



Social, Environmental, and Economic Impact

Summary of Activities, 2019

As a leading financial organization, we have a significant financial, social, and environmental impact on the Israeli economy. This impact creates the duty to ensure that as an integral part of the operation of our business, our actions promote social and environmental values, to the benefit of our customers and all of our stakeholders. The key goals we have set for ourselves are focused on financial education, the growth of small businesses, promotion of social mobility and employment in peripheral regions, empowerment of people with disabilities, and digital literacy for senior citizens.

The recognition earned by the social action of Bank Hapoalim is also reflected in its top rankings in corporate responsibility, in Israel and internationally. Bank Hapoalim holds the highest rating on the Israeli index Ma'ala, Platinum Plus, and is ranked in the top decile of the Bloomberg, MSCI, and Vigeo Eiris corporate responsibility indices for the banking sector.

Our original intention for this bulletin was to present the key data and achievements of the activities we led in 2019 to create shared value for the bank, the community, and the environment. However, in view of the coronavirus crisis, we have also chosen to describe the actions initiated by the bank for its stakeholders, rooted in its commitment to stand by them during this challenging period.

Oded Eran, Chairman of the Board for the last three and a half years, passed away close to the date of publication of this report. Oded was an inspiring leader - a brilliant legal mind, a beacon of values, and a lover of mankind. Oded's contribution to the advancement of the extensive activities of Bank Hapoalim to benefit the society and economy of Israel was invaluable. With great love and admiration, we dedicate the 2019 Corporate Responsibility Report to his memory, his values, and his way of life.

May his memory be a blessing.

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Chairman and CEO letter

The annual corporate responsibility report of Bank Hapoalim for 2019 summarizes a significant year of social, environmental, and economic activity. The report reflects the bank's belief that while maintaining excellence in our business, we also have the obligation and the privilege to create added value for the society, community, and environment in which we operate. We are proud of the impact of our social and environmental activities this year, which had a beneficial effect on hundreds of thousands of people and on a wide range of businesses and communities across Israel.

In 2019, we continued to work to realize our commitment to our customers: "With You in Every Decision." Within this effort, we adapted our value offers to significant milestones such as weddings, buying a home, retirement, and more. We promoted innovation in products and services to benefit small and mid-sized businesses, aimed at helping them successfully navigate in a competitive and dynamic

environment and creating growth opportunities for them. Accordingly, we launched our Expansion Package for business owners, which consists of banking benefits alongside education in professional skills from various content areas, including e-commerce. We were pleased to learn that this year's Marketest survey again named Bank Hapoalim the leading bank in the promotion of small businesses and creation of offers best suited to them.

Beyond our commitment to deliver a high-quality professional response to our customers, we are also dedicated to the promotion of astute financial behavior for everyone in Israel. In 2019, we expanded the activities of the 'Financial Growth Center', which offers knowledge and tools for deeper financial understanding, through thousands of lectures, nationwide, open to the general public free of charge.

Bank Hapoalim leads and encourages innovation, in the Israeli economy in general and in the banking system in particular,

viewing technological development as an opportunity to launch advanced, groundbreaking financial products and services and improve service for our various customers. This year, we were the first in the Israeli banking system to introduce an application allowing users to open an account directly from their mobile devices. We developed a service in which bank guarantees can be issued digitally, with electronic signatures, at any place and time. We also expanded our payment revolution, as the Bit application grew to allow payment to selected businesses and receipt of insurance payments. Our leadership in digital innovation saves our customers and the general public precious time, while also benefiting the environment.

During this digital revolution, we have insisted on personal treatment and service for our customers, with special attention to senior-citizen customers who may need assistance with the transition to the banking world of

tomorrow. We expanded the "Poalim Digital Independence" project this year, providing thousands of senior citizens with knowledge and tools for use of the digital channels, through courses held free of charge at training centers and bank's branches across Israel.

The ambition to provide meaningful value to our customers requires us to map the unique needs of different communities and sectors, in order to provide a response adapted to each group and help them grow and thrive. Accordingly, our branches are extensively distributed in Arab and the ultra-orthodox (Haredi) communities, offering targeted and adapted products and services.

The climate crisis is another challenge to which we are committed. We continue to work to reduce the environmental impacts and carbon footprint of the bank, while leading the banking system in financing for projects helping to promote green environments and renewable energies.

We see human capital as a key component of the bank's ability to continue to flourish. Bank Hapoalim works continually to nurture and develop its human capital. The bank employs thousands of employees nationwide, including from population groups under-represented in the job market. The volunteering spirit of the bank's employees, who take part in a wide range of community activities, reflects the unique human tapestry of our team. We are proud to be the leaders in social action again this year, together with a diverse multitude of partners. In 2019,

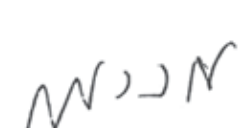
we chose to increase our activity in the area of the promotion of accessibility and empowerment of people with disabilities, based on the belief that this is not only our obligation as a business but also a moral imperative. We submitted an Accessibility Report, summarizing our extensive action in this area, to the Commissioner of Equal Rights for Persons with Disabilities at the Ministry of Justice; the report is the first of its kind in Israel, and our aim is to lead and encourage other business organizations to create impact and change in this area. This year, our commitment and activities aimed at empowering people with disabilities earned us the "Dov Lautman Diversity in Business" Award.

Our extensive activity in the various areas of corporate responsibility has earned the recognition of both local and international rating agencies, positioning us on a par with the world's leading banks in this field. The bank remains committed to the ten principles of the United Nations Global Compact (UNGC) and to the promotion of selected objectives within the United Nations Sustainable Development Goals (SDG's), which target sustainable development for communities and for future generations.

Our resolve to stand by our customers in every decision takes on even greater significance during times of crisis. At this writing, we are emerging from an unprecedented global crisis; we cannot know when or how it may end. When the coronavirus outbreak began, we made preparations in order to maintain business continuity and robustness, while protecting the health of our employees and customers. Throughout this period, we ensured professional responsiveness and ready

availability to our customers, and developed products and services adapted to their needs. In recognition of the financial implications of the crisis for small businesses, we offered these businesses special benefits to support them during this time. We also expanded service through the direct channels for all of our customers. At the same time, as part of our long-standing commitment to the community, we led a series of processes to assist in the national effort to combat the virus, through extensive support for hospitals, medical staff at the forefront of the struggle, and population groups hurt by the effects of the crisis.

We would like to thank each and every one of the bank's employees, our customers, and all of the partners in our work and in our mission. As always, and all the more so in this challenging time, we are determined to stand by our customers, in every business or financial decision; to offer them professional, devoted guidance in growth processes for themselves and their businesses; and to work to create a robust, sustainable infrastructure for the economy, society, and environment of Israel.


Oded Eran
Chairman of the
Board of Directors


Dov Kotler
President and CEO

Corporate responsibility at Bank Hapoalim

This is the thirteenth year in which Bank Hapoalim has released a Corporate Responsibility Report for its stakeholders, demonstrating the bank's continuing dedication to corporate responsibility over the course of many years. In 2019, we continued to create business opportunities while promoting social and environmental benefits; maintain a continual, proactive dialogue between the bank and its stakeholders – its customers, its employees, and the public; and promote initiatives to benefit the society and community of Israel. These activities contribute to progress on a substantial number of the UN Sustainable Development Goals (SDGs). The social action of the bank is focused on several areas that are congruent with the bank's core capabilities and give full expression to the strengths of the bank and its employees. Most of the activities are led by the Social Banking Center, which promotes initiatives and partnerships with social and business impact, focusing on leadership of nationwide endeavors in several main areas: digital literacy for senior citizens, empowerment of people with disabilities in Israel, and advancement of social mobility and employment in peripheral regions. In addition, the bank's Financial Growth Center offers workshops on astute financial behavior for private individuals and small businesses, free of charge, open to customers of all banks nationwide.

In 2019, we also promoted responsible investment at the bank, in view of the growing awareness of this area around the world and among institutional investors in Israel. For the first time in the banking system in Israel, we added ESG ratings of global equities to our customer advisory systems; we also developed targeted financial products to allow our customers to take part in the advancement of social and environmental causes. We accord high importance to responsible investment, and we will continue to pursue progress in this area in the coming years.

This bulletin summarizes the key points of the social, environmental, and economic activities of the bank in 2019. However, in view of the coronavirus crisis, we have also chosen to include actions initiated by the bank for its stakeholders in order to stand by them during this challenging period. As an organization with a broad impact on the economy as a whole and on the general public, we recognize that the bank's commitment to action rooted in corporate social responsibility is especially significant during a crisis. For more extensive information about the various activities of Bank Hapoalim, see the full Corporate Social Responsibility Report, available on the bank's website.

We invite you to share suggestions and new ideas with us, to help us enhance our social and environmental impact through the creation of shared value for the bank and the community. If you have any suggestions in this area, please contact Sharon Alaluf, Head of Corporate Social Responsibility at Bank Hapoalim, at sharon.alaluf@poalim.co.il.

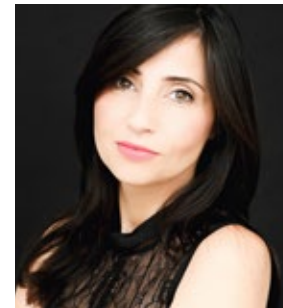
We would like to thank all of the employees and managers involved in every level of the bank's work, who endeavor every day to promote the shared values of the bank and the community and who helped create this report.



Ronit Meiri
Head of Change
Management
Human Resources Division



Naama Halevy-Peer
Head of Social
Banking Center
Human Resources Division



Sharon Alaluf
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Social Responsibility
Human Resources Division



Values of the bank

Our mission

Helping people, communities, and businesses achieve well-being and thrive.

Our role

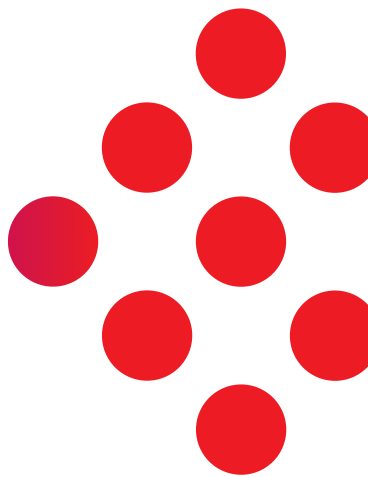
To enable people to make sound financial decisions. We offer guidance to customers, businesses, employees, and communities in any important decision, helping them make astute choices, achieve progress, evolve, and live better lives.

Our promise to our customers

We are with you in every decision.

Our core values

-  **Customer centricity**
Acting in partnership to benefit the customer
-  **Professionalism**
Staying curious, learning, and adding value
-  **Fairness and responsibility**
Choosing worthy action
-  **Humanity and caring**
Being respectful, listening, and showing empathy
-  **Initiative and innovation**
Driving the bank and its customers forward



Corporate responsibility in numbers - 2019

Responsible action to benefit customers

2.5 million

customers in Israel



215

accessible branches

nationwide; 40% located in socially and/or geographically peripheral regions

1,210

accessible ATMs and self-service stations

nationwide; 45% located in peripheral regions

Value-creating innovation

3.8 million downloads

of bit (by customers of all banks) – the leading payment application in Israel



7

minutes

the time necessary to open a bank account, at any place and time, through the Poalim Open application

95%

customers' satisfaction from the bank's website

Action to benefit society and the community



NIS

43.9

million

in social and community investments in 2019

161,110

hours of volunteering

by bank employees for the community

NIS

10

million

donated through the bit application to various non-profit organizations and social causes

Responsible action to enhance employees' capabilities and well-being

8,162

employees from every part of Israeli society and from every region of Israel



54%

of the management tier at the bank consists of women

Diversity Award

The bank won the "Dov Lautman Diversity in Business" Award for its actions towards inclusion of employees with disabilities in its workforce and raising public awareness to this issue

53,681

learning days for employees through various channels

Responsible action to protect the environment



50%

reduction in the carbon footprint of the bank over the last decade; 9% reduction in 2019

62

million pages of paper saved annually due to digital document retention and the Poalim via Email service

NIS

6.4

billion

in credit granted for projects that promote greener environment

Promotion of growth and financial inclusion

over 20k

participants in financial conduct workshops of the Financial Growth Center for the general public, free of charge

30k

senior-citizen customers received knowledge, tools, and skills to master digital competence



First Place

in the banking system in promotion of small businesses in Israel (based on Marketest survey)



Responsible supply chains

95%

of purchasing is from suppliers who are located and employ workers in Israel

71%

small and micro suppliers 71% of all the bank's suppliers are small and micro

NIS

3.69

million in purchasing in 2019 from suppliers who primarily employ workers with disabilities



First Place

(Platinum Plus category) in Maala ratings of corporate responsibility performance, of all companies in Israel

COVID-19

Responsible action for our stakeholders; coming through this together

When the coronavirus outbreak began, Bank Hapoalim made preparations in order to maintain business continuity and robustness, while protecting the health of our employees and customers. Throughout this period, we took care to maintain professional responsiveness and ready availability for our customers; develop products and services adapted to the needs of this time; expand the service delivered through our direct channels; and offer business clients targeted loans and special benefits to support them during the crisis. Within the long-standing commitment of the bank to the community, we led a series of processes aimed at assisting the national effort to combat the virus and support population groups harmed by the effects of the coronavirus crisis.

Customers

- ◆ Branches opened with scheduled appointments, to maintain safety rules
- ◆ Expanding the transactions available through direct channels
- ◆ Call-center staffing increased

Private customers

- ◆ **Loan payment deferral via digital channels**
Option to defer 3 payments on existing loans through the bank's website, without fees
- ◆ **Mortgage payment deferral**
For a three-month period, through bank's website or call center
- ◆ **Services for customers aged 70+**
 - ◆ Dedicated call center with rapid human response; mobile branch visits assisted-living facilities and day centers
 - ◆ Bank cards sent to elderly allowance recipients via courier
 - ◆ Online course developed for senior-citizen customers; pamphlet with instructions on the use of the digital channels distributed to these customers
- ◆ **Deposits designed for turbulent markets**
Calm Track savings plans and Flexible Track deposits :
Good Cause Savings - the bank matches the interest received by the customer on the deposit with a donation to people in need
- ◆ **Digital loans with special terms**
"Getting Through This Together" loans with preferred interest rates and an option to defer payments by up to 3 months

Self-employed and business customers

- ◆ **Loan fund for self-employed customers (in collaboration with "Lahav")**
Immediate loans via digital channels of up to NIS 10,000 for self-employed customers
- ◆ **State-backed loans**
Rapid approval track
- ◆ **Range of credit solutions for self-employed and business customers**
Loans with special terms and an option to defer payments by up to 6 months
- ◆ **Assistance hotline for small businesses and self-employed customers**
"Lahav" experts answer businesses' questions in real time on the Onlife Facebook page
- ◆ **Business call center**
Human response to any question or problem



הסניף הנייד של בנק הפועלים מגיע לבתי אבות

Employees

- ◆ Non of the employees was put on an unpaid leave (with the exception of employees who asked for it).
- ◆ Appropriate system access provided to employees working from home.
- ◆ A safe and hygienic work environment.
- ◆ Continuous communication with employees; regular updates through the Portal to Go application and messages.
- ◆ Dedicated human-resources call center responds to employees' questions and needs during this period.
- ◆ Content area established for employees, presenting a range of sources for remote personal enrichment and development.
- ◆ Well-being activities to uphold morale and healthy lifestyles during lockdown: enrichment lectures via Zoom, including special activities for children of employees; subscriptions to digital platforms for workouts and good nutrition given to employees.
- ◆ Proactive contact with all retirees of the bank and assistance for them where necessary, through bank volunteers.

Community

- ◆ **Assistance for medical and health-care services**
 - ◆ NIS 750,000 donated to fifteen hospitals for coronavirus wards; 570 food packages delivered to medical teams.
 - ◆ Joining the resource development effort for "Magen David Adom" emergency services: a donation button developed in the Bit application and a donation of NIS 0.5 million by the bank.
 - ◆ A donation of NIS 200,000 to "Yad Sarah" and "United Hatzalah" for emergency medical equipment.
- ◆ **Support and assistance for population groups hurt by the crisis (elderly people, Holocaust survivors, families in financial distress)**
 - ◆ NIS 1 million donated for collaborations with community organizations.
 - ◆ 3,500 food packages delivered to elderly people and people in need.
 - ◆ "Mahpilim Mehalev" (Multiplying from the Heart) – An initiative led with community partners to raise donations from the public through the Bit application; donations were doubled and transferred to people in need.
- ◆ **Guidance for non-profits and community organizations**
 - ◆ Providing tools for navigation of the crisis through the Erech Laderech program.
 - ◆ Young Managers of Tomorrow – An innovative free online course for children by the Financial Growth Center.
 - ◆ Individual response to questions from the public on family economics – An expert call center established in a collaboration of the 'Financial Growth Center', the non-profit organization "Paamonim", and the "Reshet 13" television network.

Assistance for medical and health-care services

NIS **750,000** were donated to fifteen hospitals for the wards on the front lines of the battle against the coronavirus
570 packages of food and snacks were delivered for medical teams treating COVID-19 patients

The bank participated in a national fundraising effort – NIS **1.8 million** were raised through a button developed in the bank's Bit application allowing easy, quick donations to Magen David Adom emergency services. The bank also donated NIS 0.5 million to Magen David Adom

NIS **100,000** were donated for the acquisition of protective equipment kits for United Hatzala volunteers who support solitary elderly people through medical supervision

NIS **100,000** were donated to Yad Sarah for the acquisition of respiratory equipment

Assistance for people in financial distress due to the coronavirus crisis through specializing organizations

The Erch Laderech program provides consulting and tools on how to navigate the crisis to NGOs

A designated call center to assist people with questions regarding household budget management



Action to benefit society and the community during the COVID-19 period

Well-being and financial support

Launch of the Good Cause Savings deposit plan, which allows customers to save while having a positive impact, through donations by the bank that match the interest accrued on the deposit. Thanks to deposits in this plan, the bank donated NIS **200,000** to non-profit organizations working for the well-being of the population segments most vulnerable to the consequences of the coronavirus crisis, including elderly people, people in poverty, and Holocaust survivors

Leadership of a fundraising drive through the Bit application with social partners (the non-profit organization Lev Ohev, the Schusterman Foundation, the Rashi Foundation, and more). Donations were doubled and transferred to people in need. NIS **6.7 million** were donated within this effort

3,500 food packages were distributed by bank employees to Holocaust survivors, solitary elderly people, and families in distress. Hundreds of craft kits and games were distributed to **120** non-profit organizations, children's activity centers, youth clubs, and elderly day centers

A NIS **150,000** sponsorship was granted for a national hotline for elderly people and people with disabilities who need assistance obtaining food and medication. **26,300** calls were answered

A total of NIS **650,000** was donated to NGOs and social organizations assisting people in need

Young Managers of Tomorrow – An online entrepreneurship course for children, offered free of charge by the Financial Growth Center



Responsible Action to Benefit Customers

The financial decisions we make at important crossroads in life can have far-reaching consequences for our future, and for the future of those around us. Therefore, we at Bank Hapoalim aspire to be the first resource our customers turn to when they need to make financial decisions. We offer our customers human and technological service that includes advanced, customized advisory services in various areas: credit, finance, pensions, and mortgages.

We provide our customers with full availability of banking information and financial services through a range of platforms and service channels, which are also accessible to people with disabilities: a website, applications, and social media, in addition to the network of branches and the direct self-service channels, with the most extensive geographical distribution in Israel.



215 **branches** located in city centers and peripheral regions, in the broadest distribution in the Israeli banking system.

12 **centers** for mid-sized business clients nationwide; of these, 6 centers are dedicated to growing commercial businesses.

10 **High Tech Units** at selected branches offer expanded services to start-up companies and mature technology firms.

1,210 **self-service devices** with the broadest geographical reach in the Israeli banking system; most accept cash and check deposits and offer additional advanced operations.

87 **Mishkan representative offices** provide customers with guidance and assistance in the process of buying a home.



22 **pension advising centers** nationwide, offer pension advising and retirement planning services. The bank also operates a national retirement planning center, the first of its kind in the Israeli banking system.

147k **social-media followers** The Bank Hapoalim Facebook page is used to provide service and conduct dialogue with customers and the general public. The page receives hundreds of posts and direct messages daily, which are responded to within minutes. The Facebook page is also available in Arabic.

Responsible investments

Investments examined based on environmental, social, and corporate governance parameters; referred to as ESG investments. In light of the growing awareness of this issue, globally and among institutional investors in Israel, we now reflect ESG ratings of recommended global equities in our customer advisory systems, a first in the Israeli banking system. We have also developed targeted financial products allowing customers to take part in promoting social and environmental causes.

Three unique deposits

introduced in 2019 allow customers of the bank to save while creating a social and environmental impact: the Poalim Accessibility Deposit, dedicated to the empowerment of people with disabilities, developed in collaboration with JDC Israel; the Green Deposit, for the promotion of a green environment, developed in collaboration with the non-profit organization Zalul; and the ESG Structured Deposit, for the promotion of responsible investment.

1 **million** active users of the Poalim by Telephone service, which includes a dedicated call center for business clients and a call line exclusively for customers aged 70+.

Hundreds of advisors nationwide

offer personalized investment advice to private and business customers, based on familiarity with their needs, preferences, and goals.



The premises of the bank are accessible to people with disabilities

Accessible service stations are available at all of the branches of the bank. All of the digital services of the bank are fully accessible, including the banking and marketing websites, applications, and self-service devices.

Bank Hapoalim views the promotion of accessibility for people with disabilities as an essential issue and a business necessity, constituting an integral part of its approach to service and social responsibility. In addition to activities aimed at making buildings and services accessible, the bank trains its employees to provide adapted service to people with disabilities and takes action to improve quality of life for people with disabilities and the way they are treated in our society.

Bank Hapoalim has issued a detailed report on its activity for the promotion of accessibility in Israel. The report was submitted to the Commissioner of Equal Rights for Persons with Disabilities in February 2020. We invite you to read about our activity in this area in the Accessibility Report, available in full on the bank's website.

Promotion of growth and financial inclusion

Access to financial services is a prerequisite for informed financial decisions, and consequently for thriving and financial growth of individuals, families, businesses, and communities. Based on this understanding, and within our responsibility as a leading financial institution in Israel, we aspire to make financial inclusion possible for the public as a whole, and to ensure that every population group and sector has access to financial services and products adapted to its unique needs and characteristics, while offering knowledge and tools for astute financial behavior to the general public.



Over **20**

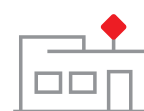
Thousand People

participated in lectures and conferences of the Financial Growth Center, held free of charge and open to the public nationwide. About 70% of the lectures are designed for households, while 30% are for small businesses.

Over a **million**

People

have viewed digital content on the Financial Growth Center website, in Hebrew and Arabic.



27
branches

operate in towns in the Arab sector, and 15 branches are located in mixed towns. In 2019, a dedicated mortgage unit opened at the Nazareth branch. We continually develop targeted products and services for the Arab community, such as housing loan solutions and financing solutions for cultural events and customs.

20
branches

of Bank Hapoalim are located in towns characterized by significant religious and Haredi populations. The bank's activity in the Haredi community has led to initiatives, development, and adaptation of a set of products and services targeted to this population in recent years, including a website.

18
branches

of the bank offer services tailored to new immigrants via bankers who speak their languages, including guidance and instruction in opening an account, provision of tools for astute financial behavior, and benefits offered through the bank's New Immigrants consumer club.

3

mobile branches

visit residential care facilities for the elderly across Israel.

30

Thousand senior-citizen customers

received tools and instruction on digital skills and capabilities, as part of the Poalim Digital Independence initiative, aimed at enhancing the digital independence of senior citizens in all areas of life.

Over

800K
views

of training videos on the use of the digital channels produced for our senior-citizen customers, in which senior citizens demonstrate the use of these channels to carry out various actions.



Supporting the growth of small and mid-sized businesses

In recent years, we have worked extensively to empower the small and mid-sized business sector, in the understanding 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, with special emphasis on delivering personal, professional service by expert bankers at branches in every part of Israel. The range of products and services offered by the bank to small businesses includes financing solutions, a website and application for businesses, professional workshops by the Financial Growth Center, and benefits for businesses in their first two years. In 2019, we launched the Expansion Package, developed for small businesses aspiring to grow and develop, which consists of adapted financing solutions along with business mentoring meetings, consultation with leading ecommerce experts, and more.



1st
place

in the Israeli banking system in the promotion of small businesses and in offers tailored to these businesses, according to a Marketest survey published in January 2020.



A loan fund of 500
million NIS

was established by the bank, in collaboration with the organization Lahav, to aid self-employed people harmed by the coronavirus crisis, in addition to loans granted through a state-backed fund to small businesses hurt by the crisis.

7,000

small and mid-sized business owners

participated in Financial Growth Center lectures, free of charge, on subjects such as founding a business, budget management, marketing and sales, opening an online store, digital marketing, and more. The Financial Growth Center also offers a range of digital courses targeted to small businesses through its website.

29.6

billion NIS
in credit granted to the small business sector, as at the end of 2019.

1.34

billion NIS
in total loans granted through the Poalim Business Fund, as at the end of 2019.

Collaboration with Amazon

Ecommerce holds immense growth potential for small businesses. However, business owners must become familiar with various tools from different content areas in order to thrive in this competitive environment. The bank therefore created a collaboration with the world's largest ecommerce platform to form a value offer tailored to small and mid-sized businesses who already work with Amazon or wish to do so.

Israel Business Trail

The Small Business Trail event, held for the second time in 2019, was a one-month journey across Israeli communities, aimed at empowering small businesses and boosting public visibility of the wide variety of businesses in this country and the people behind the businesses. During the month, a Business Trail Patrol consisting of bank advisors and external consultants visited hundreds of Israeli businesses to provide tools for astute financial behavior. The Financial Growth Center held dozens of workshops in towns along the Business Trail on managing a business in a world where the rules of the game are changing.

Small Business Competition

The competition was held for the twelfth time in 2019, in collaboration with Ynet website. Hundreds of small businesses in a wide range of fields entered as contestants, sharing the stories behind their businesses with the public. Nine businesses were chosen as finalists, of which three were social businesses. Winning businesses received media coverage on Ynet, a monetary grant, and business consulting and guidance from the bank.



Value-creating innovation

We see technological development as an opportunity to proactively create advanced financial products and services for our customers, thereby also stimulating innovation in the Israeli economy in general and in the banking system in particular. It is our ambition to create an advanced and innovative user experience in all of our digital-banking channels, and to proactively generate value offers in banking based on customers' needs, allowing banking activity at any place and time.

This approach has enabled us to lead the payment revolution in Israel, and to launch an innovative service in which a bank account can be opened in seven minutes from a mobile device; it is the foundation for our continued development of advanced products and services for the future.



3.8 million

downloads of bit (by customers of all banks) – the leading payment application in Israel, which maintains collaborations with many companies and organizations in fields such as insurance, ecommerce, transportation, higher education, and donations. These agreements create significant value and allow convenient, simple payment transfers, for both the customers of the bank and its partners.



bit has earned recognition in Israel and internationally:

- Selected as Product of the Year for 2019 in the Payment Applications for Businesses category and in the Customer Payments category.
- Selected for the Gold Win, the most prestigious title in the Effie Awards.
- Won first place in the Payment Applications category of the Globes brand index.
- Won second place in the PayTech Awards competition.

07 minutes

the time necessary to open a bank account, at any place and time, through the Poalim Open application. The service is based on innovative technologies for facial recognition and for photographing and decoding identifying documents. After opening the account, customers gain immediate full access to all services of the bank, through the channels of their choice.

The Poalim Open account-opening application won a digital innovation award from Meda Conferences, the Digital Israel Organization, and from the members of the steering committee of the Go Mobile 2019 conference.

SMART ADVICE

a feature within the Capital Market application, allows customers who have signed advising agreements, to receive personalized investment recommendations, through a mobile device and/or on the bank's website. Smart Advice service won the 2020 Product of the Year Consumers' Choice Award in the Investments category.

Digital guarantees

Bank guarantees can be issued in a digital procedure with electronic signature, at any place and time, without dependence on a banker and without the need to visit a branch in person.

Cash Management

An advanced service providing business clients with an up-to-date overview of all of their accounts, at Israeli and international banks, in one screen.

100 Project

A program encouraging intra-organizational innovation and initiatives. Of the hundreds of employees who applied for the program, a representative team of entrepreneurs from various units and roles across the bank was assembled. The entrepreneurs received tools and knowledge needed to manage projects and set them in motion, and met with mentors within and outside the bank. Initiatives in various areas of banking were developed within this program in 2019, some of which were integrated into the bank's work plans, while others are in pilot stages to consider further application.

Action to benefit society and the community

We believe that it is one of our responsibilities to promote the growth of society and the community in Israel. This approach obligates the bank to ensure that in addition to the direct economic value arising from its routine business operations, its actions also generate significant added value for the general public, while promoting social and environmental values. Our activity dedicated to the community takes the form of community engagement, monetary donations, cash-equivalent donations, and extensive volunteering work. Most of the community-oriented activity of the bank is led by the Social Banking Center, which promotes initiatives and partnerships with a social and business impact, focusing on the leadership of nationwide processes in four main areas: digital literacy for senior citizens, empowerment of people with disabilities in Israel, astute financial behavior, and promotion of social mobility and employment.

43.9 million NIS
Total investment in the community by Bank Hapoalim in 2019.

Astute financial behavior

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.

7,778 students

received knowledge and tools for astute financial behavior, for individuals and families, in a financial education program developed in collaboration with ORT Israel.

440 students

gained access to higher education through scholarships, including those granted by the Poalim Success Fund established by the bank. Students who received the scholarships participated in volunteering activities.

Digital literacy for senior citizens

Bank Hapoalim has resolved to assist senior citizens in enhancing their digital independence in all areas, thereby improving their quality of life. This effort involves multi-sector cooperation (business, public, and third sector), including the Ministry of Social Equality, JDC Eshel, business partners, elderly residential care facilities and day centers, specialized non-profits such as Machshava Tova and Appleseeds Academy, and more.

Over **20** Thousand people

received knowledge and tools for astute financial behavior in workshops run by the Financial Growth Center.

120 social non-profit organizations

received tools for fundraising and development of an income-generating arm through participation in the Erech Laderech program.

30 Thousand senior citizens

received tools for the development of digital capabilities and skills.

Accessibility and empowerment of people with disabilities

Bank Hapoalim considers accessibility for people with disabilities a key social focus area, in the belief that the Israeli economy and society as a whole benefit from maximization of the individual potential of every person with a disability. We promote the empowerment of people with disabilities, through collaborations with social non-profit organizations to lead initiatives in four main areas: promoting employment, encouraging innovation in the development of assistive technologies (social tech), promoting equal opportunities through sports, and raising awareness of inclusion of people with disabilities in all areas of life.

For detailed information about social processes and initiatives led by the bank, see our Accessibility Report, available on the Bank Hapoalim website.

Krembo Wings' children - a youth movement for children with disabilities

30 Thousand hours of treatment were given to children with disabilities as a result of fundraising broadcasts & art exhibitions sponsored by the bank

Over **35** Thousand people with disabilities benefited from assistive technologies developed with the sponsorship of the bank, helping to improve their quality of life.

Over **10** Thousand people participated in inclusive sports events with people with disabilities, sponsored by the bank

24 Thousand wheelchairs were borrowed at hospitals through the WheelShare project.



Social mobility and employment in peripheral regions

The bank has invested in a wide range of projects in socially and geographically peripheral regions of Israel for many years, focusing on initiatives in the areas of education and entrepreneurship targeted to college students and adolescents, assistance for population groups subject to under-employment, and mentoring for families experiencing financial difficulties. These activities are conducted in collaboration with specializing social non-profit organizations.

2,000 families

experiencing financial difficulties received individual mentoring and guidance on developing skills for astute financial behavior and entering the employment market, through collaborations with the non-profit organizations Lehetiv, Paamonim, Chasdei Lev, and Be-Atzmi.

1,950 adolescents

received training and tools on entrepreneurship and adult life skills through collaborations with the non-profit organizations Unistream and Desert Stars, the Zoharim and Kedma Youth Villages, and the Weizmann Institute.

500 people

from diverse population segments entered the employment market, including through collaborations with the non-profit organizations Kav Mashve and Olim Beyahad.

1,200 people

received guidance and advice on employment through the non-profit organization Be-Atzmi, financed by the bank.

Projects that have become a tradition

Over **48** Thousand people

participated in various activities within the Read and Succeed initiative, aimed at improving the reading and writing skills of children and adolescents in Israel, over the last five years.

40 Thousand children

participated in Dan the Saver summer day camps in over thirty towns in peripheral regions over the last five years.

Over **2** million people

visited dozens of museums and heritage sites in the last five years, opened to the public free of charge over the Passover holiday, at the initiative of the bank and with its full sponsorship.

Poalim Volunteers

We are exceptionally proud of the willingness and desire of the employees and managers of the bank to volunteer and contribute their time and energy to the community. Employees of the bank from every part of Israel volunteer, in collaboration with a wide range of community organizations.

~40%

employees of the bank volunteer regularly.

161,110

hours of volunteering

for the benefit of the community were contributed by employees of the bank in 2019.



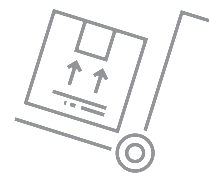
Responsible supply chains

Most of our operations rely on a supply chain consisting of thousands of suppliers of different sizes, in areas such as logistics, technology, consulting, and more. We are deeply committed to contributing to the growth of the Israeli economy; we therefore grant preference to "Blue and White" (local) purchasing, aim to promote small businesses wherever possible, and ensure that we engage suppliers who embed social values and content in their activities, including suppliers employing people with disabilities and at-risk youth and those who encourage assistance for people in need.

Within our responsible purchasing policy, we have set criteria that grant precedence

to suppliers who apply sustainability and corporate responsibility principles in their routine operations. As part of their contracts, suppliers of the bank also sign a commitment to adhere to corporate responsibility principles.

Our responsibility for an ethical supply chain is also reflected in protection of the rights of workers employed by external contractors. We operate a call center for inquiries of external contractor employees, to ensure that their rights are protected and their concerns are addressed. In addition, we promote green purchasing opportunities, through practices such as ensuring that environmental purchasing alternatives are examined.



95%

of purchasing at Bank Hapoalim from suppliers who are located in Israel and employ workers here.

71%

of total suppliers of the bank are small or micro businesses.

3.69

million NIS in purchasing in 2019 from suppliers who primarily employ workers with disabilities.

31%

of purchasing of the bank is from small and micro suppliers in 2019.



Responsible action to enhance employees' capabilities and well-being

We see the employees of the bank as a key factor in its success, making it possible for us to fulfill our commitment to guide our customers and help them make sound financial decisions. We are committed to the nurturance and development of our employees on the professional and personal levels, to caring for their health and well-being, and to providing them with an appropriate and responsible employment environment. Our extensive activities for the benefit of our employees are conducted in continual dialogue with them and in partnership with the employee union at the bank.

We foster a culture of sharing, transparency, and innovation, rooted in continual dialogue through organization-wide communication in various advanced channels and in the implementation of work processes based on the principles of the Agile approach.

In striving for constant professional and personal development, over the last year we focused on the development of the capabilities and skills needed for the new world of work and particularly relevant to banking, through employee participation in workshops held in person and online courses.

As one of the largest employers in Israel, we accord high importance to diverse employment and inclusion of employees from diverse population groups, both as part of our social commitment and as a justified business practice. We therefore invite, promote, and encourage hiring and inclusion of employees from every part of Israeli society, including from population groups underrepresented in the job market, and of people with disabilities, and we adapt our hiring and onboarding processes for them to any extent necessary.

8,162

Number of bank employees.

35%

of bank employees who live in peripheral regions.

66%

of women employees of the bank (versus 59.4% in the labor market).

54%

of women managers at the bank (versus 34% in the labor market).

11.5%

employees of the bank are from population groups underrepresented in the labor market.

56,736

study days held through various channels.

460

professional courses, coaching days, and personal development workshops for employees and managers.

UPGRADE - cultivating and developing the capabilities of tomorrow

The world of work is undergoing many technological and other changes; the skills required to navigate it will evolve and become more sophisticated. We are preparing to equip our employees with the relevant capabilities and skills, in the following ways:

- **Coaching days** – Including workshops in areas such as development of emotional intelligence, individual coping with changes, critical thinking, creativity as a tool for complex problem solving, effectively conducting a debate, negotiating, and more.
- **Restart** – In view of the growing demand for technological professions, we offer our employees courses to retrain for professions such as data analyst, analyst, COBOL programmer, Agile coach, and more. Employees participate in the program with the aim of subsequently entering these roles at the bank.
- **MOOC – (massive open online courses)** – Our employees can participate in a range of courses from leading universities in Israel and overseas, with an emphasis on the professions and skills of the future. The courses are taken in a format developed at the bank, combining independent study online with a supporting environment consisting of frontal instruction sessions and professional leadership by a subject expert. Hundreds of employees participate in these courses each year.
- **LEAD Simulation Center** – Established for coaching and promotion of interpersonal skills, which are an integral part of the professional content areas at the bank, and serve as the foundation for the formation of trust-based relationships and business excellence. Study at the Simulation Center relies on innovative methods and effective, experience-based formats.



Social media team at the Poalim by telephone call center

Responsible action for the environment

We accord high importance to sustainable environmental management, in recognition of our social responsibility and in the understanding that the adoption of sustainability principles has economic and business value for the long term.

The bank's impact on the environment is divided into the direct impact arising from the consumption of energy, raw materials, and products, and the indirect impact caused by our business activities, expressed in the development of credit products that promote environmental sustainability and in environmental risk management in project financing.

Within our social responsibility and commitment to protecting the environment, we develop credit products for our business and retail customers that promote environmental sustainability. These include financing solutions for the construction of systems that generate clean energy, water desalination and infrastructure projects, and recycling and responsible waste disposal.

Production and service processes in banking have a minor direct environmental impact, as the bank's activity is essentially administrative and many of its services are provided digitally. However, we aspire to reduce the other environmental impacts of our activity, including through energy efficiency processes, reduction of paper consumption, and recycling.

6.4 billion NIS
in credit was granted by the bank for projects promoting a green environment.



1.45

billion NIS

for water desalination and purification projects



0.6

billion NIS

for waste treatment and energy efficiency



2.06

billion NIS

for green building projects



0.5

billion NIS

for mass transit



0.9

billion NIS

for wind and pumped storage energy production



0.9

billion NIS

for solar energy projects



46%

power consumption

of the bank consists of power purchased from a company that produces electricity from natural gas, lowering energy costs and reducing the environmental impact of electricity consumption.

62

million pages

of paper per year are saved through digital document retention and through registration of customers for the Poalim E-Mail service, in which they receive account information via e-mail.

575

tons of paper

collected for recycling.

62.7 TONS

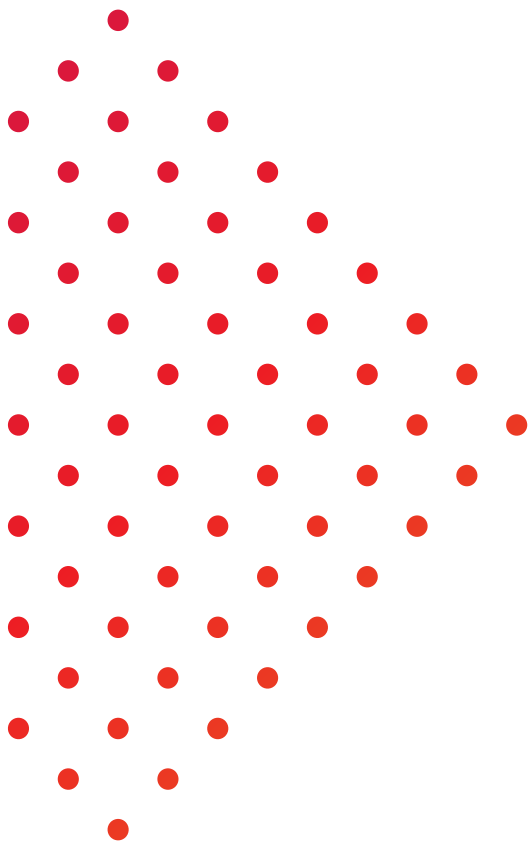
of electronic waste

were collected and removed from recycling receptacles at the bank.

50%

reduction

in the carbon footprint of the bank over the last decade (a 9% reduction in 2019).



We hope you have enjoyed reading about our actions this year to create shared value for the bank, society, and the environment. For further information about our extensive activity in these areas, we invite you to read the full Corporate Social, Environmental, and Economic Responsibility Report for 2019, available on the Bank Hapoalim website.