic and changing market. Learning is a key tool for the creation of business value, heightened engagement with the organization, and a stronger sense of individual and collective pride among employees.

Continual learning as a tool for securing a competitive advantage

In 2024 the bank continued to instill and reinforce a culture of life-long learning, rooted in a commitment to maintain professional competency, strengthen interpersonal skills, and continuously improve the quality of fair service for the customers of the bank.

The bank works to maintain and strengthen professional competency among employees through learning focused on essential core capabilities, in the form of skill-based learning, to ensure that employees develop the professional and personal abilities necessary for success in a dynamic, evolving business environment. This approach enables us to deconstruct development processes into building blocks and focus on identifying and developing specific skills: service and fairness, matching value propositions to customers, sales skills, risk management, analytical thinking and data analysis, digital services, proficiency with artificial intelligence, communication and interpersonal skills, and management and leadership skills.

A holistic approach to learning

The bank champions a hybrid approach integrating several modes of learning: independent study using digital means, on-the-job training, remote learning, in-person workshops, 1:1 mentoring, and peer learning.

The learning platform Boost is used to manage all organizational learning and development processes. The Boost system, which can be accessed by employees at any place and time, offers advanced tools for learning, training sessions, development programs, and international databases (LinkedIn Learning) for professional and personal development, to strengthen and develop skills aligned with the changes underway in the financial industry.

Poalim Learning Hub - Learning as a driver of business success

The Poalim Learning Hub is a center for leadership and organizational development, and houses the Poalim Campus, acting as a strategic partner for the realization of work plans and achievement of the bank's business goals. The training programs and content development directly support the attainment of business targets, and are based on learning needs identified in order to respond to challenges. Personal and professional development programs are designed in partnership with the divisions of the bank, based on an annual budget.

The Poalim Learning Hub applies a flexible operational model that enables updates and modifications of the development programs through investigation and lessons learned. Work plans can be redesigned and amended on a monthly or quarterly basis, according to the challenges faced by the bank, business goals, and customers' needs.

In 2024, the Campus emphasized strengthening the professional capabilities of employees in the Retail Banking Division, with an increased investment in learning hours, development, and professional support, leading to an increase in average learning hours per employee in comparison to 2023.

Bank employees completed 273,231 hours of learning - or 45,539 days - in 2024, **of which 85% at the first-line business divisions.**¹⁹ The training focuses on effective learning, maximum business value, and strengthening capabilities for customer service and retention, sales, and the customer experience, in order to maximize value for customers.



Professional expertise and excellence in service and in business

In 2024, we focused on strengthening and improving professional expertise and business competencies of our bankers, through several processes:

◆ Strengthening data-based professional competence

The bank has set a goal of leading in excellence and professionalism in customer service. This year, with the Retail Banking Division, the Campus led a process of mapping and assessing the professional competence of all employees at the branches and call centers. The results served as the foundation for a professional competence map for each employee, branch, and region, which led to a plan to strengthen professional skill. The plan covered reinforcing knowledge on banking through independent study, focused workshops held in person at the regions, and workshops on customer service and retention adapted to the regions and branches. This focus was made possible through stronger organizational learning infrastructures, including the implementation of the learning system. Following the success of this effort, the competence mapping process was expanded to additional

divisions and groups, such as the Banking Services Divisions and analysts at the bank, allowing learning plans to be tailored to the gaps discovered. This process will be expanded in the coming years.

◆ Strengthening skills for customer service and retention, sales, and the customer experience

As part of our commitment to impactful, innovative, fair banking for our customers, we launched a program to strengthen service, retention, and sales skills at prioritized contact centers, branches, and advising centers. The program was designed from a systemic perspective, in partnership with the significant power multipliers and position holders, to generate long-term impact. We began a top-down process of training managers based on the 'manager as a coach' approach, which views managers as responsible for leading their teams to optimal performance and business growth. The program provides tools for improving skills through practice and simulation, on-the-job training, and managerial coaching, to help lead the team to improved performance and the creation of an optimal customer experience.

◆ Core competency learning and reinforcement week

This year, as one of the ways of responding to development and learning needs emerging from the divisions, the Campus held its first Learning Week. The Learning Week focused on five core competencies chosen by the bank, offering 40 workshops on topics such as data analysis, artificial intelligence, leadership management, resilience, and more. Special enrichment lectures were also held during the week and broadcast to the entire organization. Each day ended with a professional meetup run by one of the divisions of the bank, with open discussion of key issues faced by the division and their effect on the goals and strategy of the bank. The Learning Week was also held at the branches and contact centers, leading to a highly successful impact, with over 1,000 participants across the bank.

Focus on data and analytics - In view of the changes in the world of work and the growing use of big data, the bank will need advanced analytical capabilities to maximize its business potential. In 2024, we focused on improving the capabilities of our analysts. With the Analytics Unit, the Campus began a process of mapping and assessing the professional knowledge and competencies of all of the bank's analysts. Based on the results, a training program was designed, addressing various areas needed to strengthen and improve capabilities and provide tools to make the necessary leap forward achievable.

¹⁹ The business units that interact directly with customers are the Retail Banking Division, the Corporate Banking Division, and the Financial Markets Division.

◆ **Generative artificial intelligence -**

The Campus is working to prepare employees for the changes in the world of work, including the integration of GenAI capabilities into routine work processes. This year, we began offering employees knowledge, tools, and skills for the use of large language models (LLMs) and generative AI applications, with an emphasis on business processes. We developed basic and applied courses within the learning system designed to solidify employees' ability to use these tools. In-person workshops were held for advanced users to gain experience with the tools, strengthen skills such as prompt engineering, and understand risk-management aspects of the use of generative AI. This process is planned to continue and expand in 2025.

◆ **Developing personal capabilities -**

The bank has continued to invest in employees' personal development, holding weekly lectures on enrichment content, in a series launched in 2022. The lectures are carefully selected to cover topics relevant to skills necessary for today's world of work, such as pension savings, innovation, listening, effective writing, positive thinking, flexible thought, artificial intelligence, leadership, leading change, and more. In 2023, the bank expanded the enrichment series with afternoon lectures selected to emphasize personal development, financed by the Campus and the employee union, with a nominal fee for employees. The programs, offered

to everyone at the bank, include long series that confer certifications, such as courses on mediation, conscious leadership, business English, and more. The bank continued this program in 2024.

In 2024, the bank's investment in employees' professional, business, and personal development and its focus on strengthening professional skills, improving service and the customer experience, and formalizing learning processes through the learning system led to an increase in average learning hours per employee.

Banking training and development of business skills

To deliver business value and innovative, fair banking services to our customers, we invest resources in training that simulates the real work environment, integrating a wide variety of professional coaching on banking and finance, including content on service, risk management, compliance, and regulation, and the development of business skills such as negotiation, time management, and more. The programs are adapted to the specific set of employees, the strategic focus areas of the bank, and its business goals.

The training process is focused on learning about the tasks required for each position and contributing to shorter onboarding and ongoing improvement of performance. Learning is conducted in synchronous and asynchronous hybrid formats, emphasizing shared responsibility for learning among the learner, their manager, and the organization. The varied learning methods allow flexibility and adaptation to the business needs of the professional units. Some learning occurs on the job, at the branch or unit, including mentoring, hands-on learning, and focused brief training sessions. Learning is led by knowledge experts at the units, with the support of the Campus. Digital materials are designed for independent study and accessible to all employees, at any time and place.

Training programs are developed based on mapping of the skills needed to perform a role. In 2024, the bank carried out a business competency management project aimed at strengthening and retaining professional expertise, as described above. Knowledge gaps were analyzed, and appropriate study programs were designed to address the gaps, based on administrations and segments.

Internal professional training is also conducted at the divisions, including the Finance Division, the Legal Division, the Audit Division, and others. Targeted professional training is provided for bankers at the central back offices and at the Poalim by Telephone call centers, from basic instruction for all new employees to advanced training for experienced employees, aimed at cultivating and strengthening expertise in specific knowledge areas.

Learning in 2024

7,630

employees participated in training programs²⁰

98%

of the employees of the bank participated in training (excluding compliance and regulation)

45,539

days of learning at the bank

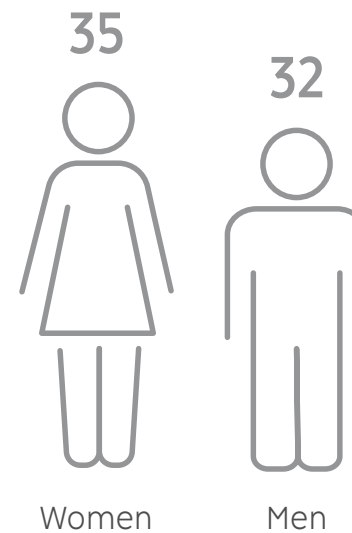
32

average hours of learning per employee

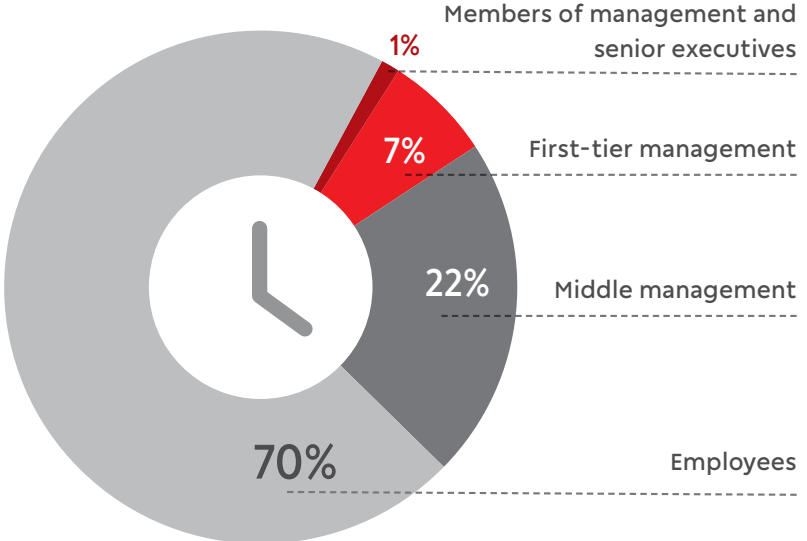
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employees took courses at external venues, gaining skills and qualifications for personal and professional development in the banking industry and in the new world of work

Average hours of learning per employee by gender



Distribution of hours of learning by rank



20. The data reflect new measurement processes adapted to the approach to learning at the bank, in light of the transition to a hybrid digital learning model. The data refer to bank employees only, including part-time employees.



Ensuring a supportive work environment

MASHAB (Your Personal Service Center) serves as the destination for queries of employees, managers, and business partners on various matters related to human resources, aimed at improving satisfaction and strengthening connections. Over 26,000 queries to MASHAB were processed in 2024, sent by approximately 5,500 employees and retirees.

MASHAB operates in three main areas:

- ◆ **Service for queries from employees** on human-resource issues, including support for work processes derived from queries, in areas such as employee attendance; parental leave and unpaid leave; flexible employment and part-time positions; travel; parking; newspapers; employment permits and visas; and various perquisites (travel, reserve military duty, daily expenses, and more). To streamline processes and improve the employee experience, in 2024 additional processes were automated to allow self-service in producing confirmations and submitting requests.
- ◆ **Being there for employees when it matters** – Assisting employees at vital moments such as childbirth, illness, work accidents, and mourning. The support center also offers aid through care and counseling, information, mediation, and assistance in realizing rights, with functions within the bank or the community, for personal and family issues such as caring for elderly parents, raising children with special needs, parenting guidance, health concerns, bereavement and coping with death, communicating with an occupational physician, work-related crises, and more. Guidance and assistance processes for employees are conducted in partnership with the well-being staff of the bank. Any employee can request assistance directly from the well-being employees; the service is confidential. A comprehensive support system is available for employees on prolonged medical leave, to help the employees cope with their illness and regain optimal functioning on the personal and occupational level.
- ◆ **Employee loans** – The Bank Employees Credit (ELH) system offers loans to eligible employees of the bank through a quick, simple, user-friendly procedure on the bank's website.

Operating during wartime

During the Swords of Iron War, the center had a significant role in supporting employees and managers and in responding and providing solutions to the bank as a whole in the areas of attendance, work flexibility, business continuity, and regular reports. It also offered a broad network of support and assistance for our employees, including assistance by our internal well-being workers as well as professionals who offered social services and emotional support. We also offered employees a range of therapies at discounted prices and set up a hotline for social services and emotional support for employees of the bank.

In terms of attendance, a daily hour of leave has been granted, since the beginning of the war, as a benefit to spouses of soldiers in reserve or regular military service and in the security services, and paid leave hours were given to workers eligible under the expansion order issued by the state. In addition, through the Payroll Department, we applied to the National Insurance Institute for a grant for employees who live and work in towns evacuated by the government when they return to work.

Guidance for organizational change processes

Bank Hapoalim is a dynamic business organization; as part of our innovative banking approach, reflected in the vision of the bank, we actively modify our organizational structure, operating model, and work processes from time to time, to improve service, continue to deliver meaningful value to our customers, and support the growth of our business.

The ability of the bank's managers and employees to successfully navigate change and transition while maintaining full business continuity is a measure of its resilience. We make a point of involving employees and managers in change processes, from the thinking and planning phases onward, as much as possible. Change management is performed on several levels, based on a unique model we developed:

- ◆ Building a map of human and organizational effects covering all of the impacts of the future change on every stakeholder, and careful planning of each stage, addressing each stakeholder in the process in detail. This stage is performed by the Leadership and Organizational Development Center, in cooperation with the Organizational Excellence Center and additional key partners.
- ◆ Guidance for the senior managers' forum through the Leadership and Organizational Development Center, including mapping of the current challenges relevant to the planned change, formulating plans to prepare for the change with each of the stakeholders influenced by the transition (employees, suppliers, and business partners), and providing appropriate support tools.
- ◆ Outlining a process and content for intra-organizational communication of the changes and the reasoning behind the change, in collaboration with the managers leading the change.
- ◆ Individual guidance throughout change processes, including organizational consulting, for managers and employees, by human-resource and organizational development experts, to assist in areas including onboarding, mobility, and role changes, while maintaining the values of equal opportunities, transparency, and fairness.
- ◆ Participatory processes with employees, enabling them to take part in process structuring, express their opinion, and influence changes. Participation is a mindset that guides the bank through all of its change processes. Employee involvement leads to better decisions, in tune with a broad perspective. Participation also strengthens employee engagement and enhances their sense of meaningful action.

Hiring and onboarding

Within the concept of innovative banking, we recruit bankers to deliver value propositions, advisory services, and personalized financial guidance to our customers, as well as experts in various fields, including technology, digital services, innovation, and analysis, to lead important innovative projects.

Recognizing the importance of the employee experience, beginning with the hiring process, we continually work to improve and adapt recruitment and screening, in line with the developments in the job market. In 2024, we introduced and implemented several processes in the area of human capital and hiring:

- ◆ Under the slogan Bring a Friend, we encouraged employees to join our recruitment efforts by recommending candidates.
- ◆ We expanded our recruitment activities through the Life page on LinkedIn, where the general public can get to know us and the opportunities we offer for employment and career development.
- ◆ We expanded the activities of employee and manager media ambassadors, to strengthen our employer brand and connect with job seekers online.
- ◆ We participated in various job fairs and meetings at educational institutions, to invite job seekers to apply and join us. **In 2024, special emphasis was placed on non-profits helping people injured, evacuated, or called up for reserve military service during the war.**



Photo: Reunion of the Sharabi Brothers. Photographer: Haim Tzach.

- ◆ We expanded and strengthened our connections with non-profits specializing in recruitment of diverse human capital in Israel, to encourage the inclusion of diverse population groups at the bank.
- ◆ We added advanced diagnostic tools to our hiring process, to shorten procedures and create a more professional, innovative, beneficial experience for candidates.
- ◆ We led innovative processes to proactively find people with the education, skills, and experience we need, and to recruit experts and talents in various fields, including by working with talent scouts and sourcing on social media.

Alongside the extensive processes carried out in the area of recruitment, we ascribe high importance to guidance for employees entering a new role that presents professional, social, and personal challenges. To help employees settle in quickly, provide a positive onboarding experience, and strengthen their sense of engagement with the bank, we implemented an onboarding journey for management and human-resource personnel to guide orientation processes using advanced tools and digital platforms. Along with the innovative automated methods, we assign new employees a "buddy" – a colleague who is there for the new hire throughout the orientation phase.

Parental leave

Parental leave before and after childbirth is regulated by law in Israel. The parent designated as the main caretaker is entitled to 15 to 26 weeks of leave and childbirth pay for a period of 8 to 15 weeks, depending on the duration of employment prior to the birth. Childbirth pay is paid by the National Insurance Institute.²¹ Employers are required to hold the employee's job for six to twelve months, depending on the duration of prior employment. The law in Israel also permits parental leave to be divided between the parents.

Women returning from parental leave are entitled to one hour of absence per day (a parenting hour). A dedicated nursing room is available at the bank's headquarters.

191 women and six men took parental leave in 2024. 500 women and seven men returned to work after parental leave during the year. Most employees returning from parental leave resume their previous positions, or begin a new position at their request.

91% of employees who returned to work after parental leave during 2023 remained at the bank for at least one year from the date of their return.

21. For further details, see the [National Insurance Institute website](#).

Encouraging growth and development

Bank Hapoalim is leading an organizational culture that encourages personal growth and development as a driver of business growth. We encourage curiosity, learning, and continual improvement by creating a range of opportunities for development and mobility among roles within the organization, aimed at strengthening employees' sense of meaning, achievement, and engagement in the long term. While providing a broad space for development, we work to engage management in the process of guiding and promoting the development of bank employees. At the same time, we believe that every employee is responsible for his or her own individual development and should proactively pursue personal, professional, and business growth.

We aspire to provide our employees with opportunities for development and mobility among units and roles, while maintaining transparency and equal opportunities. Employees are invited to view the job openings within the bank through the Maavarim (Transitions) system and apply for new roles.

Actions to encourage growth and development in 2024

- ◆ **Skills model** - In 2024, we continued to formulate a skills-based strategic plan, in line with the innovative banking concept. The model is designed to serve as the foundation for human-resource processes and for the development and growth of human capital.
- ◆ **Speed Date** - We introduced a development initiative offering bank employees the opportunity to gain exposure to a range of options for development and growth at the bank, including possibilities for learning, potential roles, volunteering, networking, and more. Participating employees were mentored by management staff.
- ◆ **Our Home** - Acquainting bank employees with the work of a range of units and occupations at the bank through guided tours and lectures at the units. In addition to strengthening interfaces for everyday communication among units, this project introduces employees to opportunities for development, growth, and career planning at the bank.
- ◆ **Media Ambassadors Community** - We expanded the activity of the community, reaching employees nationwide. The community offers opportunities to develop networking and personal branding skills. Employees received a range of training and tools for managing communications on social media, and serve as ambassadors for the work and activity of the bank through social media and the organizational portal.

◆ **Career Expo** - A career development and management initiative for bank employees. The event provided employees with exposure to the wide range of units and fields at the bank and offered various workshops on practical tools for career planning and development. Division-level human-resource managers and experts from the bank's hiring and career guidance center held individual talks with employees on career planning.

◆ **Coffee & Development** - We introduced a series of individual development meetings by managers from the Human Resource Area with employees, to help with guidance, fine-tuning their goals, and acquiring tools for planning their personal and professional career development.

◆ **Career advising course** - A new course has been offered to human-resource staff, aimed at strengthening their professional skill in guiding employees at the bank in career management.

325

new appointments were confirmed, of which 201 promotions of employees and managers²²

22. 62% of promotions in 2024 were of women; 81% of open positions at the bank in 2024 were staffed by bank employees (84% in 2023).



The employee experience in the Technology Division

The Technology Division at Bank Hapoalim is one of the largest development enterprises in the Israeli economy. The division is responsible for developing new banking systems and products to maximize value for our customers, and for the protection, maintenance, and operation of the bank's technological infrastructures, systems, and products. The division's employees have a broad range of technological roles; employee recruitment and retention are conducted in the highly competitive high-tech market. We therefore take many measures to enhance the employee experience in this division, based on the values of learning and development, openness and transparency, innovation and initiative, excellence, and partnership. The division emphasizes human sustainability and our role as an organization in creating value for employees, as people, and enabling them to attain better health and well-being, more advanced skills, opportunities for growth and development, equity, a sense of belonging, and a connection to the organization's goals.

Key processes in 2024

◆ **Strengthening leadership:** The division has various programs to strengthen leadership, in the spirit of "service leadership" aligned with the Agile mindset values. Leadership programs are available for new managers, as well as the Place For Advice mentor group that assists managers entering a new role. In addition, all managers at the division have participated or will participate in training during 2024-2025 on mentoring skills in management, aimed at enhancing their abilities

to develop and mentor employees and promote the concept of service leadership, in order to empower employees. A management forum was established within each area and unit of the division in 2024, led and guided by a human-resource team, to strengthen management capabilities using a peer group methodology that allows participants to raise dilemmas and learn from case studies.

◆ Professional learning:

► Beta Sefer, the technological learning center within the Technology Division, develops programs and methods for innovative learning and promotes independent and hybrid study. This year, independent learning programs were developed in several technological fields, aligned with the divisional and organizational strategy, led by the division's content experts. To make learning more accessible, a content site was created to curate all of the learning options and materials available through the various platforms, divided by topic. In addition, employees are contacted proactively to select learning content aligned with the personal development plans established by their managers. Beta Sefer content has been expanded to cover power skills needed in the new world of work, as well as content on leadership and the AI mindset.

► The division has professional communities in various content areas that work to establish professional standards, train developers, and promote innovation. A total of eight professional communities are active at the division, two of

which were added this year. The communities hold dozens of professional meetups, year-round, and work to disseminate and preserve knowledge on the use of innovative tools. The communities' work for the year culminated in Tech Week, a technology conference held by the division, including sixty learning-based events. Some 600 employees participated in hands-on workshops and lectures presenting the division's technological innovations and providing developers with cutting-edge tools for their work.

◆ **Mobility and development:** The division places great emphasis on in-house mobility and career development. The Build Your Career platform was developed at the division as a career and development website displaying all of the tools and options offered by the division to promote employee development. The website provides tools for individual diagnostics, information about career tracks and positions at the unit, open positions, details of learning and training programs available to employees, and access to internal career advisors trained at the division. This year, we also expanded the group of career advisors for employees and managers in a range of professional specializations, and trained human-resource staff at the division to serve as career advisors.

◆ **Strengthening new employees' engagement:** The division has a structured onboarding process that begins before employees take on a new role. An information system is used to manage tasks for managers, mentors, and employees during this process. An information site helps new employees find their bearings, and orientation days are held, including visits to the units of the division and round-table meetings of new employees to discuss their experiences.

◆ **Strengthening intra-organizational communication channels:** The division has several channels for intra-organizational communication, to encourage learning and open dialogue on various issues, and to connect employees with division events; these include the Town Hall, round-table meetings, social-media groups, and a podcast channel. Internal and external employer branding channels are used to tell the story of the division, describe life in the division, and showcase its professional experts, including collaborations, such as with Geektime.

◆ **Promoting an entrepreneurial mindset:** The division regularly holds events to promote entrepreneurship, such as hackathons to develop technological and business ideas. The professional communities and the areas within the division plan hackathons on various subjects at least

once a year, managed with the professional assistance and guidance of the Human Resources Division.

◆ **Employee experience teams:** The teams were established in various areas of the division to identify each area's local needs and promote ways of creating the optimal employee experience for that area. The employee experience teams, which are composed of employees from each area, handle a wide range of issues, from unit branding to setting up discussion circles promoting partnership to developing unique learning programs for the area. The teams strengthen employees' sense of partnership, influence, and ownership of the employee experience.

◆ **Concept rooms:** The division has several concept rooms available for use by employees – a music room, a podcast room, and a yoga room, added this year.

◆ Social communities:

► In addition to the professional communities, the division has several social communities aimed at boosting solidarity and partnership, strengthening relationships among colleagues, and creating a supportive social space to promote employee well-being. The music community, the running community, and the parent community hold activities year-round. The well-being community, newly formed this year, promotes healthy lifestyles by providing tools and encouraging the adoption of new habits.

► During the year, we emphasized maintaining contact with the communities, and with other segments within the division, such as employees on maternity leave. An active WhatsApp group was set up to enable the employees to keep in touch with the division during their leave and stay up to date. These employees were invited to division events, and to workshops and activities organized for them, such as a baby massage workshop.

► We also maintain close contact with our employees in reserve military service and their spouses.

◆ **The division holds annual events to strengthen employee engagement,** such as SmartTech for Kids, Pride Week, and Judaism Week. This year, for the first time in several years, we organized a Parent Day event, where employees' parents were invited to get to know the division and attend enrichment lectures on important issues, such as avoiding cyber fraud.

◆ **Life skills workshops:** A number of workshops for employees were held this year focused on strengthening life skills such as first aid and self defense, to promote well-being and health.

Well-being and promotion of healthy lifestyles

Well-being services

Employees of the bank benefit from an extensive array of social and well-being services, including added pay to fund daycare for children.²³ These services provide solutions for a broad range of employee preferences and needs: leisure activities, healthy lifestyles, enrichment for employees and their families, and more. Some of the services take the form of a choice of activities offered to improve well-being and strengthen employees' sense of engagement; various social, cultural, and leisure activities are offered to employees of the bank at discounted and/or subsidized prices, including vacation getaways, memberships at cultural centers, theater performances, the Good Movie Club, sports facilities, fitness centers, and swimming pools.

Promotion of healthy lifestyles among employees

- ◆ **Sports** - The bank manages and provides coaching for a wide range of sports teams for employees, participates in sports events for workplaces, and subsidizes events such as marathons, bike races, and more. The bank also offers employees subsidized memberships at fitness centers and swimming pools across Israel.
- ◆ **Physical examinations and raising awareness of healthy lifestyles** - The bank subsidizes periodical physical examinations for its employees, and conducts a wide range of lectures and workshops on healthy lifestyles and good nutrition.
- ◆ **Ergonomics** - As part of the effort to maintain a beneficial and healthy work environment, the bank's Logistics Area has an ergonomics consultant who assists and instructs employees on correct seated posture when working at a computer and on work environment improvements, according to need.

Work-life balance

To offer employees conditions amenable to balance between work and leisure, the bank has instituted a shortened work week of 40.5 hours.²⁴ Most employees also have a higher quota of annual vacation days²⁵ than required by law, as part of their terms of employment.

As part of the drive to promote balance between home and work, the bank has expanded the boundaries of its workday, so that employees can flexibly manage their daily hours of work between 7 a.m. and 11 p.m.

As another measure to support work-life balance, Tuesdays have been designated a shorter workday for employees, whenever possible, with no meetings scheduled in the afternoon. In recognition of the stress and tension engendered by daily life in modern times, we hold workshops at the Poalim Campus, in person and through digital channels, to impart tools and tips for stress reduction, in areas such as positive thinking, optimal time management, personal resilience, and more.

Employee union

The employee union is a strategic partner and a key stakeholder of the bank, representing the employees of the bank who are under collective agreements in all matters related to the terms of their employment. Labor relations between management and the employee union are characterized by partnership and continual dialogue. The roles fulfilled by the employee union include protecting the rights and obligations of employees employed under collective agreements; ensuring that the collective agreement is respected and implemented; caring for employees' professional progress; developing cultural, instructional, and social activities; and organizing mutual assistance among employees. The numerous activities of the union for the well-being of employees include day camps for employees' children throughout Israel, reduced-price or subsidized tickets to cultural and entertainment events, discounts on hotels and vacations, holiday gifts and gifts for personal occasions, various types of insurance for employees and their families, medical examinations, aid funds, assistance for families in mourning, and more.

The national union leads local employee unions, which are assigned to regional unions based on category. Branch managers in each region have a regional union, as well as representation in the national union. The national union consists of representatives of the regions (including branches and the head office), with representation proportional to the size of the region. The national union operates on the basis of articles of association accessible to all employees in a dedicated section of the organizational portal.

The bank signed a collective agreement for 2023-2027 with the employee union in July 2023, covering the 84% of the permanent and temporary employees of the bank who are part of the collective labor agreement. The parties to the agreement are the employee union of the bank, the management of the bank, and the Histadrut New General Labor Federation, which is the largest employee union in Israel; they are responsible for implementation of the labor agreement, which addresses matters including employee wages, bonuses, and employees' mobility and promotions.

23. The addition is provided for every child from the age of three months to five years, in addition to the added salary granted to parents of children up to the age of eighteen.

24. Compared to the work week in the private sector. The bank monitors work hours and ensures that employees receive the full wages to which they are entitled by law, including overtime pay and benefits. Employees are not permitted to exceed the overtime quota allotted to them by the bank.

25. Pursuant to the Annual Leave Law, 5711-1951, vacation pay for employees is equal to their regular pay, with no impairment of their rights to benefits.

Operating during wartime

At the beginning of the war, the employee union organized to support employees during this difficult time, provide any assistance possible, and strengthen morale:

- ◆ Union representatives visited wounded employees in the hospital, supported bereaved families of employees who had suffered losses due to the war, and provided support and aid to employees who had family members taken hostage.
- ◆ Assistance was provided for employees from the north and south and their families to stay in hotels, and they were given vouchers for purchases of food.
- ◆ Representatives of the employee union visited branches in the conflict zone and nationwide to support employees and make sure they had appropriate conditions.
- ◆ The employee union gave expedited grants from its mutual aid fund for employees who had suffered financial difficulties.
- ◆ The employee union sent generous gift cards to employees from southern and northern Israel.
- ◆ The employee union gave gift certificates to employees who were called up for reserve military service, or whose spouses were called up, to encourage them and commend them for their service.
- ◆ The employee union held an appreciation event for bank employees in reserve military service.
- ◆ The employee union led volunteer activities to assist in agriculture and other sectors harmed by the war.
- ◆ The employee union held events to boost employees' morale, such as children's plays via Zoom, a hafrashat challah ritual dedicated to the hostages, and more.

Insurance and funds for employees

Bank Hapoalim pays salaries to its employees in accordance with collective employment agreements or personal contracts signed with each employee. Employees have insurance coverage²⁶ including pension insurance (starting on the first day of employment at the bank), disability insurance, life insurance, personal accident insurance, health insurance, and dental insurance. Beyond the insurance coverage described above, additional safety nets are available to employees in times of need:

- ◆ **The Malki Foundation** - A voluntary fund, administered as a non-profit foundation financed by employee donations, which provides financial coverage for employees in the event of serious illness or similar occurrences.
- ◆ **Management and employees' joint fund** - The bank manages a fund, jointly with the employee union, using employee and management resources to finance well-being activities for employees and retirees, and to assist employees in times of need, such as financial distress or family crisis.

26. The insurance coverage provided to bank employees is beyond the basic level required of an employer by law.

Preparation for retirement and strengthening connections with retirees

The bank cares for its employees and their spouses as they approach retirement age, through preparatory courses and retirement workshops. The bank maintains continuous contact with its retirees, including through support, financing, and collaboration with the retiree union, which organizes trips, volunteering opportunities, and well-being activities and provides grants in situations of distress.

Pensions of employees who reach retirement age are covered by amounts accrued in pension funds and allowance-based provident funds.

In late 2024, at the recommendation of management, the board of directors of the bank approved an efficiency plan based on voluntary retirement for 2025-2028, in which more than 700 employees are expected to participate. The plan is based on retirement when the wishes of the employee and the bank are aligned, with terms including early pension benefits or increased compensation, depending on the employee's age and seniority. The bank arranges professional advisory services to assist employees in making the decision best suited to them and their families.



GOVERNANCE

Corporate Governance

- Board oversight
- Ethics, compliance and control
- Risk management and business continuity
- Security and safety
- Responsible supply chain
- Information security and privacy protection



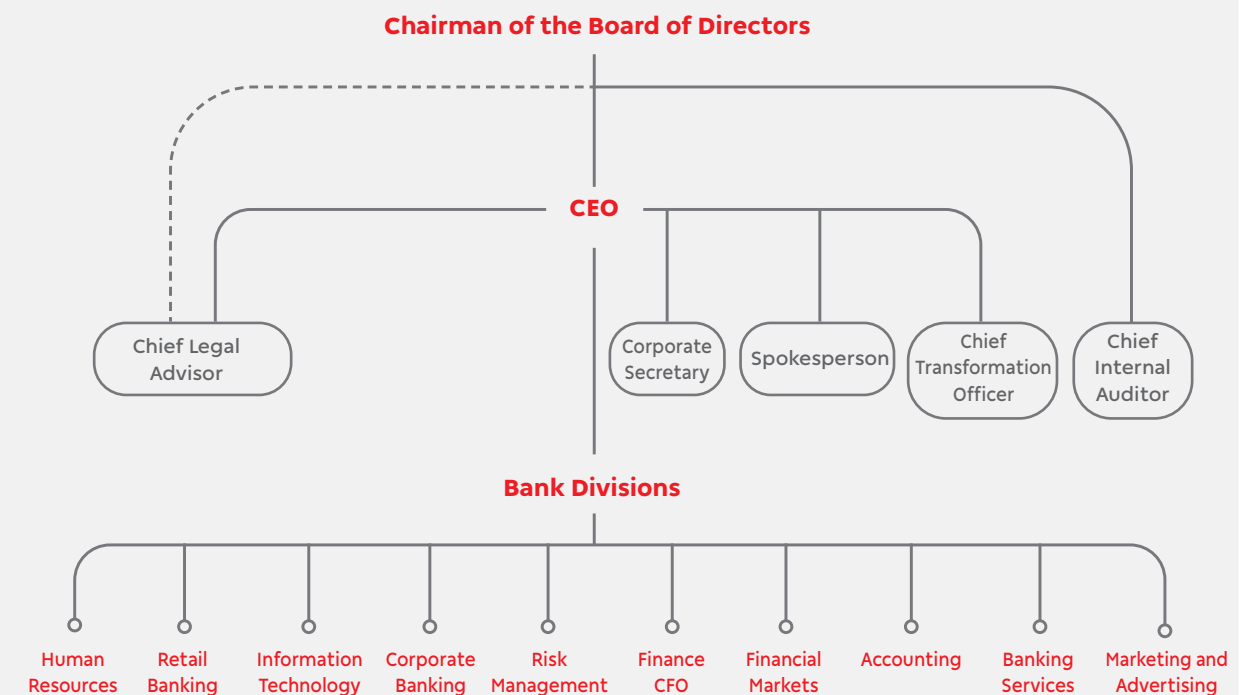
Bank profile

Bank Hapoalim was founded in 1921 with the mission of aiding and supporting the progress of all workers of the Jewish Settlement (the Yishuv) in the land of Israel. Among its founders were the leaders of the Yishuv at the time: Yitzhak Ben-Zvi, Berl Katznelson, Yitzhak Tabenkin, David Remez, and others, whose signatures still appear on the Memorandum of Association of the Bank.

Bank Hapoalim is a universal bank, and constitutes a "banking corporation" with a "bank" license under the directives of the Banking Law. The bank was privatized in 1997, and the controlling interest was transferred to Arison Holdings (1998) Ltd. and others. In November 2018, the bank became a banking corporation without a controlling core.

The bank group operates in all areas of banking and in banking-related areas, serving millions of customers in Israel and worldwide through a wide range of financial activities (for further details, see Section 1.1, "Condensed description of the Bank," in the Annual Financial Report for 2024).

Organizational structure of the bank



Shareholders

The bank has only one type of shares – ordinary shares. All of its ordinary shares have equal rights, for all intents and purposes, including voting rights, the right to dividends, and rights at liquidation. Changes in capital and rights, including increases in registered share capital and the creation of new shares, are detailed in the company articles, which can be viewed on the bank's website. Shareholders do not have pre-emptive rights. The bank does not have preferred stock. The procedure for the issuance of preferred stock would require amendment of the articles of the bank, with the approval of the shareholders at a general meeting. Annual or special meetings of the shareholders of the bank are convened in accordance with the Companies Law, 5759-1999 (the **"Companies Law"**). Accordingly, one or more shareholders with at least one percent of the voting rights at the general meeting may ask the board of directors to include a matter on the agenda of a future general meeting, provided that the matter is appropriate for discussion at a general meeting (with regard to the proposal of candidates to the meeting for appointment as directors, with due attention to the fact that the bank is a banking corporation without a controlling core, see below in the section "The committee for the appointment of directors"). One or more shareholders holding at least five percent of the issued capital and at least one percent of voting rights can demand to convene a special general meeting. Shareholders

may vote at a general meeting in person, via proxy, using a voting card, or through a dedicated online system for voting at the meetings; votes are held separately on each item on the agenda of the general meeting. The majority required to pass a resolution on the agenda of the meeting varies according to the type of resolution, as detailed in the meeting summons and in the voting card, which are available for perusal, with all of the reports and notices to the shareholders, on the website of the bank and on the online notice systems of the Tel Aviv Stock Exchange (MAYA) and the Israel Securities Authority (MAGNA). Translations into English are posted on the Investor Relations section of the bank's website.

Governance and control

As a part of the banking system in Israel, Bank Hapoalim operates in a broad legislative environment consisting of primary legislation, standards, and regulations with which the bank is obligated to comply: the Banking Ordinance, the banking laws concerning licensing and customer service, the Companies Law, the Securities Law, the rules of the Governor of the Bank of Israel, directives of the Supervisor of Banks, and more. All of these regulate the activities of the bank on various levels, including requirements with respect to its capital and ways of managing capital, exercise of internal and external auditing, and the areas of activity in which the bank is permitted to engage.

Internal audit

Internal audit operates independently and objectively as a third line of defense at the bank, subject to the provisions of Proper Conduct of Banking Business Directive 307 of the Bank of Israel, "The Internal Audit Function," and to the provisions of all laws. The internal-audit function is subordinate to the board of directors and reports directly to the board, including the chairperson of the board of directors and the audit committee. The bank's internal auditor generally participates in meetings of the audit committee, and is permitted to ask the committee chairperson to convene the committee for discussion of a matter specified in the request. Auditing work addresses a range of topics, including issues related to the bank's approach to ESG issues, such as audits of ethics and compliance, information security and cybersecurity, customer privacy, the prohibition of money laundering and financing of terrorism, and more. In 2023, internal audit conducted periodic audits of selected work processes in ESG risk factor management, emphasizing the management of environmental and climate-related risk factors, as part of ESG aspects, and the absorption of these risk factors into the bank's organizational culture. Further details regarding internal audit work are available in the financial statements of the bank.

External auditors

The external auditors of the bank serve as an external, independent line of defense, responsible for accounting audits at the bank. Pursuant to Proper Conduct of Banking Business Directive 302, at least once every three years, or at the end of the period of the appointment of the

external auditors, whichever is later, the audit committee must hold a discussion of the possibility of replacing the external auditors of the bank. The directive also states that the partner at the accounting firm responsible for the financial statements (the partner responsible for the audit, who signs the external auditors' opinion of the financial statements) and the partner responsible for the annual review of the audit cannot serve in these roles for a period exceeding five years, and that they must then be replaced by other partners, and can return to these roles only when at least five years have elapsed from the replacement. In accordance with the articles of the bank, the external auditors are appointed annually at the general meeting, unless the meeting resolves on an appointment for a longer period of up to three years. At the date of this report, Somekh Chaikin (KPMG) Certified Public Accountants and Ziv Haft (BDO) Certified Public Accountants are the joint auditors of the bank. Further details regarding the external auditors are available in the financial statements and articles of the bank.

Board of directors

The board of directors of the bank acts in accordance with the corporate-governance directives established by law, including those applicable to banking corporations without a controlling core, as well as all of the Proper Conduct of Banking Business Directives of the Bank of Israel (available on the BOI website) and similar regulations. The bank implements the directives in the legislation, standards, and regulations with regard to the prevention of conflicts of interest within the board of directors. As part of the separation of duties required between management in practice and the formulation of policy and supervision, the chairperson of the board of directors does not serve as CEO of the bank. Directors' duties, according to the law, are uniform for all types of directors; the fundamental duty is to act in the best interests of the bank. These duties include, among others, the duty of care, the duty of loyalty, and the avoidance of conflicts of interest.

Independence of the board of directors

Pursuant to Israeli law, at a banking corporation without a controlling core (such as the bank), all members of the board of directors are required, as a mandatory condition of their service, to have no affinity of their own, or of their relatives, partners, employers, or anyone to whom they are directly or indirectly subordinate, to the bank, its officers, or its material shareholders (holders of over 2.5% of the shares of the bank). Labor relations, business ties, and professional ties, excluding negligible relationships, constitute prohibited affinity. Accordingly, the directors in office at the bank are independent of the bank, whether or not they are categorized as such by the bank's audit committee. The directors also are not employed by the bank; they avoid participation in the routine management of the bank, and restrictions apply to their ability to address employees of the bank (particularly on business matters, outside the meetings of the board of directors and the board committees).

In accordance with the provisions of the Companies Law, a director is considered independent when the following two cumulative conditions are met: (1) the

director fulfills the eligibility conditions for appointment as an external director established in Section 240(b)-(f) of the Companies Law, and (2) the director does not serve on the board of the company for more than nine consecutive years.

The eligibility conditions set forth in Section 240(b)-(f) of the Companies Law, in the case of a company with no controlling party, prohibit the director, or a relative, family member, partner, or employer thereof, or anyone to whom the director is directly or indirectly subordinate, from having an affinity to the company, a corporation under the company's control, senior officers of the company (chairperson, CEO, CFO), or material shareholders of the company (holders of over 5% of the company's shares). The term "affinity" is defined as including, among other matters, labor relations and business or professional ties, excluding relationships that the audit committee has determined are negligible. The prohibited affinity refers to the period of two years preceding the appointment and throughout the period of service.

As noted earlier in this section, the bank is a banking corporation without a controlling core, and therefore, in addition to the directives applicable to any public company in Israel with respect to the composition of the board of directors, it is also subject to special directives established in the Banking Ordinance. These include the directive that all directors serving at the bank (not only those serving as external directors or classified as independent directors) are required to have no affinity of their own or of their close associates to the bank (in accordance with the provisions of the Banking Ordinance).

Pursuant to the provisions of the Banking Ordinance, a director serving at a bank without a controlling core is required to meet two cumulative conditions in the context of non-dependence: (1) the term of office of all directors at the bank is limited to nine years (up to three terms of three years each); and (2) all directors are required to have no affinity (labor relations or business or professional ties, other than negligible relationships) to the bank or to a corporation under its control, to any officer of the bank (a stricter requirement relative to the requirement

in the Companies Law, which refers only to the chairperson, CEO, and CFO), or to any material holder of the bank (a holder of over 2.5%, also a stricter requirement than in the Companies Law, which refers to shareholders of more than 5%).

Similar to the provisions of the Companies Law, the affinity is examined not only with regard to the director but also with regard to the director's close associates – relatives, partners, employers, and anyone to whom the director is directly or indirectly subordinate. The period regarding which the absence of affinity is examined is also similar to that stated in the Companies Law – a period of two years preceding the appointment and throughout the term of the appointment.

The categorization of directors, in the reports of the bank, as external directors under the provisions of the Companies Law, external directors under Directive 301 of the Supervisor of Banks, or non-external directors is in accordance with the regulatory requirements applicable to the bank, which do not require all directors to be categorized as independent, even when they, in fact, meet the conditions for such categorization.

Candidates for service as a director of the bank sign a declaration stating that they have the required qualifications, including the requisite knowledge, education, and experience, and that their other occupations do not create a conflict of interest with service as a director of the bank. The board of directors of the bank has established guidelines for cases of potential permanent conflict of interest, in accordance with Directive 301. The guidelines refer to the scope and materiality of the business where a conflict of interest may exist between the corporation's business and the director. These declarations are released within the meeting summons report on the online notification system of the Tel Aviv Stock Exchange, and are available on the bank's website.

Further to the foregoing, all directors who served on the board of directors of the bank in 2024 meet the following qualification conditions for the independence of the board

of directors: the director was not employed by the bank in an executive capacity in the last year;¹ the director has no familial relationship with a person employed as an officer by the bank or by its subsidiaries; the director does not advise or serve as a consultant to the bank or a member of its management (and has no connection to a company providing such consulting services); the director has no personal contract with the bank and is not a member of management of the bank; the director was not a partner or employee of one of the accounting firms that audits the bank in the last year; the director does not have any conflict of interest that the board of directors has determined would impair fitness for office. As noted, given that the bank has no controlling core, all members of the board of directors are required to meet these conditions, regardless of their categories as declared on the bank's website and in its financial statements. A list of the members of the board of directors and additional details regarding the board members are available on the bank's website and in Article 26 of the financial report.

The committee for the appointment of directors

Directors are appointed at Bank Hapoalim in accordance with the provisions of the law and the Proper Conduct of Banking Business Directives of the Bank of Israel, and with the approval of the Banking Supervision Department. At a banking corporation without a controlling core, directors are generally appointed at an annual general meeting, or at a meeting convened pursuant to Section 35A of the Banking Law, unless the Supervisor of Banks approves a vote at a special meeting. Candidates for service as directors are proposed to the general meeting of a banking corporation without a controlling core by the Committee for the Appointment of Directors, a designated committee comprising five members, headed by a retired judge, appointed by the Governor

of the Bank of Israel pursuant to the Banking (Licensing) Law, 1981 (the **"Designated Committee"** and the **"Banking Licensing Law,"** respectively). In addition to the committee's chairperson, two members serve on the committee who are proposed by the chairperson and are representatives of the economy, in accordance with the Government Companies Law, or relevant senior academics, and two members are external directors of the bank, elected by the committee. In 2024, the directors Ronit Abramson Rokach and Noam Hanegbi participated in this committee.

In accordance with the provisions of the Banking Ordinance, in addition to the Designated Committee, only material holders (holders of more than 2.5% of the means of control of the bank) or a society of holders (as stated in the Banking Ordinance) may propose candidates for service as directors to the general meeting, provided that there is no director already serving on their behalf. The board of directors of the bank is not permitted to propose candidates for such service, and officers of the banking corporation are not permitted to act to cause or prevent the appointment of a particular director. The Banking Ordinance establishes restrictions and qualification conditions for the service of all directors at a banking corporation without a controlling core, including restrictions on affiliation with the banking corporation or with officers or material holders thereof (as detailed above; see the section "Independence of the board of directors"), restrictions on holdings of means of control of the banking corporation, and restrictions on the duration of service. The term of office for each director is three years. Pursuant to the provisions of the Banking Ordinance, as long as the bank is a banking corporation without a controlling core, more than half of the directors serving immediately after the previous annual meeting cannot be replaced at a general meeting, unless approval is granted by the Supervisor of Banks.

Pursuant to the provisions of the Banking Ordinance and the Companies Law, a vote on the appointment of directors is held, separately for each candidate, at the general meeting, and shareholders have no cumulative voting rights. Prior to convening a general meeting the agenda of which includes the appointment of directors or the termination of their service, advance notice is issued at least 21 days before the publication of the meeting summons notification. The general meeting summons report includes a list of items on the agenda of the meeting, relevant information, the text of the proposed resolutions, and a signed statement by every candidate for service as a director in which they declare, among other matters, that they meet the conditions for qualification for service, including the lack of affinity of the candidate and the candidate's close associates with the bank, an officer of the bank, or a material holder of the bank.

At the general meeting of the shareholders of the bank held in November 2024, Yoel Mintz was elected for a second term of office and Yair Avidan was elected for a first term of office as external directors pursuant to Directive 301, and Ronit Schwartz was elected for a second term of office as a director with the status 'other director' (not an external director).

As of February 18, 2025, Noam Hanegbi, who has served as a 301 external director at the bank since October 2019, has been in office as chairperson of the board of directors.

Further information regarding the candidates for service on the board of directors of the bank proposed by the Designated Committee in 2024 and the resolutions of the general meeting on this matter are available in the reports of the bank and on the bank's website.



Board of directors diversity policy

In May 2022, the board of directors of the bank approved a policy for diversifying the composition of the board of directors. According to the policy, within the overall considerations concerning the composition of the board of directors and its collective competence, the board of directors should operate, subject to the directives that apply to a banking corporation without a controlling core, to maintain a rate of gender diversity of at least 30%, and should strive for its composition to include 40% or more people from population groups underrepresented in senior business positions (such as women, ethnic minorities, ultra-orthodox people, and others). When formulating a request for its needs to the Committee for the Appointment of Directors in advance of a general meeting where the appointment of directors is on the agenda, the board of directors examines its existing diversity rate and includes a request for the committee to propose candidates, to the extent possible and as necessary, that would allow the goals of this policy to be fulfilled. At the date of the report, the bank is in compliance with the diversity policy described above (four women serve on the board, of ten directors).

Qualification and expertise of the board of directors

The appointment of a director is subject to advance approval by the Supervisor of Banks. A request to appoint a director, with the declaration completed by the director in accordance with Directive 301, is sent to the Supervisor of Banks as part of the examination procedure prior to approval (the Fit & Proper Procedure). The members of the board of directors of the bank meet the requirements for qualification of directors established by the Bank of Israel. Cumulatively, they possess knowledge and education in various fields, including law and regulation, finance and accounting, banking, management, risk management, technology and cybersecurity, and corporate governance. The bank has not established a limit on the age of new directors. Details regarding the education and professional experience of the directors are available in Standard 26 of the Annual Financial Statements of the bank for 2024.

The accounting and financial expertise and professional qualification of directors are evaluated by the board of directors. The range of considerations includes the director's education, experience, and knowledge, including in areas and issues related to the activity of the bank, as

detailed in the Companies Regulations (Conditions and Tests for Directors with Accounting and Financial Expertise and Directors with Professional Qualification), 2005 (the **"Expertise Regulations"**), and based on additional guidelines for the implementation of the criteria established in the Expertise Regulations, adopted by the board of directors of the bank in 2021.

A person who is determined by the board of directors to have high proficiency in business and accounting matters and in financial statements, due to education, experience, and skills, is considered to have accounting and financial expertise. Banking experience is defined as one of the following alternatives: at least three years as a senior officer of a bank (an executive reporting directly to the CEO or to an officer reporting to the CEO), engaged in management or oversight of a core area or area of material risk for the banking corporation; at least five years as a partner responsible for management of auditing of a banking corporation, including knowledge of the construction of SOX processes, at an auditing firm; service as a director at a banking corporation for at least nine years, or as chairperson for at least three years; or equivalent experience approved by the Supervisor of Banks. As of the date of this report, ten directors with professional qualification serve at the bank, of which seven have accounting and financial expertise, and seven have banking experience, according to the regulatory definitions. Some of the members of the board of directors are also experts on risk management, including credit risks. The performance of the board of directors is evaluated in accordance with Section 59 of Directive 301 and the provisions of the Board of Directors Procedures. The effectiveness of the work of the board of directors is evaluated every two years, for the board of directors' internal needs. The board of directors discusses the findings that emerge from the evaluation process. In early 2024, the board of directors completed a process of evaluating the effectiveness of its work; an additional procedure is expected to be performed in early 2026.

1. The chairperson of the board of directors is not an employee of the bank, but the terms of his service, which were approved by the general meeting, reflect appropriate remuneration commensurate with the scope of his role (a full-time position) and responsibility. These terms of service were established according to the remuneration policy for officers of the bank, and according to the provisions of the law and the directives of the Banking Supervision Department with regard to the remuneration of a chairperson of the board of directors of a banking corporation without a controlling core. For additional information regarding the remuneration of the chairperson of the board of directors in 2024, see the Immediate Report concerning the convening of an annual general meeting of shareholders of Bank Hapoalim B.M., of July 3, 2022.

The members of the board of directors receive professional training based on an annual program adapted to the development of the bank's business, its strategy, and its complexity, which addresses professional topics and matters related to the functions of the board of directors and to corporate governance. Within this process, the training program regularly addresses the subject of risk management. Training was held in 2024 on risk management pertaining to cybersecurity awareness and information leaks, liquidity and liquidity risks, and risk management and decision-making in the capital market. In the last two years (2023-2024), instruction and training were held for the members of the board of directors on various topics, including employment agreements; trends in customer service and the customer experience; the customer experience (CX) factor; credit profitability; the climate crisis from a scientific perspective; climate regulation globally and in Israel; the carbon trading arena; measuring carbon emissions in the credit portfolio (the PCAF model); climate strategy; climate risk management; Basel 4 and future capital management regulation; open API; non-dependence of external auditors; concentration in the banking industry; activity in ultra-orthodox society; compliance, the prohibition of money laundering and terrorism financing, and sanctions; the current-account model and its applications; analysis work in the Corporate Banking Division – analysis of debt capacity and analysis of a closed project in real estate; the bank's emergency site; concepts and developments in the cloud; marketing on digital platforms; and strategic human-capital planning, and various tours were held.

The activity of the board of directors and the board committees

In 2024, the board of directors of the bank continued to set forth the bank's strategy, policy, and the guiding principles for its activity in Israel and overseas, and established guidelines on various matters, in accordance with the requirements of

legislative updates and with Directive 301 of the Bank of Israel. As part of this process, the board of directors delineated policy for the activities of subsidiaries and offices in Israel and abroad, and established limits for exposure to various risks and for the execution and realization of fixed investments. The board of directors addressed the approval of the quarterly and annual financial statements; the organizational structure of the bank; establishment of policy on manpower, salaries, retirement terms, and the remuneration system for employees and senior executives; and supervision and control over ongoing business operations executed by the board of management, and the congruence of these operations with the policies of the bank.

The plenum of the board of directors receives regular reports from the relevant professional functions, including on matters aligned with the corporate responsibility philosophy of the bank, such as banking products promoting sustainability values; embedding social and environmental aspects in the core business of the organization; customer service; fairness in products and responsible marketing; responsible employment; information security and cybersecurity; environmental risk management in lending; employment of people with disabilities; investment in the community; reduction of environmental impacts; preparing the bank for climate change; and business ethics, including approval of the code of ethics of the bank. Within the bank's approach to sustainability, the chairperson of the board of directors of the bank serves as the director responsible for ESG issues, and is charged with promoting this area. On the strategic level, until the end of 2024 the bank's Social Banking Center oversaw ESG issues, under the member of the board of management responsible for the Human Resources Division, reporting regularly to the board of management and board of directors. Beginning in 2025, ESG will be part of the Strategy Unit, under the Finance Division, which is headed by a member of management. Reports and discussions of management and the board of directors on ESG issues include status reports on the bank's progress in this area, an annual discussion and approval of the ESG report, and discussion and approval of future action plans. The bank also examines and evaluates risk-management quality on an annual basis, within the ICAAP (Internal Capital Adequacy Assessment Process), and endeavors to continually implement and improve this process. Selected corporate responsibility metrics that are part of the bank's risk-management approach are included in routine controls and reports, such as BSC, SOX, and others. The risk management and control committee of the board of directors receives appropriate annual and quarterly reports in order to monitor, control, and assess risks, as required by the Proper Conduct of Banking Business Directives.

In addition to the meetings of the board of directors, eight permanent board committees convene and operate at the bank: the audit committee, the remuneration committee, the risk management and control committee, the strategy and business development committee, the credit committee, the corporate governance and stakeholders committee, the information technology and technological innovation committee, and the committee for monitoring implementation of the resolutions of the bank with the United States authorities.

A CEO search committee was also appointed in 2024, headed by the chairperson of the board of directors, with three additional directors participating. The committee carried out a candidate search and screening process for the position of CEO. In accordance with its recommendation, on June 30, 2024, the board of directors approved the appointment of Yadin Antebi as CEO of the bank.

42 meetings of the plenum of the board of directors and 85 meetings of the board committees were held in 2024 (for further information regarding the activity of the board of directors, see section "Corporate governance," in the Annual Financial Statements for 2024). Average attendance of directors at board plenum meetings stands at approximately 99%. Pursuant to Directive 301, directors are required to attend a minimum of two-thirds of the plenum meetings in a calendar year and cannot be absent from all plenum meetings in a continuous three-month period. Details regarding the attendance rate of each director

are presented in the Corporate Governance Questionnaire within the 2024 Periodic Report. The audit committee convened 26 times, with an attendance rate of approximately 98.5%. The remuneration committee convened five times, with an attendance rate of approximately 100%.

Information security and cybersecurity are frequently discussed by the information technology and technological innovation committee, as stated in Proper Conduct of Banking Business Directive 301, and by the risk management and control committee. The committees maintain communications with the head of the Information Technology Division and the head of information security at the bank, as defined in Proper Conduct of Banking Business Directives 357 and 361.

At the date of publication of this report, the risk management and control committee is composed of seven members, of which five have banking experience.

Monitoring of the application of proper corporate governance at the bank is discussed in meetings of the corporate governance and stakeholders committee and in the plenum of the board of directors. The committee is also responsible for monitoring the implementation of ESG strategy at the bank. The committee discusses and makes recommendations to the board of directors regarding policies, procedures, and guidelines designed to instill corporate-governance principles in the work of the board of directors and its committees, and to enable the bank to comply with the appropriate corporate-governance principles, as adjusted to legal directives, including establishment of the bank's policy and supervision of the board of management and the subsidiaries of the bank, as required by the Proper Conduct of Banking Business Directives of the Bank of Israel. The committee convened twice in 2024, with an attendance rate of approximately 100%.

The board of directors usually convenes in plenary session several times each month; the committees of the board of directors hold additional meetings. In special cases, listed in the Board of Directors Procedures, according to a decision of the board chairperson, a board meeting may be held without convening in person, through advanced means of communication, including to raise a matter for immediate discussion. Pursuant to Sections 98-99 of the Companies Law, directors are entitled to demand a discussion of a specific matter. In accordance with Section 99 of the Companies Law, such issues are added to the board of directors' agenda. Under the provisions of the Companies Law, Directive 301, and the articles of the bank, the board of directors' agenda should include, among other matters, any subject that a director or the CEO has asked the chairperson of the board to include in the agenda a reasonable amount of time before the meeting convenes.

The Board of Directors Procedures state that the board of directors shall hold a discussion at the earliest possible time regarding the exceptional events listed therein (outside the regular scheduled reports). The procedure also establishes directives regarding the method of transferring materials in advance of an urgent meeting on a matter added to the agenda. Urgent matters are raised as necessary and/or at the request of the chairperson of the board of directors, directors, or CEO, as well as routinely, according to the provisions of the law and the procedures of the bank, as noted; there is no separate unique count of these matters.

Directors' rights to receive information and to consult with various parties in the course of the fulfillment of their duties have been established in accordance with the provisions of the law, including the Companies Law, Directive 301, and the Board of Directors Procedures. These rights refer to all materials related to the activity or assets of the bank, and to all documents of the bank that the directors require in order to fulfill their duties. Directors have the right, in special cases, to receive external professional counsel, at the expense of the bank, if the coverage of the expense is approved by the board of directors. The plenum of the board of directors, or the appropriate board committee, shall discuss

and decide upon the need to engage an external consultant in order to receive professional assistance. Such a discussion shall address the questions of whether the counsel can be provided by internal parties within the bank, the purpose of the consultation, the extent of the work, and the schedule.

Remuneration of officers

The remuneration policy for officers of the bank is presented to the shareholders for approval at the general meeting or at a special meeting, at least once every three years. The remuneration policy for officers of the bank is aligned with the provisions of the Law for the Remuneration of Officers of Financial Corporations (Special Approval and Disallowance of Expenses for Tax Purposes due to Exceptional Remuneration), 2016 (the **"Remuneration Limit Law"**), the Companies Law, and the directives of the Banking Supervision Department regarding remuneration policies at banking corporations. The remuneration policy for 2024-2026 was approved by the general meeting of the bank in November 2023. At the general meeting held in November 2024, the terms of service and employment of the CEO of the bank, Mr. Yadin Antebi, were approved, effective from August 15, 2024, forward.

In determining the remuneration policy, the ratio of the overall cost of compensation of the officers, including fixed compensation and variable compensation (the "Total Compensation"), to the cost of the Total Compensation of the employees of the bank (including contractor workers' pay) is examined, with an examination of the hierarchy of compensation at the bank and the cost of the Total Compensation at the various ranks of employees at the bank. In addition, as part of this examination, the ratio of the cost of the Total Compensation of the chairperson of the board of directors, the CEO, and the other officers to the average and median cost of the Total Compensation of all employees of the bank (including contractor workers) is examined. The aforesaid ratios were examined by the remuneration committee and the board of directors during the formulation of the



remuneration policy, and the effect of these ratios on the labor relations at the bank was examined. The expected ratios of the Total Compensation of the officers to the Total Compensation of the other employees of the bank (as of the date of adoption of the remuneration policy) are as follows:²

- ◆ The ratio of the cost of the Total Compensation of the CEO (the recipient of the highest compensation at the bank) to the average cost of the Total Compensation of the other non-officer employees of the bank is approximately 8.9.
- ◆ The ratio of the cost of the Total Compensation of the CEO to the median cost of Total Compensation of the other non-officer employees of the bank is approximately 9.5.

Main considerations and goals of the remuneration policy for 2024-2026

- ◆ Motivate officers to work to create long-term economic value for the bank and its stakeholders, in a manner that strengthens the connection between remuneration and the creation of value for the stakeholders of the bank.
- ◆ Base the annual bonus on the return on equity of the bank and on a comparative metric to be determined each year by the board of directors, such as the return of the bank's share

relative to competitors; attainment of personal performance targets and of quantitative and qualitative unit targets; and plans and targets adapted to the overall strategic plan of the bank and of its sub-units, and the derived work plans, and according to a supervisor discretion component, which also addresses the functioning of the unit for which the manager heading the unit is compensated. Part of the variable remuneration is paid in the form of share-based instruments.

- ◆ Adjust total remuneration to the risk appetite of the bank, given that the annual work plans are constructed with reference to the volume and types of the risks that the bank is willing to undertake. Accordingly, variable remuneration is also based on performance targets that reflect the components of the risk appetite.
- ◆ Create a remuneration structure that reflects the attainment of the general goals of the bank in the area of risk management and in the area of compliance with the law and the bank's procedures.
- ◆ Promote a remuneration structure that considers the effect of gaps in remuneration between different ranks at the bank on labor relations at the bank and supports their soundness.
- ◆ Adjust remuneration to the nature of activity, responsibilities, and skills of

the officers, such that remuneration is determined following consideration of the officer's education, skills, expertise, professional experience, and achievements, as well as the officer's position, areas of responsibility, and previous wage agreements.

- ◆ Determine remuneration for functions of the organization involved in supervision and control based on standards that take the importance and sensitivity of these roles into consideration.

Additional information regarding the remuneration policy of the bank, including variable remuneration, deferred remuneration, and mechanisms for repayment of remuneration, is available in Note 22 to the Annual Financial Statements for 2024, and in the report dated September 27, 2023, convening the general meeting for the approval of the remuneration policy, as noted above.

In February 2024, the board of directors also approved a remuneration policy and plan for senior executives of the bank who are not members of management. The group of employees of the bank under senior personal contracts includes department heads who are not officers, but are entitled to deferred equity compensation. These managers are part of first-tier management at the bank, i.e. three levels below the CEO.

Tax policy

The bank manages its tax policy at the level of the group, and pays tax in accordance with the requirements of the law, maintaining cooperation with the tax and law authorities in Israel, in all geographical regions in which it operates, and adhering to directives regarding compliance, disclosure, and reporting. The bank also supplements its tax in Israel in respect of its earnings from activities overseas, in full coordination with the tax authorities. We follow the provisions of the law and the OECD standards with regard to taxation and tax planning. Accordingly, we refrain from tax planning and avoid the use of tax havens and offshore accounts; we do not engage in base erosion and profit shifting; and we apply country-by-country analysis, in which detailed financial data regarding each country in which we operate is presented.

Business continuity in emergencies

The bank has a broad action plan for emergency preparedness and business continuity, implemented in accordance with the bank's policy, regulatory directives (Proper Conduct of Banking Business Directive 355, "Business Continuity Management"), and other related directives. The bank's preparedness is grounded in detailed plans designed based on prevalent global methodologies and on working procedures, periodic tests and drills, a managed database of essential employees in emergencies, and more. The bank's emergency preparedness plan is comprehensive, encompassing policy papers, an outline of reference scenarios, critical process mapping and analysis, and specification of resources required for the continuity of these processes in an emergency. All of these elements are routinely updated and presented annually for approval by management and the board of directors. The enterprise-wide emergency preparedness plan is accompanied by division-level action plans, under the responsibility of the divisions' business continuity supervisors and dedicated teams. The business continuity policy has also been adopted by the bank's subsidiaries in Israel and branches overseas, according to its corporate governance policy and the guidelines of the Bank of Israel.

The action plan for emergency preparedness and business continuity is overseen by a dedicated business continuity management department, which reports to the corporate head of business continuity and the member of management responsible for the Finance Division, who heads the bank emergency committee. The management of disaster recovery aspects of business continuity is under the responsibility of the head of the Technology Division. In 2021, the Business Continuity Risk Management and Operational Resilience Department was established in the Risk Management Division, to serve as a second line of defense in the area of business continuity risks and emergency preparedness.

Emergency and business continuity procedures at the bank establish managerial responsibilities, work formats, and means to be applied at every unit in various scenarios,

until the emergency ends and routines are resumed. In routine times, the soundness and preparedness of units and sites essential for emergencies are rigorously tested, and the bank performs division-level emergency procedure drills, data recovery tests, safety and security drills for employees, and more. From time to time, the bank assesses the ability of essential suppliers to continue to deliver services to the bank in emergency scenarios. Enterprise-wide emergency drills are also held periodically, based on a range of reference scenarios and complex potential failures. Branches, regional administrations, head-office units, and the management of the bank participate in the drills, as well as external parties, if necessary. The bank has several IT sites, to ensure the availability and continuity of its information systems.

The bank's business continuity operations have been affirmed by the Israel Standards Institute as compliant with the requirements of the international standard ISO 22301. Further information on this subject is available in Section "Review of risks," in the Annual Financial Report of the bank for 2024.

Operating during wartime

At the outbreak of the Swords of Iron War in October 2023, the bank set up an emergency banking command center to implement its emergency action plans, collaboratively among all units; maintain contact with the Bank of Israel, the IDF Homefront Command, and other external parties; and report regularly to the board of directors. The emergency center convened frequently in the early stages of the war, and continued to monitor the situation when an emergency routine had been established, issuing guidelines to the units of the bank and to all employees. Throughout the year, we took action to preserve operational continuity at the bank. These measures include informing customers of changes in business hours of the branches and call centers; maintaining continuous communication with employees; creating a comprehensive support network for employees harmed by the events of the war; expanding remote-work options; and providing knowledge refreshers and simulations of emergency scenarios involving escalation of the security situation, damage to national infrastructures (including electricity, communications, and access roads), and absences of staff and suppliers.

2. The calculation was performed according to the expected remuneration ceilings in 2024, relative to the average/median cost per position of other employees of the Bank (non-officers) in 2022, based on the financial statements of the Bank, with the addition of contractor employees who are not included in the salary expenses of the Bank. The remuneration costs include fixed and variable remuneration, including bonuses and retirement costs, which are reported as part of salary expenses.

Risk management and systemic risks

The risk-management strategy of the bank group is designed to support the achievement of the strategic objectives of the group as a whole, by identifying and quantifying risks, establishing risk ownership, and maximizing business value, taking into consideration costs in terms of risk, by every responsible function at all levels of the organization. Accordingly, each business function at the bank is responsible for managing the risks within its activity, while the Risk Management Division serves as a second line of defense – an independent function responsible for guiding, challenging, monitoring, and independently reporting risks. Risk management at the bank is based on a uniform methodology, from a comprehensive perspective, adapted to regulatory requirements, with the aim of supporting informed risk-taking in order to maximize the group's profitability at a risk level aligned with its risk appetite and risk tolerance, congruent with business benefits.

The bank operates in accordance with the guidelines of the Banking Supervision Department, which has established instructions in the Proper Conduct of Banking Business Directives regarding risk management, specifying the requirements for management of the various risks to which a banking corporation is exposed. The directives establish fundamental principles for the management and control of risks, including suitable involvement in and thorough understanding of risk management by the board of directors of the banking corporation; the management of risks by a risk officer who is a member of the board of management; reporting by the risk officer to the board of directors' committee on risk management and control, which supervises risk management at the bank; the employment of tools for the identification and measurement of risks; training and tutorials on risk management and compliance for all employees; and

the creation of means for supervision and control, including the existence of an independent risk-control function. Accordingly, the bank applies an approach based on three lines of defense: the first line consists of the business units and internal control units; the second line is the Risk Management Division, legal counsel, and accountancy; and the third line is internal audit. The board of directors and the board committees supervise the activity of the bank, particularly issues of risk management and auditing. In addition, external audits are performed by accountants (on matters related to the financial statements) and by various regulators, particularly the Banking Supervision Department. For further information, see the Report on Risks – Pillar 3 Disclosure on the bank's website.

Financial and operational risk control and assessment are performed based on a uniform methodology at the group level, under the direction of the Risk Management Division, taking into account the unique characteristics of the activity of each subsidiary and overseas activity; risks are measured and managed independently at each company, and an overview is presented to the management of the bank. Any risks inherent in new products or processes are identified through an orderly procedure, based on the policy for the launch of new products and processes. Models used to assess risks are tested prior to implementation and periodically, based on the bank's model validation policy. The bank performs comprehensive examinations to assess the risks to which it is exposed and estimates the severity of such risks, within the ICAAP (Internal Capital Adequacy Assessment Process). For details, see Section "Review of risks," in the Annual Financial Report of the bank for 2024.

In managing risks, the bank takes various systemic effects into consideration. The

bank routinely examines the potential effects of financial and operational systemic scenarios, within its regular internal stress testing and the uniform scenarios of the Bank of Israel, on capital and liquidity ratios and on the operations and customer service of the bank, and prepares accordingly. The goal is to ensure resilience in the face of various crises, and to allow continued banking operations, in recognition of the responsibility of the bank towards its customers and stakeholders, and with awareness of the importance of banking to the functioning of the economy.

Preparations for preserving the continuity of banking operations and the financial robustness of the bank take the form of business continuity preparedness, procedures, and policies, as well as analyses, assumptions, and contingency plans addressing financial aspects of such events. In this context, note that as a major bank (holding more than 20% of the balance-sheet assets in the banking system in Israel), Bank Hapoalim is required to maintain a minimum common equity Tier 1 capital ratio of 10% (instead of 9%; a capital requirement is added to this ratio at a rate representing 1% of the balance of certain housing loans, so that at the report date the minimum common equity Tier 1 capital ratio required of the bank is 10.23%) and a minimum total capital ratio of 13.5% (instead of 12.5%). This capital adequacy contributes to the financial robustness of the bank and supports the continued activity of the bank and the economy in times of crisis. Along with all of the above, the bank takes into consideration the potential impact on the markets of its management of liquidity and market exposures, and is prepared to maintain operations in the event of disruptions in these areas.

Operating during wartime

The bank activated its business continuity plans on the first day of the war, Saturday, October 7th (see details in the section "Business continuity" in this report), and functioned with no material impairment of its operations. The bank is examining the situation continually and adjusting its operations as necessary. At the report date, the effect of the war on the operational activity of the bank is not material.

To address the financial aspects, in addition to the teams that operate routinely, the bank convenes a management committee, as necessary, dedicated to monitoring the financial situation of the bank and the Israeli economy and preparing for scenarios of an economic or financial crisis that may occur as a result of the war and its impacts on the Israeli economy, the state budget, and the decisions of the rating agencies. This includes, in addition to regular monitoring of the bank's condition, examination of reference scenarios and stress scenarios for the development of the war and its financial impacts on the economy, the bank, and its customers, including aspects of credit risk, liquidity, the proprietary portfolio, the dealing room, interest-rate exposures, and more. The committee reports to the board of directors and the risk management and control committee of the board of directors.

For further details, see Section B.8 of the Report on Risks – Pillar 3 Disclosure and Additional Information Regarding Risks as at December 31, 2024.



Safety

As part of the bank's responsibility towards its employees, customers, suppliers, and anyone who visits its premises, we are committed to mitigating and preventing health and safety hazards at all of our buildings and branches. Safety tasks and objectives **apply to all employees and managers**, including suppliers operating on the bank's premises, throughout its sites and branches nationwide. Every manager at the bank has direct, personal managerial responsibility for compliance with and implementation of the requirements of the law in the areas of health and safety, with the aim of protecting the security and safety of our employees and customers. The bank embeds safety considerations in decision-making processes on every level of the organization. We aim for constant improvement of processes and activities, to minimize hazards, and uphold some of the most advanced standards of safety and hygiene.

The Safety and Security Department in the Logistics Area, under the responsibility of the head of the Finance Division, is the professional leader in the area of safety at the bank. The department is responsible for formulating and establishing health and safety policies. Managers at the units of the bank are responsible for implementing and enforcing these policies.

The safety policy approved by management establishes principles and rules for safety planning and management at the bank, based on an approach of responsibility, commitment, professionalism, proactivity, and constant improvement of performance. Risk-management principles are established based on identifying and locating the risks involved in the activities of the bank, prioritizing and addressing the risks within the bank's health and safety plan, and taking preventive actions, which are built into work processes in every area of the bank's activity. Health and safety systems are planned based on prioritization of issues discovered, setting of goals and targets, and establishment of quantitative metrics for the improvement of safety performance. These include timelines, assignment of responsibility for implementation, and allocation of resources.

Safety aspects of the bank's operations are also monitored through advance safety surveys conducted periodically, as required by law, regulations, international compacts, and specific directives and guidelines of the bank. The bank works continually to instill principles for the protection of safety as part of working routines, includes safety requirements in instructions for work, and investigates safety-related incidents to prevent recurrence, based on a formalized lessons-learned procedure.

A safety committee headed by the head of logistics convenes on a quarterly basis to discuss safety management at the bank; the committee recommends actions for the implementation and enforcement of safety requirements. The safety committee consists of the head of the Construction Department and the head of the Security and Safety Department, with representatives of the bank's employees, internal audit, and risk management. An annual summary of safety incidents is reported to management.

Health and safety management at the bank, based on the OHSAS 18001 standard, includes the following processes:

- ◆ **Risk management** - The bank performs risk-management surveys, used as the foundation for a risk-assessment process that includes planning solutions for mitigation of the risk factors, up to elimination, as well as routine oversight to ensure compliance with policies and legal requirements. Risk factors included in the risk assessment are matched to the characteristics of the work performed at the bank, which is primarily office-based (office ergonomics, lighting, noise, and air quality), while also addressing construction, renovation, and contractor work on the bank's premises, large-scale events, emergencies, and more.
- ◆ **Work plans** - The bank has multi-year and annual safety plans, based on advance planning, proactive prevention of safety hazards, and remedying deficiencies. The plans

include quantitative and qualitative goals, metrics, and targets; quantitative metrics are established to indicate the attainment of targets and achievements. The institutional safety committee holds periodic discussions of the targets.

- ◆ **Oversight and monitoring** - The bank has mechanisms for ongoing oversight of safety and hygiene, and internal tests to identify deviations and hazards, improve safety, and increase the involvement of managers and employees. The bank's Security Center routinely monitors its security and safety systems, and alerts relevant parties to respond as necessary, such as the police, firefighters, emergency medical services, security systems, etc. External examinations are also conducted, and external oversight is applied to safety systems and the soundness of equipment at the head-office buildings and branches. Evaluation of implementation of policies and work plans is examined as part of work-plan tracking by the bank's safety committee, as well as the level of efficiency of safety management at the bank. The survey includes incident analysis and summation of the conclusions of controls.
- ◆ **Emergency preparedness** - Preparation for emergencies includes identifying potential security emergencies and planning emergency actions in advance, to prevent environmental and health damage and allow routine work to resume quickly. The bank has emergency procedures for a wide range of situations, such as fire, flooding, power outages, earthquakes, war, and pandemics. The emergency procedures establish the delegation of authority and the order of actions to be performed in various situations, throughout the event; the equipment needed to address the event, which is examined in regular audits; and reports to external parties and calls for emergency services, such as firefighters, police, medical services, etc. Practical training and drills for various emergencies are held at least once a year as part of routine safety instruction.

- ◆ **Incident investigation** - In the event of a safety incident, or the discovery of a safety hazard on the premises of the bank, employees and managers are instructed to submit a report immediately and to ascertain that the issue is resolved. Structured formalized processes are in place for reporting and investigating health and safety incidents, including accidents, injuries, and illness. These processes are implemented by appropriately trained safety engineers; the causes of the incident are documented, monitored, and identified for learning purposes.
- ◆ **Training and instruction** - The employees of the bank are required to refresh their knowledge on health and safety through an annual safety tutorial and by participating in safety training sessions, held in person, on the subjects of accident prevention, emergency scenarios, safety and hygiene events, evacuation under various scenarios, scenarios involving incorrect operation of electrical equipment, how to operate firefighting devices, and more. A drill on evacuating the building is conducted at the end of the safety training program. The efficiency of the training programs is examined through questions and feedback.
- ◆ **Security and safety trustees** - All units of the bank have trained security and safety trustees who are responsible for the unit's preparedness and for monthly controls. The safety trustees are in continuous contact with the regional safety officer and the bank's Security Center. A dedicated content area on the organizational portal of the bank presents safety and security tips and procedures for employees, and a form for reporting work accidents.
- ◆ **Safety information pamphlets** - Pamphlets containing examples of safety incidents and recommendations for prevention are issued every quarter and distributed to all units of the bank.

- ◆ **Monitoring and measurement** - Formalized safety monitoring and measurement processes are performed to track compliance with legal requirements and with the bank's safety policies.
- ◆ **Acquisition of Datwise, a safety equipment management system** - The system monitors the soundness of safety equipment and systems at the bank, and is used to manage safety tasks and incidents.

Operating during wartime

Since October 7th, the bank has been operating in an "emergency routine" format. The Security and Safety Department, as part of the bank's emergency team, is applying emergency and business continuity procedures for a war scenario, in accordance with the guidance of the IDF Homefront Command. These include clearing protected spaces; maintaining the readiness of emergency equipment; holding additional training and drills on emergency scenarios at all sites of the bank, based on the defense times and instructions of the Homefront Command; and regular updates by the bank emergency team on the status of the war.

Safety procedures at the bank that apply to external contractors

The bank has procedures with detailed safety requirements for each type of work, as well as the required types of oversight and supervision and the functions responsible for implementing the procedures (including safety instructions for construction and working at heights, safety instructions regarding fire and electricity, and more). The procedures apply to external contractors performing work such as construction, renovation, cleaning, etc., from the initial engagement to every stage of the work. The contractor appoints a supervisor to oversee work execution in accordance with the bank's safety requirements. In construction projects, the bank is aided by external or internal safety consultants. External contractors engaged by the bank are required to commit to a safety annex specifying health and safety requirements for the work, including the means and equipment necessary to fulfill the requirements. A breach of the safety instructions by a contractor leads to disciplinary proceedings and sanctions. Ensuring safe working conditions is a prerequisite for any supplier contracting with the bank, and is part of the supplier's commitment to the bank's responsible conduct document. For additional information, see the section "Responsible supply chains."

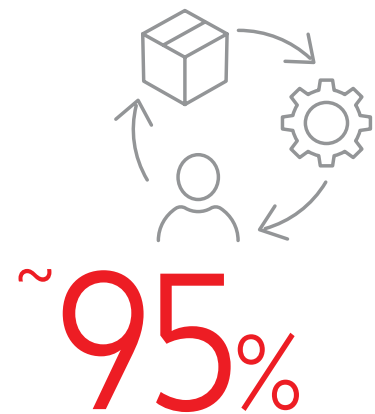
In 2024, five minor work accidents occurred at the bank (of which three caused lost work time); the cumulative absences reached 230 days. The lost time injury frequency rate was 0.039, and the total recordable injury frequency rate stood at 0.066.³

3. Work accidents on the premises of the bank. The data refer to employees of the bank, based on a calculation of 200,000 hours of work (hwkd), at 8 hours per day. There were no cases of loss of life as a result of work accidents in 2024 (including of customers, external workers, contractors, and non-bank employees).

Responsible supply chains

Profile of the bank's supply chain

The operational activity of Bank Hapoalim, as a banking organization, is primarily based on a supply chain that consists of a pool of suppliers of goods and services, of varying sizes (large, mid-sized, small, and micro businesses), encompassing companies in fields such as logistics, technology, professional services, and more. We contracted with approximately 2,400 suppliers from this pool during 2024.



of our purchasing

is from suppliers who are located in Israel and employ workers locally



Purchasing at the bank is managed by the Corporate Purchasing Area, an integrative function that oversees the interfaces composing the supply chain of the bank, with the aim of adding significant value for the units of the bank and supporting the achievement of their goals and work plans, while optimally utilizing resources and striving for quality execution. Purchasing is a

well-defined, uniform, orderly process, conducted using an ERP system, with clear parameters established for examination of the quality of the purchased items, separation of authority in critical stages of the procurement process (such as demand specification, sourcing, negotiations, supplier selection, approval of execution or receipt of goods, and payment),

specified authorizations for approvals, and documentation of information and decisions made at each stage of the process. All of these practices are aimed at improving the efficiency and quality of purchasing management, in order to allow controls to be applied and conclusions to be drawn, and prevent any conflicts of interest in advance.

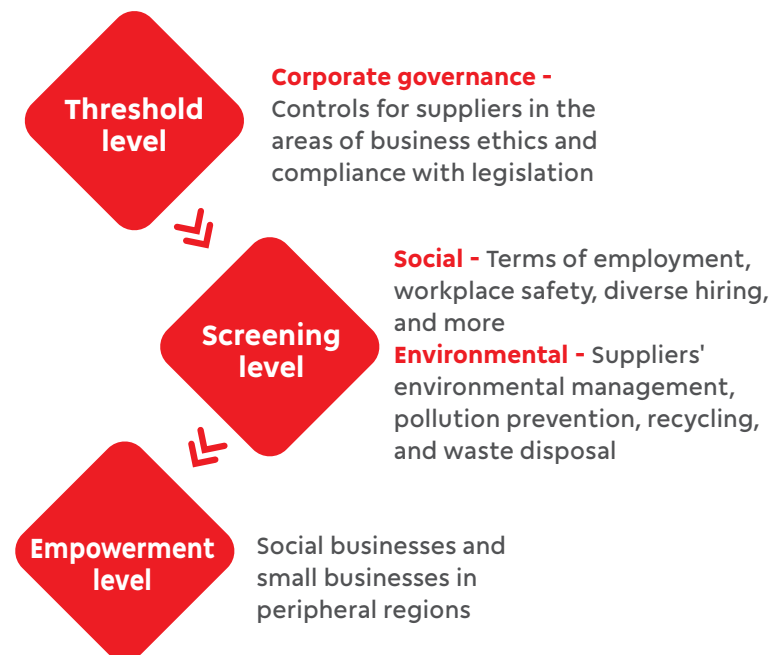
Responsible purchasing

Our responsible purchasing policy is integrated with the purchasing process and with the routine operations of the purchasing units – determining demand and specifications, sending requests for proposals, contacting the existing supplier pool, and more. The policy is implemented in cooperation with relevant professional functions and the bank's ESG department. As part of our corporate responsibility philosophy, we have implemented a formalized program to instill ESG principles in our purchasing activities, based on in-depth analysis of the purchasing patterns and characteristics of suppliers of the bank, applied in the context of our responsible purchasing policy.

The program is designed to ensure responsible conduct in the areas of fair and equitable employment, appropriate business conduct, protection of the environment, and promotion of opportunities for green purchasing. We communicate this approach to suppliers, and encourage them to adopt the same norms.

The purchasing model is adapted to the characteristics and strategic focus of our business and the environmental and social activity of the bank, as reflected in three levels representing the principles of the responsible purchasing policy:

- ◆ **Threshold level:** a binding threshold applied to all suppliers of the bank.
- ◆ **Screening level:** required screening applied to relevant suppliers, according to the category of the purchased product or service.
- ◆ **Empowerment level:** used to expand the pool of suppliers who implement ESG principles.



Principles of the policy:

- ◆ Integrity and transparency
- ◆ Professionalism and excellence
- ◆ Continual dialogue and creation of shared value
- ◆ Partnership and reciprocity
- ◆ Nurturing long-term relationships
- ◆ Prevention of corruption and bribery
- ◆ Fairness and protection of human rights, worker safety, and diverse employment
- ◆ Equal opportunities and prevention of discrimination and harassment
- ◆ Minimization and prevention of environmental damage and promotion of environmental values
- ◆ Promotion of diverse and local purchasing – from small businesses, social businesses, and peripheral businesses

Embedding ESG principles in supplier agreements

Corporate procurement applies controls (including through entities external to the bank) to ensure that suppliers engaged by the bank comply with the requirements of the law and with the criteria established by the bank. The bank has applied a formalized program for the implementation of a responsible purchasing policy since 2015. Within this effort, we have established binding criteria for working with suppliers, as well as criteria that are part of the quality metrics in request-for-proposal processes, prioritizing suppliers who have embedded sustainability and corporate responsibility principles in their routine operations.

As part of their contract with the bank, suppliers sign a commitment to responsible conduct, requiring them to undertake the following:

- ◆ **Fair employment** – Fair wage terms and pay no lower than the minimum wage, payment of all benefits required by law, and protection of employees’ rights under the law.
- ◆ **Equal opportunities and prevention of discrimination** – Prohibition of discrimination due to religion, race, sex, age, etc.; maintaining an appropriate, respectful work environment free of harassment of any kind, including measures to prevent sexual harassment.
- ◆ **Protection of the environment** – Application of effective policies and procedures to manage environmental aspects, according to the nature of the activity, through a supervising function, measurement, and monitoring of performance; use of environment-friendly materials and minimization of negative impacts; promotion of environment-friendly solutions, including the prevention of pollution, more efficient resource consumption, waste treatment, etc.
- ◆ **Health and safety** – Protecting the health, security, and safety of the supplier’s employees and anyone acting on behalf of the supplier; providing the appropriate tools and training accordingly.

- ◆ **Prevention of corruption and bribery** - Prohibition of giving and receiving favors, gifts, etc. by the supplier and its employees in all areas of the supplier’s business activities.
- ◆ **Privacy and information security** - Keeping information confidential and secure, in accordance with the requirements of the bank. These requirements may include reliability tests of the supplier’s employees, ensuring that employee training is provided to raise awareness of information-security incidents, applying security measures in the transmission of information and magnetic media, and more.

Since 2014, suppliers in working relationships with the bank generally sign a document derived from the bank’s Code of Values and Ethics, and commit to acting in accordance with this document.

The bank works to identify and assess bribery and corruption risks when it engages a supplier. Processes have been established at the bank to assess and identify the risk level of the supplier in this area, based on the characteristics of its activity with the bank. These processes enable the bank to determine risk levels and perform additional examinations if necessary, including the use of questionnaires developed for this purpose, categorization of suppliers based on bribery and corruption risks, and the application of controls. Procedures are also in place with regard to the prevention of conflicts of interest of bank employees in engagements with suppliers.

ESG questionnaire for supplier selection
In 2022, we designed a questionnaire to assess the extent of implementation of ESG aspects by our suppliers. The goal of this process is to expand our impact in embedding ESG principles among suppliers, and to reduce potential risks in the bank’s supply chain. The questionnaire addresses policies, procedures, objectives, and performance metrics in environmental and

climate, social, and governance matters. The suppliers’ responses are weighed into an ESG score, which is included in decision-making processes at the bank when engaging a new supplier or renewing a contract with an existing supplier, subject to a materiality threshold for the scope and type of the engagement. ESG evaluations of dozens of suppliers were performed in 2024. We plan to continue using the ESG questionnaire in our supplier engagement processes, based on the materiality threshold and types of agreements established.

Empowerment of socially conscious suppliers

The bank acquires goods and services from a pool of socially conscious suppliers, in areas such as the production of teambuilding days and conferences for the various units of the bank, and supplying gift packages and flowers for the bank’s employees and customers. Our social supplier pool consists of small businesses from every part of Israel that embed social values and content in their activities, including assistance for people in need and employment of at-risk adolescents and people with disabilities.

In 2020, corporate procurement at the bank joined the WeSource initiative, managed by the non-profit organization Jasmine, which promotes the inclusion of diverse businesses as suppliers at the largest corporations in Israel by building a supplier database composed of diverse businesses, allowing corporations to contact the businesses directly. The bank uses this platform to find suppliers that can meet its needs, and connects its suppliers to the initiative to help them gain exposure to additional organizations and sectors.

Sharing professional knowledge

The purchasing staff at the bank routinely shares professional knowledge with the bank’s suppliers, on subjects such as resource efficiency, cost savings, and more. Purchasing staff members also give talks on responsible purchasing for various stakeholders, such as community organizations. Purchasing staff regularly meet with suppliers, on site or via Zoom, in order to become more closely acquainted with their activities, learn about new products they are offering, consider future collaborations, and more.

Promoting small businesses in the supply chain

Bank Hapoalim recognizes the importance of small businesses to the progress of the Israeli economy, and prioritizes these businesses in its procurement processes. Wherever possible and appropriate, we engage small suppliers. We also harness our extensive purchasing network to forge collaborations between small suppliers and other suppliers (who may not be suppliers or customers of the bank).

Operating during wartime

We worked with existing and potential suppliers from Otef Aza and northern Israel affected by the war, and took action to assist them:

- ◆ We encouraged bank units to purchase from suppliers in areas affected by the war, including those directly impacted by the October 7th attacks and suppliers in the combat zones in northern and southern Israel.
- ◆ We supported Be’eri Printers, in Kibbutz Be’eri, and increased the scope of purchasing from this supplier by the bank.
- ◆ We rented cars for families evacuated from kibbutz communities in the Otef Aza region.
- ◆ We purchased chairs from Otef Aza suppliers for the Empty Chair project, designed to raise awareness and evoke identification with the hostages.
- ◆ We provided aid and support for suppliers whose family members have been harmed by the war.
- ◆ We bought gifts and toys for children evacuated from Otef Aza.
- ◆ We purchased gifts and Hanukkah holiday packages for serving and injured soldiers.

2024 plans - status

Plans	Status
Promote the implementation of the use of the ESG assessment questionnaire in supplier selection processes.	✓ Completed

Future Plans

Continue to promote the implementation of the use of the ESG assessment questionnaire in supplier selection processes.

Protecting the rights of workers employed by contractors

We have agreements with various contractors for the provision of security, cleaning, and cafeteria services, through employees of the contractor who are assigned to the bank. In order to ensure the protection of contractor workers' rights, the agreements between the bank and the contractors stipulate the contractors' obligation to provide their employees with minimum wage, and other rights granted to workers in Israel under labor laws, including employee benefits.

An orderly procedure is maintained for the protection of the safety of contractor workers in the area of construction, such as in the construction of new branches and buildings, including the formulation of a safety plan for the project by a safety engineer, approval by the National Fire and Rescue Authority, and supervision by a regional security officer. An annual seminar on safety and security is held for suppliers at the bank.

To ensure that the rights of contractor workers employed on our premises are protected, we operate a dedicated contact center for them, within the service center of the Human Resources Area. The bank informs contractor workers of the existence of the contact center, and has them sign a document explaining their rights. We also engage the services of Hilan for review of the terms of payment of suppliers to their employees. During 2024, Hilan conducted external reviews at all of the employment contractor companies engaged by the bank.

Code of Values and Ethics - Our Way

"Our Way: A Code of Values and Ethics" constitutes a declaration of our identity and uniqueness as employees of Bank Hapoalim. The code reflects the bedrock values of the bank and delineates the expectations and behaviors we are all adopting and striving to uphold, among ourselves and towards our customers and other stakeholders. The code is designed to be used by employees and managers, in all units and at all ranks, as a compass for appropriate conduct in coping with ethical dilemmas during their routine work.

The bank's vision is an expression of our commitment to growth through impactful, innovative, fair banking. To ensure that we are able to realize our new vision and integrate its business, organizational, and cultural components, we formulated a foundation of values to guide our actions, and the rules of conduct derived from this foundation. Within this process, we established the

- five core values that guide the way we operate, do business, and benefit the economy, society, and the environment:
- ◆ **Focus** - dedicated to customers' best interests;
 - ◆ **Delivery** - making it happen;
 - ◆ **Partnership** - working together, for you;
 - ◆ **Growth mindset** - growth and development;
 - ◆ **Fairness** - fairness and responsibility.

Each of the core values is relayed into key behaviors for application of the values in practice. Taken together, they form a comprehensive organizational approach integrating a customer-centric worldview with quick, flexible deployment to deliver optimal responsiveness grounded in partnership, boldness, and aspiration to continual improvement. In late 2021, we refreshed the bank's code of values and ethics, in the spirit of the core values, and established our rules of ethics in ref-

erence to our stakeholders. The updated vision of the bank was embedded in the code of ethics and values in early 2023, and guidelines on the prohibition of political activity using the bank's resources were clarified. In 2024, we introduced a tutorial for employees designed to clarify guidelines in this area and help with the resolution of ethical dilemmas. Various activities are held throughout the year, every year, to instill the code of values and ethics at the units of the bank, including periodic training sessions for managers and employees, and messaging and communication on ethics procedures and issues.

As part of the annual measurement process of the Organizational Change Index for 2024, we asked all of our employees whether it would be right to replace or update the values of the bank in view of the challenges of the last year. The responses to the survey will be analyzed and presented to management and the board of directors of the bank during the first quarter of 2025.

The Ethics Forum was established at the bank in 2022, to promote and embed a culture of ethics and fairness. The forum is led by the head of human resources, who serves as the bank's ethics supervisor, and consists of representatives from various divisions (human resources, risk management, legal, retail banking, corporate banking, marketing, and internal audit), meeting semiannually. Two meetings of the forum were held in 2024, to review the quantity and types of messages and exceptional events related to ethics at the bank, discuss ethical dilemmas, conduct peer learning, learn about activity in this area at other organizations, and host lecturers to expand knowledge and learn. Once a year, the forum examines the need to update or change the wording of the code of values and ethics.

~97%
of employees completed
a learning module on the
code of ethics in 2024

2024 plans - status

Plans	Status
In 2024, a tutorial on the code of values and ethics will be presented to all employees.	✓ Completed

Future Plans

A tutorial for employees emphasizing the value of fairness will be introduced in 2025.



Photo: Daniel Knopov, Liora Ben Ami, Center Business center. Photographer: Eyal Toueg

Mechanisms and channels for reporting ethical issues

Bank Hapoalim encourages every employee who encounters an ethical dilemma or violation of compliance directives to report and/or consult on the issue without concern (including anonymously), providing protection under all laws and maintaining confidentiality. The bank accords high importance to employee reports as a means of detecting and locating deficiencies and flaws, investigating the issues, promoting work process improvements, and strengthening alignment with the norms and values of the bank. Employees of the bank are required to report to the relevant functions on cases that raise concern of violation of the norms and values of the bank, such as:

- ◆ Breaches of the law, policies, or procedures.
- ◆ Inappropriate activity by employees, managers, or directors in any area.
- ◆ Attempts to circumvent monitoring and reporting systems of the bank.
- ◆ Unfair, unethical, or irresponsible conduct towards customers of the bank.
- ◆ Discrimination, harassment (including sexual harassment), or disrespectful or offensive behavior.
- ◆ Involvement in offering or giving a bribe, or in corruption incidents.
- ◆ Concern over breaches and failures of compliance, or concern over conflicts of interest.

Bank employees who suspect a violation of the bank's values and norms by any other employee can use several open or anonymous reporting methods, as detailed in the code of values and ethics, including an anonymous channel on the organizational portal, which is available at all times, a telephone line, and an email address external to the bank. Information about the processes and ways of addressing ethics issues is available to employees of the bank on the organizational portal. Every message is handled by the relevant professional function at the bank (such as the Human Resources Area, the Chief Compliance Officer Area, the Operational Risk Management Department, or Internal Audit), according to its nature and content.

Knowledge refreshment on this topic, including the communication channels, is conducted twice annually by the Chief Compliance Officer Area in collaboration with the Human Resources Area and the Internal Audit Area. Notices are sent in individual letters, via email and portal messages, describing the channels available to employees for inquiries and reports, examples of situations requiring a report, and past reported incidents and conclusions drawn from them.

To ensure that employees who submit reports are protected and do not suffer any harm as a result of the report, a process and procedure have been developed and approved by the board of directors in order to safeguard these employees and maintain their anonymity, subject to all laws. The Human Resources Area protects employees of the bank from retribution or harassment, including worsened terms, withholding of promotion, or dismissal. Internal audit serves as another channel for employees to contact in the event that they believe they have not been adequately protected.

Throughout the year, audit, risk-management, and human-resource functions maintain a shared interface to assess and manage ethics risks and risks related to possible violations of the code of values and ethics. Internal audit at the bank also reviews the usage of the bank's systems, to ensure implementation of the code of values and ethics. In the event that behavior or action inconsistent with the bank's

code of values and ethics is identified, an in-depth examination is conducted, and relevant measures are applied to prevent and remedy the problem, in addition to routine audit activities and the lines of defense at the bank. The process of evaluating employees' performance also includes examination of how they uphold the ethics and compliance rules of the bank, and completion of their required study of regulatory issues.

Every six months, within the periodic compliance report by the compliance officer, the board of management and board of directors receive a report on the number of inquiries in this area, the nature of the inquiries, and the type of reporting (open or anonymous). The audit committee receives a report on inquiries received every six months. Reports on employee protection, if granted, are submitted to the audit committee each quarter.

In 2024, inquiries and consultations regarding ethics were received from employees through various channels, both openly and anonymously. The inquiries concerned a range of subjects, such as potential conflicts of interest, issues related to receiving gifts, and norms of behavior at the bank. Internal audit also released 40 reports and letters on exceptional events involving a suspected breach of moral values by employees. Internal audit applied a lessons-learned process to some of these events. In most of the cases, disciplinary sanctions were taken against employees, according to the measures available to the bank, primarily termination of employment, removal from a management position, suspension of promotion, suspension of a bonus, reprimand letters, clarification conversations, etc.

Preventing bribery and corruption

As a banking organization at the heart of Israel's business and economic community and operating in the international business arena, Bank Hapoalim is committed to an active role in the international fight against corruption. We believe that corruption and bribery are destructive, and we reject these practices absolutely. We are dedicated to the implementation of the bank's policy in this area, at the level of the board of directors, the board of management, and every employee; this includes adjusting work processes to prevent such occurrences. Activities and processes for the prevention of bribery and corruption have been in place at the bank for many years, in various contexts, including anti-corruption practices in connection with customer accounts (see details in the section "Compliance and prevention of money laundering and financing of terrorism") and employee conduct.

The bribery and corruption prevention policy, which is part of the compliance policy of the group, applies to all companies in the bank group, as well as to suppliers and third-party subcontractors that provide services to the bank. Implementation of the policies and procedures and the application of controls are under the responsibility of each division of the bank, including units in the first line of defense, supervised and led by the chief compliance officer of the bank. The compliance policy is examined at least once annually and updated as needed and according to developments relevant to the bank.

The bank's procedure on the prevention of bribery and corruption establishes rules regarding the prohibition on giving benefits, items of value (including money, gifts, hospitality, credit, or any other benefit of any kind), and favors to civil servants.⁴ Facilitating payments⁵ are also prohibited, including transfers of money to civil servants, foreign or local government workers, political parties, or intermediaries

for the purpose of accelerating or ensuring a routine government action. Receiving items of value from a customer or business partner is prohibited. The procedure establishes reporting duties and channels for employees for any case of suspected giving or receiving of a bribe⁶ or corruption.

Risk assessment and oversight of the effectiveness of content and procedures are performed by the compliance officer and reported annually to the board of management and board of directors. The risk assessment addresses processes, products, and services, as well as the interfaces between the bank and customers or civil servants. The report to management and the board of directors on the risk assessment covers risk centers for the prevention of bribery and corruption. Additional reports on the prevention of bribery and corruption are submitted to management and the board of directors, including as part of the compliance report.

The bank has a system of content, processes, controls, and procedures designed to prevent bribery and corruption (for details regarding the lines of defense, see the section "Compliance and prevention of money laundering and financing of terrorism"). The bank has also added language to its code of ethics expressing its position on the prohibition of bribery and corruption and on giving and receiving gifts and favors, with the aim of explicitly and unambiguously elucidating its policy on this subject for all internal and external stakeholders (for details, see the Code of Values and Ethics on the bank's website). Clear guidelines are also in place for the prevention of bribery and corruption in other relevant processes, as an integral part of the procedures and work processes in the areas of hiring, conference financing and event sponsorship, donations, working with business partners, and mergers and acquisitions.

A review of procedures for the prevention of bribery and corruption is performed at least every two years, for periodic refreshers; controls in this area are applied by units in the first line of defense as well as by the supervisor of the prevention of bribery and corruption, as a second line of defense. An internal audit report on the subject, "The preparations of the bank for risk management in the area of the prevention of bribery and corruption" was released in 2023.

Messages, reports, or control findings indicating possible breaches related to bribery and corruption risks are referred for examination by internal audit, and breaches are addressed through investigation and the imposition of sanctions, if necessary. In addition, pursuant to Proper Conduct of Banking Business Directive 351, in the event of reasonable concern or a significant incident of embezzlement, the bank must submit an immediate report to management and the board of directors, internal audit, and the Supervisor of Banks, unrelatedly to reports to other agencies, including law-enforcement agencies.

The bank conducts training and instruction on the prevention of bribery and corruption, focusing on red flags and examples of relevant real-life situations. All employees of the bank, including relevant external workers and part-time employees, are required to complete a tutorial on the prevention of bribery and corruption. Compliance officers and units at higher risk receive additional training.

A position of a supervisor of the prevention of bribery and corruption has been established within the Chief Compliance Officer Area, to lead the enforcement program in this area.

4. In accordance with the definition of civil servants in Israeli law and in the Foreign Corrupt Practices Act in the United States.

5. Facilitating payments, including a sum of money given to shorten a process that may impair the stages and completeness of a proper business and administrative procedure.

6. A bribe is any favor, including money, money equivalents, service, or other favors given directly or indirectly to an Israeli or foreign civil servant, such as a government official, representative of a municipality, employee of a regulator, or any employee of an entity that provides service to the public, to influence their professional actions or decisions.

Whistleblower mechanism

In accordance with the Law for the Protection of Employees of 1997, the bank has a whistleblower protection mechanism to allow employees to report incidents of corruption. The mechanism is based on the ethics inquiry and reporting channels described in the section "Code of Values and Ethics" in this report, and includes protections and reports to the board of management and board of directors.

In addition to the option of contacting the ombudsman, as part of its supervision and control mechanisms, the bank provides a whistleblower system for the general public, including its customers and suppliers. Unusual activity by the bank or its employees and cases of suspected misconduct, embezzlement, or breach of moral values at the bank can be reported through this system. Inquiries can be sent to a hotline that accepts both open and anonymous messages via email, telephone, or letter. Information regarding the mechanism, reporting channels, and examples of cases that can be reported is available on the bank's website.

Compliance and prevention of money laundering and financing of terrorism

The areas of responsibility of the chief compliance officer of Bank Hapoalim are derived from Proper Conduct of Banking Business Directive 308, Compliance and the Compliance Function at a Banking Corporation ("Directive 308"). Accordingly, the Chief Compliance Officer Area comprises the following professional functions:

- ◆ The Money Laundering Prohibition Department, which handles all aspects of the prohibition of money laundering and prevention of terrorism financing, including the declared money policy applied to foreign residents.
 - ◆ The Securities Enforcement, Competition, and Privacy Department, which is responsible for enforcing the Securities Law, 5728-1968; the Joint Trusts Investment Law, 5754-1994; and the Law for Regulation of Investment Advising, Investment Marketing, and Investment Portfolio Management, 5755-1995 (hereinafter: the "Securities Laws"). The department is also responsible for the protection of privacy, compliance with competition law, the prohibition of discrimination, the prevention of bribery and corruption, and the prevention of conflicts of interest.
 - ◆ The International Taxation and Fairness Department, which is responsible for implementation of the provisions of the law and of the FATCA and CRS regulations, including examination, identification, and classification of customers; submitting annual FATCA and CRS reports to the tax authorities; and ensuring that all compliance directives are fulfilled, including in the area of the fairness of the bank towards its customers.
 - ◆ The International Compliance Unit, which is responsible for ensuring compliance and the prohibition of money laundering at the bank's offices outside Israel, control over correspondent banking, and cross-border issues.
 - ◆ The Coordination and Monitoring Department, which has responsibilities including liaison with the compliance units of the bank, processing reports of the chief compliance officer, managing technological systems in the area of compliance, and overseeing training in this area.
 - ◆ The Chetz ("Thinking Compliance") Expert Center, which responds to the business units on issues of international taxation, the prohibition of money laundering, and compliance systems.
- The Chief Compliance Officer Area operates in accordance with a group compliance policy approved by the board of directors and

updated annually. The compliance policy sets forth principles and rules regarding the prohibition of money laundering (including severe tax offenses) and financing of terrorism, compliance and enforcement in securities, conflicts of interest, compliance in international taxation, the fairness of the bank towards its customers, advising customers, protection of privacy (excluding information-technology aspects), taxation aspects relevant to products or services for customers, prevention of bribery and corruption, competition law, prevention of discrimination, conflicts of interest, and more.

Compliance risk also includes the risk of violation of international sanctions and lists of designated parties. This risk is addressed through monitoring, analysis, and implementation of international sanctions and lists of designated parties; monitoring of international money transfers; and monitoring of accounts opened for customers and banking activity in the accounts. International sanctions have expanded due to factors including the Russia-Ukraine War, and later the Swords of Iron War. International sanctions have been imposed on Israeli individuals and non-profit organizations due to their activities in the West Bank.



The policy emphasizes corporate control and the interaction with subsidiaries and branches in and outside Israel, based on the directives of laws that pertain to the activity of the bank, such as Proper Conduct of Banking Business Directive 308; the Prohibition of Money Laundering Law, 5760-2000; the Counter-Terrorism Law, 5776-2016; Proper Conduct of Banking Business Directive 411; Proper Conduct of Banking Business Directive 306; the Securities Laws; amendments to the Income Tax Ordinance; and relevant Income Tax Regulations.

In order to comply with the directives of the law and with the group-level compliance policy, the Chief Compliance Officer Area conducts activities including identification of main exposures and risk areas; risk assessment; procedural, qualitative, and quantitative controls applied to compliance with directives that regulate the relationship between the bank and its customers, and to the prohibition of money laundering and financing of terrorism; operation of a structured system of controls applied to compliance with the Securities Laws; development of training systems; knowledge management and infrastructure surveys; analysis of new products and services; system development; and more.

Functions supervising the activity of the Compliance Area and the effectiveness of compliance risk management at the bank:

- ◆ The board of directors' committee on risk management and control and the audit committee.
- ◆ The board of directors and management of the bank, who receive quarterly and annual reports regarding the current principal exposures and risk concentration areas in the group; progress on the work plan; and measures and activities such as controls, mapping of knowledge gaps, organizational learning, technological and other projects in this field, reports to the Israel Money Laundering Prohibition Authority, reports of exceptional events, and violations.

The compliance officer can also report directly to senior management and the board of directors if necessary, as part of the ways of securing the status of the compliance function at the bank.

Monitoring and control processes

The control framework at the bank group consists of three lines of defense:

- ◆ First line of defense (business units, including headquarters and unit compliance officers) – Controls applied within the units by two functions:
 - ▶ Business functions apply controls to processes pertaining to the activity of existing customers and internal processes at the bank.

- ▶ Compliance officers and enforcement trustees at the business units apply controls to the first line of defense.
- ◆ Second line of defense – The chief compliance officer, the Risk Management Division, the Finance Division, the head of information security, and Legal Counsel.
- ◆ Third line of defense – Controls applied by internal audit to compliance issues and the second line.

Training in the area of compliance

Fair business conduct and the identification of unusual customer activity are critical to compliance risk. Accordingly, we take various measures to instill a culture of compliance and maintain professional competence, including instructional content and tools integrated into training and work processes of managers and bankers. Training is conducted both online and in person, in individual and group settings, as necessary.

Each year, all employees (including relevant part-time and external employees) are required to complete learning modules on compliance issues through tutorials on subjects including the prohibition of money laundering and prevention of terrorism financing, securities enforcement, conflicts of interest and favors, international taxation directives such as FATCA and CRS, the protection of privacy, competition law, and more.

~91%
of employees completed
learning modules on
these subjects in 2024

Resources available to employees seeking advice or reporting on relevant issues:

- ◆ The network of branch/regional/area/divisional compliance officers.
- ◆ The Subjective Reporting System (Madas).
- ◆ The compliance site on the banking portal.
- ◆ The Chetz ("Thinking Compliance") Expert Center, for support on the subjects of the prohibition of money laundering, CRS, FATCA, and the use of compliance systems. The center can be contacted through an online system or by telephone.
- ◆ The professional units and the chief compliance officer (contacted by email or telephone).
- ◆ A system for anonymous queries.

As part of the process of instilling compliance culture at the bank, the Chief Compliance Officer Area holds compliance and training sessions at branches and relevant units of the bank, as part of an annual learning process, with the aim of obtaining an unmediated impression of work processes related to compliance, listening to the voices in the field, and identifying and examining compliance risks.

Prohibition of money laundering and financing of terrorism

The bank sees the management of money laundering and terrorism financing prevention risk as vital to the international fight against terrorism and organized crime, and to the goal of protecting the stability and credibility of the bank. The bank has therefore established policy on the prevention of money laundering and terrorism financing, aligned with

the provisions of the law, which sets forth binding standards for the Bank Hapoalim Group. Highlights of the policy and standards can be viewed on the bank's website.

The policies and procedures of the bank for the prevention of money laundering and terrorism financing include ordered means and measures, such as the Know Your Customer procedures, which consist of:

- ◆ Identification requirements, prior to opening a customer account or altering an existing account, for familiarization with the customer's identity, occupation, and source of assets and capital, as well as the purpose and circumstances of the opening of the account. For business clients, including corporations, the examination also encompasses ownership structure, control, and affinity relationships.
- ◆ Verification of information using various means, such as face-to-face identification, declarations, questionnaires, documents, data, reports, and publicly available information, as well as relevant external parties. Expanded due-diligence testing is conducted as necessary, according to customer profiles.
- ◆ Monitoring, tracking, controls, and routine updates of information regarding existing accounts, to ascertain that transactions in an account are consistent with the information available to the bank regarding the customer, including the customer's profile and sources of capital.

Ordered procedures apply to the required due diligence and controls for routine monitoring of the customer's activity in accounts opened or administered for a PEP (politically exposed person) in Israel or

in a foreign country. Opening an account for a foreign PEP requires approval by senior management; in the event that risk exposure is identified, the approval of the chief compliance officer is required, as well as monitoring of the activity and checks of the Israeli designated terrorism list, the OFAC list, the OFSI list, and the lists of the European Union and United Nations. International sanctions are updated frequently, requiring caution, supervision, and full implementation, including in monitoring and operational systems.

In accordance with the law, documentation of documents, transactions, and information pertaining to the prevention of money laundering and terrorism financing is retained in the records of the bank for at least seven years. Training on the prohibition of money laundering and terrorism financing is provided to bank employees both in person and through tutorials and knowledge pages on the portal, along with formalized lessons-learned procedures. From time to time, as decided by the chief compliance officer, content experts perform professional examinations as a control over monitoring processes of the bank for the prevention of money laundering and terrorism financing, in addition to the periodic audits and the checks by the Supervisor of Banks.

Within our strict compliance with the law, Bank Hapoalim is committed to accepting only declared funds in its customers' accounts, whether they are residents of Israel or of other countries. The bank is required to avoid situations in which money is received into a customer account that has not been declared to the tax authorities in Israel, or to the tax authorities in the customer's country of residence; we exercise special caution with respect to offshore countries.

Operating during wartime

The war and state of emergency have intensified compliance risks related to the financing of terrorism. Caution, supervision, and full implementation are required, including rigorous monitoring of designated terrorism lists, seizure orders, and meticulous reporting to the Israel Police and the Israel Money Laundering Prohibition Authority on unusual activity that raises suspicions of terrorism financing in view of the current situation. When the war and emergency began, the Chief Compliance Officer Area worked to adjust its activity and the activity of the bank to the heightened risks, particularly the risk of terrorism financing:

- ◆ Rigorous, quick monitoring.
- ◆ Adaptation to new regulatory directives, and alertness and adjustment to relevant publications, in Israel and globally.
- ◆ Informing employees of guidelines and procedures adapted for this period.
- ◆ Unique absorption and training programs for compliance teams and business lines, as necessary.
- ◆ Addition of compensatory controls for the prevention of terrorism financing, and wider sampling.
- ◆ Rules established regarding the transfer of donations to bank accounts: in view of the more extensive donations, in Israel and from overseas, we formulated compliance rules applicable to a rapid "green track" for receiving donations, while setting up red flags to identify donations that may be used to finance terrorism. As part of this effort, a call center was set up at the Chief Compliance Officer Area to provide a rapid response on compliance issues relevant to donations.



Photo: Hadar, the son of Aviad Israeli, a bank employee, as part of the book "Memories in Pictures" produced marking one year of Swords of Iron War.

Prevention of conflicts of interest

A conflict of interest emerges when a person who has a certain role at the bank simultaneously has another contradictory interest that may influence their decisions, as an extraneous consideration. Bank employees (or anyone else acting on behalf of the bank) who find themselves in a conflict of interest must act to avert this situation. The employee should report the conflict of interest, in writing, to a supervisor or any other responsible function, and refrain from participating in any activity relevant to the issue. As a preventive measure, employees (or anyone else acting on behalf of the bank) are responsible for avoiding exposure to information that may cause them to be in a conflict of interest.

At a large organization providing global financial services, actual and potential conflicts of interest may emerge in various areas and circumstances. The bank aims to map and manage such situations, while minimizing conflicts of interest during its business activities. The procedure on conflicts of interest at the bank sets forth principles and guidelines for the identification, analysis, and management of situations of a conflict of interest; this issue is also addressed in the bank's code of ethics. The prevention of conflicts of interest is managed at the bank as part of the management of compliance risk by the chief compliance officer, under the supervision of management and the board of directors.

Information security and cyber defense

We see information security and cyber defense as vitally important, and invest extensive technological and human resources to protect customers' privacy, the confidentiality of banking information, and the assets of our customers and of the bank, using some of the most advanced cybersecurity methods and information-security products in the world.

At the outbreak of the COVID-19 pandemic in 2020, the bank stepped up its capabilities to work with customers remotely, leading to greater risk of exploitation by cyber criminals. Cyberattacks increased around the world, particularly in the form of extortion, impersonation, and theft of money; we saw the sophistication of such attacks grow, and incidents of large-scale leakage of personal and private information were widely reported in the media. Given this complex situation, the bank's cyber defense units mobilized to support change in the conduct of the bank and its customers, and prepared to quickly deliver the safest possible solutions for business continuity. Since the outbreak of the Swords of Iron War, attempted attacks and cyber threats against the bank have increased; the attributes of the cyber defense systems have been adjusted accordingly.

Cyber defense at the bank is managed according to the requirements of the Bank of Israel, specifically Proper Conduct of Banking Business Directive 361, "Cyber Defense Management"; Proper Conduct of Banking Business Directive 357, "Information Technology Management"; Proper Conduct of Banking Business Directive 362, "Cloud Computing"; Proper Conduct of Banking Business Directive 363, "Supply Chain Management"; Proper Conduct of Banking Business Directive 366, "Reporting of Technological Failures and Cyber Incidents"; and Proper Conduct of Banking Business Directive 367, "E-Banking." In addition, preparation for the implementation of the requirements of Proper Conduct of Banking Business Directive 364 has been initiated, in advance

of its inception in May 2026. The bank is also certified under the information-security standards ISO 27001 and ISO 27032 for all of its information-technology infrastructures; compliance with the standards is validated annually by an independent licensed external reviewer.

Information security and cybersecurity are discussed by the technology, innovation, and information security committee and the risk management committee of the board of directors. The committees supervise the management and implementation of these matters at the bank, and conduct semiannual reviews of achievement of the goals of the annual work plan. The committees also hold periodic discussions of the overall information-technology strategy and policy of the bank. Details regarding the members of the committee and their professional experience in this field are included in the annual report and available on the website of the bank. The board of directors of the bank also receives reports of material events and findings from security surveys and periodic penetration tests. In 2024, there were no cyber attacks that exposed or leaked sensitive information, including data on employees and customers, and no fines or penalties were imposed on the bank in this area.

The information security and cybersecurity policies of the bank apply to most parts of the group, while a few subsidiaries operate independent information security and cybersecurity systems, due to the nature of their activities, in the spirit of the policy of the bank, with the adjustments required by regulation. In addition to internal control

systems, external parties review the information-security and cyber defense policies and systems: external consulting firms engaged by the bank conduct quality assurance processes from time to time with regard to policy implementation and measures taken by the bank in this field, and the Cyber Unit at the Bank of Israel conducts ongoing oversight.

Cyber defense at the bank is managed by the chief information security officer (CISO), reporting to the head of the Information Technology Division. The unit oversees the cyber defense activities of the bank and has responsibilities including the following:

- ◆ Managing the bank's cybersecurity systems.
- ◆ Advising the board of management of the bank on cybersecurity issues.
- ◆ Assisting the bank's management in establishing and enforcing cybersecurity policy.
- ◆ Developing a comprehensive, detailed plan for coping with cyber risk at the bank, and monitoring and tracking implementation of the plan.
- ◆ Promoting awareness of cybersecurity threats, and conducting training on ways of addressing the threats.
- ◆ Overseeing and monitoring cybersecurity incident management.

The cyber defense strategy of the bank focuses on in-depth protection of banking activity, based on several principles:

- ◆ **Proactive defense** – Developing capabilities for real-time response to cope with advanced threats and attacks, operating advanced intelligence services, conducting

organizational resilience tests, and implementing advanced technologies.

- ◆ **Deep defense** – Embedding multiple layers of defensive technologies and cybersecurity controls, in areas including human resources, organizational infrastructures, policies, procedures, technologies, business aspects, and more.
- ◆ **Encryption** – The bank encrypts information between its internal and external systems, as well as within the network of the bank, in line with regulatory requirements, prevailing standards, and risk assessments.
- ◆ **Information access control** – The bank has formalized processes to manage users and authorizations, compartmentalize, and monitor access, aimed at preventing unauthorized or excessive access to IT infrastructures, systems, and databases.
- ◆ **Readiness for events** – Alongside its efforts to prevent information-security incidents, the bank prepares to cope with possible events. Contingency plans for stress events and significant cyber incidents are challenged accordingly. The plans are updated routinely based on the risk map, lessons learned, and regulatory directives. This ongoing activity also includes drills of possible scenarios by relevant parties, application of an alert system to detect attacks, and the development of tools to cope with such events.
- ◆ **Resilience and recovery** – Investment in plans to preserve business continuity and recover from logical failure events and cyberattacks.
- ◆ **Raising awareness of cybersecurity** – The bank regularly holds lectures aimed at highlighting the threats and risks and teaching secure practices, with content updated from time to time. These activities are designed for bank employees (including external and part-time employees), subsidiaries, and directors of the group. Other efforts are focused on raising

awareness among customers and suppliers, through lectures, notices on the bank's website, the publication of articles, and activities with the Financial Education Forum at the Bank of Israel to raise public awareness of digital fraud. Participation in lectures to promote awareness of cybersecurity threats is mandatory for certain categories of employees, such as users with high-level permissions, high-sensitivity units, employees with serial failures in phishing drills, and others.

- ◆ **Supply-chain audits** – From time to time, as necessary, the bank performs information-security audits of its suppliers, based on its requirements in the areas of confidentiality and information security, also addressing compliance with the Privacy Protection Law. The audits include inspections of infrastructure technologies, resilience tests, risk surveys, oversight of organizational processes and compliance with working procedures, physical security review, and penetration tests.
- ◆ **Continual examination** – Routine information-security testing of the bank's systems, including through independent external consultants, according to regulatory requirements. The compliance of the bank with the cyber defense policy and with the directives of the Bank of Israel is also assessed periodically. Security surveys and evaluations of the bank's resistance to risks are performed regularly, including information-security surveys. Systems categorized as high risk by the bank are surveyed before the implementation of major changes and the activation of new systems, and at least once in eighteen months. The surveys are a means of ensuring that the bank's systems are protected against penetration, unauthorized access, and damage. As noted, surveys are performed by independent external professional parties, to

prevent conflicts of interest. Material findings are reported to the board of management, the board of directors, and/or the relevant committees. We also work to continuously adapt the defensive system to the accelerated changes and developments in the digital field, particularly in the context of new product development. In 2024, the bank conducted vulnerability analyses, including simulated hacker attacks, through an independent external company, along with additional reviews of its information-technology systems and infrastructures.

- ◆ **Corporate governance** – Cybersecurity risk management methodology is formulated by the board of directors and board of management of the bank, to establish methods of risk management from an integrative organization-wide perspective; the subsidiaries and international offices of the bank are provided with guidance regarding the appropriate implementation of the bank's cybersecurity policies.
- ◆ **Human capital** – Suitable personnel are hired to put the bank's cybersecurity initiatives and decisions into practice and maintain a high level of professional expertise, through various means. Cybersecurity metrics are also included in performance evaluations of senior executives in this area. Employees, including external workers, are required to comply with the bank's rules and procedures in the area of information security; breaches are handled according to the compliance procedures at the bank.

The information security operations center (SOC) at the bank is responsible for managing the response to all cybersecurity events and fraud attempts in real time. The SOC is staffed by analysts and investigators who use automated tools, operating 24/7. Targeted work processes are employed to identify and address cybersecurity and fraud

incidents. The bank has an incident response plan based on accepted practice in this field that specifies the required actions in the event of a cybersecurity incident, such as classification of the severity of the incident, allocation of resources to prevent recurrence or escalation, and reporting procedures. SOC personnel receive ongoing training in this area. The bank regularly examines the efficiency of threat treatment plans and its capability to respond to events, according to known and emerging threats. Business continuity plans at the bank also address coping with cyber incidents and establish scenarios, procedures, and responsibilities. Enterprise-wide procedures and contingency plans in this area are examined and updated at least annually, and the main points of the plans are presented to management and the board of directors for approval.

The information-security team guides projects related to information systems at the bank from inception, throughout the development and maintenance stages, and ascertains that development processes are secure and that rules and procedures are rigorously followed, including procedures on the protection of privacy of information and compartmentalization of access to information. Three lines of defense serve to ensure effective

cyber risk management at the bank:

- ◆ **First line of defense** - The Information Technology Division and the Information Security and Cyber Defense Unit.
- ◆ **Second line of defense** - The Risk Management Division and the Cyber Risk Management Unit.
- ◆ **Third line of defense** - A dedicated organizational unit within internal audit whose members have the relevant professional training and experience. The unit examines the soundness and effectiveness of cybersecurity risk management processes and relevant controls, according to the objectives established by the bank.

In 2024, we continued to invest in raising awareness of cybersecurity risks, secure practices, and information leakage risks, based on the recognition that the human factor is an important element of security.

- ◆ We held lectures to raise awareness of cybersecurity and information leakage risks for bank employees, subsidiaries, customers, and boards of directors in the group.
- ◆ Employees completed annual tutorials on cybersecurity and the prevention of information leakage. Employees with special authorizations completed additional tutorials on secure remote connections and privileged users.
- ◆ All employees participated in quarterly phishing drills and other specific drills.
- ◆ We posted signs on the premises of the bank and sent out emails and newsletters on cybersecurity issues and prevention of information leakage.
- ◆ We published a quarterly magazine reviewing risks and developments in cybersecurity. The magazine is available to employees on the organizational portal and can be distributed to external stakeholders.
- ◆ We issued detailed manuals for employees and the general public on improving personal cybersecurity and protecting instant-messaging apps.
- ◆ We published articles in newspapers and gave radio interviews on cybersecurity and digital fraud awareness.

2024 plans - status

Plans	Status
Adapt operational defense to developing threats.	✓ Completed
Increase the use of automation in information security.	✓ Completed
Examine innovative information-security products.	✓ Completed

Future Plans

- Improve the customer experience in the area of cyber defense.
- Improve work processes while adapting to evolving regulation.
- Promote innovation in cybersecurity.

Protecting customers' privacy

The protection of privacy at Bank Hapoalim is established and managed in accordance with the Protection of Privacy Law, 1981, the Protection of Privacy Regulations, and other relevant laws, and is subject to supervision by the Privacy Protection Authority. Bank Hapoalim applies a comprehensive, innovative privacy policy, written and approved according to the developments in this area in recent years. The privacy policy of the bank applies to the group as a whole; relevant subsidiaries commit to the policy with the necessary adjustments for their activities. This policy also applies to suppliers, service providers, and other stakeholders, and may vary according to the type of service, including various online services.

The privacy policy of the bank addresses the ways in which information is collected from users and visitors of the bank's online channels, consent for the use of information, protection of personal information, protection of banking secrecy, and more. In addition to the approval of the policy by the board of management and board of directors, it is discussed by the audit committee and the corporate governance committee. The board of directors of the bank is responsible for supervising the implementation of the policy at the bank, including annual examination of the policy; supervision of exposure levels, with discussion of the principal risks; and supervision of the bank's treatment of breaches and suspected breaches of the privacy protection laws. Privacy policy is examined at least annually and updated as necessary. Breaches are investigated and addressed through disciplinary measures.

The protection of privacy at the bank is managed by extensive professional staff, including privacy protection supervisors at the divisions and privacy protection supervisors at areas and units with higher-sensitivity activity in this respect. The chief compliance officer serves as the control and enforcement function for the implementation of the policy at the bank. Information-technology aspects, including information security and cybersecurity, are under the responsibility of the Information Technology Division (for further information, see the section "Information security and cybersecurity"). We continually work to optimize the protection of customers' privacy, to the extent possible, and include privacy protection considerations in the process of developing new products at the bank.

Implementation

The privacy protection functions of the bank are responsible for implementation and oversight of the protection of privacy procedure, identifying and remedying gaps, and providing instruction and training to all relevant parties. Training is based on annual training programs conducted in person, as well as through online tutorials, for employees and bankers in relevant roles (including external workers). All employees of the bank⁷ are required to complete a tutorial on this subject once a year. Information and procedures on the protection of privacy are posted on the bank's portal.

Control processes

In 2023, we carried out a validation procedure of the mapping of processes that use customers' personal information and examined the legal foundation for the use of the information (consent-based or legally permitted). A comprehensive formal risk assessment in the area of the protection of privacy is performed annually, to map privacy risks and examine their impact on user data. Controls are applied routinely throughout the year. Aspects of privacy protection, information security, and cyber defense are examined during the development of new banking products and services.

Customer consent

In general, our data collection conforms with privacy protection laws and is undertaken with the consent of the subjects of the information, as required. Customers who use the online services of the bank are informed directly of the type and nature of personal information collected, the channels through which it is collected, the purposes for which it is used, and the manner in which it is processed. The bank uses a consent management system to allow customers control over the transfer of information to third parties for the purpose of customization of offers in the digital channels. As part of consent management, the bank ensures that the communication with the customer is accompanied by a message informing them whether they are submitting the information under a legal obligation,



31 training sessions were held in 2024; hundreds of bank employees participated

⁷ Including external and part-time workers.



or according to their wish and freely given consent. The use of e-banking services is based on opt-in customer consent; the option to cancel the service by opting out is provided. Materials regarding information security and recommendations for safe use of the online channels are available to customers on the bank's website, in Hebrew.

Information is only transferred to third parties under a legal requirement, such as a judicial order, or based on customer consent. In the event of information transfers that are unusual in reference to an ordinary business procedure to which the customer has consented, we are required to have the customer sign a banking secrecy waiver. Customers can refrain from signing the form if they do not wish the information to be transferred. All information transfers to third parties are performed for the purpose of the provision of banking services. No information transfers are performed for non-banking purposes, such as selling information to a third party engaged in collecting and selling information to various interested parties.

We are committed to the protection of banking secrecy, and we are not permitted to disclose information to third parties regarding customers' accounts, business, conduct, or any other matter related to the bank-customer relationship. Information is submitted to government authorities in accordance with the law or under a judicial order. Our duty to maintain banking secrecy is not limited to the period of the legal contract or relationship between the bank and the customer; it also applies to the period following the closure of a customer's account, or following a customer's death, for an unlimited duration.

The bank has a zero-tolerance policy for breaches of the requirements of the bank in the area of privacy. Breaches of the directives of the bank lead to comprehensive investigation of the facts of the incident, a lessons-learned process, disciplinary proceedings if necessary, and the imposition of disciplinary penalties on employees, according to the circumstances.

Retention of information

Pursuant to the Privacy Protection Regulations (Information Security), records of business and technological actions are retained in the databases of the bank. We maintain a large number of physical, administrative, and technological controls, such as encryption, information access control, compartmentalized authorizations, monitoring tools, protective tools, and more, in order to protect the various aspects of information, including its confidentiality, completeness, and availability (for further information, see the section "Information security and cyber defense").

Access to information on the bank's computers concerning the customers of the bank is permitted exclusively to trained bank employees, solely for the purposes of their work. The period of time for which customer information is retained varies according to the business process and the information collected. Information retention also meets customer expectations regarding information retrieval services provided by the bank. Each year, hundreds of requests

for historical information retained on the bank's systems are submitted to the bank. Pursuant to Section 13 of the Privacy Protection Law, every person is entitled to peruse information retained about them in the databases of the bank, in person or through a representative, by submitting a request. In addition, in accordance with Section 14 of the law, the bank permits requests for amendment or deletion of erroneous information to be submitted, in writing, with details of the request.

In accordance with the guidelines of the Privacy Protection Authority (PPA), in cases of leakage of personal information, the bank immediately informs the PPA, reports to management and the board of directors if necessary, and acts according to the PPA's instructions to inform the subjects of the information who may be harmed by the leak. In 2024, seven recorded customer complaints concerning breaches of privacy and banking secrecy were found to be justified. These cases were studied, and the requisite conclusions and lessons were drawn.

Future Plans

Complete the preparations of the bank for the inception of Amendment 13 to the Privacy Protection Law.

Committed to compassion, equality, and non-discrimination

Bank Hapoalim is a major financial institution in Israel, with a direct impact, as an employer and as a service provider, on more than 2.5 million people, and an indirect impact on a wide circle of stakeholders. This extensive influence obligates us to act responsibly towards the community and society in and beyond Israel, and to protect the human rights of all of the stakeholders of the bank, including employees, customers, members of the community, suppliers, and supply-chain workers.

We believe in the equality of all people and in their fundamental rights, as reflected in the Universal Declaration of Human Rights of the United Nations, and in the principles set forth in the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization. Based on this philosophy, the bank has signed the UN Global Compact on the protection of human rights and labor rights, protection of the environment, and fighting corruption.

The protection of human rights is an integral part of the value system underpinning the business and social activities of the bank, including the provision of services and products, which proclaims that every person should be treated with decency and respect, regardless of race, religion, ethnicity, country of origin, gender, sexual orientation, physical or other disability, place of residence, views, political association, age, marital status, or any other factor that is not financial in essence.

Our commitment to our customers

As a professional financial institution, our conduct is guided by practical considerations and detached from any political perspective. We are committed to delivering service to all of our customers, regardless of any of the factors noted above. We serve a diverse customer base through a broad nationwide branch network, emphasizing the creation of value adapted to the needs of specific sectors, such as the Arab population, the ultra-orthodox (Haredi) population, senior citizens, and people with disabilities. During the development process of financial products and service channels, potential impacts on society and the environment are assessed, and considerations pertaining to the protection of human rights and accessibility to the various segments of the population are taken into account.

We work to protect our customers' privacy through strict adherence to formalized procedures and by following the clear policy established in this area, in line with the Protection of Privacy Law. The bank's policy reflects its commitment to ensuring the availability, confidentiality, completeness, and reliability of customer information. We accord high importance to information security and cyber defense, and we invest extensive resources, both technological and human, to maintain customers' privacy and the confidentiality of banking information in all channels, through the use of some of the most advanced cyber defense methods and information-security products in the world. The bank's activity in the area of generative artificial intelligence applications is grounded in a dedicated guidelines document that emphasizes the importance

of avoiding discriminatory or illegal outcomes of the use of generative artificial intelligence and the need to obtain the consent of customers, employees, and stakeholders who receive the service.

Our commitment to our employees

We are guided by the universal norms and principles of the assurance of human rights in employment, as specified in the UN Global Compact (UNGC) and in the declarations of the International Labor Organization (ILO), including, among other matters, with respect to the freedom of association and the freedom to conduct collective negotiations. As part of our commitment to our employees, we care for their health and well-being, and we provide an appropriate and responsible work environment free of discrimination, harassment, or mistreatment. The bank has a zero-tolerance policy for sexual harassment; based on this approach, a senior executive has been appointed to instill the sexual-harassment prevention policy among all employees and managers.

The employees of the bank are committed to the principles set forth in the bank's code of ethics and to action guided by the values of fairness, compassion, and responsibility. We are committed to the employment and promotion of our employees based on their professional qualifications, without discrimination or exclusion due to gender, ethnicity, religion, culture, sexual orientation, views, or any other non-pertinent factor. We do not employ children or minors in contradiction of the provisions of the law, and we do not practice forced employment of any kind. We compensate our employees appropriately and we respect their right to association and collective representation. The protection of rights in the area of employment is monitored by various means, such as satisfaction surveys, regular tracking and processing of employee inquiries, and continual dialogue with employees.

Our commitment to our suppliers

In view of the aspiration to protect the rights of all workers in the supply chain, suppliers of the bank are asked to sign the Commitment to Responsible Conduct, which sets forth binding rules encompassing required behavioral norms in the workplace and the protection of appropriate terms of employment, including aspects of human rights, such as child labor and forced employment. We ensure that the rights of external contractor employees are protected, through the signing of a code of ethics for contractor employees, through the operation of a dedicated hotline for these workers at the Human Resources Area, and through monitoring procedures conducted by an external firm to provide assurance that workers' rights are protected. We also promote suppliers who

embed social values in their activity, including employment and support of disadvantaged population groups in Israeli society.

Our commitment to the community

We consider ourselves an integral part of the community within which we operate, and therefore committed to social action and activities to aid and empower disadvantaged population groups, aimed at providing equal opportunities and promoting the protection of human rights and human dignity. We lead many projects and collaborations, emphasizing initiatives in socially and geographically peripheral areas. As part of this effort, we support an extensive range of activities by community organizations promoting the human rights of various population groups and segments in Israel. One reflection of this approach is our efforts to promote accessibility in Israeli society, by developing and improving access to banking products targeted to this cause, and through extensive collaborations with social organizations, with the aim of enabling people with disabilities to exercise their fundamental right to receive full service, independently and with dignity.

Our commitment to corporate governance principles and core values

As a part of the banking system in Israel, we conduct ourselves according to the principles of sound corporate governance, as reflected in the legislative and regulatory environment in which we operate, including the banking laws that delineate the boundaries of our business. The bank is subject to continuous supervision by the Bank of Israel and additional local regulators, as well as by international institutions, such as the FATF and others. Alongside our obligation to comply with legal norms, our activity is guided by our core values, which are grounded in our code of ethics. All employees are encouraged to report any incident or suspected case of conduct inconsistent with the code of ethics, including aspects pertaining to the protection of human rights. To ensure that employees who raise such issues are protected and do not suffer due to their report, a whistleblower procedure is in place to enable employees to report incidents in safety from harm or harassment, including dismissal. All reports are investigated, and appropriate action is taken if necessary. The Ombudsman Center at the bank serves customers and the general public, and is at their disposal on any matter pertaining to interfaces with the bank and the service provided by the bank, including human-rights issues. All cases are rigorously investigated and addressed accordingly. The service compact on customer communications is displayed to customers at the branches of the bank, on the bank's website, and at self-service stations.



יחד נעטוף את יתומי ה-7 באוקטובר ונצייר עבורם עתיד טוב יותר

תרמו עכשיו באפליקציית ביט
ובאתר עטופים באהבה



ESG metrics - multi-annual development

Environment¹

Topic	Metric	2024	2023	2022	2021	2020
Environmental credit	Balance of credit (balance sheet and off-balance sheet) for projects promoting protection of the environment (in NIS billions)	32.05	28.2	19.5	13	10.9
Energy consumption	Total electricity consumption (kWh)	65,596,536	67,688,900	71,210,656	74,215,420	79,366,534
	Electricity consumption per m ² (kWh)	230.1	233.1	244.5	252.7	258.9
	Percent annual change in electricity consumption (year-on-year)	-3.1%	-4.9%	-4.0%	-6.5%	-4.5%
	Diesel fuel consumption (liters, for transportation and generators)	23,238	69,476	72,018	29,000	16,102
	Gasoline consumption (liters, for transportation)	1,632,390	1,683,093	1,802,626	1,915,882	1,851,816
	Total consumption of electricity, diesel, and gasoline in MWh	80,694	83,712	88,348	91,953	96,391
Consumption of materials	Paper consumption (tons)	561	613	653	806	908
	Water consumption (m ³)	60,816	62,913	64,695	61,954	68,488.4
Waste treatment	Paper recycling (tons)	190.8	179.1	248.2	376.9	487.5
	Cardboard recycling (tons)	2.2	24.6	50.4	59.5	45.4
	Recycling of electronic waste (tons)	62	72.2	61.3	47.8	96.1
	Responsible removal of construction waste (kg)	2,265.6	2,427.6	2,095.2	1,992	1,972
	Responsible removal of fluorescent bulbs (kg)	840	420	1,140	826	1,128
	Total waste (tons)	258.1	278.8	363.2	487	632.1
	Total waste sent for recycling (tons)	255	275.9	359.9	484.2	629
	Total waste sent for dismantling and landfilling by licensed disposal contractors (tons)	3.1	2.8	3.2	2.8	3.1
Carbon footprint	Carbon footprint (tons CO ₂ e)	34,477	36,888	38,905	41,003	45,003
	Scope 1+2 greenhouse-gas emissions	33,027	35,638	37,614	40,065	44,030
	Percent annual change in carbon footprint (year-on-year)	-6.5%	-5.2%	-5.1%	-9%	-6%

1. The environmental metrics presented in the table are stand-alone data for the bank in Israel, excluding environmental credit data for 2024, which are presented at the level of the bank group. Electricity and water consumption data for 2023 have been adjusted (the carbon footprint was adjusted accordingly). At the date of publication of the report, we did not have full data yet on electricity and water consumption in 2024. A conservative estimate was therefore made based on water consumption data for the corresponding period in the preceding year. The figures for 2024 in next year's report will be adjusted retroactively based on the precise data.

Social²

Topic	Metric	2024	2023	2022	2021	2020
Accessibility of banking services to a wide range of customers	Number of branches of the bank (retail)	159	160	166	174	189
	Percentage of accessible branches and buildings	100%	100%	100%	100%	99.5%
	Number of ATMs and self-service devices accessible to people with blindness	969	1,059	1,143	1,218	1,301
	Percentage of branches located in geographically peripheral regions	43%	43%	43%	41%	41%
Community	Investments in the community (NIS millions)	127.4 ³	145.8 ⁴	37.7	35.9	50.5
	Number of employees who volunteer	5,000	5,000	4,300	4,300	4,000
Employment profile	Number of employees of the bank (stand-alone)	7,735	7,891	7,466	7,788	7,757
	Percentage of employees under collective agreements	83.5%	84%	84.1%	85.8%	87.2%
	Percentage of employee absences due to illness (including reported illness and employee declarations; not including illness of a family member)	4.31%	3.99%	5.87%	5.03%	5.8%
Diverse employment at the bank	Women as a percentage of total employees	65%	65.2%	64.7%	65.3%	65.5%
	Women as a percentage of total managers	57.3%	56.8%	56%	55.4%	54%
	Percentage of women in senior management ⁶	39.6%	41.1%	37.9%	34.6%	35.1%
	Percentage of employees from underrepresented population segments	13.8%	13.6%	12.3%	11%	11.7%
	Percentage of hires from underrepresented population segments	19.9%	22.1%	24.5%	22.4%	21%
	Percentage of degree holders	71%	70%	72%	71%	71%
Training and development of human capital	Number of days of study per year	45,539	25,934	26,585	39,467	28,255
	Average annual hours of learning per employee	32	24.2	26.6	40.5	28.6
	Investment in professional training for bank employees (in NIS millions)	67	63	65	57	42
	Percentage of employees who received annual feedback on performance evaluation	95%	98%	98%	97%	99%
	Percentage of participants in the Organizational and Cultural Change Index (until 2019, the Organizational Climate Survey)	82.5%	83.3%	81%	81%	70%

Corporate governance⁷

Topic	Metric	2024	2023	2022	2021	2020
Economic performance (NIS millions)	Total revenues	21,960	21,382	17,920	14,392	13,176
	Net profit attributed to shareholders	7,635	7,360	6,532	4,914	2,056
	Operating and other expenses	9,007	8,231	7,972	7,803	7,501
	Of which, salaries and related expenses	4,486	4,492	4,387	4,333	3,836
	Tax payments	4,854	3,523	2,032	1,604	1,716
	Dividends paid to shareholders	2,284	2,431	1,464	1,478.8	720
Direct economic value for stakeholders	Economic value distributed by the bank group to stakeholders: operational expenses, salaries and related expenses, donations and sponsorships, provision for taxes, dividends; in NIS millions	16,313 ⁸	14,592	12,459	12,237	9,091
Board of directors	Number of board members (as of the end of the reporting year)	10	10	10	9	9
	Percentage of women on the board of directors	40%	40%	40%	33%	22%

2. The social metrics presented in the table are stand-alone data for the bank in Israel, excluding data regarding donations and community investments, which are presented at the level of the bank group.

3. Includes the Financial Growth Center and the Impact Fund; includes NIS 47 million allocated from the Rebuild Fund in 2024; and includes a donation of the bank group in the amount of approximately NIS 29 million for assistance for reserve soldiers, through a fund administered by the Jewish Agency.

4. Includes NIS 100 million for the foundation of the R ebuild Fund; includes the Financial Growth Center and the Impact Fund.

5. Includes NIS 19 million donated through the Peretz Naftali Fund.

6. Data for 2020-2023 have been adjusted due to a methodological measurement change.

7. Corporate governance metrics presented in the table are at the level of the bank group. Some of the data reported under "economic performance" have been reclassified, according to the financial statements of the bank for 2024.

8. Including buyback of shares. For additional information, see the financial statement of the bank for 2024, in the report on changes in equity.

Criteria for classification of green credit at Bank Hapoalim - categories and thresholds

Category	Project types ²	Environmental thresholds
Renewable energies¹ 	Solar energy	Based on a technical criterion of the Israeli taxonomy draft.
	Thermosolar energy	
	Wind energy	
	Hydropower	
	Geothermal energy	
Clean transportation 	Electric trains	Based on a technical criterion of the Israeli taxonomy draft.
	Electric vehicles	
	Vehicle charging stations	
Green building 	Construction of new buildings	Based on a technical criterion of the Israeli taxonomy. Compliance with the requirements of the following Israeli standards: ♦ Energy rating - minimum A (for residential buildings) / minimum B (for non-residential buildings) based on Israel Standard 5282, and at least 19 points in the Energy Chapter under Israel Standard – Green Building 5281, and at least two stars under Israel Standard – Green Building 5281. Alternatively, compliance with international standards: ♦ LEED (Platinum/Gold) ♦ BREEAM (Outstanding/Excellent)
Waste treatment 	Waste collection	Based on a technical criterion of the Israeli taxonomy draft: Collection of non-hazardous waste transferred separately and separated at source, designated for preparation for reuse or recycling.
	Landfill gas capture and use	Based on a technical criterion of the Israeli taxonomy draft: The landfill gas produced is used to generate electricity or heat as biogas.
	Energy recovery from waste	Economic activity including construction, operation, and maintenance of facilities for energy recovery from waste – the policy of the Ministry of Environmental Protection supports building waste-to-energy plants and sees these facilities as significant contributors to the waste treatment system in Israel.
	Waste sorting facilities	Advanced waste sorting facilities with capacity to sort at least 50% of waste for recycling.
	Recycling facilities	Based on a technical criterion of the Israeli taxonomy draft: Capability for conversion of at least 50% of non-hazardous waste separated at source into secondary raw materials.
	Composting facilities	Based on a technical criterion of the Israeli taxonomy draft: The compost generated is used as a fertilizer or soil improver.
	Projects with the potential for positive environmental impact	Examined individually and categorized separately based on the professional opinion of an external environmental expert.

1. Green credit categorization is based on the nature of the project, or, alternatively, on the nature of the company to which the credit was granted, according to the information at our disposal (public and/or internal information, in communication with the customer).
2. Including the production of renewable energy technologies, according to the technical criteria of Section 3.1 of the Israeli Taxonomy.

Category	Project types ²	Environmental thresholds
Water and wastewater treatment 	Water supply	Water supply at a loss rate of less than 5%.
	Wastewater treatment facilities	Wastewater treatment facilities that meet the following criteria: ♦ At least tertiary treatment. ♦ Effluent quality - unlimited irrigation and/or discharge.
	Desalination plants	Construction, operation, and maintenance of desalination plants. Israel faces heightened water risk that may worsen. Desalination plants contribute significantly to adaptation to climate change.
Energy efficiency 	Projects with the potential for positive environmental impact	Examined individually and categorized separately based on the professional opinion of an external environmental expert.
	Energy efficiency projects in the business sector and in municipal infrastructures	Energy efficiency projects, including the installation and replacement of lighting fixtures and heating, ventilation, and air-conditioning systems with energy efficient devices.
	Energy storage projects	Based on a technical criterion of the draft Green Taxonomy: the activity is the construction and operation of electricity storage.



GRI content index¹

Bank Hapoalim has reported in accordance with the GRI Standards for the period of 1/1/2024-31/12/2024

GRI Standard	Disclosure	Description	Location
GRI-1 Foundation 2021			
GRI 2: General Disclosure 2021	2-1	Organizational details	76,169
	2-2	Entities included in the organization's sustainability reporting	19
	2-3	Reporting period, frequency and contact point	6, 19
	2-4	Restatements of information	28, 57, 58, 65, 149, 202, 203, 220
	2-5	External assurance	216-219, 221
	2-6	Activities, value chain and other business relationships	76, 169, 182
	2-7	Employees	136-139
	2-8	Workers who are not employees	136
	2-9	Governance structure and composition	171-175
	2-10	Nomination and selection of the highest governance body	172
	2-11	Chair of the highest governance body	171
	2-12	Role of the highest governance body in overseeing the management of impacts	31-33, 119, 174
	2-13	Delegation of responsibility for managing impacts	31-33, 119
	2-14	Role of the highest governance body in sustainability reporting	19, 174
	2-15	Conflicts of interest	171-172, 193
	2-16	Communication of critical concerns	174
	2-17	Collective knowledge of the highest governance body	32, 174
	2-18	Evaluation of the performance of the highest governance body	173
	2-19	Remuneration policies	175-176
	2-20	Process to determine remuneration	175-176
	2-21	Annual total compensation ratio	176
	2-22	Statement on sustainable development strategy	4-5
	2-23	Policy commitments	28, 32, 63, 92-94, 111, 135, 147, 148, 184, 186, 190,192,193,199-200
	2-24	Embedding policy commitments	28, 32, 63, 92-94, 111, 135, 147, 148, 184, 186, 190,192,193,199-200
	2-25	Processes to remediate negative impacts	70, 91, 98, 186
	2-26	Mechanisms for seeking advice and raising concerns	188, 190
	2-27	Compliance with laws and regulations	98
	2-28	Membership of associations	119
	2-29	Approach to stakeholder engagement	20-21
	2-30	Collective bargaining agreements	136

1. For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented and accessible to stakeholders , in a manner consistent with the requirements according to the GRI Standards. The service was performed in the Hebrew version of the report.

GRI Standard	Disclosure	Description	Location
GRI 3: Material Topics 2021			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	18
	3-2	List of material topics	19
Corporate governance and regulatory compliance, Management of environmental and climate risks in financing and investments			
GRI 3: Material Topics 2021	3-3	Management of material topics	31-33, 49-55, 190-192
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	203
	201-2	Financial implications and other risks and opportunities due to climate change	35-55
	201-3	Defined benefit plan obligations and other retirement plans	165
	201-4	Financial assistance received from government	The bank did not receive government assistance throughout the reported period
Financial inclusion and accessibility of banking services			
GRI 3: Material Topics 2021	3-3	Management of material topics	101-103
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	101-127
	203-2	Significant indirect economic impacts	101-127
Ethics, fairness, and prevention of corruption			
GRI 3: Material Topics 2021	3-3	Management of material topics	186-189
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	189
	205-2	Communication and training about anti-corruption policies and procedures	189, 191
	205-3	Confirmed incidents of corruption and actions taken	188
Reduction of environmental impacts, Climate change			
GRI 3: Material Topics 2021	3-3	Management of material topics	28, 35, 63, 70-71
GRI 301: Materials 2016	301-1	Materials used by weight or volume	71
	301-2	Recycled input materials used	71, 69
	301-3	Reclaimed products and their packaging materials	70-71
GRI 302: Energy 2016	302-1	Energy consumption within the organization	65-66, 202
	302-2	Energy consumption outside of the organization	Due to the nature of the bank's activity, the topic is not relevant
	302-3	Energy intensity	65, 202
	302-4	Reduction of energy consumption	64-66
	302-5	Reductions in energy requirements of products and services	36-41

GRI Standard	Disclosure	Description	Location
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	58
	305-2	Energy indirect (Scope 2) GHG emissions	58
	305-3	Other indirect (Scope 3) GHG emissions	58-59
	305-4	GHG emissions intensity	58-59
	305-5	Reduction of GHG emissions	58-59, 65-66
	305-6	Emissions of ozone-depleting substances (ODS)	64
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Due to the nature of the bank's activity, the topic is not relevant
Employment conditions and an appropriate work environment			
GRI 3: Material Topics 2021	3-3	Management of material topics	135
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	138
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	164-165
	401-3	Parental leave	160
GRI 402: Labor\ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	159
Management of systemic risks, Business continuity, Mobilizing for stakeholders in emergencies			
GRI 3: Material Topics 2021	3-3	Management of material topics	177, 178, 180
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	180-181
	403-2	Hazard identification, risk assessment, and incident investigation	180-181
	403-3	Occupational health services	180-181
	403-4	Worker participation, consultation, and communication on occupational health and safety	180
	403-5	Worker training on occupational health and safety	181
	403-6	Promotion of worker health	164, 180-181
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	180-181
	403-9	Work-related injuries	181
	403-10	Work-related ill health	203 (Due to the nature of office work, the bank reports all absences due to employee illnesses)

GRI Standard	Disclosure	Description	Location
Employee development and training			
GRI 3: Material Topics 2021	3-3	Management of material topics	154-156
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	157
	404-2	Programs for upgrading employee skills and transition assistance programs	140-141, 155-156, 159, 165
	404-3	Percentage of employees receiving regular performance and career development reviews	142
Employee diversity and inclusion			
GRI 3: Material Topics 2021	3-3	Management of material topics	149-152
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	149, 152, 172-173
	405-2	Ratio of basic salary and remuneration of women to men	147
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	147, No justified complaints of discrimination were registered
Responsible supply chains			
GRI 3: Material Topics 2021	3-3	Management of material topics	182-186
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	182
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	186
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	184
	414-2	Negative social impacts in the supply chain and actions taken	186
Social and community engagement			
GRI 3: Material Topics 2021	3-3	Management of material topics	119
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	119-133
	413-2	Operations with significant actual and potential negative impacts on local communities	58, 71

GRI Standard	Disclosure	Description	Location
Innovation			
GRI 3: Material Topics 2021	3-3	Management of material topics	80-85
Local Communities (Sector supplement)	FS13	Access points in low-populated or economically disadvantages areas by type	75, 80, 105, 203
	FS14	Initiatives to improve access to financial services for disadvantaged people	101-117
Fair and responsible service			
GRI 3: Material Topics 2021	3-3	Management of material topics	92-94
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	92
	417-2	Incidents of non-compliance concerning product and service information and labeling	No incidents were recorded
	417-3	Incidents of non-compliance concerning marketing communications	No incidents were recorded
Information security and customer privacy			
GRI 3: Material Topics 2021	3-3	Management of material topics	194-199
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	199
Development of financial products that promote a green environment			
GRI 3: Material Topics 2021	3-3	Management of material topics	36
Product Portfolio (Sector Supplement)	FS6	Percentage of the portfolio for business lines by specific region, size, and by sector	37, 40
	FS7	Monetary value of products and services designed to deliver a specific social benefit	87
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit	37, 40

Material topics in the report and connection with GRI (SRS) indicators

Management of environmental and climate risks in financing and investments	GRI 201-1: Direct economic value generated and distributed
Climate change	GRI 201-2: Financial implications and other risks and opportunities due to climate change GRI 305: Emissions
Development of financial products that promote a green environment	GRI 203-2: Significant indirect economic impacts
Reduction of environmental impacts	GRI 301: Materials, GRI 302: Energy, GRI 305: Emissions
Fair and responsible service	GRI 417: Marketing and labeling, GRI 418: Customer privacy
Financial inclusion and accessibility of banking services	GRI 413: Local Communities, Product profile (Sector supplement)
Employment conditions and an appropriate work environment	GRI 401: Employment, GRI 402: Labor/Management relations, GRI 406: Non-Discrimination
Employee diversity and inclusion	GRI 405: Diversity and Equal Opportunity
Employee development and training	GRI 404: Training and Education
Social and community engagement	GRI 413: Local Communities
Responsible supply chains	GRI 414: Supplier Social Assessments, GRI 204: Procurement Practices.
Ethics, fairness, and prevention of corruption	GRI 205: Anti- corruption, GRI 419: Socioeconomic Compliance
Information security and customer privacy	GRI 418: Customer Privacy
Corporate governance and regulatory compliance	GRI 2-9: GRI 2-19 (3. Governance), GRI 419: Socioeconomic Compliance.
Innovation	Product profile (Sector supplement), GRI 203-1: Infrastructure Investments and Services Supported, GRI 203-2: Significant indirect economic impacts
Mobilizing for stakeholders in emergencies	No GRI specfic content
Management of systemic risks	No GRI specfic content
Business continuity	No GRI specfic content

SASB¹ INDEX

Topic	Index	Code	Reference
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1	2024 ESG Report: ◆ Information security and cybersecurity p. 194-196. ◆ Protecting customers' privacy, p. 197-199.
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	Report on Risks as at December 31, 2024: H.3. Information security and cyber risks, p.123-124.
Financial Inclusion & Capacity Building ²	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	2024 ESG Report: ◆ Promoting the growth of small businesses p. 86-89. ◆ Financial inclusion, p. 101-117.
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	2024 ESG Report: ◆ Managing climate and environmental risks in business activities, p. 36-40. ◆ Green investments, p. 40. ◆ Issuance of the first green bonds in Israel p. 41. ◆ Climate risk factor detection, assessment, and management processes, p. 45-47, 49-55.
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope	FN-CB-410b.1	2024 ESG Report: Scope 3 measurement in the bank's corporate credit portfolio, p. 58-59.
	Gross exposure for each industry by asset class	FN-CB-410b.2	
	Percentage of gross exposure included in the financed emissions calculation	FN-CB-410b.3	
	Description of the methodology used to calculate financed emissions	FN-CB-410b.4	

Topic	Index	Code	Reference
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	2024 ESG Report: ◆ Fairness, p. 92-98. 2024 Annual Financial Statements: ◆ Note 25C, Legal proceedings, p. 243-251.
	Description of whistleblower policies and procedures	FN-CB-510a.2	2024 ESG Report: ◆ Code of values and ethics – Our Way, p. 186-188. ◆ Prevention of bribery and corruption, p. 189. Code of Values and Ethics – Our Way: p. 49.
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	Not relevant ³
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	2024 ESG Report: ◆ Resilience of financial activity – climate scenario analysis, p. 47. Report on Risks as at December 31, 2024: ◆ B.5. Stress scenarios, p. 19. ◆ B.6. Severity of stress scenarios, p. 20. ◆ F.1.d. Market risk assessment methodology, p. 96-97. ◆ O. Environmental risk, p. 133-134.
Activity Metrics ⁴	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	2024 Annual Financial Statements: ◆ Note 28A, Operating segments based on the management approach, p. 294-302.
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	

1. Sustainability Accounting Standard Board: COMMERCIAL BANKS Industry Standard, Version 2023-12.
2. It is important to note that the CRA metrics are not relevant to the bank. For further details, see the Financial Statements for 2024, Note 28A, Operating Segments Based on the Management Approach.

3. The bank is not part of the G-SIB list, as defined by the FSB. However, as a large bank holding more than 20% of the balance-sheet assets in the banking system in Israel, Bank Hapoalim is required to maintain a minimum common equity Tier 1 capital ratio of 10%, not 9%; and a minimum total capital ratio of 13.5% not 12.5%. For information regarding the capital adequacy of the bank, see Section C, Capital adequacy and leverage, in the Report of Risks as at December 31, 2024, and Note 24, Capital, Capital Adequacy, Leverage, and Liquidity, to the Annual Financial Statements for 2024.
4. The data are presented in accordance with the reporting in the financial statements, based on the management approach to operating segments. For additional information, see Note 28A, Operating Segments Based on the Management Approach, to the Annual Financial Statements for 2024.

TCFD Index

TCFD standard recommendations

Section number	Requested information	Location in report	Page number
Governance			
G(a)	The board’s oversight of climate-related risks and opportunities	Governance chapter, “Engagement of the board of directors in climate matters”	31-32
G(b)	Management’s role in assessing and managing climate-related risks and opportunities	Governance chapter, “Management’s role in assessing and managing climate risks and opportunities”	32-33
Strategy			
S(a)	The climate-related risks and opportunities the organization has identified over the short, medium, and long term	Strategy chapter, section: “Climate opportunities and risks”	36-47
S(b)	The impact of climate-related risks and opportunities	Strategy chapter, sections: “Climate opportunities and risks”, “Opportunities in sustainable financing and investments”, “Green investments”, “Issuance of the first green bond in Israel”, “ESG investment advisory services”, “Aiding and supporting the climate-tech industry in Israel”, “Carbon sequestration and biodiversity preservation”. Climate-related training and instructions”, ESG Questionnaire for supplier selection”, Measuring the operational carbon footprint”	36-44, 57-58
S(c)	The resilience of the organization in coping with the climate crisis	Strategy chapter, “Resilience of financial activity – climate scenario analysis”	47

Section number	Requested information	Location in report	Page number
Risk management			
R(a)	Processes for identifying and assessing climate-related risks	Climate risk management chapter, sections: “Climate risk factor detection, assessment, and management processes,” “Transition risks within credit risk”	51-55
R(b)	The organization’s processes for managing climate-related risks	Climate risk management chapter, sections: “Exposure to emission-intensive industries,” “Embedding climate risk management in the bank’s overall risk management system”	49-55
R(c)	How climate-related risks are integrated into the organization’s overall risk management	Climate risk management chapter, subsection “Embedding climate risk management in the bank’s overall risk management system,” sections: “Credit risk,” “Market risk,” “Operational risk,” “Regulatory risk”	49-55
Metrics and targets			
M(a)	Metrics used by the organization to assess risks and opportunities	Metrics and targets chapter, sections: “Climate goals of the bank”, Metrics to assess exposure to climate risks”	57, 60
M(b)	Emission scopes and the related risks	Metrics and targets chapter, sections: “Operational carbon footprint intensity of the bank (in tons CO ₂ e),” “Scope 3 measurement in the bank’s corporate credit portfolio”	58-59
M(c)	Targets and performance	Metrics and targets chapter, section: “climate goals of the bank”	57



Independent Limited Assurance Report

We have undertaken a limited assurance engagement with regard to the matters listed in the table below (hereinafter: the **“subject matter information”**), as part of the information included in the ESG report of Bank Hapoalim for the year ended December 31, 2024 (hereinafter: the **“report”**). Beyond the subject matter information noted in the table below, we did not perform assurance procedures on the rest of the information contained in the report and accordingly we do not express any conclusion for this information.

Responsibilities of management

The management of the bank is responsible for:

1. Preparing the information concerning the subject matter information in accordance with the principles of the Global Reporting Initiative (hereinafter: “GRI”) and the principles of the SASB standard (Financial Commercial Banking Sector, “FN-CB”), as detailed in pages 206-213.
2. Selecting measurement criteria, including the identification of stakeholders and material topics to be reported.
3. Determining the goals of Bank Hapoalim in reference to the development of its ESG performance and reporting.
4. Determining the relevance of the information included and applying estimates and assumptions that affect the reported information. Management's choice of different but acceptable measurement techniques, estimates, or assumptions might lead to materially different reported results.
5. Establishing and maintaining systems and processes for performance management and internal control, which serve as a reliable source of information that does not contain material misstatement due to either fraudulence or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the subject matter information, based on the evidence we have obtained. We performed our limited assurance in accordance with the **International Standard on Assurance Engagements 3000** (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires us to conclude whether anything has come to our attention that leads us to believe that the subject matter information is not stated fairly, in all material respects.

In a “limited assurance” engagement, the accountant performs procedures (which primarily include interviews with management and other relevant functions at the bank, and analytical procedures) and examines the evidence obtained.

Our engagement included the following procedures, among other matters:

- ◆ Interviewing management functions to understand the subject matter information regarding which this limited assurance report was prepared.
- ◆ Interviewing the relevant functions responsible for supplying the information for the report and examination of the systems in which the data are held.
- ◆ Interviewing functions that oversee the topics of the examination at the bank, to understand routine work processes and processes of preparation for reporting.
- ◆ Comparing the information presented in the ESG report on the subject matter information with references from relevant sources, in order to determine whether the relevant information is accurately included in the report.
- ◆ Conducting interviews on the subjects of calculation, summation, and methods used to collect and report the topics examined in the report.
- ◆ Reading the information presented in the report to determine whether it aligns with our general knowledge and experience, through familiarity with the ESG performance of Bank Hapoalim.

The procedures performed in a limited assurance engagement are different in nature and timing and reduced in scope relative to those performed in a reasonable assurance engagement. Accordingly, the level of confidence obtained is significantly lower than the level of confidence that would be obtained in a reasonable assurance engagement. We believe that the evidence received is satisfactory and adequate to serve as a reasonable foundation for our conclusion.

Independence and quality assurance

We are independent of the company, in accordance with the provisions of the law applicable in Israel with regard to non-dependence and the prevention of conflicts of interest of an auditing accountant in Israel. We uphold our other ethical duties in accordance with the Accountants Law, 1955, and the regulations thereunder, based on the foundations of integrity, objectivity, professional competence and due caution, confidentiality, and professional conduct.

The firm implements International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (ISQM 1), which requires the firm to plan, implement, and operate a quality management system that includes policies and procedures for compliance with ethical requirements, professional standards, and legal and regulatory requirements.

Conclusion

Based on the procedures we carried out and the evidence we have obtained, nothing has come to our attention that would lead us to believe that the information regarding the subject matter information of the bank as of December 31, 2024, is not prepared, or might indicate misstatement of information or data in this report, in all material respects, in accordance with the GRI principles and the criteria listed in the table of the subject matter information, below:

Subject Matters Information

Subject matter	Criteria examined
Material topics for ESG reporting at Bank Hapoalim	◆ The process of identifying the material topics ◆ The list of material reporting topics
Diversity and inclusion of employees	Human-resource data (absolute figures and/or ratios): ◆ Hiring and promotion of diverse employees ◆ Gender data (rank, women in business divisions, and women in technological roles) ◆ Diverse population groups
Employment conditions and appropriate work environment	Human-resource data (absolute figures and/or ratios): ◆ Employee headcount ◆ Turnover (by age and gender) ◆ Education ◆ Segmentation by region of residence ◆ Type of employment (full/part-time, external/internal workers) ◆ Collective contract (by type of employee) ◆ Parental leave ◆ Average tenure ◆ Average age
Employee development and training	◆ Hours of employee training ◆ Distribution of learning hours of by gender/rank
Occupational safety, health, and hygiene	◆ Data on accidents and lost work time ◆ LTIFR and TRIFR data ◆ Absences (by gender) ◆ Percentage of employee absences due to illness (including reported illness and employee declarations; not including illness of a family member)
Investments in the community	◆ Number of volunteers at the bank and scope of volunteering hours ◆ Scope of social investments (in NIS millions)
Energy management – electricity and fuel	◆ Data on fuel consumption for generators (L & GJ) ◆ Data on electricity consumption (GJ & kWh) ◆ Total consumption of electricity, diesel, and gasoline (MWh)

Subject matter	Criteria examined
Energy management – computers and IPT communications	Purchasing of small computers with reduced power consumption and installation of printing centers (investment in NIS, annual savings in kWh, annual monetary savings, time to recover investment, avoided emissions)
Greenhouse-gas emissions	◆ Operational carbon footprint intensity of the bank (in tons CO2e) ◆ Operational carbon footprint of the bank – absolute and breakdown by scope (in tons CO2e) ◆ Emissions from transportation and avoided emissions from transition to hybrid and electric vehicles ◆ Carbon offsets (including written proofs), in tons
Water consumption	Water consumption data (cubic m)
Waste management	◆ Quantity of paper recycled (in tons) ◆ Quantity of cardboard recycled (in tons) ◆ Summary of waste data, quantity of waste sent for recycling, and quantity of waste sent for dismantling and landfilling (in tons)
Consumption of materials	◆ Quantity of paper consumed at the bank (in tons) ◆ Number of customers registered for digital service allowing messages to be received electronically
Fuel consumption and transportation	◆ Annual fuel consumption for transportation (in liters, gasoline and diesel) ◆ Number of hybrid and electric vehicles in vehicle fleet
Green credit and investments	Balances of financing and investments in projects promoting a green environment (in NIS)

Ziv Haft,
Certified Public Accountants



Bank Hapoalim Credit Portfolio Carbon Footprint Measurement Process Based on PCAF Methodology

The carbon footprint of Bank Hapoalim's credit portfolio was measured with the assistance of BDO consultants, headed by chief economist Chen Herzog. This was the third measurement prepared and published by Bank Hapoalim, referring to data for 2023 and updated data for 2022, in accordance with the PCAF standard – the leading standard for measuring the carbon footprint of financial institutions' credit and investment portfolios.¹

Use of the standard was made possible by applying the BDO model for greenhouse-gas emissions, which provides a weighted inventory of GHG emissions in Israel. According to the standard, carbon emissions of companies in the bank's credit portfolio are attributed to the bank and counted as part of its Scope 3 emissions.

The measurement was performed in five main stages: database gathering; formulation of key working assumptions; carbon footprint measurement at the level of the borrower company; weighting of the carbon footprint associated with the bank using reference factors; and estimates of emission intensity at the level of the borrower company and the overall portfolio.

The measurement was applied to the entire balance-sheet credit portfolio² of the corporate banking division in 2023, while data for 2022 were improved based on updated emission reports and financial balance-sheet data received from the measured companies. Individual measurement was performed with regard to each company that had received credit in amounts greater than NIS 100 million. Collective measurement was applied to companies with credit in amounts lower than NIS 100 million, using sector factors, in accordance with the PCAF standard. The data quality score for the overall credit portfolio was determined based on the accuracy of the information used.

The carbon footprint of the small-business segment of the credit portfolio of the retail banking division in 2022-2023 was also measured this year, for the first time, as an aggregate measurement based on sector-level estimates.

In addition, this year, external assurance was applied by Nibbana to ensure that the PCAF methodology was implemented in accordance with the requirements of the standard. The external assurance concluded that "the calculation of the financed emissions of Bank Hapoalim in 2023 was performed by BDO in accordance with the PCAF methodology and on the basis of justified, consistent, reasonable working assumptions" (see attached assurance letter). In addition to this conclusion, several key findings supporting the conclusion were described, and recommendations for the future were provided, to be included in measurements based on the PCAF methodology in the coming years.

Carbon emission measurements based on the PCAF standard indicated the following results in the measured credit portfolio, which is composed of the balance-sheet credit of the corporate banking division and credit for small businesses in the retail banking division:

- ◆ In 2022: 6,922 thousand tonnes CO₂e, with financial emission intensity of 29 tonnes CO₂e per million NIS of credit.
- ◆ In 2023: 7,057 thousand tonnes CO₂e, with a decrease in financial emission intensity to 28 tonnes CO₂e per million NIS of credit.

Sincerely yours,

Chen Herzog
Chief Economist and Partner
BDO Consulting



Opinion on Implementation of PCAF Methodology to Calculate 2023 Financed Emissions at Bank Hapoalim

PCAF is a voluntary accounting methodology for the assessment and disclosure of greenhouse-gas (GHG) emissions in the loan and investment portfolios of financial institutions. The methodology allows the implementation of working assumptions according to the considerations of the financial institutions, provided that reasoning is given in accordance with the approved guidelines, and the assumptions are presented transparently and reflected in the data quality rating.

This opinion addresses the implementation of PCAF methodology as the foundation for calculations of financed emissions according to the financial control approach, at Bank Hapoalim, for the year ended December 31, 2023.

This year, the calculation of financed emissions for 2023 was based on balance-sheet credit data provided by the bank regarding the corporate banking division.

Scope and boundaries of the present review

- ◆ Implementation of PCAF methodology according to the requirements of the standard, including:
 - ◆ Rating of data sources and quality
 - ◆ Working assumptions and calculation methodologies of emissions data, including emission factors

The review does not address the following matters:

- ◆ Boundaries of the calculation: the selection of financial assets for which emissions are calculated
- ◆ Credit data of Bank Hapoalim
- ◆ Results of the financed emissions calculation

General assessment

The review concluded that the calculation of the financed emissions of Bank Hapoalim in 2023 was performed by BDO in accordance with the PCAF methodology and on the basis of justified, consistent, reasonable working assumptions.

Main findings

- ◆ **Compliance with PCAF methodology:** The methodology is implemented as required under the protocol, consistently, with reasoning provided.
- ◆ **Data quality rating:** The data scoring system implemented meets the reasonableness requirement according to the PCAF methodology, based on the extent of the available information regarding the GHG emissions of the bank's clients.
- ◆ **Sector attribution:** The assumptions and methods applied are reasonable and aligned with PCAF instructions.
- ◆ **Sector emission factors:** The assumptions and methods applied are reasonable and adapted to the Israeli economy in accordance with PCAF instructions.

Sincerely yours,

Galit Kenigsberg
Galit Kenigsberg
CEO, Nibbana Israel



1. The Partnership for Carbon Accounting Financials (PCAF) was established in 2015 by sixteen financial institutions and launched globally in 2019. As of November 2024, approximately 539 financial institutions have adopted the PCAF standard, with total assets of around USD 91.7 trillion.
2. For the credit balance data used in the measurement, an additional consistency check was performed against the public credit balances as presented in Bank Hapoalim's financial statements ("Operating Segments 28a" as of December 31, 2023). The measurement was conducted on the full on balance sheet credit risk of the Corporate Division (including bonds and derivatives, and including credit extended to the financial services and government sectors, excluding margin current accounts and private individuals).

