

# ESG SUMMARY REPORT

2020 Summary of Environmental,  
Social, and Governance (ESG)  
activities at Bank Hapoalim



As a leading financial organization and an integral part of the economy and society of Israel over the last century, Bank Hapoalim has a meaningful impact on the environment and community within which it operates. This impact compels us to ensure that as 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.

One of the reflections of the recognition earned by the social action of Bank Hapoalim is its top ESG rankings. ESG ratings assigned by analysis firms, in Israel and worldwide, indicate the social, environmental, and ethical impacts exerted by companies in the course of their routine business operations. Bank Hapoalim is rated in the highest category of the Maala index in Israel, Platinum Plus, and in line with leading global banks in ESG indices by Bloomberg, Vigeo Eiris, MSCI, and Sustainalytics.

**This summary concisely presents key data and achievements regarding activities we led during an exceptionally complex year, which gave full expression to our commitment to action rooted in corporate responsibility. In celebration of 100 years of activity, this report features selected photos from our archives that offer a glimpse of the bank's history, interwoven with the history of the State of Israel.**

On the title page of the report: A stamp issued by the Israel Post Philatelic Service to mark the 100th anniversary of Bank Hapoalim. Stamp designer: Miri Nistor

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## Letter from the Chairman of the Board and CEO

2020 was unequivocally the Year of the Coronavirus; it posed economic, social, and health-care challenges we had not previously confronted, for all of us. Yet 2020 will also endure in our memory as a year in which the commitment of the bank to act responsibly and to be there for its customers and employees, and for the society and community of Israel, took on greater significance than ever.

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 that branches were open for our customers, with appointments scheduled in advance; we expanded the range of transactions available via digital channels, increased staffing of our call centers, allowed deferral of loan and mortgage payments, and developed financial products and services adapted to the needs of this time. In recognition of the financial ramifications of the crisis for small businesses, we offered reliefs and special benefits to support them during this period. To make it easier for our senior-citizen customers to receive banking services while maintaining social distancing, we strengthened our mobile branches and call center to serve them, and continued to provide our Poalim Digital Independence instruction and guidance services via Zoom, so that thousands of senior citizens received knowledge and tools for the use of the digital channels.

During this period, as part of our long-standing commitment to the community, we also 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. Concurrently, we continued to provide broad support for social projects throughout Israel, focusing on promoting employment and assisting job seekers, in light of the significant increase in their numbers.

In keeping with our leadership and encouragement of innovation, in the Israeli economy in general and in the banking industry in particular, during the crisis we remained committed to the development of groundbreaking financial products and services and to the creation of infrastructures supporting our customers' continued growth. Within these efforts, we made the Bit application accessible to small businesses and launched our digital wallet service. We were also the first in the Israeli banking system to form partnerships with banks in the United Arab Emirates, and we led the first delegation of Israeli businesspeople to visit the UAE. We are committed to coping with the crucial challenge of climate change. 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. Financing granted by the bank for green projects doubled in 2020.

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. Our commitment to our employees was all the more emphatically demonstrated this year. During the crisis, we did not place any of our employees on unpaid leave, and we quickly expanded our capabilities for remote work.

In view of the evolving realities of the business environment, especially over the last year, we must continually reexamine ourselves and change accordingly. Based on this approach, we have formulated a new vision for the bank, expressing our commitment to growth through innovative, fair banking. We also established cultural values to guide our actions. We believe that this new organizational culture will serve as a growth driver for us, spurring us to achieve strong results and maximize value for all of our stakeholders.

Our extensive activities on the various axes of corporate responsibility have gained recognition, again this year, from both local and international ESG rating organizations. We are in the lead in ESG ratings for the banking system in Israel, and aligned with the top tier of banks in the world in this area.

This is just a brief outline of the economic, social, and environmental activity of the bank in 2020, which is described in greater depth in the report presented here. This report reflects our work during an exceptionally complex year; further, it marks one hundred years of activity of the bank. We are proud to see the contribution of the bank over the years to the economy, to society, and to the environment, and we are honored to lead an organization whose history is intertwined with the history of the State of Israel. We would like to take this opportunity 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. Together, we will continue to work to create a robust and sustainable foundation for the years ahead and for generations to come.

**Ruben Krupik**  
Chairman of the Board  
of Directors

**Dov Kater**  
President and CEO

# Corporate Responsibility at Bank Hapoalim

This report, the fourteenth published by Bank Hapoalim, reflects extensive social and environmental activity during a unique and complex year, expressing the continuous responsibility and commitment of the bank towards all of its stakeholders. At the onset of the coronavirus crisis, all of the units of the bank mobilized to provide an adapted response to the needs of this period for customers, employees, suppliers, society, and the community, while maintaining continual dialogue, which enabled us to examine and adjust our activities for them as needs arose.

Within our commitment to provide meaningful assistance during this period, the Social Banking Center prepared to offer support in the areas of health care, employment, and well-being to the population groups hurt most severely by the crisis, including families experiencing financial distress, elderly people, and Holocaust survivors. In view of the grave damage to employment during the year, the center also expanded its activity promoting projects in the area of employment and assistance for job seekers. Concurrently, the Financial Growth Center acted to supply the general public with financial knowledge, guidelines, and tools for coping with the crisis and its consequences, with an emphasis on astute financial conduct, entrepreneurship, digital marketing, transition to e-commerce, and more. We are pleased to see that the impact of the bank's activities is evident, and has gained recognition. A survey we conducted through an external firm indicated that Bank Hapoalim was the entity most identified with social action, of all business organizations in Israel.


In 2020, we continued to embed the ESG perspective in the bank's core business, by raising financing percentages for projects promoting a green environment, encouraging our customers to switch to solar power, expanding the reach of advisory services for our customers on responsible investments, and continuing to develop social deposits and ESG-based deposits. We are proud to find these endeavors also reflected in the ratings of Bank Hapoalim on international ESG indices, which have continued to improve each year. This year we also joined the Bloomberg Gender Equality Index (GEI). We are the only Israeli bank in this index, which reflects the bank's commitment to equal opportunities and fairness in the work environment.

This report is appearing during the 100th year of Bank Hapoalim, a cornerstone of the economy and society of Israel for many decades. The broad economic and social activity of the bank over the century since its foundation is an inspiration for its employees to continue to exert a positive impact on the society, environment, and economy of Israel.


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, the community, and the environment. If you have any suggestions in this area, please contact Sharon Alaluf, Head of Corporate Responsibility at Bank Hapoalim, at sharon.alaluf@poalim.co.il.

This report reflects the activity of all of the employees of the bank, who act each day to promote the shared values of the bank and of society; we would like to take this opportunity to thank everyone who helped to create the report.



  
**Naama Halevy-Peer**  
Head of Social Banking Center



  
**Sharon Alaluf**  
Head of Corporate Responsibility

# Vision, mission and values

## Our vision:

Committed to growth through innovative, fair banking for our customers.

## Our mission:

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

## Our promise to our customers:

We are with you in every decision.

## Our cultural values



### 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.



### Making it happen

We take the initiative and move processes forward quickly, to deliver relevant solutions in real time.



### Working together, for you

We join forces and mobilize for the success of our partners, to enable our customers to benefit from the full range of our capabilities.



### 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.



### Fairness and responsibility

We treat everyone with fairness and compassion; we act with integrity, justifying the trust placed in us by the public.



Right: Head-office buildings in Tel Aviv. Left: the bank's first branch, on Montefiore street in Tel Aviv.

# 100 years of Bank Hapoalim

At the initiative of Berl Katznelson and Arthur Ruppin, with the support of David Ben-Gurion, Bank Hapoalim was founded in 1921 by the Zionist Organization and the Histadrut labor federation. Until the early 1950s, Bank Hapoalim was an institution without branches. When Lending Funds began to merge with the bank, they became its branches. Gradually, branches of the bank were established across Israel, in cities, rural communities, and development towns. Bank Hapoalim has played a crucial role in the development and growth of the Israeli economy, throughout the years of the state's existence.

Bank Hapoalim is the largest and leading financial institution in Israel. Through the bank's broad nationwide branch network and its innovative online and digital services, we are able to provide advanced, accessible banking solutions to millions of customers in Israel.

The bank operates in the various areas of banking, as well as related activities in the capital market, through three key divisions:

- ◆ The Corporate Banking Division provides services to most of our business customers; corporate clients are served by industry-specific banking experts in each sector, while business centers are available across Israel for middle-market clients.
- ◆ The Retail Banking Division provides services to households, private-banking customers, and small businesses, through the

branch network, advising centers, and mobile branches, as well as a range of direct channels: widely deployed self-service stations, an innovative and advanced website and mobile app, the Poalim by Telephone call center, and social media.

- ◆ The Financial Markets and International Banking Division oversees most of the bank's activities in the capital market, in Israel and overseas, including services for securities trading, securities custody, and trading in currencies and derivatives; research and advisory services; and services for financial-asset managers.

In addition to its banking business, the bank group has related capital-market activities: investment portfolio management, through the subsidiary Peilim, and investment banking, through the subsidiary Poalim Capital Markets



**7,757**  
employees

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

**189**  
accessible  
branches

nationwide

**11**  
business centers

centers for middle-market business clients nationwide.

**5**  
advising centers

for financial investments, pension advising, and retirement planning.

**10**  
high-tech units

at selected branches across Israel offer expanded services to start-up companies and mature technology firms.

**1,301**  
self-service  
devices



with the broadest geographical reach in the Israeli banking system; most accept cash and check deposits and offer additional advanced operations.

**3**  
mobile  
branches

offering services at 200 locations in Israel, of which 40 in assisted-living facilities.

**77** Mishkan  
representative  
offices

provide customers with guidance and assistance in the process of buying a home.

**1<sup>st</sup> place**

Bank Hapoalim was named Best Bank in Israel by the prestigious journal Global Finance.



**TOP 10**

Bank Hapoalim was ranked 9th in the BDI survey of the best 100 companies to work for.

# ESG

at Bank Hapoalim- principal data for 2020

## Environment



**NIS 10.6 billion** in financing for projects promoting a green environment (renewable energies, green building, water desalination, waste recycling).

**NIS 284 million** in solar credit – credit specifically for the installation of solar panels by private and business customers.

**58% reduction** in the carbon footprint of the bank over the last decade (6% reduction in 2020).

## Social

**20 Thousand people** attended lectures of the Financial Growth Center in 2020; the lectures have also been viewed more than 1.5 million times online.

**Advising customers on responsible investment**  
ESG ratings by global companies are included in the advisory process.

**30 Thousand senior-citizen customers**  
received knowledge, tools, and skills to master digital competence.

**4,000 Employees** of the bank volunteer in the community.

**NIS 50.5 million** in social investments by the bank in 2020.



**NIS 42.5 billion** cumulative total of loans and mortgages suspended by the bank, to allow customers to successfully navigate the coronavirus crisis.

**4.6 million** downloads of Bit (by customers of all banks) – the leading payment application in Israel.

**NIS 5.7 billion** in credit to support small and mid-sized businesses during the coronavirus crisis, through the state-backed loan fund.

**11.7% of employees** belong to population groups under-represented in the job market.

**93% of procurement** from domestic suppliers in every part of Israel.

## Governance

**54%** of the management tier at the bank consists of women.

**Cyber defense and information security system** in line with top-tier global standards.

**Organizational culture** establishing five new cultural focus areas and instilling the Agile approach.

**GRI** Corporate responsibility reports published since 2008, according to GRI standards, at the highest level of transparency.

**UN Global Compact** membership since 2010.

## ESG goals for 2030:

We are committed to upholding responsible banking standards; taking environmental, social, and ethical values into consideration in our business decisions; and continuing to promote sustainable financing and responsible investment.

**Key goals for 2030 - we strive to:**  
Increase financing and investments in projects promoting a green environment to NIS 20 billion, while managing environmental and climate risks in our business activities.

Reduce the carbon footprint of the bank by an additional 60%.

Raise the percentage of bank employees from under represented population groups to 15%.

Increase the representation of women in senior management at the bank to 50% (by 2025).



## Responsible action to benefit customers

Bank Hapoalim is committed to providing meaningful value to its private and business customers, through a combination of personal, human service and technological innovation. Within this commitment, it is our ambition to be the first place our customers turn for any aspect of financial decision-making, and to be available to them through a range of advanced platforms, channels, and advisory services.

# 8.53

our customers' rating of the degree of humanity and caring of our bankers (an increase of 7.4% compared with 2019).

# 300



**million visits to the digital channels of the bank in 2020**

The digital platforms of the bank offer advanced services adapted to business and private customers, with a range of smart tools to support financial decision-making. We also launched new banking content sites this year, presenting information and tools adapted to the needs of retail-banking customers, business clients, and customers in the Arab sector.

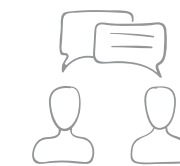
# 1 million active users

of the Poalim by Telephone service, which includes a dedicated call center for business clients and a call line exclusively for customers aged 65+.

# 150k

## 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.



## Hundreds of advisors

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

# 5 advising centers

established to offer our customers comprehensive advisory services under one roof: financial investment advising, pension advising, and retirement planning. Ten additional advising centers are planned to open in 2021, located across Israel.

## Responsible investments

Investments examined based on environmental, social, and corporate governance parameters; referred to as ESG investments. In view of the growing awareness of responsible investment around the world, as well as among institutional investors in Israel, we added ESG ratings of shares and bonds of recommended international companies to the systems we use to advise our customers. We have also developed targeted financial products allowing customers to take part in promoting social and environmental causes.

### 5 unique deposits

introduced in 2020 allow customers of the bank to save while creating a social and environmental impact: A Social Benefit Deposit (Good Cause Savings Deposit), developed in collaboration with the Round Up Foundation; the Green Deposit, for the promotion of a green environment, developed in collaboration with the non-profit organization Zalu; and three ESG Structured Deposits, for the promotion of responsible investment.

Our goal of standing by our customers in every decision takes on even greater significance during times of crisis. In 2020, as the coronavirus outbreak began, we realized that we were facing a crisis that would require us to take every measure necessary to maintain business continuity and resilience, while protecting the health of our employees and customers. Throughout the period of the crisis, we made sure to deliver a professional and readily available response to customers; we developed products and services adapted to the needs of this time, and strengthened services provided through direct channels.



**Thinking Ahead package**

to respond to private and business customers who lost income due to the crisis, we offered a package consisting of an individual meeting with a banker, loans for various purposes at attractive terms, the option to release and use existing deposits without penalties or fees, discounts on professional courses, occupational guidance services free of charge, and the option to defer loan and mortgage payments.

over  
**80%**

of meetings at branches were held through appointments scheduled with bankers in advance (compared with 20% at the beginning of 2020).

**NIS**  
**42.5 billion**

cumulative total of loans and mortgages which the bank allowed customers to suspend in 2020, to help them successfully navigate the crisis. Loan payments were deferred in a quick and simple digital procedure.

**3**  
mobile  
branches  
delivered service  
at more than 200  
locations across  
Israel, including  
forty assisted-living  
facilities.





## 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.

At the outbreak of the coronavirus crisis, realizing that small and mid-sized businesses would be particularly vulnerable to its effects, we offered targeted loans and special benefits to support our business clients. We also initiated collaborations with leading

Israeli and international companies to develop a set of tools for businesses, designed to help businesses continue to promote themselves within the restrictions imposed by the pandemic. In addition, we led a media campaign to raise public awareness of the importance of patronizing local businesses during the crisis.

NIS  
**31.4**  
billion

in credit granted to the small business sector, as at the end of 2020.

NIS  
**5.7**  
billion

in credit granted to support small businesses during the coronavirus crisis, through the state-backed loan fund.

**5,000** business owners

participated in comprehensive courses by the Financial Growth Center, taught via Zoom, on digital marketing and business promotion; a digital package was included consisting of tips, videos, and articles on astute financial behavior of small businesses and self-employed people during the coronavirus crisis.

**1,700** businesses

received benefits, support, and marketing exposure to help them cope with the challenges of the crisis through the #buy\_local campaign, in which the public was invited to patronize small businesses near and dear to them hurt by the coronavirus crisis.

NIS  
**500** billion

loan fund established by the bank, in collaboration with Lahav, to aid self-employed people harmed by the coronavirus crisis

### Assistance in the transition to the digital space

To successfully navigate the coronavirus crisis, many businesses had to expand their digital activities or transition to digital formats. Recognizing that this is a complex challenge, we provided assistance to business owners in carrying out the necessary adjustments for as rapid and smooth a transition as possible to e-commerce. We offered non-banking benefits, such as various services and tools to help develop new business growth drivers: site creation services through Wix; promotion of the business via Google; deliveries by Gett Delivery; promotion, advertising, and exposure of the business to the public on the Easy application; individual business mentoring and coaching; and more.



### Developing business infrastructures for our customers

When the normalization agreements between the State of Israel and the Persian Gulf countries were signed, we moved quickly to develop the business infrastructures that would enable our customers to take advantage of the diplomatic breakthrough to achieve economic growth and gain from the business opportunities it presents. We led a series of initiatives and processes to maximize value for our customers, such as signing memorandums of understanding for collaboration with the top financial trade zones in the UAE and with leading banks in Dubai and Bahrain. The memorandums are a groundbreaking achievement, allowing our Israeli customers to operate directly in the Persian Gulf countries. With the Export Institute, we also organized an official Israel-UAE business conference, attended by 400 business leaders in the high-tech and finance industries of both countries. The conference contributed to accelerating collaboration in these areas and strengthening business ties between entrepreneurs, start-up companies, and businesses.

## 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, and communities. Based on this understanding, we aspire to make financial inclusion possible for every part of the public, ensuring that all population segments and sectors have access to financial services and products suited to their needs and unique characteristics, and to impart knowledge and provide tools for astute financial behavior to the general public. As part of our service concept and social responsibility, we also ensure that all of the various platforms and service channels of the bank are accessible to people with disabilities.

**20k** people

participated in lectures and digital courses 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 **1.5** million people

viewed digital content available online on the Financial Growth Center website, in Hebrew and Arabic, on topics including household expense management, financial education for children, pensions, the capital market, mortgages, managing a self-owned business, and more.

**30k** senior-citizen customers

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

**22** branches

operate in towns in the Arab sector, and twelve branches are located in mixed towns

We continually develop targeted products and services for the Arab population, such as housing loan solutions and financing solutions for cultural events and customs, with all services communicated in Arabic. We also conduct targeted activities to support the financial development of students, women, small-business owners, and more.

**10** branches of Bank Hapoalim are located in towns characterized by significant religious and Haredi populations; there are nine additional branches in mixed towns.

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.

**10** second

wait time for a human response by a banker on the dedicated call line we launched for customers aged 65 or older.

**200**

women entrepreneurs and small-business owners

received mentoring to grow their businesses, with the non-profits A Business of Your Own and Jasmine. The bank also supported employment projects for women in the towns of Safed and Ofakim, and sponsored a women's job fair held by WIZO.



**99.5%**

of the premises of the bank are accessible to people with disabilities

(one branch is in the process of obtaining approvals from the municipality; interim accessibility solutions have been implemented). Accessible service stations are available at all branches of the bank. All of the digital services of the bank are accessible, including the banking and marketing websites, applications, and self-service devices.

We view the promotion of accessibility for people with disabilities as an essential issue and a business necessity, constituting an integral part of our 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 issued a detailed report on its activity promoting accessibility in Israel, which was presented 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.



## 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 continue to lead the payment revolution in Israel, and add access for small businesses; develop the digital wallet with the Bit application; offer an innovative service for opening a bank account using a smartphone; and move guarantees into the digital sphere. The innovation perspective, which is also grounded in the bank's vision, will continue to serve as the foundation for the development of new, advanced products and services in the future.

**4.6**   
million downloads

of Bit (by customers of all banks) – the leading payment application in Israel. In addition to person-to-person money transfers, Bit allows customers to pay various companies, organizations, and businesses, quickly and simply.

**NIS 14.5** million

in donations through Bit in 2020. Bit served as a key fundraising venue in nationwide campaigns to raise donations for children with disabilities, holiday meals for people in need, aid for MADA emergency health services, and more, revolutionizing donations in Israel.

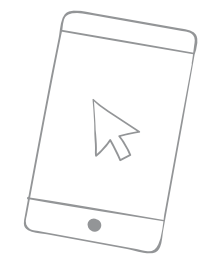
### New features in Bit

**Bit for small businesses** – This service allows small-business owners and self-employed people (customers of any bank) to receive payments through the Bit application for the products and services they offer. This form of payment represents an important advantage for small businesses and self-employed people, in that it allows remote payment to businesses that do not maintain a website.

**Digital wallet** – The newly launched Bit wallet allows contactless payment at stores using NFC technology. We also introduced the Bitcard, a credit card issued by ICC for Bit customers. The Bit Wallet is quick and simple to use. Shoppers tap their mobile phone to the terminal, and payment is completed without entering a password and without contact.

### Bit has earned recognition in Israel and internationally:

- ◆ Selected as Product of the Year for 2020 in the Payment Applications category.
- ◆ Gold Win at the Effie Awards in the Digital Products category.
- ◆ First place in the PayTech Awards competition held in London, in the categories "Best payment initiative for businesses" and "Best interface."
- ◆ Selected as Best Banking App in the Challenger Awards competition held in New York.



**7** 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.

In 2020, we began to invite customers who opened an account through the application to choose a social cause that they care about, and the bank gave a donation to that cause in their name. Donations were transferred to the organizations selected by customers through the Round Up Foundation.

## Smart Advice Service



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 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. In 2020, we expanded and improved this service, which was introduced in 2019, making the process fully digital, from the initial application to requests for extension of a guarantee by a beneficiary, all through a simple and convenient contactless procedure on the bank's website, without unnecessary paperwork.



## Action to benefit society and the community



Gila Azanao, Negev 19 employment venture employee

We consider it part of our responsibility to ensure that in addition to the direct economic value arising from the routine business operations of the bank, 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. Most of the socially oriented 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 four main areas: advancement of social mobility and employment, digital literacy for senior citizens, empowerment of people with disabilities in Israel, and astute financial behavior.

The coronavirus crisis created a new reality and confronted Israeli society with medical, social, and financial challenges. In the belief that the effects of the crisis will linger in the coming years, we adapted our social investment strategy by redirecting resources to health care, welfare, and employment, working with expert social partners.

**NIS**  
**50.5 million**  
in total investment in the community by Bank Hapoalim in 2020.

### Employment and social mobility 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. This year, as the pandemic led to larger numbers of job seekers, we formulated an impact strategy for the promotion of employment, with four action vectors: tools and individual guidance, mobility in the job market (reskills, upskills), entrepreneurship and support for the self-employed, and scholarships. These activities are conducted in collaboration with specializing social non-profits and organizations.

**7,000 job seekers** received support and professional guidance in the **Taasukav** program, which offers support via telephone in collaboration with the non-profit organization Be-Atzmi, sponsored by the bank.

**2,000 people** received individual coaching in the **Occupational Coaching** program, which provides professional knowledge and tools to unemployed people, in collaboration with the non-profit organization Chasdei Lev, sponsored by the bank.

**100 people** who lost income due to the coronavirus crisis participated in the program **From Employee to Self-Employed**, conducted in collaboration with the non-profit organization Future Enterprises and sponsored by the bank, which provides mentoring for setting up a small business.

**530 students** received scholarships granting the opportunity to access higher education. 30% of the scholarships were awarded to Arab students. The scholarships were given through the Poalim Success and Amanina funds of the bank. Recipients volunteer as part of the terms of the scholarship.

**590 entrepreneurs and small businesses** were given tools, knowledge, and skills to grow their businesses during the crisis.

**37 women** are employed at Link 19 and Lev 19, employment centers focused on digital marketing and bookkeeping in the towns of Safed and Ofakim, founded with the leadership of social entrepreneur Hannah Rado and sponsored by the bank.

**250 social non-profits and organizations** received tools to raise funds and navigate the crisis in an emergency program by Erech Laderech, a third-sector empowerment initiative, in collaboration with the non-profit organization Topaz.

## 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. The bank therefore works to empower hundreds of thousands of people with disabilities – children and adults – through various efforts in collaboration with selected organizations and non-profits working in this field. The bank also includes people with disabilities in its advertising campaigns, to reflect the diversity of Israeli society.

**11,689**  
hours of treatment

were given to children with disabilities as a result of fundraising broadcasts sponsored by the bank for the non-profit organizations Variety and Shalva. The bank also developed a button in its Bit application for easy donations to these organizations during the months of the campaign.

**80k** wheelchair

were lent out at twenty hospitals across Israel in the Wheelshare initiative, financed and sponsored by the bank.

In 2020, we focused our activity on two main areas: first, promoting employment among people with disabilities; and second, raising awareness of the inclusion of people with disabilities in society, and helping to raise resources for their well-being. Within these efforts, the bank sponsored Winwork, a business-social venture founded by people with disabilities to help with career development for entrepreneurs and business owners. To encourage innovation and development of assistive technologies, we founded the Social Tech accessibility section, now in its second year, within the 8200 Impact accelerator. Detailed information regarding the additional social initiatives and projects we led is available in the Accessibility Report, on the bank's website.



## Activity for the community during the coronavirus crisis

Beyond the financial consequences of the coronavirus crisis, Israeli society faced medical and social challenges. In view of our commitment to provide meaningful aid to the community when it matters most, we redirected resources to support health care, which was the battlefield in the struggle against the pandemic, and to welfare support, to assist the population segments most vulnerable to the crisis and to its impacts.

**NIS**  
**2** million donated to assist medical and health-care services

in COVID-19 wards at seventeen hospitals and at MADA emergency health services.

**NIS**  
**800k**

donated to support and assist population groups hurt by the coronavirus crisis

(elderly people, Holocaust survivors, and families experiencing financial distress).

**NIS**  
**8.2** million

in the Mahpilim Mehalev (Multiplying from the Heart) and Marchivim Et Halev (Expanding the Heart) programs

which the bank initiated, recruiting social partners such as the non-profit organization Lev Ohev, the Schusterman Foundation, the Rashi Foundation, and others, to raise donations for families and small businesses in crisis. We allowed the general public to donate to these campaigns using the Bit application.



## A sixteen-year tradition

over  
**150k** people

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



## Bank Hapoalim Volunteers



Bank employees commended as outstanding 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.

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. Bank employees across Israel volunteer through a wide range of organizations, and the broad geographical reach of the bank enables us to respond to the needs of local communities in real time. We are attentive to hardships that arise in local communities; in cases of extensive harm, we create immediate solutions, if necessary.

over  
**4,000**  
employees

volunteered in community activities in 2020, through over 500 organizations.

over  
**100k** people

received assistance and support through various volunteer activities.

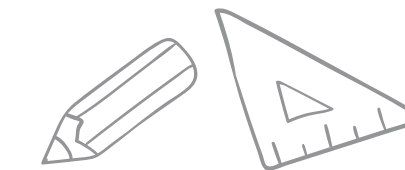
**200**  
Holocaust survivors

received weekly calls from a regular bank employee volunteer, to dispel loneliness, within an activity held in collaboration with the non-profit organization Zikaron BaSalon.



**3,100**  
food packages

were packed and delivered on the holidays of Rosh Hashanah and Passover, to families in financial distress, elderly people, and Holocaust survivors, by bank employee volunteers.



**765** children

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

over  
**44,000**  
gift baskets

were distributed by bank volunteers to children and adolescents in residential and day care facilities, elderly people in care homes, and women staying in shelters for survivors of abuse.



Approximately  
**3,000** books

for toddlers, children, and adolescents were collected by bank employees ahead of the holiday of Hanukkah and distributed by volunteers to dozens of preschools, schools, and libraries across Israel.

## Responsible supply chains



פועלים איתכם  
100  
שנה

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

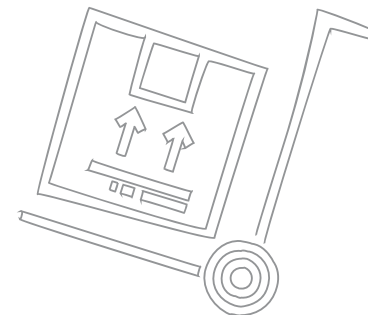
corporate responsibility principles in their routine operations. As part of their contracts, suppliers who work with us also sign a commitment to adhere to corporate responsibility principles. In addition, we promote green purchasing opportunities, through practices such as ensuring that environmental purchasing alternatives are examined.

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.

## Inclusion of diverse businesses in the supply chain

Diverse businesses are small and mid-sized businesses owned at a rate of at least 51% by minorities or women; businesses operating in socially and/or geographically peripheral regions of Israel; and businesses that employ people from minority groups, people with disabilities, and people from populations at risk.

We believe that inclusion of diverse businesses in our supplier pool is a values-driven obligation of the bank, while also promoting the thriving of the economy as a whole. Accordingly, in 2020, the bank's corporate purchasing joined forces with the WeSource initiative, run by the non-profit organization Jasmine, which promotes the inclusion of diverse businesses as suppliers at leading, large companies in Israel.



93%

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



73%

Percentage of small and micro suppliers, of total suppliers engaged by the bank in 2020.

3 million

in purchasing in 2020 from suppliers who primarily employ workers with disabilities.



# 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.

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 under-represented in the job market, and of people with disabilities, and we adapt our hiring and onboarding processes to any extent necessary.

Our commitment to stand by our employees and care for their well-being was highlighted by the outbreak of the coronavirus pandemic. Throughout the period of the crisis, we took action to make it easier for our employees to cope with the impacts of the pandemic on the personal and professional levels. We avoided placing employees on unpaid leave, and developed technological and managerial infrastructures to allow our employees to continue their work and personal development and maintain their professional qualifications, remotely.

In 2020, we established new cultural values for the bank, grounded in the perception of organizational culture as a growth driver leading to business results. The new values are intended to forge an organizational culture founded on awareness of the best interests of the customer, initiative, cooperation, growth and development, and fairness and responsibility.

**7,757**  
employees of the bank.

**30%**  
of employees live in peripheral regions.

**45.1**  
average age of employees of the bank.

**65%**  
of employees of the bank are women  
(versus ~59.4% in the labor market).

**54%**  
of managers at the bank are women  
(versus ~35% in the labor market).

**11.7%**  
of employees of the bank are from population groups under-represented in the labor market. 21% of all employees hired in 2020 are from under-represented population groups.

**29,563**  
days of study held through various channels.

**28.6**  
average hours of study per employee each year.



## Cultivating and developing skills for the future world of work

The world of work is undergoing many changes – technological and otherwise, some of which have been greatly accelerated by the coronavirus pandemic. Recognizing that these changes require employees to develop new skills and capabilities, we prepared to train and equip the employees of the bank with knowledge, skills, and tools relevant to the new world of work, through the following programs:

- ◆ **Coaching days** – One-day workshops held via Zoom, providing skills for effective remote work in areas such as strengthening communications, trust and empathy, work-life balance, remote meeting management, self-management, and productivity.
- ◆ **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. The Restart initiative won first place in the annual competition by the Israel Human Resources Foundation, in the category “Excellence in development of human capital.”
- ◆ **MOOCs (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. In 2020, nineteen courses were offered through the online university, on a wide range of subjects, such as programming, data analysis, negotiations, spoken Arabic, positive psychology, and more.
- ◆ **Upgrade** – The most natural human competencies, which cannot be replaced by new technologies, are back on central stage and in high demand. Based on this realization, we developed an online platform for independent study of the skills needed in the new world of work. The Upgrade website makes it possible to learn at any time and place, offering short, focused courses taught by top lecturers as well as videos, podcasts, and additional content, renewed regularly.

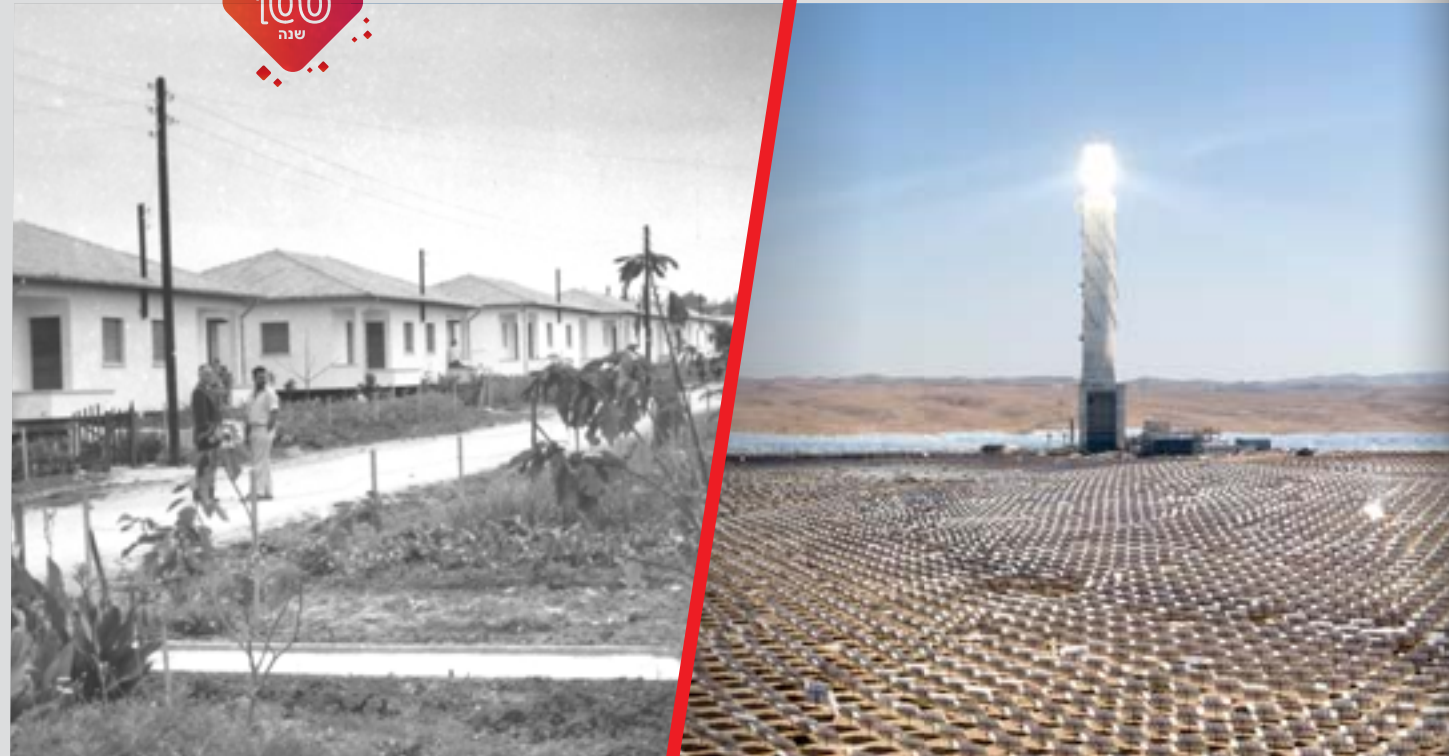


In May 2021, close to the date of publication of this report, we were in the midst of a wave of violence that is taking a bloody toll and threatening to damage the foundations of coexistence in Israel.

As one of the leading entities in the business sector, which employs workers from all walks of Israeli society, we saw it as part of our responsibility to call for an end to the tide of violence and hostility. We turned to leading companies in the Israeli economy, and together we initiated a media campaign centered on Jews and Arabs working side by side at the bank and at other companies in Israel.

The campaign calls for an end to violence, incitement, and racism and a return to the values of mutual respect, tolerance, and acceptance of others.

From right: **Romi Dayan and Liza Sodah**, Bank Hapoalim employees, who took part in this campaign.



From right: Megalim thermosolar power plant.



## Responsible action for the environment

In recognition of our responsibility as a financial organization with an extensive impact, we are committed to supporting the fight against climate change, managing environmental risks, and promoting efforts to protect the environment. We are at the forefront of the banking system in Israel in financing of projects helping to promote a green environment and renewable energies, such as construction of clean energy systems, green building, green

transportation, and water desalination. Financing granted by the bank for green projects doubled in 2020. We aim to further expand financing for projects of this type in the coming years, while guiding our customers through the transition to a low-carbon economy. Concurrently, we continue to work to reduce the environmental impacts and carbon footprint of the bank, through energy efficiency measures, reduction of paper consumption, and recycling.

**NIS 10.9 billion**

The total balance of credit (balance sheet and off-balance sheet) granted by the bank for projects promoting a green environment as of the end of 2020.

**NIS 1.33 billion**

for solar-energy projects.

**NIS 1.47 billion**

for green building projects.

**NIS 1.26 billion**

for wind farm and pumped storage energy production.

**NIS 4.01 billion**

for mass transit and green transportation.

**NIS 1.52 billion**

for waste treatment.

**NIS 1.33 billion**

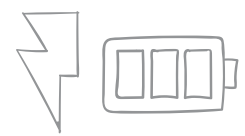
for water desalination and purification projects.

**525 tons**

reduction in paper consumption over the last five years, as a result of the Paperless Bank project.

**8%**

decrease in electricity consumption over the last two years, due to improved energy efficiency.



**14%**

decrease in water consumption in 2020 due to savings measures.

**48,994**

cans and bottles removed for recycling in 2020.



**58%**

**reduction in the carbon footprint of the bank over the last decade**

(a 6% reduction in 2020).

### Clean beaches

In March 2021, immense quantities of tar were ejected onto Israel's beaches. Faced with one of the worst ecological catastrophes in Israel's history, and the consequent destruction of marine life, the bank initiated a nationwide effort to assist environmental organizations in protecting beaches and preventing the next ecological disaster.

Together with the Keshet 12 television network, we led a special broadcast day to raise awareness of the protection of the environment, calling on the general public to donate to environmental organizations engaged in cleaning the beaches of Israel. We also developed a dedicated button in the Bit application allowing donations to the Mediterranean People Coalition. Bank employees also participated, volunteering for beach clean-ups near their homes.



בתמונה: הסניף הראשי של בנק הפועלים ברח' רוטשילד 50 בתל אביב



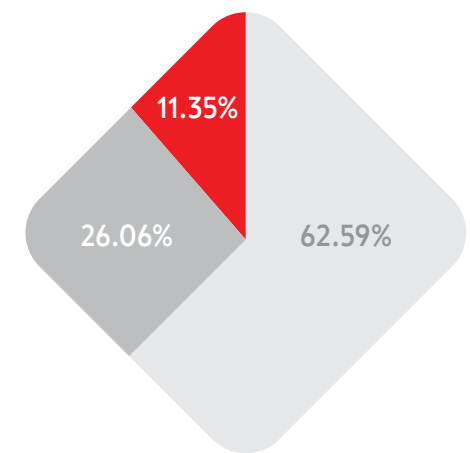
## Governance

We strictly adhere to the principles of sound corporate governance, as reflected in the legislative and regulatory environment in which we operate. The judicial norms with which we are obligated to comply are embedded in the policies and procedures of the bank. Concurrently, our day-to-day activities are guided by the cultural principles and values in which we believe, which are formalized in our code of ethics and in the vision of the bank. We ensure that we act with fairness and transparency towards all stakeholders, based on the approach that only ethical, responsible, fair conduct can lead our business to thrive in the long term and allow us to retain and expand our customer base.

All employees of the bank are called upon to report any incident or suspected incident of conduct inconsistent with the code of ethics, through an ordered procedure for protected reporting. The Ombudsman Center at the bank serves customers and the general public, and is at their disposal on any matter pertaining to interaction with the bank or the service provided by the bank. The center can be contacted through various channels, including social media, and each case is thoroughly examined and addressed accordingly. The service compact on queries from the public is displayed for customers at the branches of the bank and on its website.

We accord high importance to the security of our customers' information and to cyber defense, and we invest extensive resources, both technological and human, to maintain customers' privacy and the confidentiality of banking information and of customers' assets, through the use of some of the most advanced cybersecurity methods and information-security products in the world.

Bank Hapoalim is a bank without a controlling core. Its shares are held by the public, as follows:



- Holdings of interested parties
- Holdings of the public (free-float)
- Holdings of institutional entities

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We hope you have enjoyed reading about our actions this year to create shared value for the bank, society, and the environment. We were honored to have the opportunity to take actions with broad impact on the well-being of all of our stakeholders during an exceptionally complex year. We are committed to continued leadership of responsible banking, guided by ESG values, in the years to come. For further information about our wide range of activities, please see the full ESG report on the Bank Hapoalim website.

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